



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

CCC Unannounced Cash Counts
Report No. 2022-02

Department of
Inspector General
02/28/2023

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Office of Pasco County Clerk & Comptroller

INTRAOFFICE MEMORANDUM

DATE: February 28, 2023

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

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

DEPARTMENT: Department of Inspector General

SUBJECT: Audit Report No. 2022-02 CCC Unannounced Cash Counts

Enclosed is Audit Report No. 2022-02, CCC Unannounced Cash Counts. The Clerk & Comptroller's Department of Inspector General (IG) conducted an unannounced audit of change funds issued to departments within the Clerk & Comptroller's Office. The overall objectives of the audit were to determine whether change funds were present in the correct amount, properly secured, and properly accounted for.

The IG identified three opportunities for improvement and provided recommendations in the report. We appreciate the cooperation, professional courtesy, and responsiveness received from Clerk & Comptroller teams during this audit.

Cc: Kim Thompson, Chief Operations Officer
Heather Grimes, Chief Administrative Officer
Len Mattison, Criminal Courts Director
Jerome Jordan, Civil Courts Director
Debbie Gay, Records Director
David Williams, Records Assistant Director
Matthew Lazar, Interim Financial Services Director

TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
Background Information	3
Objectives	3
Scope and Methodology	3
Statutory Requirements and Pasco County Guidelines.....	5
Conclusion	5
OPPORTUNITIES FOR IMPROVEMENT AND RECOMMENDATIONS	6
Compliance Activities	6
Control Activities.....	7
Observation.....	8

EXECUTIVE SUMMARY

Background Information

As part of the Department of Inspector General (IG) 2022 Annual Audit Plan, the IG conducted an unannounced audit of change funds authorized by the Clerk & Comptroller's Office (CCC). Change funds were established for the purpose of making change where money is collected during transactions of CCC business. In addition, it was also for the purpose of paying jurors for their time serving the court system. This audit included change funds issued to various divisions within the Criminal Courts, Civil Courts, and Records departments. Each cash fund was assigned to a custodian who signed a change fund control form to accept responsibility and accountability for the fund issued to them. The control form stated that the funds were subject to periodic, unannounced audits.

Independent, surprise audits of cash funds are a key internal control that is preventative, as well as detective in nature. Surprise audits are considered a best practice for deterring and mitigating fraud. According to the Association of Certified Fraud Examiners' *Occupational Fraud 2022: A Report to the Nations*, the presence of certain controls was associated with smaller losses and quicker fraud detection. The study revealed that surprise audits reduced both the median losses and duration of fraud by at least 50% (*Occupational Fraud 2022: A Report to the Nations*, page 35).

Objectives

The audit objectives were to:

- Determine if change funds existed in the correct amount and cash receipts were present and in agreement with supporting documentation.
- Determine if change funds were properly secured.
- Determine if change funds were properly accounted for in the general ledger.
- Determine if change fund control forms were up-to-date and filed with the Finance Department (Finance).
- Determine if safes were properly secured.

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 CCC cash handling policies and procedures. The primary focus of this audit was to verify the existence of change funds by performing an unannounced count of monies in each drawer or bag and note any discrepancies.

Testing was limited to change funds that had concerns identified in previous surprise counts. The test sample included 10 change funds which were distributed to a total of 58 secured drawers and bags. The IG conducted the cash counts between July 9, 2022, and July 28, 2022.

For security purposes, dollar amounts were excluded from the final report. The distribution of change funds verified by the IG is summarized below:

Department	Division (One cash fund each)	Number of Drawers or Bags
Criminal Courts	DC Traffic Customer Service	6
	DC Juror Bags	8
	NPR Traffic Customer Service	8
	NPR Juror Bags	13
Civil Courts	NPR Civil Circuit	7
	NPR Child Support	2
	NPR Probate	2
	NPR Domestic Relations Family	2
Records	DC Official Records	8
	DC Court Records	2
Total		58

Although the IG exercised due professional care in the performance of this audit, this does not mean unreported noncompliance and/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 were 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.

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, and accordingly, included such tests of records and other auditing procedures as considered necessary in the circumstances. 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 audit procedures included, but were not limited to, the following:

- Performed unannounced counts and balanced each drawer or bag to the cash receipts or daily collections.
- Obtained control forms on file with Finance and verified they 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.

- Limited to the scope of the audit, verified compliance with cash handling policies and procedures.
- Verified safes were properly secured and noted contents.

Statutory Requirements and Pasco County Guidelines

To conduct this audit, the IG relied on the following authoritative 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 - *Sales, rental, use, consumption, distribution, and storage tax; specified exemptions.*
- Section 218.33(3), Florida Statutes- *Local governmental entities; establishment of uniform fiscal years and accounting practices and procedures.*
- Section 219.02, Florida Statutes – *Handling of public money.*
- CCC Finance, *Procedures to Open a New Change Fund*, revised 11/2/2018.
- CCC Official Records, *Safe Procedures*, revised 12/4/2020.

Conclusion

Change funds were not always properly secured or accounted for. The IG observed one change fund that was left unattended in an unsecured cash drawer. In addition, two change fund drawers were transferred without proper notification and documentation. The IG verified that change funds existed, and cash receipts and transactional supporting documentation were present and correct. Only one change fund control form was not up to date at the time of reconciliation to the general ledger. Safes were properly secured at the time of audit.

Recommendations made in this report were offered to strengthen the internal control environment. Opportunities for improvement and recommendations were discussed with management and their verbatim responses were included below.

