



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

---

April 26, 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. 2021-02. The Department of Inspector General (IG) conducted an unannounced audit of cash funds issued by the Pasco County Board of County Commissioners. The objectives of this audit were to verify the cash 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, petty cash funds, and safes issued to the Public Services branch and the County Attorney.

The IG concluded that the change and petty cash funds existed and all control forms were up-to-date with correct information. The audit disclosed issues related to policies, procedures, and practices that required improvement.

Based on the results of the completed audit, five opportunities for improvement were identified. Improvement opportunities and recommendations were brought to management's attention, and their verbatim responses were included in this report. Recommendations were provided to management to improve the control environment. Many issues identified were addressed by management prior to the execution of the final report. The results of the audit were as follows:

*Compliance:*

1. One safe was unsecured at the time of the audit.
2. One change drawer was short \$20 at the time of the audit.

*Control:*

3. A safe contained a locked drawer that could not be opened.
4. Daily collections and an unsealed deposit were unsecured at one location.

*Observation:*

5. A binder containing nine customer checks for an undocumented cat trap rental program was being maintained inside one safe at Animal Services.

We appreciate the cooperation, professional courtesy, and responsiveness received from management 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,

A handwritten signature in blue ink that reads "Patrice M. McBride". The signature is written in a cursive style with a large initial "P".

Patrice, Monaco-McBride, CIG, CIGA, CGFO, CPM  
Inspector General/Chief Audit Executive

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

**Pasco County Clerk & Comptroller**

---

**Unannounced Cash Counts – Public Services and County Attorney**

MAY 18, 2021



**Department of Inspector General**

Patrice Monaco-McBride, CIG, CIGA, CGFO  
Inspector General

Erika Hendricks, CIA, CIGA, CFE  
Auditor III

Andrew Henson  
Auditor I

Report No. 2021-02

## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY</b> .....	2
<b>Background Information</b> .....	2
<b>Objectives</b> .....	2
<b>Scope and Methodology</b> .....	3
<b>Scope Limitation</b> .....	4
<b>Statutory and Pasco County Guidelines</b> .....	4
<b>Conclusion</b> .....	5
<b>AUDIT COMMENTS &amp; RECOMMENDATIONS</b> .....	6
<b>Compliance</b> .....	6
<b>Control</b> .....	8
<b>Observation</b> .....	9
<b>REFERENCES</b> .....	11

## EXECUTIVE SUMMARY

### Background Information

As part of the Department of Inspector General (IG) annual audit plan, the IG conducted an audit of the change and petty cash funds authorized by the Board of County Commissioners (BCC). This audit included funds issued to departments within the Public Services Branch and County Attorney's Office.

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 deterring and 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 and petty cash funds were issued to various departments throughout Pasco County (the County). Each petty cash and 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.

Libraries, Animal Services, and Parks, Recreation, and Natural Resources locations with change funds collected monies for different types of fees and services. Each department was responsible for reconciling the monies and receipts, preparing cash reports, depositing monies collected, and reporting activity to Financial Services. The County Attorney's office was issued a petty cash fund to be used for emergency purposes or other non-routine business transactions.

According to the control forms on file at the time of this audit, the Public Services Branch had 23 change funds that were divided into 36 change drawers. The County Attorney had one petty cash fund. Prior to the initiation of this audit, two libraries (Centennial Park Branch Library and New River Branch Library) were closed for remodel and had previously returned their change funds. For security purposes, the total dollar amounts of funds were excluded from the final report.

### Objectives

The audit objectives were to:

- Determine if cash funds existed and cash receipts in the cash drawer were present and in agreement with the supporting records and documents.
- Determine if cash funds were properly secured at time of the unannounced audit.
- Determine if safes were properly secured and document contents at the time of the unannounced audit.
- Determine if established cash funds were accounted for properly in the general ledger.

- Determine if change fund/petty cash 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 cash funds, perform an unannounced count of monies in each cash drawer, inspect safes, and note exceptions or discrepancies.

This audit included the County Attorney’s Office and departments under the Public Services Branch with change and petty cash funds. There were 23 change funds issued to Public Services Branch departments, and one petty cash fund issued the County Attorney. Of the 24 funds, five change funds (library coin machines) were not included in the scope of this audit. Cash counts were conducted between January 29, 2021 and February 4, 2021.

