



Office of
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Pasco County Clerk & Comptroller

CCC Unannounced Cash Verification
Report No. 2024-02

Department of
Inspector General
May 05, 2025

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Office of Pasco County Clerk & Comptroller

INTRAOFFICE MEMORANDUM

DATE: May 05, 2025

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

FROM: Christine Calianno, Inspector General 

DEPARTMENT: Department of Inspector General

SUBJECT: Report No. 2024-02, CCC Unannounced Cash Verification

The Department of Inspector General conducted an unannounced audit of change funds issued to departments within the Pasco County Clerk & Comptroller's Office. The purpose of this audit was to verify that 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, Finance Director

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EXECUTIVE SUMMARY

Background Information

As part of the Department of Inspector General (IG) 2024 Annual Audit Plan, the IG conducted an unannounced audit of change funds authorized by the Pasco County Clerk & Comptroller's Office (Clerk & Comptroller). Change funds were established for making change where money is collected during transactions of Clerk & Comptroller business. Change funds were also established to compensate jurors for jury service. 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 Clerk & Comptroller's 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 the internal controls over cash handling or a detailed testing of compliance with Clerk & Comptroller 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 July 12, 2024, and July 23, 2024. There were 12 change funds distributed to a total of 67 drawers and bags. The distribution of change funds was summarized below:

Department	Division (One change fund each)	Number of Drawers or Bags
Criminal Courts		6
		5
		8
		8
Civil Courts		3
		5
		5
		6
Records		2
		8
		3
		8
Total		67

*The Division and location of the funds tested were redacted from the final report for security purposes.

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, waste, or abuse is the responsibility of management. Audit procedures alone cannot 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.

The IG planned and performed the audit to obtain relevant, reliable, and sufficient evidence to provide a reasonable basis to support opportunities for improvement and conclusions. The evidence and documentation obtained during the audit process provided this reasonable basis.

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 *Division Change Fund Control Forms* and *Custodian/Cashier Change Fund Control Forms* on file with Finance 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* and/or *Custodian/Cashier 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 Finance’s *Change Fund Log - Master* file was accurate and complete.

- 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*
- FI-CF012, *Opening a New Change Fund – Clerk*, revised June 2023
- Finance’s *Division Change Fund Control Form*, revised February 2023
- Finance’s *Custodian/Cashier Change Fund Control Form*, revised February 2023
- CV-CVFUND 1, *Cash Fund Assignments*, revised August 2023

Conclusion

All change funds, except one, were present in the correct amount and reconciled to supporting documentation at the time of unannounced cash verification. For one change fund, the IG identified a shortage that was an immaterial amount. The total change fund amount on the *Division Change Fund Control Forms* agreed to the fund balance recorded in the accounting system. Two change fund control forms were not up-to-date, and three were not on file with Finance. All safes were properly secured.

The IG identified opportunities for improvement related to compliance and internal controls. Recommendations were offered to strengthen the internal control environment. The IG commends the Clerk & Comptroller departments for their professionalism, cooperation, and responsiveness during this audit and would like to recognize the following:

- Management’s commitment to developing policies and procedures.
- Management’s corrective action plans for improving internal controls over cash handling.

The IG identified seven opportunities for improvement and four observations:

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OPPORTUNITIES FOR IMPROVEMENT AND RECOMMENDATIONS

Compliance: Compliance is adhering to approved policies and procedures, agreements, contracts, laws, rules, and regulations. Opportunities to improve compliance were identified below.

1. Updating control forms.

According to FI-CF012 *Opening a New Change Fund*, Section III, to maintain control of these funds, each department must send an updated Change Fund Control Form and Custodian/Cashier Change Fund Control Forms to General Ledger (GL) whenever there is a change in cashier personnel and/or supervisors, leads, or directors.

Departments did not always send updated control forms to Finance when there was a change in cashier personnel. The following was noted at time of audit:

- Two forms reflected outdated information. This included one *Division Change Fund Control Form* and one *Custodian/Cashier Change Fund Control Form*.

- *Custodian/Cashier Change Fund Control Forms* did not exist for three custodians.

Recommendation:

R1.1 Since compliance with agreements, contracts, laws, rules, regulations, polices, and procedures are required, a recommendation was not provided.

