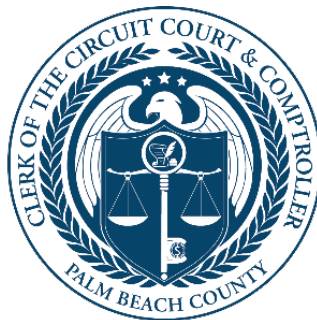


CLERK OF THE CIRCUIT COURT & COMPTROLLER

PALM BEACH COUNTY, FLORIDA

**Revenue & Cash Management
Department Audit**



JOSEPH ABRUZZO
CLERK OF THE CIRCUIT COURT & COMPTROLLER
PALM BEACH COUNTY

Division of Inspector General

Audit Services Unit

September 26, 2023



JOSEPH ABRUZZO
CLERK OF THE CIRCUIT COURT & COMPTROLLER
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September 26, 2023

The Honorable Joseph Abruzzo
Clerk of the Circuit Court & Comptroller – Palm Beach County, Florida

We performed an audit of the Revenue & Cash Management Department (“Clerk’s R&CM”), which was included in the annual plan.

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

The audit scope included transactions from October 1, 2021 through March 31, 2023.

Our audit determined that Clerk’s R&CM was functioning in a generally satisfactory manner and mostly aligned with established policies and procedures though opportunities for improvement were noted.

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

Respectfully submitted,

Roger Trca, CIG, CPA, CIA
Inspector General
Clerk of the Circuit Court & Comptroller Office
Palm Beach County, Florida

cc: Shannon Chessman, Chief of Staff & Chief Deputy Clerk
Radcliffe Brown, Chief Operating Officer - Finance
Felicia Landerman, Treasurer
Susan Eberhart, Manager - Finance

Executive Summary

The Clerk of the Circuit Court & Comptroller (“Clerk’s office”) Division of Inspector General (“Clerk’s IG”) performed a planned audit of the Revenue & Cash Management Department (Clerk’s R&CM).

The Clerk’s R&CM is responsible for cash management, banking services, and for the receipting, recording and analysis of County revenues. The primary revenue function is to account for select County departments’ revenue processes. Revenue is received from private individuals, other government entities, and various departments of Palm Beach County, with \$2.5 billion received in calendar year 2022. Cash management responsibilities include processing outgoing wires and Automated Clearing House (“ACH”) payments, totaling \$3.1 billion in calendar year 2022, for the Palm Beach Board of County Commissioners (“BOCC”) and the Clerk’s office.

The objectives of this audit included the following:

- Perform a risk assessment to identify risks and vulnerabilities impacting Clerk’s R&CM processes,
- Evaluate the overall effectiveness and efficiency of processes and related internal controls to mitigate the risks,
- Assess whether controls are in place to facilitate compliance with pertinent laws and regulations as well as established Clerk policies, and
- Compare processes with accepted standards and best practices.

The audit scope included testing performed for the period from October 1, 2021 through March 31, 2023.

Our audit determined that Clerk’s R&CM was functioning in a generally satisfactory manner and mostly aligned with established policies and procedures though opportunities for improvement were noted. The primary observations identified were mainly related to the absence of controls in specific processes, rather than non-compliance with existing policies and procedures. Security risks were noted including the absence of a two-step verification process to verify whether wire transactions were properly authenticated and documented, delays in deactivating Wells Fargo Commercial Electronic Office Portal (“CEO Portal”) users upon employment termination, and incomplete documentation for user changes. Opportunities were noted to improve revenue receipting, mail processing, accountability of checks received and unrecognized checks requiring research, deposit handling, and security measures of checks and cash received. Physical access controls require strengthening to prevent unauthorized access to a restricted area. Legally and management required report processing lacked oversight, manual quality control reviews may not detect errors, and some functions were not appropriately segregated. The Clerk’s R&CM had limited visibility over the County’s deposit processes and opportunities exist to improve Clerk’s R&CM’s procedures.

The report contains 10 observations and 37 recommendations.

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Introduction

Overall Conclusion

The audit determined that the Clerk’s Revenue & Cash Management Department (“Clerk’s R&CM”) generally complied with established policies and procedures to support the Palm Beach County government agencies, citizens, and the Clerk’s office. While minor instances of non-compliance were observed, the primary observations identified opportunities to strengthen the internal control environment, improve efficiencies and streamline processes. Specifically, there were gaps in controls in some areas as existing controls did not require a two-step verification of wire transfer requests to ensure proper authentication and documentation. Opportunities were noted for control and process improvement of security measures, revenue receipting, deposit handling, report processing, and segregation of duties. The audit provided various recommendations to strengthen controls, enhance oversight, and implement automation to achieve a more efficient and secure environment.

Objectives, Scope and Methodology

The Clerk’s office Division of Inspector General (“Clerk’s IG”) performed a planned audit of the Revenue & Cash Management Department (“Clerk’s R&CM”).

The objectives of this audit included the following:

- Perform a risk assessment to identify risks and vulnerabilities impacting the Clerk’s R&CM processes,
- Evaluate the overall effectiveness and efficiency of processes and related internal controls to mitigate the risks,
- Assess whether controls are in place to facilitate compliance with pertinent laws and regulations as well as established Clerk policies, and
- Compare processes with accepted standards and best practices.

The audit scope included testing performed for the period from October 1, 2021 through March 31, 2023. Testing and analytical reviews were performed outside of this range as deemed appropriate.

To meet the objectives, we conducted interviews, reviewed departmental policies and procedures, and identified the pertinent Florida Statutes and other laws and regulations. We reviewed key performance metrics and relevant statistics. We performed a risk assessment by documenting workflows and activities. A Risk & Control Matrix was prepared that summarized the relevant inherent risks, existing controls to mitigate the inherent risks, and vulnerabilities of any residual risk not addressed by the existing controls. Testing of controls and/or transactions was designed for those areas identified with the highest residual risk and vulnerabilities. Controls were tested and evaluated for two (2) primary purposes: to ensure their design was effective and to confirm the controls were

actually operating as intended. We used ACL/Diligent software tools to conduct tests against the data populations. Professional standards require audits to consider risks due to potential fraud.

We developed a comprehensive Internal Control Checklist that included a series of statements representing best practice controls and Clerk policy requirements related to Revenue & Cash Management (“Clerk’s R&CM”) cash receipts handling and processing in the following areas:

- Cashier Operations
- Reconciliation Operations
- Deposit Preparation
- Physical Security
- System Access Rights

We conducted the following additional testing of controls and transactions.

- Various tests were performed of outgoing wire processes and sample transactions to determine if:
 - Initiation and approval roles were properly segregated.
 - Wires were approved in accordance with policies and procedures.
 - The Pre-Authorized Wire Transfer/ACH Payment List was current, complete and accurate, and outgoing wires tested complied with the list.
 - Changes to payees/beneficiaries for existing wire transfer templates were processed properly.
 - Non-recurring wire payments were properly processed.
 - Rejected wire transactions were handled properly.
- Various tests were performed of the Wells Fargo CEO Portal processes and sample transactions to determine if:
 - Users were timely added, updated and removed.
 - Physical security and custody of SecurID Token cards were adequate.
 - Users were trained on application security and security of userIDs and passwords, and procedures were in place to prevent unauthorized access.
- Advantage System user access was reviewed to determine if adequately restricted, aligned with job requirements, and duties were properly segregated.
- Public service tax collections were reviewed to determine if:
 - Remittances from existing vendors were adequately monitored and missing payment letters were issued as needed.
 - New vendors subject to public service taxes were identified, reported to appropriate County management, and letters were sent outlining their remittance responsibilities.
- Various tests were performed of the Brinks armored car service processes to determine if:
 - Deposit slips were properly processed and handled.
 - Deposits were properly reconciled between Brinks and Wells Fargo bank.

