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*Excellence...Always*

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

June 24, 2019

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. 2019-01-BCC, an audit of cash handling operations of petty cash and change funds authorized and issued by the Board of County Commissioners (BCC). The objective of this audit was to determine if funds existed, were secured, accounted for properly, that the internal controls were adequate, and that policies and procedures were being followed.

Based on the results of the completed audit, 18 audit comments were identified. Recommendations were provided to appropriate management to improve compliance with existing governance, and the overall control environment. All comments and recommendations were discussed with management, and their verbatim responses were included in this report.

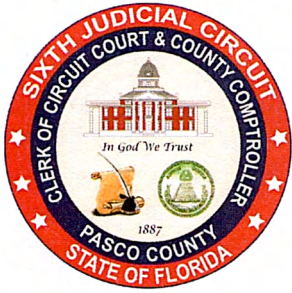
The areas that were identified as needing improvement were as follows:

**Compliance:**

1. Some checks were not processed in accordance with policies and procedures.
2. The control form on file for the Environmental Lab did not reflect the correct information.
3. The South Holiday Library did not report a shortage.
4. Some departments did not complete their compliance statements in accordance with Administrative Directive #53.

**Control:**

5. There was neither supervision nor a supervisor at one Central Permitting location.
6. Auditor identification was not verified prior to gaining access to some offices.



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7. The change fund at the Dade City Utilities Customer Service (UCS) did not contain the correct amount.
8. The UCS cash handling procedures lacked specific detail for some processes.
9. The Environmental Lab cash handling procedures lacked specific detail from some processes.
10. Collections at the Environmental Lab were not adequately secured, and accountability was weakened.
11. The Animal Services' cash handling procedures lacked specific detail for some processes.
12. The Library Services' cash handling procedures lacked specific detail for some processes.
13. The Parks and Recs' cash handling procedures lacked specific detail for some processes.
14. Access to some change funds and safes were not restricted or limited.
15. Some departments did not utilize armored car services for depositing collections.
16. The Central Permitting cash handling procedures were outdated and lacked specific detail for some processes.
17. Deposits at Dade City Central Permitting were not verified by a second person.
18. The Solid Waste cash handling procedures lacked specific detail for some processes.

The recommendations made in this report were provided to improve the control Environment. We appreciate the cooperation and professional courtesy Received from each department that had custody of BCC issued funds during This audit. 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 this report.

Sincerely,

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

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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**

**Change Fund Audit**

July 9, 2019



**Department of Inspector General**

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

Sarah Denney  
Auditor I

Erika Hendricks, CIA, CIGA, CFE  
Auditor III

Report No. 2019-01-BCC

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## Executive Summary

### Background Information

As part of the Department of Inspector General (IG) annual audit plan, the IG conducted an audit of the cash handling operations of the change funds authorized and issued by the Board of County Commissioners (BCC). Change funds were issued to various departments throughout Pasco County (the County). 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.

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).

According to the control forms on file at the time of this audit, there were 57 BCC issued change funds throughout the County. 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 collected. For security purposes, dollar amounts were excluded from the final report.

On June 24, 2019, Clerk & Comptroller Paula S. O'Neil, Ph.D. approved this report and signed the cover letter to the Board of County Commissioner requesting they receive and file it for public record. During the audit, Dr. Paula S. O'Neil retired effective June 30, 2019. As a result, the final report was presented to the Board of County Commissioners at the public hearing on July 9, 2019 by Nikki Alvarez-Sowles, Esq., who was the Chief Operations Officer at the time this report was submitted to be included on the agenda.

### Objectives

The audit objectives were to:

- **Objective No. 1:** Determine if cash funds existed, and cash receipts in the cash drawer were present and in agreement with the supporting records and documents.
- **Objective No. 2:** Determine if cash funds were properly secured at time of the count.
- **Objective No. 3:** Determine if established cash funds were accounted for properly in the general ledger.
- **Objective No. 4:** Determine that County policies and procedures were being followed.
- **Objective No. 5:** Determine that adequate controls were in place to prevent potential fraud, waste, and abuse of County funds.

## Scope and Methodology

The IG conducted a full scope audit of the cash handling operations. The primary focus of this audit was to evaluate the internal controls over the change funds, determine compliance with internal policies, and evaluate the adequacy of internal controls over the cash funds. Physical counts of each change fund occurred between December 21, 2018 and January, 25 2019.

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 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 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 audit was planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for the audit comments and conclusions based on the audit objectives. The IG believes the evidence obtained provided this reasonable basis.

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

- Performed unannounced cash counts for all cash funds, and balanced each drawer to the cash receipts or daily collections to the appropriate system. Determined that checks included in the cash drawers at time of unannounced cash counts were properly endorsed, and included the required identification information.
- Verified overages or shortages identified during the unannounced cash counts were properly recorded.
- Verified the change funds were inspected by the department supervisors in July and December of 2018.
- Obtained and verified the control forms on file accurately reflected the cash fund amount and custodian.
- Verified the change fund amount physically verified, the control form amount, and the general ledger agreed with one another.
- Performed a detailed review of the documented cash handling policies and procedures. The procedures that existed were transcribed into a flowchart. The flowcharted procedures were approved by management on a department level.
- Identified opportunities for improvement.

## Statutory and Pasco County Guidelines

To conduct this audit, the IG relied on the following authoritative guidelines to serve as criteria:

- Fair and Accurate Credit Transactions Act 2003 (FACTA)
- 2018 Florida Statute 212.08(6)(a) – Tax on sales, use, and other transactions
- 2018 Florida Statute 219 – County Public Money, Handling by State and County
- 2018 Florida Statute 832.07(2) – Prima facie evidence of intent; identify
- 2018 Florida Statute 832.075(1) – 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

All departmental policies and procedures were listed in Appendix A

## Subsequent Event

On April 26, 2019, Governor DeSantis signed Senate Bill 7014, making it effective July 1, 2019. Included in Section 14 of this bill were revisions to Florida Statute 218.33. Specifically, the statute was amended to include:

- (3) Each local governmental entity shall establish and maintain internal controls designed to:*
- a) Prevent and detect fraud, waste, and abuse as defined in s.11.45(1).*
  - b) Promote and encourage compliance with applicable laws, rules, contracts, grant agreements, and best practices.*
  - c) Support economical and efficient operations.*
  - d) Ensure reliability of financial records and reports.*
  - e) Safeguard assets.*

## Conclusion

The majority of the change funds verified existed, reconciled to the supporting documentation, and was properly secured at time of audit. However, the audit disclosed that certain policies, procedures, and practices related to the County's cash handling could be improved. Additionally, there were instances of noncompliance with some of the criteria listed above. Issues identified were summarized below:

### Unannounced Counts

During the unannounced cash counts, the following concerns were noted:

- One Utilities Customer Service change fund was not maintained at the location reflected on the control form at time of audit. This was brought to management's attention, and the change fund was later verified by the IG team. A policy or procedure to require the custodian to provide a change fund within a specific timeframe to its' assigned location did not exist. According to management, policies were updated and would be implemented prior to the finalization of this report.
- The South Holiday library did not report a shortage identified by the auditors during the audit. Although the shortage was minimal, staff was required to report the shortage, regardless of the amount. Management disagreed with the shortage, and stated it did not exist. However, the IG had supporting documentation signed by the cashier that the shortage existed at time of audit. Management stated a review of policies and procedures would continue as part of their routine training schedule.

### Security of the fund

Monies collected at the Environmental Lab were not adequately secured at the end of the day. The collections were stored in the cash register drawer at night, and were not placed in a locked cabinet or safe.