Civil Management Response:

- *Agree*

Corrective Action Plan:

- *The Director reminded the Civil Family leadership of the expectations for compliance with Finance procedure FI-201 to ensure change fund control forms are completed and submitted.*
- *Specified teammates control forms for Civil and Family were completed and submitted to Finance.*

Target Implementation Date:

- *Completed - January 17, 2025*
- *Completed – September 30, 2024 and January 17, 2025*

Criminal Management Response:

- *Agree*

Corrective Action Plan:

- *The Director reminded the Criminal Customer Service leadership of the expectation and requirement for compliance with Finance procedure FI-201 and Criminal procedure CR-CS150 – Cash Vault Dual Control - Changes in Personnel section, which outline the requirement and process to ensure change fund control forms are completed and submitted.*
- *Specified teammate control forms for Criminal Customer Service were completed and submitted to Finance.*

Target Implementation Date:

- *Completed – December 12, 2024*
- *Completed – July 23, 2024*

Records Management Response:

- *Agree*

Corrective Action Plan:

- *The corrective action for the Division Change Fund Control Form showing the wrong workstation (PC number) was due to the tower (PC number) being replaced. Once this was discovered, the Division Change Fund Control Form was updated on 12/2/24 to reflect the current workstation (PC number).*
- *The Director reminded the Record Supervisors of the expectation and requirement for compliance with Finance procedure FI-201 and Records Cashiering procedure RE-CR024, RE-NPR-24-OR001, and RE-DC-24-OR001- Changes in Personnel section, which outlines the requirement and process to ensure change fund control forms are updated and submitted when necessary.*

Target Implementation Date:

- *Completed – December 2, 2024*
- *Completed - January 21, 2025*

Finance Management Response:

- *Agree*

Corrective Action Plan:

- *Finance has provided departments training on procedure FI-201 Change Fund – Clerk. The adopted procedure has been updated to provide guidance on necessary steps when there is a change in personnel*

Target Implementation Date:

- *Completed – January 6, 2025*

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

In prior unannounced cash verification audits, safeguarding change funds was identified as an opportunity for improvement (reference audit report #2022-02 and #2023-05). On October 24, 2022, Civil management took corrective action and created the procedure CV-CVFUND 1, *Cash Fund Assignments*. In August 2023, this procedure was revised to address proper key control for cash drawers. The following was noted at time of audit:

1. Keys to locked cash bags were placed in a bowl and were left unattended on the assigned daily balancer's desk.
2. One change fund bag was stored in an unlocked drawer.

According to CV-CVFUND 1, *Cash Fund Assignments*, Cash Fund Chain of Custody section, cash funds must always be kept under lock and key. The funds must never be left unsecured (unlocked). The cash drawer must be locked with the key in the possession of the assigned teammate whenever that teammate leaves the cash drawer area and does not have physical control of the cash.

Recommendation:

R2.1 Since compliance with agreements, contracts, laws, rules, regulations, polices, and procedures are required, a recommendation was not provided.

Civil Management Response:

- *Agree*

Corrective Action Plan:

- *The Director discussed with the Civil leadership team the cash handling and key security procedures (CV-CVFUND1 and CV-CVFUND2), which outline the requirements and processes to ensure compliance by teammates assigned to cash bag keys and change fund bags.*
- *The Assistant Director and Supervisor addressed the mishandling of securing the key with the teammate. Reiterated the importance of ensuring funds are never unsecured (unlocked). The cash drawer must be locked with the key in the possession of the assigned teammate.*

Target Implementation Date:

- *Completed – July 17, 2024*
- *Completed – July 17, 2024*

Control: The primary purpose of internal 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. Opportunities to improve internal controls were identified below and recommendations were provided.

3. Accounting for and resolving discrepancies identified in rolled coin or currency orders received from the bank.

The IG team noted a \$0.04 shortage for one change fund drawer. The Operations Supervisor explained that the shortage occurred in October 2023 (nine months prior to the time of audit) and was due to a shortage in a coin roll received from the bank. The teammate did not verify the rolled coins when received.

The Operations Supervisor provided documentation showing that on October 3, 2023, the Operations Lead emailed Finance – General Ledger (GL) to notify them of the shortage and asked about the process for reimbursement from the bank. On October 9, 2023, the Operations Supervisor emailed GL asking whether the change fund would be reimbursed or remain at the current balance.

On October 9, 2023, Treasury Management Accountant I instructed the Operations Supervisor and Operations Lead to maintain the change fund at the current balance. As a result, there was a \$0.04 variance between the accounting system's change fund and the verified change fund total at the time of audit.

Recommendation:

R3.1 Implement a formal written officewide cash handling policy that requires verification of all monies when received from the bank and addresses what to do in the event of overages and shortages in rolled coins or currency orders from the bank.

