

# **COUNTY AUDIT DEPARTMENT**

## **REPORT # 335**

### **Quarterly Status Report of Audit Recommendations and Board of County Commissioners' Management Action Plans Quarter Ending September 30, 2017**

**November 8, 2017**



*Pat Frank* INTEGRITY. TRANSPARENCY. ACCOUNTABILITY.

CLERK OF COURT & COMPTROLLER • HILLSBOROUGH COUNTY, FLORIDA

---



November 8, 2017

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

Dear Chairman White and Commissioners:

The County Audit Department operates in compliance with the standards set forth in the International Professional Practices Framework as well as Government Auditing Standards. These standards require that County Audit communicate the results of audit engagements to the appropriate parties and monitor the action taken by management in response to any audit recommendation.

Attached is the quarterly report on the status of all management corrective action plans as of the end of the fourth quarter of fiscal year 2017. Addressing these open recommendations will enhance the Board of County Commissioners' overall operations and mitigate risks to the organization. For the quarter ended September 30, 2017, the County Audit Department monitored management action for three (3) recommendations. Two of the three remain open and will carry forward to the first quarter of fiscal year 2018. *See Attachment 1*

The audit recommendations included in this follow-up were issued via Audit Reports and presented to you for the routine audits conducted throughout the year. In addition to routine audits, the County Audit Department is also available to perform risk assessments, management assistance projects and continuous monitoring. Unlike traditional audits, these projects do not result in formal audit recommendations and do not require a response from management. These projects are communicated via a Management Memorandum to the appropriate County Executive Team members.

As part of our quarterly reporting for the first quarter of fiscal year 2018, we have also attached a copy of each of the Management Memorandums issued to the County Administrator and staff during the fourth quarter of fiscal year 2017. *See Attachment 2*

I appreciate this opportunity to be of service to the Board of County Commissioners. I am happy to address any questions that you may have concerning the attached report and to furnish you with any additional information desired.

Sincerely,

Heidi Pinner, CIA, CFE, CISA, CRMA  
Director of County Audit

CC: Mike Merrill, County Administrator  
Greg Horwedel, Deputy County Administrator  
Bonnie Wise, Chief Financial Administrator  
Lucia Garsys, Chief Development & Infrastructure Services Administrator  
Kevin Brickey, Performance Mgmt, Management & Budget  
Peggy Caskey, County Internal Auditor  
Pat Frank, Clerk of Court & Comptroller  
Rick Van Arsdall, Chief Deputy, Clerk to the Board  
Tim Simon, Deputy Comptroller, Clerk of Court and Comptroller

## Steps in the Management Action Plan Monitoring Process



### DEFINITIONS:

**Pending** = Indicates that the recommendation was sent to TeamCentral and client management has not yet started implementation.

**Started** = Indicates that client management has started implementation.

**Implemented** = Indicates that the recommendation was implemented but the recommendation has not yet been approved by the client and the Audit Team.

**Partial Client Approval** = Indicates that the recommendation received one or more client approvals, but not yet final client management approval.

**Final Client Approval** = Indicates that the recommendation received final client management approval and is now ready for the Audit Team to approve or reject the implementation.

**Audit Approval** = Indicates that the recommendation received the Audit Team's approval and is now ready to be tested and closed.

**Closed** = Indicates that the County Audit Department stopped monitoring.

**By Audit Team** = Indicates that the Audit Team reviewed or verified the actions taken to implement the recommendation and the recommendation is closed.

**Follow-Up Unwarranted** = Indicates that the recommendation was closed by the Audit Team because the concern is no longer applicable or no corrective action is needed.

**Management Accepts Risk** = Indicates that the recommendation was closed by the Audit Team because client management accepted the risk exposure and is not implementing the recommendation.

**County Audit Follow-Up Tracking Expired** = Indicates that the recommendation is greater than 12 months old, and corrective actions have not been implemented by client management. County Audit will no longer track the status of the implementation and has referred this item to the Office of the Internal Auditor for future follow up as desired.

