



Internal Audit Department

Audit Report 2014-11

Parks and Recreation Department

Immokalee Community Park Cash Review

Dwight E. Brock
Clerk of the Circuit Court

3299 Tamiami Trail East
Suite #402
Naples, FL 34112-5746

www.collierclerk.com

Issued: June 18, 2014

Prepared by: Megan Gaillard, Senior Internal Auditor

Report Distribution: Board of County Commissioners
Leo Ochs, Jr., County Manager
Mark Isackson, Director, Corporate Financial & Management Services
Steve Carnell, Public Services Administrator
Barry Williams, Director, Parks and Recreation
Ilonka Washburn, Operations Manager, Parks and Recreation
Annie Alvarez, Regional Manager, Parks and Recreation
Jeff Klatzkow, County Attorney

Cc: Dwight E. Brock, Clerk of the Circuit Court
Crystal K. Kinzel, Director of Finance & Accounting
James D. Molenaar, Internal Audit Manager

TABLE OF CONTENTS

SUMMARY.....	2
OBJECTIVES.....	2
SCOPE.....	2
BACKGROUND.....	3
OBSERVATIONS, RECOMMENDATIONS, & MANAGEMENT RESPONSES.....	4
OTHER OBSERVATIONS, RECOMMENDATIONS, & MANAGEMENT RESPONSES.....	5
CONCLUSION.....	7
ADDITIONAL MANAGEMENT COMMENTS.....	7

The files and draft versions of audit reports remain confidential and protected from public records requests during an active audit under *Nicolai v. Baldwin* (Aug. 28, 1998 DCA of FL, 5th District) and Florida Statute 119.0713. Work-papers supporting the observations noted within this report will become public record and will be made available upon request once the final audit report has been issued.

The Draft Audit Report was initially reviewed with the Parks and Recreation Department on June 3, 2014 and was released to the Department for management response on June 4, 2014. County Management provided County Management Responses on June 13, 2014.

Summary

The following audit observations for change drawer funds were generated during the review:

1. Certificate and Request of Imprest Fund forms have not been updated and provided to Clerk's Finance as changes have occurred.
2. Annual Confirmations have not been returned to Clerk's Finance by the due date and have not been returned on a yearly basis.

The following other audit observations for change drawer funds were generated during the review:

1. Deposit slips and information have not been properly disposed.
2. Sensitive information (i.e. employee records and remunerations / advices) have not been properly distributed.

Imprest fund policies and procedures need to be followed to provide the Clerk's Finance Department with accurate information for year-end reporting, to provide the external auditors reliable information, and to safeguard the County's imprest funds.

Florida Statute and Parks and Recreation Policies and Procedures for change drawers and cash handling (partial review) have not always been adhered to by Parks and Recreation staff. Staff should be properly trained to ensure they understand policies and be held accountable for compliance.

Objectives

Internal Audit performed an audit of the Immokalee Community Park change drawer and a partial review of related cash handling processes. The objectives of the audit were to determine 1) whether the cash funds exist, 2) whether internal controls over the cash funds are adequate, 3) whether imprest fund data is reliable, and 4) whether custodians are in compliance with County policies and procedures.

Scope

The review consisted of, but was not limited to, the following tasks:

- Review of Florida Statute Chapter 219 County Public Money, Handling by State and County;
- Review of the Clerk's Finance Department's Accounting Procedures Manual (including policies and procedures);
- Review of Parks and Recreation Policies and Procedures Manual;
- Review of the most recent Certificate and Request of Imprest Fund update forms;
- Review of the annual confirmations submitted by Parks and Recreation staff;
- Review of CLASS Point of Sale reports;
- Comparison of the most recent information provided by Clerk's Finance to the information gathered during field work;
- Completion of unannounced cash counts of the change drawer (Imprest Fund) on August 23, 2011, March 13, 2013, and May 27, 2014; and
- Interviews of custodian and sub-custodians: inquiring about and observing the procedures used to account for and safeguard their respective funds.

Background

Imprest fund policies and procedures define the authorized uses of funds providing the structure for how departments establish, modify, spend, replenish, safeguard, and discontinue the use of the funds in accordance with Florida Statute. The Clerk has established authoritative guidelines for the safeguarding of county resources in the Clerk's Finance Accounting Procedures Manual effective October 1, 2008.

