



Office of
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Pasco County Clerk & Comptroller

CCC Unannounced Cash Verification
Report No. 2023-05

Department of
Inspector General
May 14, 2024

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Office of Pasco County Clerk & Comptroller

INTRAOFFICE MEMORANDUM

DATE: May 14, 2024

TO: Nikki Alvarez-Soles, Esq., Clerk and Comptroller

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

DEPARTMENT: Department of Inspector General

SUBJECT: Report No. 2023-05, CCC Unannounced Cash Verification

The Department of Inspector General (IG) conducted an unannounced audit of change funds issued to departments within the Clerk & Comptroller's Office. The purpose of this audit was to verify change funds were present in the correct amount, accounted for, and properly secured.

The audit background, objectives, scope, methodology, conclusion, and opportunities for improvement are presented in the report. The IG appreciates the cooperation, professional courtesy, and responsiveness received from management during this audit.

Cc: Kimberly Thompson, Chief Operations Officer
Heather Grimes, Chief Administrative Officer
Leonard Mattison, Criminal Courts Director
Jerome Jordan, Civil Courts Director
Debbie Gay, Records & Support Services Director
Matthew Lazar, Financial Services Director

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EXECUTIVE SUMMARY

Background Information

As part of the Department of Inspector General (IG) 2023 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 all change funds issued to various divisions within the Civil Courts, Criminal Courts, and Records departments. Each change fund was assigned to a custodian who signed a control form to accept responsibility and accountability for the change 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 2024: 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 2024: A Report to the Nations*, page 39).

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 CCC Financial Services Department.
- Determine if safes were properly secured.

Scope and Methodology

The IG conducted a limited scope audit. This audit was not a comprehensive evaluation of the 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.

The IG conducted the cash verifications between April 10, 2023 and April 12, 2023. There were 12 change funds distributed to a total of 75 drawers and bags. For security purposes, dollar amounts were excluded from the final report. The distribution of change funds was summarized below:

Department	Division (One change fund each)	Number of Drawers or Bags
Criminal Courts	DC Criminal Customer Service	6
	DC Juror Bags	8
	NPR Criminal Customer Service	8
	NPR Juror Bags	13
Civil Courts	DC Civil Circuit	3
	DC Civil Family	5
	NPR Civil Circuit	5
	NPR Civil Family	6
Records	DC Court Records	2
	DC Official Records	8
	NPR Court Records	3
	NPR Official Records	8
Total		75

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. This report provided 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 procedures performed 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 *Division Change Fund Control Forms* on file with Financial Services and verified they accurately reflected the change fund amount.
- Verified the custodian of the change fund agreed with the custodian reflected on the *Division Change Fund Control Form*.
- Verified the total change fund amount on the *Division Change Fund Control Forms* agreed to the fund totals in the accounting system.

- Verified each change fund drawer or bag was properly secured and safeguarded.
- Verified safes were properly secured and observed safe contents.

Authority

To conduct this audit, the IG relied on the following criteria:

- Chapter 218.33(3), Florida Statutes – *Local governmental entities; establishment of uniform fiscal years and accounting practices and procedures*
- Chapter 219.02, Florida Statutes – *Handling of public money*
- Chapter 832.07(2), Florida Statutes – *Prima facie evidence of intent; identity*
- Chapter 832.075(1), Florida Statutes – *Requiring credit card information for check or draft acceptance prohibited*
- Financial Services' *Division Change Fund Control Form*, revised February 2023
- Financial Services' *Custodian/Cashier Change Fund Control Form*, revised February 2023

Conclusion

All change funds were present in the correct amount and reconciled to supporting documentation at the time of the unannounced cash verification. The total change fund amount on the *Division Change Fund Control Forms* agreed to the fund balance recorded in the accounting system. The safes were properly secured, and control forms were filed with Financial Services.

The IG identified opportunities for improvement related to internal controls over safeguarding change funds and change fund keys, monitoring juror cash payment reimbursements, and documenting accountability for assigned change funds on control forms.

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.

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

- Management took corrective action to resolve issues identified during the audit.
- Management responses and corrective action plans demonstrate a commitment to improving internal controls over cash handling.
- Management's initiative for developing agency-wide policies and procedures.

