TO: Kimberly Swain, Director
   Court and Operational Services Division

FROM: Hector Collazo Jr., Inspector General/Chief Audit Executive
      Melissa Dondero, Assistant Inspector General

DIST: Ken Burke, CPA, Clerk of the Circuit Court and Comptroller
      Teresa Del Rio, Executive Director, Court and Operational Services Division
      Jeanette Phillips, Chief Deputy Director, Finance Division
      Sandra Tuller, Manager, Records Management Department

SUBJECT: Unannounced Audit of the Records Management Department, Mid-County Branch, Change Fund and Notary Journals

DATE: April 13, 2020

This letter serves to inform you that the Division of Inspector General has completed an unannounced audit of the Records Management Department, Mid-County Branch, Change Fund and Notary Journals on March 13, 2020.

The objectives of our audit were to:

1. Reconcile the Change Fund and ascertain that the appropriate internal controls, safeguards, and policies and procedures are being followed, safeguarding the county funds under your departmental control.

2. Sample Notary Journals to ascertain that notaries are logging notarial acts, completing all Notary Journal fields, and not improperly using Deputy Clerk stamps in lieu of Notary stamps in accordance with established policies and procedures.

Our audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and the Principles and Standards for Offices of...
Inspector General, and accordingly, included such tests of records and other auditing procedures as we considered necessary in the circumstances.

The Records Management Department, Mid-County Branch, Change Fund (Change Fund) reconciled to the authorized amount and the policies and procedure are being followed. However, the department’s internal controls and safeguarding of this fund are not adequate.

The audit did note non-compliance issues in regards to existing documented policies and procedures for Notaries.

The issues are noted below.

1. **Internal Controls For Safeguarding The Change Fund Are Inadequate.**

The Change Fund reconciled to the authorized amount of $200, however, there are inadequate internal controls related to safeguarding the fund. During our unannounced audit, we discussed with management the controls used to safeguard the department's funds.

Management stated a $100 cash fund (till) is used daily to process citizen transactions. The remaining $100 is secured in the department's safe throughout the day. When the designated Fiscal Records Specialist (FRS) takes a lunch break, the cash drawer (till) is locked, and citizen record requests are processed by another employee, usually the Senior FRS, a supervisor, or sometimes the Assistant Manager.

When citizens arrive during the FRS's lunch hour for record requests, the citizen completes the required "COPY REQUEST FORM," and then a copy of the form is given to the citizen as a receipt. If cash payments are taken during lunch, and change is required, the change is made from the $100 in the safe. The cash or check, and the form, are secured in the safe until the FRS returns from lunch.

After the FRS returns from lunch, the cash or check, and documentation are retrieved from the safe by the same employee who placed the items in the safe. The FRS processes the transaction in their Odyssey till and places the checks and/or cash in their cash drawer.

Management stated the department, on occasion, processes traffic citation payments. When this occurs, and the FRS is at lunch, management stated the FRS is always willing to assist since her lunch breaks are often taken onsite. Traffic citations must be processed and receipted immediately in Odyssey. In the event the FRS is not available, citizens are directed to the Pinellas County Justice Center located across the street. Management stated the Clerk's Records Management Department is not marketed as an intake branch for traffic citation payments but does accept these payments.
Management uses one cash drawer (till) to process all daily transactions in Odyssey. Three employees at the Clerk's Records Management Department, Mid-County Branch, are trained to perform till transactions, however, only one employee is designated to process daily transactions on a full-time basis. There is greater risk for misuse of funds each time the Change Fund is accessed in the safe. With the department’s current process, the safe and potentially the change fund, are accessed at least twice for one transaction. There is also risk for concealing cash payments/checks or losing payments that are not immediately processed and receipted from the system.

Cash accountability ensures that cash is accounted for, properly documented and secured, and traceable to specific cash handlers. The key to effective cash control while separating duties is to minimize the number of people who actually handle cash before it's deposited. Best practices for cash accountability include the following:

- Record cash receipts when received
- Keep funds secured
- Give receipts to each customer
- Give each cashier a separate cash drawer
- Supervisors verify cash deposits

We Recommend Management designate an additional FRS to process payments at the Clerk's Record Management Department, Mid-County Branch. The additional designated FRS should have a separate Odyssey cash drawer (till) for proper internal controls.

Management Response:

Management Concurs. Records Management discussed this matter with our Director approximately one month ago. We recently received approval to train two (2) Record Specialists to serve as back up cashiers. Our implementation plan includes the addition of a second till.


The Alternate Change Fund Custodian is also a Senior FRS that performs cashiering responsibilities on an as needed basis. During our unannounced audit of the Change Fund, management stated the Senior FRS fills in for the designated FRS during lunch breaks, or when the FRS is on vacation or ill. See Issue No.1 for further discussion.

Although the Alternate Change Fund Custodian currently has limited FRS responsibilities, these conflicting responsibilities are not in adherence to best practice segregation of duties to minimize risk for misuse of funds. Without proper segregation of duties, there is greater risk for misuse of funds, concealed errors or irregularities, and/or lost or stolen cash receipts.
Best practices for segregation of duties is to have different people receive and deposit cash. The Finance Division’s Petty Cash and Change Fund Policy and Procedures state the following:

"At the end of each day the custodian shall deposit funds in excess of the approved change fund balance."

