

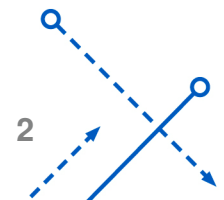
SAFEGUARDING CASH AND CASH EQUIVALENTS

Financial Compliance, Risk & Internal
Controls



Why is Financial Compliance and Internal Controls important?

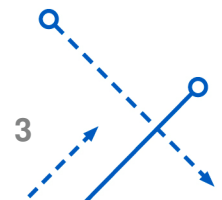
- Strong Internal Controls reduce risk associated with Financial activities
- Financial Compliance and Internal Control program development is needed to prepare and support departments for Internal and External Audits
- Internal Control requirements such as Payment Card Industry (PCI) and Information Security (PII) regular training create awareness for protecting sensitive and confidential information
- Financial data must be secured with controls over the process for granting and maintaining access to data



What happens when Internal Controls are compromised?

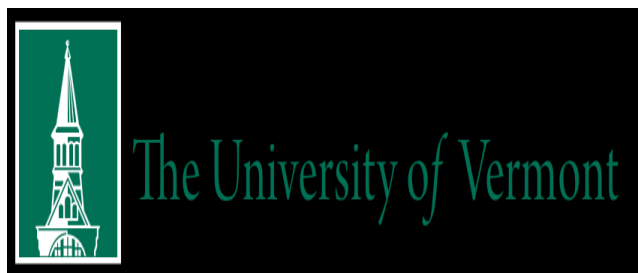


- A former University of Missouri employee has admitted in federal court that she stole more than \$716,000 from the school *over nine years.*
- Authorities say an investigation found she made payments to fake vendors, manipulated her timesheets and made unauthorized cash withdrawals.





ALBANY — A federal criminal investigation into systemic fraud related to audits of New York's Medicaid program is targeting numerous supervisors and employees at the state [Health Department](#) and the Research Foundation for the [State University of New York](#). (2016)



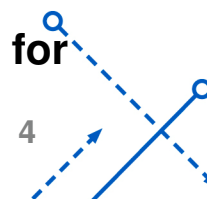
Former Administrative Assistant pleaded guilty to depositing University's checks totaling \$46,000 over 5 years (2010)



VP of Finance plead guilty to embezzling more than \$850,000 by issuing college checks for her own use (2011)



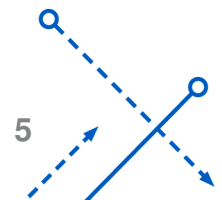
Former Residence Life employee arrested for embezzling \$300,000 over 7 years (2010)



Importance of securing Cash and Cash Equivalents

- Protecting your departments assets
- Protecting yourself from the appearance of impropriety
- Reducing or eliminating errors
- Ensuring accurate recordkeeping
- Complying with state and federal regulations
- Evaluating financial performance

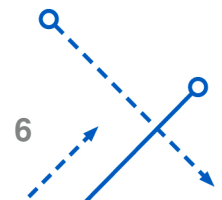
Everyone in the UB Community has the responsibility to safeguard cash and cash equivalents.



Safeguarding Cash and Cash Equivalents Policy

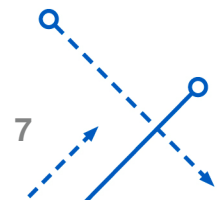
- Our objective is to reduce cash handling across all departments and affiliates
- Acceptance of cash and checks should be **avoided** to reduce risk and prevent the theft, loss, or misappropriation of funds
- The preferred method for receiving payments is via:
 - Epay process
 - Collection through a student account for student-related charges
 - Electronic funds transfer (EFT)
 - Credit or Debit Cards

Limiting cash handling protects YOU and UB!



Safeguarding Cash and Cash Equivalents Policy: Bank Accounts

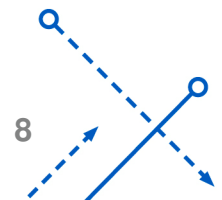
- All cash receipts must be deposited daily into an **approved** university, RF, UBF or FSA bank account
- Independently established bank accounts are **strictly prohibited**
- Refer to the [State University of New York State Bank Accounts](#) Procedure for additional information
- Distinct RF bank accounts may be established for specific projects or programs with the **approval** of the RF Operations Manager
- Refer to the [RF Bank Account Establishment Policy](#)



What is the Responsibility of Department Staff?