**STATUS OF AUDIT RECOMMENDATIONS as of October 30, 2017**

Report #   Project Name	Recommendation Title	Recommendation State	Entity	Estimated Implementation Date	Revised Implementation Date	Actual Implementation Date	Recommendation Close Date
330   Agency for Community Treatment Services (ACTS)	To more effectively monitor and ensure compliance with the agreement, Health Care Services management should ensure that Incident Reports are received and maintained.	Started	Health Care Services	2/10/2017	12/31/2017		
333   Auto and General Liability Claims	There is an opportunity to improve controls over the Claims Administration Services Invoice Review & Approval Process	Started (Partially Implemented)	Risk Management & Safety	10/1/2017			
333   Auto and General Liability Claims	An opportunity exists to improve contract compliance over claims administration services for auto and general liability claims	Closed by Audit Team	Risk Management & Safety	8/11/2017		8/11/2017	10/20/2017

**COUNTY AUDIT DEPARTMENT ISSUED MANAGEMENT  
MEMORANDUMS FOURTH QUARTER FY17**

<b>MEMO #</b>	<b>TITLE</b>	<b>PAGES</b>
<b>MM37</b>	<b>Change Fund Count &amp; Internal Controls Over Cashiering – Public Utilities</b>	<b>6-8</b>
<b>MM38</b>	<b>Change Fund Count &amp; Internal Controls Over Cashiering – 78<sup>th</sup> Street Community Library</b>	<b>9-10</b>
<b>MM39</b>	<b>Change Fund Count &amp; Internal Controls Over Cashiering – E.G. Simmons Regional Park</b>	<b>11-12</b>
<b>MM40</b>	<b>Change Fund Count &amp; Internal Controls Over Cashiering – Customer Service Center for Development Services</b>	<b>13-14</b>
<b>MM41</b>	<b>Change Fund Count &amp; Internal Controls Over Cashiering – John F. Germany Library</b>	<b>15-16</b>



**DATE:** July 31, 2017

**TO:** George Cassady, Director, Public Utilities

**CC:** Mike Merrill, County Administrator  
Lucia Garsys, Chief Development & Infrastructure Administrator  
Tim Simon, Deputy Comptroller, Clerk of Court & Comptroller  
Catherine Edwards, Accounting Manager, County Finance

**FROM:** Heidi Pinner, Director of County Audit, Clerk of Court & Comptroller

**SUBJECT:** Management Memorandum #37 – Change Fund Count & Internal Controls Over BOCC Cashiering at the Public Utilities Department (PUD) – Northdale Customer Service Center

---

**OBJECTIVE:**

On June 29, 2017, the County Audit Department conducted an unannounced change fund count at the PUD-Northdale Customer Service Center, cash site #062. The objective of this count was to review and evaluate internal controls related to the change funds. The count was designed specifically to assess cashiers' compliance with BOCC Policy 03.00.01.00, Petty Cash and Change Funds.

**SCOPE:**

The scope of work consisted of the Audit Team counting funds on hand, making inquiries of personnel regarding cash handling procedures and observations of physical security of change funds on the day of the site visit.

**OVERALL EVALUATION:**

Overall, the cashiers were in compliance with BOCC Policy 03.00.01.00. In addition, controls to safeguard cash appear adequate. The opportunities identified by the Audit Team, if addressed, could further enhance the control maturity of the PUD-Northdale Customer Service Center cash collection and management processes.

*Feel free to contact me, (813) 307-7000, with any questions, comments or suggestions.*

## **ASSESSMENT RESULTS**

The following control strengths and control opportunities were identified and evaluated by the Audit Team.

### **PHYSICAL SECURITY**

#### *Strengths*

- Cashiering area is a limited access area through key card access and locked doors.
- Security cameras are in place in the cashiering area, supervisor office, and safe room.
- The cash change funds are stored securely overnight and when not in use.
- The deposit is stored securely overnight.
- Spare keys to the cash drawers are secured in a master key lockbox with the key to it locked in the safe.
- The site has a document of photos of the approved courier employees.

#### *Opportunities*

- Management may wish to consider securing the deposit during the day in a locked cabinet with access by the cashiers until the courier arrives.
- Moving the notebook which contains the safe combination to a more secure location.
- Keeping the master key ring in a more secure location to allow access to only those who require access to the safe.

### **SEGREGATION OF DUTIES**

#### *Strengths*

- Cashiers cannot perform void transactions. Only management can process void transactions for cashiers.

### **RECONCILIATION/MONITORING**

#### *Strengths*

- Cashiers verify cash change funds at the beginning and end of the day to approved change fund amount.
- Cashiers reconcile receipts daily to the cash drawer transaction totals, including deposit amount.
- Management verifies the reconciliation daily of receipts to the cash drawer transaction totals, including deposit amount.
- Management verifies the cash change funds of the cashiers at the end of the day to the approved change fund amount.

