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# **Clay County Board of County Commissioners Petty Cash and Change Fund Audit**

**October 2020 – March 2021**

**Location and amount of change funds are withheld from the report for security reasons**

**Division of Inspector General**

**Olga Rabel, CGFO  
Inspector General**

**Report No. 2021-001-A**

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# Executive Summary

## Background Information

As part of the transition of the Clay County Board of County Commissioners Comptroller’s duties to the Clay County Clerk of Court, the Inspector General (IG) conducted the announced audit of the petty cash and change funds authorized by the Clay County Board of County Commissioners (BOCC). This audit included all BOCC petty cash and change fund drawers (cash funds).

Petty cash funds are money used for emergency purchases or other non-routine business transactions. It was determined that the BOCC has no petty cash.

Change funds are money kept in a cash drawer and used to make change for routine business transactions during operating hours. Six BOCC Departments utilize change funds for their routine business transactions.

**Table 1. List of the Change Funds by Fund/Department**

FUND		DEPARTMENT/DIVISION
GENERAL FUND		
GENERAL FUND		
GENERAL FUND		
GENERAL FUND		
	FUND	

## Objective

The audit objectives were to:

- Determine if the cash funds exist and are properly accounted for;
- Determine and evaluate the internal controls in place over cash funds security and use;
- Determine if the established cash funds are properly accounted for in the general ledger.

## Scope and Methodology

The Inspector General conducted a limited scope audit and did not perform a comprehensive evaluation of internal controls over cash handling. The primary focus of this audit was to verify the existence of the cash funds, perform a count of money in each cash drawer, and note exceptions and discrepancies. The announced scheduled cash counts were conducted on October 14-16, 2020 and on October 19, 2020.

Although the Inspector General exercised due professional care in the performance of this audit, this does not mean that unreported noncompliance or irregularities did not exist. The deterrence of fraud, and/or employee abuse is the responsibility of management. Audit procedures alone, when carried out with professional care, cannot guarantee that fraud or abuse will be detected.

This audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. The purpose of this task was to provide an independent, objective analysis, recommendations, and information concerning the activities reviewed. It was not an appraisal or rating of management.

To achieve the objectives, the procedures performed included but were not limited to the following:

- Performed scheduled cash counts for cash funds and balanced each drawer of the daily collections and change funds on hand to the appropriate system report;
- Ran a report from the accounting system – eFinancePlus, for cash on hand accounts’ current balances and any transactions for the past five years;
- Verified that cash funds counts agreed to the change fund totals in the accounting system – eFinancePlus;
- Identified and documented exceptions and discrepancies.

All existing change funds were counted and reviewed during audit fieldwork.

## Audit Results

The Inspector General performed the cash counts of all funds issued to County Departments and Divisions as documented in the accounting system – eFinancePlus and in BOCC regular meetings minutes as new requests for change funds were approved. The accounting system – eFinancePlus shows that three funds have cash on hand accounts established as follows:

**Table 2. Change Funds Amounts by Fund**

FUND	CHANGE FUND AMOUNT IN ACCOUNTING SYSTEM
[Redacted Data]	

**Table 3. General Fund Change Funds by Department/Division**

GENERAL FUND* 001-102000	CHANGE FUND AMOUNT IN ACCOUNTING SYSTEM
[Redacted Data]	

Of ten (10) sites where cash funds were counted, the following types of audit findings were noted: cash count discrepancies, safeguarding of the cash, an opportunity to strengthen monitoring controls by developing and implementing the cash handling policy and procedures for the BOCC employees.

**Table 4. Cash Funds Counting Results**

FUND	CHANGE FUND AMOUNT IN ACCOUNTING SYSTEM	COUNTED CHANGE FUND AMOUNT	CHANGE FUND	VARIANCE: (SHORTAGE)/ OVERAGE
<b>TOTAL:</b>				<b>(\$50.20)</b>

### Cash Count Discrepancies

The change fund at the beginning of each day should be equal the authorized change fund amount recorded in the County financial system.

