



Internal Audit Department

Audit Report 2014-13

Parks and Recreation Department

**North Collier Regional Park
(NCRP)
Cash Handling**

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The files and draft versions of audit reports remain confidential and protected from public records requests during an active audit under *Nicolai v. Baldwin*, 715 S. 2d 1161 (FL. 5th DCA 1998) and Florida Statute 119.0713 (2013). Work-papers supporting the observations noted within this report will become public record and can 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 September 2, 2014 and was released to the Department for County Management Response on September 5, 2014. The Public Services Division provided County Management Responses on September 22, 2014. The Public Services Division provided revised County Management Responses on October 14, 2014 and December 5, 2014.

Summary

The following audit observations were generated during the review:

1. General lack of oversight and controls for operations (FY 2012, FY 2013, FY 2014).
2. Lack of segregation of duties for cash operations (FY 2012, FY 2013, FY 2014).
3. Parks and Recreation Staff were unable to locate a manual cash register and were unaware of the cash register's existence (FY 2012).
4. Parks and Recreation Staff were unable to account for a minimum of \$32,061.32 when three Manual Cash Registers were used for operations. The Department failed to provide records for three additional Manual Cash Registers used in operations. A maximum amount of unaccounted for cash revenue for Manual Cash Registers could not be determined based on lack of records, but based on average estimates, the unaccounted for amount is approximately \$192,200.00 (FY 2012).
5. Funds have not been properly secured or safeguarded (FY 2012).
6. Change drawers did not balance to the authorized change drawer fund amount and/or have been split without authorization (FY 2012, FY 2014).
7. Deposits have not been made in accordance with Parks and Recreation Policy AF0004 (FY 2012, FY 2013).
8. Deposit bags / cash drops have not been properly sealed or tracked (FY 2012, FY 2013, FY 2014).
9. Cash refunds have not been completed in accordance with Parks and Recreation Policy AF0008 (FY 2012, FY 2013, FY 2014).
10. Operations are inconsistent within the same location (FY 2012, FY 2013, FY 2014).
11. BCC (handwritten) Receipts have not been properly completed, secured, and safeguarded. Checks collected by Parks Administration have not been properly secured when transferred between locations for deposit (FY 2012).
12. Credit card transactions have not been properly completed and/or reconciled (AF0003)(FY 2012, FY 2013, FY 2014).
13. Keys have been used to override automated cash register controls compromising the integrity of the transaction (FY 2012).
14. County Staff did not properly document information on the check as required by the Collier County Process for Check Intake and Preventing Non-Sufficient Funds (NSF) policy (FY 2012, FY 2014).
15. Cash Control Logs (AF0006) have not been properly completed (FY 2014).
16. Lack of an Audit Trail (FY 2012, FY 2014).

The following other observations were generated during the review:

1. It appears Parks and Recreation is not monitoring compliance with the terms of the NCRP Concessions Agreement (FY 2014).
2. Locker Concessions Agreement circumvented BCC approval thereby is in violation of Florida Statute (FY 2014).
3. Lack of controls for inventory (FY 2012, FY 2014).
4. Medical information, personal identification information, and social security numbers were readily observable on unsecured forms (FY 2012, FY 2014).
5. Lack of tracking for pool entrance wristbands (FY 2012, FY 2014).
6. 1-Day Guest Passes are not tracked or secured (FY 2014).
7. Parks and Recreation Staff indicated they were unfamiliar with Parks and Recreation Policies and Procedures (FY 2012, FY 2014).
8. Parks and Recreation Staff shared their computer system credentials including usernames and passwords (FY 2012).
9. Revenue has been allocated to incorrect cost centers (FY 2013).

Parks and Recreation Department (“Department”) cash controls were significantly weak during the period of audit. The Department has been working to enhance their policies and procedures and provide staff additional training to enhance the strength of internal controls. The Department should continue to monitor cash and ensure compliance with Florida Statute and policies and procedures.

There has been a lack of oversight for cash handling operations and safeguarding of County assets. Internal controls should be strengthened to protect County assets from theft, fraud, loss, and/or misappropriation. The Department has improved since the initial FY 2012 review, but internal controls for the cash handling process remain weak based on the FY 2014 follow-up review. Most policies and procedures provide for sufficient controls when followed, but are not consistent with Department practices and are not adhered to by Department Staff.

Internal Audit has observed issues and concerns brought to Department Management through a series of communications. These were quickly reviewed and investigated by the Department. Immediate actions were taken and resolutions were communicated by the Department back to the party who reported the concern and/or issue.

Objectives

The objectives of the North Collier Regional Park (NCRP) cash handling audit were to determine whether: 1) Internal controls over the cash handling process, cash funds, and related processes are adequate and their strength; 2) Cash handling operations and records are in compliance with applicable Florida Statute and County Policies and Procedures as they relate to the audited processes; 3) Cash records and imprest funds records are reliable; 4) There was compliance with internal controls over cash and related processes; and 5) Corrective actions were implemented.

Scope

The audit was limited to the Department's NCRP cash operations. The audit 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 applicable Florida Statutes and Case Law;
- Review of applicable Board of County Commissioner's (BCC) Ordinances and Resolutions;
- Review of the Clerk's Finance Department's Accounting Procedures Manual including policies and procedures;
- Review of BCC Insurance Policy Coverage;
- Review of applicable County Management Agency Policies and Procedures (CMA's);
- Review of Parks and Recreation Policies and Procedures manuals;
- Review of Collier County Check Intake Policy;
- Review of the most recent Certificate and Request of Imprest Fund update forms submitted by Parks and Recreation Staff;
- Review of the most recent annual confirmation subsequent to Fiscal Year (FY) 2011;
- Review of the annual confirmations for FY 2012 and FY 2013, including updates;
- Comparison of the most recent updates to the annual confirmations;
- Comparison of the most recent information provided by Clerk's Finance to the information gathered during field work;
- Completion of multiple unannounced cash counts for change drawers and petty cash fund;
- Review of CLASS Point of Sale reports;
- Observation of Parks and Recreation NCRP locations while in operation;
- Review of County staff emails received in conjunction with a Public Records Request;
- Review of concessionaire agreements;
- Interviews with Clerk's Finance Staff;
- Interviews with Parks and Recreation Staff;
- Interviews and observations with Imprest Fund custodians and/or sub-custodians and/or cashiers regarding the procedures used to account for and safeguard their respective funds.

Scope Limitations

The scope of the audit was limited, because all documentation requested by Internal Audit was not provided. The Department failed to maintain proper audit trails (Reference Audit Observation #16) limiting the areas able to be properly reviewed by Internal Audit.

Background

In FY 2012, NCRP had a significant breach in internal controls resulting in theft of funds and the arrest of the Concessions Supervisor. The employee was adjudicated guilty in March 2012.

Internal Audit completed an audit of cash handling and unannounced cash counts of NCRP operations to further examine the Department's cash handling and identify internal control weaknesses. The initial scope of the audit consisted of performing a review of the NCRP location's County Imprest Funds (change drawers and petty cash). Follow-up reviews, with an expanded scope, were completed as a result of the identified theft.

Over the course of the last few years, Internal Audit has completed multiple site visits and County Staff interviews to identify control weaknesses and follow-up on corrective actions taken by the Department. Site visits were completed by Internal Audit in FY 2012, FY 2013, and FY 2014 with continual discussions with management and staff. This audit report is an accumulation of the findings, observations, and continued concerns.

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.

Effective internal controls for cash handling operations include establishing a system of authorizations, segregation of duties, reconciliations, review, and monitoring which act as a deterrent to fraud or theft and provides funds accountability. Implementation of these internal controls is the responsibility of Department Management. Inadequate controls over the cash handling process increase exposure to risk, theft, fraud, and/or errors. Department policies and procedures should be thorough and include proper internal controls to further safeguard County funds.

Observations

1) General lack of oversight and controls for operations (FY 2012, FY 2013, FY 2014).

There has been a general lack of oversight based upon observations during multiple site visits and the ongoing issues surrounding the overall operations, particularly cash handling. While management has outsourced NCRP concession operations, there continues to be a concern that staff continues to not adhere to cash controls. It is the responsibility of management to properly oversee all Department cash operations with implementation of proper controls to protect County assets.

The general lack of oversight and controls for operations includes, but is not limited to, the following:

- Management has not properly managed or monitored cash intake points.
- The Operations Manager was unaware of the use of manual cash registers (as back-ups) for NCRP operations.
- Management has not maintained records supporting completion of review and oversight.
- Responsible Management was not aware of the reports and processes in place to control cash handling operations.
- Management was unaware of the employees with access to open the safes.
- Statements provided by Staff contained conflicting information.
- The Department did not control employee compliance within the chain of command and did not enforce compliance with Department policies and procedures.
- Staff did not complete deposits in accordance with Department policies and procedures and was completing batch deposits (Note: a batch deposit is when multiple days of separate deposits are brought to the bank at the same time).
- All cashiers had/have the authority (computer access permissions) to complete “No Sale” transactions, VOID’s, and cash refunds without requiring additional approval or review.
- There have been an inordinate number of “No Sale” transactions that lack management review and supporting documentation.
- Management has not reviewed daily reports for transactions including refunds, VOIDs, and “No Sale” transactions.
- Management said reports for “No Sale” transactions were reviewed daily and/or weekly. A report for “No Sale” transactions did not exist at the time when the assertion was made by management.
- VOID transactions regarding payments (not inventory item VOIDs) are able to be back-dated and applied to the “original time of entry” rather than the transaction being recorded at the time the transaction occurred.
- Management was unable to provide explanations for transactions based on staff turnover and lack of review at the time of the transaction.
- Gift certificates have not been tracked or reconciled to sales records. Department Staff were unaware of logs used to track gift certificate sales. Subsequently, the Department stopped using gift certificates and implemented a gift card system, which has not yet been reviewed by Internal Audit.
- Sales recorded in CLASS Point of Sale system (“CLASS”) were not reconciled to the Financial System (SAP) on a monthly basis. The sales were reviewed on a yearly basis for large discrepancies. The discrepancies were then reviewed on a subjective case-by-case basis.
- Locations were not open when they were scheduled to be open as a result of “scheduling mishaps.” Lack of communication causes confusion for cash operations because records indicate locations should be open and there are no corresponding deposits.
- Staff was unable to open the cash register and completed transactions without using a cash register or appropriate manual procedures which violates cash handling controls.
 - Athletics has not always used a cash register for transactions and not provided receipts as required by Florida Statute.
- Receipts have not always been provided to customers and signs were not posted to notify administration if receipts were not provided.
 - The Department subsequently posted signs with administration contact information in the event a receipt was not issued.

- Multiple employees have shared cash registers.
- County Purchasing Card information including credit card numbers, credit card pin numbers, and credit card expiration dates have not been properly safeguarded.
- There was no job description for the former Concessions Supervisor. The position was subsequently outsourced.
 - Job descriptions should clearly define responsibilities so employees can be held accountable.
- At the Fitness Center, deposit slips with the bank account number and bank information, plastic pre-numbered deposit bag tear off receipt with bank deposit serial numbers, and credit card receipts were on the front main counter accessible and visible by anyone who walked up to the counter.
- Supervisors have improperly used plastic deposit bags with serial numbers for maintaining change. Deposit bags should only be used for deposits and should be properly tracked.
- Certificate and Request of Imprest Fund forms have not been updated and provided to Clerk's Finance as changes have occurred.
- Annual Confirmation for Imprest Fund forms have not been returned to Clerk's Finance by the due date and have not been returned yearly.

In summary, by staff deviating from the proper chain of command and not complying with policies and procedures, the location is exposed to theft and/or additional risk. Staff may not deviate from the chain of command and must comply with policies and procedures to protect County assets. When management and/or staff have the ability to override controls and circumvent controls, there is an increased potential for theft and/or fraud. Compliance with cash policies and procedures is critical for safeguarding cash and preventing loss of funds/revenue.

