Exhibit 1

Audit of the Cashiering Function Managed by the Consumer Protection Division at Government Center West

Office of the County Auditor

Audit Report

Robert Melton, CPA, CIA, CFE, CIG
County Auditor

Audit Conducted by:
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Report No. 26-12
July 29, 2026

OFFICE OF THE COUNTY AUDITOR
115 S. Andrews Avenue, Room 520 • Fort Lauderdale, Florida 33301 • 954-357-7590 • FAX 954-357-7592

July 29, 2026

Honorable Mayor and Board of County Commissioners

Pursuant to the fiscal year 2025 Annual Audit Plan, we have conducted our audit of the Cashiering Function managed by the Child Care Licensing and Enforcement Section within the Consumer Protection Division at Government Center West.

Our audit objectives were to determine whether internal controls over cash collection, recording, safeguarding, and deposit processes are adequately designed, and to determine whether cash is handled in compliance with applicable County policies, and procedures. Opportunities for Improvement are included in the report.

We conclude that internal controls over cash collection, recording, safeguarding, and deposit processes are not adequately designed. We conclude that cash is not handled in compliance with applicable County policies, and procedures.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the review to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We appreciate the cooperation and assistance provided by the Child Care Licensing and Enforcement Section and Consumer Protection Division throughout our audit process.

Respectfully submitted,

Bob Melton

Bob Melton
County Auditor

cc: Monica Cepero, County Administrator
Andrew Meyers, County Attorney
Isami Ayala-Collazo, Assistant County Administrator
Leonard Vialpando, Director, Public Works and Environmental Services
Philip McChesney, Director, Consumer Protection
Kristen Bishop, Assistant Director, Consumer Protection
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INTRODUCTION

Scope and Methodology

The County Auditor's Office conducts audits of Broward County's entities, programs, activities, and contractors to provide the Board of County Commissioners, Broward County's residents, County management, and other stakeholders, unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

Pursuant to the fiscal year 2025 Annual Audit Plan, we have conducted our audit of the Cashiering Function managed by the Child Care Licensing and Enforcement Section within the Consumer Protection Division at Government Center West. Our audit objectives were to determine whether:

1. Internal controls over cash collection, recording, safeguarding, and deposit processes are adequately designed.

2. Cash is handled in compliance with applicable County policies, and procedures.

3. Opportunities for Improvement exist.

To determine whether internal controls over cash collection, recording, safeguarding, and deposit processes are adequately designed, we inspected County Administrative Policies and Procedures, cashiering standard operating procedures, and we evaluated segregation of duties for cashiering functions, training documentation, equipment inventory practices and records

To determine whether cash is handled in compliance with applicable laws, regulations, policies, and procedures, we inspected County Administrative Policies and Procedures, cashiering standard operating procedures, and observed mail opening, payment processing, cash handling, balancing, reconciliation and deposit practices and documentation.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. The standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit included such tests of records and other auditing procedures deemed necessary. The audit period was October 1, 2024 through March 31, 2026. However, transactions, processes, and situations reviewed were not limited by the audit period.

Overall Conclusion

We conclude that internal controls over cash collection, recording, safeguarding, and deposit processes are not adequately designed. We conclude that cash is not handled in compliance with applicable County policies, and procedures. Opportunities for Improvement are included in the report.

Background

Cashiering

The cashiering function managed by the Child Care Licensing and Enforcement Section within the Consumer Protection Division (Cashiering) is located on the first floor of Government Center West. Cashiering handles cash receipts for several divisions within the Public Works & Environmental Services Department, including Customer Protection, Child Care Licensing and Enforcement, Environmental Permitting, Housing & Urban Planning, and Natural Resources.

Cashiering functions within the County are governed by a mix of Florida statutes and policies and procedures including the following:

2010 Florida Statutes, Chapter 280, Florida Security for Public Deposits Act

- To safeguard the integrity of the public deposits and prevent the realization of loss assessments through standards, policies, and recommendations for actions to the Chief Financial Officer.

County Administrative Policies and Procedures, Volume 1: Accounting Payroll & Tangible Property Procedures, Chapter 8: Petty Cash / Change Fund

- To establish and communicate standards and procedures for Petty Cash / change funds for Broward County employees.

County Administrative Policies and Procedures, Volume 3: Cash Handling and Deposit, Chapter 1: Cash and Revenue Control

- To provide a workable, controlled cash handling environment that promotes safeguarding of all public funds collected by Broward County agencies.

