COUNTY AUDIT DEPARTMENT

REPORT # 367

Quarterly Status Report & Follow-Up
Of BOCC Audit Recommendations
Quarter Ending June 30, 2019

July 23, 2019
July 23, 2019

The Honorable Lesley “Les” Miller, Jr., Chairman
The Honorable Ken Hagan
The Honorable Pat Kemp
The Honorable Sandra L. Murman
The Honorable Kimberly Overman
The Honorable Mariella Smith
The Honorable Stacy R. White

Dear Chairman Miller and Commissioners:

The County Audit Department operates in compliance with the standards set forth in the International Professional Practices Framework as well as Government Auditing Standards. These standards require that County Audit communicate the results of audit engagements to the appropriate parties and monitor the action taken by management in response to any audit recommendation.

Attached is the quarterly report on the status of all management corrective action plans as of the end of the third quarter of fiscal year 2019. Addressing open recommendations will enhance the Board of County Commissioners’ overall operations and mitigate risks to the organization. For the quarter ended June 30, 2019, the County Audit Department monitored management action for eleven (11) recommendations. Five recommendations have been implemented and tracking has been closed. The remaining six will carry forward to the fourth quarter of fiscal year 2019. See Attachment 1

The audit recommendations included in this follow-up were issued via Audit Reports and presented to you for the routine audits conducted throughout the year. In addition to routine audits, the County Audit Department also performs risk assessments, management assistance projects and continuous monitoring. Unlike traditional audits, these projects do not result in formal audit recommendations and do not require a response from management. These projects are communicated via a Management Memorandum to the appropriate County Executive Team members.

As part of our quarterly reporting, we have also attached copies of the Management Memorandums issued to the County Administrator and staff during the third quarter of fiscal year 2019. See Attachment 2

I appreciate this opportunity to be of service to the Board of County Commissioners. I am happy to address any questions that you may have or furnish additional information if desired.

Sincerely,

Heidi Pinner, CIA, CISA, CFE, CRMA
Director of County Audit
CC: Mike Merrill, County Administrator
    Greg Horwedel, Deputy County Administrator
    Carl Harness, Chief Human Services Administrator
    Ramin Kouzehkanani, Chief Information and Innovation Officer
    John Lyons, Infrastructure Services Administrator
    George Cassady, Director, Public Works Department
    Axel Clauberg, Director, IT Business Management Services Division
    Tracy Gogichaishvili, Director, Aging Services Department
    Dennis Jones, Fire Chief, Fire Rescue Department
    JoAnn Rollins, Director, Children’s Services Department
    Kevin Brickey, Director, Management & Budget Department
    Pat Frank, Clerk of Court & Comptroller
    Dan Klein, Chief of Staff
    Rick Van Arsdall, Chief Deputy, Clerk to the Board
## Status of Audit Recommendations as of June 30, 2019

