

**Palm Beach County
Clerk & Comptroller's Office
Operations Receipts Handling and
Processing Review**



SHARON R. BOCK
Clerk & Comptroller
Palm Beach County

Audit Services Division
September 26, 2008
Report 2008-04



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The Honorable Sharon R. Bock
Clerk & Comptroller

We conducted an audit of the Operations receipts handling and processing functions of the Clerk & Comptroller's Office. Our objectives were to perform an independent assessment of the risks impacting the functions, evaluate internal controls in place to mitigate the risks, and assess opportunities to improve efficiency and effectiveness.

The audit found that the control environment over handling and processing Operations receipts within Operations and Clerk's Accounting needs improvement. Control weaknesses and process improvement opportunities were identified related to access to and safeguarding of checks and cash.

The attached report includes observations and recommendations, followed by management responses.

We appreciate the cooperation of Operations and Clerk's Accounting management and staff during the course of this audit.

Respectfully submitted,

Roger Trca
Audit Services Director
Clerk & Comptroller Office
Palm Beach County

Audit Services
301 N. Olive Avenue
9th Floor
West Palm Beach, FL 33401

Phone: 561-355-2722
Fax: 561-355-7050

www.mypalmbeachclerk.com

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INTRODUCTION

Background

The major sources of Clerk receipts include filing fees, court fines and costs, and court registry deposits captured in the Banner Courts System and recording fees, documentary stamps and intangible taxes captured in the New Vision-ORIS System. These monies are received in the form of cash, checks, money orders and credit cards. Receipts are collected from various channels (walk-in customers, telephone, web, and U.S. mail) within eleven departments throughout the main courthouse and five branch locations. Organizational oversight of these collection sites is spread across four divisions within Operations (Criminal, Civil, Branches and Legal Records), each supported by a director reporting to the Chief Operations Officer.

Receipt handling is supported by approximately 180 cashiers in Operations. Monies collected are reconciled to system reports and closed out daily by a supervisor or head cashier. Cash and checks are picked up by Brinks daily. All deposit slips and receipt reports are sent to Clerk's Accounting via internal mail.

Within Clerk's Accounting, daily system cash reports are reconciled to deposits and data is entered into Banner Finance for update to the general ledger. Bank statements are received and reconciled to the deposit information.

Credit card transactions are authorized on-line and reconciled in the daily close-out reporting process. The credit card receipts are included in the packets sent daily to Clerk's Accounting for reconciliation with settlement reports.

For Fiscal Year 2007, receipts totaled over \$464 million within the New Vision-ORIS and Banner Courts systems, as summarized in the following table. These receipts include collections that are disbursed to state and local agencies in accordance with Florida Statutes and municipal ordinances. Checks accounted for nearly 96% of all receipts, while cash represented nearly 3% of total receipts.

	Cash	Check	Credit Card	Total
New Vision ORIS – \$	\$453,313	\$308,320,304	\$46,623	\$308,820,239
New Vision ORIS - %	0.2%	99.8%	<0.1%	100%
Banner Courts - \$	\$12,700,233	\$136,769,734	\$6,055,788	\$155,525,755
Banner Courts- %	8.2%	87.9%	3.9%	100%
Total - \$	\$13,153,546	\$445,090,037	\$6,102,411	\$464,345,994
Total - %	2.8%	95.8%	1.3%	100%

Sources: New Vision ORIS – Legal Records Receipt Summary report and Banner Courts – Cashier Revenue Analysis report

Scope and Methodology

The Clerk’s Audit Services Division conducted a review of the Operations receipts handling and processing functions. The scope included all types of receipts (cash, check, money order, and credit card) collected from the various channels (over-the-counter, mail, telephone, and web) throughout all Operations.

Our scope included the receipt, safekeeping, close-out, settlement and deposit of funds within Operations. It also included the settlement, posting and reconciliation of these funds within Clerk’s Accounting. Our scope excluded the Assessment and Distribution processes.

The objectives of the review were to:

- Perform a risk assessment to identify risks and vulnerabilities impacting the functions.
- Design review work to evaluate the adequacy of procedures and internal controls for core processes and areas deemed high risk. Execute testing of select areas including, but not limited to, surveys of internal controls, verification of deposits into the general ledger, and receipts documentation.
- Identify opportunities to improve the efficiency and effectiveness of the core processes.

