

Cash Receipts Process Documentation

Process Name: Processing of Cash Receipts	
Process Owner: Jane Doe	
Process Description: This process includes <ul style="list-style-type: none"> ▪ Receipt of mail and over-the-counter receipts ▪ Recording of money received ▪ Accounting for all monies received; accounting includes balancing and data input to the Deposit System 	
Inputs: <ul style="list-style-type: none"> ▪ Daily mail delivery plus UPS and Fedex ▪ Over-the-counter receipts 	
Outputs: <ul style="list-style-type: none"> ▪ Deposits of money into Treasurer's bank account ▪ Application documents to Application Division (Application Techs) ▪ Entry of applicant information into Deposit system; automatic feed to the Applicant System ▪ Daily cash summary report; used for cash management 	
Customers: <ul style="list-style-type: none"> ▪ Applicant; feedback on applications with major errors) ▪ Application Division ▪ Operations Field Staff ▪ Treasurer ▪ Business Operations (internal customer for daily cash management) 	
Customer Requirements: <ul style="list-style-type: none"> ▪ Timely delivery to Application ▪ Financial account balancing ▪ Accuracy; data input, coding, etc. 	Delivery Specifications: <ul style="list-style-type: none"> ▪ Money receipts (checks) to Treasurer by 9:00 am daily ▪ Application documents to Application Division by 12:00 pm daily ▪ Cash summary report to Business Office Staff (BOS) daily ▪ Applications coded correctly in the Deposit System ▪ Receipt checks "validated"; assigned a sequential number, ordered in assigned number sequence
Current Measurements and Frequencies: <ul style="list-style-type: none"> ▪ Limited actual measurement process data collection ▪ Multiple monitoring steps 	

Current Monitoring Methods:

- Financial Balance System (FBS) report reviewed for accuracy
 - Sent to Application Division with applicant documents; checked and approved; returned to Business Office System
 - Reviewed and approved by BOS
- Email from Application System for every application that coding was changed by the Application Techs
 - Sent to BOS
- Daily receipts balance checked in several places
 - Daily receipts; tape of checks balanced to actual checks
 - Deposit System; tape of checks balanced to system summary
 - Proof Deposit; new tape of checks balanced to cash deposit summary
 - Supervisor review Batch Header and Detail Report; recalculate totals
 - Supervisor compares Financial Balance with Cash Journal; done prior to release to Treasurer
 - After deposit in Treasurer bank account; supervisor verifies amount to Financial Balance System and Cash Journal

Cash Receipts Summary

Overall the Cash Receipts process is well structured, with clear objectives and expectations.

The unit has a number of internal controls – all targeted at ensuring accuracy and good cash management. The daily cash balance is mandatory, as cash does not leave the unit until a balance is achieved.

There are also key measures in place to track process/organization results.

Process Measurements/Accountabilities

The following metrics are recommended, as an overall measurement of the Licensing and Certification Process.

1. Timely delivery

- Have Application Technicians sign and enter date and time of receipt from the BOS on the Financial Balance System Distribution List.
- Periodically (monthly) tally results to show time delivery frequencies.
- This measure tracks the time-of-delivery of applications to the Application Services Division
- Note: The data from this measurement may not provide information for time-of-delivery improvement as the time the mail is received in the BOS, the volume of the mail, the volume of checks and/or the volume of applications per check are quite variable.

2. Coding accuracy

- Currently receive e-mail from IT (sent daily) noting codes that were changed by Application Technicians.
- Monthly, consolidate the daily reports into one report for BOS (for the Director).
 - Should expand this to include a graphic representation of the monthly coding changes.
 - The code may be entered improperly by the Applicant or may be omitted (and coded by BOS using best available information).
- Note: This measure should be examined periodically to see if error information is significant or worthwhile. If not worth the time of collection, discontinue.

3. Daily balance of cash receipts

- Internal controls are excellent.
- Cash receipt balance is required on a daily basis.

- o When a cash batch is out of balance, immediate action is taken to correct it.

The following process improvements are grouped into **Process** (where the change can be made with minimal impact and **System and/or Capital** (where the change requires efforts from the IT department as well as some capital expenditures.

Recommended Process Changes

1. Continue process improvements by examining current operations

- o Utilize the flow charts and team meetings to determine additional ways to save time, effort and dollars.
- o Charge each unit to identify and implement these process changes.
- o Minor changes can have a significant impact on overall time, effort and dollar savings.
- o Negatives:
 - a. Time involved in identifying and implementing improvements.

2. Track coding accuracy

- o Track coding errors on a monthly basis and determine if enough data is present to derive a trend line.
- o Use this data to determine if changes in the coding and data entry process are warranted.
- o Discontinue this measure if the value gained is not worth the time of collection.
- o Negatives:
 - Will take time to amass the amount of data needed; but anecdotal data suggest the coding error level is low.

3. Benchmark cash receipt operations

- o Put together a small benchmarking team to review cash receipts operations of other agencies to identify improvement opportunities.
- o Prior to initiating the benchmarking effort the team should:
 - Identify what is to be benchmarked; organization, function, extent of cash receipts process to be studied.
 - Have the organization Auditor identify excellent cash receipt operations in similar operations.
 - Identify the questions to be answered and data collection approach to be used, including roles for each team member.
 - Visit the organization; collect the data.
 - Summarize the data.
 - Compare results to current cash receipts operation.
 - Recommend changes, if any, to BOS management.
- o Negatives:
 - a. Time involved in identifying and implementing improvements.

Recommended System/Capital Expenditure Changes

1. Implement on-line receipts system

- o Courtesy to licensees; simplifying the renewal application process.
- o Expected elimination of much of the cash receipt process; eventually getting cash receipts process to be an exception.
- o Cuts processing time.
- o Convenience for customer.
- o Negatives:
 - Up front cost for development; ongoing cost for upkeep and maintenance.

2. Scan each check into a file accessible to BOS and Licensing Technicians

- o Copy each check (front and back).

- o Investigate possible linkage of scanned check data into the Deposit System; eliminating data entry work; reducing chance of errors.
- o Negatives:
 - Up front cost for development; ongoing cost for upkeep and maintenance.
 - Significant training impact on staff.

Cash Receipts Flow Chart