<table>
<thead>
<tr>
<th>Report #</th>
<th>Project Name</th>
<th>Recommendation Title</th>
<th>Recommendation State</th>
<th>Entity</th>
<th>Estimated Implementation Date</th>
<th>Actual Implementation Date</th>
<th>Recommendation Close Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>343</td>
<td>Software Licensing Management</td>
<td>Management should consider implementing a comprehensive and consolidated control structure for the acquisition, tracking and management of all County applications.</td>
<td>Pending</td>
<td>Information &amp; Innovation</td>
<td>09/30/2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>343</td>
<td>Software Licensing Management</td>
<td>The Information &amp; Innovation Office should consider enhancing the controls over the enterprise-wide true-up process and administrative user accounts in the Liaison Group.</td>
<td>Past Due</td>
<td>Information &amp; Innovation</td>
<td>01/31/2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>357</td>
<td>Child Care Licensing</td>
<td>Develop and implement written policies and/or procedures addressing the review and supervisory approval for completeness of background screening documents for both initial and renewal license applications.</td>
<td>Closed</td>
<td>Child Care Licensing</td>
<td>04/01/2019</td>
<td>02/01/2019</td>
<td>06/18/2019</td>
</tr>
<tr>
<td>357</td>
<td>Child Care Licensing</td>
<td>Update the County child care ordinances to reflect the current background screening process requirements for licensed child care facilities and licensed family child care homes.</td>
<td>Closed</td>
<td>Child Care Licensing</td>
<td>04/01/2019</td>
<td>04/03/2019</td>
<td>06/18/2019</td>
</tr>
<tr>
<td>357</td>
<td>Child Care Licensing</td>
<td>Record the disposition of any overpayment in the provider’s file to ensure that a record of each transaction is maintained</td>
<td>Closed</td>
<td>Child Care Licensing</td>
<td>04/01/2019</td>
<td>02/01/2019</td>
<td>06/19/2019</td>
</tr>
<tr>
<td>360</td>
<td>9-1-1 Agency - Address Data</td>
<td>To ensure that the address data utilized by the various systems and agencies throughout Hillsborough County remains consistent and reliable, management should 1) Investigate the inconsistencies identified by the Audit Team and determine if any corrections to the data are needed in either the 9-1-1 database or GIS; 2) Determine the root cause of such inconsistencies and implement mitigating controls to address any underlying issues; and 3) Implement holistic validation or monitoring controls to routinely compare data between the 9-1-1 database and the County GIS system.</td>
<td>Past Due - Started but not completed</td>
<td>911 Agency</td>
<td>03/01/2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>363</td>
<td>Aging Services' In-Home Food Services Program</td>
<td>The Department should ensure that the G.A. Food Services' invoice is generated in compliance with the Agreement (on the 15th of the month).</td>
<td>Closed</td>
<td>Aging Services</td>
<td>10/01/2019</td>
<td>06/19/2019/06/24/2019</td>
<td></td>
</tr>
<tr>
<td>364</td>
<td>Use of Overtime Pay</td>
<td>Monitor for changes in Telestaff and manual adjustments in KRONOS</td>
<td>Past Due</td>
<td>Fire Rescue</td>
<td>04/15/2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>364</td>
<td>Use of Overtime Pay</td>
<td>Management should consider ensuring that the existing policy for overtime approval and documentation is enforced, implementing a periodic review/analysis of overtime hours, and ensuring a balance is maintained in the use of overtime for departments, processes and individuals.</td>
<td>Closed</td>
<td>Public Works</td>
<td>02/01/2019</td>
<td>06/19/2019</td>
<td>07/05/2019</td>
</tr>
<tr>
<td>365</td>
<td>Covanta Agreement - Energy Recovery Services</td>
<td>To improve controls related to invoice processing, management should consider including complete and accurate supporting documentation with invoice files when recalculating and verifying invoice payments to Covanta; including evidence of all reviews and approvals on all Covanta invoices, prior to being paid; and ensuring credits for the sale of ferrous and non-ferrous metals are provided to the County from Covanta within 30 days of receipt by Covanta, as agreed upon in the Covanta contract.</td>
<td>Pending</td>
<td>Public Utilities</td>
<td>06/30/2020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>365</td>
<td>Covanta Agreement - Energy Recovery Services</td>
<td>To improve monitoring of the performance guarantees, management should consider compiling the various updates, amendments and revisions for the Agreement into a single, consolidated document that details the existing contract terms and conditions to ensure there is clarity for the existing contract relationship; and researching the requirement for the Process Residue Quality guarantee and determining whether or not to modify the contract to remove the guarantee or require the contractor to include and track it on the annual Covanta performance guarantee summary report.</td>
<td>Pending</td>
<td>Public Utilities</td>
<td>06/30/2020</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
DATE: April 16, 2019
TO: Scott Stromer, Director, Procurement Services
CC: Mike Merrill, County Administrator
     Executive Team, County Administration
     Tim Simon, Deputy Comptroller, Clerk of Court & Comptroller
FROM: Heidi Pinner, Director of County Audit, Clerk of Court & Comptroller
SUBJECT: Management Memorandum #MM64 – PCard Continuous Auditing – FY19 First Quarter