- Determine if goals and performance measures are developed and utilized to assess the success of operations.
- Identify best practices and opportunities for improvement.

In order to meet these objectives, we conducted interviews, reviewed policies and procedures, evaluated legislative requirements, evaluated performance measures and reporting, and evaluated the internal control environment. Testing of receipts included activity from October 2006 through March 2008. We performed other procedures that were deemed necessary under the circumstances.

Conclusion

Except for the Observations and Recommendations noted in this report, the control environment over the Clerk's Operations receipts handling and processing functions was generally adequate. Opportunities exist to improve controls, enhance performance measures, and implement best practices.

Review Team:

Alan Bray, Manager

Mike Bodle, Senior Auditor

Stuart Grifel, Senior Auditor

Tom McLaughlin, Senior Auditor

OBSERVATIONS & RECOMMENDATIONS

The Clerk's review disclosed certain policies, procedures and practices that could be improved. The review 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 improvement may be needed.

1. Controls over safe access require improvement

Controls over access to the safes located in some Operations' departments and branches need improvement.

- In some areas, dual control via a safe key and combination is not in place for safe access as prescribed in the cash handling procedures.
- Safes are not always securely locked when not in use. In some locations, we observed that the safe was opened at the beginning of day using the combination and key but not securely locked during the day by spinning the combination and re-locking the key entry. In some locations, the key entry is kept unlocked and the combination dial is kept open or turned slightly so that the dial only needs to be turned back slightly to open the safe (which is referred to as day locked in some departments). In one location (Mid-County branch), the safe key was left on a hook available to all cashiers, allowing the safe to be opened by cashiers possessing the combination.
- Safe combinations are not changed periodically (e.g., annually) or when individuals with access leave the organization.
- Access to the safe is not monitored in some areas as individuals entering the safe are not required to sign a log. Also, in some locations, deposits placed into and removed from the safe are not recorded on a log.

- Cameras were not in place nor was monitoring performed in some locations though larger branches (e.g., South and North) did have cameras in place.
- No log was in place in some locations to record which employees were given access to the safe combination and key.

Recommendations:

The Operations departments should:

- A. Require dual access to enter the safe as prescribed in procedures. No individual should be assigned both the combination and key access. Consideration should be given to acquiring a dual access safe for the Juvenile department.
- B. Reinforce the need to keep the safe secured when not in use as prescribed in cash handling procedures.
- C. Change the safe combinations on a periodic basis and any time an individual no longer requires access. Ensure that employees do not share combination codes with each other.
- D. Implement and maintain a log that is signed by both individuals when the safe is accessed. The log should track deposits moved in and out of the safe. Consideration could be given to implementing cameras in more locations.
- E. Implement and maintain a log that records each employee that has been provided combination or key access.

Management Responses:

- A. Agree. This recommendation will be addressed in the revised Operations cash handling policies and procedures.
Target Completion Date: 12/31/08
- B. Agree. This recommendation will be addressed in the revised Operations cash handling policies and procedures.
Target Completion Date: 12/31/08

C. Agree. However, changing the safe combinations every time a staff member no longer requires access is not operationally feasible. The combination and keys will be changed at least twice a year or as needed, which will be addressed in the revised Operations cash handling policies and procedures.

Target Completion Date: 12/31/08

D. Agree. This recommendation will be addressed in the revised Operations cash handling policies and procedures. Management reiterated that cameras are available in the safe area in some branch locations.

Target Completion Date: 12/31/08

E. Agree. This recommendation will be addressed in the revised Operations cash handling policies and procedures.

Target Completion Date: 12/31/08

2. Controls over safeguarding checks and cash require strengthening

Controls over safeguarding checks and cash received during the day and held prior to courier pick up require strengthening.

During FY 2007, Operations handled and processed over \$458 million in checks (\$445 million) and cash (\$13 million) within the New Vision-ORIS and Banner Courts Systems. The following observations were noted:

- Best practices in internal controls indicate that checks received should be restrictively endorsed for deposit timely. In Legal Records, checks received in person are immediately endorsed by the New Vision ORIS system as part of the intake process. However, in many other locations, checks are not restrictively endorsed until the close-out process on the next business day.
- Throughout Operations, mail may be received during the day that includes checks. Some of these checks are carried over to the next business day for processing. Overnight storage of these unprocessed checks varies by location, ranging from placement in a safe, locked filing cabinet, unlocked filing cabinet or on top of work desks. These

unprocessed checks are generally not restrictively endorsed prior to overnight storage.