Change drawer funds are used to make change where money is collected during transactions of County business.

The Immokalee Community Park serves the Immokalee Community and provides programs for children. The location collects payments for after school programs, beach parking stickers, beach launch stickers, park rentals, park pavilion and location rentals, etc. The location accepts cash, checks, and credit cards. Immokalee Community Park amenities include baseball / softball field, basketball courts, picnic area, playground, rest room facilities, tennis court, racquetball court, picnic shelter, and indoor rooms for programs.

Observations

1) Certificate and Request of Imprest Fund forms have not been updated and provided to Clerk's Finance as changes have occurred.

Change Drawer Policy Item 4 indicates "Only the custodian and/or the sub-custodian should have access to the funds." Change Drawer Policy Item 5 requires a new Certificate and Request of Imprest Fund form to be completed and submitted each time there is a change to the custodian and/or sub-custodian, director, or physical location.

On August 23, 2011, the custodian listed had transferred to a different County department. Three sub-custodians were listed who no longer were employees of the County. Three employees had access to the change drawer and the safe that were not listed on the forms as authorized users. There were eight employees who worked as cashiers at the location and were not listed on the forms.

On March 13, 2013, the custodian and sub-custodian information / authorized users were not up to date. The custodian listed was not accurate. One employee had access to the change drawer and was not listed on the forms as an authorized user.

On May 27, 2014, all information was validated by Internal Audit and no exceptions were noted. It appears the Immokalee Community Park is properly updating forms as changes occur.

As custodians, sub-custodians, and cashiers change, it is important to update the Certificate and Request of Imprest Fund form and ensure that only authorized users have access to the imprest fund.

Recommendations:

- The Department's Administration should take care to ensure updated forms are approved by the Department Director and provided to Clerk's Finance in a timely manner.
- The Department should continue to comply with policies and procedures. Authorizations should be immediately updated for changes in authorized users, with appropriate training on policies and procedures.
- Upon custodian changes, an official count of the change drawer funds should be completed and documented, approved by the terminating custodian, the new custodian, and the supervisor.

County Management Response:

"The Parks and Recreation Department concurs that Imprest Funds Forms have not been updated and submitted timely. The Department appreciates the acknowledgement that performance in this area has improved over time. The Department will redouble efforts to complete and submit forms in a timely manner as changes occur."

2) Annual Confirmations have not been returned to Clerk's Finance by the due date and have not been returned on a yearly basis.

Change Drawer Procedures Item 7 indicates the custodian or sub-custodian is responsible for returning the verified Annual Confirmation to Clerk's Finance, including all updates, by the Annual Confirmation's specified due date on a yearly basis.

The change drawer Annual Confirmations have not been returned to Clerk's Finance by the due date and have not been returned on a yearly basis. An Annual Confirmation form was not received by Clerk's Finance for FY 2008, FY 2009, or FY 2010. The FY 2011, FY 2012, and FY 2013 Annual Confirmations were received by Clerk's Finance after the due date.

The FY 2012 Annual Confirmation was not properly approved by the Parks and Recreation Director. Annual Confirmations should be properly reviewed and approved by the director prior to being returned to Clerk's Finance to ensure the accuracy of the information submitted.

If the Annual Confirmation form, including all updates, is not completed and returned by the deadline provided, funds may not be properly recorded.

Recommendations:

- The Department should return the Annual Confirmations, including all updates, by the due date.
- When Certificate and Request of Imprest Fund forms are completed, the information provided should be accurate.
- The director should properly review and approve Annual Confirmations.

County Management Response:

“The Parks and Recreation Department concurs that Annual Confirmations have not been submitted or have not been submitted complete and timely. The Department will redouble efforts to complete and submit forms by the deadline each year.”

Other Observations

1) Deposit slips and information have not been properly disposed.

On August, 23, 2011, the safe contained deposit books from prior Fifth Third bank account that had been closed. The deposit slips were not properly returned to Clerk’s Finance for disposal when the prior account was closed.

On March 13, 2013, an endorsement stamp for a prior bank account was in the safe. When bank accounts are closed, all bank items such as endorsement stamps and deposit slips should be provided to Clerk’s Finance for proper disposal.