The auditors' identification was not verified by staff at some Public Services locations prior to entry or counting the change fund. Additionally, some departments were closed to the public at time of audit, and the IG team was able to enter the building without being questioned. To reduce this security risk, the Public Services branch made updates to policies and procedures, and were reviewed with staff prior to the finalization of this report.

### Accountability of the fund

One control form (Environmental Lab) did not reflect the correct information. According to management, the control form was updated prior to the finalization of this report.

There was lack of management oversight at Central Permitting in Land O' Lakes and Dade City. The supervisor's positions were vacant at time of audit. Cashiers were directed by management to perform closing activities that were previously conducted by the supervisor. This lack of management oversight increased the potential risk of misuse, errors, or other irregularities occurring and going undetected. To increase the accountability of the change funds, management stated they have placed the responsibility upon interim closers for the duration of their supervisor recruitment process. Additionally, updated policies and procedures were to be communicated to staff.

### Compliance with policies and procedures

The Three checks processed by Central Permitting staff were not endorsed, and the pay to the order line was blank on two of the checks. This was a recurring issue for Central Permitting as the IG team has identified the same issue in past cash audits. According to management, the proper tools to process checks were provided to the cashier who did not have them, training has taken place, and a new training schedule was established to review policies and procedures with staff biannually.



According to Administrative Directive #53, compliance statements were required to be performed every December and July to ensure all policies and procedures were properly followed by staff. Departments in both the Public Infrastructure and Development Services branches were not in full compliance with the administrative directive. This lack of monitoring increased the potential risk of undetected errors, misuse, and other irregularities. Management acknowledged their noncompliance, and stated they would ensure their compliance with the administrative directive in the future.

The IG team was also concerned with the Compliance Statement procedure as required by administrative directive #53. The directive required the supervisor over the fund to perform the statement of compliance procedure. The IG team recommends the County revise the administrative directive to require compliance statements be carried out by a person independent of the change fund. By performing the compliance statements independently, no quality compromises would be made as the independent person could approach the task with objectivity, and an unbiased mental attitude.

#### Internal controls

Internal controls related to change fund handling processes in all County departments required improvement to adequately safeguard the assets. In some instances, existing policies and procedures contained limited guidance, and did not address key controls and procedures. Clearly stated documented policies and procedures are critical to ensure consistency in all change fund transactions. Improvements to policies and procedures have either occurred or were in process prior to the finalization of this report.

The recommendations made in this report were offered to strengthen the control environment. The comments and recommendations in this report were discussed management, and their verbatim responses were included in this report (reflected in blue). The IG thanks the County departments for their professionalism, and corporation during this audit.

Based on the documentation reviewed and audit procedures performed the IG identified 20 opportunities for improvement:

No.	Description	Page Reference
<b>Comments (Compliance):</b>		
1.	Some checks were not processed in accordance with policies and procedures.	7
2.	The control form on file for the Environmental Lab did not reflect the correct information.	8
3.	The South Holiday Library did not report a shortage.	8
4.	Some departments did not complete their compliance statements in accordance with Administrative Directive # 53.	9
<b>Comments (Control):</b>		
5.	There was neither supervision nor a supervisor at one Central Permitting location.	10
6.	Auditor identification was not verified prior to gaining access to some offices.	11
7.	The change fund at the Dade City Utilities Customer Service (UCS) did not contain the correct amount.	12

No.	Description	Page Reference
8.	The Utilities Customer Services cash handling procedures lacked specific detail for some processes.	12
9.	The Environmental Lab cash handling procedures lacked specific detail for some processes.	19
10.	Collections at the Environmental Lab were not adequately secured, and accountability was weakened.	20
11.	The Animal Services' cash handling procedures lacked specific detail for some processes.	21
12.	The Library Services' cash handling procedures lacked specific detail for some processes.	23
13.	The Parks and Recs' cash handling procedures lacked specific detail for some processes.	24
14.	Access to some change funds and safes were not restricted or limited.	25
15.	Some departments did not utilize armored car services for depositing collections.	26
16.	The Central Permitting cash handling procedures were outdated and lacked specific detail for some processes.	27
17.	Deposits at Dade City Central Permitting were not verified by a second person.	29
18.	The Solid Waste cash handling procedures lacked specific detail for some processes.	31

## Audit Comments & Recommendations

**Compliance:** Since compliance with agreements, contracts, laws, rules, regulation, policies and procedures is expected, recommendations were not provided.

### 1. Some checks were not processed in accordance with policies and procedures.

The following was noted during the audit:

- One check processed at Central Permitting in Dade City was not endorsed, and the 'pay to the order of' line was blank.
- Two checks processed at Central Permitting in New Port Richey were not endorsed, and the 'pay to the order of' line was blank on one of the checks.

**Recommendation:** Since compliance with agreements, contracts, laws, rules, regulations, policies, procedures, and administrative directives were expected, a recommendation was not provided. However, to increase awareness of internal controls in place, management should review policies, procedures, and administrative directives with staff to ensure they understand their responsibilities.

**Management Response:** *Building Construction Services agrees there were a few instances where the Technicians did not process the checks as per our policies and standards*

*requirements. The Cashier at the New Port Richey Office was given the endorsement and pay to the order of stamps immediately after management was notified of the issue.*

**Corrective Action Plan:** *Provide immediate and specific policy & procedure's training. Include a copy of the policy and procedures requirements for each employee. Establish a training schedule to meet every (6) months for existing employees and new employees that will review SOPs and answer any training related questions. Ensure all technicians each have a pay to the order and deposit only (Pasco County BOCC) stamps. Provide a self-initiated audit once a year.*

**Target Implementation Date:** *(14) days.*

**2. The control form on file for the Environmental Lab did not reflect the correct information.**

According to Administrative Directive #53, control forms on file in Accounts Payable were required to be kept current, and were the responsibility of the immediate supervisor of the fund custodian.

The control form on file for the Environmental Lab did not accurately reflect the department head at time of audit. .

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

**Management Response:** *Staff failed to get this forms updated when the former Utilities Fiscal Director retired in January 2019.*

**Corrective Action Plan:** *Department Director and/or his/her designee will ensure that all forms are updated, as necessary, with the Departure of key staff members.*

**Target Implementation Date:** *This has been completed.*

**3. The South Holiday Library did not report a shortage.**

According to Administrative Directive #45, all overages and shortages in a change fund must be reported on the daily deposit log immediately upon discovery.

Documentation submitted to the Clerk & Comptroller's Department of Financial Services for the South Holiday Library did not reflect a \$0.10 shortage that was identified at time of the audit (on 01/16/2019).

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

**Management Response:** *Department review of daily reconciliations found no shortage of any amount on January 15 - 17, 2019. Further review of branch records found that this location had no overages or shortages for the month of January 2019. Funds collected and deposited on each day were verified in full to match system collections reports.*

**Corrective Action Plan:** *No action required. Branch Manager will continue to review applicable fiscal policies and procedures with staff as part of routine training schedule.*

**Target Implementation Date:** *Review of reconciliations completed upon receipt of audit findings.*

**IG Response:**

The IG team has supporting documentation signed by the cashier that the shortage existed at time of audit. Although the shortage was minimal, staff was required to report the shortage, regardless of amount. The IG team was not notified by staff that the shortage was resolved after the cash count audit.

**4. Some departments did not complete their compliance statements in accordance with the Administrative Directive #53.**

The statement of compliance documentation was not completed two times per year (in July and December) as required by the administrative directive for the following departments:

**Public Infrastructure:**

- Solid Waste compliance statements were completed in November, 2018, rather than December, 2018. Additionally, documentation was not maintained with the change funds.
- Utilities Customer Service compliance statements were completed in January, 2019, rather than December, 2018.
- Environmental Lab compliance statements were not completed during July or December of 2018. The most recent compliance statements were 12/06/2017, and 01/03/2019.