- Cash drawers and bags are not always secured during the workday by cashiers.
- Best practices in internal controls recommend that a witness should be present to verify the accuracy of the deposit prior to courier pickup. However, the head cashier or supervisor prepares the daily deposit slip alone in most Operations locations.
- Surprise counts of cashier and change funds and safe contents are not performed in some locations. Other locations indicated that surprise counts are conducted but not documented. Inventory records were not consistently maintained for the safe contents.
- Practices vary on the threshold above which shortages and overages are researched, documented, reviewed by managers, and communicated to Clerk's Accounting.
 - Procedures do not clearly define how shortages and overages should be researched.
 - Clerk's Accounting communicated via email that shortages and overages over \$10 must be explained in the daily cash reports. This procedure is not consistently followed.
 - Some Operations departments do not record and monitor the shortages and overages by cashier to identify negative trends or training opportunities.

Recommendations:

The Operations departments should:

- A. Restrictively endorse checks upon receipt or by the first Clerk employee handling the check to the extent practicable. All unprocessed and unendorsed checks should be stored in a department safe until the next business day.
- B. Reinforce the need to secure cash drawers/bags during the workday as prescribed in the cash handling procedures.

- C. Ensure that a second person verifies and signs off on the accuracy of the deposit slip prior to courier pickup.
- D. Conduct and document periodic surprise counts of cashier and change funds and safe contents. Reconcile these counts to inventory records. Maintain an inventory record of the contents in each safe.
- E. Shortages and overages should be consistently documented and monitored. Differences exceeding defined thresholds should be reported to Clerk's Accounting.

Management Responses:

- A. Agree. Management concurs with the overall concept and will review workflows to determine the optimal point to implement the endorsement procedure. This recommendation will be addressed in the revised Operations cash handling policies and procedures.
Target Completion Date: 12/31/08
- B. Agree. This recommendation will be addressed in the revised Operations cash handling policies and procedures.
Target Completion Date: 12/31/08
- C. Agree. This recommendation will be addressed in the revised Operations cash handling policies and procedures.
Target Completion Date: 12/31/08
- D. Agree. This recommendation will be addressed in the revised Operations cash handling policies and procedures.
Target Completion Date: 12/31/08
- E. Agree. This recommendation will be addressed in the revised Operations cash handling policies and procedures. Clerk's Accounting now requires an explanation for all differences exceeding defined thresholds.
Target Completion Date: 12/31/08

3. Controls over checks and cash during mail opening and processing need improvement

Security measures for the safekeeping of checks and the smaller amounts of cash received in the mailroom require improvement.

- Access to Courthouse mailroom is not restricted. The mailroom is located on the first floor of the County Courthouse in a shared space with the Clerk's Micrographics department. The door to this area has no lock or other mechanism to restrict entry.
- Checks are not restrictively endorsed upon opening the mail and there is no log prepared to record the checks and cash received. Unsorted mail is received in the mailroom for all Operations departments. Except for the Traffic and Civil departments, mail is opened and the contents removed from envelopes and clipped together. At least two employees are generally working in the mailroom. Approximately 1,000 checks are removed daily from envelopes.
- Mail with cash and checks is delivered to Operations departments by only one of the mailroom employees or is picked up by departments.
- Opportunities may exist to open all incoming mail, including Traffic and Civil, in the mailroom. This would require further analysis of staffing and equipment needs.

Recommendations:

The Operations departments should:

- A. Implement security measures to restrict access to the mailroom.
- B. Restrictively endorse checks in the mailroom upon opening the mail before delivery to or pick up by Operations departments. Consideration should also be given to recording checks and cash removed from mail.
- C. Explore opportunities to open all incoming mail in the mailroom.

Management Responses:

A. Operations and Clerk Facilities management will meet to discuss moving the mailroom to another location or closing in the current mailroom area. Depending on the fiscal impact, an action plan may or may not be developed and executed.

Target Completion Date: 1/30/09

B. Currently, mail for the following departments is being opened by the mailroom staff: Recording; County Civil; Family, Mental Health, and Guardianship; and Circuit Criminal. Operations management will review work processes to determine what the FTE impact would be to implement the process of opening every department's mail in the mailroom. At the same time, the issue of endorsing checks upon the opening of the mail will be discussed.