Attachment: Detail of Transaction Testing & Analysis

OBJECTIVE

To evaluate the appropriateness of Purchasing Card (PCard) purchases made during each quarter of the fiscal year via analysis and sample testing. The program is designed to continuously evolve and adapt the types of testing and analysis performed, with input from management, to ensure that the program delivers timely and useful results and assurances. First quarter testing included the basic analysis and review of transactions and account usages as well as an analysis related to the use of PCards for weekend purchases and card terminations. All concerns and exceptions were referred to the PCard administrator for follow-up and corrective action.

SCOPE

PCard transaction testing included purchases made from October 1, 2018 through December 31, 2018, excluding transactions made on Library Services term accounts. (Library Books and Materials Procurement Audit Report #353 was distributed on August 22, 2018, which included testing of Library PCard transactions).

SUMMARY OF RESULTS

Total PCard spending was $4,912,966.94 for the first quarter of FY 2019; however, Library Services is exempt from normal competitive procurement requirements for books and materials and their transactions were excluded from testing. PCard spending for all other departments was $3,737,786.88. Analytical review of the purchases and trends identified:

- One purchase over $5,000.00 that was split into two separate charges without the required three quotes.
- Eight transactions for food purchases that did not have appropriate approval.
- Ten transactions that did not include adequate invoice support for the purchase.
- Three transactions that did not have the justification field properly filled out in Oracle.
- Six instances of purchases that did not have sensitive information redacted.
- Four transactions above $5,000 that did not have the required three quotes.
- One transaction for IT equipment that did not have approval from the Information and Innovation Office (IIO).
- One transaction was identified that could result in a PCard being saved on a vendor’s network.
- One transaction that included a credit card service charge.
- No instances of inappropriate weekend or big box retail purchases.

Please see the attachment for further testing details and analysis. Feel free to contact me at (813) 307-7000 with any questions, comments or suggestions.
DETAIL OF TRANSACTION TESTING & ANALYSIS

MERCHANT CATEGORY CODE (MCC) ANALYSIS

Purchases made during the first quarter of fiscal year 2019 were analyzed based on the Merchant Category Code (MCC) and Procurement Procedures Manual restrictions. The table below identifies the top 5 MCCs based on the total spent for the first quarter of fiscal year 2019.

<table>
<thead>
<tr>
<th>MCC number</th>
<th>MCC Description</th>
<th>Amount Spent</th>
<th>Number of transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>5085</td>
<td>INDUSTRIAL SUPPLIES NOT ELSEWHERE CLASSIFIED (Examples include repair parts, tools, &amp; maintenance.)</td>
<td>$176,350.41</td>
<td>263</td>
</tr>
<tr>
<td>5942</td>
<td>BOOK STORES (Items purchased from Amazon)</td>
<td>$174,885.20</td>
<td>1066</td>
</tr>
<tr>
<td>8999</td>
<td>PROFESSIONAL SERVICES NOT ELSEWHERE CLASSIFIED (Examples include subscriptions &amp; repairs)</td>
<td>$170,243.10</td>
<td>114</td>
</tr>
<tr>
<td>7523</td>
<td>AUTOMOBILE PARKING LOTS AND GARAGES (City of Tampa Parking &amp; Port Tampa)</td>
<td>$162,371.13</td>
<td>22</td>
</tr>
<tr>
<td>7399</td>
<td>BUSINESS SERVICES NOT ELSEWHERE CLASSIFIED (Examples include uniforms, medical equipment, &amp; notaries.)</td>
<td>$155,944.94</td>
<td>269</td>
</tr>
</tbody>
</table>

The Audit Team judgmentally selected a sample of 131 transactions based on unexpected or unusual MCC descriptions that appeared to be restricted, such as fast food restaurants, beauty and barber shops, exhibits, and florists. The transactions were evaluated for appropriate support and justification and several exceptions were identified.