**Central Permitting:**

- New Port Richey conducted their statement of compliance inspection only once per year. The most recent was on 9/18/2018.
- Land O' Lakes conducted their statement of compliance inspection only once per year. The most recent was on 9/21/2018. Additionally, the statement of compliance documentation was not maintained with the change fund at this location.
- Dade City conducted their statement of compliance inspection only once per year. The most recent on 9/14/2018.

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

**Management Response:**

**Public Infrastructure:** *Management acknowledges that these compliance reports were not completed as required.*

**Central Permitting:** *Central Permitting recognizes the statement of compliance inspection being performed by each office once a year. We conducted the inspection March 6th to make up the missed December deadline. Furthermore, we will conduct the inspections according to schedule in July and December of this year to follow the Administrative Directive #53.*

**Corrective Action Plan:**

**Public Infrastructure:** *Department Director and/or his/her designee will ensure that all compliance statements are completed at least twice yearly (in July and December).*

**Central Permitting:** *Conduct a statement of compliance inspection on March 6th to make up for the December inspection, as well as follow Administrative Directive #53's schedule of July and December.*

**Target Implementation Date:**

**Public Infrastructure:** *Department Directors have been reminded to ensure the compliance reports are completed every July and December.*

**Central Permitting:** *March 6th 2019*

**Control:** Listed below are comments that represent opportunities to strengthen the internal controls. For each comment, a recommendation has been included.

**5. There was neither supervision nor a supervisor at one Central Permitting location.**

The following was noted during the audit:

- According to a cashier, there was no supervisor at the Land O' Lakes Central Permitting department. A permit technician stated a Plans Examiner III occasionally came to their office in Land O' Lakes to prepare cashiers for the day before reporting to New Port Richey.
- According to a DRT, there was an interim supervisor for the Land O' Lakes office. However, this interim supervisor was stationed in New Port Richey. Confirmation that a supervisor visited the department on a regular basis did not exist.

**Recommendation:** Provide the Land O' Lakes Central Permitting department with an on-site interim supervisor until a full-time, on-site supervisor is hired.

**Management Response:** *We recognize that with the relocation of our Plans Examiner III from Land O Lakes to New Port Richey it has left a void in supervision for our Land O Lakes office. Central Permitting is currently training a Lead DRT to supervise the Land O' Lakes office.*

**Corrective Action Plan:** *Central Permitting is currently training a Lead DRT that does not process payments to supervise the Land O' Lakes office and will be in direct communication with the Central Permitting Manager in the New Port Richey office. Central Permitting will provide specific policy & procedure's training on processing checks and provide a copy of the policy and procedure's to each permitting technician. Establish a training schedule every (6)*

*months for all technicians and a new employee training schedule. Provide a self-initiated audit once a year to ensure policies and procedures are being followed.*

**Target Implementation Date:** *14 Days.*

**6. Auditor identification was not verified prior to gaining access to some offices.**

The following was noted during the audit:

- At the Centennial Park Library, before hours of operation, a staff member let the auditor's in the back door without checking their identification. The staff member delivered the auditors to the supervisor, and the supervisor checked the auditor's identification.
- The back door of the Land O' Lakes library was propped open when the auditors arrived to conduct the surprise audit of the coin machine change fund. The auditors were able to enter without permission through the back office area, and walked around without being questioned for a few minutes. Once the Librarian II entered the staff area of the library he immediately questioned the auditors' presence, and requested identification.
- The Land O' Lakes Recreation Complex staff did not request to check the IG team's identification.

**Recommendation:** Create a policy and/or procedure to implement internal controls over the security of assets. These controls should require all staff to request and verify identification from staff or visitors that need access to the assets and/or building. Additionally, the policy and/or procedure should require staff to keep non-public entry doors closed and locked at all times.

**Management Response:**

*Centennial Park Library and Land O' Lakes Library:*

*Department procedures regarding identification of visitors prior to building entry have been reviewed with Branch Managers at both Centennial Park and Land O Lakes Branches. Branch Managers have addressed identification requirements in group training sessions for all staff and individually, as applicable. At the Land O Lakes Library, the Branch Manager immediately addressed the building access issue on the date of auditor visit. Same day training was provided to branch staff regarding building access and visitation.*

*Land O' Lakes Recreation Complex:*

*The Superintendent has completed a verbal counseling with the team member who did not request ID. The Site Supervisor has met one on one with his team to reiterate the importance of asking for ID; and the Recreation Supervisor II will cover all audit procedures in the upcoming internal staff meeting.*

**Corrective Action Plan:**

*Centennial Park Library and Land O' Lakes Library: Pasco County Library System policy titled Change Funds Issued by Pasco County has been updated to address building entry by unidentified staff.*

*Land O' Lakes Recreation Complex: Fiscal and Support along with the Active Superintendents will continue to audit each facility on a rotating quarterly basis, and coach staff on process if*

*corrections need to be made. In addition, during the Director's quarterly front line staff meetings audit procedures will be addressed.*

**Target Implementation Date:**

*Centennial Park Library and Land O' Lakes Library: The Change Funds Issued by Pasco County policy has been updated and made available to all staff as of February 8, 2019.*

*Land O' Lakes Recreation Complex: Immediately*

**7. The change fund at the Dade City Utilities Customer Service (UCS) did not contain the correct amount.**

The following was noted during the audit:

- According to the control form (#56) on file for the Dade City UCS, the change fund was increased to \$300 on 10/23/19. However, only \$100 was verified at time of audit (on 12/21/18).
- The check issued to increase change fund #56 cleared the bank on 11/05/2019. However, the cash was not brought to Dade City UCS until after UCS was moved downstairs in the East Pasco Government Center on 12/27/2019.
  - According to a Customer Service Administrator, the cash was maintained in the safe at Land O' Lakes UCS until it was delivered to Dade City UCS.

**Recommendation:** It is recommended that management update their policies and procedures to address what must be done once the check to increase or establish the change fund is cashed, to ensure compliance with the control form.

**Management Response:** *Management acknowledges that there was a lag between when the check was cashed and when the monies were delivered to the Dade City location.*

**Corrective Action Plan:** *Both Customer Service Managers have been reminded about the process to follow regarding this matter. Additionally, we are revising the Petty Cash and Change Fund Policy and SOP to further detail/clarify that correct process. Because portions of that SOP are based on an old, but still in place, Directive we are working to get the old Directive rescinded so we may permanently change our process/policy. Once that is rescinded we will be able to finalize the new Policy/SOP.*

**Target Implementation Date:** *We expect the final version of the SOP/Policy to be completed no later than April 21, 2019. However, our Team will begin following the draft/recommended version immediately.*

**8. The Utilities Customer Services cash handling procedures lacked specific detail for some processes.**

The following was noted:

- The "How to update a cash register batch" Standard Operating Procedure (SOP) did not specify:

- The journal originator would print and save the journal if it had not been printed and saved initially.
  - According to management who reviewed the flowcharts, this was a step in the procedure.

**Management Response:** *The SOP has been updated and states “If the journal has not been saved and printed, contact the originator of the journal to save and print the journal.”*

- What the supervisor must do if after batch review there was a discrepancy.

**Management Response:** *The overall Department policy is that all discrepancies must be verified/corrected.*

- What the supervisor must do if the batch total did not match the running total, the supervisor was to contact the originator to find the discrepancy.

**Management Response:** *The SOP now states “If the Update button is not available, the batch is not in balance, and the person who created the batch needs to be contacted to balance the batch.”*

- The “Processing a Single Payment on Multiple Accounts” SOP:

- The process of searching an account without an account number was unclear in the SOP.