Target Completion Date: 1/30/09

C. Management will consider this recommendation in conjunction with the responses above (A and B).

Target Completion Date: 1/30/09

4. Receipt differences are not adequately recorded, reconciled and resolved

Differences between actual receipts and supporting documentation are recorded into a miscellaneous revenue account, which often represent timing differences that are later reversed. Clerk's Accounting did not identify and record any reversing timing differences pending at 2007 fiscal year end, which may have resulted in misstated revenues.

Two types of differences recorded in the miscellaneous revenue account include:

- Differences between cash and check deposit amounts recorded on accounting receipts and escrow reports compared to the Banner Court Location Closeout Report. These differences may arise due to missing deposit slips or receipts collected one day but not settled until the following business day.

- Differences in credit card transactions between batch settlements and the total credit card receipts per the Banner Court report. These differences may arise when cashiers process additional credit card transactions after close out in Banner Finance but prior to batch settlement close out for their credit card terminal.

Without segregating these timing differences into a separate suspense account or identifying the timing differences at month- and year-end, the miscellaneous revenue account may be misstated. While a Clerk's Accounting supervisor receives a monthly report of the miscellaneous revenue balances, the reports are not researched and reconciled in a timely manner.

Recommendations:

- A. Clerk's Accounting should establish a separate general ledger suspense account for posting differences between credit card settlements and Banner Court credit card receipt amounts. In addition, establish a second suspense account to record all other timing differences. Only overages and shortages should continue to be posted directly to the miscellaneous revenue account.
- B. Clerk's Accounting should research and resolve timing differences in the suspense accounts timely. Post any permanent differences to the miscellaneous revenue account. Identify and communicate trends in differences to Court managers to minimize future occurrences.
- C. Clerk's Accounting should inform Operations managers when differences can not be resolved. Define the parameters in which this communication should be provided (e.g., amount of difference, number of days to send notice, number of days for Court response).
- D. Operations departments should investigate and resolve the differences and communicate results to Clerk's Accounting when requested.

Management Responses:

- A. Agree. Clerk's Accounting will establish a new general ledger account for credit card settlements and a new account for other timing differences.
Target Completion Date: 10/1/08

- B. Agree. Clerk's Accounting will develop and implement procedures accordingly.
Target Completion Date: 10/1/08
- C. Agree. Clerk's Accounting will develop and implement procedures accordingly.
Target Completion Date: 10/1/08
- D. Agree. This recommendation will be addressed in the revised Operations cash handling policies and procedures.
Target Completion Date: 12/31/08

5. Opportunities exist to standardize credit card payment processing

Opportunities exist to standardize credit card payment processing throughout Operations, which will reduce settlement efforts and costs.

Currently there are two different methods of processing credit card payments that are received over the counter: by telephone (excluding interactive voice response (IVR)) or through the mail. Both methods include using a credit card terminal or a personal computer-based software application called viaWARP. Both are stand-alone credit card transaction processes which do not update the Banner Court data base. After the credit card transaction is authorized and processed, the user must process a credit card receipt transaction in Banner Court.

When the credit card terminals were first installed in 1996 (starting with the Violations Bureau), the Accounting department did not permit cashiers to share credit card terminals. Each cashier was required to create a batch settlement of their credit card transactions immediately prior to the cash out process. Currently, some cashiers in certain departments are sharing the same credit card terminal, creating batch settlements after each transaction, or creating batch settlements at the end of day and again before the cash out process in the morning.

These practices result in inefficient and time-consuming settlement procedures within Operations and Clerk's Accounting. Batch settlements must be reconciled

for data recorded within Banner Court, Banner Finance, credit card clearing house (Nova), and Wachovia.

Recommendation:

The Operations departments should:

- A. Determine which credit card settlement process meets the business needs and implement a standardized process for all Operations locations. Consideration should be given to establishing separate credit card processing devices for each cashier and limiting batch settlements to once daily per cashier.

Management Response:

- A. Agree. Operations management plans to standardize the processing of credit card payments for all departments.
Target Completion Date: 1/30/09

6. Standardized procedures have not been completed for handling receipts

Standardized procedures have not been finalized and distributed for receipt handling throughout Operations. Standardized procedures help to ensure consistency in the quality of work and delivery of services.

