

HERNANDO COUNTY CLERK OF CIRCUIT COURT
AUDIT SERVICES DEPARTMENT
CCC ORGANIZATION-WIDE
EFFICIENCY OF CASH BALANCING PROCESS
CIRCUIT CRIMINAL, CIVIL & DOMESTIC RELATIONS DIVISIONS
NOVEMBER 28, 2006

HERNANDO COUNTY CLERK OF CIRCUIT COURT
AUDIT SERVICES DEPARTMENT
MEMORANDUM

TO: Jana Murphy, Court Services Director / In-House Legal Counsel

VIA: Karen Nicolai, CPA, Clerk of Circuit Court

FROM: Peggy Prentice, CIA, CISA, Audit Services Director

DATE: November 28, 2006

SUBJECT: Court Services Department - Efficiency of Cash Balancing Process

The Audit Services Department's (ASD's) Audit Projects Schedule included a review of the Clerk of Circuit Court's departmental-wide efficiency of the cash balancing process. Based on testing and observations, and communications with key personnel, the ASD has produced the attached report for your review. Management's response to the recommendations is also included.

The purpose of this report is to furnish management independent, objective analyses, recommendations, counsel, and information concerning the activities reviewed. This report is a tool to help management discern and implement specific improvements. It is not an appraisal or rating of management.

Although the ASD exercised due professional care in the performance of this review, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud and/or employee abuse is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud or abuse will be detected. Specific areas for improvement are addressed later in this report.

I would like to thank the Criminal, Civil, and Domestic Relations Divisions' and the Finance Department for their cooperation during this project.

If you have any questions, concerns, or need additional information in regard to the above or the attached report, please do not hesitate to contact me at (352)540-6235, or just stop by my office in Room 201.

ATTACHMENT

copy: BOARD OF COUNTY COMMISSION:

Gary Kuhl, County Administrator

Larry Jennings, Deputy County Administrator

George Zoettlein, Office of Management and Budget Director

Jon Jouben, Assistant County Attorney

CLERK OF CIRCUIT COURT:

Amy Gillis, CPA, Finance Director

OTHER:

Lori Nissen, CPA, Partner, KPMG

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Purpose and Scope

PURPOSE

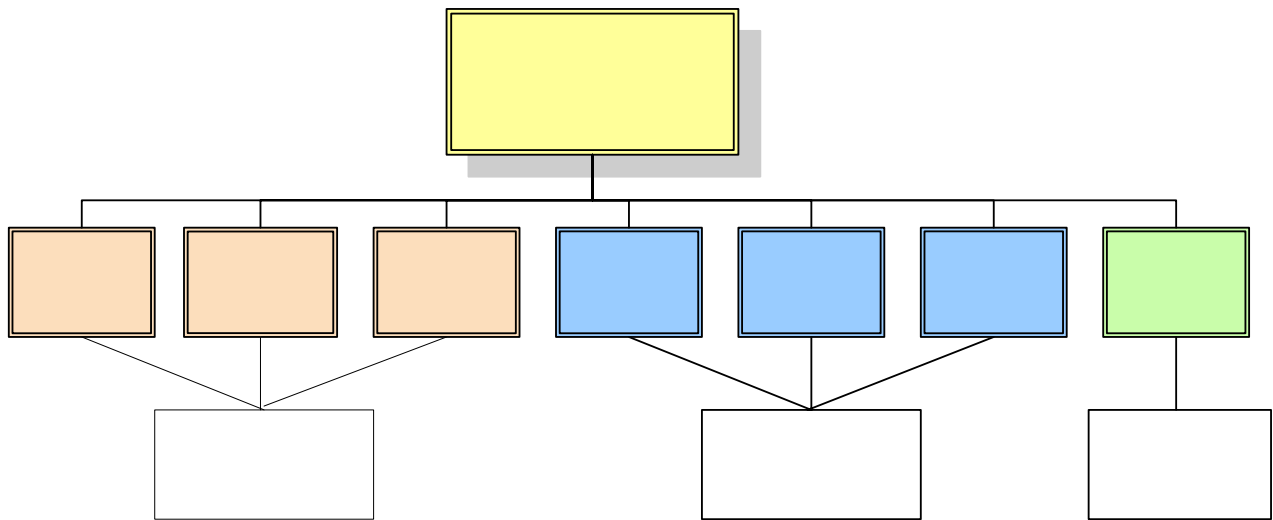
The purpose of this review was to assist the Clerk of Circuit Court's Court Services department by recommending processing enhancements that will enhance the efficiency of the daily cash balancing process.

SCOPE

The Audit Services Department (ASD) addressed the daily cash balancing process' control environment, recordkeeping practices, and efficiency of communications and paper flows. The ASD performed interviews and observations and compared actual practices to written policies and best practices.