The number of drawers verified was summarized below:

<b>Division</b>	<b>Number of Drawers/Bags</b>
Animal Services	2
Libraries	10
Parks, Recreation, and Natural Resources	18
County Attorney	1
<b>Total</b>	<b>31</b>

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 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 fund amount.

- Verified the total fund amount on the control forms agreed to the fund totals in the accounting system.
- Verified the safe contents at each department.
- Requested updated cash handling procedures.
- Limited to the scope of the audit, verified compliance with County cash handling policies, procedures, and administrative directives.

### **Scope Limitation**

When access to relevant documentation or assets was unavailable, a limitation to the scope of the audit existed. A scope limitation is a restriction on an audit that may be caused by the audit client, issues beyond the control of the audit client, or other events. This scope limitation did not allow the auditors to complete all aspects of the audit procedures to conduct an unannounced cash audit.

During the audit, three cash funds could not be verified at the time of the unannounced physical verification because the staff present did not have access to these cash funds. The IG returned to these locations by appointment to verify the existence of these funds. As a result, the IG could not perform an unannounced cash count for all of the funds at the following locations:

- James Irvin Civic Center
- Heritage Park Community Center
- County Attorney's Office

### **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(1), Florida Statutes - *Requiring credit card information for check or draft acceptance prohibited*
- Section 212.08(6)(a), Florida Statutes - *Tax on sales, use, and other transactions*
- Section 218.33(3), Florida Statutes – Local governmental entities; establishment of uniform fiscal years and accounting practices and procedures
- Section 219, Florida Statutes – County Public Money, Handling by State and County
- Administrative Directive #25, revised March 2, 2009 – Policy Concerning Deposit of Funds

- 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
- Petty Cash-Change Fund Procedures, dated August 5, 1991
- Pasco County Check Acceptance Policy, dated 2008
- Parks, Recreation, and Natural Resources' Cash/Check Receipting Policy , dated June 14, 2019

## **Conclusion**

The Department of Inspector General concluded the change funds and petty cash fund verified existed. All of the cash funds, except for one, were verified and reconciled to the cashier supporting documentation, corresponding control forms, and general ledger at the time of the physical cash count. One change drawer was short when the unannounced cash count was conducted by the Department. This exception identified weaknesses over some cash handling procedures and management oversight of same. This issue was immediately brought to management's attention. The majority of the safes were properly secured and did not contain inappropriate items or unprocessed monies.

The audit disclosed instances of noncompliance and some policies, procedures, and practices that could be improved. Recommendations made in this report were offered to strengthen the control environment. Opportunities for improvement and recommendations in this report were discussed with management, and their verbatim responses were included in this report.

The IG thanks the Public Services Branch and the County Attorney's Office for their professionalism and cooperation during this audit. The IG would also like to commend management for their responsiveness in taking corrective action for issues that were brought to their attention during the audit.

Based on the documentation reviewed and audit procedures performed, the IG identified four audit comments and one observation. See table below:

No.	Description	Page Reference
<b>Compliance:</b>		
1.	One safe was unsecured at the time of the audit.	6
2.	One change drawer was short \$20 at the time of the audit.	7
<b>Control:</b>		
3.	A safe contained a locked drawer that could not be opened.	8
4.	Daily collections and an unsealed deposit were unsecured at one location.	9
<b>Observation:</b>		
5.	A binder containing nine customer checks, for an undocumented cat trap rental program, was being maintained inside one safe at Animal Services.	9

## AUDIT COMMENTS AND RECOMMENDATIONS

**Compliance:** Compliance is adhering to approved policies and procedures, agreements, contracts, laws, rules, and regulations. Listed below are comments that represent instances of noncompliance with these requirements.

**1. One safe was unsecured at the time of the audit.**

On January 29, 2021, upon going to retrieve a change fund drawer from the Hudson Regional Library’s safe, the auditors found the safe to be open with nobody present, with the unsecured change fund drawer inside.

According to Administrative Directive #45, security safes were not to be left unlocked at any time. Authorized personnel were required to open a safe, remove only those materials needed, and close and lock the safe immediately before leaving.