Recommendations:

- Management should properly monitor, review, and oversee the cash handling processes.
- Management should review staff access and limit access for cash handling.
- Management should hold employees accountable for complying with policies and procedures.
- The Department should create policies for reconciliation of sales and implement a check and balance for sales reconciliations between the operating system and financial system.
- The Department should comply with Florida Statute and provide proper receipts.
- The Department should create an internal policy that provides procedures for controlled "No Sale" transactions, if they continue to be necessary.
- Staff should be trained on policies and procedures.
- Proper approval including checks and balances should be in place for all types of transactions.
- Management should disable the back-date feature for all transactions.
- Deposit bags should only be used for deposits and properly tracked / recorded.
- Staff should be trained for purchasing card / credit card security to ensure safeguarding.
- Management should review all positions and ensure accurate, complete, and up-to-date job descriptions are in place for each position that provide clear accountability.
- A clear audit trail that is consistent with procedures should be in place and records are properly retained.

County Management Response:

"Management is in agreement with the recommendations in this section. Department compliance with these recommendations can be evidenced by the following:

- *In accordance with Clerk's Finance Change Drawer Policies and Procedures, the Department Director oversees assigned responsibility for and use of imprest funds. Access to funds is monitored and limited. Since January of 2013 the funds have been reviewed quarterly (at a minimum) and updated as warranted. The Department provides Clerk's Finance routine updates to, and annual confirmations for, imprest funds. Annual confirmations were provided timely in FY 14 and will continue to be provided timely as required.*
- *When the Department experiences employee non-performance in the area of cash handling that cannot be overcome through training, it works closely with the Human Resources Department to provide discipline as outlined in CMA 5351. Historically, employees are provided progressive discipline that has in some cases led to termination.*

- *The Department policy for provision of receipts is Item A.6 of the Cash Handling and Register Operations Policy, attached as Exhibit A. Stickers were placed at points of sale in customer view at each location to encourage customers who do not receive a receipt to call a central phone number.*
- *Department policy for “no sale” transactions is Item A.8 of the Cash Handling and Register Operations Policy, attached as Exhibit A. Reviews of “no sale” transaction reports have been completed weekly since January 2012.*
- *Staff is trained annually (at a minimum) using in-class and web-based training to ensure cash handling skills are kept up-to-date and proper credit card security protocols are followed. (It is important to note that often “cashier” is a role assigned to staff members as a secondary function, where programming or other duties are the employee’s primary responsibility. Few employees have cashiering as their primary job function.) Cash handling training was implemented January 2012; PCI compliance training was implemented May 2012; credit card processing training was implemented June 2013.*
- *A variety of policies and processes are in place to provide for checks and balances and ensure a proper audit trail. Examples include but are not limited to the documentation required by the Cash Handling and Register Operations Policy, attached as Exhibit A; the Bank Deposits Policy, attached as Exhibit B; and the Deposit and Bank Transport Log, the Cash Control Log, and the Drop/Change Log, attached as Exhibit C.*

The following action items will be addressed in response to the above recommendations:

- *Management will continue to provide training to staff on the proper security and use of deposit bags.*
- *Management will work with the Human Resources Department to review the organizational structure in supporting the Sun-N-Fun Lagoon to ensure that sufficient staffing is in place to support the operation. Management will make recommendations in subsequent budget cycles to establish additional positions if warranted.”*

Internal Audit Response to County Management Response:

Internal Audit has not and is not recommending Parks and Recreation hire additional staff to control operations and/or for implementation of proper controls.

2) Lack of segregation of duties for cash operations (FY 2012, FY 2013, FY 2014).

The former Concessions Supervisor was responsible for counting the starting banks for employees, reconciling the cash collected by the employee with end of day reports, sealing deposit bags for multiple cashiers, completing the bank deposit, reviewing cash discrepancies, and submission of cash reports / paperwork to Clerk’s Finance. By allowing one employee to complete all aspects of cash handling for the Department, the County was/is exposed to risk, theft, and fraud. The Department has implemented additional controls for deposits; however, concerns remain for the cash operations.

Prior to January 2014, locker fees were emptied approximately one time per week. The transactions were recorded in CLASS through a bulk entry point of sale item. The deposit would be recorded as part of the daily deposit. There has not been proper oversight for the deposit collection and/or deposit. The lockers did not have transaction reports and only collected funds. When a staff member collected the cash in the lockers, there was no way to validate the amount collected based on the deposit because there were no reports generated. When locker fee revenue was collected and deposited, a single employee completed the process and deposit. By allowing a single employee to collect and deposit the funds from locker fee revenues, the County was exposed to theft and/or loss. The lockers did not have reports to support the cash collections so a second authorized employee and/or manager should have been with the employee collecting the locker revenue through completion of the deposit. Cash operations should be properly segregated and have compensating controls.

In January 2014, the Department outsourced NCRP lockers. According to the terms of the contract, the County receives a percentage of the gross locker fee revenues as compensation. The Department should monitor the vendor to the terms of the contract and ensure all locker fee revenues are being collected and recorded by the vendor to ensure the County is being properly compensated pursuant to the terms of the contract.

An additional segregation of duties concern is employees have the authorization to void transactions and management approval is not required. By allowing an employee to collect cash and void transactions without proper review and approval, it exposes the County to theft of County funds.

Segregation of duties is one of the most important features in an internal control structure to safeguard cash and reduce risk exposure. One supervisor should not be in a position to initiate, approve, complete, and review cash collected. By properly segregating duties, the Department makes fraud more difficult to be committed because it would require collusion. Innocent errors are more likely to be detected.

Recommendations:

- The Department should review cash handling responsibilities and ensure duties are properly segregated.
- The Department should have two employees count and collect funds at Department cash collection points without report printing capabilities.
- The Department should properly monitor and control cash intake points.
- The Department should monitor vendor contracts and ensure the vendor has appropriate controls in place to ensure all revenue is properly collected and controlled.

County Management Response:

“Management is in agreement with the recommendations in this section. In general, these recommendations are in response to very specific issues that arose in the Department and have since been addressed. For a detailed history of the discovery and subsequent handling of the theft perpetrated by the former Concessions Supervisor, see Exhibit D. Department compliance with these recommendations can be evidenced by the following:

- *The Department’s Bank Deposits Policy is attached as Exhibit B. Current policies establish segregation of responsibilities in cash handling.*
- *Since the fall of 2011, the Department and Clerk’s Finance have been working cooperatively to ensure deposits are made in a timely manner. Communication is quickly escalated up the chain of command when irregularities occur. This practice was not in place at the time of the theft.*

The following action items will be addressed in response to the above recommendations:

- *As noted, coin-operated lockers at Sun-N-Fun have been outsourced. The Department will work with the Sun-N-Fun locker concession vendor to ensure that appropriate controls are in place to ensure all revenue is collected and controlled.*
- *The current policy for issuing refunds requires supervisor approval for issuance of these refunds. In most cases a supervisor is available to provide this authorization immediately; however, in some circumstances, employees do not have the supervisor immediately available and in the interests of providing timely customer service, the supervisor approval is completed after the fact. The Department will establish a method to document supervisory approval of refunds.”*

3) Parks and Recreation Staff were unable to locate a manual cash register and were unaware of the cash register’s existence (FY 2012).

Six manual cash registers were purchased in June 2006 for NCRP operations, prior to the Department using the CLASS system.

On March 9, 2012, Department Staff were only aware of four manual cash registers at NCRP. On March 28, 2012, Department Staff had located five manual cash registers, leaving one cash register’s location unknown. Department Staff were unaware of the sixth cash register’s whereabouts and had not located the register. On April 5, 2012, Department Staff indicated the missing manual cash register had been found at NCRP.

A manual cash register is an additional cash intake point that should be properly safeguarded, controlled, and monitored. When the manual cash register is used for operations, at the end of the day the amount collected in revenues should be entered into the CLASS POS system to properly record the revenue. When manual cash registers are not properly safeguarded, a person/employee could collect cash with the manual cash register without

recording the revenue as County income. Without proper controls in place for cash intake points, cash may be misappropriated or stolen, revenue not recorded, and assets misstated.

Recommendations:

- The Department should safeguard, control, and monitor cash intake points.
- The Department should be aware of all cash intake points and/or manual cash registers or intake systems.

County Management Response:

“Management is in agreement with the recommendations in this section. Again, while pertinent globally, these recommendations are in response to a very specific issue that has since been addressed.

Department compliance with these recommendations can be evidenced by the following:

- *The Department has established a master inventory of Points of Sale in operation and maintains that list for future updating and reference.*
- *The use of manual cash registers at North Collier Regional Park allowed for expedient customer service during the initial surge in attendance when the park first opened, but has been discontinued.*
- *The Department limits use of manual cash registers to Beach Park Facilities, where data service to support CLASS is not available.*

The following action items will be addressed in response to the above recommendations:

- *The Department will properly dispose of any manual cash registers that are in disuse.”*

4) Parks and Recreation Staff were unable to account for a minimum of \$32,061.32 when three Manual Cash Registers were used for operations. The Department failed to provide records for three additional Manual Cash Registers used in operations. A maximum amount of unaccounted for cash revenue for Manual Cash Registers could not be determined based on lack of records, but based on average estimates, the unaccounted for amount is approximately \$192,200.00 (FY 2012).

Manual cash registers have been used in operations at NCRP, primarily for concessions sales to have additional cash registers available during events. Manual cash registers circumvent the CLASS system when not properly controlled or monitored. Not all transactions completed with manual cash registers were entered into the CLASS system at the end of each day or within a reasonable timeframe, if entered at all.

NCRP initially purchased six manual cash registers for operations. Each register recorded a “gross total” for all transactions. Records were provided for three of the six manual cash registers. An estimate for total gross collections was completed because the Department did not maintain a proper audit trail.

On March 16, 2012, the Department provided four manual cash register reports (i.e. rolls) showing gross revenues of 1) \$56,493.89 (8/2011), 2) \$58,362.93 (8/2011), 3) \$45,486.68 (5/2011). The fourth report (i.e. roll) did not contain reports showing gross totals after transactions were completed.

Based on the lack of records available, an average amount was estimated based on the three receipts (i.e. rolls) provided. The total for the three manual cash registers was \$160,343.50 with an average gross revenue total per register of \$53,447.83. Based on this average, the total estimated revenue for all six manual cash registers is \$320,500.00.

Internal Audit reviewed CLASS reports for bulk entries. A bulk entry is a large lump sum amount entered into the CLASS system presumably from using manual cash registers. CLASS reports for all Point of Sale (POS) intake points at NCRP were reviewed from 2006 (when manual cash registers were purchased for operations) through 2012 (time of theft). The total net bulk entries were \$128,282.18. The total for three manual cash registers of \$160,343.50 less the total net bulk entries \$128,282.18 equals a minimum of \$32,061.32 not accounted for by Department Staff.

The total estimated manual cash register revenue of \$320,500.00 less the total bulk entries entered into CLASS \$128,282.18 equals approximately \$192,200.00. It appears estimated total revenue of \$192,200.00 collected through using manual cash registers at NCRP for operations may not have been entered into the CLASS system, indicating the funds were not deposited or recorded as County revenue. This estimated revenue has not been accounted for by Department Staff.

If manual cash registers (six at NCRP) continue to be used in operations, the Department must have policies and procedures that are adhered to by staff to ensure all revenues are properly recorded and theft does not occur. When manual cash registers are not properly safeguarded, a person/employee could collect cash with the manual cash register without recording the revenue as County income. Without proper controls in place for cash intake points, it is possible cash may be misappropriated or stolen, revenue not recorded, and assets misstated.

