



Office of Nikki Alvarez-Sowles, Esq. Pasco County Clerk & Comptroller

January 14, 2021

The Honorable Ron Oakley, Chairman, and
Members of the Board of County Commissioners
Pasco County Board of County Commissioners
8731 Citizens Drive
New Port Richey, FL 34654

Dear Chairman Oakley and Members of the Board:

Enclosed is Audit Report No. 2020-13. The Department of Inspector General (IG) conducted an unannounced audit of change funds issued by the Pasco County Board of County Commissioners. The overall objective of this audit was to verify that the change funds existed, were properly secured and accounted for, and that the corresponding control forms were up to date. Safes were also inspected and contents were documented. The audit was limited in scope and included change funds issued to the Development Services Branch.

The IG concluded that change funds existed and reconciled to supporting documentation, were properly secured, and accounted for in the general ledger, and that department safes were secure and did not contain any inappropriate contents. There were no findings as a result of this audit.

We appreciate the cooperation, professional courtesy, and responsiveness received from County staff during this audit. Please let us know if you wish to discuss any of the information provided in the report.

We request the Board of County Commissioners to receive and file this report.

Respectfully Submitted,

Patrice, Monaco-McBride
Inspector General/Chief Audit Executive

Office of Nikki Alvarez-Sowles, Esq.
Pasco County Clerk & Comptroller

UNANNOUNCED CASH COUNTS - CENTRAL PERMITTING

March 09, 2021



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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 Board of County Commissioners (BCC). This audit included change funds issued to the Central Permitting Department.

Independent, surprise audits of cash drawers is a key internal control that is preventative, as well as detective in nature. Surprise audits of cash 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).

Change funds were issued to various departments throughout Pasco County (the County). Each change fund was assigned to a custodian, who signed a control form accepting responsibility and accountability for the fund issued to them. These control forms stated that the funds were subject to periodic, unannounced audits by the Clerk & Comptroller's Office.

Central Permitting locations with change funds collected monies for different types of fees and services. The department was responsible for reconciling the monies and receipts, preparing cash reports, depositing monies collected, and reporting activity to Financial Services.

According to the control forms on file at the time of this audit, Central Permitting had three change funds that were divided into 16 change drawers. For security purposes, dollar amounts were excluded from the final report.

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.
- Determine if 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 County's cash handling policies and procedures. The primary focus of this audit was to verify the existence of the change funds, perform an unannounced count of monies in each cash drawer, inspect safes, and note any exceptions or discrepancies.

This audit included departments under the Development Services Branch with change funds. There were three change funds divided into 16 change drawers issued to Central Permitting. Unannounced cash counts were conducted between November 19, 2020 and November 30, 2020.

Although the IG team 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 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 funds selected 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.

Statutory and Pasco County Guidelines

To conduct this audit, the IG 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
- Administrative Directive #40, dated January 27, 1992 – Petty cash/ Change Fund/ Personal Check Procedure
- Administrative Directive #45, dated November 17, 1994 – Petty Cash and Change Fund Internal Audit
- Administrative Directive #53, dated November 21, 1997 – Petty Cash and Change Funds
- Administrative Directive #25, revised March 2, 2009 – Policy Concerning Deposit of Funds
- Board Check Acceptance Policy, revised August, 2008
- Petty Cash-Change Fund Procedures, dated August 5, 1991
- Accela Cashier Reporting and Reconciliation, dated May 15, 2019
- Accela End of Day Closing, dated April 20, 2020

Conclusion

The Department of Inspector General concluded that the change funds verified existed and reconciled to the cashiering supporting documentation at time of the unannounced audits. The change funds were properly secured and accounted for in the general ledger. Safes were also properly secured and did not contain inappropriate items or unprocessed monies. Additionally, the control forms were up-to-date with correct information and filed with Financial Services. There were no findings as a result of this audit.

The IG thanks the Central Permitting Department for their professionalism and cooperation during this audit.

REFERENCES

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