



PAT FRANK  
Clerk of the Circuit Court  
13th Judicial Circuit

**COUNTY AUDIT**

**HILLSBOROUGH COUNTY, FLORIDA**

**EXTENSION SERVICE FOLLOW-UP AUDIT**

**REPORT # 224 (FOLLOW-UP TO REPORT # 196)**

**NOVEMBER 9, 2011**

November 9, 2011

The Honorable Al Higginbotham, Chairman  
The Honorable Kevin Beckner  
The Honorable Victor Crist  
The Honorable Ken Hagan  
The Honorable Lesley "Les" Miller  
The Honorable Sandra Murman  
The Honorable Mark Sharpe

Dear Chairman Higginbotham and Commissioners:

We have performed a follow-up audit of the Extension Service, Audit Report #196, dated April 1, 2010. Nine original audit concerns were contained in this report.

Based on our follow-up audit work and discussions with the Director, we are closing eight of the original nine audit concerns. Our follow-up audit indicated that these original concerns have been addressed and corrective changes have been implemented, while one finding remains open. In addition, a new concern was noted that was not included in the original audit (1 New Finding). The report on the follow-up audit is enclosed.

We appreciate the cooperation and professional courtesies extended to our auditors by the Division Director and personnel of the Extension Service during this audit.

Sincerely,

Daniel A. Pohto, CPA, CIA  
Director, County Audit

cc: Mike Merrill, County Administrator  
Sharon Subadan, Deputy County Administrator  
Debra Jo Kinsella, Department Director  
Dianna Barnitt, General Manager, Extension Service  
Bruce Dangremond, Manager, Performance Mgmt, Business and Support Services

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This section details the open concern at the completion of the follow-up audit.

### NEW FINDING 7

Segregation of Duties

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## EXECUTIVE SUMMARY

### BACKGROUND INFORMATION:

The primary purpose of the original audit was to review and evaluate the adequacy and effectiveness of compliance with their departmental policies. In addition, corrective actions taken by management of the Extension Service will be reviewed to determine if such actions were effective and continuous and are monitored to ensure compliance.

### OBJECTIVE:

The objectives of this follow-up audit were to review and evaluate the conditions reported in County Audit Report # 196, dated April 1, 2010, to determine if corrective actions have occurred and are effective, and if the corrective actions appear to be continuous and/or correction will be monitored to ensure the control weaknesses will not be repeated.

### SCOPE:

The follow-up audit was conducted based on the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors. The follow-up audit procedures were applied to the records, documents, and controls that were in effect during the period from May 1, 2010 through June 30, 2011.

### OVERALL EVALUATION:

We found that the Extension Service had fully implemented corrective action on eight of the nine audit concerns noted in the original audit. As a result, we have closed eight original audit Findings of the total nine concerns.

**Please see the Summary of Original Audit Concerns on page 4.**

In addition, a new concern was noted that was not included in the original audit. **The New Finding begins on page 7.**

We suggest that management monitor the open and new concern listed in this report to assure that appropriate corrective action is taken. In addition, the corrective action for all concerns should be periodically assessed and adjusted, as necessary, so that the control weaknesses will not be repeated in the future.

The final exit conference was held on September 29, 2011.

**AUDIT BY:**

Dan Pohto, Director, County Audit  
Mark Kolman, Audit Manager  
Marc Hogan, Auditor  
Lovonia Scott, Auditor

## STATUS CHART OF ORIGINAL AUDIT CONCERNS

This chart provides the status of the original report concerns at the completion of the follow-up audit.

For reference purposes, the entire original audit report #196 (issued Fiscal Year 2010, 4/1/2010) can be viewed on the Clerk's web site at <http://www.hillsclerk.com> under Clerk Services, County Audit – Recent Reports.

FINDINGS	OPEN	CLOSED
1		X
2		X
3		X
4		X
5		X
6		X
7	X	
8		X
9		X

**NOTE:** An Open finding is defined as a control weakness that needs additional corrective action and a Closed finding is a control weakness for which corrective action has been completed to the auditor's satisfaction.

## SUMMARY OF ORIGINAL AUDIT CONCERNS

This chart summarizes the original audit concerns at the completion of the follow-up audit. The original audit concern that remained open is detailed in the next section – **FOLLOW-UP COMMENTS ON OPEN CONCERN WITH CLIENT RESPONSE.**

FINDING	DESCRIPTION	STATUS	COMMENTS
1	<b>A fuel key was not properly controlled.</b>	CLOSED	Extension Service strengthened controls for the management of fuel keys within the department.
2	<b>Improve server room and router room controls.</b>	CLOSED	Extension Service strengthened controls for the server and router rooms. Extension Service has improved conditions in both rooms.
3	<b>Strengthen the department’s Disaster and Hurricane Preparedness Plan, and develop a business continuity plan.</b>	CLOSED	Extension Service has strengthened the Disaster and Hurricane Preparedness Plan. Extension Service has developed a complete Business Continuity Plan.
4	<b>Signature authorization and delegation right privileges for a terminated employee were not revoked in a timely manner.</b>	CLOSED	Extension Service ensures that signature authorization privileges for terminated employees are now revoked in a timely manner.
5	<b>No formal written procedures for performing and controlling fiscal functions were in place.</b>	CLOSED	Extension Service has developed written procedures for performing and controlling fiscal functions.
6	<b>Extension Service management is not actively tracking all of their agent advisory accounts receivables.</b>	CLOSED	Extension Service is actively tracking and reporting all agent advisory receivables.
7	<b>Extension Service has control weaknesses surrounding their building security.</b>	OPEN	See page 6 of this report.



