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## Division of Inspector General

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### Report No. 2017-31

TO: Rahim Harji, Director  
Public Works Department

FROM: Hector Collazo Jr., Inspector General/Chief Audit Executive  
Division of Inspector General 

DIST: Ken Burke, CPA, Clerk of the Circuit Court and Comptroller  
Claretha Harris, Chief Deputy Director, Finance Division  
Kelli H. Levy, Section Manager, Environmental Management Division

SUBJECT: Unannounced Audit of the Public Works Natural Resources Change Fund

DATE: December 19, 2017

This letter serves to inform you that the Division of Inspector General has completed an unannounced audit of the Public Works Natural Resources Change Fund on October 30, 2017.

The objective of our audit was to reconcile the Change Fund and to ascertain that the appropriate internal controls, safeguards, and policies and procedures are being followed, safeguarding the county funds under your departmental control.

Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and the *Principles and Standards for Offices of Inspector General*, and accordingly, included such tests of records and other auditing procedures as we considered necessary in the circumstances.

The Change Fund did reconcile to the authorized amount. The department's internal controls and safeguarding of this fund are adequate, and the majority of the policies and procedures are being followed. We did note some deviation from the policy and procedures as it pertains to the deposits and the handling of the Change Fund.



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## **1. The Alternate Custodian Does Not Have Access To Funds.**

During an initial attempt to conduct an unannounced cash audit of the Natural Resources Change Fund on September 28, 2017, the Alternate Custodian stated she did not have access to the Change Fund and that the Primary Custodian is the only one that can access the money. The Alternate Custodian stated that the Primary Custodian was at a training event and not on site to give IG staff access to the cash box to conduct the audit.

The IG staff returned on October 30, 2017 to conduct the unannounced audit. The Primary Custodian stated that the Change Fund is only utilized when they hold training events where a fee is charged. The Primary Custodian is one of the instructors and is typically present during those classes. The Primary Custodian stated that the Alternate Custodian was not aware of where the cash box was stored.

While the Primary Custodian of the cash fund is responsible for the fund's safekeeping and ensuring proper use of the fund, it is good business practice to assign an Alternate Custodian to serve as a backup when the Primary Custodian is not available. This is to ensure continuity of task assignments and role function. However, in order to serve in that capacity, the Alternate Custodian must have access to the funds when the Primary Custodian is not on site.

**We recommend Management** ensure the Alternate Custodian has the direction and access necessary to serve the role of Custodian of the Change Fund at any point when the Primary Custodian is not available.

### **Management Response:**

Management concurs. Staff have rectified this issue. The Alternate Custodian has been made aware of the secure location of the Change Fund and the separate secure location of the key to the Change Fund. The Alternate Custodian also has the direction and access necessary to serve the role of custodian of the Change Fund when the Primary Custodian is not available.

## **2. Deposits Are Not Being Made Timely.**

Deposits for revenues received for classes held in September and October 2017 were made more than a week after receipt of the funds. The Natural Resources Change Fund is utilized to provide change to attendees for the fees charged for training classes held by Public Works Natural Resources.

During the site visit on October 30, 2017, the Primary Custodian counted the funds in the cash box. The Change Fund was returned to the cash box, the balance of the funds were bundled with the class enrollment lists and receipts, and provided to the Alternate Custodian for deposit. The deposit details were provided to the IG staff on November 7, 2017.

A deposit made on October 13, 2017 contained the checks received for the classes held on September 21, 2017 and September 22, 2017. The cash received on those dates was not recorded in this deposit. This deposit was made three weeks after the classes were held.

The deposit made on November 6, 2017 contained the checks received for the October 27, 2017 class and the cash collected from all three of the classes held. This deposit was made more than a week after the class was held and some of the cash deposited had been collected more than a month prior to the date of deposit.

The Finance Division's Petty Cash and Change Fund Policy and Procedures, Section XIII - Change Fund Procedures, states:

*"At the beginning of each day the change fund should only contain the approved balance. At the end of each day the custodian shall deposit funds in excess of the approved change fund balance. The supervisor should verify the deposit and count the change fund."*

Cash fund policies and procedures are controls that are designed to safeguard cash. Non-compliance with policies and procedures can increase the risk of loss, theft, or misuse of these funds.

**We recommend Management** ensure deposits are complete and performed timely per the Finance Division's Petty Cash and Change Fund Policy and Procedures.

**Management Response:**

Management partially concurs. Prior to this incident, deposits were made timely and there were zero incidences of late deposits. This issue was rectified and the Alternate Custodian now has access to the location and the key to the cash box, and an alternate employee is scheduled for training to make deposits. This will ensure two staff are approved for these functions.

Extenuating circumstances contributed to the delay of deposits from September 21 and September 22, 2017.

- The Alternate Custodian was the only individual approved to make deposits and this person was out of the office.
- Post-Hurricane Irma recovery through the end of October impacted the October class deposit. The funds were secured and locked up and all receipts were provided during the audit.

Management has put the appropriate measures in place to ensure timely deposits moving forward.

We appreciate your staff's cooperation during this audit.