Finance Management Response:

- *Agree*

Corrective Action Plan:

- *The Financial Services department is developing an office-wide Financial Transaction Policy/Guideline (Action Plan #159). The finalized document will include internal control processes for the verification of all monies received from the bank, including procedures for identifying and addressing any overages or shortages in funds received.*

Target Implementation Date:

- *May 2025*

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

On July 15, 2024, the IG team observed an unattended cash drawer with the key inserted in the lock. According to the Operations Supervisor, the cashier left the drawer unattended while on break.

Recommendation:

R4.1 Implement a formal written officewide cash handling policy that addresses proper physical security of cash and keys to cash drawers and bags.

Finance Management Response:

- *Agree*

Corrective Action Plan:

- *The Financial Services department is developing an office-wide Financial Transaction Policy/Guideline (Action Plan #159). In addition to incorporating internal control processes from other departments, the office-wide policy will establish comprehensive security measures for cash and keys to drawers and bags.*

Target Implementation Date:

- *May 2025*

5. Lost and found procedures for valuable or sensitive items.

On July 15, 2024, the IG team observed a debit card stored in a safe. According to the Operations Supervisor, a citizen left the debit card at the window in October 2023. The Operations Supervisor stated she would confirm with management on the process for returning debit cards to owners. The card was returned to the issuing bank on the same day.

Lost and found procedures for receiving, storing, and documenting lost valuable or sensitive items (e.g., identification cards, credit cards, wallets) ensure they are properly secured and returned. Proper storage and disposition of lost valuable or sensitive items protects them from unauthorized access, use, and theft.

Recommendation:

R5.1 Implement a formal written officewide policy and procedure that provides guidance for securing, storing, and returning misplaced valuable or sensitive items.

Administration Management Response:

- *Agree*

Corrective Action Plan:

- *Administration will develop an office-wide Lost and Found Guideline that provides guidance for securing, storing, and returning misplaced valuable or sensitive items.*

Target Implementation Date:

- *July 2025*

6. Management of assigned change funds.

The Civil Family Division and Circuit Civil Division each had a separate change fund. On July 23, 2024, the IG observed a Circuit Civil teammate using a change fund bag that was assigned to Civil Family.

Officewide policies and procedures for documenting, assigning, and distributing change funds for daily cashiering ensure consistent management of assigned change funds.

Recommendation:

R6.1 Implement a formal written officewide cash handling policy and procedure that provides guidance for documenting, assigning, and distributing change funds for daily cashiering.

Finance Management Response:

- *Agree*

Corrective Action Plan:

- *Finance has provided departments training on procedure FI-201 Change Fund – Clerk. The procedure provides guidance for documenting, assigning, and distributing change funds for daily cashiering.*
- *The Financial Services department is developing an office-wide Financial Transaction Policy/Guideline (Action Plan #159). Internal control processes procedure FI-201 Change Fund – Clerk will be incorporated into the Policy/Guideline.*

Target Implementation Date:

- *Completed – January 6, 2025*
- *May 2025*

7. Updating the Finance *Change Fund Log – Master file* and documenting accurate effective dates of control forms.

The *Change Fund Log – Master file* (Log) maintained by GL was a spreadsheet used to manage the assignment of change funds to divisions and custodians, and to track updates to change fund amounts and reconciliations. Discrepancies and inconsistencies were not identified and corrected by GL during the reconciliation process. The following was noted:

- The Log reflected inaccurate or incomplete data. The custodians, departments, or amounts were not correct for some change funds.
- The control form template published on Office Net automatically populated the date the pdf was opened (today's date') in the date field on the form, which resulted in different dates on the Log and control form.

Reconciliation is a critical internal control performed routinely to confirm that data is correct and complete, and to identify and resolve discrepancies timely.

Recommendation:

R7.1 Implement a formal written officewide cash handling policy and procedures to include guidance for timely reconciliation of the control forms to the record of assigned change funds. Define the date that should be used as the effective date for control forms.

R7.2 Improve published control form templates so that dates are not improperly overwritten by a formula.