Recommendations:

- The Department should safeguard, control, and monitor manual cash registers cash intake.
- The Department should avoid using manual cash registers, when possible, and replace the use of manual cash registers with CLASS or other integrated systems.
- Any manual cash intake must have proper controls to ensure against theft.

County Management Response:

“The recommendations for this section are a subset of those for Section #3, above. Therefore, the same management responses apply. The range of loss of more than \$32,061.32 and up to \$192,200 is highly speculative. At the time of its investigation, the Sheriff’s Office determined that losses associated with the thefts totaled \$5,897 in funds missing from deposits and petty cash. The Sheriff’s investigation did not lead to any findings regarding manual cash register use or theft.”

Internal Audit Response to County Management Response:

The Collier County Sheriff’s Office investigation was in response to specifically identified missing deposits reported by Parks and Recreation. The investigation was not an all-encompassing audit of NCRP locations. Manual cash registers appear to be outside the scope of the reported crime.

5) Funds have not been properly secured or safeguarded (FY 2012).

Florida Statute 219.02(2) states “It is the duty of each officer to keep safely all the public money collected by him or her. Each officer shall exercise all possible care for the protection of the public money in that officer’s custody.”

The BCC Insurance Policy indicates loss of money (exceeding the deductible) from loss or theft from a locked safe, cash register, or cash drawer is a covered loss. This indicates if the cash register is unlocked or the safe is not properly locked, the insurance policy may not cover the loss. The deductible is paid from taxpayer funds. When employees do not properly secure funds, they may expose the County and/or taxpayers to additional costs and losses.

Parks and Recreation Policy AF0018 and AF0019 states “Cash and/or checks must be kept in a secure manner to insure [*sic*] that the Parks and Recreation Departments revenues are safe from pilferage.” Additionally, the policy indicates “All monies received at any facility within the Parks and Recreation system must immediately be secured.”

Change Drawer Procedures Item 5 indicates the change drawer fund must be in a secure place (i.e. locked safe or cash register) only accessible to the authorized custodians.

On January 7, 2012, Internal Audit observed the soccer concessions safe unlocked with County funds in the safe. On January 14, 2012, Internal Audit observed the soccer concessions safe unlocked containing prior day’s deposits that had not been completed, change drawers, and change bags.

On March 2, 2012, Internal Audit observed three of twelve (25%) safe combination locks were not properly secured. The safes were able to be opened without a combination, exposing County funds to unauthorized access and/or theft.

On June 28, 2014, Internal Audit completed a limited sample follow-up review and the locations observed (Pool Tickets and Fitness) had change drawer funds properly secured. Internal Audit observed signs posted by the Department were near the safe reminding staff to lock the safe after each use.

All county funds should be properly secured in locked safes or cash registers to prevent pilferage and to comply with the BCC Insurance Policy to allow for indemnification of claims, in the event theft occurs.

Recommendations:

- The Department should comply with Florida Statute, BCC Insurance Policy, and County Policies and Procedures.
- Employees should properly secure public funds and ensure safes are properly locked.

County Management Response:

“Management is in agreement and the Department is in compliance with these recommendations. Semiannual spot checks to verify compliance have been documented since March 2014.”

6) Change drawers did not balance to the authorized change drawer fund amount and/or have been split without authorization (FY 2012, FY 2014).

Change Drawer Policy Item 6 indicates funds are not allowed to be combined or separated into multiple change drawers.

Internal Audit completed unannounced cash counts for NCRP at Fiscal Year End (FYE) 2011. Two of 21 change drawers had been split, one change drawer fund closed and moved to a different location, and change drawer funds were not in their authorized locations. \$100.00 was moved to a different facility. The remaining \$7,625.00 was found at NCRP in unauthorized and authorized locations. Six change drawers (unauthorized) were created when change drawer funds were split thereby violating change drawer policies.

On December 22, 2011, Internal Audit reviewed NCRP operations and completed Department Staff interviews. Change drawer funds were not located in assigned locations.

On March 2, 2012, Internal Audit completed unannounced cash counts for NCRP. Five change drawers were not located, one change drawer exceeded the authorized amount by \$312.00, and one change drawer was \$5.00 short. Seven of 21 change drawers (approximately 33%) did not balance to the authorized fund amount. On May 19, 2012, the Regional Manager said the cash drawers were split for events to create additional cash drawers and to provide smaller banks to be used for making change in each location. Change drawer funds have been combined and split without proper approval.

Subsequent to Internal Audit’s review, the Department completed updated imprest fund forms and provided the forms to Clerk’s Finance for proper approval. In FY 2014, a limited review of NCRP change drawers was completed by Internal Audit. Imprest funds were located at the authorized locations. It appears this finding has been corrected.

On June 28, 2014, NCRP Fitness and NCRP Pool Tickets were selected for unannounced cash count follow-up reviews. There were a total of six change drawers selected. Three of six change drawers (50%) did not balance to the authorized fund amount, by a miniscule amount.

While it may seem that the County benefits from change drawer fund overages, it can just as easily lead to change drawer fund shortages. Even small overages or shortages indicate a lack of control and attention to detail.

Custodians and sub-custodians must exercise care for change drawer funds to prevent overages and shortages. Employees should be properly trained on how to balance a change drawer prior to being given the responsibility of managing cash funds.

Recommendations:

- If an overage or shortage occurs, the amount needs to be recorded at the time of deposit in the over/under account. There should be an explanation for what occurred causing the overage/shortage.
- Staff should be trained on how to balance change drawers at the beginning and end of each shift.
- Overages and shortages should be routinely reviewed to determine cause and implement necessary corrective action.
- Staff should not split or combine imprest funds or allow other locations to “borrow” funds.
- Staff should continue to ensure imprest funds are properly handled.
- When changes occur to an imprest fund, the appropriate documentation should be submitted to Clerk’s Finance.

County Management Response:

“Management is in agreement with the recommendations in this section. Department compliance with these recommendations can be evidenced by the following:

- *The Department policy for recording overages and shortages is Items B.2 and B.4.a of the Cash Handling and Register Operations Policy, attached as Exhibit A. Staff is trained on policies and proper documentation of recorded shortages and overages. The Department has been reviewing overages and shortages to determine cause and implementing corrective actions as necessary since January 2013.*
- *The Department’s Imprest Funds Policy is attached as Exhibit E. As noted by Internal Audit, the Department is in substantial compliance with its internal and Clerk’s Finance regulations regarding imprest funds (including the prohibition against splitting funds).*
- *Although Internal Audit found instances where, mid-shift, drawers did not balance by miniscule amounts, our records indicate that only a nominal number of overages/shortages have been identified over the past year. Each such occurrence is tracked and logged in the financial system daily.*

The following action items will be addressed in response to the above recommendations:

- *The Department will continue to train staff on cash handling procedures, spot check for compliance and accuracy, and resort to disciplinary measures where non-performance persists.”*

7) Deposits have not been made in accordance with Parks and Recreation Policy AF0004 (FY 2012, FY 2013).

Parks and Recreation Policy AF0004 (January 2011-in effect at the time of the initial review) stated all deposits exceeding \$50.00 must be deposited into the bank during business hours within 48 hours. Parks and Recreation Policy AF0004 (November 2011) was updated stating all deposits must be deposited in the bank within 24 hours. County staff did not always comply with the policy.

In FY 2012, deposits at NCRP continued to not be deposited in a timely manner or in accordance with Parks and Recreation policies and procedures.

Department Staff have not properly provided explanations for overages and shortages when submitting deposit paperwork to Clerk’s Finance. In FY 2012, Park Rangers began double checking deposits and paperwork submissions prior to Department Staff submitting the paperwork to Clerk’s Finance. The additional review appears to have reduced errors.

Department Staff have not properly provided reports to Clerk’s Finance as required by policy. Reports have been inconsistent with actual deposits, completed for the wrong location, completed for the wrong day, completed at the beginning of the day rather than the end of the day after operations close, submitted late, and/or submitted using inaccurate criteria.

Parks and Recreation Policy AF0004 (January 2013-in effect at the time of the follow-up review) was updated requiring all deposits exceeding \$100.00 must be brought directly to the bank and deposited into the bank during business hours within two business days. In June 2013, Internal Audit completed a spot check on deposits. Two deposits for Sun-N-Fun Lagoon were deposited late. Based upon a subsequent FY 2014 review, it appears the Department has significantly improved and deposits are typically being deposited in accordance with policies and procedures.

When deposits are not brought to the bank in accordance with the policy or when block deposits are completed, funds accumulate in the safe thereby exposing the County to a greater potential risk of theft. Deposits should be brought to the bank as soon as possible to reduce risk and protect County funds.

Recommendations:

- Deposits should be completed according to policy; same day deposits or next day deposits should be initiated.
- Cash should not be allowed to accumulate.
- The use of on-site deposit technology should continue to be considered.

County Management Response:

“Management is in agreement and, as noted by Internal Audit, the Department is now in compliance with these recommendations.”

8) Deposit bags / cash drops have not been properly sealed or tracked (FY 2012, FY 2013, FY 2014).

During October 2011, the Concessions Supervisor was able to “roll” deposits committing grand theft because the employees were leaving unsealed bags with the supervisor to complete a cumulative deposit at the end of the day. Without proper controls, the County remains exposed to the same scenario.

During September 2011, Internal Audit completed unannounced cash counts for all change drawers at NCRP. Staff interviews identified that NCRP location supervisors held all deposits from each employee and each shift until the end of the day then only one deposit is completed rather than a deposit for each employee at the end of each shift. Deposit bags are not sealed until the end of the day leaving collected revenues susceptible to theft.

On December 19, 2011 and March 2, 2012, Staff for pool ticket operations indicated the manager on duty does not seal the deposit bags when multiple employees work in one day. Instead the manager holds all unsealed deposit bags until the end of the day and completes one cumulative deposit for the location. The manager balanced the cumulative deposit to reports.

On December 22, 2011 and January 6, 2012, Staff for pool concessions stated the supervisor combined all cashier deposits for the day and completed one deposit at the end of the day. On January 7, 2012, Staff for softball concessions stated deposits were counted with the supervisor, but remained with the supervisor in unsealed bags and Staff were unaware of deposit practices. Funds were in the safe in unsealed deposit bags. On January 14, 2012, Staff for soccer concessions left unsealed deposits in the safe to be combined at the end of the day for one deposit.

On March 19, 2012, the Director said deposits have been combined for multiple employees and have not been sealed at the end of each employee’s shift. The Director said one deposit was completed, by the supervisor without a second person present, at the end of the day for each location.

On March 28, 2012, a review was completed for Exhibit Hall. Exhibit Hall is properly sealing deposit bags. Each cashier is completing a separate deposit and seals the deposit at the end of their shift. NCRP locations should complete deposits separately or have compensating controls to secure and safeguard County funds.

On September 18, 2012, Internal Audit observed a deposit bag in the Fitness safe unsealed. Softball concessions and pool ticket staff said deposits were combined at the end of the day and not sealed until all shifts have been completed.

On June 28, 2014, Staff for pool tickets stated cash drops are not completed as a deposit and are placed in the safe until the end of the shift when dropped cash is combined with additional collected funds, then one deposit is completed by the cashier. The amounts are reconciled with end of day reports.

Deposit bags are serial numbered. The serial numbers are recorded on deposit logs, but are not sequentially tracked and/or monitored. By tracking deposit bags through the sequential serial numbers, if a deposit is not completed or a deposit bag is missing, the tracking system could be used to identify the deposit bag through the serial number. All deposit bag serial numbers should be accounted for and tracked. Tracking deposit bag sequential serial numbers enhances controls and provides a stronger check and balance system for controlling deposits.

