



# Angelina “Angel” Colonnese

CLERK OF THE CIRCUIT COURT AND COMPTROLLER OF MANATEE COUNTY

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## MEMORANDUM

To: Ava Ehde, Director, Neighborhood Services Department

From: Angelina “Angel” Colonnese, Clerk of the Circuit Court and Comptroller

Date: March 21, 2019

Subject: Unannounced Audit of Cash Funds

The Internal Audit Department has completed an unannounced audit of cash funds of the Neighborhood Services Department’s Central Library. This audit was performed in accordance with generally accepted government auditing standards (GAGAS), issued by the Comptroller General of the United States, and the *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

### Background

Manatee County departments may maintain petty cash funds to reimburse employees for minor expenditures. Departments may also maintain change funds for the purpose of making change where money is collected for Manatee County business purposes. All departments are required to follow Manatee County’s Petty Cash Policy as well as the Petty Cash and Change Fund Procedure.

The Central Library utilizes one petty cash fund totaling \$100.00, and one change fund totaling \$400.00. These funds are used to cover minor departmental expenditures and to provide change related to the Central Library’s operations.

### Objective

The audit objectives included verifying:

- The Central Library’s cash funds existed and reconciled to the approved balances in ONESolution.
- The Central Library was in compliance with Manatee County’s Petty Cash Policy and Petty Cash and Change Fund Procedure.
- The Central Library’s controls over cash funds were adequate.

“Pride in Service with a Vision to the Future”

Clerk of the Circuit Court – Clerk of Board of County Commissioners – County Comptroller – Auditor and Recorder

## **Scope**

All cash on hand at the Central Library on the unannounced date of December 13, 2018.

## **Methodology**

Petty cash and change funds were verified and reconciled to the approved balances recorded in ONESolution. Cash receipts were agreed to supporting documentation to confirm that they were properly accounted for, receipted, and deposited. Test work also included interviewing Central Library staff regarding petty cash, change fund, and cash receipt controls; obtaining relevant policies and procedures; and verifying compliance with the County's Petty Cash Policy and Petty Cash and Change Fund Procedure.

## **Results**

*The Central Library's petty cash and change fund balances agreed to the amounts recorded in ONESolution. Cash receipts were agreed to the subsequent bank deposit and ONESolution revenue posting. Cash receipts also agreed to supporting documentation, with the exception of printer revenue, where no supporting documentation was available.*

We performed the unannounced cash count of the Central Library's petty cash, change fund, and cash receipts on December 13, 2018. The petty cash and change funds were reconciled to the approved balances recorded in ONESolution, and the cash receipts were reconciled to the supporting Smart Money Manager reports, bank deposit, and ONESolution revenue posting, with the exception of cash received from a printer self-service payment machine. No supporting documentation was available to reconcile the approximately \$94.00 of printer revenue counted, as noted under the internal control findings below. In addition, one \$1.00 cash receipt was collected after our count cutoff time of approximately 3:30pm. These funds were not included in the count and are listed separately in Exhibit A.

A summary of funds on hand as of December 13, 2018, is included in [Exhibit A](#).

We noted the following compliance and internal control findings related to petty cash and cash receipts at the Central Library:

### **Printer Revenue**

The Central Library provides a printer where customers can pay to print documents. Charges are based on the number of pages printed, and payment is made through a self-service payment machine. According to the Central Library staff, every Wednesday and second Saturday, a staff member removes the money from the machine, counts the bills and change, and enters the amount collected into the library register (Smart Money Manager system) as a single sale. Currently, there is no procedure for reconciling the funds entered into the library register to the printer's historical print count. This lack of controls over the collection of printer revenue increases the risk of loss due to theft or error.

#### Management Action Plan

Management now requires that two staff members be present when accessing, counting, and recording printer revenue. Management will also develop a procedure to reconcile printer revenue to the supporting print count.

The expected implementation date is May 31, 2019.