#### *Opportunities*

- Require a second employee or management to verify the beginning of day count of each cashier change fund.
- Require all cash change funds to be counted daily.



**DATE:** July 31, 2017

**TO:** Andrew Breidenbaugh, Director, Library Services

**CC:** Mike Merrill, County Administrator  
Greg Horwedel, Deputy County Administrator  
Tom Fass, Assistant County Administrator  
Tim Simon, Deputy Comptroller, Clerk of Court & Comptroller  
Catherine Edwards, Accounting Manager, County Finance

**FROM:** Heidi Pinner, Director of County Audit, Clerk of Court & Comptroller

**SUBJECT:** Management Memorandum #38 – Change Fund Count & Internal Controls Over BOCC Cashiering at the 78<sup>th</sup> Street Community Library

---

**OBJECTIVE:**

On June 27, 2017, the County Audit Department conducted an unannounced change fund count at the 78<sup>th</sup> Street Community Library, cash site #220. The objective of this count was to review and evaluate internal controls related to the change funds. The count was designed specifically to assess cashiers' compliance with BOCC Policy 03.00.01.00, Petty Cash and Change Funds.

**SCOPE:**

The scope of work consisted of the Audit Team counting funds on hand, making inquiries of personnel regarding cash handling procedures and observations of physical security of change funds on the day of the site visit.

**OVERALL EVALUATION:**

Overall, the cashiers were in compliance with BOCC Policy 03.00.01.00. In addition, controls to safeguard cash appear adequate. The opportunities identified by the Audit Team, if addressed, could further enhance the control maturity of the 78<sup>th</sup> Street Community Library cash collection and management processes.

*Feel free to contact me, (813) 307-7000, with any questions, comments or suggestions.*



## **ASSESSMENT RESULTS**

The following control strengths and control opportunities were identified and evaluated by the Audit Team.

### **PHYSICAL SECURITY**

#### *Strengths*

- The cash change fund is stored securely overnight and when not in use.
- The deposit is stored securely overnight.
- Spare keys to the cash drawers are secured in the safe. After hours, all cashier drawer keys are secured in the safe.
- The site has a document of photos of the approved courier employees.

#### *Opportunities*

- Management may wish to consider locking the door to the employee work room during the day.

### **SEGREGATION OF DUTIES**

#### *Strengths*

- Cashiers and supervisors at the site cannot perform void transactions in the cashiering system.

### **RECONCILIATION/MONITORING**

#### *Strengths*

- Cashiers verify cash change funds at the beginning and end of the day, and at shift changes, to approved change fund amount.
- Cashiers reconcile receipts daily to the cash drawer transaction totals, including deposit amount.
- A second cashier verifies the cash change funds of the cashiers at shift changes and at the end of the day to the approved change fund amount.
- A second cashier verifies the reconciliation daily of receipts to the cash drawer transaction totals, including deposit amount.
- Management verifies and approves the weekly reconciliation of receipts to the weekly cash drawer system transaction totals, including the deposit amount.

#### *Opportunities*

- Management should consider having a second employee or management verify the beginning of day count of the cashier change fund.



**DATE:** September 1, 2017

**TO:** Forest Turbiville, Director, Conservation & Environmental Lands Management

**CC:** Mike Merrill, County Administrator  
Greg Horwedel, Deputy County Administrator  
Dexter Barge, Assistant County Administrator  
Tim Simon, Deputy Comptroller, Clerk of Court & Comptroller  
Catherine Edwards, Accounting Manager, County Finance

**FROM:** Heidi Pinner, Director of County Audit, Clerk of Court & Comptroller

**SUBJECT:** Management Memorandum #39 – Change Fund Count & Internal Controls Over BOCC Cashiering at the E. G. Simmons Regional Park

---

**OBJECTIVE:**

On July 19, 2017, the County Audit Department conducted an unannounced change fund count at E. G. Simmons Regional Park, cash site #185. The objective of this count was to review and evaluate internal controls related to the change funds. The count was designed specifically to assess cashiers' compliance with BOCC Policy 03.00.01.00, Petty Cash and Change Funds.