The Department's continued lack of internal controls regarding unsealed deposit bags remains a strong concern. At the end of each shift cashiers should seal their deposit bag and secure the deposit in the safe. When deposits are left unsealed to complete a single deposit for the location at the end of the day, cash controls are circumvented and the County is exposed to potential losses, higher risk, and theft.

Recommendations:

- All deposits should be reconciled and deposit bags should be sealed at the end of the shift.
- Deposit bags should be tracked by the sequential serial numbers.
- Cash should be sealed when dropped in the safe.

County Management Response:

“Management is in agreement and the Department is in compliance with these recommendations as of October 2014. The Parks and Recreation Department will create and implement a Standard Operating Procedure for sequential tracking of deposit bags.”

Internal Audit Response to County Management Response:

Based on Internal Audit's observation, the Department does not use deposit bags in sequential order; however, the serial numbers are recorded when deposits are completed.

9) Cash refunds have not been completed in accordance with Parks and Recreation Policy AF0008 (FY 2012, FY 2013, FY 2014).

Parks and Recreation Policy AF0007 (January 2011-in effect at the time of the initial review; now Policy AF0008) requires cash refunds are not to exceed \$10.00 for a same day cash transaction. Parks and Recreation Policy AF0008 (April 2012 and January 2014; formerly AF0007) requires cash refunds are not to exceed \$12.00 for a same day cash transaction. Refunds for same day transactions may only be completed with supervisor or designee approval.

In FY 2012, Internal Audit reviewed CLASS Refund Reports for NCRP locations that showed cash refunds exceeding \$10.00. Cash refunds exceeding \$10.00 were in contradiction to the Department Policy. Supervisors and/or managers were not required to approve cash refunds exceeding policy limits. In January 2014, the Department Policies were updated to require supervisor or designee approval. When Internal Audit requested supporting documentation for cash refunds, the Department was unable to provide support. Supporting documentation for explanation for the cash refund and/or original documentation is not maintained for cash refunds. Staff said administration staff reviews the cash refund reports and question anomalies; however, no documentation was provided by Department Staff to support this statement.

In FY 2012 and FY 2013, the CLASS Refund Reports show NCRP Exhibit Hall completed cash refunds exceeding \$12.00. In FY 2012, the CLASS Refund Reports show NCRP Gymnastics completed a cash refund exceeding \$12.00. NCRP Soccer (Athletics) had no exceptions for cash refunds. In FY 2012, FY 2013, and FY 2014 (February 27, 2012 through July 16, 2014), the CLASS Refund Reports show NCRP Sun-N-Fun Lagoon (Pool) had 209 cash refunds exceeding the policy limit of \$12.00 with cash refunds ranging from \$12.00 to \$254.40. The 209

cash refunds totaled \$6,882.87. In FY 2012 and FY 2013, the CLASS Refund Reports show NCRP Concessions completed cash refunds exceeding \$12.00. There is no documentation to support supervisor review and/or approval.

Cash refunds are high risk transactions because cash refunds provide an employee with a legitimate reason for opening the cash register and removing cash. Without proper documentation, such as a customer signature at the time of refund, supervisor approval, and monitoring of cash refund trends, the County is exposed to theft and/or loss. Care should be taken to ensure proper controls are in place to safeguard County funds and limit the risk of theft and/or fraud.

Recommendations:

- Cash refunds should only be completed with supervisor and/or manager approval for the transaction.
- Cash refunds should be completed in accordance to policy limits.
- Administration should review and monitor refunds.
- Internal controls should be implemented to prevent one person from completing the entire refund process for review, approval, and transaction completion.

County Management Response:

“Management is in agreement with the recommendations in this section. Cash refunds have been given at the time they are requested to accommodate the customer. In some instances, a supervisor verbally approved the refund, but did not document the transaction properly.”

The following action items will be addressed in response to the above recommendations:

- *The Department will review its business needs and revise its refund policy if necessary.*
- *The Department will establish documentation to support supervisory approval of refunds.*
- *Administration will review cash refunds and documentation to ensure compliance with policies.”*

10) Operations are inconsistent within the same location (FY 2012, FY 2013, FY 2014).

NCRP operations are inconsistent between locations at the same facility for completion of deposits. In some locations the supervisor is responsible for bringing deposits to Park Rangers for deposit. In other locations the deposits are picked up by the Park Rangers. There is no policy in place providing guidance to supervisors and/or employees on how deposits should be transported to Park Rangers for deposit into the County bank account.

A deposit for \$5,542.00 collected at NCRP Concessions (soccer safe) on November 19, 2011, was deposited on December 15, 2011. A second deposit for \$188.00 from the same location collected on November 19, 2011 was deposited in the bank on November 22, 2011. A supervisor stated the deposit for \$5,542.00 had been stored in the top part of the safe (where athletics keeps athletics money). The deposit was not brought to the Park Rangers for deposit at the end of the day and the deposit was not picked up by a Park Ranger. The lack of deposit guidance has caused significant deposit delays and continued concern for the deposit process. Deposits continue to be handled inconsistently at NCRP based on FY 2014 review.

On December 15, 2011, the Regional Manager and Operations Manager said tips were not allowed to be accepted by employees. The Regional Manager further added when tips were left on the counter by customers, the employees were allowed to purchase an inventory item with the tip money. The Operations Manager disagreed with the Regional Manager’s statement and said tips would be recorded as an overage. On December 22, 2011, an employee said the treatment for tips is inconsistent and there are no policies in place to provide guidance to employees. The employee said tips have been recorded as an overage, used to offset shortages, kept by staff, used to balance out waste items at the end of the shift, used for food / drink purchases for staff, or recorded as food sales without the food being removed from inventory. The employee said tips were handled differently depending on the staff member working. All tips should be recorded; an item key could be established in the point of sale system. Tips should be consistently recorded.

By not having consistent operations, it is hard to provide guidance to Staff and to ensure proper procedures are being followed. Deposits should be treated the same between locations within the same facility. The inconsistencies

in operations provide the opportunity for confusion, disorganization, and loss of County funds. Deposits have not always been completed timely because processes were inconsistent and Staff (including management) was unaware of noncompliance. Without clear guidance and processes, deposits may be overlooked by Staff and/or not timely deposited.

Recommendations:

- The Department should standardize cash management practices and internal controls for all Parks and Recreation locations.
- Policies and procedures should be clear and address cash handling operations including a policy for tips.
- The Department should properly train Staff to enhance consistency of operations and ensure compliance with policies and procedures.

County Management Response:

“Management is in general agreement with these recommendations. However, not all locations have identical business needs. Hence, practices and controls for cash will vary between locations. Department compliance with these recommendations can be evidenced by the following:

- *Internal audit noted in Section #7, above, “based upon a subsequent FY 2014 review, it appears the Department has significantly improved and deposits are typically being deposited in accordance with policies and procedures.”*
- *Staff has been trained on CMA 5311 regarding Ethics. Employees are not allowed to take tips and will be disciplined should they be identified as doing so.*
- *Staff is provided training routinely on both current CMAs and Department Standard Operating procedures.*

The following action items will be addressed in response to the above recommendations:

- *The Department will review its business needs and revise its practices and policies to provide for further standardization if necessary.*
- *The Department will continue to train staff on cash handling procedures, spot check for compliance and accuracy, and resort to disciplinary measures where non-performance persists.”*

11) BCC (handwritten) Receipts have not been properly completed, secured, and safeguarded. Checks collected by Parks Administration have not been properly secured when transferred between locations for deposit (FY 2012).

Parks and Recreation Policy AF0002 indicated BCC Receipts will be used to collect fees when no cash register is available. Typically, BCC Receipts are used by Department Administration to log checks received in the mail then the checks are transferred to Clerk’s Finance for deposit.

On March 2, 2012, Internal Audit observed BCC Receipts being maintained in an unlocked drawer which did not have limited access. All employees or individuals in the NCRP Administration Building had access to the BCC Receipts. BCC Receipts have not been properly secured.

On March 2, 2012, Internal Audit interviewed Department Staff. Staff indicated checks accepted and documented with BCC Receipts were transferred to Clerk’s Finance through inter-office mail. Inter-office mail is completed through the use of an unsecured envelope; locked bags have not been used. The inter-office envelope containing checks has been left in a pile in a mail outbox that is accessible by anyone walking by the area.

On March 10, 2012, Department Staff indicated no log or register is used to document or track the serial numbers / receipt numbers for the BCC Receipts. When employees have been provided BCC Receipts from NCRP Administration, the employee receiving the receipts has not signed for receipt or distribution of the BCC Receipts. On March 16, 2012, the Department provided a newly created log to track the BCC Receipts; however, the log does not include signatures of the employee responsible for the BCC Receipts or the location where the BCC Receipts are transferred for operations. On March 20, 2012, Department Staff indicated if BCC Receipts were not listed on the tracking log, then the BCC Receipts were maintained at NCRP Administration; however, a BCC Receipt that was destroyed was not included on the log.

Parks and Recreation Policy AF0002 requires the BCC Receipt to be filled out completely to include customer name and address, date, check number, description, fund, cost center, total amount, and signature of the employee.

The policy requires registration information to be written on the BCC Receipt and copies of the BCC Receipt provided to the customer. Not all BCC Receipts are issued for registration transactions. The policy does not provide an alternative process for non-registration transactions and should be revised to reflect actual operations with identified controls.

Internal Audit completed testing for BCC Receipts, in addition to observation and interviews. The testing period was from October 1, 2011 through February 29, 2012. There were 54 BCC Receipts issued by the Department. 12 BCC Receipts were selected for testing (22% of the population). 100% of the selected BCC Receipts had policy exceptions including no address (100%), no description (8.3%), no employee signature (8.3%), no registration information (100%), no Z report for the transaction (100%), and no supporting documentation (8.3%). The policies appear to be inconsistent with operations. Forms should be properly completed to ensure a proper audit trail.

In FY 2014, a limited sample of findings were selected for additional review. BCC Receipts were not selected for additional review. The Department should review and monitor BCC Receipts and ensure compliance with policies and procedures.

When employees do not comply with policies, it exposes the County to additional risk and lack of an audit trail. Employees should properly follow policies to safeguard County funds. Policies that are inconsistent with actual operations are confusing for employees and may create inconsistent practices. Checks accepted through the mail and logged with BCC Receipts should be immediately endorsed and properly secured, safeguarded, and transported for deposit. Checks should not be left in open areas and/or unsecured envelopes. By not securing checks, the County is exposed to greater potential risk and/or theft.

Recommendations:

- BCC Receipts and deposits should be properly secured and safeguarded.
- Department Staff should be trained on how to properly secure deposits and/or checks accepted through the mail.
- The Department should review the Parks and Recreation Policy and revise to reflect actual operations.
- Staff should be trained on how to properly complete BCC Receipts.
- The Department should monitor and review locations completing BCC Receipts.
- Policies and procedures should reflect actual operations with identified controls.

County Management Response:

“Management is in agreement with the recommendations in this section.

The following action items will be addressed in response to the above recommendations:

- *The Department will review its business needs and revise its BCC Receipt policy if necessary.*
- *The Department will continue to review BCC Receipts and documentation to ensure compliance with policies.”*

12) Credit card transactions have not been properly completed and/or reconciled (AF0003)(FY 2012, FY 2013, FY 2014).

Parks and Recreation Policy AF0003 indicated credit card receipts should be signed by the customer and a copy of the sales slip provided to the customer.

On December 29, 2011 and December 30, 2011, Department Staff indicated credit card receipts are not reconciled with end of day reports. Department Staff indicated the only time credit card receipts are reviewed is if there is a customer complaint.

