



Receipts Procedure

Chapter 5: Finance

Procedure Number: PR534.02 (Replaces PR534.01 AKA Policy 204.05)
Effective Date: 10/28/2019
Reviewed by: Chief Operating Officer, Deputy Chief Operating Officer, Health Operations Team
Approval: Financial Management Director

Purpose Statement

This procedure outlines the required steps to:

- Receive, secure, deposit and record receipts,
- Process returned items, and
- Issue refunds.

MDH cashiers must record, secure, and deposit receipts per Minnesota Statutes and [Minnesota Management & Budget \(MMB\) policies and procedures](#) and safeguard funds received on behalf of MDH, ensuring they are properly accounted for and deposited. MDH supports strong internal controls and efficient cashiering operations by limiting the types of payments accepted and maximizing the use of electronic payments technology where possible.

Deposits: In compliance with [Minnesota Statutes 16A.275](#), MDH, as an agency, must deposit receipts of \$1,000 or more daily with the state treasurer.

Reconciliations: Program must reconcile receipt transactions monthly. Reconciliations include a three-way match between the state's accounting system, program's subsystem and the Cash Receipt Deposit form/Request for Refund/e-payment bank statement.

Returned Check: MDH follows the requirements set forth in [Minnesota Statutes 604.113](#) when receiving a returned check. A service charge of \$30 will be imposed on all returned checks. The collected service charge will be deposited into the program's funding string under SWIFT account code 607574.

Refunds: MDH follows the requirements set forth in [Minnesota Statutes 16A.48](#) and [16A.49](#) when refunding erroneous deposits. Refunds must be issued from the accounting string in which the original revenue was deposited. Refunds will be issued to the payer. Refund requests of \$1 or less are not processed.

Accepted Forms of Payment: MDH accepts checks, credit/debit cards (VISA, Master Card, and Discover), money orders and cashier's checks as forms of payment. MDH does not accept American Express at this time, but may accept it in the future.

MDH does not accept the following forms of payment:

- **Cash.** If cash is brought or sent to the department (in violation of this procedure), MDH properly deposits and processes the cash according to state law and policy, but then makes reasonable attempts to discourage the receipt of cash in the future.
- **Starter checks.** Starter checks will be voided and returned to the sender. Cashier's checks or money orders may be used instead of starter checks.
- **Foreign Currency.** Due to the volatility of exchange rates, MDH will not accept foreign checks or currency.

Partial Payments. As a best practice MDH should not accept partial payments or payment plans. If a partial payment is received, the program can determine whether to accept or return the payment. Partial payments should only be accepted if a program has a subsystem that allows for tracking, and a reconciliation process in place to ensure MDH receives full payment before providing goods or services.

Electronic Payment Fees: MDH offers the option to pay by either electronic check or credit/debit card. The MDH electronic payments standard approach offers the merchant model for e-checks and the convenience fee model for credit/debit card payments.

- **Regulatory programs.** To maintain consistency across regulatory programs, MDH programs accepting electronic payments for regulatory services may offer only the standard approach.
- **Consumer services.** To reflect the differing markets for consumer services, MDH programs accepting electronic payments for consumer services may offer the merchant model for both e-checks and credit/debit card payments if the programs can afford to absorb these costs and have determined it to be in the best interest of the program.

Applicability

This procedure applies to all MDH staff and management, divisions and offices, councils, boards, commissions and other entities associated with the Minnesota Department of Health.

Definitions

Receipts: Incoming funds, either check or credit card, that program staff process

Cashier 1: MDH program staff member who has custody of receipts, records them and submits them to Financial Management for deposit.

Cashier 2: MDH program staff member who processes receipt of payment into the subsystem.

Attachments: Documents sent to MDH with funds to help identify reason for payment (e.g., application, award letter, renewal, etc.).

Partial Payment: When MDH receives a payment that is less than what is owed.

Electronic Payment: Payment made by a customer to MDH with a credit/debit card or by electronic check through US Bank.

Regulatory Services: Programs that require payment for a license, certification, permit, or other credential.

Consumer Services: Programs that require payment for a good or service that is not regulatory, and therefore the customer has more choice in whether to consume the service or purchase the good (i.e., conference registration).