Procedures are in various stages of completion and do not provide consistent practices and guidance throughout Operations. A taskforce was assembled during the review, with representatives from different departments. Audit Services attended the kick-off meeting and provided input on various topics to include or expand upon in the procedures (e.g., safe access, detection and handling of counterfeit money, and safeguarding of monies). In addition, procedures should also address handling of cash receipts (or series of related receipts) exceeding \$10,000 for timely reporting to the Internal Revenue Service.

Organizations have found that conducting a workflow analysis can be a valuable exercise when updating procedures. Workflow analysis reveals opportunities for streamlining processes, identifying job related training needs, and developing individual and department performance standards.

Recommendation:

The Operations departments should:

- A. Continue efforts underway by the joint taskforce to update and implement standardized procedures, including handling counterfeit monies and cash receipts over \$10,000. Workflow analyses should be prepared where deemed appropriate.

Management Response:

- A. Agree. The issues of handling counterfeit monies and cash receipts over \$10,000 will be addressed in the revised Operations cash handling policies and procedures. Workflow analyses will be conducted in cash handling areas to ensure consistency in the departments and branches, and to ensure these workflows are in line with established procedures.

Target Completion Date: 12/31/08

7. There is no contract in place with Brinks

A formal agreement is not in place with Brinks, which provides armored car receipt collection and banking services. As a result, the desired insurance coverage may not be in place and opportunities may exist to reduce armored car costs through a competitive bid process.

Brinks has provided armored car services to various Clerk and County locations for 13 years without a contract. The vendor submits monthly bills to the Clerk's office, which are reviewed and paid by Clerk's Accounting.

- A review of emails between Brinks and the Clerk's office in 2004 indicated that Brinks could not provide the County with a current insurance certificate because the insurance company required a signed service agreement. No further action was taken to obtain competitive bids from qualified vendors or implement a signed agreement. Brinks' annual rate increases have been accepted and paid without any formal review.
- Operations lacks a formalized process or procedures to notify Clerk's Accounting if a Brinks pickup is missed or if an additional pick up is

added. This information should be used to ensure accuracy of monthly billing.

Recommendations:

- A. Operations and Risk Management should select potential armored car service vendors, identify the insurance requirements, obtain quotes, and execute a signed contract.
- B. Establish a central point of contact in Clerk's Accounting and establish procedures in Operations to provide timely notification when a Brinks pickup is missed or added.

Management Responses:

- A. Agree. Operations and Clerk's Accounting will research and recommend changes to the current armored car service. Operations or Clerk's Accounting management will communicate next steps to Audit Services.
Target Completion Date: 12/31/08
- B. Agree. Operations management will work with Clerk's Accounting and update the Operations cash handling policies and procedures by including what to do when a Brinks pick-up is missed or added. Clerk's Accounting established the Revenue Supervisor as the central point of contact.
Target Completion Date: 12/31/08

8. Monitoring of theft insurance coverage and related claims needs improvement

Opportunities exist to improve the monitoring process over employee and non-employee theft insurance and claims against these policies to minimize premiums and maximize any possible recoveries.

Theft coverage has been provided by Traveler's insurance since 2002, under the guidance of the Gehring Group. Annual renewals have been approved by Administration though there is no evidence of coverage or premium review in the contract files. The following observations were noted:

- An employee theft in the West County branch occurred in Q4 2007. Although the employee was terminated and subsequently prosecuted, there is no evidence that this loss was reported to Traveler's or a claim filed for recovery. The policy requires incidents to be communicated as soon as possible and documented proof of loss to be provided within 120 days. Failure to report employee thefts timely may result in denied loss claims.
- The policy's non-employee theft coverage has a \$32,000 limit per incident, with a \$10,000 deductible. The annual premium for coverage running through November 2008 is \$14,727. Coverage is further limited as any off-site theft claim must first be pursued with the armored car service before any recovery can be made. No losses arising from non-employee theft have been claimed in the past 15 years.
- The policy's employee theft coverage has a limit of \$100,000 per incident, with a \$10,000 deductible and an annual premium of \$1,757.

Recommendations:

The Operations departments and Risk Management group should:

- A. Prepare and file a loss claim for the West County employee theft that occurred in 2007.
- B. Perform an analysis on the non-employee theft coverage. Given the relatively small net coverage available compared to the annual premium, consider relying upon self insurance.
- C. Obtain competitive quotes for the employee theft coverage, both as a stand-alone policy and as a part of a policy including non-employee theft.