On December 30, 2011, January 7, 2012, and January 14, 2012, Department Staff indicated and Internal Audit observed credit card receipts were not signed by customers and ID's were not checked when customers completed

purchases. Department Staff explained management directed them that customers no longer needed to sign credit card receipts. Credit cards have authorized this practice (when under certain thresholds); however, the signature serves as evidence if theft occurs and/or fraud is claimed by the credit card holder.

On March 9, 2012, the Department provided copies of credit card receipts maintained for records retention. The receipts provided did not have the customer's signature. The Department did not provide all requested receipts.

On June 28, 2014, Department Staff stated credit card receipts are not reconciled with end of day reports. Department Staff again stated the only time credit card receipts are reviewed is if there is a customer complaint.

Without properly verifying customer information and obtaining a customer signature when transactions are completed, Staff exposes the County to loss and/or fraud. Credit card receipts should be reconciled at the end of each day to ensure deposits properly balance to the end of day reports. Without proper review and monitoring, the deposits may contain discrepancies which potentially cause lost revenue for the County.

Recommendations:

- Staff should require customers to sign credit cards and verify the customer with photo identification.
- The Department should properly maintain credit card receipts with customer signatures for the audit trail.
- Staff should be trained on how to properly complete credit card transactions.
- Credit card receipts should be reconciled with end of day reports on a daily basis.

County Management Response:

“Management cannot agree with the recommendation to verify the customer with photo identification. Customers who purchase services online or by phone are not available to provide identification. Requesting photo identification with use of a credit card does not appear to be practical from a customer service point of view. And the Department assumes the associated risk.

Management agrees with the other recommendations in this section. The following action items will be addressed in response to the recommendations:

- *The Department will review its business needs and revise its credit card policy if necessary.*
- *The Department will create and implement a Standard Operating Procedure for reconciliation of credit card receipts to the daily deposit.*
- *The Department will explore what staffing resources would be required to reconcile credit card receipts with end of day reports on a daily basis.*
- *Staff has and will continue to be trained on credit card transactions.”*

Internal Audit Response to County Management Response:

There may not always be an opportunity for additional controls; however, when the opportunity for additional control is available then the additional control should be implemented. Regardless of available resources, credit card receipts must be and are required to be reconciled to protect County assets.

Internal Audit has not and is not recommending Parks and Recreation hire additional staff to control operations and/or for implementation of proper controls. By not properly verifying the identity of the customer, the County is exposed to loss and/or fraud.

13) Keys have been used to override automated cash register controls compromising the integrity of the transaction (FY 2012).

Cashiers should not use keys for cash registers except in very limited circumstances. The use of keys overrides the cash register's automatic controls, compromises the integrity of the transaction, and increases the opportunity for unrecorded transactions and/or theft.

On December 15, 2011, keys were in two cash registers at the Pool Concessions Snack Shack. On December 22, 2011, keys were used to open the Soccer Concessions cash drawers and keys were left in the cash

register. On December 29, 2011, keys were observed at Pool Tickets in the cash registers during operation. On January 7, 2012, keys were observed at Softball Concessions in the cash register during operation. On January 24, 2012, keys were observed at Soccer Concessions in the cash register. On January 27, 2012, keys were observed being used to open the cash register at Exhibit Hall.

On March 2, 2012, a key was being used at the Fitness Center for the cash register in operation. When a key is used to override the automated cash register controls, it compromises the integrity of the transaction and does not create an audit trail.

On September 18, 2012, the Fitness Center was using a key in place of the “No Sale” transaction to make change for customers.

On June 28, 2014, Internal Audit did not observe keys being used at the Fitness Center or Pool Tickets. The keys were properly locked in the safe.

Recommendation:

- Keys should continue to be properly secured and only used by supervisors under special circumstances (i.e. if the CLASS system fails, the “No Sale” feature would be unavailable and money would need to be removed from the cash register).

County Management Response:

“Management is in agreement and in compliance with this recommendation. Semiannual spot checks to verify compliance have been documented since March 2014.”

14) County Staff did not properly document information on the check as required by the Collier County Process for Check Intake and Preventing NSF's policy (FY 2012, FY 2014).

County Process for check intake and preventing NSF's requires cashiers to ensure the following criteria have been met: checks received in person to have the person's name, address, driver's license number and state written on the check, and to verify the accuracy. Once the criteria are met, the cashier is required to initial the check, endorse the check, and complete a transaction in the CLASS point of sale system.

On March 2, 2012, when completing unannounced cash counts, a check in the cash register did not contain a driver's license number, driver's license state, employee initials, and the date.

On June 28, 2014, when completing unannounced cash counts, a check in the NCRP pool tickets cash register was not endorsed.

A check should be restrictively endorsed as soon as it is received to prevent manipulation or theft. Without proper information obtained when accepting a check for payment, the County may not be able to submit the check to the State Attorney's Office for prosecution in the event there are insufficient funds in the payor's bank account. This exposes the County to potential lost revenue.

Recommendations:

- Checks that do not contain all the required information should not be accepted for payment.
- Staff should be trained on the proper methods for accepting checks as payment.

County Management Response:

“Management is in agreement and in compliance with these recommendations.”

15) Cash Control Logs (AF0006) have not been properly completed (FY 2014).

On June 28, 2014, Internal Audit observed completed cash control logs for NCRP Fitness. The cash control logs require a signature from the “Deliver’s / (verification) Signature” and a signature from the “Receiver’s / (cashier’s) Signature.” The observed cash control log had five entries for June 27, 2014. Four of the entries did not have both signatures (80%).

Without proper review and validation of money at the time of transfer, errors may not be detected when errors occur and the cashier is exposed to accusations of theft and/or fraud. Each employee should properly review and count money received or returned at the beginning and end of each shift with a supervisor or have a second person validate when supervisors are not present. If a supervisor / second person is not present to validate the amount of funds, the employee should properly document a supervisor / second person was not present.

Recommendations:

- Cashiers and supervisors should count and verify funds when received and returned at the beginning and end of shifts.
- If a supervisor is not present to verify and validate the funds, a second person should validate. If a second person is not present, the employee should document the reason the cash was not validated by a second person and/or supervisor.
- Staff should be trained on how to properly complete a cash control log.

County Management Response:

“Management is in agreement and will retrain staff on properly completing a cash control log.”

16) Lack of an Audit Trail (FY 2012, FY 2014).

Florida Statute Chapter 219.02(1) indicates “It shall be the duty of each officer to issue a receipt for each collection of public money made by him or her, a copy of which receipt shall be retained by the officer and shall be made a public record...he or she may use also any other form or method which will record collections of public money in a manner adequate for a proper post audit.”

The State of Florida General Records Retention Schedule for State and Local Government Agencies provides for the minimum retention periods as set forth by federal and state regulations, general administrative practices, and fiscal management principles. The records retention schedules are issued by the Department of State in accordance with statutory provisions, Florida Statute Chapter 119 and 257. Item #365 requires receipt / revenue detailed records including credit card records, refund records, and cash register tapes be maintained for five fiscal years provided applicable audits have been released.

On December 19, 2011, Department Staff said there were no records or signatures for cash corrections or cash refund transactions when completed the same day. On February 28, 2012, Department Staff said there were original documents and/or supporting documentation for cash refunds. The only document maintained is the CLASS report for the transaction (does not contain explanation).

On March 9, 2012, Department Staff indicated there were no reports or receipts for transactions completed with manual cash registers or when manual cash registers were in use for operations. “No Sale” receipts, VOID receipts, cancelled transactions support, and refund receipts were unable to be provided by Parks and Recreation Staff. On March 9, 2012, Department Staff indicated maintaining records for these types of transactions was not a previous practice. Department Staff have not retained records sufficient for a proper audit trail.

Florida Statute Chapter 219.04 indicates “Each officer as defined in this act, shall keep a cash book, or books, wherein shall be entered daily all receipts and disbursements of public money, either by items or summaries of itemized entries in other records, including machine tapes, kept in such office. The book shall be balanced...”

Credit card transactions have not been balanced to reports or itemized transaction registers. Locations with manual cash registers have not entered receipts into the CLASS system on a daily basis. It appears manual cash register transactions have not always been entered into the CLASS system leaving no records for the transactions. Cash register machine tapes have not been retained.

On March 9, 2012, Department Staff indicated there were no records maintained to support manual cash register transactions. Missing documentation included: a list of when manual cash registers have been used in operations, a list of how many manual cash registers were in operation at NCRP, lists for the employee assigned to the manual cash register, daily reports for manual cash registers, and support for supervisor review and/or approval for manual cash register transactions and daily reports. By having the lack of audit trail, manual cash registers have exposed the County to additional risk and theft. Proper care should be used to control and monitor cash operations in order to prevent unnecessary risk exposure and theft.

On March 12, 2012, Department Staff stated no records or supporting documentation have been maintained for locker fee cash collections. There were no signed logs confirming the collection, review of the collection by a second person, or specific transaction records.

On March 16, 2012, Department Staff indicated when BCC Receipts were destroyed, no records for the destruction and/or reason for destruction were maintained.

In January 2014, Department Staff was unable to provide supporting documentation for cash refunds examined. On June 28, 2014, staff indicated there were no records for tracking day passes issued or received at the Fitness Center.

Without records for cash on hand, the location is susceptible to theft and loss of revenue. Without proper documentation and an audit trail, the County's insurance policy may not pay insurance claims. By not having a proper audit trail the County is in violation of Florida Statute and does not have adequate supporting documentation for transactions. The lack of a proper audit trail exposes the County to higher risk, theft, fraud, and/or loss of revenue.

Recommendations:

- The Department should comply with Florida Statute and the State of Florida General Schedules for Records Retention.
- The Department should properly issue and retain receipts for transactions.
- Employees should reconcile receipts to reports on a daily basis and maintain an audit trail for review and/or transaction approval.

County Management Response:

“Management is in agreement with these recommendations. Many of the examples identified occurred in 2011 and 2012 and are addressed in management responses elsewhere in this document. In addition to the action items listed in previous responses, the following action items will be addressed in response to the recommendations:

- *The Department will no longer use the 1-Day Guest Pass identified by Internal Audit in the fitness centers.”*

Internal Audit Response to County Management Response:

Internal Audit did not recommend operations be discontinued. Internal Audit recommended controlling Department operations. The discontinuation of services is a County Management decision.

Other Observations

1) It appears Parks and Recreation is not monitoring compliance with the terms of the NCRP Concessions Agreement (FY 2014).

The Department outsourced concessions in January 2014. An agreement with NASA Holdings of Miami, Inc., d/b/a Concession Service Systems was executed in February 2014 providing the concessionaire the exclusive right to operate concessions including the sale of food, beverages, and related items for the concession areas at Sun-N-Fun Lagoon, NCRP Soccer Fields, and NCRP Softball Fields.

The agreement is with NASA Holdings of Miami, Inc. d/b/a Concession Service Systems. The Certificate of Liability Insurance provides “Silva Management of Miami Inc. / Nasa Holdings” insurance coverage. Collier County is listed as an additional insured. The Certificate of Liability Insurance and the agreement do not list the same company name. Documentation and contracts should all be consistent to ensure contract requirements are maintained and comparable. When insurance and contracts are in different names, the insurance may not be sufficient or provide proper insurance coverage. Internal Audit contacted Risk Management to review insurance concerns. Risk Management obtained a new insurance certificate with the proper company name.

On June 28, 2014, during a cash audit of NCRP, Internal Audit observed The Frozen Drink Company, Inc. mobile vendor truck parked in the grass next to the sidewalk by the soccer building. The NASA Holdings of Miami, Inc. contract requires all vehicles to be parked in roadways.

In July 2014, the Department appeared unaware that NASA Holdings of Miami, Inc. used a separate company, The Frozen Drink Company, Inc., for expanded vendor concessions. In November 2014, Parks and Recreation provided an email dated April 22, 2014 which seemingly provided authorization for expanded concession services.