Finance Management Response:

- *Agree*

Corrective Action Plan:

- *Procedure FI-201 Change Fund – Clerk has been established to provide guidance on the performing timely reconciliation of control forms and change funds. Office-wide training has also been provided to assist teammates in properly filling out the control forms.*
- *Control form templates have been improved to ensure accuracy and consistency in the data submitted. This includes using drop-down features to reduce the potential for data entry and locking the document once it is signed by the director or assistant director.*

Target Implementation Date:

- *Completed - January 6, 2025*
- *Completed – January 30, 2025*

<p>Observations: Observations noted during the audit process that were outside the scope of the audit, but important enough to bring to management’s attention were identified below.</p>
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A. Informing cashiers when a void is needed to correct a transaction.

The Daily Receipt Recap Details report for one change fund drawer reflected a void, and the cashier did not have documentation for the transaction. The cashier was unaware of the voided transaction. According to the Operations Lead, while performing quality review the next day she identified a transaction that required a void. She explained that only leads and supervisors can process voids in the cashiering system. She voided the transaction and did not notify the cashier.

Recommendation:

RA.1 Implement a formal written officewide cash handling policy and procedure that provides guidance for communicating voids.

Finance Management Response:

- *Agree*

Corrective Action Plan:

- *The Financial Services department is developing an office-wide Financial Transaction Policy/Guideline (Action Plan #159). Guidance will be provided to ensure internal controls for communicating voids are incorporated into the Policy/Guideline.*

Target Implementation Date:

- *May 2025*

B. Implementing a document version control process for change fund control forms.

The *Division Change Fund Control Form* on file for one division was a different version than the one published on Office Net at that time. As a result, it was not determined which one was the correct published version for use by teammates.

Recommendation:

RB.1 Establish a document version control process to track and manage revisions to change fund control forms. This will help ensure the latest version is being used by teammates while maintaining a history of previous edits and who made the edits.

Finance Management Response:

- *Agree*

Corrective Action Plan:

- *Control form templates have been updated to ensure accuracy and consistency in the data submitted. The historical changes will be maintained within the Finance Department, with departments only being provided with access to the most recent version of the documents. Any updates will be communicated to departments via email and published internally.*

Target Implementation Date:

- *Completed - January 6, 2025*

C. Improving internal controls over signatures for control forms.

Signature formats on *Custodian/Cashier Change Fund Control Forms* were not consistent. Some were wet signatures, digital signatures, or typed names on signature lines.

Recommendation:

RC.1 Implement a formal written officewide cash handling policy and procedure that provides guidance on obtaining wet or authentic digital signatures on control forms.

Finance Management Response:

- *Agree*

Corrective Action Plan:

- *Procedure FI-201 Change Fund – Clerk has been established to guide obtaining wet or authentic digital signatures on control forms. This guidance will also be included in the office-wide Financial Transaction Policy/Guideline (Action Plan #159).*

Target Implementation Date:

- *Completed - January 6, 2025*

D. Improving internal controls over delegation of authority for signing control forms.

Control forms did not reflect proper delegation of authority for designees signing the form. In some cases, leads signed for supervisors and managers, and assistant directors signed for directors. In another case, the Operations Supervisor signed “on behalf” of the cashier/custodian.

Recommendation:

RD.1 Implement a formal written officewide cash handling policy and procedure to include a signature delegation process for control forms and guidance on when such delegation may be appropriate.

Finance Management Response:

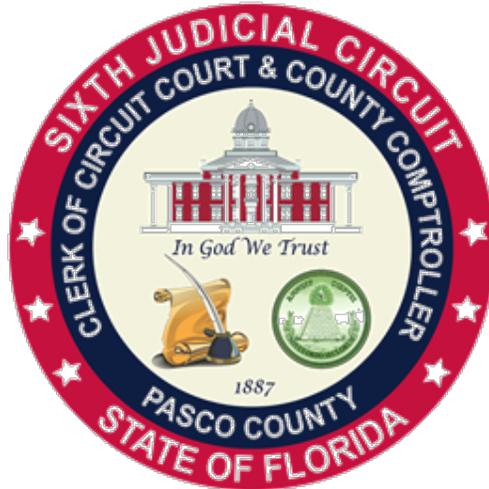
- *Agree*

Corrective Action Plan:

- *Procedure FI-201 Change Fund – Clerk has been established to provide guidance for whom delegation is appropriate. Any signatures outside the delegation process will be returned to obtain appropriate signatures.*
- *The Financial Services department is developing an office-wide Financial Transaction Policy/Guideline (Action Plan #159). Internal controls related to signatures from FI-201 Change Fund – Clerk will be incorporated into this Policy/Guideline.*

Target Implementation Date:

- *Completed - January 6, 2025*
- *May 2025*



For additional information contact the Public Records Liaison.

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