- Daily activity reports were timely submitted to Clerk and County departments.
- Deposits were timely entered into the Advantage System.
- The Brinks contract was valid and signed.
- Clerk's R&CM and County policies and procedures were reviewed to determine if properly aligned for tasks performed to support the County.
- Dishonored checks were reviewed to determine if handled properly through creation of customer accounts in the Advantage System, submission of invoices, and receipt of payments.
- Various other tests were performed including:
 - Reviewing timeliness of receipt of revenues,
 - Revenue review analysis,
 - Quality assurance reviews,
 - SunPass account reviews, and
 - Payment Card Industry (PCI) compliance monitoring.

This audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Background

The Clerk's office mission is to protect, preserve and maintain the public records and public funds with integrity and accountability. The Clerk serves as the Comptroller, Chief Financial Officer, Auditor and Treasurer for the County by monitoring the County budget, revenue, debt and spending.

The Clerk's Revenue & Cash Management Department ("Clerk's R&CM") within Finance is responsible for cash management, banking services, and for the receipting, recording and analysis of County revenues. The primary revenue function is to account for select County departments' revenue processes (e.g., mailing invoices, receipt, and deposit). There are County departments that perform their own accounting without any involvement by the Clerk's R&CM.

Revenue is received from private individuals, other government entities, and various departments of Palm Beach County. Table 1 below discloses the revenue amount by revenue source and calendar year. For example, Ad Valorem Taxes accounted for approximately \$1.3 billion (58%) of revenues in 2021 and \$1.6 billion (63%) of the total \$2.5 billion in 2022. Other revenue sources (e.g., Special Assessments Interest) accounted for approximately \$129 million (6%) of revenues in 2021 and \$110 million (4%) in 2022.

Revenue Type	2021	% (2021)	2022	% (2022)
Ad Valorem Taxes	\$ 1,344,890,384	58%	\$ 1,582,220,457	63%
Federal & State Grants	\$ 171,630,003	7%	\$ 162,250,278	6%
1/2 Cent Sales Tax	\$ 105,638,841	5%	\$ 122,705,475	5%
1 Cent Infrastructure Surtax	\$ 100,245,728	4%	\$ 119,750,558	5%
PBSO Monthly	\$ 83,861,590	4%	\$ 86,932,528	3%
Tourist Development Tax	\$ 54,539,759	2%	\$ 79,758,318	3%
Gas Tax	\$ 68,728,198	3%	\$ 69,327,331	3%
Public Service Tax	\$ 45,948,311	2%	\$ 49,328,141	2%
State Revenue Sharing	\$ 38,481,310	2%	\$ 48,834,822	2%
Franchise Fees	\$ 39,395,504	2%	\$ 42,643,748	2%
Impact Fees	\$ 29,251,688	1%	\$ 28,976,047	1%
Communications Service Tax	\$ 18,752,366	1%	\$ 19,985,755	1%
E911 Wireless & Non-Wireless	\$ 7,922,505	0%	\$ 7,938,918	0%
Inspector General	\$ 245,596	0%	\$ 308,096	0%
Bond Revenue	\$ 65,170,243	3%	-	0%
Other	\$ 128,561,678	6%	\$ 110,393,300	4%
Total	\$ 2,303,263,701	100%	\$ 2,531,353,772	100%

Table 1: Source: The Revenue Dashboard tables were provided by the Revenue and Cash Management Department for the calendar years 2021 and 2022. The tables were not audited by Clerk's IG.

Cash management responsibilities include processing outgoing wires and Automated Clearing House ("ACH") payments for the Palm Beach Board of County Commissioners ("BOCC") and the Clerk's office. The Clerk's R&CM records entries into the Advantage Financial System, ensures adequate funds are maintained in the operating account to cover daily operating activities, and manages the consolidated account balance to maximize earnings credits and minimize banking fees.

The Clerk's R&CM performs various other functions. For example, the Department sets up and monitors merchant accounts (e.g., wired or wireless terminals from Wells Fargo bank) to assist select County departments process credit card transactions. The Clerk's R&CM is also responsible for adding and updating County departments' bank accounts as well as managing SunPass transponders (e.g., distributing, tracking) as needed.

The Clerk's R&CM uses automated applications as well as the standard Microsoft Office applications. Cash and checks received directly in Clerk's R&CM are first entered into the Financial Revenue Receipting System ("FRRS"). Special revenue assessments are recorded in the Finance Special Assessment ("FSA") system. Accounting for all revenue is maintained in the Advantage Financial System. The Clerk's R&CM uses Microsoft Office applications (e.g., Excel, Word, Outlook) for analyzing, processing, and monitoring work performed.

The Clerk's R&CM is supported by eight (8) staff members under the direction of Susan Eberhart (Clerk's R&CM Manager), who reports to Felicia Landerman (Treasurer). Ms. Landerman reports to Radcliffe Brown (Chief Operating Officer - Finance), who reports to Shannon Chessman (Chief of Staff & Chief Deputy Clerk).

Audit performed by: Monica Alvarenga, Assistant Inspector General

Observations & Recommendations

The audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. Accordingly, the observations and recommendations presented in this report may not be all-inclusive of areas where improvements may be needed.

1. Outgoing wire and ACH payment processes require improvement.

Various control and process improvement opportunities were noted involving the approval, verification, documentation and processing of wire payments.

Objective: The objective was to determine whether wire payment transactions as well as changes to recurring wire templates were performed in accordance with the Clerk’s R&CM procedures and best practices.

The Clerk’s R&CM processed outgoing wires and ACH payments totaling \$3.1 billion in calendar year 2022, representing a 20% increase from 2021 (see Table 2 below).

Revenue Activity	2021	2022	Difference
Outgoing Wires & ACH Payments	\$ 2,448,046,912	\$ 3,059,715,247	20%
Processed Items	710	720	1%

Table 2: Source: The Revenue Dashboard tables were provided by the Revenue and Cash Management Department for calendar years 2021 and 2022. The tables were not audited by Clerk’s IG.

1.1 Review of Wire Payment Transactions

Overview: The ongoing wire transfer approval process involves two (2) main methods: processing via OnBase (a Clerk’s office workflow) and electronic approval via email. In OnBase, wire initiation, supporting documentation, auditing and approval are processed within the system. Other wires are requested, reviewed and approved via email. All non-recurring wires require two (2) authorized signature approvers and recurring wires require at least one (1) approval. Wires are initiated and approved in the Wells Fargo Commercial Electronic Office Portal (“CEO Portal”) by two (2) separate individuals.

Sample Selection: We judgmentally selected 15 wire payment transactions from October 1, 2021 to March 31, 2023.

Criteria of Testing: The scope included verification of approvals, adequate documentation, and adherence to Clerk’s procedures and best practices.

Results of Review: Our review disclosed the following observations.

- Existing controls did not require Clerk’s R&CM to verify that a two-step verification (“2SV”) had been conducted by the department initiating non-recurring wire requests.
 - County and Clerk’s office departments initiating the wire requests are responsible for conducting the 2SV. This involves direct communication with the authorized contact through an approved or previously utilized contact number to validate any changes.
 - The Cash Management Specialist examines beneficiary bank account information from the bank letterhead; however, there was no requirement to confirm the execution of a 2SV for the outgoing wire requested.

- We noted four (4) of 15 payments were initiated by the Investments Department. However, the Processing Outgoing Wire Transfers & ACH’s procedure (RV-CM-004, dated September 13, 2022), which outlines authorized wire initiators, did not include the Investments Department as an authorized initiator.
 - The procedure specifically listed the following authorized departments: Payables, Grants & Contracts, Accounting & Financial Reporting Department (AFRD), and Payroll.
 - The Cash Management Specialist stated that the Investments Department has authority to initiate wire payments and should be included in the procedure.

1.2 Review of Modifications to Wire Templates:

Overview: Clerk’s R&CM maintains templates in the Wells Fargo CEO Portal (“CEO Portal”) for recurring wires to facilitate and expedite payments. The procedure involves receiving completed Wire/ACH Payment Template Change/Terminate Request Forms (“Wire Template Forms”) from various Clerk’s office departments and ensuring their correctness, proper authorization, and supporting documentation. An authorized wire CEO Portal system initiator then creates the change, and another individual approves the changes.

