



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

May 4, 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. 2021-05. 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 was to verify the cash funds existed, were properly secured and accounted for, and 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 and safes issued to the Public Infrastructure branch.

The IG concluded the change funds existed, were properly secured, and accounted for in the general ledger. All control forms were up-to-date with correct information, and all safes were secure and did not contain any inappropriate contents at the time of audit. Some minor issues were identified, communicated to management, and immediately addressed by Public Infrastructure staff. There were no significant findings as a result of this audit.

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,

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 Infrastructure

JUNE 8, 2021



Department of Inspector General

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

Erika Hendricks, CIA, CIGA, CFE
Auditor III

Sarah Denney-Oliver, MBA, CIGA
Auditor I

Andrew Henson
Auditor I

Report No. 2021-05

Department of Inspector General
P.O. Box 724
Dade City, FL 33523-3894
www.pascoclerk.com

TABLE OF CONTENTS

EXECUTIVE SUMMARY	2
Background Information	2
Objectives	2
Scope and Methodology	3
Statutory and Pasco County Guidelines	4
Conclusion	4
REFERENCES	5

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 Infrastructure Branch.

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.

Utilities Customer Service, Utilities Environmental Lab, Solid Waste Scalehouse and Landfill, and the Solid Waste East Pasco Transfer Station locations with change funds collected monies for different types of fees and services. Each department was responsible for reconciling 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, the Public Infrastructure Branch had 23 change funds that were divided into 27 change drawers. For security purposes, dollar amounts 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 departments under the Public Infrastructure Branch with change funds. There were 23 change funds issued to Public Infrastructure Branch departments. Unannounced cash counts were conducted on March 25, 2021 and March 26, 2021.

The number of drawers verified was summarized below:

Division	Number of Drawers/Bags
Utilities Environmental Lab	1
Utilities Customer Service - Dade City	3
Utilities Customer Service - Land O' Lakes	7
Utilities Customer Service - New Port Richey	9
Solid Waste - East Pasco Transfer Station	2
Solid Waste - Resource Recovery Scalehouse	2
Solid Waste - West Pasco Landfill	3
Total	27

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.

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

Conclusion

The Department of Inspector General concluded that the change funds existed and reconciled to the cashing supporting documentation, corresponding control forms, and general ledger at the time of the physical cash count. Control forms were up-to-date with correct information and filed with Financial Services. Safes were also properly secured and did not contain inappropriate

items or unprocessed monies. There were no significant findings as a result of this audit. However, some minor issues were identified, communicated to management, and immediately addressed by Public Infrastructure staff.

The IG thanks the Public Infrastructure Branch for their professionalism, responsiveness, and cooperation during this audit.

REFERENCES

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