Custodians should properly dispose of former banking information and deposit slips at the time the account closes to prevent confusion and to secure bank account information. Unused prior account deposit slips should be properly disposed to avoid disclosure of sensitive information.

Recommendation:

- All bank account information should be properly secured and/or disposed.

County Management Response:

“The Parks and Recreation Department concurs that outdated deposit slips and endorsement stamps were not returned to Clerk’s Finance promptly in 2011 and 2013. The Department has confirmed with Internal Audit that this issue was not observed at this location during the follow up in May 2014, nor has it been observed during recent management site visits. The Department will continue to train employees on the proper and prompt disposition of banking information and will monitor for compliance during routine site visits.”

2) Sensitive information (i.e. employee records and remunerations / advices) have not been properly distributed.

On March 13, 2013, deposit remunerations / advices were in the safe for a former County employee and for current employees. The remunerations were not provided to the employee prior to employee termination. Current employee’s remunerations had been in the safe for weeks. An envelope marked confidential from BCC Human Resources for a former County employee was in the safe. Confidential personnel information should be distributed to employees timely or in the event the employee leaves County employment, the information should be returned to BCC Human Resources for distribution.

Location supervisors and/or managers should ensure timely distribution of payroll information and/or personnel information. Sensitive information should not be maintained at a location once employees no longer work for the

County. By maintaining the information, the County is exposed to potential payroll fraud and/or distribution of confidential information.

Recommendations:

- Payroll records, information, remunerations / advices, and personnel information should be distributed to employees in a timely manner.
- Upon employee termination, any documentation for an employee should be returned to BCC Human Resources for distribution.

County Management Response:

“The Parks and Recreation Department concurs that remunerations and employee communications were left in the safe in 2013. The Department has confirmed with Internal Audit that this issue was not observed at this location during the follow up in May 2014, nor has it been observed during recent management site visits. Remunerations are now distributed electronically, thereby virtually eliminating the possibility of such a circumstance re-occurring. The Department will continue to train employees on the proper and prompt disposition of like documents and will monitor for compliance during routine site visits.”

Conclusion

Imprest fund policies and procedures need to be followed to provide the Finance Department with accurate information for year-end reporting, to provide the external auditors reliable information, and to safeguard the County's imprest funds. The change drawer fund policies and procedures for imprest funds have not always been adhered to by Parks and Recreation staff.

Florida Statute and Parks and Recreation Policies and Procedures for change drawers and cash handling (partial review) have not always been adhered to by Parks and Recreation staff. Staff should be properly trained to ensure they understand policies and be held accountable for compliance.

The Parks and Recreation Follow-Up Review in FY 2014 indicates there continue to be areas of concern and exposure to risk. The Department has improved in controlling cash handling; however, additional training and monitoring are necessary. The Department should ensure the proper controls, policies, and procedures are in place to limit risk and error.

Audits do not relieve management of their responsibilities. It is the responsibility of County Management to understand and implement the proper procedural controls in order to reduce and limit the risk of fraud, error, and misappropriation of County assets. Internal Audit may recommend improvements in audit reports, but ultimately it is the duty and decision of County Management to formulate processes and controls that ensure compliance with Federal Regulations, Florida Statutes, County Ordinance, and County Policies.

Additional Recommendations:

- The director or an independent employee (not a custodian, sub-custodian, or cashier of the fund) should perform periodic cash counts of the department's imprest funds on a non-routine basis to ensure that the custodian, sub-custodians, and/or cashiers are complying with the County's policies and procedures and adequate documentation exists for audit purposes.
- Additionally, Internal Audit will continue to perform unannounced cash counts.
- Training should continue to be provided to all custodians, sub-custodians, and cashiers to ensure they understand the policies, procedures, and forms governing the change drawer.

Additional County Management Comments:

"The Parks and Recreation Department appreciates the opportunity to improve controls through the audit process. The Department will continue to update Policies and Procedures as necessary to improve controls, train employees on Policies and Procedures, and monitor for compliance."

Internal Audit Comments:

Internal Audit would like to acknowledge the cooperation and assistance from County staff for addressing and implementing additional controls based on Internal Audit recommendations. The assistance and responses provided by the Parks and Recreation Department greatly assisted in the audit process.