University departments that handle cash and cash equivalents are responsible for implementing strong internal controls

- Ensure staff are trained in cash and check handling procedures
- Evaluate cash/check handling procedures:
 - Restrictively endorse checks immediately upon receipt
 - Record the receipt of cash and checks for tracking and reconciliation
 - Use pre-numbered receipts and provide receipts to customers
 - Store all cash/checks in a locked and secured location until the funds are deposited
 - Deposit all cash and checks **daily**
 - Account for all cash/check transactions (e.g. do not net transactions)
 - Ensure refunds are never made from cash receipts
 - Secure cash/checks and transport between departments via **lock bags**
 - Utilize a courier service or University Police to transport deposits centrally for either remote deposit capture (RDC) or armored car service pick up
 - Be aware of and safeguard against the acceptance of counterfeit currency



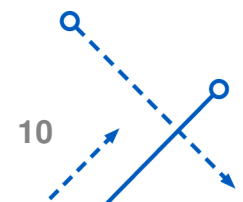
What is the Responsibility of Department Staff?

- Evaluate current Segregation of Duties
 - Separate cash and check handling duties among different individuals ensuring that no single person has control over the entire cash process
 - Different individuals should:
 - Receive and record cash and checks
 - Deposit cash and checks
 - Record cash payments to receivable records
 - Reconcile cash receipts to deposits
 - Issue adjustments, credits and refunds



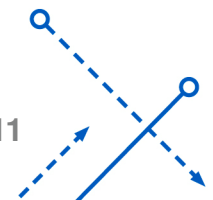
Safeguarding Personally Identifiable Information

- Personally Identifiable Information (PII) must be safeguarded to protect the university from a security breach
- Personally Identifiable Information is:
 - Name
 - Address
 - Birthdate
 - Social Security number
 - Driver license number
 - State-issue non-driver ID number
 - Bank/financial account number
 - Credit/Debit Card number



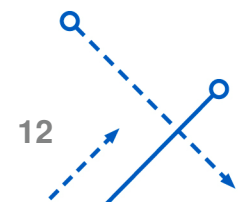
Safeguarding Personally Identifiable Information

- All employees that come in contact with PII should take the [Information Security Course](#) on UB Edge annually
- Do **NOT** send Personally Identifiable Information through Email
- Do **NOT** leave PII exposed in the office or on your desk when unattended
- Keep all PII that is needed for business purposes secured with limited access
- Immediately destroy Personally Identifiable Information that is not needed for business purposes
- If you come in contact with PII that you should not have, please contact your supervisor and/or Internal Audit for corrective action
- If you are aware of any PII that is not being handled appropriately, please report this to your supervisor and/or Internal Audit



Safeguarding Credit Card Information

- All employees that process credit card transactions are **required** to take the **Payment Card Industry (PCI) Data Security Course** Training located on UB Edge annually.
- Pursuant to Federal and State Laws and University Policy all industries that accept credit cards as a method of payment **MUST** comply with the Data Security Standard (DSS) established by the PCI Security Standard Council.
- The PCI DSS is designed to protect cardholder data against electronic security breaches and theft of payment card data.
- Entities that do not comply may be subject to fines and penalties as well as lose the ability to accept credit card payments.



What can you do to help?

- Make sure all staff have read and understand the Safeguarding Cash and Cash Equivalents Policy <http://www.buffalo.edu/administrative-services/policy1/ub-policy-lib/safeguarding-cash1.html>
- Develop and adhere to written procedures, which are essential in maintaining strong Internal Controls
- Make deposits daily to only approved university, RF, UBF or FSA bank accounts
- Ensure controls on Personal Information (PII) are in place to reduce the risk of identity theft
- Eliminate handling of cash and cash equivalents whenever possible. Promote and encourage the use of EFT, ACH, student account billing, or ePay
- Take the [Safeguarding Cash and Checks Self Assessment Survey](#) to identify your department's potential risk
- Contact Financial Management for a Departmental Cash Review to assist in identifying areas of weakness and help with implementing stronger internal controls over the cash handling process

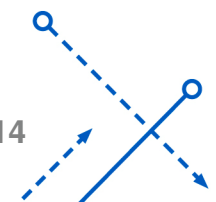
Accept Electronic Payments (ePay)

ePay is UB's method for departments to accept credit and debit card payments and ACH (electronic checks) for state financial transactions over the web

Best practices:

- Use ePay for the collection of fee payments to minimize risk associated with cash receipt collections (Departments must have an approved fee request on file prior to establishing ePay)
- Review monthly transactions to your internal accounts receivable records
- Utilize SIRI to review the revenue from ePay transactions on the SIRI/MONEY/IFR account tab

Read more about the procedures on the Administrative Services Gateway website: <http://www.buffalo.edu/administrative-services/managing-money/state-funds/manage-state-funds/accepting-payments.html>



Financial Management Contacts

- Financial Compliance and Internal Controls
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- Bank Reconciliation & Merchant/Credit Card Officer
Lance Mahalic, 645-2626 lmahalic@buffalo.edu
- Cash Receipts Deposits/Transmittals
Sean Gardner, 645-2621 spg1@buffalo.edu

Any Questions ?

