



## Office of Pasco County Clerk & Comptroller

### INTRAOFFICE MEMORANDUM

**DATE:** January 5, 2021

**TO:** Nikki Alvarez-Sowles, Esq., Clerk & Comptroller

**FROM:** Patrice Monaco-McBride, Inspector General *omm*

**DEPARTMENT:** DEPARTMENT OF INSPECTOR GENERAL

**SUBJECT:** 2020-12 CCC Unannounced Change Fund Audit

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Enclosed is Audit Report No. 2020-12, Unannounced Change Fund Audit of cash issued to Clerk & Comptroller departments. The objectives of the audit were to determine if cash funds existed, were properly secured, properly accounted, and control forms were up to date. Safes were inspected and contents were documented.

Based on the results of the completed audit, three opportunities for improvement were identified. All improvement opportunities and recommendations were discussed with management and their verbatim responses were included in this report. The results of the audit were identified as follows:

*Compliance:*

1. One change drawer was over at time of the audit.

*Control:*

2. One change fund was not secured at the time of the audit.
3. Items found in safe.

We appreciate the cooperation, quick response, and professional courtesy received from the Clerk & Comptroller teams during this audit.

We request the Clerk & Comptroller acknowledge and accept this report.

Please indicate, in an email, your acknowledgment and formal acceptance of this report.

cc: Kimberly Thompson, Chief Operations Officer  
Dr. Jerome Jordan, Director of Civil Courts  
Leonard Mattison, Director of Criminal Courts  
Debbie Gay, Director of Records

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**Office of Nikki Alvarez-Sowles, Esq.**

**Clerk & Comptroller**

**Pasco County, Florida**

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**Clerk & Comptroller Unannounced Change Fund Audit**

January 5, 2021



**Department of Inspector General**

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Report No. 2020-12

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## Executive Summary

### Background Information

As part of the Department of Inspector General (IG) Annual Audit Plan, the IG conducted an unannounced audit of the change funds authorized by the Clerk & Comptroller. This audit included all change funds and juror bags issued to various departments throughout the Clerk & Comptroller's Office (CCC). Change funds were monies kept in a cash drawer and used to make change for routine business transactions. Juror bags were monies kept in a cash bag and used to pay jurors for their time serving the court system.

Independent, surprise audits of cash drawers is a key internal control that is preventative, as well as detective in nature. Surprise cash audits are considered a best practice for mitigating fraud. According to the Association of Certified Fraud Examiners' 2020 Report to the Nations on Occupational Fraud and Abuse, the presence of certain controls was associated with smaller losses and quicker fraud detection. The study revealed that surprise audits reduced median losses by 33% and the duration of fraud was reduced by 38% (Report to the Nations on Occupational Fraud and Abuse, 2020, page 33).

Each change fund and juror bag was assigned to a custodian, who signed a control form accepting responsibility and accountability for the funds issued. Division supervisors and department directors were required to sign the control forms along with the custodians. The control forms stated that the funds were subject to periodic, unannounced audits by the CCC. For security purposes, dollar amounts were excluded from the final report.

The number of cash fund drawers verified was summarized below:

Department	Division	Number of Cash Drawer(s) Verified
Civil Courts	Child Support- Dade City	2
Civil Courts	Child Support- New Port Richey	2
Civil Courts	Civil- Dade City	5
Civil Courts	Civil- New Port Richey	9
Civil Courts	Probate- Dade City	3
Civil Courts	Probate- New Port Richey	2
Criminal Courts	Traffic- Dade City	6
Criminal Courts	Traffic- New Port Richey	8
Criminal Courts	Traffic (Juror Bags)- Dade City	8
Criminal Courts	Traffic (Juror Bags)- New Port Richey	13
Records	Court Records- Dade City	2
Records	Court Records- New Port Richey	3
Records	Official Records- Dade City	8
Records	Official Records- New Port Richey	8
	<b>Total</b>	<b>79</b>

## Objectives

The audit objectives were to:

- Determine if change funds existed and cash receipts in the cash drawer were present and in agreement with the supporting records and documents.
- Determine if change funds were properly secured at the time of the unannounced audit.
- Verify safes were properly secured and document contents at the time of the unannounced audit.
- Determine if established change funds were accounted for properly in the general ledger.
- Determine if change fund control forms were up to date with correct information and filed with Financial Services.

## Scope and Methodology

The IG conducted a limited scope audit. This audit was not a comprehensive evaluation of internal controls over cash handling or a detailed testing of compliance with the CCC cash handling policies and procedures. The primary focus of this audit was to verify the existence of the cash funds, perform an unannounced count of monies in each cash drawer, inspect safes, and note any exceptions and discrepancies.

This audit included all change funds and juror bags issued to the CCC divisions, which included Child Support, Civil, Probate, Court Records, Traffic, and Official Records. There were a total of 14 change funds and juror bags divided into 79 change drawers/bags. Unannounced cash counts were conducted between November 19, 2020 and November 23, 2020.

Although the IG exercised due professional care in the performance of this audit, this does not mean that unreported noncompliance or irregularities did not exist. The deterrence of fraud and employee abuse was the responsibility of management. The audit procedures alone, even when carried out with due professional care, could not guarantee that fraud, waste, or abuse would be detected.

The audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. The purpose of this report was to provide an independent, objective analysis, recommendations, and information concerning the activities reviewed. It was not an appraisal or rating of management.

The IG planned and performed the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the conclusion based on the audit objectives. The evidence and documentation obtained during the audit process provided this reasonable basis.

To achieve the objectives, the procedures performed included, but were not limited to, the following:

- Performed unannounced cash counts for change and balanced each drawer to the cash receipts or daily collections.