**SCOPE:**

The scope of work consisted of the Audit Team counting funds on hand, making inquiries of personnel regarding cash handling procedures and observations of physical security of change funds on the day of the site visit.

**OVERALL EVALUATION:**

Overall, the cashiers were in compliance with BOCC Policy 03.00.01.00. All cash amounts were accounted for by the Audit Team with no shortages or overages identified. In addition, controls to safeguard cash appear adequate. The opportunities identified by the Audit Team, if addressed, could further enhance the control maturity of the E. G. Simmons Regional Park cash collection and management processes.

*Feel free to contact me, (813) 307-7000, with any questions, comments or suggestions.*

## **ASSESSMENT RESULTS**

The following control strengths and control opportunities were identified and evaluated by the Audit Team.

### **PHYSICAL SECURITY**

#### *Strengths*

- The cash change fund and unused tickets are stored securely overnight.
- The deposit is stored securely overnight.

#### *Opportunities*

Management should consider:

- Keeping at least one of the two doors of the Ticket Booth locked during the day.
- A lock on the cash drawer of the desk.
- Securing the deposit during the day in the safe, after verification by management, until the deposit is made by management at the bank.
- Securing the deposit amount for the first shift in the safe, after verification at shift change, until the end of day process is performed and the daily deposit is prepared.

### **SEGREGATION OF DUTIES**

#### *Strengths*

- Cashiers and supervisors at the site cannot void or cancel transactions in the cashiering process. Instead, they must show any applicable over or short amounts with an explanation in the daily report.

### **RECONCILIATION/MONITORING**

#### *Strengths*

- Cashiers verify cash change funds at the beginning and end of the day, and at shift changes, to approved change fund amount.
- Cashiers verify starting ticket numbers for the shift.
- Cashiers reconcile receipts daily (for the shift and the day) to the cash drawer transaction totals, including deposit amount.
- A second cashier verifies the cash change funds of the cashiers at shift changes and at the end of the day to the approved change fund amount.
- A second cashier verifies the reconciliation daily (for the shift and the day) of receipts to the cash drawer transaction totals, including deposit amount.
- A second cashier verifies the beginning and ending ticket numbers used for the day.
- Management verifies and approves the reconciliation of daily receipts to the cash drawer transaction totals, including the deposit amount.
- Management verifies the ticket number sequence used daily to the ticket stubs.
- Management compares the bank deposit receipt to the related deposit slip on a daily basis for accuracy of the deposit to the bank.



**DATE:** September 1, 2017

**TO:** Adam Gormly, Director, Development Services

**CC:** Mike Merrill, County Administrator  
Lucia Garsys, Chief Development & Infrastructure Administrator  
Tim Simon, Deputy Comptroller, Clerk of Court & Comptroller  
Catherine Edwards, Accounting Manager, County Finance

**FROM:** Heidi Pinner, Director of County Audit, Clerk of Court & Comptroller

**SUBJECT:** Management Memorandum #40 – Change Fund Count & Internal Controls Over BOCC Cashiering at the Customer Service Center for Development Services.

---

**OBJECTIVE:**

On August 02, 2017, the County Audit Department conducted an unannounced change fund count at the Development Services Customer Service Center, cash site #171. The objective of this count was to review and evaluate internal controls related to the change funds. The count was designed specifically to assess cashiers' compliance with BOCC Policy 03.00.01.00, Petty Cash and Change Funds.

**SCOPE:**

The scope of work consisted of the Audit Team counting funds on hand, making inquiries of personnel regarding cash handling procedures and observations of physical security of change funds on the day of the site visit.

**OVERALL EVALUATION:**

Overall, cashiers were mostly in compliance with BOCC Policy 03.00.01.00. All cash amounts were accounted for by the Audit Team with no shortages or overages identified. Controls over the physical safeguarding of cash could be strengthened. The opportunities identified by the Audit Team, if addressed, could further enhance the control maturity of the Development Services Customer Service Center cash collection and management processes.

*Feel free to contact me, (813) 307-7000, with any questions, comments or suggestions.*

## **ASSESSMENT RESULTS**

The following control strengths and control opportunities were identified and evaluated by the Audit Team.

### **PHYSICAL SECURITY**

#### *Strengths*

- Cashiering area is a limited access area through key card access and locked doors.
- The cash change funds are stored securely overnight.
- The deposit is stored securely overnight.

