



Unannounced Audit of Cash Funds Board of County Commissioners

Inspector General Department Gary J. Cooney, Clerk of the Circuit Court & Comptroller **Audit Report**

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Report No. BCC-207
May 12, 2022



Inspector General Department

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May 12, 2022

Board of County Commissioners

We have conducted an unannounced audit of the registers and petty cash funds of various offices under the Board of County Commissioners, as scheduled in the Clerk's Annual Inspector General Audit Plan.

We appreciate the cooperation and assistance provided by everyone during the course of this audit.

Respectfully submitted,

Terri W. Freeman
Inspector General

cc: Gary J. Cooney, Clerk of the Circuit Court & Comptroller
Denise Bell, Chief Deputy Clerk
Jennifer Barker, County Manager
Fred Schneider, Assistant County Manager
Cari Branco, Assistant County Manager
Thomas Carpenter, Assistant County Manager
Mary Hamilton, Director, Division of Public Works Operations
Jeff Earhart, Director, Division of Engineering Services
Tom Allen, Director, Office of Building Services
Whitney Boylston, Director, Office of Animal Services
Jill Brown, Director, Office of Transit Services
George Taylor, Director, Office of Library Services

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email fwa@lakecountyclerk.org

Scope and Objective

As identified in the Inspector General Audit Plan, unannounced cash audits were conducted in randomly selected offices. This engagement does not include the review of automated controls that minimize fraud risks.

The objectives of the audit were to:

- Assess the design and execution of controls to minimize the risk that someone could commit a fraud or make an unintentional error without it being detected by someone else.
- Determine whether the anticipated amount of cash was present and accounted for properly.

The audit period was Fiscal Year 2021.

Overall Conclusion

Opportunities to improve are identified in this report.

The following controls were functioning as designed:

- Checks were handled, secured, and endorsed appropriately in 100% of audits.
- Petty cash boxes contained receipts to validate the amount of money spent in 100% of audits.

Background

The departments selected for this audit collect the following customer payments:

- Public Works (Engineering, Environmental Services, Water Lab, and Solid Waste): Water sample processing, road operations, and landfill disposal fees
- Building Services: Permit fees, plan reviews and inspections, and construction licenses
- Animal Services: Animal licensing and adoptions, veterinarian costs, boarding, impoundments, and copies of documents
- Planning and Zoning: Plan applications, zoning permits, site plan reviews, and maps and publications sales
- Library Services: Non-resident memberships, printing services, overdue charges, and books by mail.
- Transit Services: Public transportation passes.

Opportunities for Improvement

1. Segregation of duties

- a. **Office of Animal Services:** Cashiers use one register simultaneously throughout the day. There is a risk of lack of accountability for funds.

Agreed Upon Action Plan: Management will install three additional registers, so that multiple cashiers will not share the register.

Target Completion Date: Complete

- b. **Office of Public Works – Landfill Scales House:** The custodian of the register change fund is a cashier. There is a risk of theft of funds without timely detection due to a lack of segregation of duties.

Agreed Upon Action Plan: The Solid Waste Financial Analyst will take over as custodian of the register change fund at the Scales House.

Target Completion Date: Complete

2. Security of Cash

- a. **Office of Public Works – Water Lab:** The key to the desk drawer, where cash drawer is stored, is kept in an unlocked key box in the Water Lab office. There is a risk of theft of the funds due to easy access.

Agreed Upon Action Plan: (1) Staff will be reminded the key box where the desk drawer key is stored for the cash box is to be kept locked at all times. (2) A more convenient key box with integrated combination lock will be ordered and installed. The combination will be changed upon separation of employment of any Lab staff. The cash handling policy will be updated accordingly and reviewed with all lab staff.

Target Completion Date: Complete

- b. **Office of Transit Services:** At one of the libraries selling bus passes, the volunteer on duty left the cash box unattended with the auditor during the cash count and was not aware of the cash procedures or what the correct fund amount should be. There is a risk of theft of cash.

Agreed Upon Action Plan: Lake County Transit will create and distribute a procedure for the library volunteers to reference during bus pass sales.

Target Completion Date: Complete.

3. Reconciliation of Registers

- a. **Office of Animal Services:** Donations are not immediately documented or entered in the register. The register reconciliation during the cash count was over the expected amount by \$20.00 due to a donation that staff did not yet enter into the register. There is a risk of theft of donations.

Agreed Upon Action Plan: Management will remind staff to process transactions immediately upon receipt of payment.

Target Completion Date: Complete

- b. **Office of Library Services:** One of the registers had not been reconciled for 13 days. During the cash count, the register was over the expected amount by \$17.51. One petty cash fund was not present in the Library during the audit. It was later produced by a staff member who said he was going to use it to buy supplies. Without a change-of-custody audit trail, there is a risk that funds are stolen or misplaced or that staff is falsely accused of theft.

Agreed Upon Action Plan: Library Services will initiate a process to deposit funds on a weekly basis and has discontinued petty cash at all Libraries.

Target Completion Date: Complete

4. Custodian Duties are not Defined:

The understanding of custodian duties is inconsistent amongst departments. As a result, some staff assigned as custodians are not fulfilling their responsibilities or are assigned other responsibilities that caused segregation of duties issues. There is a risk of theft of funds because of lack of accountability.

Action Plan: Finance developed a procedure defining the custodian role and responsibilities.

Target Completion Date: Complete