INVESTIGATION OF CLERK RECORDING DEPARTMENT DEPOSITS

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DECEMBER 6, 2012
REPORT NO. 2012-28
Ken Burke, CPA  
CLERK OF THE CIRCUIT COURT AND COMPTROLLER  
PINELAS COUNTY, FLORIDA

TO:  Myriam Irizarry, Chief Deputy Director and General Counsel  
     Court and Operational Services, Clerk of the Circuit Court and Comptroller

FROM: Hector Collazo, Jr., Director  
       Division of Inspector General

DIST:  Ken Burke, Clerk of the Circuit Court and Comptroller  
       David Bateman, Director, Court and Operational Services  
       Kim Swain, Manager, Recording Services Department

SUBJECT: Investigative Review – Clerk Recording Department Deposits

DATE: December 6, 2012

The Division of Inspector General (IG) has completed an investigation of the missing Recording Department cashier deposit envelopes from February 29, 2012 and March 1, 2012. The investigation has not been able to determine what happened to the deposits and/or locate the two cashier deposit envelopes. These two cashier deposit envelopes from February 29, 2012 and March 1, 2012 were not reported missing until March 19, 2012, more than two weeks later. The Inspector General’s office was not able to determine what happened to the missing cashier deposit envelopes, especially since more than two weeks had elapsed between the date of the incident and the date it was discovered that the envelopes were missing. However, we have determined the weakness in internal controls that allowed these cashier deposit envelopes to disappear without timely detection. Management stated, and IG confirmed, that all funds for the missing checks have been recouped, leaving the impact of loss limited to the total of $432 cash funds missing.

To determine whether the allegations were substantiated, we reviewed policies, procedures, and appropriate records. We also interviewed staff and other parties, as needed. Our investigation was performed according to the Principles and Standards for Offices of Inspector General and The Florida Inspectors General Standards Manual from The Commission for Florida Law Enforcement Accreditation.

The recommendations presented in this report may not be all-inclusive of areas where improvement may be needed. However, we believe that implementation of our recommendations will substantially strengthen the current internal controls.

We appreciate the full cooperation and assistance of Clerk’s management and their staff during our investigation. If you have any questions, please do not hesitate to contact me at 464-8371.
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Investigative Findings, Issues and/or Concerns

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INTRODUCTION

Synopsis

Two Recording Department cashier deposit envelopes from February 29, 2012 and March 1, 2012 were reported missing on March 19, 2012, more than two weeks later. One deposit envelope contained $5,865.30 and the other envelope contained $9,723.80, both inclusive of cash and checks, with a total of $432 in cash missing. There are internal controls in place that verify and reconcile all the individual cashiers' receipts of funds for the various services provided to the customers, and controls so that those proceeds are put into the cashiers' individual envelopes for deposit. However, there are no internal controls that assure that all of these envelopes are then placed in the department's safe at the end of the business day for pick up by the armored courier on the next business day. The Inspector General's office (IG) was not able to determine what happened to the missing deposit envelopes, especially since more than two weeks elapsed between the date of the incident and the date of the discovery that the envelopes were lost. Management stated, and IG confirmed, that all funds for the missing checks have been recouped, leaving the impact of loss limited to the total of $432 cash funds missing.

Background

The Clerk of the Circuit Court and Comptroller is the County Recorder. The Clerk's Recording Department records, indexes, and archives all of the Official Records. Official Records are instruments that the Clerk of the Circuit Court and Comptroller is mandated to record in one general series called "Official Records" as provided for in Florida Statute 28.222.

Some examples of the types of Instruments that are indexed and recorded include:

- Bankruptcy documents
- Assignments
- Death Certificates
- Judgments
- Mortgages
- Tax Deeds

In addition to recording documents, the Recording Department also collects money for:

- Documentary stamp taxes
- Intangible taxes
- Recording fees
- Processing marriage applications
- Performing marriages
- Processing passport applications
# Action Plan

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<td>1.</td>
<td>There Are No Documented Controls To Assure That All Cashier Deposit Envelopes Are Placed In The Safe At The End Of Business.</td>
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<td></td>
<td>We recommend that management develop and implement documented policies and procedures that create strong internal controls for the assurance of depositing all the funds received from customers.</td>
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Clerk of the Circuit Court
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INVESTIGATIVE FINDINGS

1. **There Are No Documented Controls To Assure That All Cashier Deposit Envelopes Are Placed In The Safe At The End Of Business.**

There are no documented controls to assure that all cashier deposit envelopes are accounted for and placed in the safe at the end of business each day. There are controls in place that verify and reconcile the various individual cashiers' receipts of funds for services provided to the customers. Those proceeds are put into the cashier's individual deposit envelopes. However, there are not any internal controls that:

- Assure all of the envelopes are placed in the department's safe at the end of the business day.
- Assure the envelopes are transferred to the armored courier service the next business morning for transfer to the bank.

The determination that these internal controls were inadequate was concluded by the Division of Inspector General (IG) after it completed its investigation of the two recent missing bank deposits. One deposit envelope from the February 29, 2012 business containing $268.50 of cash and $5,596.80 of checks, and another envelope from March 1, 2012 business containing $163.50 of cash and $9,560.30 of checks were reported as missing on March 19, 2012. The total missing funds for both business days amounted to $432 in cash and $15,157.10 in checks.

During the scope of our investigation, the IG staff in the Recording Department:

- Observed the processing of receipts.
- Searched departmental space for the missing envelopes.
- Observed the armored courier pick up of bank deposits.
- Conducted interviews of selected staff.

In efforts to gain an understanding of the processes and controls the bank utilizes after the deposits are picked up by the armored courier, the IG staff toured two facilities utilized by the bank. We toured the money center where the armored courier drops off the deposits and the cash deposits are processed, and we also visited the central depository facility where the checks are delivered and processed.
During the tours at both facilities, we met with the bank’s management staff and observed the delivery and processes for the deposits. Observations and discussions with management at both banking facilities indicated to us that controls are adequate for the oversight of the Clerk’s deposits.

The Inspector General’s office was not able to determine what happened to the missing cashier deposit envelopes, especially since there was a greater than two-week time lapse between the date of the incident and the date that it was discovered that they were lost. Management stated, and IG confirmed, that all funds for the missing checks have been recouped, leaving the impact of loss limited to the total of $432 cash funds missing.

Clerk’s management has not developed documented policies and procedures that assure that all the cashier deposit envelopes are placed in the safe at the end of business. Although the Recording Department has adopted the good control practice of assigning two staff members to close the financial transactions together each day with the cashiers, we observed on occasions where one of these “closers” was separated from the other because they were assisting one of the cashiers at the customer counter. That diminishes the benefit of internal controls that may result from having two persons working together while accounting for the daily receipts.

The funds received for processing customer transactions are at risk of being lost or improperly used if internal controls are not in place to assure all deposits are made. Strong internal controls are needed to safeguard the funds received from customers for all the transactions processed by the Clerk’s staff.

During the course of our investigation, we observed that management has since implemented a procedure for the department to confirm the number of bags placed in the safe and picked up by the armored courier services. Management stated that the procedure will be formalized in writing as part of the department’s overall policies and procedures.

We recommend management:

Develop and implement documented policies and procedures that create strong internal controls related to the assurance of depositing all the funds received from customers.

Management Response:

We agree with the recommendation. Management has fully implemented the necessary documented policies and procedures and has provided additional training to create strong internal controls assuring the deposit of all funds received from customers.
DIVISION OF INSPECTOR GENERAL
KEN BURKE, CPA
CLERK OF THE CIRCUIT COURT AND COMPTROLLER
PINELLAS COUNTY, FLORIDA

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