



AUDIT OF THE LIMITED SCOPE OF CLERK'S OFFICE BANK RECONCILIATION PROCESS

**DIVISION OF INSPECTOR GENERAL
Office of Tara S. Green
Clerk of Court & Comptroller
Clay County, Florida**

**Audit Team: Amy Bramlitt, Interim Inspector General
MJ Road, Inspector General Auditor**

**Report NO. 2023-003C-A
November 22, 2024**



TARA S. GREEN, CLAY COUNTY CLERK OF COURT AND COMPTROLLER

825 N Orange Ave, PO Box 698, Green Cove Springs, FL 32043 / (904) 269-6302 / info@clayclerk.com / clayclerk.com

November 22, 2024

The Honorable Tara S. Green, Clerk of Court & Comptroller

We have conducted a limited scope audit of the Clerk's Office Bank Reconciliation process. There are control issues that need to be addressed to ensure the accuracy of cash transactions posted to the general ledger in Workday.

The objectives of this audit were to: perform a risk assessment to identify risks and vulnerabilities; evaluate the overall effectiveness and efficiency of processes and related internal controls to mitigate the risks; assess whether controls are in place to facilitate compliance with pertinent laws, regulations and policies; and compare processes with accepted standards and best practices.

The audit scope included transactions from October 1, 2023, through present. However, we did not limit the audit to this timeframe if it was relevant to broaden the scope.

We appreciate the cooperation of management and staff during the audit process.

Included in this report are the findings and recommendations.

Respectfully Submitted,

MJ Rood
Inspector General Auditor

Table of Contents

INTRODUCTION..... 4

Executive Summary 4

Background 5

SCOPE AND METHODOLOGY..... 6

OBJECTIVES AND OUTCOMES 7

OPPORTUNITIES FOR IMPROVEMENT 7

 1. *Operational Journals had not been closed for any period within Workday.* 7

 2. *Bank Reconciliations had not been completed on an ongoing basis since the implementation of Workday.*..... 8

 3. *Bank Accounts do not have their own general ledger cash account.* 9

 4. *Integration from Benchmark does not support timely Book to Bank reconciliations.*10

INTRODUCTION

Executive Summary

The Clerk of Court & Comptroller's Division of Inspector General audit team conducted an independent audit of the Bank Reconciliation Process.

The objectives of the audit were to:

- Validate that reconciliations were performed and/or completed
- Assess whether controls are in place to facilitate compliance with pertinent laws and regulations as well as established Clerk policies
- Determine how to use the Workday system and the current process
- Evaluate the overall effectiveness and efficiency of processes and related internal controls to mitigate the risks
- Compare processes with accepted standards and best practices

The audit scope included testing performed for the period of October 1, 2023, through present and the Book to Bank Comparisons.

Our audit determined that the Clerk's finance department reconciliation process was not being performed in a satisfactory manner and did not align with accepted standards and best practices. The primary observations identified were mainly related to the absence of documentation for the reconciliation process and that Bank Balances were only reconciled to data files from Benchmark during fiscal year 2024. The Bank Balances were not reconciled to the General Ledger balances from Workday.

During interviews with the Finance staff, we documented the current process which identified weaknesses in internal controls as there were inadequate segregation of duties.

In the Opportunities for Improvement section of this report, recommendations are provided to address deficiencies identified during our audit, and document management's plan of action which includes target completion dates and responsible staff.

Background

The Clay County Clerk of Court and Comptroller has an established Mission, Vision and Core Values.

Mission:

We are the guardians of Clay County's records and trustworthy fiscal stewards; we proudly support the judiciary, facilitating justice system access for our community through efficient service; we are accountable custodians of all county funds and financial reports, Clerk to the Board, and leaders in fraud and waste prevention; we leverage our expertise to provide reliable, helpful services to citizens.

Vision:

To be the most trustworthy, efficient, accountable and helpful Clerk of Court and Comptroller's Office in the State of Florida.

Core Values:

Trustworthy: Citizens can trust us to take our duties seriously, performing them ethically and with integrity.

Efficient: We improve service, streamline processes, innovate and expand knowledge through training. We increase efficiency through technology while protecting the public trust.

Accountable: We ensure the accuracy of financial reports, monitor budgets, implement financial controls and publish results.

Helpful: We serve others in a professional, empathetic and courteous manner. We apply our expertise and interact with care for the sake of our colleagues, judicial partners and customers.