Merchant Model: US Bank collects the amount of fees due from MDH by directly charging program for the number of portal transactions each month. MDH pays the service fees on behalf of the customer.

Convenience Fee Model: US Bank adds the fee to the amount the customer owes and retains this amount to cover all fees associated with the transaction.

Starter Check: A non-personalized check a person receives from a bank when they establish a new checking account. It is for the person's use, before they get encoded checks printed with their personal information from the bank. Starter checks have less information than an encoded check, and often not accepted by retailers. Most starter checks do not have a unique number, making them harder to track.

Returned Check: Check returned to MDH from the bank for collection efforts for the following reasons:

- Non-sufficient funds (NSF)
- Account closed
- Lack of information
- Suspicion of fraud
- Expired date
- Account holder placed stop payment

Service Charge: \$30 fee assessed on returned checks

Procedure Steps

Program/unit supervisors must provide a list of staff who are current cashiers to Financial Management by emailing Health.CASH-MANAGEMENT@state.mn.us. They must also keep Financial Management apprised of staffing changes (new hires, change of duties, etc.)

Receipting Process

Step No.	Responsible	Procedural Step
1.	Program/Unit Cashier 1	1. Verify amount of funds received. 2. If cash is being deposited, skip to step 7. Complete separate deposit form for cash and for checks. If checks are being deposited, continue to step 3. 3. Verify the following for every check: • Personalization - the customer's complete name and address appear on the check

Step No.	Responsible	Procedural Step
		• Date - the check date must be current; post- (more than six months old) or future-dated checks are not acceptable • Bank I.D. numbers - the check must have a bank identification number, or routing transit number, which runs along the bottom, along with the customer's account number and check number. This information is used by the bank to identify the transaction and resolve payment issues • Payee - the "Pay to the Order of" section should indicate MDH or State of MN or Treasury (MDH can deposit checks made out to other agencies, we caution against this as making transfers to other agencies creates more work.) • Dollar amounts - both the written and numeric amounts match the total charge (if the check has only written or only numeric it can be accepted) • Check is signed 4. If a check is missing either of the following pieces of information, destroy the check and notify the payee that their check was rejected and they will need to send in a new form of payment: • Dollar amounts – missing both written and numeric amount • Bank ID numbers - Missing account number and/or routing number 5. If a check is for the wrong amount, best practice is to destroy the check and notify the payee that their check was rejected and they will need to send in a new form of payment. If a cashier's check or money order is received with the wrong amount, deposit the instrument. If voided or destroyed, the payee cannot get their money back from a cashier's check or money order. 6. Endorse each check on the backside with the program's endorsement stamp. 7. Prepare receipt log or similar documentation, which includes sufficient information to ensure all funds are received and deposited. At a minimum, the log should include the person/business name, check or money order number, amount received, current date, and Program payment ID number.

Step No.	Responsible	Procedural Step
		8. Separate payment from any attachments and forward attachments to second cashier. The separation of duties requires that Cashier 2 should not handle the checks. 9. Complete Cash Receipts Deposit form, with a separate line for each revenue source code (fee type). Print two copies of the form. 10. Securely forward one copy of the Cash Receipts Deposit form and receipts to Financial Management by 2:00 p.m. each business day. 11. Give second copy of Cash Receipts Deposit Form and receipt log to Program/Unit Supervisor for verification and Reconciliation. 12. Retain documentation according to MDH Records Retention Schedule and MN.IT Services Enterprise Physical and Environmental Security Standard. <u>Do not retain a copy of the check; checks contain not public information.</u> <i>Note: If a cashier check or money order is received, they will be deposited and never sent back or destroyed.</i>
2.	Program/Unit Cashier 2 NOTE: This should never be performed by Cashier 1 due to separation of duties	1. Receive attachments, from Cashier 1. 2. Review attachments for accuracy and completeness. 3. Follow up with submitter for incomplete submittals. Document the missing items and document any attempts to gain missing information from the submitter. Securely dispose of incomplete documentation in locked shred bin. 4. Process attachments per program specifications. Typically includes entering the transaction in a subsystem. 5. Provide the good or service being purchased. 6. If program determines a refund is needed, follow the refund procedure steps below.
3.	Financial Management	1. Review cashier deposits for completeness and accuracy. 2. Process receipts received by 2:00 p.m. the same day. Safeguard receipts received after 2:00 p.m. in a locked box and process them the next business day. 3. Scan checks using the online deposit system. 4. Deliver cash to Treasury at Minnesota Management and Budget (MMB). 5. Create SWIFT entries for each deposit. 6. Daily, reconcile bank deposit to the actual daily receipts.