The IG commends the Criminal Courts, Civil Courts, and Records departments on their professionalism, cooperation, and responsiveness during this audit and would like to recognize the following:

- The Chiefs' input for corrective action plans
- Management's initiative for developing agency-wide policies and procedures
- Teammates' commitment to mitigating risks

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

No.	Description	Page Reference
Compliance:		
1.	Two change funds were transferred without proper notification and documentation.	6
Control:		
2.	An unsecured change fund was left unattended.	7
Observation:		
3.	Division management was unaware that its safe contents included spare keys and evidence vault combinations.	8

OPPORTUNITIES FOR IMPROVEMENT AND RECOMMENDATIONS

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

1. Two change funds were transferred without proper notification and documentation.

On 6/22/2022, the IG identified a \$200.00 shortage in the Clerk’s change fund control form totals when reconciling to the Clerk’s General Fund. Further research disclosed that two change funds in the amount of \$200.00 each were transferred within the same department. The funds were transferred from the NPR Civil Circuit Division to the Domestic Relations Family Division without notifying Finance. An updated control form was created for Civil Circuit on 4/8/2022, but one was not created for Domestic Relations Family until 6/23/2022, after the IG brought the issue to management’s attention.

Recommendation:

Since compliance with agreements, contracts, laws, rules, regulations, policies, procedures, and administrative directives was expected; a recommendation was not provided.

Management Response:

Management agrees with the recommendations.

Corrective Action Plan:

Updated Change Control forms have been submitted. Additionally, the department is drafting cash fund control procedures, which will address this audit findings. The procedures will include provisions to notify Finance when changes are made to change funds or control forms and to provide updated forms. Upon completion of the procedures, all teammates with cash handling responsibilities will sign the “Certificate of Receipt” upon reviewing the Cash Handling Procedures. The review and signing of the Certificate of Receipt will be incorporated into the department’s onboarding process for new teammates with cash handing responsibilities. All signed receipts will be saved in a department folder.

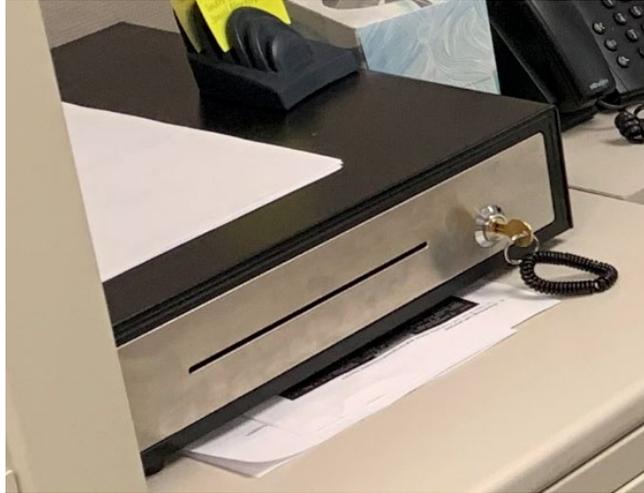
Target Implementation Date:

June 2023

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

2. An unsecured change fund was left unattended.

During an unannounced cash count on 6/27/2022 at the New Port Richey (NPR) Child Support Division, the IG observed an unsecured cash drawer at an unattended workstation.



Recommendation:

Revise internal policies and procedures to require cash drawers be kept secured while unattended by their assigned cashier.

Management Response:

Management agrees with the recommendation.

Corrective Action Plan:

The matter has been addressed with the teammate assigned to the till in question and key security has been discussed with all Civil teammates who have cash handling responsibilities. Additionally, the department is finalizing its cash fund assignment procedures, which will include language addressing this audit findings.

Target Implementation Date:

June 2023

Additional Management Input:

The Chief Administrative Officer and Chief Operations Officer provided additional input to the corrective action plan on November 14, 2022. The Chiefs' directive clarified that Financial Services will create and implement an agency-wide cash-handling procedure. Each department that handles cash will ensure their teammates acknowledge, and are trained on, this procedure.

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.

3. Division management was unaware that its safe contents included spare keys and evidence vault combinations.

During an unannounced cash count on 6/9/2022, the IG observed the contents in the safe located at Dade City Official Records. Several spare/copy keys for other departments and a folder containing the combinations for both evidence vaults were stored in the safe (see images below).



On 6/28/2022, a Records Division Operations Supervisor stated they were not aware that the keys or combinations were stored in the Official Records safe. The Supervisor further stated that the evidence vault combinations were secured in locations designated by Human Resources (HR). The same day, the IG contacted the Human Resources Director and inquired why the vault combinations were stored there. The HR Director responded that HR was not aware of this, and while HR did record to whom combinations were distributed, HR could not track where combinations were distributed from there.

Recommendation:

Revise internal policies and procedures to include periodic monitoring and documenting of the safe's contents. If an item needs to be stored temporarily in the safe (such as holding an item for another department), document the following:

- That the item is authorized by management to be stored in the safe
- A description of the item
- Why it is being stored
- How long it will be stored
- When the item was returned

Management Response:

Agree. The past practice of one division holding spare keys for another division in a department is not the best practice. Thank you for bringing this to management's attention.

Corrective Action Plan:

Records will update the safe procedures to include 6-month inventory/audit of the Records safes to be done by the Director or Assistant Director.

The existing Key Management Redesign project (Action Plan Item #357) will delineate where and how spare keys will be stored, managed, and documented for the entire organization.

Target Implementation Date:

The safe procedures will be updated immediately.

The Action Plan item is on track to be completed in FY22/23.

Additional Management Input:

On December 5, 2022, the Records Assistant Director advised the IG that the vault codes in the safe were obsolete codes. The Assistant Director will be working with the Operations Supervisor for DC Court Records to relocate or properly dispose of the noted items. The Operations Specialist will continue to develop and update the Records' safe procedure related to miscellaneous items.



For additional information contact the Communications Office.

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