**Management Response:** *The SOP now reflects “Click the “**Search**” button if no account number is provided. (See SOP on “**Searching for Customer Information**”).”*

- If the customer information was incorrect in CIS, the procedures for handling the situation were not within the SOP.

**Management Response:** *The SOP has been updated and now states “Note: Once the account information populates, verify the name and address matches that of the one you searched. If the information does not match, repeat Step 3.”*

- The “Deleting a Transaction in a Cash Register” SOP did not require the transaction deletion to be documented in writing nor did it require dual signatures.

**Management Response:** *The SOP “Deleting a Transaction in a Cash Register” now states “Step Ten: Add a note to the customer account describing why the transaction was deleted. (See **SOP Cont-008 Adding a Note to a customer account**). Notify the cashier that the batch has been corrected and the cashier can add a transaction if needed. (See **SOP 7200.0-04 How to Process a Single Payment**). If the transaction was deleted because it should not have been entered, the process is complete.”*

- The “Establishment or Increasing/Decreasing Funding of a Change Fund or Petty Cash Fund” section of the “Petty Cash and Change Funds” SOP did not state what to do with the cash after decreasing the fund.



**Management Response:** *The Establishment or Increasing/Decreasing Funding of a Change Fund of Petty Cash Fund SOP now states: Closing or Returning a Petty Cash or Change:*

1. *For Petty Cash Funds (only), process any receipts that have not been reimbursed so that the reimbursement check can be processed and the Petty Cash Fund replenished*
  2. *Return the funds to the Clerk & Comptroller's Office. The Clerk & Comptroller's Office will the fund to the Official Records Division of the Clerk and Comptroller's Office in New Port Richey or Dade City. (The Official Records cashier/supervisor in the NPR or Dade City office will be asked to record the Petty Cash Fund's Control Number on the receipt and post it to 2401- 102000 or 2450-102000.)*
  3. *A receipt is obtained to forward to the Utilities Administrative Services Manager for record keeping.*
- Replacement of Loss/Stolen Petty Cash/Change Funds portion of Petty Cash & Change Fund SOP did not:
    - What should be done with overage money nor did it address how to replenish money from a shortage.

**Management Response:** *This is going to be revised as part of an overall consolidation of several SOPs.*

- Include a requirement to record overage/shortage in CIS using the "Recording Cash Over/Short" SOP.

**Management Response:** *This is going to be revised as part of an overall consolidation of several SOPs.*

- The "Statement of Compliance Semi-Annual Submittal" portion of "Petty Cash & Change Fund" SOP did not provide guidance or instruction for what should be done if the custodian was non-compliant or if the change fund was out of balance.

**Management Response:** *While the Statement of Compliance Semi-Annual Submittal portion does not specifically state what should be done, it does state that the Statement of Compliance form must be completed and signed, as well as any discrepancies found and action taken to resolve those discrepancies. However, his is going to be revised as part of an overall consolidation of several SOPs.*

6. PLEASE INDICATE BELOW ANY CHANGES IN THE FUND, I.E., AMOUNT, CUSTODIAN/SUPERVISOR, ETC.

\_\_\_\_\_ NO DISCREPANCIES WERE NOTED.

\_\_\_\_\_ DISCREPANCIES WERE NOTED. LIST DISCREPANCIES BELOW AND WHAT ACTIONS WILL BE TAKEN TO RESOLVE VIOLATION(S).

\_\_\_\_\_

\_\_\_\_\_

- For the "Daily Maintenance of Petty Cash Funds" portion of the "Petty Cash and Change Fund" SOP:
  - The purpose and how to prepare receipt spreadsheets was unclear.

**Management Response:** *Exhibit D, attached to the Petty Cash and Change Fund SOP, provides an example of how to set up Daily Deposit Logs. However, as we revise the associated SOPs, management will ensure that this is clarified as needed.*

- Was unclear as to how one must record a “last minute receipt” at the beginning of the next business day.

**Management Response:** *This is going to be revised as part of an overall consolidation of several SOPs.*

- Was unclear as to how the custodian must reconcile cash on hand to daily receipts.

**Management Response:** *This is going to be revised as part of an overall consolidation of several SOPs.*

- Was unclear as to if the “Overage/Shortage” SOP should be referenced when determining if there were any overages/shortages.

**Management Response:** *This is going to be revised as part of an overall consolidation of several SOPs.*

- The “Cash Payment with Change Due” SOP:

- Did not provide guidance on what should occur next if the customer information was incorrect.

**Management Response:** *Step Three in the Cash Payment with Change Due SOP was updated and now reads “Step Three: Search for the customer account, for this example: Enter the Account number and press Enter. The Single Customer Account form appears. Verify that the customer’s name and address are correct. If the correct customer does not show, repeat Step Three.”*

- In step 3: The procedure instructed the user to click F2 if the customer information was correct. It was unclear why this step was necessary and what exactly occurred by clicking F2.

**Management Response:** *Step Four was added “Step Four: Click on the F2 (Pay Bill) button. If the message “This customer has multiple accounts. Do you want to apply payment to other accounts? Yes or No” may appear. Choose accordingly.”*

- It was unclear as to what steps should be taken or what procedure should be followed if the customer had multiple accounts.

**Management Response:** *A note was added to Step Four “Note: If the customer wants to apply payment to a single account, proceed to Step Five below. If the customer wants to apply payment to multiple accounts, see “Processing a Single Payment on Multiple Accounts” SOP.”*

- The SOP did not instruct the cashier to hand the receipt to the customer along with their change due.

**Management Response:** *Step Thirteen was added “Step Thirteen: Offer the customer a copy of the receipt and provide it to him/her.”*

- The “Payment by Check in CIS Infinity” SOP:

- Was unclear as to what should be completed next if the customer information was incorrect.

**Management Response:** *Step Three in the Payment by Check in CIS Infinity SOP was updated and now reads “Step Three: Search for the customer account, for this example: Enter the Account number and press Enter. The Single Customer Account form appears. Verify that the customer’s name and address are correct. If the correct customer does not show, repeat Step Three.”*

- Was unclear as to what should happen if the customer wished to apply their payment to other accounts.

**Management Response:** *Step Four was updated to include “Note: If the customer wants to apply payment to a single account, proceed to Step Five below. If the customer wants to apply payment to multiple accounts, see “Processing a Single Payment on Multiple Accounts” SOP.”*

- Did not provide guidance or instruction on what steps should be taken if the amount owed equaled the check amount.

**Management Response:** *Step Six was updated and now reads “Step Six: Verify that the amount of the check matches the current balance owing. If the amounts match, proceed to Step Seven below. If it does not match, change the Total Amount Tendered to match the amount on the check.”*

- Did not state what steps should be taken if the payment amount, and check amount did not match.

**Management Response:** *Since payment amount will always be the amount written on the legal line of the check no action needed for this item.*

- The SOP did not instruct the cashier to offer a receipt to the customer. According to the internal control questionnaire (ICQ), the cashier was to ask the customer if they wanted a receipt and provide it to them.

**Management Response:** *Step Eighteen was added and reads “Step Eighteen: Offer the customer a copy of the receipt and provide it to him/her.”*

- The “Visual Remittance Processing Application (VRPA) + Aperta Processing Procedure” did not instruct the user to lock the date if the previous date was not locked.

**Management Response:** *Step Seven was added to the SOP to note “The previous day’s date must be locked before the current day’s date in locked.”*

- The “End of Day Training Checklist SOP” did not:

- Provide guidance or instruction for what to do if the journal entry name read incorrectly.
- Specify from where to click “Request Transaction Pickup.”