The Clerk's Finance department has oversight from the Chief Administrative Officer. Finance (Clerk) has four (4) employees with no vacancies during the audit period. In May 2024, the Accounting Specialist III retired and the position was re-classified to Staff Accountant.

Currently: Controller, Senior Staff Accountant, Staff Accountant and an Accounting Specialist III. The finance department is responsible for the Accounts Payable, Accounts Receivable, Payroll, and Treasury Management which include bank reconciliation, accounting functions, procurement, purchasing card, and other financial related tasks.

The Clerk's office has twelve (12) bank accounts with Truist Bank. Ten (10) of these accounts are integrated within Workday and account for the daily operations and budget of the Clay County Clerk and Comptroller, while two (2) of the accounts are reconciled outside of Workday and are responsible for the Teen Court and Archives collection of monies. The Teen Court and Archives bank statements and reconciliation are outside the scope of this audit.

The ten (10) accounts that are integrated into Workday and were the main accounts within the scope of this audit are: Clerk's Trust, Clerk's Operating, Child Support, Concentration

(Sweep/ZBA account for Operating, Child Support and Trust), Real Auction, Court Registry, Payroll, Records Modernization, Juror & Witness, and CDG Supplementary.

SCOPE AND METHODOLOGY

The scope of this audit included a review of the Clerk's Office Cash Management & Internal Controls. This audit was intended to cover the beginning to end process of cash handling to reconciliation. However, during the review period, we found that bank reconciliations had not been prepared or completed timely for the current fiscal year nor the prior fiscal year. Therefore, the scope of the audit changed from Clerk's Office Cash Management & Internal Controls Audit to a limited scope audit of the Finance Department Reconciliation Process for the period of October 1, 2023, to current.

To meet the objectives, we performed the following:

- Interviewed the Clerk's Finance Departments' management and staff to gain an understanding of the current reconciliation process.
- Reviewed the Clerk's Draft Cash Management Policies Manual and other documentation applicable to the reconciliation process.
- Identified pertinent Best Practices, Florida Statutes and other laws and regulations.
- Performed a risk assessment to identify key risks and vulnerabilities and evaluated the adequacy of the internal control environment to mitigate the risks identified.
- Performed on-site observations of the reconciliation process.
- Examined the functionality of Workday business processes and integrations that support the reconciliation process.
- Sampled the flow of the reconciliation within Workday to ensure internal controls were designed effectively and operated as intended.

OBJECTIVES AND OUTCOMES

The objectives of the audit were to:

- Identify whether internal controls for cash management are adequate and align with requirements of all applicable laws, regulations policies and procedures.
- Identify that bank reconciliations are being performed and on a timely basis.
- Evaluate the overall effectiveness and efficiency of the processes and related internal controls to mitigate risk.

As a result of the audit, we determined that the Clerk's Finance department had not successfully reconciled bank statements to book balances within the new Workday system nor outside of the Workday system. Bank accounts for some periods within the 2024 fiscal year were compared to the daily cashier reports in Benchmark, but not successfully reconciled to the general ledger.

OPPORTUNITIES FOR IMPROVEMENT

Our audit disclosed certain policies, procedures, and practices that could be improved and/or corrected to gain efficiencies and ensure compliance with applicable best practices, laws and regulations. Our audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. Therefore, opportunities for improvement and/or corrections presented in this report are not all-inclusive of other areas where improvements may be needed.

1. Operational Journals had not been closed for any period within Workday.

Through interviews with the Finance Staff and during our review, it was found that operational journals had not been closed for any period in Fiscal Year 2024. During an interview with the Controller, it was confirmed that there was no business reason, legal capacity or law that required the Clerk's office to leave periods open. Leaving the periods open presented an issue when trying to complete a reconciliation for any previous period in Fiscal Year 2024 and do not conform with best practices.

We Recommend Management:

Close the Operational Journals out each month in Workday. Workday has strict rules on operating journals. Each month all operational journals should be closed. The accounts payable operating journal can remain open until October 31st of the following fiscal year to account for any reversions.

Management Response:

The Clerk Finance Department concurs with the recommendation to close Operational Journals for the prior period in Workday each month. The Clerk Finance Department will close Operational Journals for the prior period by the last day of the following month.