[REDACTED] had potential for missing cash from their [REDACTED] change fund. On May 10, 2016, the BOCC approved issuance of the [REDACTED] change funds as follows:

**Table 5. [REDACTED] Change Fund Increase**

[REDACTED]	CHANGE FUND PRIOR TO MAY 10, 2016 BOCC MEETING	INCREASE APPROVED BY THE BOCC AT MAY 10, 2016 MEETING FOR	NEW APPROVED CHANGE FUND
[REDACTED]			

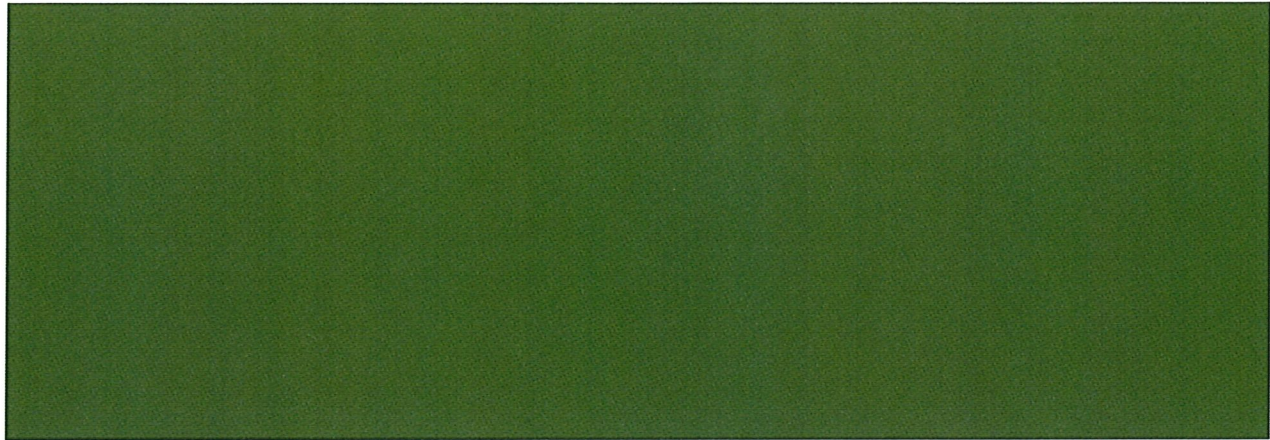


Table 5. [REDACTED] Change Funds

[REDACTED]	CHANGE FUND AMOUNT IN ACCOUNTING SYSTEM	COUNTED CHANGE FUND AMOUNT	[REDACTED]  CHANGE FUND	VARIANCE: (SHORTAGE)/ OVERAGE
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>TOTAL:</b>	[REDACTED]	[REDACTED]	[REDACTED]	<b>(\$50.20)</b>

The Inspector General could not verify if the cash difference in [REDACTED] was deposited to one of the [REDACTED] revenue accounts as part of the daily deposit at some point since 2016 because deposit paperwork does not provide required details.

**Recommendation:**

It is recommended that the cash issued to County [REDACTED] and the actual cash on hand be balanced. It is recommended to schedule and perform the actual [REDACTED] cash count with disassembling of the [REDACTED] change dispensing tubes at the time [REDACTED] deposits are prepared. This procedure will confirm the total amount of missing cash on hand and management can work with the Clerk to the Board and Comptroller Finance Department to process required transactions to bring recorded cash on hand accounts in balance with counted amounts. To safeguard County cash from mishandling, it is recommended [REDACTED] Change Funds are adjusted to [REDACTED] for each [REDACTED] to equal the amount needed to stock the [REDACTED] change dispensers and deposit additional separate cash on hand in [REDACTED] back to the [REDACTED] operating funds.



**Table 6. Change Fund Cash Location at the Department/Division**

CASH LOCATION	CASH LOCATION DURING OPERATING HOURS	CASH LOCATION DURING NON-OPERATING HOURS
DEPARTMENT/ DIVISION		

All locations, excluding [REDACTED] utilize the one cash drawer per cashier. [REDACTED] have one cash drawer that is used by all staff with cashier duties during the day. Security must be maintained over a government asset (cash) to minimize the danger of loss or misuse. It is important that individuals only have access to assets on the specific needs of their job. Securing each cashier with a separate drawer also protects employees from inappropriate accusations or charges of mishandling funds. The more individuals that have access to the same asset, the greater the risk. Only [REDACTED] staff perform a daily change fund reconciliation sheet.

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 is deposited. Best practices for cash accountability include the following:

- Record cash receipts when received (manual receipt or system receipt)
- Keep funds secured
- Give receipts to each customer
- Give each cashier a separate cash drawer
- Reconcile transactions regularly
- Supervisor verify cash deposits



**Recommendation:**

It is recommended that:

- The list of the designated cash custodians for each location and their acknowledgement of the cash handling responsibilities via signed standardized form should be completed and forwarded to the Clerk to Board and Comptroller Finance Department and County Department charged with cash handling oversight duties.
- Each location should have a safe for securing cash funds and only authorized personnel should have the access to the safe and safe combination/key. The safe combination should be changed when authorized cash custodians leave their position and the key should be returned and/or secured key location should be changed.
- Each cashier should have a separate drawer to handle their daily transactions and reconcile their drawer daily.