#### *Opportunities*

- Cashiers should consider keeping the keys to their till drawer on their person or locking the drawer at their desk where they store their keys when on break or lunch.
- Management should consider having the keys updated with a locksmith to ensure every drawer is able to be locked with a key.
- Management should consider obtaining a document or poster of photos of the approved courier employees to mitigate the risk of unauthorized personnel picking up deposits.

### **SEGREGATION OF DUTIES**

#### *Opportunities*

- Several Permits Plus users have system access to void cashiering transactions, including their own, via an administrative login account (this is a separate login from the normal cashiering login). This is a segregation of duties concern and increases fraud risk.
- The Permits Plus application does not show revenue amounts in system reports if cashiering transactions are inadvertently processed in the administrative login instead of the cashiering login. This increases the risk of payments being collected and not reconciled.
- If possible, management should consider reconfiguring Permits Plus to remove cashiering functionality from the administrative logins and to remove the ability for users to void their own transactions. If system limitations prevent these controls from being implemented, management should enhance monitoring controls to ensure any anomalies are detected and corrected in a timely manner.

### **RECONCILIATION/MONITORING**

#### *Strengths*

- Management verifies the daily deposit.
- Safe is checked by two employees to verify it is secure and locked.
- County Finance - Revenue department verifies that the deposit is recorded accurately in the GL and bank.

#### *Opportunities*

- Management should update the change fund custodians list with County Finance by submitting a change of custodian form whenever there are staffing changes.
- Management should consider having cashiers always count their change fund at the beginning of the day, and consider having it periodically re-counted by a different employee or supervisor.
- One cashier is handling other cashier's previous day cash collections prior to management verifying the deposit.



**DATE:** October 5, 2017

**TO:** Andrew Breidenbaugh, Director, Library Services

**CC:** Mike Merrill, County Administrator  
Greg Horwedel, Deputy County Administrator  
Tom Fass, Assistant County Administrator  
Tim Simon, Deputy Comptroller, Clerk of Court & Comptroller  
Catherine Edwards, Accounting Manager, County Finance

**FROM:** Heidi Pinner, Director of County Audit, Clerk of Court & Comptroller

**SUBJECT:** Management Memorandum #41 – Change Fund Count & Internal Controls Over BOCC Cashiering at the John F. Germany Library

---

**OBJECTIVE:**

On September 19, 2017, the County Audit Department conducted an unannounced change fund count at the John F. Germany Library, cash site #201. The objective of this count was to review and evaluate internal controls related to the change funds. The count was designed specifically to assess cashiers' compliance with BOCC Policy 03.00.01.00, Petty Cash and Change Funds.

**SCOPE:**

The scope of work consisted of the Audit Team counting funds on hand, making inquiries of personnel regarding cash handling procedures and observations of physical security of change funds on the day of the site visit.

**OVERALL EVALUATION:**

Overall, the cashiers were in compliance with BOCC Policy 03.00.01.00. In addition, controls to safeguard cash are adequate. All cash amounts were accounted for by the Audit Team with no shortages or overages identified. At the time of our inquiry, staff was not aware of whether or not deposits were being verified to the bank statement. This is traditionally a function of County Finance and is therefore not considered a control weakness.

*Feel free to contact me, (813) 307-7000, with any questions, comments or suggestions.*

---

**ASSESSMENT RESULTS**

The following controls were identified and evaluated by the Audit Team.

**PHYSICAL SECURITY***Strengths*

- Cash change funds are stored securely overnight and when not in use.
- The deposit is stored securely in the safe overnight and until the courier arrives.
- The site has a document of photos of the approved courier employees.
- Access to all internal doors at the library including the safe room is restricted to library staff with keys.

**SEGREGATION OF DUTIES***Strengths*

- Cashiers and supervisors at the site cannot perform void transactions in the cashiering system.
- Dual controls are in place for opening, shift changes, and end of day reconciliations.

**RECONCILIATION/MONITORING***Strengths*

- Cashiers verify cash change funds at the beginning and end of the day, and at shift changes.
- Cashiers reconcile daily receipts to the cash drawer transaction totals, including the deposit amount.
- Two additional employees verify cash change funds at the end of the day.
- Management verifies the daily reconciliation of receipts to the cash drawer transaction totals, including the deposit amount.
- Management verifies and approves the twice weekly reconciliation of receipts to the cash drawer system transaction totals, including the deposit amount.