Management Responses:

- A. Agree. Operations and Administration will meet to decide whether or not a loss claim should be filed.
Target Completion Date: 12/31/08
- B. Agree. Administration will meet with the Gehring Group to discuss the Clerk's office insurance coverage, including the employee and non-employee

theft coverage. Management will communicate actions taken and next steps to Audit Services.

Target Completion Date: 11/30/08

C. Agree. Refer to management response in 8.B above.

Target Completion Date: 11/30/08

9. Fraud detection practices and controls require strengthening

Fraud detection techniques, tools and reporting require strengthening throughout Operations.

- Non-monetary receipt reports that list transactions with waived fees and zero fees were recently initiated. The reports are reviewed by Criminal Court departments and branches for any suspicious activity or trends. Any follow up deemed necessary is performed by each location. During our review, we noted the following:
 - Reports are not consistently generated on the same frequency (e.g., weekly, bi-weekly, monthly) by the Operations departments and branches. Also, the reports are not retained.
 - Suspicious activity, trends or root causes are not documented. For example, one root cause noted by management is that further training may be required to ensure proper use of non-monetary (DETC) codes.
 - Follow-up actions taken on any suspicious items and the disposition of these actions are not always documented.
- Cashiers may complete a receipt form in the Banner Courts system but decide to exit the transaction before saving for valid reasons such as processing or system errors. These uncompleted transactions are referred to as discarded receipts. Reports summarizing discarded receipts are not produced or reviewed by supervisors. Periodic review may identify possible improprieties or training opportunities.
- Counterfeit currency detection tools such as pens and UV light detectors are not consistently in place and utilized. The Secret Service and U.S. Treasury recommend that organizations not rely solely on these pens.

- Signs encouraging customers to request receipts for all payments were put in place in most locations during the review. These signs reduce the risk of cashiers diverting customer receipts and not posting transactions into the systems.

Recommendations:

The Operations departments should:

- A. Implement procedures for the use of waived fee and zero fees reports to guide Criminal Court departments and branches. The procedures should include: report generation frequency, follow up actions to perform, disposition of actions taken, manager sign off, and report retention period. Additional training on the use of non-monetary codes should be considered if needed.
- B. Consider implementing a process to periodically generate and review a report listing discarded receipts by employee to identify possible improprieties and training opportunities.
- C. Implement a consistent approach to use pens or other inexpensive tools (e.g., UV light) to check for counterfeit currency. Consideration should be given to checking all \$50 bills as well as \$20 bills when a receipt over a specified threshold is received or when the customer appears suspicious for any reason. Provide guidance on handling counterfeit currency when detected.
- D. Finalize posting signs directing customers to request receipts for their payments.

Management Responses:

- A. Agree. This recommendation will be addressed for both Criminal and Civil courts in the revised Operations cash handling policies and procedures.
Target Completion Date: 12/31/08
- B. Agree. This recommendation will be addressed in the revised Operations cash handling policies and procedures.
Target Completion Date: 12/31/08

C. Agree. This recommendation will be addressed in the revised Operations cash handling policies and procedures.

Target Completion Date: 12/31/08

D. Agree. Signs have been posted at all front counters in Operations.

Target Completion Date: Completed

10. Procedures and controls over manual receipts require improvement

Clerk's Accounting and Operations have no formal policies or procedures over recording, handling and issuing manual receipts in the branches. Manual receipts are meant to provide evidence of having received payments from customers when the Banner Courts system is inoperable or as requested.

The following observations were noted in branches use of manual receipts.

- Clerk's Accounting does not maintain records to identify the manual receipts received, issued to and disposed of by departments. Likewise, branches do not maintain records of the manual receipts received and issued.
- Manual receipts are not secured in the branches and are kept in an open area that can be retrieved by cashiers when needed.
- The Gun Club location does not keep manual receipts on hand.
- Manual receipts are not distributed to each cashier. Receipts issued to customers are not accounted for during the daily departmental cash out process, making it difficult to verify cash and checks have been collected by cashiers.
- Branches make limited use of manual receipts when the Banner Court system is down or when requested by customers. When Banner Court is not functioning, branches request customers to wait until Banner Court is operational or allow them to put their documentation in envelopes for later processing.
- Three branches (West, North, Mid) are using manual receipt books that are not current "official" receipts. For example, branches are using receipt books that

were issued by the State Comptroller's Office prior to 1993. Other receipt books display the previous Clerk of the Circuit Court (Dorothy H. Wilken).

