

COUNTY AUDIT DEPARTMENT

REPORT # 346

**Quarterly Status Report of Audit Recommendations and
Board of County Commissioners' Management Action Plans
Quarter Ending March 31, 2018**

April 19, 2018



Pat Frank INTEGRITY. TRANSPARENCY. ACCOUNTABILITY.

CLERK OF COURT & COMPTROLLER • HILLSBOROUGH COUNTY, FLORIDA



April 19, 2018

The Honorable Sandra L. Murman, 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 Stacy R. White

Dear Chairman Murman 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 second quarter of fiscal year 2018. Addressing open recommendations will enhance the Board of County Commissioners' overall operations and mitigate risks to the organization. For the quarter ended March 31, 2018, the County Audit Department monitored management action for seven (7) recommendations. Two of the seven recommendations have been implemented and tracking has been closed. The remaining five will carry forward to the third 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 also performs 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, we have also attached a copy of each of the Management Memorandums issued to the County Administrator and staff during the second quarter of fiscal year 2018. *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, CISA, CFE, CRMA
Director of County Audit

CC: Mike Merrill, County Administrator
Greg Horwedel, Deputy County Administrator
Bonnie Wise, Chief Financial Administrator
Ramin Kouzehkanani, Chief Information and Innovation Officer
Dexter Barge, Assistant County Administrator, Compliance, Communities, & Conservation
Kevin Brickey, Management & Budget
Peggy Caskey, County Internal Auditor
Pat Frank, Clerk of Court & Comptroller
Dan Klein, Chief of Staff
Rick Van Arsdall, Chief Deputy, Clerk to the Board

STATUS OF AUDIT RECOMMENDATIONS as of March 31, 2018

Report # Project Name	Recommendation Title	Recommendation State	Entity	Estimated Implementation Date	Revised Implementation Date	Actual Implementation Date	Recommendation Close Date
333 Auto and General Liability Claims	There is an opportunity to improve controls over the Claims Administration Services Invoice Review & Approval Process	Past Due	Risk Management & Safety	10/1/2017	3/1/2018		
338 Park Revenue Collection Stations Cash Accountability	Opportunities exist for the Department to strengthen the existing control structure.	Closed	Parks & Recreation	3/31/2018		3/28/2018	3/29/2018
339 Tampa Bay History Center Agreement	There is an opportunity to improve controls over compliance with Board Policy and the Agreement.	Pending	Management & Budget	6/30/2018			
339 Tampa Bay History Center Agreement	An opportunity exists to strengthen the controls surrounding the monitoring process of grant matching funds to ensure compliance with the Agreement.	Pending	Management & Budget	3/31/2018	6/30/2018		
340 Budgeted One-Time Unallocated Funds	Opportunities exist to improve controls over the process for utilizing Unallocated Funds.	Closed	Management & Budget	1/31/2018		4/4/2018	4/9/2018
343 Software Licensing Management	Management should consider implementing a comprehensive and consolidated control structure for the acquisition, tracking and management of all County applications.	Pending	Information & Innovation	9/30/2019			
343 Software Licensing Management	The Information & Innovation Office should consider enhancing the controls over the enterprise-wide true-up process and administrative user accounts in the Liaison Group.	Pending	Information & Innovation	1/31/2019			



DATE: March 1, 2018

TO: Scott Trebatoski, Director, Pet Resources

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 #45 – Change Fund Count & Internal Controls Over BOCC Cashiering at Pet Resources.

OBJECTIVE:

On February 7, 2018, the County Audit Department conducted an unannounced change fund count at the Pet Resources facility, cash site #161. 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, Pet Resources is mostly in compliance with BOCC Policy 03.00.01.00, as cash drawers at the customer service desk are unable to be locked. Other controls to safeguard cash are adequate. All cash amounts were accounted for by the Audit Team with no shortages or overages identified. The opportunities identified by the Audit Team, if addressed, could further enhance the control maturity of the Pet Resources facility 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 deposits are securely stored in the safe overnight.
- Supervisors complete a Change Fund inventory every night.
- There are numerous cameras installed at Pet Resources that record and store video.
- Daily deposits are secured in a lock box while awaiting pickup by courier.
- Courier must be let in through a secured door on the side of the building.

Opportunities

- Management should complete the move of the safe to the secured room once renovations of the rooms are completed.
- Each cashier workstation should have an individual cash drawer that can be locked during breaks.
- Cashiers should not share cash drawers.
- Cash drawers are currently kept unlocked because cashiers do not have the lock combinations.
- Cash drawers with key locks could be restricted, maintained, and monitored more effectively than by using combination locks.
- An official list of all employees that know the safe combination should be created and updated as needed.
- The safe combination could be changed periodically and after any employee separations.
- Each change fund amount totals \$100. Five out of sixteen change funds on hand, including one for a cashier who was on-duty, consisted of a single \$100 bill. Higher denomination bills should be deposited in the bank to ensure that smaller denomination bills are on hand to make change for customers.

SEGREGATION OF DUTIES

Strengths

- Customer service representatives cannot void their own transactions in the cashiering system.
- Customer service representatives are not given the combination to safe.

RECONCILIATION/MONITORING

Strengths

- Customer service representatives verify cash change funds at the beginning and end of the day.
- Customer service representatives reconcile receipts daily to the cash drawer transaction totals, including deposit amount.
- Supervisors work with Customer service representatives to verify change funds are accurate at the end of the day and signoff and approve that the count was completed.
- Daily deposits are verified by a second Accounting Clerk for accuracy.
- Copies of the deposit slips are kept on site so deposits can be verified.
- County Finance - Revenue department verifies that the deposit is recorded accurately in the general ledger (GL) and bank account.