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Report No. 2018-27

TO: Claretha Harris, Chief Deputy Director
Finance Division

FROM: Hector Collazo Jr., Inspector General/Chief Audit Executive 
Division of Inspector General

DIST: Ken Burke, CPA, Clerk of the Circuit Court and Comptroller
Jeanette Phillips, Director, Finance Division

SUBJECT: Unannounced Audit of the Finance Division Petty Cash Fund
Unannounced Audit of the Finance Division Change Fund
Unannounced Audit of the Clerk's Notary Journals

DATE: September 18, 2018

This letter serves to inform you that the Division of Inspector General has completed an unannounced audit of the Finance Division Petty Cash Fund, Change Fund, and Notary Journals on July 27, 2018.

The objectives of our audit were to:

1. Reconcile the Petty Cash and Change Funds 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.



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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 audit did not note any non-compliance issues in regards to existing documented policies and procedures for Notaries.

The Petty Cash and Change Funds reconciled to the authorized amounts. The department's internal controls and safeguarding of these funds are adequate, and the majority of the policies and procedures are being followed.

We did note some deviation from the Clerk's Accounting Policies and Procedures. The issue is noted below.

1. The Change Funds Are Not Balanced Each Morning And Evening.

The Finance Division Change Funds are not counted and balanced daily as required by policies and procedures. The Finance Division, Accounts Receivable Department, has two change funds in the amount of \$200 each. The Custodian of one Change Fund is not counting and balancing the fund each morning and evening, and the designated Closer is only counting the fund on some days. However, both employees (the current Change Fund Custodian and designated Closer) should be counting and balancing the Change Fund in use each morning and evening.

A Custodian has not been assigned to the second Change Fund since the prior Custodian recently left the Finance Division. Two designated employees should also be counting this Change Fund, which is not currently in use, each morning and evening. Documentation of balancing both Change Funds should be kept on a log.

Staff stated they have not been consistent in counting and balancing the Change Funds daily. Non-compliance with policies and procedures can increase the risk of misuse of these funds.

The Finance Division's Accounts Receivable Cashier Drawer Open/Close Procedures state the following in V. PROCEDURE:

"1. Retrieve Cash Drawer (open)....

d. The cashiers must have their drawers counted by the Assistant Supervisor. The cash count for each drawer should be \$200. Once the contents of the drawer have been verified the cashiers and Assistant Supervisors will sign the drawers out on a log maintained by the Assistant Supervisor....

4. Cashier Drawer Reconciliation

- a. Assistant Supervisor will verify the contents of the primary and secondary cashier's cash drawer. Each drawer should contain \$200.*
- b. Once verified, the cashiers and Assistant Supervisor will sign the drawer in on the log maintained by the Assistant Supervisor."*

We recommend Management balance the Change Funds each morning and evening.

Management Response:

Management Concur. All Accounts Receivable staff received additional training on July 30, 2018. Going forward, leadership will provide random audits of the cash count sheets and surprise counts of the cash drawers to ensure continued compliance.

We appreciate your staff's cooperation during this audit.