- Eight (8) transactions were identified for the purchase of food. The Audit Team followed up and confirmed that these food purchases were not approved prior to the transaction occurring. Most of these purchases were made by departments which frequently make food purchases and are deemed acceptable; however, the current Procurement Procedures Manual does not include a provision for this exception.
- Seven (7) transactions did not include adequate invoice support or information.
- Five (5) instances were identified where sensitive information was not redacted. These included children’s names, addresses, and telephone numbers. While these did not result in inappropriate disclosure, sensitive information of this sort should be redacted prior to documents being submitted into the County’s document imaging software (OnBase) to ensure inadvertent disclosure does not occur.
- One (1) transaction was processed using the Uber platform. Uber generally requires payment card information to be stored on an account which violates the Card Account Security restrictions in the Procurement Procedures Manual.
- One (1) transaction was processed for a credit card service charge which is prohibited.
- An additional 109 transactions that appeared to be unexpected or unusual based on MCC Codes were reviewed and no further exceptions were identified.
TRANSACTIONS OF $5,000 OR MORE

All transactions of $5,000.00 or more were selected for testing and the supporting documentation was reviewed for compliance with PCard rules. Four (4) transactions occurred without following the competitive purchase requirement of obtaining 3 quotes. Additionally, pre-approval for one (1) transaction of information technology equipment listed in the Information Technology Purchase Authorization List was not obtained from the IIO as required by Administrative Directive IT-01.

SPLIT PURCHASES

Purchases for the period were analyzed to determine if they appeared to be split to circumvent transaction limits. The Audit Team’s analysis tested for instances where multiple transactions for a single vendor on a single day were combined to potentially circumvent transaction limits or competitive quote requirements. The Audit Team reviewed the supporting documentation for these purchases and identified one (1) occurrence where a cardholder made a purchase of over $5,000.00 via two separate charges without obtaining the three competitive quotes as required. The split transaction occurred when one (1) purchase was split into two (2) separate orders. Additionally, three (3) other PCard transactions were identified that did not include adequate invoice support in the form of itemized invoices showing what was purchased.

PAYMENT SERVICES IN AN INDIVIDUAL’S NAME

The Audit Team analyzed transactions which were paid through a payment service provider (such as PayPal or Square) and included the name of an individual as the vendor to ensure that the vendor name matched the name listed on the invoice. There were no exceptions identified.

WEEKEND TRANSACTIONS

The Audit Team performed an analysis of transactions made during the weekend (Saturday or Sunday) by departments with regular business hours that do not include weekends. The Audit Team also analyzed weekend purchases that were made from big box retail stores (Walmart, Target, Home Depot, etc.). The supporting documentation for a sample of these purchases was reviewed for appropriateness with the following results:

- Three (3) transactions that did not have the justification field properly filled out in Oracle.
- One (1) instance was identified where sensitive information was not redacted.
- No purchases appeared to be inappropriate based on the department making the purchase.

CARD TERMINATION

The Audit Team analyzed whether PCards were deactivated in a timely manner after an employee’s termination date as identified in Oracle. A total of nine (9) former employees with purchasing cards were identified for testing. All Pcards were deactivated within 14 days after termination. No purchases were made on these card accounts subsequent to the employee’s termination date.
DATE: May 8, 2019

TO: Dale Bohner, Legal Counsel, Clerk of Court & Comptroller
    James Hudock, Director, Public Works
    George Cassady, Director, Public Utilities
    Andrew Breidenbaugh, Director, Library Services
    Ron Spiller, Director, Code Enforcement
    JoAnn Rollins, Director, Children's Services
    Catherine Edwards, Accounting Manager, Clerk of Court & Comptroller

FROM: Heidi Pinner, Director of County Audit, Clerk of Court & Comptroller

SUBJECT: Management Memorandum #65 – Petty Cash Count

OBJECTIVE

On April 9 and 10, 2019, the County Audit Department conducted a series of unannounced petty cash counts throughout the county. The objective of this petty cash count was to assess the adequacy of controls to safeguard petty cash, to assess compliance with Board Policy 03.00.01.00 Petty Cash & Change Funds, and to verify whether or not the correct amount of cash and receipts were kept by each custodian.