- Obtained and verified that the control forms on file in the Clerk & Comptroller's Department of Financial Services accurately reflected the change fund amount.
- Verified the total change fund amount on the control forms agreed to the fund totals in the accounting system.
- Verified the safe contents at each department.
- Identified opportunities for improvement.

**Statutory and Pasco County Guidelines**

To conduct this audit, the Department of Inspector General relied on the following authoritative guidelines to serve as criteria:

- Section 832.07(2), Florida Statutes- Prima facie evidence of intent; identity
- Section 832.075, Florida Statutes- Requiring credit card information for check or draft acceptance prohibited
- Section 218.33(3), Florida Statutes- Local governmental entities; establishment of uniform fiscal years and accounting practices and procedures
- Check Acceptance Policy, dated 1998
- Overage/Shortage Form, revised July 2019
- Procedures to Open a New Change Fund, revised November 2, 2018
- Court Records Safe Procedures, revised July 2, 2019
- Official Records Safe Procedures, revised December 4, 2020

**Conclusion**

The IG concluded that the change funds verified existed and reconciled to the cashiering supporting documentation at time of the unannounced cash counts. Safes were properly secured and controls forms were up-to-date with correct information and filed with Financial Services. However, there were issues noted during the audit that related to compliance and internal controls. These comments were discussed with management and their responses were included in this report.

The IG thanks the Civil, Criminal, and Records Divisions for their professionalism, quick response, and corporation during this audit.

Based on the documentation reviewed and audit procedures performed, the IG identified three opportunities for improvement:

No.	Description	Page Reference
<b>Compliance:</b>		
1.	One change drawer was over at time of the audit.	5
<b>Control:</b>		
2.	One change fund was not secured at the time of the audit.	5
3.	Items found in safe.	6

## Opportunities for Improvement & Recommendations

**Compliance Activities:** Since compliance with agreements, contracts, laws, rules, regulations, policies, and procedures was expected, recommendations were not provided.

### 1. One change drawer was over at time of the audit.

One change drawer at Traffic in New Port Richey was over \$2 at time of the audit (November 19, 2020). The following was noted:

- The records clerk was aware of the overage at the time of the unannounced audit. According to the clerk, \$2 was borrowed from another clerk the previous day (November 18, 2020) to make change for a business purpose and forgot to reimburse the amount borrowed. However, when change needs to be made for a business purpose, the change fund (\$700) maintained in the safe was required to be used.
- The IG verified that the overage was reported to Finance at the end of the day and that a shortage of \$2 was reported the previous day. However, the explanation reflected on both Overage/Shortage Forms stated incorrect change. An Overage/Shortage Form was required to be completed at end of the day and submitted to Finance that accurately documented the overage or shortage identified.

**Recommendation:** Since compliance with agreements, contracts, laws, rules, regulations, policies, and procedures are expected, a recommendation was not provided.

#### **Management Response:**

*Acknowledged*

#### **Corrective Action Plan:**

*Teammates have been counseled. Procedure will be updated to include the policy of making change for their cash drawer.*

#### **Target Implementation Date:**

*Teammate counseled – 12/08/2020*

*Updated Procedure – 01/08/2021*

**Control Activities:** Listed below was a comment that represented an opportunities to strengthen internal controls. For the comment below, a recommendation was included.

### 2. One change fund was not secured at the time of the audit.

A documented policy or procedure governing the security of cash funds used during business hours did not exist. As a result, the following was noted:

- The change fund at Court Records in Dade City was not secured at the time audit (November 23, 2020). The change fund was maintained in two unlocked cash bags on a shelf underneath the cash register drawers.

**Recommendation:** To protect teammates and prevent monetary loss to the Clerk & Comptroller's Office, establish policies and procedures that govern the security of cash funds during business hours.

**Management Response:**

*Acknowledged.*

**Corrective Action Plan:**

*Current procedure reviewed with teammates. Procedure will be updated to clearly state that all money must be maintained in the locked cashier drawers during business hours.*

**Target Implementation Date:**

*December 21, 2020*

**3. Items found in safe.**

According to the safe procedures for Official Records, the safes were used to safeguard specific monies. In addition, management stated that unprocessed checks were required to be placed in the safe overnight until the next day to be processed. However, the contents of the safe were not inspected on a regular basis and a procedure that provided guidance for handling items that belonged to customers containing sensitive information (e.g., driver license) did not exist. As a result, the safe at Official Records in Dade City contained the following items at the time of the audit (November 20, 2020):

- One unprocessed check dated August 11, 2020, in the amount of \$11. Management was not aware that this check was in the safe. As a result of this audit, the check was returned to the customer. It was noted that this check was separated from other documents and was misplaced in the safe for three months. It was determined that documents originally submitted with payment were incorrectly returned to customer on September 2, 2020.
- A customer's driver license. Management did not know how long this driver license had been in the safe. Although the driver license was properly secured, management stated they did not know what to do with the driver license and had not notified their Director for guidance.

**Recommendation:**

- To identify issues in a timely manner, implement a policy and procedure that requires the safe to be inspected on a regular basis (e.g., weekly, monthly, etc.).
- Develop a policy and procedure that provide guidance for handling items that belong to customers, including notifying the proper chain of command.

**Management Response:**

*Acknowledged.*

**Corrective Action Plan:**

*Updating written safe procedures that will address weekly safe audits, camera coverage over the cash drawers and the handling of miscellaneous items.*

*The driver's license was returned to the Tax Collector after it was discovered by the Inspector General during audit.*

**Target Implementation Date:**

*December 21, 2020*

## References

Association of Certified Fraud Examiners: *2020 Report to the Nations on Occupational Fraud and Abuse*.