8	<b>Extension Service management needs to update their <i>Quick Guide to Policies and Procedures for Hillsborough County and the University of Florida/IFAS.</i></b>	CLOSED	Extension Service has updated their <i>Quick Guide to Policies and Procedures for Hillsborough County and the University of Florida/IFAS.</i>
9	<b>Extension Service's leave and payroll process has control weaknesses.</b>	CLOSED	Extension Service has improved controls regarding the leave and payroll process.

## FOLLOW-UP COMMENTS ON OPEN CONCERN WITH CLIENT RESPONSES

This section details the **open** concern at the completion of the follow-up audit.  
Note: Client Responses are included verbatim and are seen in *italics*

### **FINDING : FOLLOW-UP COMMENT**

#### **Finding 7 - Opportunity exists to strengthen the physical security of the Extension Service building.**

In the original audit we identified opportunities to improve their internal controls over building security in the following areas:

1. **Building Keys**-Extension Service management does not have written procedures for ensuring proper controls over the keys to the interior and exterior doors of the Extension Service office.
2. **Security Alarm Codes**-Extension Service management does not consistently change the security alarm system codes when an employee terminates employment with their office.
3. **Video Monitoring**-The Extension Service video monitoring needs improvement.

In our discussion with management we noted several improvements in the physical security of the Extension Service building. There are additional opportunities to improve physical security of the building. We have discussed the details of these improvements with Extension Service Management.

#### ***RECOMMENDATION:***

Management should improve its surveillance equipment to provide enhanced security of the Extension Service building and all surrounding areas. Management should continue to pursue funding through the department budget to obtain adequate surveillance.

#### ***CLIENT RESPONSE:***

*Concur*

#### ***CORRECTIVE ACTION PLAN:***

*Extension Service will request as part of the FY13 budget process funding to install video monitoring security to appropriately satisfy this audit recommendation.*

#### ***TARGET COMPLETION DATE:***

*10/1/2012*

## NEW FINDING

**New Finding:** This is a new finding and was not part of the original audit.

Listed below is a finding that represents an opportunity for Extension Service to strengthen the internal controls surrounding their fiscal functions. For this finding, a recommendation has been included.

### NEW FINDING 1:

#### **Opportunity exists to improve internal controls surrounding fiscal functions.**

In the original audit we noted there were no formal written procedures for performing and controlling fiscal functions. Extension Service has created written procedures for their fiscal functions.

Extension Service management has an opportunity to improve their internal controls by reviewing the current responsibilities of the Accountant I position.

1. We met with the Extension Service to discuss what fiscal functions were performed by the Extension Service's department personnel. The Accountant I position performs a number of accounting related functions.

- Collect receipts
- Deposit receipts into the bank
- Receives collections
- Logs collections
- Prepares deposits
- Petty Cash Fund
- Miscellaneous Funds

Good internal control practices include ensuring proper segregation of duties over accounting functions. A proper segregation of duties helps prevent errors or intentional misappropriation of assets from going undetected and uncorrected. Good internal control systems rely on assigning custody of assets, recording of transactions, approval of transactions, and reconciling functions to different individuals to provide for proper monitoring and control.

2. The Accountant I position currently has divided job responsibilities between the Extension Service and Fiscal and Support Services. The Accountant I position originally performed all duties at the Extension Service location. The new responsibilities may affect the current accounting responsibilities required for the Extension Service. The procedures state that some Extension Service responsibilities are time sensitive. The new duties may affect the time in which these duties are completed.

**RECOMMENDATION:**

We recommend that Extension Service management:

1. Review the current Accountant I responsibilities and identify job duties that can be segregated or more closely monitored to provide better control. A continued process of evaluating current policies and procedures, which will ensure proper segregation of duties, should be considered.
2. Clearly define the role and responsibilities for the Accountant I position in the department policies and procedures.

**CLIENT RESPONSE:**

*Concur*

**CORRECTIVE ACTION PLAN:**

*Since the date of completion of the Follow-Up to Report # 196, the Accountant I position referenced in New Finding 1 is no longer located in the Extension Service and all fiscal functions are segregated.*

*Extension Service and the Fiscal & Support Services Department (FSS), which supports all Public Safety & Community Services Departments, now share the responsibilities constituting the internal controls referenced in this finding. Extension Service now ensures the individual responsible for collections does not make deposits. The staff member responsible for making deposits does not perform any logging, but does provide deposit receipts to the individual responsible for logging collections and deposits.*

*Additionally, the reorganization creating FSS further segregates duties by relocating accounting functions into this independent department. FSS reconciles all Extension Services' County accounting records. In conjunction with Extension Service management personnel, FSS has a Financial Services Manager, Accountant II, and Accounting Clerk III overseeing and maintaining Extension Services' County budget, revenues, and expenditures.*

**TARGET COMPLETION DATE:**

*10/1/2011*