**Recommendation:**

Since compliance with agreements, contracts, laws, rules, regulation, policies and procedures is expected, recommendations were not provided.

**Management Response:**

*On 1/29/2021, a Hudson Regional Library staff member opened the safe to obtain a change fund drawer to begin the daily cash count procedure. Once the drawer was retrieved, the staff member failed to close and secure the safe. The error was discovered by the auditors and immediately corrected by the manager on duty. The security safe policies and procedures were promptly reiterated with the entire team via email. They were also shared with all individuals in person and during a staff meeting. We are monitoring the safe multiple times throughout the day to ensure we are following all directives, policies and procedures.*

**Corrective Action Plan:**

*Branch Management identified the team members directly related to this event and provided applicable disciplinary reviews. In addition to reviewing policies and procedures with involved individuals, supervisors met individually with each branch staff member as well as provided group training in a staff meeting.*

**Target Implementation Date:**

*January 29 – February 15, 2021.*

**2. One change drawer was short \$20 at the time of the audit.**

For the change fund at the Adoption Center, the amount verified did not agree to the amount reflected on the control form at the time of the physical count (on February 2, 2021). Staff assisting the auditors was aware of the \$20 shortage but did not know the date or how the shortage occurred. However, evidence that the Animal Services Director was previously aware or informed of the \$20 shortage before the IG brought this their attention on February 3, 2021 was not provided. The shortage was subsequently reviewed by the Animal Services Director. The following was noted:

- According to the Animal Services Director, on December 22, 2020, an inquiry was conducted by the shelter supervisor regarding the \$20 shortage. It was suspected the shortage occurred on December 19, 2020 due to wrong change being given to a customer and the change fund being improperly verified during the closing process. Documentation of this shortage could not be provided by Animal Services at the time of audit.
- On February 18, 2021, a police report was requested from the Pasco County Sheriff's Office, but could not be provided because of the amount time that had passed. Instead, an incident report was recorded.
- Animal Services subsequently requested the change fund to be decreased by \$20.

According to Administrative Directive #45, all overages or shortages in a change fund were required to be reported on the daily deposit log immediately upon discovery. Additionally, Administrative Directive #53 stated that any loss or theft of funds was required to be reported immediately to the supervisor, law enforcement, and Risk Management.

**Recommendation:**

Since compliance with agreements, contracts, laws, rules, regulation, policies and procedures is expected, recommendations were not provided.

**Management Response:**

*Animal Services responded to this condition statement with memorandum AS21-0024. This memorandum concurred with the Inspector General findings and included corrective action taken. However, the cause of the shortage was not conclusively determined and the \$20 was not located. Since that memorandum, and as a further corrective action, a revised Cash Handling Policy has been drafted which includes a cash receipting verification process. This policy revision is being provided to the*

*Department of Inspector General and Financial Services for review as requested prior to implementing. Please contact Animal Services with any recommendations or suggested revisions.*

**Corrective Action Plan:**

*Counseling and additional training on current money handling policies has been provided to the customer service team; and was documented. The Animal Services Cash Handling Policy has been updated.*

**Target Implementation Date:**

*March 10, 2021*

**Control:** Listed below are comments that represent opportunities to strengthen the internal controls. For each comment, a recommendation has been included.

**3. A safe contained a locked drawer that could not be opened.**

On February 4, 2021, upon verifying the contents of the Land O' Lakes Library's safe, auditors found a locked drawer/compartments within the safe that could not be accessed because there was no key. The branch manager did not realize that this drawer existed until the auditors brought it to their attention.

All safes should be accessible at any given time, even if empty, to ensure assets were properly safeguarded.

**Recommendation:**

It is recommended that a replacement key be sourced or made, or that the lock be removed and replaced.

**Management Response:**

*The Branch Manager [sic] discussed what occurred during the Audit to the Library Fiscal Team. It was the consensus to put in a Work Order for a locksmith to open the drawer in the safe and make a key. A work order was placed on 2/6/2021 and on 2/10/2021 the locksmith completed the job; there was nothing in the drawer once opened. A supervisor was present throughout the duration of the locksmith working in the safe. There are now two sets of keys being kept in the Land O' Lakes Library lockbox.*

**Corrective Action Plan:**

*Dispatch a locksmith to open the drawer and provide Branch Manager with keys to be secured on site.*

**Target Implementation Date:**

*Completed 2/10/21.*

#### 4. Daily collections and an unsealed deposit were unsecured at one location.

During the unannounced cash count at the Veteran's Memorial Park (on January 29, 2021), the auditors found that the cash collections for that day, as well as an unsealed deposit from the day prior, were being kept in an unlocked cabinet drawer within an unlocked office.