BASELINE

The Clerk of Circuit Court's Court Services Department is made up of seven (7) divisions. Four (4) of these divisions: Circuit Criminal, Civil, Domestic Relations, and County Criminal/Traffic have at least one cashier who handles cash receipts (see organization chart below). The County Criminal/Traffic Division's cash balancing process was reviewed separately. The ASD issued that report on July 11, 2006. This report includes the Circuit Criminal, Civil, and Domestic Relations Divisions.



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DISCUSSION POINTS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSE

Circuit Criminal Division, Discussion Point 1

Some clerks/cashiers count their cash receipts and prepare their bank deposit prior to balancing their cash drawer change fund. The Finance Department requires any out-of-balance condition to be reflected in the bank deposit so that the cash drawer change fund maintains the assigned value of funds.

It is inefficient and against cash handling procedures to prepare the bank deposit before balancing the cash drawer change fund and cash receipts, because if the clerk/cashier doesn't balance, s/he would have to duplicate the efforts of creating another bank deposit slip and deposipac.

Recommendation

Consideration should be given to providing additional training to clerks/cashiers on the appropriate chronological cash balancing steps listed in the Finance Department's Cash Handling Policies and Procedures Manual. Clerks/cashiers should be directed to count out and segregate their assigned cash drawer change fund amount from their cash receipts, and compare their total cash receipts to the reported distribution amount. Any out-of-balance condition should be reflected in the bank deposit and reported to the appropriate level of management.

Management's Response

Management agrees. New clerks are sent to Cash Handling training taught by the Finance Department. All clerks were recently reminded of the correct chronological cash balancing steps. Clerks have been directed by their Supervisor to first count out and segregate their assigned cash drawer change fund amount from their cash receipts, and then compare their total cash receipts to the distribution amount.

Civil Division, Discussion Point 2

There is increased wear and tear on printers and additional waste of ink and paper.

During the end of day cash balancing process each cashier prints three (3) reports which are not utilized (the Transaction Summary, Banking Report – Case Number Detail, and Detail Banking Report). These reports are discarded after they are printed. This process unnecessarily increases wear and tear on printers and wastes resources including paper and ink. It also produces unnecessary solid waste.

Recommendation

Consideration should be given to require all cashiers to print only those reports necessary for cash balancing and recordkeeping.

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Management's Response

Management agrees. A Help Me was submitted to MIS to eliminate the three reports which are not utilized. MIS estimates that it will take up to one month to delete these reports.

Circuit Criminal & Civil Divisions, Discussion Point 3

The transfer of cash custodial responsibility was not documented when money actually changed hands.

The division utilizes Deposit Transmittal Forms to document transfers of custodial responsibility however; this form is not used timely. Cash custodians do not prepare and sign the Form when the transfer of responsibility actually takes place.

Recommendation

Consideration should be given to require cashiers to sign the Deposit Transmittal Form when the transfer of custodial responsibilities actually takes place.

Management's Response

Management agrees. This recommendation has been implemented. The cashiers now initial the Deposit Transmittal Form when they turn in their deposits to the central cashier or Supervisor.

Domestic Relations Division, Discussion Point 4

The employee who performs the divisional cash distribution procedures repeatedly leaves his/her workstation to retrieve documents from the printer. It appears that the printer is not functionally or conveniently located near his/her workstation.

Recommendation

Most workstations have a shared desk space which could house a printer to be utilized by two or more staff members. Consideration should be given to determining if it would be cost effective to install a shared printer at each of these workstations.

Management's Response

Management agrees. This recommendation has been implemented. One of the printers in the back area has been moved to the work stations in the front of the Division.

Domestic Relations Division, Discussion Point 5

Manually calculating and reporting financial data is inefficient. The manual process of recording State Disbursement Unit (SDU) receipt totals for the Tri-County Child Support Magistrate and manually transferring data from computer printed reports to the P360 Balance Sheet is inefficient.

- A. SDU transaction totals are handwritten on a steno pad, manually calculated at the end of the month, and reported to the Tri-County Child Support Magistrate.
- B. Staff manually transfer reported figures from computer printed source documents to the P360 Balance Sheet, which is a MS Word document. In addition, the

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account numbers on the SDU/CDU line items on the P360 Balance Sheet do not correspond to the account numbers on the source documents.

Recommendation

Consideration should be given to utilizing Crystal Reporting to automate the calculation of monthly SDU receipt totals for the Tri-County Child Support Magistrate and to create the P360 Balance Sheet.

Management's Response

Management agrees. A Help Me has been submitted to MIS to create the report. MIS estimates that it will take up to six months to write this report.