Recommendations:

- A. Clerk's Accounting should implement recordkeeping over manual receipts which will track the beginning and ending receipt numbers, date received from vendor, and details of receipts issued to branches and departments (e.g., date, name of department or branch, beginning and ending receipt numbers).
- B. Operations branches and departments should implement standardized policies and procedures to guide the receipt, usage, safeguarding, recordkeeping, daily close out, and disposition of manual receipts. This information should be incorporated into the cash handling manual.
- C. Manual receipt books which are completely used or no longer "official" (i.e., do not display name of Clerk & Comptroller Sharon R. Bock) should be disposed of in accordance with record retention policy and procedures.

Management Responses:

- A. Agree. Clerk's Accounting implemented a log to track all receipt books currently in their possession and those distributed to Operations, which includes the date, department name, and beginning/ending receipt numbers. Also, an email is sent to each receiving department to confirm receipt.
Target Completion Date: Completed
- B. Agree. This recommendation will be addressed in the revised Operations cash handling policies and procedures.
Target Completion Date: 12/31/08
- C. Agree. The Records Management team will work with the court departments and branches to identify used receipt books which are ready for destruction.
Target Completion Date: 11/30/08

11. Training and hiring practices for employees handling funds require strengthening

Opportunities exist to strengthen the training and hiring practices for employees hired to handle cash and credit card receipts.

- Employees hired to handle receipts within Operations do not receive specific advance training. Reliance is placed on employees "shadowing" experienced staff and on-the-job guidance as needed.
- Formal training is not provided timely related to identifying counterfeit currency and handling the situation if it occurs. Training is also not formalized for handling large currency transactions and reporting items exceeding thresholds established by the Internal Revenue Service.
- Job postings do not always indicate if the job requires receipts handling duties.
- The applicant screening process does not include questions regarding prior receipts handling experience or relevant tests to assess their competencies.
- New hire screening for employees handling receipts is limited to criminal background checks performed for prospective employees.

Recommendations:

The Operations departments should:

- A. Develop a training course that encompasses all responsibilities in handling, processing and safeguarding receipts. Consider contacting the U.S. Secret Service to arrange on-site, new employee and refresher training for counterfeit currency and consider contacting the IRS for training assistance in large currency transactions.
- B. Coordinate with Clerk's Administration to incorporate responsibilities and requirements in handling receipts in job postings where appropriate.

- C. Coordinate with Clerk's Administration to determine whether to include additional screening techniques for prospective employees involved in handling receipts. Consider following up with former employers or obtaining credit histories as another means of identifying individuals who may be a higher risk.

Management Responses:

- A. Agree. Training regarding cash handling, including how to handle counterfeit currency and large cash transactions, will be provided to new staff via the Operations cash handling policies and procedures, the Operations trainers, and during the on-site continuing training in departments and branches.
Target Completion Date: 1/30/09
- B. Agree. Operations management will work with the HR staff in determining appropriate job screenings and job postings for cash handling positions.
Target Completion Date: 12/31/08
- C. Agree. Operations management will work with the HR staff in determining appropriate job screenings and job postings for cash handling positions.
Target Completion Date: 12/31/08

12. Change funds are not counted and reconciled timely

Periodic cash counts were not performed consistently and reconciled to Clerk's Accounting records.

Cash counts of the change funds conducted during our review indicated that overages and shortages existed in six Court departments and branches (ranging from \$.10 to \$100) when verified to Clerk's Accounting records.

Recommendations:

- A. Operations departments and branches should perform periodic cash counts of all cash funds and reconcile balances to Clerk's Accounting records. Any overages or shortages should be reported to and recorded by Clerk's Accounting.

Management Responses:

- A. Agree. Operations will perform periodic cash counts, reconcile amounts to Clerk's Accounting, and report differences to Clerk's Accounting.
Target Completion Date: 11/30/08

13. Performance measures have not been developed

Opportunities exist to develop and implement performance measures for the receipts handling process. Without performance measures, it is difficult to assess the efficiency and effectiveness of the function.

Developing measures related to accuracy, timeliness and customer satisfaction will assist Operations. Examples of these types of measures may include: overages and shortages of cash receipts, timeliness of deposit, system input accuracy, and completeness of receipts documentation.

Recommendation:

- A. The Operations departments should develop and implement relevant performance measures for receipts handling.

Management Response:

- A. Agree. Operations will develop and implement performance measures.
Target Completion Date: 12/31/08