- State what must be completed when the “Request Transaction Pickup Routine” form was opened.
- Provide guidance for what steps must be taken if the name of the batch description was incorrect.
- Provide guidance for what steps must be taken if the users were unchecked.
- Provide guidance or instructions of what steps should be completed next if line 83 (the summary) was out of balance.
- Instruct what the team member who assisted in the verification process of the cash bag should do if the cash bag did not equal the control form.

**Management Response:** *Since the End of Day Closing Checklist is a supplement to the SOP, and does not replace the SOP; no action is needed for these items.*

- The “Setting up a Cash Register Drawer” SOP did not:
  - Instruct the supervisor/manager to initial as verifier after the cashier, and counter signed the cashier log.

**Management Response:** *CI&S Supervisors/Managers do not verify the cash bag(s) in the morning is because the funds are counted and verified at the end of each shift and dual control is required to access the funds. Because they are always under dual control it alleviates the need to recheck in the morning.*

- Provide instruction or guidance for what the cashier must do if their daily cash bag did not contain the appropriate change fund amount.

**Management Response:** *These are always verified under dual control with a Supervisor/Manager to handle any issues.*

- The “Balancing a Cash Register Batch/Closing Out Cash” SOP:

- Did not instruct the cashier to check transactions for errors using the list of miscellaneous fees, accounts, and impact fees.

**Management Response:** *Step three of the Balancing a Cash Register Batch/Closing Out Cash SOP states “Step Three: Scroll through your transactions and determine if any errors have occurred. Browse your transactions to validate that they “make sense”. (A \$57.00 deposit owing transaction would be questionable because \$57.00 is typically a miscellaneous fee. This would be a transaction that should be reviewed again.) Check General Ledger (B) accounts for the correct amounts and correct account numbers for any General Ledger Entries. The entry should also be validated in the batch to make sure the debits and credits are correct. Take all receipts and verify they match with the general ledger box. If there are errors, notify the Customer Service Supervisor to delete the transaction. (See SOP 7200.0-06 Deleting a Transaction in a Cash Register Batch.) (Transactions can also be viewed individually by clicking on the Continue Entry icon on the navigational toolbar and clicking on the arrow icon on the navigational toolbar to scroll through the transactions.) Re-enter correct transactions as needed.”*

- Did not instruct the supervisor to process transaction deletions using the “Deleting a Transaction SOP.”

**Management Response:** *Step three of the Balancing a Cash Register Batch/Closing Out Cash SOP states “Step Three: Scroll through your transactions and determine if any errors have occurred. Browse your transactions to validate that they “make sense”. (A \$57.00 deposit owing transaction would be questionable because \$57.00 is typically a miscellaneous fee. This would be a transaction that should be reviewed again.) Check General Ledger (B) accounts for the correct amounts and correct account numbers for any General Ledger Entries. The entry should also be validated in the batch to make sure the debits and credits are correct. Take all receipts and verify they match with the general ledger box. If there are errors, notify the Customer Service Supervisor to delete the transaction. (See SOP 7200.0-06 Deleting a Transaction in a Cash Register Batch.) (Transactions can also be viewed individually by clicking on the Continue Entry icon on the navigational toolbar and clicking on the arrow icon on the navigational toolbar to scroll through the transactions.) Re-enter correct transactions as needed.”*

- Was unclear that only the funds to be deposited should be placed into the envelope.

**Management Response:** *Step sixteen of the SOP has been revised and now reads “Place your deposit funds (cash, money orders, and checks) in an envelope with your name, date, and totals for each category. Seal the envelope.”*

- Did not reflect that the credit card terminal must be locked in the designated area at the end of the close out process.

**Management Response:** *The SOP has been updated to include “Step Nineteen: Verify credit card terminal is locked away.”*

- There were no documented policies and procedures in place related to receiving payments through the mail.

**Management Response:** *Policies and procedures will be developed to address this item.*

- There were no documented policies and procedures in place related to unprocessed checks.

**Management Response:** *Policies and procedures will be developed to address this item.*

- The policies and procedures included change fund amounts.

**Management Response:** *Associated policies and procedures will be revised/updated to address this item.*

**Recommendation:** Revise, update, and create policies and procedures to provide guidance and instructions for each point described above. When developing policies and procedures include segregations of duties, dual controls (i.e. signatures, approvals, reviews, etc.) to optimize internal control over all cash handling processes.

Communicate updated SOPs to staff and conduct training sessions accordingly to ensure staff was aware of current operational processes.

**Management Response:** *Management acknowledges the recommendations and has already begun to make the necessary updates and revisions.*

**Corrective Action Plan:** *Revise and/or create all associated policies and SOPs and review with CI&S Team to ensure they understand and follow the SOPs.*

**Target Implementation Date:** *June 15, 2019*

**9. The Environmental Lab cash handling procedures lacked specific detail for some processes.**

The following was noted:

- The “Public Infrastructure Environmental Laboratory Change Fund Standard Operating Procedure (SOP)” was unclear as to:
  - Which lab staff member was to prepare the deposit slip and who was to take the deposit to the bank.
  - What “data” was to be entered into Munis by the Administrative Secretary.
  - What steps must be taken to complete the daily deposit sheet and if each receipt was to be entered on the sheet or only one receipt.
- The SOP contained names of personnel rather than position titles.
- The SOP did not include:
  - Instruction and guidance for performing the end of day close-out.
  - The steps that must be taken to report an overage or shortage.
  - Instructions for depositing an overage or replenishing funds from a shortage caused by loss, theft, or human error.
  - Instructions that require cashiers to stamp checks appropriately, place appropriate customer information on the check, verify the check was made payable to Pasco County BOCC, provide change to the customer if applicable, or provide receipts.
  - Guidance to the cashier for how to handle a check provided for payment that was over the amount due and for payments that were not accepted through the mail.
  - Guidance or instruction regarding receipts and providing change (if applicable) to the customer.
  - Guidance or instruction for voiding a transaction by cash or check.

**Recommendation:** Revise, update, and create policies and procedures to provide guidance and instructions for each point made in the statement of condition section of

this audit comment inquiry. Communicate the updated procedures to staff and conduct training sessions accordingly to ensure staff was aware of current operational processes.

**Management Response:** *The SOP will be examined, refined and appropriate staff training will occur.*

**Corrective Action Plan:** *The SOP will be examined, refined and appropriate staff training will occur.*

**Target Implementation Date:** *First quarter FY20.*

#### **10. Collections at the Environmental Lab were not adequately secured, and accountability was weakened.**

According to ICQ responses received from management and observations made during the audit, the following was noted:

- Collections were stored in the cash register drawer at night, and were not placed in a locked cabinet or safe because end of day procedures were not performed until the beginning of the next business day.
- Cashiers shared the same cash drawer. As a result, the collections were commingled, and accountability was not maintained for error detection or discrepancy identification.

**Recommendation:** Revise, update, and create policies and procedures to comply with Administrative Directives #25 and #45. Specifically:

- Restrict cash drawer access to one person at a time,
- Ensure end of day procedures would be performed on the day collections were made,
- Require the collections and deposits be properly safeguarded and placed in a locked safe until the deposit is made.

Communicate updated SOPs to staff and conduct training sessions accordingly to ensure staff was aware of current operational processes.