**Management Response:**

County Management agrees with IG's recommendations acknowledging that all cash custodians in the County will acknowledge, in writing via standardized form, a receipt and understanding of the Board of County Commissioners' Cash Handling Policy and applicable procedures, each location with cash handling responsibilities will document cash handling procedures that ensure safeguarding of all cash at the location.

**Services:**

Prior to transition, on September 24, 2020, the County staff at the [REDACTED] office filed a burglary report with the Clay County Sheriff's Office. The County [REDACTED] was broken in and the safe with change fund of [REDACTED] office was stolen together with the daily deposit funds and other items [REDACTED] staff requested reissuance of the change fund on September 24, 2020, from the County Finance Director. The County Finance Department authorized issuance of [REDACTED] operating supplies account.

**Recommendation:**

It is recommended that management work with the Clerk to the Board and Comptroller Finance Department to process required entries to recognize loss of the cash change fund and reissuance of the new fund using generally accepted accounting principles and the State of Florida Uniform Accounting System Manual.

**Management Response:**

County Management agrees with IG's recommendations acknowledging that OBM Director will work with the Clerk of the Board and Comptroller's Finance Department to process the required entries to comply with GAAP and the State of Florida Uniform Accounting System Manual to be completed by March 31, 2021.

## Opportunity to Strengthen Monitoring Controls by Developing and Implementing the Cash Handling Policy and Procedures

During the cash count process, the Inspector General inquired about policies and procedures that staff uses to handle cash funds. Staff in every location stated that they do not have a countywide cash handling policy and procedures. Staff at some locations were able to provide internal written procedures or notes for preparing deposits and/or instructions on handling transactions in the system they use for processing payments. All provided procedures were dated 2018 or prior to 2018.

During the cash count, several locations had overages in their drawer at the time of count based on the system transactions reports printed at the time of count. Staff was not able to provide explanations for the overages at that time.

	CASH HANDLING INTERNAL WRITTEN PROCEDURES	SHORTAGE/OVERAGE IN THE DRAWER AT TIME OF CASH COUNT
	-	-
	X	-
	X	-
	X	X (OVERAGE \$1.00)
	X	X (OVERAGE \$1.80)
	X	X (OVERAGE \$0.03)
	X	-
	X	X (OVERAGE \$1.95)
	-	-
	X	-

**Recommendation:**

Cash fund policies and procedures are controls that are designed to safeguard cash. Internal controls assist in preventing and detecting fraud, which includes using a system of checks and balances to ensure no one person has control over all parts of a financial transaction. Adequate internal controls are essential to safeguard cash receipts. These controls help ensure that cash is brought under control immediately upon receipt and that procedures are in place at each step in the process to ensure cash is properly secured and accounted for.

Written policies and procedures provide guidance that is necessary to properly and consistently carry out departmental activities at a required level of quality. The establishment of policies and procedures provides the opportunity for management to ensure that adequate processes and internal controls have been established. The development of policies and procedures also support the cross-training and backup for key staff functions. It is management's responsibility to establish written policies and procedures covering key department processes. The policies and procedures should be in sufficient detail to provide standard performance criteria and reduce the risk of misunderstanding and/or unauthorized deviations that could cause processing errors.

Without written policies and procedures, unauthorized deviations may occur that could cause processing errors and unaccountability of transactions.

Strong internal controls protect employees from inappropriate accusations or charges of mishandling funds by defining responsibilities in the cash handling process.

It is recommended that the County develop the countywide cash handling policy for BOCC approval to ensure proper cash handling and safeguarding of the County assets. It is imperative that during the cash handling policy implementation phase, the County ensures that internal departmental cash handling procedures adhere to the countywide policy.

**Management Response:**

County Management agrees with IG's recommendations acknowledging that OBM Director will create and implement a Countywide Cash Handling Policy after the BOCC approval. This item was to be completed by March 31, 2021. The review of the proposed policy's draft conducted by the IG and Clerk of Court and Comptroller Finance Officer in March revealed the need of additional improvements to the policy to ensure that this document provides policy that is designed to safeguard cash. The project team was established consisting of the Clerk of Court and Comptroller Finance Officer and OBM Director to complete the development and the implementation of the Countywide Cash Handling Policy and Procedures in the following three months.