The Frozen Drink Company, Inc. does not have a contract or other legal authority to conduct business at NCRP and/or Parks and Recreation. The concessionaire agreement with NASA Holdings of Miami, Inc. does not allow for assignments of services without BCC approval. NASA Holdings of Miami, Inc. appears to have breached its existing contract by expanding or assigning contract rights to a separate company, The Frozen Drink Company, Inc., without BCC approval. The Department has not properly enforced contract compliance, conducted appropriate monitoring, or appropriately validated revenue reports.

In addition, The Frozen Drink Company, Inc. did not have proper insurance coverage at the time of review. Proposed proof of insurance was provided on September 29, 2014; however, the insurance does not comport to NASA Holdings of Miami, Inc. contract coverage requirements.

By not properly monitoring contract compliance, the Department increases operation risk including the potential for lost revenues. Contract terms should be carefully monitored and enforced.

Recommendations:

- The Department should monitor operations and contract compliance.
- The Department should never allow unpermitted businesses to conduct operations at park locations. Contracts and/or permits should be obtained before operations are conducted.
- The Department should enforce the terms of the Concessions Agreement.
- The County should ensure the vendor has proper insurance and required operation licenses and permits.

County Management Response:

“The Department considered the use of the Frozen Drink Truck at NCRP to be an expansion of services duly authorized in writing as contemplated in the Concession Agreement. The Department acknowledges further due diligence could have been completed prior to this authorization. The Department actively monitors the concessionaire’s performance, operations, and compliance with the Concession Agreement. In accordance with Section Ten of the Concession Agreement, it is the concessionaire’s sole responsibility to obtain any and all

necessary permits related to the work. The Department does not knowingly allow unpermitted businesses to conduct operations at park locations.”

2) Locker Concessions Agreement circumvented BCC approval thereby is in violation of Florida Statute (FY 2014).

On June 28, 2014, Internal Audit completed follow-up review for NCRP Pool Tickets. Department Staff stated locker fee rentals were no longer collected by the Department and had been outsourced to a vendor.

In January 2014, the Department entered into a Locker Concession Agreement with Smarte Carte (vendor). The agreement was not brought to the BCC for approval; instead the Interim Purchasing/General Services Director signed and executed the agreement. Florida Statute 125.74(2) states “It is the intent of the Legislature to grant to the county administrator only those powers and duties which are administrative or ministerial in nature and not to delegate any governmental power imbued in the board of county commissioners as the governing body of the county...” The contract did not receive BCC approval, as required by Florida Statute and may not be considered a valid contract.

The initial contract executed in January 2014 did not address sales tax. Clerk’s Finance Staff detected the sales tax issue. In response, a contract amendment was completed in May 2014 to provide guidance for sales tax requirements. The contract amendment did not receive BCC approval. When contracts are executed that circumvent the BCC approval process, the contract lacks transparency and may not receive proper review.

All contracts should be reviewed by the County Attorney’s Office and approved by the BCC. County Staff does not have discretionary authority to enter into contracts on behalf of the BCC.

Recommendations:

- The County should comply with Florida Statute.
- Contracts should be approved and signed by the BCC.
- The Department should bring the contract before the BCC and request approval of the contract.

County Management Response:

“Staff obtained three quotes for this service and determined that the contract amount was less than the \$50,000 threshold that requires Board of County Commissioner approval via executive summary. The Purchasing Director signed the contract in accordance with Board direction for maintaining the then-current Purchasing Policy (BCC meeting December 10, 2013; Agenda item 17J). The applicable section of the Purchasing Policy is Section XV: Contract Administration, Paragraph F.”

Internal Audit Response to County Management Response:

Purchasing Policy (2013) in Section 19 Contract Administration Item F states “All contracts for commodities and services shall be authorized by the Board of County Commissioners.” The Locker Concessions Agreement was not approved by the BCC.

The agreement term is a five year period beginning on March 1, 2014 and continuing through February 28, 2019. The estimated total revenue that will be collected by the vendor in the course of five years exceeds \$50,000. In totality the amount outsourced exceeds \$50,000 and should have been put out to bid and approved by the BCC.

3) Lack of controls for inventory (FY 2012, FY 2014).

On December 15, 2011, the Regional Manager stated inventory purchases completed by staff were not validated by a second employee. The Regional Manager would go to a store, purchase inventory, and put the inventory at the location. The Regional Manager said inventory would go to multiple locations after the purchase and could not easily be tracked.

On January 7, 2012, Internal Audit observed concession employees substitute ordered items when there were shortages and not record the exchange. Inventory totals were not adjusted for the exchange. When an inventory item was not in the system, the employee rang up a different item for the sale value.

The CLASS system is not used to track inventory. The Operations Manager said the CLASS financial information is reconciled with the Finance system (i.e. SAP) on a monthly basis by cost center. Reconciliations are not completed to the detailed general ledger (G/L) level for inventory. The Regional Manager said each item could not be inventoried at a detailed level.

There are an inordinate amount of item not found transactions. A review of CLASS reports from 2006 – 2012 for NCRP operations was completed. The review has a net Item Not Found total of \$32,314.82. Without controls in place and properly recording the inventory item sold, inventory records will not be accurate and it exposes the County to waste, theft, and fraud.

While management has outsourced NCRP concession operations, there continues to be a concern for other NCRP and Parks and Recreation operations with inventory. In FY 2014, Parks and Recreation policies and procedures were reviewed in conjunction with follow-up review for cash handling operations and/or activity. The FY 2014 Parks and Recreation policies and procedures do not address or provide guidance for reconciling, controlling, and monitoring inventory. Inventory concerns remain for Parks and Recreation operations / locations with inventory.

When inventory is not properly reconciled, controlled, and/or monitored, it exposes the County to theft, waste, loss, and mismanagement of inventory items.

Recommendations:

- The Department should create a standard operating procedure for reconciling and monitoring inventory.
- The Department should complete spot checks on inventory to ensure the accuracy of information and deter theft.
- When goods are purchased, a second employee should validate the amounts for the purchase and reconcile the purchase to the receipt and/or purchase order.

County Management Response:

“The Department has outsourced the concessions at North Collier Regional Park and no longer maintains inventory at that location. In addition, the Department has historically operated small gift shops with educational materials, pro shop materials for support of skate park and BMX racing, and sports drinks at the Rec Plex. These services were provided for the convenience of the customers in these unique recreational facilities. The overall costs associated with purchases of these materials and resale were inconsequential, but have been phased out. The Rec Plex will discontinue selling sports drinks over the counter and will limit these sales to vending machines only. The time and resources associated with a developing and maintaining an inventory system outweigh the benefit of providing this service. The Department will have no other retail sales associated with its programming at this site.”

Internal Audit Response to County Management Response:

Internal Audit did not recommend operations be discontinued. Internal Audit recommends controlling Department operations whether internal or outsourced. The discontinuation of services is a County Management decision.

4) Medical information, personal identification information, and social security numbers were readily observable on unsecured forms (FY 2012, FY 2014).

While reviewing Parks and Recreation documentation, Internal Audit noticed social security numbers and personal identification numbers were readily available on forms saved in the Parks and Recreation G-drive. Many employees have access to the G-drive and it does not appear the forms are protected or properly secured to limit access. Information containing personal identification information and social security numbers should be properly safeguarded to protect people's identities and sensitive legally protected information. Access should be limited to the necessary people and not available to people without a need for the information.

On June 28, 2014, during follow-up field work, Internal Audit observed medical history forms unsecured on the back counter at the main Fitness counter. The forms contained birthdays, medical information, signatures, and telephone numbers. Forms containing medical information should be properly secured to comply with privacy rules, laws, and HIPAA requirements.

Recommendations:

- Personal identification information and social security numbers should be redacted and/or safeguarded prior to saving electronic files on a commonly used computer / network drive.
- Medical information should be properly secured.
- The Department should review current practices regarding medical information and comply with privacy rules, laws, and HIPAA requirements.
- The Department should consider restructuring the release forms to limit the amount of confidential information required.

County Management Response:

"The Department will provide additional training on protection of sensitive data according to current laws. The Department will review the form in question and make changes to limit the amount of confidential information obtained. Ongoing monitoring will be conducted to ensure compliance with this issue."

5) Lack of tracking for pool entrance wristbands (FY 2012, FY 2014).

The Pool Ticket counter employees provide customers with wristbands at the time of entrance to the pool to show the customer has paid the appropriate fees to enter the pool area. The wristbands are maintained in a locked cabinet and the style (color and/or pattern) of the wristband changes daily. Each wristband has a sequential number. The employees do not track the numbers to reconcile with the total number of sales.

Tracking sales through validating the sequential numbers on wristbands provides a check and balance to ensure revenues have been properly recorded. By not tracking the wristband numbers, it reduces internal controls available to the department. If wristbands are not tracked sequentially and accounted for, the Department may be exposed to fraud and/or theft via duplicate bracelets presented / worn by customers.

Recommendations:

- The Department should monitor and track wristbands used for pool admissions.
- Training should be provided to staff for proper reconciliation of bracelets used to revenues collected.

County Management Response:

"The Department controls and monitors wristbands used for pool admissions. The wristbands are issued to cashiers by the site supervisor and logged regarding use. The wristbands are used primarily to allow for re-entry of same-day customers. The color of the wristband changes daily to ensure repeat visitors pay each day. The Department believes the controls in place are sufficient to safeguard against improper use of wristband and assumes the minimal residual risk. To implement a daily reconciliation on wristband use to pool admissions is beyond the current staffing capacity of the facility."

6) 1-Day Guest Passes are not tracked or secured (FY 2014).

The NCRP Fitness Center has 1-Day Guest Passes that are provided to patrons. The day passes do not have a serial number for tracking and have not been secured at the Fitness Center. Day guest passes were lying out on the main counter in multiple locations. Day guest passes have not been properly controlled, tracked, or monitored. Promotional activities (i.e. guest passes) should be tracked and monitored to preserve potential County revenue and determine program effectiveness.

Day guest passes have not been properly secured, tracked, or recorded when employees distribute the passes exposing the County to lost revenue. Day passes have a monetary value because it reduces the fitness charges a customer would be required to pay for the day, so the day passes should be controlled to ensure the County does not lose revenue.

Recommendations:

- The Department should monitor and track day guest passes.
- Day guest passes should have identifying serial numbers, include a description, be recorded at the time of distribution, include an expiration date, and should be reconciled.
- The Department should create policies and procedures to address day guest passes.

County Management Response:

“See County Management response to Section #16.”

Internal Audit Response to County Management Response:

Internal Audit did not recommend operations be discontinued. Internal Audit recommended controlling Department operations. The discontinuation of services is a County Management decision.

7) Parks and Recreation Staff indicated they were unfamiliar with Parks and Recreation Policies and Procedures (FY 2012, FY 2014).

On January 6, 2012 and January 7, 2012, Department Staff indicated they were unaware of the policies and procedures regarding cash handling.

On June 28, 2014, one cashier was unaware of how to properly record a shortage. The cashier said the deposit would be the correct amount and the shortage would be carried in the starting bank. The supervisor initially indicated the deposit would be recorded accurately and the change drawer would record the shortage. Subsequently, based on discussion, the supervisor said the deposit would be reduced and a shortage recorded with an explanation. The supervisor indicated the cashier would be trained on the proper method for recording a shortage.

Employees should be provided training when policies and procedures are revised or implemented to ensure a proper understanding of requirements. Violations can result in lost revenues.

Recommendations:

- Employees handling cash should continue to be provided training for the cash policies and procedures.
- When policies and procedures are revised or implemented, County staff should be provided training at the time of implementation.