Sample Selection: We judgmentally selected five (5) recurring wire template changes that occurred between October 1, 2021 and March 31, 2023.

Criteria of Testing: The scope included verification of a management approved Wire Template Form, supporting documentation, and systemic approvals in the CEO Portal.

Results of Review: Our review of the process to add or modify recurring templates disclosed the following observations.

- Existing controls did not require Clerk’s R&CM to verify that a two-step verification (“2SV”) had been conducted by the department initiating the request to validate wire instructions to add or modify recurring wire templates.
 - Clerk’s office departments (e.g., Payables, AFRD) initiating the wire requests are responsible for conducting the 2SV. This involves direct

- communication with the authorized contact through an approved or previously utilized contact number to validate any changes.
- The Cash Management Specialist examines beneficiary bank account information from the bank letterhead; however, there was no requirement to confirm the execution of a 2SV for the wire template change requested.
 - There was no specification of individuals authorized to approve recurring wire templates.
 - To modify a recurring wire template in the CEO Portal, a three-tiered review process is in place:
 - The requesting department (e.g., Payables) will submit a completed and signed Wire Template Form to Clerk's R&CM. A Clerk's R&CM staff will create/modify/delete the recurring wire template and another staff member will approve the modification in the CEO Portal.
 - However, there was no designated list of individuals authorized to perform modifications and approvals of recurring wire templates within the CEO Portal. Currently, the Cash Management Specialist, the Clerk's R&CM Manager, and the Treasurer are the authorized approvers of wire template additions and changes.

The Processing Outgoing Wire Transfers & ACH's procedure (RV-CM-004) and the Wire & ACH Template Modification & Termination procedure (RV-CM-013) did not specify the criteria for valid supporting documentation, including the requirement for an official bank letterhead. We observed the documents, such as the Outgoing Wire Instructions for Non-Recurring Wires/Title Company as well as the Wire Template Form requires an official bank letterhead for processing wire transactions. The requirement was not included in both procedures.

Recommendations:

- A. Implement a formal requirement to confirm a two-step verification (2SV) was conducted.
- The County and Clerk's office department, responsible for initiating wire requests, should perform the 2SV. This involves personally contacting the authorized representative through a pre-approved contact number to confirm their identity before submitting the request to Clerk's R&CM. Initiating departments should maintain a record of the verification, including the date, time, name of authorized contact, method used for communication (e.g., phone call), and the name of the verifier. Documenting the 2SV process provides an audit trail that can be reviewed and validated if needed.
 - To confirm that the requesting department conducted the 2SV, Clerk's R&CM should document their verification prior to finalizing the transaction in CEO Portal.
 - For non-recurring outgoing wire requests, Clerk's R&CM may implement the verification submission in writing via email or within a designated

- field/comment in the OnBase system. Management should assess whether a dollar threshold is necessary for risk management and efficiency.
 - For templated recurring wire additions/changes, Clerk's R&CM should incorporate designated boxes/fields within Wire Template Form, requiring the initiating department to certify the completion of the 2SV. This certification may include the name of the authorized contact, the telephone number, and the date of contact. Additionally, the Cash Management Specialist may include a check/box or field as part of the Wire Template Form to document the Clerk R&CM review of the initiating department's certification that the 2SV was conducted.
 - Document the processes in related policies and procedures.
- B. Provide training for executing the two-step verification to all relevant personnel, including Cash Management Specialists, initiating departments, and approvers. Emphasize the importance of adherence to security measures, the correct procedures to follow, and maintenance of proper supporting documentation.
- C. Update the related procedures as follows:
- Define and document the requirements for valid supporting documentation within Clerk's R&CM procedures (RV-CM-013 and RV-CM-004). This could include specifying that information submitted must be on official bank letterhead and signed by an authorized representative, which establishes authenticity and confirms the legitimacy of the request.
 - Update procedure (RV-CM-004) to include the Investments Department as an authorized initiator of wire payments.
 - Implement a list of authorized initiators and approvers of wire template changes within the CEO Portal.

Management Responses:

- A. R&CM will draft a 2SV verification form for the initiating department to complete. The form will include pertinent data fields (contact name, method of contact, date/time contacted, verifier) and will be required to be submitted along with standard supporting documentation.
Target Completion Date: June 30, 2024
- B. R&CM will draft a procedure to use as a training document for the Cash Management Specialists, initiating departments and approvers. In addition, R&CM will collaborate with FSS to produce an available upon demand training video.
Target Completion Date: June 30, 2024
- C. R&CM will define and document the requirements in procedures RV-CM-004 and 013. R&CM will update procedure 004 to include a more comprehensive list of authorized initiator Departments.

A list of authorized initiators and approvers of wire template changes is maintained on the S Drive. The list is included in the Cash Management folder: WIRES - Cash Management.

Target Completion Date: July 31, 2024

2. Process to add, modify and deactivate users in the CEO Portal needs improvement.

Wells Fargo Commercial Electronic Office Portal (“CEO Portal”) users were not timely deactivated upon their employment termination. The process lacked documentation to support requests for users’ additions and modifications. Access granted to one (1) user did not match the approved request.

Objective: The purpose was to review whether the addition, modification and deactivation of users’ access to the CEO Portal were appropriate and aligned with approved access requests.

Overview: The CEO Portal provides secure access to the banking services to help manage the business (e.g., create/modify users, make wire transfers). The Cash Management Specialist is responsible for adding, modifying and deactivating users in the CEO Portal as requested by users’ respective managers. On an annual basis, the Cash Management Specialist compiles and submits a list of access permissions to the users’ managers to review for appropriateness.

2.1 Additions/Modifications of Users to the CEO Portal

Testing Approach/Sampling: We cross-referenced the list of active Clerk's office employees from the PeopleSoft system with the list of active Clerk's office employees in the CEO Portal to identify any instances where employees had job changes (e.g., transfers). There were 34 CEO Portal users with job changes from October 1, 2021 to March 31, 2023. We selected five (5) active employees for review.

Criteria of Testing: The scope included the verification of the users’ management approved Wells Fargo CEO Online Banking form, the user’s acknowledgment of the Wells Fargo CEO Online Banking Security Disclosure form, and whether the users’ requested roles matched the roles granted in the CEO Portal. The scope was limited to Clerk's office employees.

Results of the Review: We noted the areas of improvement below.

- Existing controls did not require maintaining documentation to support the specific access requested by management within CEO Portal. The Cash Management Specialist stated managers will often request access rights for a new user account to mirror the permissions of another established user account. The Cash Management Specialist will select the existing user and copy the profile for the new user. However, the roles of the existing user are not maintained to support the initial user roles requested by management.
 - For one (1) of five (5) employees reviewed, we couldn't verify whether access was granted properly due to the absence of documented access requests. The approved form indicated that the access should mirror that of an existing user. However, the Cash Management Specialist clarified that this particular

existing user had been deactivated from the CEO Portal, and the original access details were not retained. Maintaining the specific access approved would enhance the ability to audit the roles assigned to users.

- Access granted to one (1) user did not align with the approved request. The access granted to the CEO user had reduced security permissions, lowering the risk of unauthorized transactions.
- Management stated all additions and changes entered by the Cash Management Specialist are reviewed by a different individual.

2.2 Deactivation of CEO Portal Users

Testing Approach / Full Data Analysis: We cross-referenced the list of terminated Clerk's office employees from the PeopleSoft system with the list of active Clerk's office employees in the CEO Portal. We identified three (3) instances where the terminated employees retained access to the CEO Portal more than two (2) business days after employment termination.

Criteria of Testing: The scope included the verification of the users' management deactivation request in the Wells Fargo CEO Online Banking form, the deactivation date, and the employees' termination date in the PeopleSoft system. The scope was limited to Clerk's office employees.