**Management Response:** *Recommendation #1: A relatively minor amount of petty cash is maintained on-site and does not seem to necessitate the level of controls recommended. This will be revisited if cash tracking becomes an issue.*

*Recommendation #2. End of day procedures will be examined and refined by fourth quarter FY19.*

*Recommendation #3. Safe will be procured and utilized, or the lab will quit handling cash transactions. Note that this item is not currently budgeted but will attempt to procure by first quarter FY20 if lab is still handling cash.*

**Corrective Action Plan:** *see above*

**Target Implementation Date:** *see above.*

**11. The Animal Services' cash handling procedures lacked specific detail for some processes.**

The Money Policies SOP did not:

- State where, prior to opening for the day, the change fund should be placed after it was verified.
- State what to do if the change fund did not equal \$100.00 in the morning.
  - According to department responses on an Internal Control Questionnaire (ICQ), *“the only time this would happen is if change was needed from the bank. In that instance, a slip would be left with the change fund stating the request for change including what dollar amounts were specifically requested. This slip matches the one placed into the deposit bag from the bank.”*
- State that cashiers must immediately place the Animal Services endorsement stamp on all checks accepted as payment.
  - According to the ICQ response, checks were to be stamped/endorsed immediately upon being accepted from the customer.
- State that cashiers must ensure all checks accepted has “Pay to the order of Pasco County BOCC”, and that if it was blank, to immediately place the Pasco County BOCC stamp in the correct location.
- State the fund would be verified by the current and relief cashier if the current cashier must be absent or leave the drawer for more than 10 minutes.
  - According to the ICQ response, in the event that the cashier must leave/step away from the desk for more than 10 minutes, the drawer was to be counted by that person and the person who will be taking over for them.
- Instruct how to process payments received in the mail.
  - According to the ICQ response, Animal Services accepted cash, checks, and money orders through the mail. All incoming money was recorded by two people (one person opens the mail and endorse any checks), and logged on the Incoming Cash spreadsheet or Check Ledger spreadsheet located in the shared drive (the other person is to log the payment on the appropriate spreadsheet). All checks and money orders were endorsed immediately. Mail was to be opened by either the Data Entry Specialist or the Administrative Assistant or a designee.
- Instruct cashiers to provide receipts (either mailed or in person).
  - According to the ICQ response, all monetary transactions were recorded in Pet Point as receipts. Receipts were then printed and either handed or mailed to the customer.
- Instruct personnel on how to execute the void of a transaction.



- According to the ICQ, receipts could be voided by a Lead Worker/Supervisor if needed. Voided receipts were kept on record electronically in Pet Point. Permissions for voiding receipts were heavily restricted in Pet Point.

The End of Day (EOD) Cash Procedure:

- Instructed the financial email to be sent to a specific person (Barbara J. Alpine) rather than a title of the appropriate staff member.
- Did not instruct when the EOD procedure was to be completed.
  - According to the ICQ, end of day procedures were performed around 6:30pm (4:30pm on Mondays) and could only be performed once all customers have left the facility.
- Did not specify how to process an overage, shortage, theft, or loss of funds
  - According to the ICQ, staff should investigate all instances for over/short drawers. In the event the overage/shortage cannot be reconciled, the drawer was to be closed, and a note of the overage/shortage included in the nightly email. Additionally, lost and/or stolen funds were reported immediately to Assistant Director.
- Did not instruct lead/supervisor to verify deposit prior to deposit being made.
- Did not state how often deposit should be made.
- Did not instruct who was to take the deposit to the bank.

**Recommendation:** Revise, update, and create policies and procedures to provide guidance and instructions for each point made in the statement of condition section of this audit comment inquiry. Communicate updated procedures to staff and provide training accordingly to ensure staff was aware of updated operational processes. Additionally, it is recommended that names of personnel not be used within SOPs. Instead, only titles of the appropriate personnel should be referenced.

**Management Response:** *We concur with the findings of the Audit team that although Money Policies were in place, they were not updated; lacked certain detail to provide clear guidance on procedural items and timelines; and were not consolidated into one document. Animal Services will review, revise and/or update existing policies to address each of the statements of condition in the audit and recommendations. Additional policy instructions will be added as recommended to address the need for more detail to the end of day cash procedure.*

**Corrective Action Plan:**

*1) Each item addressed as a corrective recommendation will be reviewed by the Animal Services Leadership Team to determine:*

- a. Does existing policy address the recommendation.*
- b. If not, then incorporate the recommended detail to make the policy more effective.*

*2) All Money Policies will be incorporated into one document rather than multiple policy or SOP documents.*

3) *Discuss deposit security issues with Public Services to establish a common security policy for the branch.*

4) *Supervisors to review all policy changes for final acceptance.*

4) *Team members to be made aware of audit recommendations and instructed in all policy changes.*

**Target Implementation Date:** *All document changes, reviews and trainings will occur by May 31, 2019.*

## **12. The Library Services cash handling procedures lack specific detail for some processes.**

The following was noted:

- The Change Fund Issued by Pasco County Standard Operating Procedure (SOP) did not instruct the custodian of a new or increased change fund to deliver the cash to the appropriate location immediately upon cashing the issuance check.
- The “Counterfeit Currency Procedures” SOP was outdated.
  - Step 2F instructed the reader to place the Assistant County Administrator (ACA) memo into an envelope for hand delivery to former ACA, Daniel Johnson.

**Recommendation:** Revise, update, and create policies and procedures to provide guidance and instructions for the change fund custodian to deliver cash from issuance check to the appropriate location immediately. Additionally, it is recommended that names of personnel not be used within SOPs. Instead, only titles of the appropriate personnel should be referenced. Communicate updated SOPs to staff and conduct training sessions accordingly to ensure staff was aware of current operational procedures.

### **Management Response:**

*Pasco County Library System Policy Title: Change Funds Issued by Pasco County shall be revised to include the following item under General Guidelines.*

*1. J. The Payee shall deliver the cash to the appropriate location immediately upon cashing the issuance check.*

*Pasco County Library System Policy Title: Counterfeit Currency Procedures shall be revised to as follows.*

*Acknowledgement for Capture of Suspected Counterfeit Currency Inter-office Memorandum shall be addressed to Assistant County Administrator, Public Services. (Removes reference to Daniel R. Johnson)*

*2. F. Place the original ACA memo and the envelope containing the currency in a separate courier envelope for hand delivery to Assistant County Administrator, Public Services.*

**Corrective Action Plan:** *Referenced SOPS will be revised and submitted electronically to Department of the Inspector General, Clerk and Comptroller.*

**Target Implementation Date:** *May 2, 2019***13. The Parks and Recs' cash handling procedures lacked specific detail for some processes.**

The following was noted:

- The following operations were not documented in a policy or procedure:
  - Instruction and guidance for how to execute cash, check, and credit card transactions using the Rec1 receipting system.
  - Detailed instruction for providing receipts to customers.
  - Detailed instruction for receiving payments through the mail.
  - Requirement for staff to maintain the change fund in the safe when not in use and required safes to be locked at all times.
  - Step by step instructions for handling shortages caused by loss or theft.
  - Step by step instructions for preparing the change fund for the business day at the start of business.
- The Daily Close-Out Procedures Steps One through three SOPs were unclear as to what should occur if a void was necessary.
- The Finance Batch Export Procedure did not provide guidance or instruction for what should occur after the transactions were batched during the daily closeout procedure.

**Recommendation:** Revise, update, and create policies and procedures to provide guidance and instructions for each point outlined above. Communicate updated SOPs to staff and conduct training sessions accordingly to ensure staff was aware of current operational processes.

**Management Response:** *Parks' staff began utilization of the Rec1 system April, 2018 and current policies and procedures were written for the implementation of the software. The Fiscal Team will revise, update, and strengthen current policies and procedures to ensure all guidelines are addressed to include cash handling operations and safe guarding assets where appropriate.*

**Corrective Action Plan:** *After policies and procedures are revised and updated a refresher training will be administered to current staff. Guidelines for newly hired staff will also be outlined in the procedures.*

**Target Implementation Date:** *July 1, 2019*

**14. Access to some change funds and safes were not restricted or limited.**

According to management's responses on the internal control questionnaire, all recreation staff had the ability to access the change fund, and the safe.