County Management Response:

“The Department provides ongoing and recurring training to employees on cash handling policies and procedures. All staff members who handle cash complete annual training on policies and procedures with acknowledgement of training. The Department will continue to provide training and spot checks to ensure compliance with existing policies and procedures.”

8) Parks and Recreation Staff shared their computer system credentials including usernames and passwords (FY 2012).

User names and passwords act as employee identification and provide a computer audit trail. When employees share user name and passwords, it exposes the employee to potential allegations in the event of an issue and potential misuse. By sharing user name and passwords, it provides other employees the opportunity to commit theft and violates County policies and procedures. The likelihood of errors and omissions increases when credentials are shared with other employees and/or untrained co-workers. Errors and omissions reduce the accuracy of the audit trail and financial records. While sharing credentials may make operations easier, it undermines the internal controls in place and places the employee and County at risk. There is no legitimate reason to share passwords. Sharing credentials severely weakens the security of the system.

CMA 5405 Computer / Technology Use states staff are issued credentials (user name and password) for accessing network and network resources. Users are responsible for all transactions made using their credentials, protecting confidentiality of their credentials, and are prohibited from sharing their credentials. No user may access the network or network resources with another user's credentials. Sending an email which in any way appears as though it was sent by someone else (who did not send it) is prohibited.

Staff sent emails from another employee's County email account. Either an employee logged in and allowed another employee to use the account, or an employee provided their user name and password to another person. Both are violations of County policy (Note: additional emails were not reviewed during the FY 2014 follow-up review).

On January 7, 2012, Internal Audit observed multiple employees completing transactions on the same computer terminal under the same user name. The first employee did not log out of the system prior to the second employee completing transactions. On January 14, 2012, Internal Audit observed multiple employees completing transactions on the same computer terminal under the same user name.

On June 28, 2014, Internal Audit completed a limited sample follow-up review and the locations observed (Pool Tickets and Fitness) had all cashiers operating out of separate change drawers. At the time of the follow-up review, access to the point of sale terminals / computers was properly limited.

Recommendations:

- Employees should never share user names and passwords.
- The Department should train employees on computer practices.
- The Department should continue to monitor and observe employee operations to ensure user names and passwords are properly safeguarded.

County Management Response:

"Management is in agreement and is now in compliance with these recommendations."

9) Revenue has been allocated to incorrect cost centers (FY 2013).

The CLASS Point of Sale (POS) Item Listing report (Information as of May 13, 2013) was reviewed for revenue allocation. Each item was traced to the General Ledger (G/L) Account to determine if the revenue was being appropriately allocated.

There were two items that were allocated to the wrong cost center (Cost Center 156314 NCRP instead of 156344 ASE Athletics). The Department resolved the allocation concerns in CLASS by changing the cost center allocations. Journal entries were proposed by the Department and completed by Clerk's Finance Department to reallocate the revenue to the appropriate cost center.

Care should be taken when entering items into the CLASS system to ensure the revenues are properly recorded by fund and cost center. When allocations are completed to the wrong cost center, the financial information may be inaccurate.

Recommendations:

- Revenues should be allocated to the appropriate fund / cost center.
- The Department should monitor revenues as required by Parks and Recreation Policies and Procedures AF00013 / AF00014.
- The Department should review and correct all Parks and Recreation locations for sales allocations to ensure proper routing.

County Management Response:

“Management is in agreement and is now in compliance with these recommendations.”

Conclusion

Multiple site visits were completed by Internal Audit between FY 2011 – FY 2014 to review cash handling operations. The Department has shown improvement based on continuous communications and recommendations, but internal controls remain weak. Additional management oversight and training are necessary to resolve concerns and enhance the strength of internal controls.

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. The Change Drawer Fund Policies and Procedures for imprest funds have not always been adhered to by the custodians and/or sub-custodians. The custodian for the imprest fund should update the Certificate and Receipt of Imprest Fund forms and keep the documentation current.

Florida Statute and Policies and Procedures for change drawers and cash handling 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 Department should continue to monitor operations and ensure compliance with Florida Statute.

Internal controls over cash are necessary to prevent mishandling of public funds and to safeguard the County from loss of revenues. Strong internal controls protect employees from inappropriate charges of mishandling funds by defining responsibilities in the cash handling operation / process. Internal controls should be implemented and strengthened to protect the County from theft, fraud, and loss.

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.

Recommendations:

- The Department should implement a process to hold employees accountable for deposits and cash handling.
- The Director or an independent employee (not a custodian or sub-custodian of the imprest fund) should perform periodic cash counts of the Department's imprest funds on a non-routine basis to ensure that the custodian and/or sub-custodians are complying with the County's change drawer fund policies and procedures and that adequate documentation exists for audit purposes.
- Additionally, Internal Audit will continue to perform unannounced cash counts.
- Training should be provided to all custodians and sub-custodians to ensure they understand the policies, procedures, and forms governing change drawer and petty cash funds.
- Additional training should be provided to all custodians, sub-custodians, and cashiers to ensure they understand how to print CLASS reports and operate the POS system.

Additional County Management Comments:

"The Department will continue to train staff on cash handling procedures, spot check for compliance and accuracy, and resort to disciplinary measures where non-performance persists. The Operations Manager has been documenting non-routine cash control reviews at all locations on twice yearly since March 2014. When the Department experiences employee non-performance in the area of cash handling that cannot be overcome through training, it works closely with the Human Resources Department to provide discipline as outlined in CMA 5351. Historically, employees are provided progressive discipline that has in some cases led to termination.

The Parks and Recreation Department is a dedicated group of professionals who seek to continue to strengthen their internal controls related to cash handling. The Department has been able to establish a stronger administrative function through directing more existing staff resources to these functions, by maintaining and continuing to enhance staff training, and by developing internal and centralized controls. A list of internal controls

performed by centralized administration staff is attached as Exhibit F. The Department welcomes the review and input provided by Internal Audit in our ongoing efforts to strengthen our management of cash controls and deposits.”

Internal Audit Comments:

Internal Audit acknowledges the cooperation and assistance from County Staff. Responses provided by the Department greatly supported the audit process.

Exhibit A

Note: Internal Audit did not prepare the documents in Exhibit A. The documentation was provided by the Public Services Division, on September 22, 2014, and revised documentation was provided on October 14, 2014.



SUBJECT: Cash Handling and Register Operations

PAGE 1 of 4

CATEGORY: Fiscal

NUMBER: AF0001

POLICY:

The Department will use CLASS Point of Sale workstations or manual registers for cash handling. The following procedures will insure fiscal responsibility within the Department.

PROCEDURE:

A. Cash Handling

1. Cashiers utilizing CLASS will verify and sign for a starting bank and complete the Cash Control Log. Cashiers utilizing manual cash registers will also complete the Daily Closing Report (attached) indicating amount of starting bank.
2. If register requires a login, cashier will sign into their register under their name.
3. Cashier will place starting bank in the register and prepare to serve patrons for the day.
4. Cashier will not allow others to use his or her register/drawer.
5. Cashier must secure their drawer and register should they need to step away from the register.
6. Customers will receive a receipt for every paid transaction.
7. Staff members are not permitted to create any transactions for themselves or family members. Personal use transactions must be completed by another staff member.
8. The No Sale Button (not the register key) shall be utilized to open the cash register drawer when a transaction has not taken place. This includes the end of your shift in order to verify monies taken that day. Cashiers are to initial no sale slips and write the reason for opening the drawer and submit them with the closing paperwork.
9. No monies will be left in cash registers overnight.

B. Registers utilizing CLASS

1. A cash drop is recommended once a drawer exceeds \$800.00, excluding the starting bank. If possible a supervisor will verify the amount of the drop. Enter the amount of the drop into CLASS utilizing the Transfer Out button in POS (How To's are located in <G:\CLASS\POS\Transfer Out.docx>). The Money Transfer Confirmation Report, which is auto generated from CLASS, or the Drop/Change Log must be completed. Secure monies in the safe/bank. Monies dropped can be verified in CLASS by running a Drawer Balance report.
2. If a cashiering change is made the new cashier will begin with a new starting bank and the previous cashier will bring their drawer to the office and verify the drawer to the Drawer Balance

C:\Users\townsendamanda\AppData\Local\Microsoft\Windows\Temporary Internet
Files\Content.Outlook\AE75675F\AF0001 Cash Handling and Register Operations.docx



SUBJECT: Cash Handling and Register Operations

PAGE 2 of 4

CATEGORY: Fiscal

NUMBER: AF0001

Report. It is the cashier's responsibility to enter any discrepancies (shortage/overage) following the steps outlined in the "How To" available at [G:\CLASS\POS\Over-Short Button.docx](#).

Complete, scan and save your deposit slip to G:/000Daily Reports - under your facility. Name the file with the date first (XX-XX-XX format), Deposit Slip and your initials. The money is placed in a sealed deposit bag with the complete deposit slip and is then secured in the safe. The Cash Control Log and Deposit and Bank Transport Log shall be completed.

3. If change is needed during the day the person responsible for the change will deliver the money in a secure bank bag to the cashier. The cashiers will then count out the matching amount of money from their register and verify the amount with the person delivering the change. The Drop/Change Log AF0007 shall be completed each time a register or bank requires change and monies leave the direct sight of cashier.
4. Close out procedures
 - a. For final closing, the cashier will verify the drawer and balance to the Drawer Balance Report. It is the cashier's responsibility to enter any discrepancies (shortage/overage).
 - b. Complete, scan and save your deposit slip to G:/000Daily Reports - under your facility. Name the file with the date first (XX-XX-XX format), Deposit Slip and your initials.
 - c. Send an email to Revenue@collierclerk.com and ParksRevenue@colliergov.net with all Deposit Slips and Drawer Balance Report--for Nightly Closeout attached.
 - d. The money is placed in a sealed deposit bag with a complete deposit slip and is then secured in the safe. The Cash Control Log and Deposit and Bank Transport Log shall be completed.
 - e. Supervisor or designees are to review all closing paperwork including deposit slips, credit card receipts and no sale slips. After reviewing, they are to initial the paperwork.

C. Manual Registers

1. A cash drop is recommended once a drawer exceeds \$800.00, excluding the starting bank. A Park Ranger will verify the amount of the drop, complete the Drop/Change Log AF0007 and secure the monies in the safe/bank.
2. If change is needed during the day the person responsible for the change will deliver the money in a secure bank bag to the cashier. The cashiers will then count out the matching amount of money from their register and verify the amount with the person delivering the change. The Drop/Change Log AF0007 shall be completed each time a register or bank requires change and monies leave the direct sight of cashier.



**COLLIER COUNTY PARKS & RECREATION
POLICIES AND PROCEDURES MANUAL**

EFFECTIVE DATE: June 2006
REVISED: June 2014
REVIEWED: June 2014

SUBJECT: Cash Handling and Register Operations

PAGE 3 of 4

CATEGORY: Fiscal

NUMBER: AF0001

3. Close out procedures

- a. At the end of every shift a "Z" report (register) and Batch Settlement (credit card machine) must be generated to determine the day's total sales.
- b. The money is placed in a sealed deposit bag with a complete deposit slip and is then secured in the safe. The Deposit and Bank Transport Log shall be completed
- c. The Daily Closing Report (attached) must be completed with the "Z" tape, Batch Settlement, credit card slips and deposit slip attached.
- d. The Daily Closing Report and all attachments will be sent to administration on a daily basis. The deposit slip will then be scanned and saved to the G Drive and emailed to finance.