Results of Review: We noted the following observations below.

- Three (3) employees had their access deactivated in the CEO Portal more than two (2) business days after their termination date in the PeopleSoft system.
 - One (1) employee (former Clerk's R&CM Manager) remained active for 43 business days after her departure on January 30, 2023. The Clerk's R&CM Manager stated the access was prolonged so it could be replicated to the new manager's roles within the CEO Portal.
 - One (1) employee remained active for 140 business days. The former Clerk's office employee transferred to a County department. However, there was no request from the user's Clerk's office manager to deactivate the access in the CEO Portal. We noted Clerk's R&CM appropriately deactivated the former employees' access on the same day of the County department Manager's request.
 - One (1) employee remained active for 13 business days. The user's Clerk's office manager submitted the deactivation request 10 business days after the user's termination date, and Clerk's R&CM deactivated the user's access within three (3) business days upon receiving the request from the Clerk's manager.
 - Clerk's R&CM relies on requests from respective Clerk's office and County departments to deactivate user access, which can result in delays as noted above.
 - Best practices indicate user access should be deactivated timely upon departure or job changes to prevent errors or unauthorized transactions.

There is no Clerk's office procedure specifying processes for adding, modifying or deactivating users' access in the CEO Portal. The process relies on the CEO Portal Quick Reference Guide ("Reference Guide") provided by the Wells Fargo Bank. While the Reference Guide offers steps for tasks such as user creation and profile editing, it doesn't cover the necessary Clerk's R&CM forms for user approval or the timeframe for management request completion.

The audit identified certain mitigating controls in place, including annual reviews of CEO Portal users' access, segregation of duties, workflows, a list of authorized approvers, deactivation of tokens upon termination, and dual access controls. These controls are designed to prevent unauthorized payments and unauthorized access. However, these controls do not address the issue of timely deactivation of access for terminated employees.

Recommendations:

- A. Ensure that access request forms capture details of the original user's access when a new user's access is requested based on existing users' permissions. This information will provide greater traceability and accountability.
- B. Enhance oversight and controls to ensure termination requests are processed promptly and accurately.
- C. Establish a monthly or quarterly inquiry with the Clerk's office and County department management to verify the status of employees with active user accounts in the CEO Portal. This approach will allow for the identification of employees who have had employment changes (e.g., transfers, terminations).
- D. Develop and implement a standardized procedure for adding, modifying, and deactivating users' access to the CEO Portal. This procedure should outline the documentation requirements and responsible individuals involved in the process. Suggested requirements may include obtaining the users' management approval of the Wells Fargo-CEO Online Banking form, the timeframe for management request completion, and completion by the user of the Wells Fargo-CEO Online Banking Security Disclosure form.
- E. Enhance the process for conducting reviews and approvals of user access to ensure alignment with documented access requested by management. The review should involve comparing the roles requested by management in the Wells Fargo-CEO Online Banking with the roles added or modified by the Cash Management Specialist ("CSM") in the CEO Portal. The review could be conducted by another Clerk's R&CM staff shortly after any alterations to promptly identify and resolve any discrepancies. This process would be separate from the annual management's review of users' roles that is conducted by the CSM.

Management Responses:

- A. A Wells user administrator will print the original users access along with the new user's access and store with the initiator's request form, on the S drive. A second person will verify the access rights are identical.
Target Completion Date: November 30, 2023
- B. Oversight and controls will be created to ensure termination requests are completed promptly and accurately.
Target Completion Date: February 29, 2024
- C. R&CM will send an automated email quarterly to all departments with CEO access, requesting verification that all terminated users, or users with role changes have been remitted/updated.
Target Completion Date: December 31, 2023
- D. R&CM will develop a standard procedure incorporating the suggestions above.
Target Completion Date: February 29, 2024
- E. R&CM will develop and document a formal process to review access changes in accordance with the suggestions outlined above.
Target Completion Date: February 29, 2024

3. The process to receipt and process revenue needs improvement.

Several areas of process and control improvement opportunities were noted, including the handling of mail with checks and cash, reconciliations, and security vulnerabilities.

Objective: The objective was to evaluate the efficiency, accuracy, and security of operations, with a focus on safeguarding revenue in accordance with policies, procedures and best practices.

Overview: The Clerk's Revenue & Cash Management Department ("Clerk's R&CM") processes cash, checks and credit card receipts into the Financial Revenue Receipting System ("FRRS") and then records the transactions into the Advantage Financial System ("Advantage"). The Cash Collector conducts cash transactions with customers, counts the cash, provides a receipt to customers paying in person, enters each transaction into FRRS, and forwards the cash after each transaction to the Cash Custodian. The Cash Custodian verifies and acknowledges receipt of funds, prepares deposit tickets, and stores the deposits in a safe until the funds are turned over to Brinks (armored carrier).

For receipts processed by the Clerk's R&CM from January 2022 through December 2022 (excluding wires and ACH), checks accounted for over \$125 million (or 99.98%), while cash and credit card accounted for \$28,714 (or 0.02%).

Receipt Type	Amount	%
Cash	\$ 10,713	0.01%
Credit Card	\$ 18,001	0.01%
Checks	\$ 125,173,899	99.98%
Grand Total	\$ 125,202,613	100.00%

Table 3: Source: The Receipts Report, downloaded from the Financial Revenue Receipting System (FRRS), was provided by the Revenue and Cash Management Department for receipts from January 2022 through December 2022. The tables were not audited by Clerk's IG.

Results of Review: We noted the following observations in which the procedures did not include controls that would strengthen the safeguarding of cash and checks and provide greater oversight and accountability.

Oversight During Mail Processing:

- Mail received by Clerk's R&CM is opened by a single individual. There is no second person present to provide oversight for the processing of checks (or occasional cash) received through the mail.
- Clerk's R&CM receives mail directly from:
 - The Administrative Specialist stationed at the reception area on the second floor of the Government Center building. The incoming mail comes from: the Main Courthouse Mail Room and interoffice mail from various County departments, which is routed through the Government Center Mail Room.
 - County departments (e.g., Department of Housing & Economic Development) delivers interoffice mail, containing checks, directly to the Cash Collector or back-up.
- As indicated in the data presented in Table 3, a total of \$10,713 in cash and over \$125 million in checks were received from January 1, 2022 to December 31, 2022.

Endorsement of Checks:

- Checks are not restrictively endorsed immediately upon receipt in the mail.
- The Cash Collector first verifies the check information, a process that may take several days for unrecognized checks. The Cash Collector enters the check information into FRRS and forwards the checks to the Cash Custodian for deposit into the Wells Fargo bank. Checks are endorsed automatically when scanned into the Wells Fargo Bank. The Cash Custodian manually endorses checks that are not scanned (e.g., scanner could not read the check information).
- For enhanced security, it is best practice to restrictively endorse checks (e.g., for deposit only by agency) immediately upon receipt.

Date Stamping Checks & Envelopes:

- The Cash Collector does not date stamp checks upon mail receipt. Checks are date stamped after they have been entered into FRRS, which may not represent the actual date of check receipt. However, the Clerk's R&CM Revenue Receipting procedure states *"...the Mail Clerk uses a date stamp to stamp the date of the day's business underneath the maker's signature..."*
- During our review, we noted that most checks are processed within the one (1) business day of check receipt. However, there may be additional delays for unrecognized checks that require more processing time. Refer to Management of Unrecognized Checks below.

- Best practices recommend checks should be date stamped upon receipt to establish the receipt date.

Reconciliation and Logging of Checks:

- Checks received in the mail are not logged to ensure that all checks received are accounted for.
- There is no procedure in place to verify whether the number of checks received in the mail matches the number of checks entered into FRRS and deposited in the Wells Fargo Bank. During the review, we noted unrecognized checks may not be processed and deposited on the same day, causing a discrepancy between the number of checks received and checks deposited. As such, all checks should be properly documented and accounted for. Refer to Management of Unrecognized Checks below.