2. Bank Reconciliations had not been completed on an ongoing basis since the implementation of Workday.

During our interviews with management and staff, it was determined that the Controller was the sole responsible party for bank reconciliations within Workday. We learned that there is an integration process each day into Workday from the Clerk's money collection systems and from the Bank (Truist). The Controller created Ad Hoc Bank transactions and performed the detail reconciliation of cash deposits to source systems such as Benchmark, but did not reconcile to the Workday general ledger. Therefore, it was noted that there was a lack of internal controls and duties were not segregated appropriately according to best practices.

In review of the excel spreadsheet documents downloaded from Workday and saved in the Finance Files under Bank Reconciliations as "Find_Bank_Statement_Lines" for each month we determined that these were incomplete and were only being reconciled to the banking transactions "unreconciled" that were integrated into Workday from Benchmark. The lack of completed documentation prevented us from conducting an analysis of the Book to Bank reconciliation process and noted negligence in reconciling to the general ledger.

We Recommend Management:

1. Implement a true Book to Bank reconciliation process. Begin with October 2023 and move forward in reconciling the general ledger.

2. Implement segregation of duties within the finance department that include, but not limited, to an employee who can create the ad hoc bank transaction and a different employee who will complete bank to book reconciliations. If that isn't possible due to the number of staff members, one individual should be able to move funds within the bank portal, but that individual should not reconcile the book to the bank statements.

Management Response:

The Clerk Finance Department concurs with the recommendation to implement a Book to Bank reconciliation process and reconciling within Workday's Manual Bank Reconciliation task beginning with October 2023 forward.

Due to the limited staff in the department, a compensating control is in place to prevent the employee who performs book to bank reconciliations from completing an ad hoc bank transaction without approval. The individual who moves funds within the bank portal does not have access to the Manual Bank Reconciliation function in Workday.

3. Bank Accounts do not have their own general ledger cash account.

During the review of the Clerk's Finance reconciliation process. It was determined that there were ten (10) bank accounts in Workday. These accounts were opened at Truist Bank and were active. However, eight (8) of the accounts were tied to the same general ledger asset account making it difficult to complete a detailed Book to Bank reconciliation.

We Recommend Management:

Management should determine if all ten (10) bank accounts are necessary and have a legitimate business purpose for the Clerk's Office. A best practice would be to consolidate accounts to a minimum and use a "Pooled Cash" account as the main account.

Each bank account that is necessary should have a separate general ledger asset account. This improvement will make Book to Bank Reconciliations more efficient and effective.

Management Response:

The Clerk Finance Department concurs with the recommendation to determine if all ten bank accounts are necessary and is currently in the process of analyzing the purpose of each account and identifying any that are required by Florida Statute. Separate general ledger asset accounts will be created in Workday to coincide with each bank account for 9/30/2024 forward. Estimated Completion: 12/31/2024.

4. Integration from Benchmark does not support timely Book to Bank reconciliations.

Integrations from Benchmark to Workday are the total sum of monies collected which is incoming from several sources. The sources for the collection of monies are: Cash/Checks, nCourt (Credit Card transactions within the department), eFiling (online transactions from the website), and Wires. It was determined through interview and shadowing the Controller that eFiling is causing reconciliation deficiencies by grouping together several transactions across several days and depositing it into the bank.

In order for the integration to occur, a GL export report is pulled out of Benchmark and placed in a share file so that Workday can complete the integration. This integration is the daily sum of transactions from Benchmark.

We Recommend Management:

1. Collaborate with I.T. staff to split the eFiling monies on their own export report from Benchmark as a first step.
2. For all other collections other than eFiling, modify the export report out of Benchmark, identifying the type of collection i.e. check, credit card, cash, etc to allow for better matching to the bank transactions.
3. Collaborate with I.T. staff and with the Supplier for eFiling (Civitek) to get accurate reports from that will match the deposit date with the daily Benchmark report. Enhance the reporting to align more closely with the timing of receipts.

Management Response:

The Clerk Finance Department concurs with the recommendation of improving Benchmark exports to better assist with the Book to Bank Reconciliation process. I.S. staff is currently working on separate GL Export reports for eFiling and each payment type. Estimated Completion: 12/31/24.

Due to the current distribution process of funds received from Civitek, daily Ad Hoc Bank Transactions will be entered beginning October 2023 forward to align the Accepted filings with the Disbursement Reports from CiviTek to enable reconciliation of eFiling within the Manual Bank Reconciliation task.