SCOPE

The scope of work consisted of the Audit Team visiting 9 locations under the Clerk’s Office and the Board of County Commissioners (BOCC), counting the petty cash on hand, making inquiries of personnel regarding cash handling procedures, and observing the physical security of the petty cash on the day of the site visits.

OVERALL EVALUATION

Physical safeguarding controls were adequate for the county petty cash sites and no material variances were identified. The Audit Team did observe some opportunities to further strengthen these controls.

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>LOCATION</th>
<th>FUND AMOUNT</th>
<th>OVERAGE/SHORTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clerk’s Legal</td>
<td>County Center</td>
<td>$25.00</td>
<td>$0.10</td>
</tr>
<tr>
<td>Public Works</td>
<td>County Center</td>
<td>$100.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Public Utilities</td>
<td>Twiggs</td>
<td>$85.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Library Services</td>
<td>7th Ave</td>
<td>$50.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Public Works</td>
<td>Falkenburg</td>
<td>$100.00</td>
<td>($0.15)</td>
</tr>
<tr>
<td>Code Enforcement</td>
<td>Queen Palm</td>
<td>$100.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Public Works</td>
<td>Thonotosassa</td>
<td>$100.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Children Services</td>
<td>Clay Magnum</td>
<td>$250.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Public Works</td>
<td>Sheldon</td>
<td>$100.00</td>
<td>Unknown</td>
</tr>
</tbody>
</table>

TOTAL: $910.00 ($0.05)
IMPROVEMENT OPPORTUNITIES

- A summary form that contains all the transactions out of petty cash should be maintained by each custodian and updated after each purchase.
- Security controls could be improved at one (1) of the locations by ensuring that the petty cash lockbox is kept locked.
- Petty cash funds are rarely used in some departments, and in one (1) instance, has not been used for over 3 years. Management may wish to re-assess whether or not a petty cash fund is still needed.
- One (1) instance was identified where the petty cash function had not been transferred to another employee after the custodian left the department. A Change of Custodian Form should be submitted whenever turnover occurs.
- The Petty Cash and Change Fund policy has been in effect since November, 1994 with no update to it since that time. Review and updates to this policy are needed.

DETAILED RESULTS

Board Policy 03.00.01.00 Petty Cash & Change Funds

The Audit Team used the Board Policy as a guide in assessing the appropriateness of how petty cash funds are used and safeguarded. However, it was noted that the Board Policy dates back to 1994 and has several inconsistencies or opportunities for improvement, including:

- References to the department previously referred to as BOCC Accounting (now County Finance).
- Reference to Exhibits 1 and 2, which are no longer included as part of the policy documentation.
- Grammar and spelling errors.
- Reference to Administrative Directive 146 which may no longer exist.
- Purchase/Reimbursement limits which may need to be adjusted for inflation.
- Use of outdated accounting system terminology (Index codes, Sub-object codes, etc.) which should be updated to reflect new system terminology (Oracle accounting strings).

Clerk’s Legal Counsel – County Center

- Access to the custodian’s office is restricted via card access.
- The petty cash is kept in a locked cabinet at all times.
- An updated petty cash summary form is not maintained.
- An immaterial overage ($0.10) was identified.

Public Works – County Center

- Access to the custodian’s cubicle can only be gained via card access to the floor.
- The petty cash was in a locked cash box within a locked cabinet. (Keys to the cabinet were unsecured at the time of testing but per the custodian, they are traditionally maintained in a secure location.)
- An updated petty cash summary form is not maintained.
- No overage or shortage was identified during the petty cash count.
Public Utilities - Twiggs

- Access to the custodian’s cubicle can only be gained via card access and a security guard is present at the lobby where visitors have to sign in.
- The petty cash was in a locked cash box that was in a locked cabinet.
- An updated petty cash summary form is not maintained.
- No overage or shortage was identified during the petty cash count.

