Cash & Check Collection Consolidation

College/Division Administrators Meeting
November 13, 2014
Mandate

• Reduce the amount of cash and check handling points on the UH campus through the implementation of one collection point per College/Division.

• Increase the use of electronic means to collect revenue
Goal

Reduce the number of areas that handle cash/checks by at least: 60%
Current UH Deposit Environment

• $150+ million cash/checks deposited annually from 95 areas/activities
Benefits of Consolidation

• Standardizes and streamlines processes
• Standardized processes allow for easier training and management of processes
• Centralized processes allows a smaller number of people to focus on a single process which results in greater efficiency and expertise
• Improved internal controls and better ability to provide segregation of duties
• Lowered risk of loss
• Fewer cash collection points for surprise cash counts and auditing
Alternatives to Cash/Check Collection and Deposit

• If customers are students, amounts due can be posted to student accounts.
• Credit card machines or web interfaces
• Encourage customers to sign up for ACH payment
Credit Cards

- Credit card machines
  - Can be obtained through Treasury
  - Cost $400
  - Need to request through credit card application form
  - Training must be completed to accept credit cards

- Web interface
  - UHIT working to develop web template
  - Must be PCI compliant
  - Likely need an IT resource
  - Current turnaround time is 3-6 months
ACH

• Benefits
  • Secure
  • Receipt of money faster
  • Certainty of payment
  • Cheaper processing cost for university and customer

• Operational
  • Sent directly to university bank account
  • Use ACH notification form to advise General Accounting of receipt of funds so entry can be posted to the GL
College/Division Decisions & Considerations

• Determine areas/activities that can be consolidated into a central collection point
  • Areas that only receive funds via mail may be the easiest to consolidate
  • Areas that have in-person payments require additional consideration:
    • How far away is the central area for customer to travel?
    • What hours will someone need to be available?
    • Will customer have to return to the service area with a receipt before obtaining good or service?
  • Some areas cannot reasonably be consolidated

• Areas that can switch to 100% ACH or credit card payments
  • Change payment instructions on all invoices
  • Obtain credit card merchant ID and web interfaces or card processing terminals
  • Will current ACH contacts be the same, or will they be consolidated as well?
Invoicing and tracking

- Invoice tracking could be an Excel spreadsheet in a shared drive or as sophisticated as setting up invoicing software.
- Invoice numbering should provide as much information for your consolidated collection point staff as possible.
  - Suggested invoicing structure: DEPTID, FY, and a three or four digit number.
  - Example: H0157-2015-0001
- Change remittance address to the consolidated location
College/Division Decisions & Considerations

• Determine “best fit” deposit approach
  • A single deposit ticket will lead to less journals processed in total. However, identification of the owner of non-sufficient funds checks or banking adjustments for cash counting errors could become more complicated.
  • A log of receipts may be helpful in tracking down insufficient funds checks or banking adjustments if use single deposit ticket.
  • Multiple deposit tickets will result in more journals processed, but will allow easier identification of non-sufficient fund checks and banking adjustments.
  • Notification process to departments when funds received

• Consider Remote Deposit service
  • If decide to use this service, an option would be to use a separate deposit ticket for each area.
Remote Deposit

(Feb. 2015 estimated availability)

• Allows deposits remotely using a scanner. Scan paper checks and send the images securely over the internet to BofA for deposit.

• Scanner is free from BoA. Processing cost absorbed through bank charges.

• Endorsed deposited items must be safeguarded for a minimum of 14 calendar days from the date of transmission then shredded.

• Remote Deposit Online does not provide the ability to verify funds at time of deposit – but image clears faster than paper.

• The daily deposit limit is $999,999.99 per location.

• The standard scanner will run on Microsoft Windows XP, Vista or Windows 7 & 8 and Macintosh (Mac) 10.8.2.

• The service only supports a single user with a single Online ID. BofA is working to support more than a single user ID.
College/Division Decisions & Considerations

• Determine staffing requirements in consolidated location per college/division
  • Reassignment of staff from other areas within college/division
  • Space needs

• Review existing cash handling procedures
  • Modify to reflect consolidated location
  • Two people should open mail and log receipts
  • One person should prepare the journal and deposit
  • One person should verify the deposit
# Timeline

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<th>Action</th>
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<tr>
<td>• Determine areas that can be consolidated</td>
<td>2/1/15</td>
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<td>• Determine areas where alternative revenue collection methods can be used</td>
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<td>• Establish invoicing processes including notifying customers of new centralized remittance address</td>
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<td>• Determine best approach for deposit preparation</td>
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<td>• Determine staffing needs in centralized location</td>
<td>5/1/15</td>
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<td>• Modify departmental cash handling policies and procedures</td>
<td>5/15/15</td>
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<td>• Begin billing and collection through centralized college/division structure</td>
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