

HERNANDO COUNTY CLERK OF CIRCUIT COURT
Audit Services Department
M E M O R A N D U M

TO: Amy Gillis, Finance Director
Jana Murphy, Court Services Director/In-House Legal Counsel
Trish Galbraith, Records Management Director
Ron Pianta, Land Services/Planning Director
Joe Stapf, Environmental Services/Utilities Director
Larry Jennings, Administrative Services/Assistant County Administrator

VIA: Karen Nicolai, Clerk of Circuit Court

FROM: Peggy Prentice, Audit Services Director

SUBJECT: Unannounced Petty Cash, Change Drawer, and Park Gate Inspections

DATE: July 15, 2009

The Audit Services Department's Audit Projects Schedule included unannounced inspections of Board of County Commission and Clerk of Circuit Court petty cash funds, change drawers, and park gate operations. This project is now complete.

Sample

The Audit Team selectively chose the following funds, drawers, and gates for testing:

Petty Cash Funds

Finance Department - quantity 1
Land Services (Parks & Recreation) - quantity 1
Administrative Services (Hernando Beach Volunteer Fire Department &
Hernando Beach Boatlift) - quantity 2

Change Drawers

Finance Department - quantity 1
Court Services - quantity 2
Records Management Department - quantity 2
Environmental Services (Utilities Department) - quantity 2
Land Services (Parks & Recreation Department) - quantity 2

Park Gates

Land Services (Parks & Recreation Department) - quantity 2

In addition to the above, in May 2009, four Court Services Department cash drawers were inspected by the Finance Department's Bank & Investments Administrator.

Observations

Observations were performed in May and June 2009.

Comments

1. All 17 petty cash funds and change drawers balanced.
2. Environmental Services lacks adequate physical access controls. In May 2008 there was a theft of funds, the Sheriff's Office performed an investigation, and the Audit Team recommended corrective actions. The control environment has not been improved.
3. Two petty cash custodians (Finance Department and Administrative Services) are not in compliance with the Accounts Payable Manual, Section IV, Establishing and Maintaining Petty Cash Funds, A2g, page 17 which states that, "*Balancing of petty cash funds should be performed on a regular basis depending on how often it is used. All petty cash reimbursements should be submitted frequently (monthly/bi-monthly).*" These custodians have not processed reimbursements since October 2008 (eight months). The Finance custodian's reimbursement is not of a material dollar amount.
4. At the time of inspection, both gate counters were recording vehicles entering the parks.

Recommendations

1. Several of the petty cash drawers inspected had hardly any transactions this fiscal year. Others had purchases that could have been made with a County issued purchasing card. Therefore it is recommended that management analyze if its petty cash fund is necessary, or if the dollar amount is needed and if not, turn it into the Finance Department for termination. Purchasing card spending levels should be set at a necessary but minimal level.
2. To protect cash on hand, consideration should be given to enhancing the physical access controls at the transfer stations and landfill.

Although the Audit Team exercised due professional care in the performance of this project, 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.

If you have any questions, concerns, or need additional information in regard to 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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