**Recommendation:**

- Revise, update, and strengthen policies to:
  - Restrict only appropriate and authorized personnel to have access to the safe (i.e. supervisor, manager, lead).
  - Assign only one cashier to have access to the change fund per shift.
  - Include that the fund would be closed out and reconciled between each shift change by following the existing close out procedures.
- Change the safe combination code and only share the code with authorized persons.
- Communicate updated policies and procedures to staff and conduct training sessions accordingly to ensure staff was aware of current operational processes.

**Management Response:** *Currently there is a Shift Change procedure where all current staff have been trained and instructed to follow. This procedure was written to ensure only one cashier will have access to the change fund per shift. If there is a change in cashiers this procedure should be followed and recorded so there is a clear record of balancing the cash and handing the drawer off to the next cashier. There are multiple park site locations that accept cash payments with limited staff and extended hours of operation.*

**Corrective Action Plan:** *The management team will review the current operations and levels of service to come up with a plan to strengthen cash controls. Once the plan is implemented current staff will be provided with refresher training. During quarterly Internal Audits done by the Accountant I, Area Superintendent, and Manager, questions will be asked to ensure the revised procedures are being followed.*

**Target Implementation Date:** *July 1, 2019*

**15. Some departments did not utilize armored car services for depositing collections.**

The following departments had authorized personnel that made bank deposits, and did not use an armored car service:

- Libraries
- Parks and Recs
- Animal Services
- Solid Waste
- Environmental Lab

**Recommendation:** Utilize the armored car service and revise policies and procedures to provide staff with guidance, instruction, and training for utilizing the armored car service (i.e. completing deposit bags, armored car service slip, storage of deposit until pickup, etc.).

**Management Response:**

**Public Infrastructure:** *In regards to using armored truck service the cost of the service can not be justified at this time, but we will continue to monitor the cash handled and move in that direction when it makes financial sense.*

**Public Services:** *At this time management does not feel the current amounts being deposited warrant this type of service. Management will monitor the deposits and reevaluate as needed to determine if utilizing the armored car service for the branch would be cost justified.*

**Corrective Action Plan:**

**Public Services:** *Management will review the current deposit procedures to identify any opportunities for improvement that would strengthen the security of the assets. Policies and procedures will be updated accordingly. For any changes made, training will be provided to employees.*

**Target Implementation Date:**

**Public Services:** *July 1, 2019*

**16. The Central Permitting cash handling procedures were outdated and lacked specific detail for some processes.**

The following was noted:

- Standard Operating Procedures (SOP) were outdated.
  - The End of Night Procedures states to email PDF file to General Ledger when they are actually saving the PDF file on a shared drive.
  - The Heartland Credit Card Pin Pad Processing SOP had procedures that were outdated and no longer necessary according to the review note from the Accounting Clerk III on the flowchart created during the preliminary survey audit phase.
    - In the sections for Printing Receipts for Customers and Voiding Credit Card Transactions: "A grid will appear that maintains all transactions over or up to \$100". According to the Accounting Clerk III via flowchart review, this step was outdated.
- The End of Day procedures did not provide:
  - Specific instructions for creating or designating a workshop folder.
    - According to the Internal Control Questionnaire response provided by the Accounting Clerk III (ICQ), only management and accounting staff can edit items in the workshop folder. This folder can be accessed by accessing G:\DevSvcs Documents\CENPERM\ACCOUNTING\Daily Report Workshop
  - Guidance on how to handle a situation where a discrepancy could not be identified.

- The following SOPs were not clear as to which staff members (ex: cashier, supervisor, accounting clerk, etc.) should do which tasks.
  - CP Refund Policy and Procedures
  - End of Night Procedures
- Procedures for the following processes did not exist:
  - Detailed guidance and instruction of the handling of cash collections or check collections.
  - Providing receipts to customers.
    - According to the ICQ, customers in the office receive a receipt upon request, and receipts for payments online or by mail can be downloaded from the Accela website.
  - Checks received from customer for an amount over the amount due.
    - According to the ICQ, checks for amounts over the amount due were not accepted and returned to the customer.
  - No procedures for voiding cash, check, or credit card transactions within Accela.
  - No procedures for accepting payments through mail.

**Recommendation:** Revise, update, and create policies and procedures to provide guidance and instructions for each point outlined above. When developing policies and procedures, include segregation of duties, dual controls (i.e. signatures, approvals, reviews, etc.) to optimize internal control over all collections. Communicate updated SOPs to staff and conduct training sessions accordingly to ensure staff was aware of updated operational processes.

**Management Response:**

- *The Standard Operating Procedures were in the process of being updated when the cash audit occurred. We understand the importance of maintaining current SOPs to ensure clarity and consistency of daily operations. This will include segregation of duties so that we provide a secure and cohesive working environment. With this in mind, as staff or procedural changes occur we recognize the importance of providing training and materials (SOPs) so that each member understands or reflects on the cash handling process.*

**Corrective Action Plan:**

- *Building Construction Services is currently in the process of reviewing and updating the cash handling policy and related SOP's to ensure a strong and controlled working environment. Outlined below are the status and breakdown of our SOPs which will include training and providing each staff member the policy and procedures to secure appropriate cash handling. This will enhance internal control over all collections. If any changes occur, staff members will be informed and provided material to maintain at all times updated SOPs.*
- *Current SOP's to be Revised to Include:*
  - *Accela End of Day Closing*

- Documents be saved to Shared Directory
  - Creation and Maintenance of the Workshop Folder
  - Handling Discrepancies
  - Clarify Task Assignments
- Permit Refund Processing
  - Clarify Task Assignments
- Heartland Credit Card Pin Pad Processing
  - Removal of the “over or up to \$100” reference
- New SOP’s for Procedures
  - Cash/Check Receipting
  - Over/Short Policy
  - Voiding Fees & Payments in Accela
  - Payments Received by Mail

**Target Implementation Date:**

- The Central Permitting Management and Accounting teams are currently working on revising and updating SOPs’ by the following dates. During this process, we are requesting assistance from the Office of Inspector General to review new and updated SOPs to ensure clarity and compliance.

<b>Standard Operating Procedure</b>	<b>Draft Submitted for Review</b>
<b>Accela End of Day Closing</b>	May 31 <sup>st</sup> , 2019
<b>Permit Refund Processing</b>	May 31 <sup>st</sup> , 2019
<b>Heartland Credit Card Pin Pad Processing</b>	May 31 <sup>st</sup> , 2019
<b>Cash/Check Receipting (New)</b>	June 30 <sup>th</sup> , 2019
<b>Over/Short Policy (New)</b>	June 30 <sup>th</sup> , 2019
<b>Voiding Fees &amp; Payments in Accela (new)</b>	June 30 <sup>th</sup> , 2019
<b>Payments Received by Mail (new)</b>	June 30 <sup>th</sup> , 2019

**17. Deposits at Dade City Central Permitting were not verified by a second person.**

On 03/06/2019, the IG team visited the Central Permitting office in Dade City to observe the End of Day Process, and noted the following:

- A supervisor or accounting clerk was not at the location. This was a recurring issue within the Central Permitting department as Land O’ Lakes Central Permitting did not have an on-site supervisor when the IG team conducted a surprise cash count on 01/15/2019.
- Permit technicians completed their own individual deposit slip and deposit bag. The deposit slip was placed inside the deposit bag with the collections made, and sealed without being verified by a second person.
- Five deposits were not verified by a second staff member, and were not reconciled to the AD report. Those packets were maintained in a Permit Technician’s desk drawer, and were not scanned and saved to the appropriate file location.
- Collection documentation was not scanned daily to appropriate workshop folder.

**Recommendation:** Station an accounting clerk or interim supervisor at the Dade City Central Permitting office so the current documented procedures can be followed during the recruitment process, and so dual control can be carried out over the End of Day procedures.