Library Services - 7th Ave

- Access to the custodian’s cubicle can only be gained via card access to the facility.
- The petty cash was in a locked cash box that was in a locked cabinet.
- Petty Cash has not been used for over three years.
- No overage or shortage was identified during the petty cash count.

Public Works - Falkenburg

- Access to the facility does not require an access card, although a receptionist sits by the entrance and escorts all visitors to the relevant staff.
- The petty cash was in a locked cash box that was in a locked drawer.
- An updated petty cash summary form is kept by the custodian.
- An immaterial shortage ($0.15) was identified.

Code Enforcement - Queen Palm

- Access to the department can only be gained via card access.
- The custodian has left the department and a Change of Custodian form had not been completed.
- The petty cash is currently kept in a combination safe, however the cash lockbox was not locked and four staff members have access to the safe.
- An updated petty cash summary form is not maintained.
- No overage or shortage was identified during the petty cash count.

Public Works – Thonotosassa

- Access to the facility can only be gained via card access.
- The only keys to the locked petty cash box, and the cabinet it is kept in, are kept by the custodian at all times.
- An updated petty cash summary form is kept by the custodian.
- No overage or shortage was identified during the petty cash count.
Children Services - Clay Magnum

- Access to the custodian’s office can only be gained via card access.
- The petty cash was in a locked cash box that was in a locked safe.
- An updated petty cash summary form was not maintained.
- No overage or shortage was identified during the petty cash count.

Public Works – Sheldon

- On the afternoon of the cash count, the cash custodian was not present at the site. Therefore, a petty cash count could not be performed.
DATE:       June 21, 2019

TO:        Kimberly Byer, Division Director, Solid Waste Management

CC:        Mike Merrill, County Administrator
          Lucia Garsys, Chief Development & Infrastructure Administrator
          George Cassady, Assistant County Administrator, Public Utilities
          Tim Simon, Deputy Comptroller, Clerk of Court & Comptroller
          Catherine Edwards, Accounting Manager, County Finance

FROM:      Heidi Pinner, Director of County Audit, Clerk of Court & Comptroller

SUBJECT:   Management Memorandum #66 – Cash Count at South County Solid Waste Facility.

OBJECTIVE:

On May 1, 2019, the County Audit Department conducted an unannounced cash fund count at the South County Solid Waste Facility, Site #032. The objective of this cash count was to test whether or not the cash drawers and change funds contained the appropriate amount of cash at a specific point in time, and whether or not there are adequate physical safeguards over the cash.

SCOPE:

The scope of work consisted of the Audit Team counting funds on hand, making inquiries of personnel regarding cash handling procedures and observations of physical security of change funds on the day of the site visit.

OVERALL EVALUATION:

The South County Solid Waste Facility, Site #032 had accurate counts for the drawer change funds. Physical safeguarding controls at the site were adequate. Specific results of the Audit Team’s cash count are as follows:

- The starting drawer funds of $400.00 were verified.
- Daily cash collection by the cashier was counted and compared to the point-of-sale shift report generated in order to verify the amount collected agreed to the report total. An immaterial overage of .04¢ was identified in the daily cash collection amount.
- No overages or shortages were identified in the change funds.
- Appropriate controls are in place to ensure that funds are secured each night.
- The safe is appropriately secured and access controls are in place to ensure only authorized employees have access to open it.
• Staff was knowledgeable about procedures to ensure cash is properly secured and physical access to the site is restricted to authorized individuals.

• Cash custodians need to be updated:
  
  o *One Change of Custodian Form was received by County Finance; however, the old and new employee names were transposed on the form and the Change Fund List was not updated to reflect the new employee.*
  
  o *For another Change of Custodian Form, the Audit Team could not confirm whether or not the Form had been submitted to County Finance and the Change Fund List had not been updated at the time of the Cash Count.*

*Feel free to contact me, (813) 307-7000, with any questions, comments or suggestions.*