Management of Unrecognized Checks.

- Unrecognized checks (e.g., missing customer name or account number) are not accounted for in a separate (e.g., holding) account for unprocessed receipts (either in FRRS or Advantage) while research is conducted to determine customers' information. These checks are not deposited into the Wells Fargo bank, nor endorsed or logged in any manner until customer identification information is obtained, which may take several days. Until the checks are processed and deposited, there is no accountability as to the amount and number of unrecognized checks.

Employee Acknowledgment of Money Handling Responsibility:

- Individuals entrusted with access to cash did not certify their acknowledgement of money handling responsibilities. Best practices (including within Court Operations) indicate that individuals handling money on behalf of the Clerk's office should sign an understanding of duties and responsibilities. Typical acknowledgements include responsibility for the safekeeping of money, issuance of official receipt for money collected, and adherence to policies and procedures for the proper handling of public money in custody.

Customer Awareness:

- There was no sign alerting walk-in customers to expect and ask for a receipt for payments made. Best practices indicate that signs should be posted in all payment areas encouraging customers to ask for their receipt in the event the cashier does not provide the customer with a receipt.

Reconciliation Process:

- Reconciliation of cash and check receipts between Cash Collector and Cash Custodian lacks proper documentation and oversight, potentially resulting in inaccuracies. The reconciliation of checks performed by the Cash Custodian is not conducted in the presence of or acknowledged by the Cash Collector. Best practices recommend that the daily cash-out process for each cashier should be performed by the cashier and the assigned deposit clerk. Refer to details under the Reconciliation and Logging of Checks above.

Manual Deposits Collected by Brinks

- The review of manual deposit tickets submitted via Brinks could result in discrepancies with the bank's recorded deposit amounts.
 - Checks that cannot be scanned, generally due to unreadable bank routing number, are collected by Brinks for a manual deposit into the Wells Fargo bank.
 - The R&CM staff validates these manual deposits by visually comparing them to the bank's recorded amount as documented in the Wells Fargo Previous Day Composite Report.
 - Although no discrepancies were found in a limited review performed, the possibility of errors remains and the bi-weekly collection by Brinks introduces delays that increase the risk of errors going unnoticed.
 - Monthly reconciliations, performed by Clerk's Accounting & Financial Reporting Department ("Clerk's AFRD"), would detect differences between Advantage and bank records, but not directly between deposit tickets and bank deposits. The reconciliation serves as a detective control rather than a preventative measure.

- Manual deposits are not recorded into the general ledger (Advantage Financial System) on the deposit day.
 - Cash and/or check manual deposits are only recorded once confirmed in the consolidated bank account due to Brinks delivery delays. Credit card transactions are delayed due to bank processing time, which can take several days.
 - Checks that are electronically deposited via Remote Data Capture (scanning feature) are recorded into Advantage on the same day as deposit.
 - Best practices recommend receipts should be recorded to the general ledger when customers' payment is receipted. Best practice also considers the materiality of the transactions. If the delay in posting funds to the general ledger could lead to misrepresentation or errors, it's important to record the transactions timely. While timely posting is important, practicality should also be considered due to legitimate reasons for slight delays (such as bank processing times).

Cash Receipt Types in Advantage

- Revenue receipted in Advantage is not properly categorized.
- Revenue type from cash, checks, and credit cards (cash receipts) is not captured in Advantage. Cash receipt revenue types are entered into FRRS; however, this information does not interface with Advantage. As such, there is no record of receipt type in Advantage and no related reports detailing the breakdown of revenue by type.

System Integration and Efficiency

- Inefficiencies were noted due to the lack of integration between FRRS, the Public Service Tax System ("PST"), and Advantage.

- FRRS and Advantage:
 - FRRS does not interface with Advantage, leading to a need for manual input of cash receipts in both systems. This redundancy increases the potential for errors.
 - One staff member enters cash receipts into FRRS and another into Advantage, though both entries relate to the same account, with FRRS providing more detailed information (e.g., check number and date).
 - The current process involves:
 - Cash receipts are initially entered into FRRS.
 - Checks are automatically deposited using the Wells Fargo Remote Data Capture, a scanning feature.
 - The Wells Fargo Daily Close Report is compared to the FRRS batch of checks for accuracy.
 - Due to lack of integration, revenue requires manual recording into Advantage.
- FRRS, PST and Advantage:
 - For PST receipts, the same process occurs between FRRS and Advantage as described above. However, in addition to recording the receipt in FRRS and scanning the check to Wells Fargo, the staff member also needs to record some information (e.g., customer name, check number) manually into the PST (system maintained by County ISS) because FRRS does not interface with the PST System.
 - PST System interfaces with Advantage to record revenues to the correct customer, fund, department, unit and amount.

Data Integrity Controls:

- The Cash Custodian has the ability to modify information entered by the Cash Collector in FRRS without management approval, which could compromise data integrity and accountability. The Cash Custodian edits errors detected during the review (e.g., customer name, date of receipt) after consulting with the Cash Collector and prior to submitting the deposits to the Wells Fargo bank.

Security of Receipts:

- During business hours, checks received for processing are left unsecured on the Cash Collector's desk, which is accessible to unauthorized individuals. However, these checks are safely secured in the vault overnight.
- Insufficient security measures exist for the storage and transfer of deposits.
 - Monies (e.g., cash, checks) received are not safely stored in the vault at all times until pickup by Brinks.
 - The deposit bags are initially stored in the vault after the close-out process. However, the deposit bag is moved to a locked cabinet on the day of pick-up by Brinks (twice weekly). The cabinet is locked, but the key to the cabinet is maintained in an unlocked drawer in a filing cabinet. The cabinet is visible to the camera located in the office. When Brinks arrives for pick-up, any available Clerk's R&CM staff member will remove the deposit bag from the locked

cabinet and deliver the deposit bag to Brinks. Brinks pick up time is normally scheduled for 12pm and after.

- Video cameras are not in place to record access to the vault. There are video cameras at the front counter, but there is no visibility to the vault. Best practices recommend the use of cameras to provide physical oversight of property/funds.

Audits of the Vault and Change Funds:

- Surprise cash counts of the vault and the change funds are not conducted or documented. The vault is reviewed once per year during a scheduled audit. Best practices recommend the use of “surprise” audits and inventories to ensure that all monies (e.g., cash, checks) are accounted for.

Recommendations:

- A. Evaluate the feasibility of introducing systems and procedures to minimize the handling of check and cash receipts as well as increase security and efficiency. This could include the promotion of electronic payments (e.g., debit cards), offer short term incentives for customers choosing digital payments or introduce a nominal fee for those paying with cash and checks.
- B. Implement a two-person verification process for mail processing to enhance controls and reduce the risk of errors or mishandling of checks and cash. Consider creating a postal office box to receipt payments in a central location.
- C. Date stamp checks upon initial receipt in the mail to establish the date of receipt. The check stamp should be placed in a blank area of the check that does not obscure important information. Update procedures as needed.
- D. Restrictively endorse checks immediately upon receipt in the mail. The current workflow involves the Cash Collector entering check information into the Financial Revenue Receipting System (“FRRS”) and subsequently forwarding the checks to the Cash Custodian for deposit. To enhance security, checks should be restrictively endorsed by the Cash Custodian immediately upon receipt and before they are entered into FRRS.
- E. Implement a process for logging all checks received in the mail. Consider using a software or application to record information such as check number, amount, date received, and sender details. Reconcile this log to checks entered into FRRS. Any discrepancies should be investigated and resolved promptly to ensure accurate financial reporting. Procedures should reflect process implemented.
- F. Obtain and retain acknowledgements of responsibilities to handle public funds among all relevant personnel. This can be achieved through the completion of the Clerks’ office issued Responsibility for Custody of Public Money - Part I of II and periodic training on handling public funds.