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

Opportunities for Improvement		
	Control	Page
1.	Safeguarding change funds and keys to cash drawers and bags. (Civil, Criminal, Records, Financial Services)	5
2.	Accounting for juror cash fund reimbursements in a timely manner. (Criminal, Financial Services)	7
3.	Documenting the custody of assigned change funds. (Financial Services)	8

OPPORTUNITIES FOR IMPROVEMENT AND RECOMMENDATIONS

Control Activities: The primary purpose of controls is to help safeguard an organization and further its objectives. Internal controls function to minimize risks and protect assets, ensure accuracy of records, promote operational efficiency, and encourage adherence to policies, rules, regulations, and laws. Listed below were comments that represented opportunities to strengthen the internal controls. For each comment, a recommendation was included.

1. Safeguarding change funds and keys to cash drawers and bags.

On April 12, 2023, the IG team observed the following:

Family Civil

- A. Two unattended cash drawers with keys inserted in the locks.

Criminal Customer Service

- A. Two cash drawers, one juror bag, and a deposit were left unattended on the cashier balancing table located in the teammate area. However, the cashier balancing table was under video surveillance.
- B. Written procedures included dual control requiring that both a key and combination were required to open the safe. The safe that contained change fund drawers and juror bags was within the vault, and the safe was locked. Additionally, the vault had a video camera view of the safe. However, the vault room was open and keys to change fund drawers and juror cash bags were hanging on hooks in vault room.
- C. Five juror cash funds inside the locked safe were stored in clear zippered bags with no locking mechanism.

Official Records

- A. Two unattended cash drawers with keys inserted in the locks.

Recommendation:

1. Implement a formal written office-wide cash handling policy that addresses:
 - Proper physical security of cash, including deposits.
 - Proper key control for keys to cash drawers and bags.
2. Consider returning change funds to Financial Services if they are not consistently being used. This would reduce the risk of funds being misplaced or misappropriated.

Family Civil Management Response:

- *Agree.*

Corrective Action Plan:

- *Key security was discussed with the teammates assigned to the workstations in question and with the remaining teammates in the department with cash handling responsibilities.*
- *A copy of the Cash Fund Assignment CV-CVFUND1 and Workstation Terminal Operation and Balancing CV-CVFUND2 procedures were emailed to all teammates in Civil with cash handling responsibilities.*
- *Reiterated to the Civil leadership team the requirement of completing Quarterly Unannounced Cash Fund Compliance Verifications.*
- *The Cash Fund Assignment CV-CVFUND1 procedure will be updated to document proper key control for cash drawers and the leadership requirement of performing Quarterly Unannounced Cash Fund Compliance Verification.*
- *The Civil Department Cash Fund Assignment CV-CVFUND1 and Workstation Terminal Operation and Balancing CV-CVFUND2 procedures will be incorporated into the Financial Transaction Policy/Guideline.*

Target Implementation Date:

- *Completed April 2023*
- *Completed January 2024*
- *Completed February 2024*
- *September 2024*
- *May 2025*

Criminal - Management Response:

- *Agree.*

Corrective Action Plan:

- *To mitigate risk, infrequently used jury funds were returned to Finance.*
- *The keys stored within the vault have been placed in a lock box and only individuals assigned to key responsibilities pursuant to dual control procedures have access to the lock box.*
- *Retrained division leadership to ensure drawers, deposits, and jury bags are placed in the vault immediately when not in use.*
- *CR-CS188 Cash handling procedure has been implemented.*
- *Clear zippered bags will be replaced with locking zippered bags.*
- *Cash handling procedure CR-CS188 will be incorporated into the Financial Transaction Policy/Guideline.*

Target Implementation Date:

- *Completed December 2023*
- *Completed May 2023*
- *Completed May 2023*
- *Completed May 2023*
- *March 2024*
- *May 2025*

Records - Management Response:

- *Agree.*

Corrective Action Plan:

- *Key security was discussed with the teammates assigned to the workstations in question and with the remaining teammates in the department with cash handling responsibilities.*
- *The Records Department will modify the Cash Handling and Safeguarding procedure RD-24-OR001 highlighting proper key control for cash drawers.*
- *The Cash Handling and Safeguarding procedure RD-24-OR001 will be appended into the Financial Transaction Policy/Guideline.*

