



FLOWCAST Segregation of Duties – Definition, Conflict Matrix, Explanation, Monitoring and Cash Flow Guidelines

Introduction:

The Office of University Audit has identified some key internal control conflicts that need to be considered when reviewing Cash Controls and Segregation of Duties in the FLOWCAST Product. The purpose of this document is to provide guidance to the faculty practices to ensure that appropriate segregation of duties are established around their billing and cash collection processes.

I. Segregation of Duties Definition:

Segregation of duties is a key internal control. It is used to ensure that errors or irregularities are prevented or detected on a timely basis by employees in the normal course of business.

The four functions that should be performed by separate individuals are authorization, custody, record keeping, and reconciliation. No individual should have control over two or more of these responsibilities. If duties cannot be segregated, compensating controls (i.e. increased management oversight) must be established. Increased management oversight would include a review of a sample of transactions processed by any individual who has conflicting duties to ensure that those transactions were appropriately processed. This management review has to be performed by an individual who, themselves, is independent of the billing and cash collection functions.

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II. FLOWCAST Conflict Matrix:

(Note: Matrix lists key Segregation of Duties conflicts, and how to resolve them.)

Function		Conflict		Action to Eliminate / Mitigate Conflict
A	B	Exists	Note:	
Cash * Access	FLOWCAST F4 access	Yes	1	Remove cash access or FLOWCAST F4 access.
	Edit-Batch, & / or Correction, & / or Delete-Batch	Yes	2	Remove cash access or FLOWCAST function access.
	FLOWCAST F2 Post	No	--	
	Scheduler and/or Sch OfficeManager	Yes	3	As the front desk schedulers also collect cash, their access to FLOWCAST Scheduling function cannot be removed. Instead, a mitigating control can be put in place by having the Administrator ** monitor the Department No Show Report.
F2 Post Payments.	F4 Corrections	No	--	Only a problem if individual also has access to patient receipts (i.e. cash/checks), in which case cash access should be removed.
Handling and/or Posting From Incoming Checks	FLOWCAST F4 access	Yes	4	Remove check access or FLOWCAST F4 access.
	Edit-Batch and/or Correction and/or Delete-Batch	Yes	4	Remove check access or FLOWCAST function access.
Credit Refunds	Authorization/Approvals (RFP) by Billing Manager or individual within Billing Operations and/or Ability to change addresses (FLOWCAST function BAR-REG)	Yes	5	Authorization/Approval by an individual outside of Billing Office, such as the Administrator,** who can validate the authenticity of refund by working with a staff member to review FLOWCAST transaction history.
Revenue reconciliation duties for Workbook 2 and actual ledger reconciliation	Performed by person with FLOWCAST posting privileges and/or Cash Access and/or Authorization privileges (RFP, T&C, etc)	Yes	6	Reconciliations should be performed by an individual who works outside of the Billing Office and does not have access to FLOWCAST, cash, or have authorization responsibilities. (Refer to URMFG Finance Revenue Reconciliation Guidelines.)

***Includes co-pays and self-payments made in the form of cash, check, or money order. An individual with cash access may divert funds but limiting system access and monitoring of receivables balances will ensure that any diversion of funds is uncovered in a timely manner. The Billing Manager should be reviewing the receivables aging on a monthly basis and following up on receivables over 60 days old. The Department Administrator should be reviewing the receivable aging with the Billing Manager each month.**

****Assumes the Department Administrator does not have access to cash or FLOWCAST other than inquiry functionality.**

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III. Reasons/Explanations:

1. Cash Access / FLOWCAST F4: Individual could collect a co-pay or self-payment, keep the money, and contractually adjust it off.
2. Cash Access / Edit-Batch: Individual could collect a payment, keep the money, and edit the batch.
3. Cash Access / Scheduler: The staff member could collect a payment, keep the money and reclassify a patient's visit as a "No Show" to conceal the cash diversion.
4. Handling / Posting Checks: Individual could adjust/correct the entry and cash the incoming check. The actual check should not be used as the source document to post to accounting records. Rather, a check log or receipts should be used to post payment to the account.
5. Credit Refunds: Individual could create a false credit and have the check sent directly to them.
 - Approval evidence: Request for Payment (F4) form.
 - Access to FLOWCAST BAR-REG (registration) causes a conflict because this function allows someone to change addresses.
6. Revenue Reconciliation:
 - Assigning reconciliation responsibilities and access to cash to the same individual presents an inappropriate segregation of duties that enables the staff member to conceal missing funds by creating fictitious reconciling items. Additionally having FLOWCAST F4 access presents an opportunity to further conceal misappropriations by contractually adjusting them off.

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IV. Department Monitoring Responsibilities:

- On a periodic basis (at least annually), the Department Administrator should request the FLOWCAST Access Matrix Report from ISD and review each employee's access rights. Refer to Conflict Matrix above.
- Individuals that are retired, transferred, left UR, or on disability should not have access. This is inappropriate for Health Insurance Portability Accountability Act (HIPAA) and a person should only have access to what is required to perform their job. Access should be granted on business need to know basis.
- The Termination Checklist on HR web site should be completed by the supervisor for any individuals who are separating from the department. This includes transfers to another department to ensure that removal of network access is coordinated with the new department. The link to the Termination Checklist can be accessed by holding the Ctrl and Shift key down and clicking on the link below:
http://www.rochester.edu/working/hr/forms/urmc_st_checklist.pdf
- The Department "No Show Report" should be run on a monthly basis and reviewed by the Administrator for unusual patterns of activity by any staff member. (assuming the Administrator does not have access to cash or FLOWCAST functions).

V. Cash Flow Guidelines:

- Patient co-pays, deductibles or self payments (i.e. cash, checks, credit card receipts, etc.) collected at the front desk should go directly to the cashier's office or via a courier to the cashier's office. Additional routing of funds to the billing office is inefficient and increases the risk of loss of funds due to multiple handling and makes segregation of duties more difficult as billing staff normally require "F4" access to work their accounts.
- Patient/Insurance payments on accounts whether in cash or checks should be posted from paperwork or remittances, not the cash/check.
- Each staff member collecting co-pays or self payments should have their own locked bag with key access limited to that staff member.
- Funds should be kept in a safe or other secure location using flame-proof equipment. Keys and combinations to safes should be secured at all times of the day and night (lunch, breaks, etc).
- Keys or combinations to safes should be restricted to a minimal number of staff members. The more staff that have access to safes the harder it is to determine accountability if money is missing.