Step No.	Responsible	Procedural Step
4.	MMB	Reconcile transactions between US Bank and SWIFT.
5.	Program/Unit Supervisor (Cannot be Cashier 1 or Cashier 2)	1. Receive Cash Receipts Deposit form and receipt log from Cashier 1 2. Verify the Cash Receipts Deposit form amount matches the amount on the receipt log. 3. Monthly, complete a three way reconciliation between the daily receipt logs/program's subsystem, Cash Receipt Deposit forms/requests for refunds, and OBIEE Cashier Reconciliation Report. 4. Verify: • All deposits (including electronic), refunds, and returned checks were recorded completely and accurately in SWIFT. • All receipts were deposited. • The goods or services provided were paid for. 1. For e-payment transactions, monthly complete a three way reconciliation between the credit card billing statement (received monthly from Finance), program's subsystem and OBIEE Cashier Reconciliation Report. 2. Staff approving deposits and reconciling transactions/statements must initial/sign and date the documents to show separation of duties. 3. If you find errors in the reconciliation process, contact Health.CASH-MANAGEMENT@state.mn.us to determine next steps to correct the error. If necessary, take additional steps as explained by Finance.
6.	Financial Management	1. Assist MMB with correcting any discrepancies between SWIFT and the bank. 2. Assist Program with any discrepancies discovered through the monthly reconciliation and correct any errors that fall under Finance's purview. 3. Reconcile credit card billing statement to the SWIFT deposits.

Returned Items (NSF, Chargebacks, etc.)

Step No.	Responsible	Procedural Step
1.	MMB	Send the returned bank items notice to Finance.
2.	Financial Management	Forward check or e-payment return notice to the cashier who completed the original Cash Receipts Deposit form containing the deposit of the item.
3.	Program/Unit Cashier 1 NOTE: This should never be performed by Cashier 2 due to separation of duties	Send Finance (Health.CASH-MANAGEMENT@state.mn.us) a negative Cash Receipts Deposit form for the returned item within three working days of the notification.
4.	Financial Management	Enter the negative cash receipt into SWIFT and notify MMB of the entry.
5.	Program/Unit Cashier 1 NOTE: This should never be performed by Cashier 2 due to separation of duties	1. Make entry in subsystem to note the amount being returned. 2. Notify customer of returned item and attempt to collect payment and additional service charge. 3. Notify activity manager.
6.	Activity Manager	Begin action to rescind or prevent credentials or services.

Refunds to customers

Step No.	Responsible	Procedural Step
1.	Program/Unit Cashier 2	1. Determine the amount and validity of a refund request. 2. Complete a Claim for Refund form and submit it to the activity manager for review and signature.
2.	Activity Manager	1. Review subsystem to verify a license, certification, good or service was not provided 2. Confirm the amount to refund is correct

Step No.	Responsible	Procedural Step
		3. Sign and submit Claim for Refund form (to Health.CASH-MANAGEMENT@state.mn.us).
3.	Program/Unit Cashier 2	Send the customer receiving the refund a notice with an explanation of why the refund is being issued and estimated refund arrival date
4.	Financial Management	Process the refund payment in SWIFT.

Forms

- [Cash Receipt Deposit Form](#)
- [Claim For Refund Form](#)

Related Information

- [Minnesota Statutes 16A.275](#) – Agency Receipts; Deposit, Report, Credit
- [Minnesota Statutes 604.113](#) – Issuance of Worthless Check
- [Minnesota Statutes 16A.48](#) – Refund of Erroneous Deposits
- [Minnesota Statutes 16A.49](#) – Refunds of \$1 or Less
- [MMB Statewide Operating Policy 0602-01 Recording and Depositing Receipts](#)
- [MMB Statewide Operating Policy 0605-01 Returned Items](#)
- [MDH Procedure PR504: Billing for Services](#)
- [MMB Electronic Payment Guide](#)