

**Hernando County Clerk of Circuit Court**  
**Audit Services Department**  
**MEMORANDUM**

**TO:** Chief Daniel Chichester, Hernando Beach Volunteer Fire Department  
Charles "Pat" Fagan, Parks & Facilities Director  
Chief J.J. Morrison, Spring Hill Fire & Rescue District  
Sue Rupe, Tourist Development Director  
Frank McDowell, Code Enforcement Director  
Kay Adams, Utilities Director

**VIA:** Karen Nicolai, CPA, Clerk of Circuit Court  
Gary Adams, County Administrator

**FROM:** Peggy Prentice, CIA, CISA, Audit Services Director

**SUBJECT:** Audit of Petty Cash and Change Funds

**DATE:** February 23, 2005

The Audit Services Department (ASD) randomly selected and counted a sample of nine (9) petty cash and change funds. These funds were located in: Hernando Beach Volunteer Fire Department, Recreation Division, Spring Hill Fire & Rescue District, Tourist Development, Code Enforcement, and Utilities Department.

No material concerns were identified when inspecting the Hernando Beach Volunteer Fire Department and the Spring Hill Fire & Rescue District funds.

The following exceptions were identified:

**PARKS & FACILITIES - RECREATION DIVISION**

Cash custodian changes occurred but the Finance Department was not requested to change their custodial record. Corrective action was taken during fieldwork.

**TOURIST DEVELOPMENT**

The fund is maintained at a remote location. Although funds were secured in a locked drawer, the keys to the drawer were not secured. This concern is compounded by the office remaining unlocked, even during non-working hours.

***Recommendation:*** The custodian should safeguard the drawer keys.

## **CODE ENFORCEMENT**

Cash custodial changes occurred but the Finance Department was not requested to change their custodial records. Corrective action was taken during fieldwork.

The cashier utilizes two cash “drawers” simultaneously. The change fund issued by the Finance Department is utilized to provide customers with change if exact change is not provided. The other “drawer” is utilized as a cash receipts fund for any daily collections. This process is inefficient and allows for human error.

**Recommendation:** Consideration should be given to maintaining all monies in a single cash drawer. At the end of each day, the cash drawer should be counted and reconciled to the cash collection receipts.

## **UTILITIES DEPARTMENT**

### **Brooksville Office**

Cash custodial changes occurred but the Finance Department was not requested to change their custodial records. Corrective action was taken during fieldwork.

Although the Department had a \$50 change fund (designed to provide change to cashiers), this fund was not utilized since 1998. Instead of utilizing this fund, change was provided from an employee self-directed entertainment fund. During fieldwork, the Finance Department received a request to reassign the \$50 change fund to a new fund custodian.

**Recommendation:** County funds should not be commingled with personal funds.

### **Spring Hill Office**

Cash custodial changes occurred, but the Finance Department was not requested to change their custodial records. Corrective action was taken during fieldwork.

### **Northwest Landfill Facility**

A number of employees share one change fund. The Finance-assigned cash custodian is not one of the employees who shares the fund on a daily basis. The fund is divided into two smaller funds. The change fund is not maintained in a secure environment during working hours.

The fund does not appear to be adequately safeguarded after hours because, although the fund is housed in a safe, a number of employees have access to the safe.

**Recommendations:** When cash custodial changes occur, the Finance Department should be notified promptly and a request should be made to update Finance’s records.

Consideration should be given to reducing the existing change fund to an appropriate amount. If there is a need for a fund designed for occasional change for larger bills, then that fund should be created.

To eliminate the need for employees to share one change fund, consideration should be given to creating an additional fund(s) assigned to the appropriate custodian(s). As an alternative, the change fund could be counted each time the fund changes hands.

To ensure security of the safe's contents, management was asked to consider using a cost benefit approach to replacing the safe with a key and combination lock which would allow for dual control. Management considered this corrective action and determined that due to the limited amount of money housed in the safe, the benefit does not outweigh the cost. As an alternative, consideration should be given to changing the safe's combination and distributing it to only those employees who absolutely require access to the safe.

If you have any questions, concerns, or need additional information regarding the above, please do not hesitate to contact me at (352) 540-6235, or just stop by my office in Room 201.

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