Management should designate a different employee as the Alternate Change Fund Custodian, an employee without FRS cashiering responsibilities, to minimize risk associated with misuse of funds. With the department’s current process, the Alternate Change Fund Custodian is receiving cash (FRS cashiering responsibility) and preparing the deposit (custodian responsibility), dual responsibilities which do not adhere to best practices for segregation of duties.

**We Recommend Management** designate an Alternate Change Fund Custodian without FRS cashiering responsibilities in accordance with the Finance Division’s Petty Cash and Change Fund Policy and Procedures.

**Management Response:**

**Management Concurs.** Resolved. The Assistant Manager has been designated as the Alternate Change Fund Custodian.

### 3. Notary Journal Entries Are Incomplete.

We reviewed the Notary Journal records of the three employee-notaries at the Clerk’s Records Management Department (Mid-County Branch) to determine if all required fields were completed. Our review of the Notary Journal records indicated that one employee-notary had three Notary Journal entries that were incomplete. However, the incomplete entries were minimal in relation to the total number of records completed by the employee-notary.

The incomplete fields and number of instances for the employee-notary are summarized in the following table:

<table>
<thead>
<tr>
<th>Incomplete Fields</th>
<th>Number of Instances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>1</td>
</tr>
<tr>
<td>Time</td>
<td>2</td>
</tr>
<tr>
<td>Fee Charge</td>
<td>3</td>
</tr>
<tr>
<td>Receipt #</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9</strong></td>
</tr>
</tbody>
</table>

Incomplete Notary Journal entries create non-compliance issues with the Clerk’s Notary Journal and Reference Guide and the Clerk’s Notary Checklist. In addition, an incomplete Notary Journal entry can potentially create liability issues for the employee-notary.
The Clerk's Notary Journal and Reference Guide states that, "As a Notary Public employed by the Clerk of the Circuit Court, you are required to complete a journal entry each time you perform a Notary Act."

The Clerk's Notary Checklist states that, "Signer(s) and you complete journal entry (make sure you have all information completed in your journal)."

The National Notary Association states the notary record, "...can protect Notaries if they are ever accused of misconduct or sued."

We Recommend Management instruct the identified employee-notary to complete all sections/fields of the Notary Journal entry for all notarial acts provided.

Management Response:

Management Concurs. The omissions noted dated back to when the employee in question was working at another location. We have discussed the matter with the employee.

4. Employee-Notary Journals Are Maintained Offsite.

During the unannounced audit of Notary Journals, we noted one of the employee-notaries had only one journal entry completed in their Notary Journal. When asked to view their previous Notary Journals, the employee-notary stated their Notary Journals are kept at home. The employee-notary's one journal entry was correct, however, we were unable to determine if previous Notary Journal entries were completed accurately due to unavailability.

The Clerk's "NOTARY JOURNAL AND REFERENCE GUIDE", Notary Checklists, and Notary Journal, do not specify that the employee-notary is required to secure their Notary Journal onsite. The Notary Journals supplied by the Clerk to its employee-notaries do not reference on the "Introduction" page that Notary Journals should be secured in the employee-notary’s department. The language currently states, “Your Notary Commission, Seal and this Journal are to be kept in a secure location.”

Without accessibility to the Clerk's employee-notary journals, there is no assurance that notarial acts performed on behalf of the Clerk are prepared properly. In addition, if Notary Journals are stored offsite, they are not readily available should a problem arise regarding a citizen’s notarized document.

The Clerk's "NOTARY JOURNAL AND REFERENCE GUIDE," page 16, Government Employees as Notaries Public, states the following:

"Both the employee-notary and the government agency are liable for all notarial acts performed by the employee-notary within the scope of his or her employment, pursuant to section 117.05(6)....The government agency
may set regulations regarding the use of the notary’s commission during the employee-notary’s regular business hours.”

Florida Statute 117.05(6) states the following:

“The employer of a notary public shall be liable to the persons involved for all damages proximately caused by the notary’s official misconduct, if the notary public was acting within the scope of his or her employment at the time the notary engaged in the official misconduct.”

As part of the Division of Inspector General's Annual Audit Plan, Clerk's employee-notaries' Notary Journals are reviewed to ensure compliance with the Clerk's "NOTARY JOURNAL AND REFERENCE GUIDE."

**We Recommend Management:**

A. Require the identified employee-notary to secure their Notary Journals onsite in the Records Management Department, Mid-County Branch.

B. Revise the following notary references to include language that instructs employee-notaries to secure their Notary Journals onsite:

- Clerk's Notary Journal, “Introduction” page
- Clerk's "NOTARY JOURNAL AND REFERENCE GUIDE"
- Clerk's Notary Checklists

**Management Responses:**

A. **Management Concurs.** This has been rectified. The employee in question now has the notary journals secured at the office.

B. **Management Concurs.** Per the Director of Court & Operations, the information in the Notary Reference will be revised to include the language that notary journals are to be maintained at the employee location until the retention period has been met and the journal is destroyed.

We appreciate your staff’s cooperation during this audit.