- G. Implement clear guidelines and procedures for issuing receipts to walk-in customers for all payments received. This includes installing a sign to alert walk-in customers to ask for receipts for their payments.
- H. Record the unrecognized checks in an unprocessed receipts/holding account to track and manage unrecognized checks while customer information is obtained.
- I. Implement measures to enhance the automated scanning process for checks. This could involve working with the Wells Fargo Bank to allow only the check that could not be scanned to be manually deposited and not the entire check batch. Consider collaborating with County ISS to update the FRRS system to allow scanning of the batch even if only one check cannot be scanned. Consider opportunities to streamline the manual deposit submission process with Brinks, aiming to reduce delays and minimize the risk of errors introduced during manual intervention.
- J. Review options to integrate FRRS, the Public Service Tax System (“PST”), and Advantage or minimize duplicate data entry and improve efficiency.
- K. Re-evaluate the current practice of delaying the recording of cash and check receipts into Advantage until after confirmation of the related deposits into the Wells Fargo bank account. Management should consider establishing a more streamlined process for recording revenues into Advantage promptly after they are receipted into FRRS or by Brinks to ensure timely data updates.
- L. Enhance the receipt categorization process in Advantage to improve financial record-keeping and reporting accuracy.
- M. Modifications in FRRS performed by the Cash Custodian for the work performed by the Cash Collector should be approved by management or a secondary person to ensure accountability. Consider an automated solution to create an audit trail to be reviewed by management.
- N. Ensure that checks being processed are stored securely in a locked drawer or vault during work hours.
- O. The sealed deposits bags should be stored in the vault until picked-up by Brinks.
- P. Access to the vault should be recorded by a video camera.
- Q. Perform unannounced audits of the vault instead of the existing scheduled audits. Document each audit, noting the date, participants involved, identified observations, and the subsequent measures implemented for correction.

Management Responses:

The R&CM OnBase implementation project will begin after 2023 fiscal year-end. This project will impact many of the business processes, workflows, and automation within the department. The business analysis, design, and implementation of OnBase will incorporate recommendations from this audit. Consequently, specific responses and target dates for

some recommendations (A-Q) under this section will be delayed until after the business analysis and implementation design is complete (estimated mid-April 2024).

- A. A response and target date will be provided upon completion of the OnBase business analysis and system design.
Target Completion Date: To be determined
- B. A response and target date will be provided upon completion of the OnBase business analysis and system design.
Target Completion Date: To be determined
- C. A response and target date will be provided upon completion of the OnBase business analysis and system design.
Target Completion Date: To be determined
- D. A response and target date will be provided upon completion of the OnBase business analysis and system design.
Target Completion Date: To be determined
- E. A response and target date will be provided upon completion of the OnBase business analysis and system design.
Target Completion Date: To be determined
- F. Form: "Responsibility for Custody of Public Money - Part I of II" was sent completed September 21, 2023. Handling Public Money training will be scheduled annually. In advance of handling public money, but after completion of the introductory period, any New Hires will be trained on the handling of public money.
Target Completion Date: October 31, 2023
- G. A response and target date will be provided upon completion of the OnBase business analysis and system design.
Target Completion Date: To be determined
- H. A procedure will be drafted and a process will be put in place to record checks (missing Advantage posting information) in a holding account. The method to reconcile and relieve the holding account will also be documented.
Target Completion Date: April 30, 2024
- I. A response and target date will be provided upon completion of the OnBase business analysis and system design.
Target Completion Date: To be determined
- J. A response and target date will be provided upon completion of the OnBase business analysis and system design.
Target Completion Date: To be determined
- K. A response and target date will be provided upon completion of the OnBase business analysis and system design.
Target Completion Date: To be determined

- L. A response and target date will be provided upon completion of the OnBase business analysis and system design.
Target Completion Date: To be determined
- M. A response and target date will be provided upon completion of the OnBase business analysis and system design.
Target Completion Date: To be determined
- N. A policy will be drafted for signature by the Revenue staff, acknowledging that all checks will be stored in a locked drawer during work hours, on any occasion that a staff member will be away from their desk.
Target Completion Date: October 15, 2023
- O. Already in practice, a policy will be drafted for signature by the Revenue staff, acknowledging that sealed deposit bags will be stored in the vault until picked up by Brinks.
Target Completion Date: November 15, 2023
- P. A response and target date will be provided upon completion of the OnBase business analysis and system design.
Target Completion Date: To be determined
- Q. The Manager of Revenue and Treasurer will conduct unannounced audits of the vault, documenting each audit including noting the date, participants, observations, and any subsequent corrective action required.
Target Completion Date: March 31, 2024

4. Physical access to the Department requires strengthening.

Current safeguard controls over the Clerk's Revenue and Cash Management Department ("Clerk's R&CM") restricted back-office area require strengthening to aid in preventing unauthorized access by customers or non-Clerk's R&CM staff.

Objective: Our audit included an evaluation of physical access controls and entry procedures within the Clerk's R&CM.

Overview: Clerk's R&CM requires an employee badge to access the Department. Customers wishing to pay (e.g., cash, check, credit card) or deliver interoffice mail containing checks may approach the secured Clerk's R&CM entry door on the second floor of the Government Center. We conducted onsite observations and interviews with Clerk's R&CM staff to obtain an understanding of the existing security protocols.

Results of Review: We noted the following observation.

- Customers could gain unauthorized entry into the restricted back-office area of Clerk’s R&CM.
 - When customers arrive at the Clerk’s R&CM door on the Government Center’s second floor, they are permitted to enter the front counter area after interacting with a Department member through a buzzer system.
 - The Clerk’s R&CM utilizes a plexiglass partition to separate customers and staff during transactions (e.g., customer account payments).
 - However, customers who have been granted access to the front counter have potential access to the back-office area of Clerk’s R&CM through a short door situated adjacent to the front counter.
 - While this short door is intended to be locked as a preventive measure, we noted customers (or non-Clerk’s R&CM staff) could reach over and unlock the door from the other side and gain unauthorized entry into the restricted back-office area.

Recommendation:

- A. Consider enhancing the current access to the Clerk’s R&CM back-office area. This could include various alternatives such as installing a regular size door, glass partition and/or locking mechanism that cannot be unlocked from the customer’s side.

Management Response:

- A. R&CM will schedule a meeting with Facilities to discuss and implement a feasible solution.
Target Completion Date: September 30, 2024

5. Some functions are not appropriately segregated.

The Clerk’s Revenue and Cash Management Department (“Clerk’s R&CM”) Cash Collector performs a variety of duties that may not be adequately segregated, which include creating customer accounts, generating invoices, and handling receipt of payments. The absence of proper segregation of duties poses a risk to the accuracy and integrity of the process and increases the risk of fraudulent activities involving revenue losses or financial misstatements.

Objective: The objective was to evaluate internal controls in place for invoicing and collecting outstanding customer amounts resulting from returned non-sufficient funds (NSF) checks.

Overview: Clerk’s R&CM has the responsibility to invoice and collect the customer’s balances that remain unpaid due to returned NSF checks as well as the related NSF fees incurred.

Results of Review: We noted the following observation.

- One (1) individual (Cash Collector) performs conflicting duties that may not represent a proper segregation of duties.
 - To collect the amounts owed from NSF checks and associated fees, the Cash Collector establishes customer accounts within Advantage and creates the invoices, which are then automatically generated once established within Advantage.
 - Once payment is received, the Cash Collector receipts and records the payment into the Financial Revenue Receipting System (“FRRS”) and forwards the payment to the Financial Specialist for deposit.
 - We noted a mitigating control in that the Cash Management Specialist reviews the invoices and records the customers’ payment into Advantage. However, best practices indicate that it is preferable that the person who creates and invoices the customer does not also receive customer payment.

Recommendation:

- A. Segregate the tasks of generating invoices and recording/receipting customer payments between different individuals. For example, the Cash Management Specialist could be responsible for the creation of the customers’ accounts as well as invoice generation and the Cash Collector could handle payment recording and receipting. This division of responsibilities enhances accountability and minimizes the risk of fraud or errors.