**COLLIER COUNTY PARKS & RECREATION
POLICIES AND PROCEDURES MANUAL**

EFFECTIVE DATE: June 2006
REVISED: June 2014
REVIEWED: June 2014

SUBJECT: Cash Handling and Register Operations

PAGE 4 of 4

CATEGORY: Fiscal

NUMBER: AF0001

**COLLIER COUNTY PARKS AND RECREATION DEPARTMENT
DAILY CLOSING REPORT**

Clerk: _____

Date: _____

Void Slip Count: _____

Latest "Z" Grand Total: _____

Void Totals: _____

Previous "Z" Reading: _____

Net Change: _____

#1 Actual Cash in Drawer

#2 Deposit Information

Coins	Bills
.01 _____	1.00 _____
.05 _____	2.00 _____
.10 _____	5.00 _____
.25 _____	10.00 _____
.50 _____	20.00 _____
	50.00 _____
	100.00 _____

Cash Sales _____

Check Sales _____

Total Sales _____

Bank Deposit Total _____

_____ + _____

Total Cash _____

Minus bank _____

Net Cash _____

Total _____ Balance to _____ Under/Over _____
Cash Drawer Z Tape Total

Explain under/over if any: _____

Office Use Only:

001-156363 347907 Parking Fees	_____
208901 Sales Tax	_____
Total	_____



SUBJECT: Bank Deposits

PAGE 1 of 1

CATEGORY: Fiscal

NUMBER: AF0004

POLICY:

Excluding the approved "starting bank", Revenues collected in EXCESS of \$100.00 must be deposited in a bank within two business days. All deposits exceeding the approved limits must be made within two business days of close of business (Business day is any day Monday – Friday excluding holidays). Deposits are to be taken directly to the bank. Deposits should never be taken home by employees for overnight safe keeping.

PROCEDURE:

- A. Facilities making direct deposits to a bank will have two (2) part deposit slips with the facility location imprinted on the deposit slip.
- B. Deposit slips will be filled out completely totaling cash and listing checks being deposited. Initial the deposit slip.
- C. Complete the deposit bag listing the bag number on the deposit slip. (for help see also "How To's" on the G Drive in the CLASS Folder)
- D. The deposit slip will be submitted to the bank with the deposit monies. The bank retains the white copy and verifies deposit with the Clerks Finance Office.
- E. Yellow copy of the deposit slip will be kept on file
- F. A "Deposit & Bank Transport Log" (AF0005) needs to be completed when deposits are placed into and or removed from the safe. The log is to remain by the safe.



SUBJECT: Cash Control Log

PAGE 1 of 1

CATEGORY: Fiscal

NUMBER: AF0006

Cash Control Log

OPENING	TIME	DEPOSIT AMOUNT	BANK AMOUNT	IN	OUT	DELIVER'S/ (VERIFICATION) SIGNATURE	RECEIVER'S/ (CASHIER'S) SIGNATURE
Cashier 1					X		
Cashier 2					X		
Cashier 3					X		
Cashier 4					X		
Cashier 5					X		
Cashier 6					X		
Cashier 7					X		
CLOSING	TIME	DEPOSIT AMOUNT	BANK AMOUNT	IN	OUT	DELIVER'S/ (CASHIER'S) SIGNATURE	RECEIVER'S/ (VERIFICATION) SIGNATURE
Cashier 1				X			
Cashier 2				X			
Cashier 3				X			
Cashier 4				X			
Cashier 5				X			
Cashier 6				X			
Cashier 7				X			
TOTAL DEPOSIT:							

* If the deliverer and the receiver are the same person, they must sign both signature columns (deliverer and receiver).

Summary of Events related to Theft by Greg Cartotto

- Greg Cartotto was employed with the Parks and Recreation Program Supervisor and in charge of the concessions at North Collier Regional Park. His employment began April 3, 2006.
- On Wednesday, October 19, 2011, the Department Director was approached by a Regional Manager, who was approached by a subordinate of Greg Cartotto. Both the Regional Manager and subordinate met with the Director with the subordinate indicating that she was not comfortable with the directions she was receiving from Greg and that his directions appeared to be violating existing policies. When asked specifically, she indicated that Greg had told her she no longer needed to assist him in completing the double count associated with preparing the deposits. At the time, internal standard operating procedures mandated deposits having a double count prior to being completed.
- Greg was scheduled to attend a Florida Recreation and Parks Association event on Thursday, October 20. While Greg was at the conference, the Director conducted an unannounced review of imprest funds at each of the locations at North Collier Regional Park. The Director found (8) deposit bags that contained deposit slips totaling \$5,100 that had been posted electronically for reconciliation, but no funds in the bag under Mr. Cartotto's work station. Furthermore, the Director found that \$797 was missing from the change bank associated with the Concession that Mr. Cartotto was listed as the custodian.
- On Friday October 21st, the Director contacted Greg and requested he meet with himself and the Human Resources Director. The purpose of the meeting was to advise Mr. Cartotto of the inconsistencies identified the previous day. When meeting with Mr. Cartotto, he indicated that he was responsible for the missing money and that he had been engaging in this activity for approximately two to three months, i.e., delaying deposits and misappropriating the funds for personal use. Mr. Cartotto was placed on Administrative Leave, advised that the matter would be investigated further, relieved of county name badge, phone, and keys, and dismissed. Immediately after Greg was dismissed, the Parks Director notified the Collier County Sheriff's Department of the illegal activity and the Sheriff responded and took a report from the Director. The Director indicated a desire to file charges on behalf of the county. The Director then notified the Finance Department of the activities discovered.
- Subsequent internal investigation revealed that Finance would ask Mr. Cartotto about the delayed deposits and he would provide an excuse for the deposits not being placed in the bank due to workload constraints. After this was determined, the Parks and Recreation Department requested that any delay in deposit be immediately communicated to the Director for investigation and action. This process is the current protocol, which immediately detects irregularities in deviations from current policies and procedures.
- Mr. Cartotto was charged with Grand Theft, his case adjudicated in the spring of 2012 and he is currently providing restitution to the County for the loss.



SUBJECT: Imprest Fund

PAGE 1 of 2

CATEGORY: Fiscal

NUMBER: AF0023

POLICY:

Change funds are established for the purpose of making change where money is collected during transactions of County business. Checks are NOT to be cashed from the fund. Borrowing from the change fund by anyone is NOT allowed, and will be considered theft. Only the custodian, sub-custodian, and listed cashiers should have access to the funds. A new Certificate and Request Change form must be filled out and submitted each time there is change of the following: change of director, custodian, sub-custodian, cashier, or physical location. Combining more than one fund in a drawer is not allowed. Each drawer must represent one approved request form and each request form must represent one drawer. A change fund should not be used as a petty cash drawer nor used for anything outside the location it is assigned to i.e. Special Events. If theft occurs, the custodian must notify the Clerks Office and report it to the authorities as soon as the theft is discovered. Change funds are subject to be audited at anytime. The designated custodian and sub-custodian are responsible for any discrepancies.

PROCEDURE:

- A. To establish a new drawer a Board of County Commissioners employee, designated by the department Director, will complete the "Certificate and Request of Imprest Funds" form and send the original to the Fiscal Tech (Imprest funds coordinator) in the Administration office. The employee designated to be the custodian is responsible for the funds on a daily basis and the designated sub-custodian is the custodian's back up.
- B. To change a current change drawer the custodian of the drawer must fill out a "change form" indicating removal and additional by checking off the appropriate boxes and filling in all lines. As an example, if a cashier is being added to a list of current cashiers then the box for adding a cashier has to be checked with the printed name of the cashier and their signature.
- C. Once the "Certificate and Request of Imprest Funds" form is received in Fiscal, it will be reviewed and submitted for approval to the Parks Director, then forwarded to the Clerks Finance Director for approval.
- D. After approval from Finance, Account Payable will give the check and a copy of the voucher to the Fiscal Tech (Imprest funds coordinator), who will contact the authorized custodian (or designee) to pick up and sign for the check.
- E. Once the check is cashed, the fund **MUST** be placed in a SEPARATE and SECURE place (locked box or drawer) only accessible to the authorized custodians.



**COLLIER COUNTY PARKS & RECREATION
POLICIES AND PROCEDURES MANUAL**

EFFECTIVE DATE: September 2011
REVISED: January 2014
REVIEWED: January 2014

SUBJECT: Imprest Fund

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CATEGORY: Fiscal

NUMBER: AF0023

- F. To close a change account, the custodian/sub-custodian is required to complete the "Change form". This form along with the cash must be hand delivered to the Finance revenue coordinator. A receipt will be issued and the account would be considered closed. Custodian must provide the Fiscal Tech a copy of the receipt when an account is closed.

Review	Completed by	Frequency	Start Date
Payroll Deductions - Compare list of memberships to actual deductions for each of the 7 agencies	Audrey Martinez	Monthly	as of August, 2014
>Payroll Deductions – cancel memberships	Audrey Martinez	Monthly	as of August, 2014
Review accounts created where the main contact is under 18	Shannon Peters	2 x Annually	as of August 2013
AR credits	Shannon Peters	Monthly	as of July 2012 Change in policy January 2013 Started again May 2014
AR debits	Shannon Peters	Monthly	as of December 2009
Collections	Audrey Martinez	Monthly	as of November 2012
Terminated Employees review list from HR :			
> CLASS for Fitness payroll deduction memberships	Audrey Martinez and Shannon Peters	Weekly	as of August, 2014
> CLASS users – remove access	Shannon Peters	Bi-weekly	as of Jan 2012
> Imprest forms – have supervisors resubmit to delete/add staff	Audrey Martinez	bi-weekly, weekly	as of June 2013, as of August 2014
Imprest Funds/ Cashier Review	Audrey Martinez	Quarterly	as of Jan 2013
No Sale Review	Shannon Peters	weekly	as of January 2012
ELC payment and review	Audrey Martinez and Shannon Peters	Monthly	as of November 2012
Duplicate accounts	Shannon Peters	Annually	as of October 2014
Review POS items that needs to be inactivated	Shannon Peters	Annually	as of September 2014
Rec Guide Review vs CLASS	Peg Ruby, Shannon Peters	session based (3xyr)	as of April 2004 in conjunction with CLASS
> it is entered into CLASS correctly, under the write Activity	Shannon Peters	session based (3xyr)	as of Jan 2012
> deleting inactive barcodes	Shannon Peters	session based (3xyr)	as of Jan 2012
POS Drop Ins	Shannon Peters	Monthly	as of October 2013
Car Counts	Shannon Peters	Monthly	have always been done
Field Usage	Shannon Peters	Monthly	as of October 2006
Playground Inspections	Parks staff	2 x Month	as of 2002
>Review that our staff are doing bi-weekly inspections	Shannon Peters	Monthly	as of May 2013
>Review that the infractions from the inspector's report have been completed	Rick Garby	Monthly	as of March 2014
Gift Cards – review to log and ensure that there aren't cards that haven't been sold unless on the damaged/lost list	Shannon Peters	Monthly	as of January 2014
Marketing Inventory	Peggy Ruby	Monthly	as of October 1, 2014
CLASS and Cash reviews	Shannon Peters	monthly	as of October 1, 2014
Cash Reviews	Ilonka Washburn	2 x year each	informally since 2011/2012 formally since 2013/2014
Created Contract reviewer position	Steve Weisberg	ongoing	as of February 2014
Created Payroll review position	Audrey Martinez	ongoing	as of June 2012
Assigned duties Purchasing liason/ Executive summary	Natali Betancur	ongoing	as of July 2012
Implemented Cashhandling training	online and reviewed by Shannon Peters	annually	as of January 2012
Implemented PCI training	online and reviewed by Shannon Peters	annually	as of May 2012

Review	Completed by	Frequency	Start Date
Complete review and change of fiscal policies	Operations staff	annually	January 2012
Review and adjusted permission levels in CLASS	Shannon Peters		September 2012
SAP and CLASS interface implementation	IT and Operations staff		November 2012
Credit Card training	Operations staff and Purchasing		June 2013