

PAT FRANK
Clerk of the Circuit Court
13th Judicial Circuit

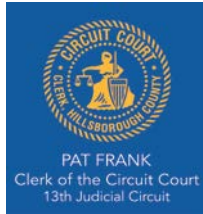
COUNTY AUDIT

HILLSBOROUGH COUNTY, FLORIDA

CASH HANDLING ACCOUNTABILITY FISCAL YEAR 2015

REPORT # 294

OCTOBER 6, 2015



October 6, 2015

The Honorable Sandra L. Murman, Chairman
The Honorable Kevin Beckner
The Honorable Victor D. Crist
The Honorable Ken Hagan
The Honorable Al Higginbotham
The Honorable Lesley "Les" Miller
The Honorable Stacy R. White

Dear Chairman Murman and Commissioners:

The Audit Team performed an audit of the cash handling accountability for fiscal year 2015 (Audit Report # 294, October 6, 2015) consisting of a series of unannounced cash counts.

The purpose of this Report is to furnish management independent, objective analysis, recommendations, counsel, and information concerning the activities reviewed. It is not an appraisal or rating of management.

Although the Audit Team exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud and/or employee abuse is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud or abuse will be detected.

The Audit Team appreciates the cooperation and professional courtesies extended to the auditors by the Directors and personnel responsible for cash counts.

Sincerely,

Steve Hooper, CIA, CGAP, CCSA, CFE,
Interim Director of County Audit

CC: Mike Merrill, County Administrator
Greg Horwedel, Deputy County Administrator
Lucia Garsys, Chief Development & Infrastructure Administrator
Dexter Barge, Asst. County Administrator, Compliance, Communities, & Conservation
Tom Fass, Assistant County Administrator, Asset Mgmt. & Knowledge Commons
Kevin Brickey, Economist, Management and Budget
Rick VanArsdall, Chief Deputy, Finance

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
BACKGROUND INFORMATION	1
OBJECTIVE	1
SCOPE.....	1
OVERALL EVALUATION	2
OPINION	2
AUDITED BY.....	2
AUDIT COMMENT & RECOMMENDATION	3

EXECUTIVE SUMMARY

BACKGROUND INFORMATION

"Cash handling" is a term used to encompass the controls and processes related to accounting for and safeguarding of all negotiable instruments, whether in cash, check or electronic form of tender. In addition to being accountable for customer payments (collections), cash handling locations usually have a small change fund.

The Board of County Commissioners (BOCC) Policy 03.00.01.00 (Policy), *Petty Cash and Change Funds*, dated November 16, 1994, provides guidance to authorize and approve petty cash and change funds. The Policy assigns the responsibility to all elected officials, and agency or department heads to comply with the BOCC revised procedures for the establishment, use, and control of a petty cash and change funds.

Per the Policy, the purpose of a change fund is to provide cashiers with adequate monies to make change for the public. The change fund and collections should be verified daily. The change fund cannot be used to make expenditures. The change fund cannot be used to cover overages and shortages in cash collection. Only those employees specifically designated as a cashier and thoroughly knowledgeable of cash collection procedures are authorized to collect monies.

OBJECTIVE

The objective of the audit was to assess cashiers' compliance with BOCC Policy 03.00.01.00, *Petty Cash and Change Funds*.

SCOPE

The audit was conducted in accordance with the *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that County Audit plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the audit comments and conclusions based on the audit objectives. County Audit believes that the evidence obtained provides this reasonable basis.

This audit was performed periodically over a six-month time span to evaluate cash handling accountability at six locations across Hillsborough County. Audit work took place in April, May, August, and September 2015.

OVERALL EVALUATION

Management and cashiers were responsive to the Audit Team's inquiries and assisted with the unannounced cash audits. The Audit Team was provided with thorough information in a prompt and courteous manner. The Audit Team encountered knowledgeable and dedicated managers and cashiers during the course of the audit.

AUDIT COMMENT	CONCLUSION OF OBJECTIVE	PAGE
1	Opportunities exist to enhance the cash handling control environment.	3

OPINION

No material concerns were identified at five of the six locations. The control environment over cash handling at these five sites is at the formal (defined) maturity level and provides a reasonable level of assurance of compliance with BOCC Policy 03.00.01.00, *Petty Cash and Change Funds*.

At one of the six locations, a significant control weakness was identified. Details of the control weakness are provided on page 4 of this Report. The control environment over cash handling at this location is at the repeatable maturity level. Although controls are established, clarity and accountability on roles and responsibilities are lacking.

Other minor concerns not included in this Report were communicated to management and/or corrected during fieldwork.

An exit conference was not held for this Report. The significant control weakness was reported to the responsible Director and to the County Finance Revenue Division.

AUDITED BY

Steve Hooper, CIA, CGAP, CCSA, CFE, Interim Director of County Audit
 Mary Ann Kominsky, CIA, CISA, CPA, IT Audit Manager
 Lovonia Scott, CGAP, Auditor II
 Ben Everett, CPA, CIA, Auditor II

AUDIT COMMENT & RECOMMENDATION

AUDIT COMMENT 1

Opportunities exist to enhance the cash handling control environment.

In January 2015, the Audit Team identified the population of 48 cash locations under the Board of County Commissioners.

From that population, the Audit Team judgmentally selected six locations based upon factors such as deposit volume and/or length of time since the location's last cash audit. The table below shows the date and location of the six unannounced cash audits.

Cash Location	Date of Unannounced Cash Count
BOCC - Public Utilities	April 29, 2015
BOCC - Development Services/Building & Construction	May 19, 2015
BOCC - Library Services	May 19, 2015
BOCC - Solid Waste Management Resource Recovery Facility	August 18, 2015
BOCC - Pet Resources	September 2, 2015
BOCC - Lithia Springs Park	September 2, 2015

As part of each unannounced cash audit, the Audit Team:

- Counted all cash on hand (including cash, checks, and debit/credit card payments) and reconciled the collections to the transaction records for the sampled change fund;
- Verified that the change fund(s) balanced to the amount authorized by the BOCC; and
- Accounted for the authorized number of change funds

With the exception of Pet Resources, the cashiers at the selected locations properly handled and accounted for their cash receipts. The cash on hand reconciled to the transaction records and the change fund(s) balanced to the amount authorized by the BOCC. No other material concerns were identified during testing.

As each unannounced cash count was completed, the Audit Team provided specific observations to management.

For the Pet Resources location, the Audit Team determined that:

- A change fund assigned to a Senior Customer Service Representative was \$20 over. The overage has since been deposited.
- Per County Audit Department and County Finance Department (Revenue Section) records, 15 change funds were assigned to Pet Resources. Management could only account for 14 of these change funds. A change fund in the amount of \$100, which was assigned to a former Pet Resources employee, appears to be missing.

RECOMMENDATION

Consideration should be given to Pet Resources continuing to work collaboratively with the County Finance Department, Revenue Section to account for the missing change fund and enhance the cash handling control environment by more closely monitoring change funds.

CORRECTIVE ACTION PLAN

No response is due to the County Audit Department.