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*Excellence...Always*

*Paula S. O'Neil, Ph.D.*  
*Clerk & Comptroller*  
*Pasco County, Florida*

July 30, 2018

The Honorable Mike Wells, Chairman, and  
Members of the Board of County Commissioners  
Pasco County Board of County Commissioners  
8731 Citizens Drive  
New Port Richey, Florida 34654

Dear Chairman Wells and Members of the Board:

Enclosed is Audit Report No. 2018-01-D1. The Department of Inspector General (IG) conducted the last of four unannounced audit of the County's petty cash and change funds scheduled for fiscal year 2018. The objective of the audit was to verify the cash funds existed, were properly secured and accounted, and that corresponding control forms were up-to-date.

The audit was limited in scope, and included approximately 25% of the petty cash and change fund drawers. The remaining cash funds were scheduled for unannounced audits that took place during the fiscal year.

The IG concluded that the change funds verified existed, reconciled to the supporting documentation, and were properly secured and accounted without exception. At the time of the audit, there were proper controls in place to ensure cash funds were properly secured and accounted.

We commend management for their service and commitment to keep the change funds properly accounted and secured.

We appreciate the cooperation and professional courtesy received from the County departments. Please let us know if you wish to discuss any of the information provided in the report.

We request the Board to receive and file the report.

Sincerely,

*Paula S. O'Neil, Ph.D.*  
*Clerk & Comptroller*

PSO/pmm

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*Office of Paula S. O'Neil*  
*Clerk & Comptroller*  
*Pasco County, Florida*

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**Pasco County Board of County Commissioners**

**Petty Cash and Change Fund Audit**

September 4, 2018



**Department of Inspector General**

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

Josseibel Vázquez González CIA, CIGA, CFE  
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Report No. 2018-01-D1

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## Executive Summary

### Background Information

As part of the Department of Inspector General (IG) annual audit plan, the IG conducted an unannounced audit of the change funds authorized by the Board of County Commissioners (BCC). This audit included approximately 25% of all petty cash and change fund drawers (cash funds) and was the last of four (4) unannounced cash counts audits scheduled for FYE2018.

Independent, surprise audits of cash drawers is a key internal control that is preventative, as well as detective in nature. According to the Association of Certified Fraud Examiners' 2018 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, when compared to agencies that did not conduct surprise audits, agencies that conducted surprise audits discovered fraud in half the time, and the loss was 51% less (Report to the Nations on Occupational Fraud and Abuse, 2018, pages 28-29).

Historically, change funds were issued to various departments throughout Pasco County and were authorized by the BCC prior to being distributed to the requesting departments. Each change fund was assigned to a custodian, who signed a control form accepting responsibility and accountability for the funds issued. These control forms were maintained by the Clerk & Comptroller's Department of Financial Services. The control forms stated that the funds were subject to periodic, unannounced audits by the Clerk & Comptroller's Office. For security purposes, dollar amounts were excluded from the final report.

The number of cash fund drawers verified was summarized below:

BRANCH	DEPARTMENT	DIVISION	Number of Cash Drawer(s) Verified
Public Services	Libraries	Hudson	2
Public Services	Libraries	Land O' Lakes	2
Public Services	Parks, Rec. & Nat. Resources	Land O' Lakes, Rec. Complex	1
Public Services	Parks, Rec. & Nat. Resources	Veteran's Memorial Park	1
Public Services	Parks, Rec. & Nat. Resources	Veteran's Memorial Park, Pool	1
Public Infrastructure	Solid Waste Operations	Scalehouse	1
Public Infrastructure	Utilities Customer Services	Land O' Lakes Admin Building	7
<b>Total number of cash drawers verified during 2018-01-D</b>			<b>15</b>

The departments with change funds collected monies for different types of fees and services. The change funds were used to make change when money was collected. The departments were responsible for reconciling the monies collected, preparing cash reports, and depositing the monies.

## Objectives

The audit objectives were to:

- Determine that the cash funds existed, and cash receipts in the cash drawer were present and in agreement with the supporting records and documents.
- Determine that the cash funds were properly secured at time of the unannounced audit.
- Determine the established cash funds were properly accounted 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 Department of Inspector General conducted a limited scope audit and did not perform a comprehensive evaluation of internal controls over cash handling or perform 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 the cash funds, perform an unannounced count of monies in each cash drawer, and note exceptions and discrepancies. Unannounced cash counts were conducted on 6/14/18.

Although the audit team 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/or employee abuse was the responsibility of management. Audit procedures alone, even when carried out with professional care, cannot guarantee that fraud, waste, or abuse will 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.

To achieve the objectives, the procedures performed included, but were not limited to, the following:

- Performed unannounced cash counts for cash funds selected, and balanced each drawer to the cash receipts or daily collections to the appropriate system.
- Obtained and verified that the control forms on file in the Clerk & Comptroller's Department of Financial Services accurately reflected the cash fund amount.
- Verified that the total cash fund amount on the control forms agreed to the fund totals in the accounting system.
- Identified and documented exceptions and discrepancies.

## **Statutory and Pasco County Guidelines**

To conduct this audit, the Department of Inspector General relied on the following authoritative guidelines to serve as criteria:

- 2017 Florida Statutes, Chapter 832, Section 832.07(2) – Prima facie evidence of intent; identity
- 2017 Florida Statutes, Chapter 832, Section 832.075 – Violations Involving Checks and Drafts
- Administrative Directive #40, dated 1/27/92 – Petty cash/ Change Fund/ Personal Check Procedure
- Administrative Directive #45, dated 11/7/94 – Petty Cash and Change Fund Internal Audit
- Administrative Directive #53, dated 11/21/97 – Petty Cash and Change Funds
- Administrative Directive #25, revised 3/2/09 – Policy Concerning Deposit of Funds
- Board Check Acceptance Policy, revised August 2008
- Petty Cash and Change Fund Procedures, dated 8/5/91

## **Conclusion**

The Department of Inspector General (IG) concluded that the change funds existed and reconciled to the cashiering supporting documentation at the time of the unannounced audits without exceptions.

The Department of Inspector General commends the various departments within the Board of County Commissioners for their service and accuracy of the change funds. We also thank the departments for their cooperation and professional courtesies extended to our audit team during this audit.

## **References**

Association of Certified Fraud Examiners: *2018 Report to the Nations on Occupational Fraud and Abuse*.