**Recommendation:**

Revise policies and procedures to explicitly state if daily collections may be kept separate of the change fund during daily operations, and how they are to be stored and secured throughout the day. Train teammates of proper procedures for sealing deposits and storing them until they are taken to the bank.

**Management Response:**

*All cash and checks should be kept in a locked safe, filing cabinet, or cash box during the day. The Parks, Recreation, and Natural Resources Department states in the Cash/Check Receipt Policy, "Money should be locked in a safe or cash box with adequate security when the money handler has to leave the collection area." This verbiage will be updated.*

*The policy will be updated to state the following:*

- *Money shall be locked in a safe or cash box with adequate security when the money handler must leave the collection area.*
  - o *All undeposited cash or checks from the previous days' work should remain in a locked safe, locked filing cabinet, or locked cash box until the deposit is taken to the bank.*
  - o *All cash or checks received during the current days' business must be kept in a locked safe, locked filing cabinet, or locked cash box with the change fund at all times.*

**Corrective Action Plan:**

*The policies will be updated and the team will be trained on the revised policy.*

**Target Implementation Date:**

*April 2021*

**Observation:** There were observations noted during the audit process that were outside the scope of the audit, but were important enough to bring to management's attention.

#### 5. A binder containing nine customer checks, for an undocumented cat trap rental program, was being maintained inside one safe at Animal Services.

On February 2, 2021, during an unannounced cash count, the auditors found a binder within the Animal Services Adoption Center safe that contained nine checks, totaling \$750. All of the checks, except one, had a contract associated with it. The following was noted:

- Teammates explained that these were checks that were being held for Animal Services' 'Cat Trap Rental Program', where a customer could rent a trap to catch feral cats by filling out a rental contract with Animal Services.
- The rental period was normally one week, but extensions could be provided for reasons such as COVID-19. The customer, after filling out the contract, provided a check payable to Animal Services for \$75 check per trap. The check was to serve as a deposit/collateral for Animal Services to cash in the event that the customer did not return the trap.
- The checks stored in the binder dated as far back as late 2019, and according to staff, the associated traps were not returned.
- Teammates stated that some of the usual customers were sometimes provided the traps without a contract or deposit.

On February 18, 2021, these issues were brought to management's attention. As of February 24, 2021, Animal Services discontinued the trap rental program until policies and procedures could be established and approved.

**Recommendation:**

Forward all policies, procedures, requisite forms, and contracts for this program to the Department of Inspector General and Financial Services for review prior to implementing the program.

**Management Response:**

*Management concurs with the findings of the Department of Inspector General findings. The Cat Trap Rental Program was temporarily discontinued due to improper check handling, insufficient oversight and written policies. All checks have been returned to issuers or shredded at their request with the exception of two. These remaining checks are being sent to the owners by certified mail as the issuers have not return calls. Further findings noted that trap inventories were being intermingled between programs at the shelter and not properly inventoried. There are two trap assistance programs that operate at Animal Services: (1) Trap Neuter Vaccinate and Return (TNVR) program for the Spay Neuter in Pasco Program (SNIP) and (2) the Field Services TNVR program. A new Cat Trap Assistance Program policy is being drafted to include both programs. These cat trap assistance programs are free to assist Pasco County citizens trap feral and community cats for sterilization and rabies vaccination to help reduce cat overpopulation in the county. The new policy will include inventory management and documentation of trap loss, destruction and repair. Trap inventories for both programs will be documented in the Petpoint Shelter Management software system with automated reminders and tracking of loaner traps. In addition, the trap inventory will be located/stored in a secure location. This draft policy will be forthcoming to the Department of Inspector General for review and recommendation.*

**Corrective Action Plan:**

*A new Cat Trap Assistance Program policy is being drafted to include both programs.*

**Target Implementation Date:**

*March 24, 2021*

## **REFERENCES**

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