Management Response:

- A. R&CM will evaluate transferring the creation of NSF invoices and NSF customers to an individual other than the Cash Collector. This issue may be addressed as part of an OnBase workflow and/or as part of a 3rd party software solution (mentioned in Response #3).
Target Completion Date: November 30, 2023

6. Legally and management required report processing lacked oversight.

Our review disclosed a centralized process was not in place to ensure required reports were timely submitted and one (1) required report was submitted past the due date.

Objective: To evaluate the Clerk’s Revenue and Cash Management Department's ("Clerk’s R&CM") procedure for submitting legally and management required reports, focusing on the timeliness of completion and adherence to established guidelines.

Overview: Each assigned staff is responsible for submitting the required reports based on the due dates and to update related procedures as necessary to facilitate the reporting

process. Staff members are tasked with monitoring deadlines, utilizing MS Outlook for this purpose. Each staff member has a back-up to assist in case of absence.

Results of Review: We noted the following observations.

- Existing controls did not require a centralized listing of legally and management required reports, inclusive of specific due dates, to ensure reports are timely submitted. Management stated each staff (and backup) is required to monitor timely submission of reports. Despite staff being accountable for their respective processes, the absence of management oversight could lead to instances of missed deadlines.
 - For the audit purpose, Clerk’s R&CM compiled a list (“Required Reporting List”) which categorized legally and management required reports. The list included details such as the name of the responsible Clerk’s R&CM staff assigned, report name, and the frequency of report submission (e.g., annually). This list could be implemented and used to provide additional control over submissions.
- Delayed Submission of Public Service Tax (“PST”) Master Vendor List.
 - The Public Service Tax (“PST”) Master Vendor List was not timely submitted to the Office of Financial Management and Budget (“OFMB”). The timely submission of the PST Master Vendor List is required by the County PPM CW-F-035, which states that the Clerk’s R&CM must “...*provide an updated Master Listing of Providers, to the Collections Section of OFMB and to Planning, Zoning, & Building (PZ&B) on a semi-annual basis, in January and July...*” The report was submitted on February 15, 2023, instead of January 2023. During the audit, we noted the July 2023 report was timely submitted.

Recommendation:

- A. Implement the Required Reporting List as an additional control and incorporate specific due dates for each report, particularly for legally required reports. This will help facilitate compliance with deadlines and enhance management oversight.

Management Response:

- A. Currently, the Revenue Manager receives a summary of findings and resolutions for numerous reports. The Revenue Manager is also copied on numerous outbound reports. In January 2023, the Revenue Manager created a dashboard to track a variety of Revenue activities, including timely report filing. This dashboard will be reviewed with the team and utilized moving forward.

Reports will be reviewed, and a determination made as to value added, opportunities for automation and/or efficiencies. Management will assess the need for second level approval based upon the nature of the report.

Target Completion Date: August 31, 2024

7. Manual quality control reviews may not detect errors.

Opportunities exist to automate the weekly quality control reviews to increase efficiency. Monthly quality assurance reviews were not consistently reviewed by a second person.

Objective: The objective of this review was to assess the efficiency and effectiveness of the weekly and monthly quality control reviews conducted by Staff Accountants.

Overview: Quality control reviews are performed on a weekly and monthly basis by two (2) Staff Accountants to ensure funds are posted to the correct customer account, amount, and funding.

Results of the Weekly Quality Assurance Review:

We selected five (5) weekly reviews from October 1, 2021 to March 31, 2023, and noted the following.

- Performing manual quality reviews could lead to unnoticed errors.
 - Two (2) different Staff Accountants perform the weekly reviews of cash receipts and revenues listed in the Advantage Year-to-Date Detailed Revenue Report to determine correct postings.
 - The Staff Accountants visually match the report's description with the corresponding funding line to review potential errors. Upon further review, errors are documented in the Summary of Errors Detail Report and shared with the Clerk's R&CM Manager.
 - The absence of an automated cross-checks and validation processes increase the likelihood of undetected errors and processing time.
- Existing controls did not require the Clerk's R&CM Manager (or delegated authority) to acknowledge completion of the reviews through sign-off on the weekly quality assurance reviews. We noted that the same person who enters the transaction may also perform the quality review, which compromises separation of duties and impartiality. As such, an independent acknowledgement by management would enhance the process.

Results of the Monthly Revenue Analysis:

We selected five (5) monthly revenue analysis reviews with the highest total balance from October 1, 2021 to March 31, 2023, and noted the following.

- The completed monthly revenue analysis were not reviewed by management or a second individual. The Staff Accountant stated that secondary reviews are not a formal part of the process and only certain monthly revenue analysis reviews are submitted for management approval.

Recommendations:

- A. Continue efforts to automate the weekly quality review process to increase efficiency. Consider creating scripts/formulas in Excel with key words in the description field to identify potential errors. For example, a description not containing certain key words may indicate the wrong posting and a potential error. Also, create consistency in entering the description so that the script may function properly. Some reports, such as the DOR Wires, need to be automated.
- B. Management or designee should formally sign off on the weekly and monthly quality assurance reviews to acknowledge the reviews and resolution of errors.

Management Responses:

- A. The weekly quality review completed in excel will be eliminated and replaced by the solution named in B below. The current practice identifies errors after the transaction has been posted. The current remedy to an error is to edit the document after posting in Advantage. Correcting an error in this manner is not a best practice.
Target Completion Date: N/A
- B. The weekly quality review practice will be replaced by one individual creating a document in Advantage and another individual submitting the document. This new practice does not require management review. It is a standard practice consistent with AFRD practices.
Target Completion Date: December 31, 2023

8. Opportunities exist to improve procedures.

Our review identified opportunities to improve the Clerk's Revenue and Cash Management Department ("Clerk's R&CM") procedures.

Best practices indicate written procedures provide guidance to employees, help ensure processes are performed accurately and consistently in accordance with management's directives and help achieve departmental goals.

We determined that the Clerk's R&CM has documented procedures for the majority of the various processes (e.g., merchant services, outgoing wires). The procedures generally included the name of approver, date of issuance/revision, a stated purpose, and general overview of the procedure. We randomly selected various procedures for review and noted the following opportunities for improvement.

- Some procedures did not refer to the supporting regulations, laws, ordinances, County PPM or contract.
- The Public Service Tax (RV-RN-014) procedure was not in alignment with the County PPM (CW-F-035). The Clerk's procedure requires the Finance Specialist to obtain the business license list from the Tax Collector in January and July (page 1). However,

the Clerk's procedure does not mention the deadline in January and July (page 9) to provide the list to OFMB as per the County PPM. In addition, the County PPM CW-F-035 is not referred in the Clerk's procedure (RV-RN-014).

- Some procedures did not present information in a consistent manner. There were procedures that included the purpose, authority, policy, general information, and procedure sections; however, other procedures did not include these sections consistently. For example, the Merchant Services (RV-RN-040) procedure included a general information section, but not a purpose (e.g., to provide guidance for maintenance of merchant services to county employees).

Recommendation:

- A. Update the policies and procedures by incorporating the observations noted above.

Management Response:

- A. To the extent a supporting regulation, law, ordinance, County PPM or contract exists, R&CM will reference it in the appropriate procedure. R&CM will review the master list of Revenue procedures, identify those that may have an element mentioned above available, and incorporate the element into the procedure.

Where County PPM's exist, the related Revenue procedure will be reviewed and brought into alignment. Accordingly, all County PPM's related to Revenue will be reviewed to ensure alignment.

Over the course of the history of the R&CM Department, various Managers have requested different formats. As existing procedures are updated, and new procedures created, R&CM will standardize the format of the procedures to incorporate the information above.

Target Completion Date: August 31, 2026

9. Clerk's R&CM had limited visibility over the County's deposit processes.

Concerns were noted related to the oversight and controls surrounding the deposit process of County departments and the roles of the Clerk's office. We noted the Clerk's office's limited visibility into deposit accuracy, the potential for discrepancies in financial records, and a reliance on manual reconciliation processes, all of which pose risks to accurate financial reporting.