#### Waived Fines and Fees

A Library Materials Fines and Fees policy approved by the Board of County Commissioners on November 27, 2012, authorizes supervisory and management staff to reduce or waive assessed fines and fees. An undated internal Library Materials Fines and Fees policy, which was not approved by the Board, further authorizes staff to waive fees up to \$5.00 without supervisory approval. This internal policy does not appear to be consistent with the Board approved policy.

We also found that there does not appear to be an adequate segregation of duties regarding the waiver process. Ideally, the duties of custody, accounting, and authorization should not be performed by the same person. In the Central Library's current process, staff may waive fines (authorization) and collect customer payments (custody). Proper segregation of duties helps reduce the risk of fraud and error by involving multiple employees in the revenue process.

We obtained and reviewed a waived fee report for the period 10/1/18 through 12/13/18, which included \$5,267.14 of waived fees across all library branches. We noted several instances where staff waived fees greater than \$5.00 without evidence of supervisory approval, as required in the internal Library Materials Fines and Fees policy. Additionally, the Central Library's method for waiving collection agency fees also appears to violate the \$5.00 fee waiver limit. Collection agency fees of \$10.00 were previously assessed on customer accounts when unpaid fines and fees were sent for collection. As the Central Library no longer utilizes a collection agency, staff has been authorized to waive these \$10.00 fees without supervisor approval.

#### Management Action Plan

Management will update the Library Materials Fines and Fees policy to require that staff add the initials of approving supervisors when waiving fees greater than \$5.00. Additionally, the policy will be updated to allow staff to waive \$10.00 collection agency fees. The updated policy will be submitted to the Board of County Commissioners for approval. As an additional control, the Library Services Manager will review a report of all waived fees quarterly; this review will be documented.

The expected implementation date is May 31, 2019.

#### Check Endorsement

The Central Library receives checks from patrons through the mail and at the circulation desk. Checks received through the mail are stored in a locked cabinet immediately and checks received at the circulation desk are entered into Smart Money Manager upon receipt. However, the checks are not restrictively endorsed until the deposit is prepared, which is completed twice per week. Restrictively endorsing checks reduces the risk that a lost check could be cashed or otherwise converted by someone other than Manatee County.

Management Action Plan

The Central Library has ordered a stamp that reads “For Deposit Only” and will require staff to restrictively endorse checks upon receipt.

The expected implementation date is May 31, 2019

Petty Cash Reconciliation

The County's Petty Cash and Change Fund Procedure requires that petty cash be reconciled as of the last day of the fiscal year and replenishment requests be submitted to Clerk's Finance by the year-end deadline to ensure that expenses are allocated to the appropriate fiscal year. The Central Library's petty cash replenishment request was submitted on October 25, 2018, which was after the October 3, 2018, year-end deadline. The late replenishment resulted in \$80.46 of fiscal year 2018 expenses being recorded in ONESolution in fiscal year 2019.

Management Action Plan

The Central Library will reconcile petty cash as of the last day of the fiscal year and submit the final request for replenishment by the year-end deadline.

The expected implementation date is September 30, 2019.

AMC/LJS/JEB

cc: Board of County Commissioners  
Cheri Coryea, County Administrator  
John Osborne, Deputy County Administrator  
Mitchell Palmer, County Attorney  
Dan Wolfson, Finance Director, Clerk of the Circuit Court

**Exhibit A**

**SCHEDULE OF FUNDS ON HAND - NEIGHBORHOOD SERVICES DEPARTMENT  
CENTRAL LIBRARY**

**As of December 13, 2018 3:30pm**

Petty Cash	\$	68.49
Change Funds		400.00
Cash Receipts		929.43
Check Receipts		<u>25.00</u>
<b>Total Funds - Audited</b>	<b>\$</b>	<b>1,422.92</b>

**Funds Collected After Audit Cutoff**

Cash Receipts	\$	<u>1.00</u>
<b>Total Funds - Collected After Cutoff</b>	<b>\$</b>	<b>1.00</b>

<b>Total Funds on Hand:</b>	<b>\$</b>	<b><u><u>1,423.92</u></u></b>
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