Update policies and procedures to ensure current practices and procedures are documented. Communicate updated procedures to staff and conduct training sessions to ensure staff was aware of current operational processes.

**Management Response:**

- *In response to: The Accounting Clerk III instructed staff to hold end of day packets until Friday of each week.*
  - *Cashier reports/files are scanned daily to the Accounting Clerk for reconciliation purposes. All originals are sent once a week to the Accounting Clerk for retention purposes only.*
- *In response to: Permit Technicians could not scan Cashier Report and deposit slips into the former supervisor's folder, as it did not exist any longer because she departed from the department.*
  - *Accounting recognized while performing the daily cash reconciliation that the scan folder was no longer available when the Supervisor left the department. The Permit Technicians were immediately advised to re-route the cashier reports on a temporary basis until IT created new scan shortcut on the Central Permitting Konica Copy Machine. The shortcut "Closer" was created, which saves the reports directly to the Workshop folder.*
- *We acquired feedback from the Office of Inspector General, which resulted in training of other line employees, who do not work as cashiers, to assist with verifying the cashier reports and deposit slips. We recognize the importance of management oversight and procedural guidelines that are needed during the recruitment process so that we can provide departmental structure.*

**Corrective Action Plan:**

**The following temporary procedures are currently in place:**

- *A Plans Examiner III acts as the Interim Closer for the Land O Lakes office, verifying the cashier reports and preparing the deposit slip. When this employee is not available, an Accounting Clerk from the New Port Richey office travels to the Land O Lakes office to verify cashier reports and prepare the deposit slip.*
- *Training was conducted with the Dade City Senior Development Review Technician and Plans Examiner II. The Senior Development Review Technician will act as Interim Closer for the Dade City office until a new Supervisor is hired. The Plans Examiner II will support this position in the event they are not available.*

*Once the Job postings for the Lead Development Review Techs for the Dade City and Land O Lakes location are filled, the permanent procedures will be reactivated. Additionally, we will provide each staff member with updated policies and procedures (SOPs) to ensure best practices as well as communicating any procedural changes thru training and updating materials.*



**Target Implementation Date:**

- *Anticipated hire date for both the Land O Lakes and Dade City Lead: June 2019*

**18. The Solid Waste cash handling procedures lacked specific detail for some processes:**

The following was noted:

- Documented policies and procedures that existed were not maintained electronically and it appeared the SOP binder provided was for the Class III Scale house only.

**Management Response:** *A SOP Binder is in all 3 Scale House Locations*

- The Daily Computer Operations page in the SOP binder:
  - Instructed the reader (in the second paragraph) to see an attached example. However, an example was not attached nor was found in the binder.

**Management Response:** *An Example was added to all SOP Binders*

- Was unclear as to why changing of a Grid, Origin, or add comment (third bullet under "Inbound Transaction") was to occur and how to make the change.

**Management Response:** *SOP wording was incorrect we add an origin, grid, if ticket doesn't auto populate.*

- Did not instruct the cashier carrying out an inbound transaction to collect payment for materials/items that did not require a weight to calculate the amount due.

**Management Response:** *Added inbound transaction to all SOP Binders*

- Referred to the County's Check Acceptance Policy. However, the Check Acceptancy Policy was not included in the SOP binder.

**Management Response:** *Added BOCC Check acceptance Policy to all SOP Binders*

- The Voiding Ticket procedure did not provide direct instruction to document the reason for a void.

**Management Response:** *Updated void procedure to include when to enter reason for void in all SOP Binders*

- Documented policies and procedures to provide cashiers with instruction and guidance did not exist for:
  - Payments for invoices on commercial accounts.

**Management Response:** *Added to all SOP Binders*

- Handling overages and shortages not related to theft or loss.

**Management Response:** *Added to all SOP Binders*

- Executing daily close out procedures such as reconciliation of cash drawers at the end of the day, preparing the deposit, making the deposit, where funds were to be maintained during non-business hours, etc.

**Management Response:** *Updated and clarified closeout procedures in all SOP Binders*

- Processing of monies that cannot be receipted on the same day they were received.

**Management Response:** *Clarified in all SOP Binders*

- What steps must be taken if a cashier is on vacation, break, out sick, etc. to ensure the cashiers duties were covered during that time.

**Management Response:** *Updated and clarified in all SOP Binders*

**Recommendation:** Revise, update, and create policies and procedures to provide guidance and instructions for each point made above. Communicate updated policies and procedures to staff and conduct training sessions accordingly to ensure staff was aware of current operational processes. Take necessary action to make all procedures electronic and applicable for each scale house. Each location must have easy access to all procedures to carry out duties reflected in the SOP binder.

**Management Response:** See above

**Corrective Action Plan:** *Update and clarify all SOP Binders*

**Target Implementation Date:** *5-10-19*

## **References**

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

## Appendix A

### Departmental Policies and Procedures

#### Central Permitting:

- Central Permitting Refund Policy and Procedures (Updated: 11/01/2018)
- End of Day Closing Procedures (Updated: 06/04/2018)
- Heartland Credit Card Pin Pad Processing (Updated: 08/08/2018)

#### Public Services:

- Counterfeit Currency Procedures (Updated: 8/2013)

#### Parks and Recreation:

- Daily Close Out Procedure – Process Step 1
- General Ledger Detail Report for Daily Closeout – Process Step 2 (Updated: 04/11/2018)
- Finance Batch Export Procedure – Process Step 3 (Updated: 04/11/2018)
- Shift Change Procedure (Updated: 04/11/2018)

#### Animal Services:

- Money Policies (Updated: 11/2018)
- End of Day Closing Procedure (Updated: 11/2018)

#### Libraries:

- Unclaimed (Lost) Funds (Updated: 03/2015)
- Refunds for Lost/Damaged Materials (Updated: 03/2018)
- Receipting and Check Acceptance (Updated: 03/2015)
- Receipt of Funds (Updated: 02/19/2015)
- Money & Banking (Updated: 06/2018)
- Electronic Payment Procedures (Updated: 12/16/2015)
- Dishonored (Returned) Checks (Updated: 04/2009)
- Counterfeit Currency Procedures (Updated: 09/2009)
- Change Funds from Outside Sources (Updated: 08/2006)
- Change Funds Issued by Pasco County (Updated: 05/2016)
- Libraries' CBA/Coin-Op Collection Procedure (Updated: 11/28/2018)

#### Environmental Lab:

- Public Infrastructure Environmental Laboratory Change Fund Standard Operating Procedure (Updated: 10/01/2018)

#### Solid Waste:

- Petty Cash and Change Funds (Updated: 03/21/2017)
- West Pasco Class I Daily Scale House Operations
- East Pasco Transfer Station Daily Operations
- West Pasco Class III Daily Scale House Operations

Utilities Customer Service:

- Petty Cash and Change Funds (Updated: 3/21/2017)
- Payment by Check in CIS (Updated: 11/05/2018)
- End of Day Closing
- Cash Payment with Change Due (Updated: 11/2018)
- Running a Credit Card End of Day Report (Updated: 11/02/2018)
- Setting Up a Cash Register Drawer (Updated: 11/02/2018)
- Processing a Single Payment on Multiple Accounts (Updated: 11/05/2018)
- Recording Cash Over/Short (Updated: 11/05/2018)
- Deleting a Transaction in a Cash Register Batch (11/05/2018)
- Balancing a Cash Register (Updated: 11/05/2018)
- How to Create a Cash Register Batch (Updated: 11/05/2018)
- Aperta Processing – Daily Procedures for PCU for Processing Payments (Updated: 11/21/2018)
- Updating a Cash Register Batch (Updated: 11/05/2018)