Objective: The main audit objective was to assess whether the Clerk's Revenue and Cash Management Department ("Clerk's R&CM") has sufficient visibility and controls over the County departments' deposit process.

Overview: County departments are responsible to match their deposit tickets to Wells Fargo Bank's (WFB) recorded deposit transactions and to accurately post the deposits into Advantage (general ledger system). If any inconsistencies are identified, the County departments initiate a formal inquiry with the Clerk's R&CM Clerk's office to review the details with Wells Fargo bank.

The Clerk's office is tasked with maintaining the financial integrity of the County departments' deposits and reconciliation processes. Accurate recording of revenue, adherence to internal controls, and proper reconciliation are important to ensure accurate financial reporting and compliance with policies and procedures.

Within the Clerk's office, responsibilities are segregated between the Clerk's R&CM and the Clerk's Accounting & Financial Reporting Department ("Clerk's AFRD"). County departments are entrusted with the task of depositing funds at WFB and recording revenue into Advantage. Deposits are transported to WFB by Brinks armored car service. Clerk's R&CM is responsible for creating and managing the County department's bank accounts, while Clerk's AFRD conducts monthly reconciliations of all County departments' bank accounts.

The Florida Constitution mandates the Clerk's office to function as the "county auditor," overseeing sound accounting practices, adequate internal controls, and adherence to budgetary policies. With authority over County departments' bank accounts (via Clerk's R&CM) and reconciliation (managed by Clerk's AFRD), the Clerk's office plays an important role in safeguarding financial operations.

Results of Review: We noted the areas below as opportunities for improvement.

- There is limited oversight by Clerk's R&CM over the County departments' deposit process. County departments are responsible for verifying deposit accuracy in bank accounts. Deposit tickets, with details of the cash and check amounts, are only provided to WFB, not directly to Clerk's R&CM.
- The Clerk's AFRD may not detect discrepancies if the County departments post the incorrect deposit into Advantage. The AFRD review focuses on matching Advantage records with WFB deposits, omitting verification of deposit tickets. Adjusted amounts posted based on WFB's adjusted deposits might not be detected.
- Clerk's R&CM relies on County departments' internal controls to verify deposits submitted via Brinks match deposits entered by WFB. County PPM CW-F-017 (Reconciliation of Departmental Accounting Records to the County's Financial System Records) mandates monthly reconciliations between County departments' records and the County's Advantage Financial System. The deposit ticket amount, not an adjusted figure, should be posted in Advantage.
- Reliance on the County's departments' manual reconciliation between the WFB Previous Day Composite Report ("WFB Composite Report") and deposit tickets may lead to inaccurate revenue entries in the general ledger. The Cash Management Specialist provides the County departments with the WFB Composite Report so that

the previous day deposits may be matched to the deposit amounts entered by WFB. Discrepancies between the WFB amounts and deposit tickets might go undetected, potentially causing misstatements of County departments' revenues.

Recommendations:

- A. Collaborate with County departments to develop comprehensive guidelines outlining the proper procedures for reviewing and reconciling deposit tickets against bank records. These guidelines should cover the entire deposit process, from initial submission to final posting in Advantage.
- B. Implement regular audits of County departments' deposit tickets. The Clerk's office is responsible for ensuring proper accounting practices. As such, performing ongoing audits (for the full population or a sample of deposits) could help to identify discrepancies between amounts submitted for deposit and amounts entered by WFB.
- C. Enhance visibility and controls between Clerk's R&CM and the County departments. Management could consider implementing one or all of the following manual or automated systems or processes.
 - o A system where the County departments provide deposit information (e.g., deposit tickets) directly to the Clerk's R&CM in addition to WFB. This could provide an additional layer of verification and control.
 - o A system where discrepancies beyond a certain threshold trigger automatic notifications to both the Clerk's R&CM and County departments for review and resolution.
 - o A system to match deposit tickets with bank statements and identify discrepancies more accurately.
- D. Consider the possibility of integrating the systems used by County departments, Clerk's R&CM, and Clerk's AFRD. This could facilitate more streamlined and accurate data sharing and processes.

Management Responses:

- A. R&CM will collaborate with County departments to develop comprehensive and agreed upon guidelines outlining the proper procedures for reviewing and reconciling deposit tickets against bank records (from initial receipt to final posting in Advantage).
Target Completion Date: August 31, 2026
- B. Dependent upon agreed upon guidelines as set forth above, R&CM will perform regular audits (full population or sample - TBD) to ensure adherence to best practices. Dependent upon the results of A above, this step may not be necessary.
Target Completion Date: August 31, 2026

C. As part of the collaborative review outlined above, R&CM will consider the suggested systems listed in C. to enhance visibility and controls between R&CM and County departments.

Target Completion Date: August 31, 2026

D. As part of the collaborative review outlined above, systems used by County departments, R&CM and Clerk's AFRD will be reviewed to determine possible integrations.

Target Completion Date: August 31, 2026

10. Clerk and County procedures may not be fully aligned.

Various instances were noted in which the Clerk's Revenue and Cash Management Department ("Clerk's R&CM") and related County procedures were not completely aligned. Examples noted included an unclear delineation of responsibilities between the Clerk's office and County departments, and potential accountability issues in various processes.

Objective: To assess the alignment of practices and procedures between the Clerk's R&CM and relevant County policies and procedures.

Overview: The Clerk's office and County departments share tasks as part of conducting business on behalf of County residents. These tasks are generally outlined in the County Policies and Procedures Manuals ("PPM") highlighting the Clerk's office and County departments' roles and responsibilities.

Review Performed: We obtained and reviewed five (5) County PPMs to assess the alignment between the County's PPMs and Clerk's R&CM's practices and procedures. Our evaluation covered various areas including the handling of receivables, write-offs, the administration of SunPass accounts, and the management of financial instruments.

Results of Review:

- The main observations identified in County PPM CW-F-048 was the delineation of responsibilities between the Clerk's R&CM and County departments. The County PPM CW-F-048 introduces a level of ambiguity by indicating that certain processes can be executed by either Clerk's R&CM or the relevant County department. This lack of clarity could result in a lack of accountability by either agency or redundancies and inconsistencies in actions performed by both agencies. Clerk's R&CM practices may not be properly aligned with the desired roles and responsibilities.
- The PPMs did not clearly outline the Clerk's R&CM's responsibilities regarding processing SunPass transponders, Industrial Revenue Bonds, and administration of fuel gas cards. The absence of specific direction in County PPMs raises potential

concern in determining whether Clerk R&CM, other Clerk's office departments or a County department is accountable for managing these processes.

Recommendations:

- A. Conduct a comprehensive analysis of Clerk's R&CM processes mentioned in County PPM CW-F-048 that could be performed by either the Clerk's R&CM or the County department. Identify potential overlaps, conflicts, or discrepancies in procedures and practices. Consider expanding the review to include a comprehensive analysis of other County PPMs as deemed necessary by management.
- B. Analyze Clerk's R&CM role in processing SunPass transponders, fuel gas cards, and Industrial Revenue Bonds to determine the appropriate department accountable for managing these processes. Collaborate with relevant County departments and Clerk's office departments as needed.

Management Responses:

- A. The Revenue Manager did receive from OFMB verbal clarification of the R&CM department's role, related to PPM-CW-F-48. The Revenue Manager will work with OFMB to determine if the language in the PPM is subject to updates.

In conjunction with the PPM review in section #8, R&CM will evaluate potential overlaps, conflicts, or discrepancies in R&CM department procedures and practices with County PPM's.

Target Completion Date: August 31, 2025

- B. R&CM will collaborate with relevant County departments and Clerk's office departments to assess R&CM's role in processing SunPass transponders, fuel gas cards, and Industrial Revenue Bonds to determine the appropriate department accountable for managing these processes.

Target Completion Date: December 31, 2025