Target Implementation Date:

- *Completed April 2023*
- *September 2024*
- *May 2025*

Financial Services Management Response:

- *Agree.*

Corrective Action Plan:

- *The Financial Services department is developing an office-wide Financial Transaction Policy/Guideline (Action Plan #159). Internal control processes from other departments will be incorporated into the Policy/Guideline.*

Target Implementation Date:

- *May 2025*

2. Accounting for juror cash fund reimbursements in a timely manner.

On April 12, 2023, the IG team identified one juror bag that contained a *Pending Reimbursement Form* dated January 25, 2023, that was not replenished. The IG followed up with Financial Services and confirmed the cash order was debited from the pooled cash account on January 26, 2023. However, there was no documentation to support that the cash order was delivered. It was determined the delivery of funds was affected by a BRINKS outage. On April 27, 2023, the account was credited for the cash order that was not received on January 26, 2023.

Recommendation:

1. Ongoing monitoring ensures that controls are adequate and functioning properly. Proper cash management includes periodically evaluating pending reimbursements.

Implement a formal written procedure for periodic monitoring of cash reimbursements for juror change funds. Incorporate Financial Services in the process; require respective departments provide Financial Services with signed delivery receipts.

Criminal Management Response:

- *Agree.*

Corrective Action Plan:

- *Retrained division leadership on the requirement to conduct weekly cash counts to verify funds are correct for jury bags.*
- *Procedure CR-CS010 Clearing and Balancing Jury Payments will be updated to include periodic monitoring of cash reimbursements for juror change funds.*
- *Procedure CR-CS010 Clearing and Balancing Jury Payments will be incorporated into the Financial Transaction Policy/Guideline.*

Target Implementation Date:

- *Completed May 2023*
- *July 2024*
- *May 2025*

Financial Services Management Response:

- *Agree.*

Corrective Action Plan:

- *Procedure FL-GL098 Juror Cash Payment Reconciliation is being updated to incorporate a list of required documentation (Action Plan #427). Incorporated in the list of required documentation will be signed delivery receipts.*
- *Financial services will work together with the Criminal department to ensure that these internal control processes are incorporated into the Financial Transaction Policy/Guideline (Action Plan #159).*

Target Implementation Date:

- *September 2024*
- *May 2025*

3. Documenting the custody of assigned change funds.

Practices for documenting the custody of assigned change funds were not consistent. Inconsistent practices included:

- A. Multiple *Division Change Fund Control Forms* for one change fund.

One change fund had multiple forms with the same date and different individuals signed as the supervisor/designee.

- B. *Custodian/Cashier Change Fund Control Forms* not signed by cashiers.

A supervisor signed the *Division Change Fund Control Form* for a change fund that

was split among six cashier drawers and two cash boxes. Multiple cashiers processed transactions from the change fund. The same supervisor signed the *Custodian/Cashier Change Fund Control Form* as custodian/cashier and supervisor/designee. However, the form did not reflect signatures for the individual cashiers. This practice presents potential challenges for holding teammates accountable for change funds in their possession.

- C. Updating *Custodian/Cashier Change Fund Control Form(s)* to agree with the *Division Change Fund Control Form*.

The distribution of change funds and combined total of funds reflected on *Custodian/Cashier Change Fund Control Form(s)* did not always agree with the *Division Change Fund Control Form*.

Recommendation:

1. Implement a formal written office-wide procedure that provides guidance for documenting accountability for assigned change funds on change fund control forms (including completing, updating, and maintaining change fund control forms).

Financial Services Management Response:

- *Agree.*

Corrective Action Plan:

- *Financial Services will work with departments to ensure complete and accurate custody of assigned change funds. This will include having cashiers sign the Custodian/Cashier Change Fund Control Form.*
- *The Financial Services department is in the process of drafting a Change Fund Procedure (Action Plan #427). Once complete, this procedure will provide guidance on the establishment, assignment, updating, and monitoring of change funds and associated forms.*
- *This Change Fund Procedure internal control process will be incorporated into the office-wide Financial Transaction Policy/Guideline (Action Plan #159).*

Target Implementation Date:

- *September 2024*
- *September 2024*
- *May 2025*



For additional information contact the Public Records Liaison.

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