Consumer Protection Division, Child Care Licensing & Enforcement, Cashiering Standard Operating Procedures

- To ensure Consumer Protection Division staff understand and follows Broward County policy and procedures regarding all aspects of cash handling and revenue collection.

At the time of our audit, the Cashiering function consisted of an Administrative Officer who provided oversight to one Cashier Supervisor, one Primary Cashier, and three Backup Cashiers. Members of the public making payments at the cashier counter must first obtain a fee statement outlining the details and amounts of the payment from the relevant division in order for the payment to be processed. Cashiering accepts cash, checks, money orders, and card payments at the Cashiering counter.

Mailed Check Payments

Mailed payments are not received directly by Cashiering. Mailed check payments are sent by customers to assigned mailboxes for each division. The payments are collected from the mailroom and delivered to personnel within each division assigned the responsibility of reviewing each payment and preparing the associated fee statements. The fee statements are taken by a division representative along with the check to Cashiering in order for the payment to be processed.

Change Fund

At the beginning of each day, the Business Operations Section, opens the safe giving each Cashier access to an assigned cash drawer which contains a standard amount of change (change fund) for use in processing cash transactions. Management maintains the change funds in three locations, two cash drawers used by cashiers in making change for cash transactions throughout the day and a separate cash exchange fund maintained within the safe.

Cashiering System

Cashiers utilize the iNovah system in order to process payment transactions, record payments and run reports. Multi tender payments (e.g. part payment made in cash and the other paid via check) are required to be approved by the Administrative Officer or designee prior to being processed as additional documentation is required due to the current configuration of the iNovah system.

Daily deposits are stored in the safe and are reconciled against reports run from iNovah and required Cashier forms before being placed in the deposit bag for pick up by the County's contracted armored car service.

Payment Card Industry (PCI) Compliance

Cashiering utilizes card terminals that are PCI-compliant and encrypted. Customers are required to handle their own credit / debit cards when processing payment.

OPPORTUNITIES FOR IMPROVEMENT

Our audit disclosed certain policies, procedures and practices that could be improved. Our audit was neither designed nor intended to be a detailed study of every relevant system, procedure or transaction. Accordingly, the Opportunities for Improvement presented in this report may not be all-inclusive of areas where improvement may be needed.

1. Cash Handling Procedures Need Enhancement.

We identified the following instances where cash handling procedures within the cashiering function require enhancement to comply with County policies and procedures and to provide adequate internal controls;

A. Cash drawer handling and safeguarding procedures are not followed in accordance with County Administrative Policies and Procedures and Child Care Licensing & Enforcement Standard Operating Procedure No. 45. We noted the following:

I. During daily operations, cash drawers and unassigned change funds are not maintained under supervisory control when not in use. Business operations staff open the safe in the morning, whether or not cashiers are present, and the safe remains unlocked with its contents (cash drawers and unassigned change funds) accessible to cashiers throughout the day. County Administrative Policies and Procedures, Volume 3, Chapter 1, Section 2.2.3.A.1 states:

> *"All cash drawers should be under the control of agency supervisory personnel."*

Child Care Licensing & Enforcement Standard Operating Procedure No. 45 states:

> *"All cash drawers are under the control of supervisory personnel unless the cash drawers are in use by the Cashiers or locked in the safe"*

II. There is no mutual, formal count and receipted transfer of the cash drawer contents when accountability is transferred from one employee to another. Cashiers retrieve and return drawers without oversight and access their drawers from an unlocked safe throughout the day. When a cashier receives their cash drawer, no independent cash count is performed to verify the amount during the transfer of custody between parties. County Administrative Policies and Procedures, Volume 3, Chapter 1, Section 2.2.2.C states:

> *"On any given day, only one employee should be allowed to work out of a single register/cash drawer unless there is a mutual, formal count and receipted transfer of the register/cash drawer contents when accountability is transferred from one employee to another. This policy enables identification of a single employee as responsible should a discrepancy arise and enables management to follow-up on a discrepancy in an efficient manner. Should an actual loss occur, a single employee can be held accountable and may be subject to appropriate disciplinary action."*

III. Physical safeguarding controls are ineffective, including a key left inserted in a cash drawer, a combination lock known by all cashiers, and a petty cash drawer that remains unlocked and accessible to anyone with access to the cashiering section throughout the day. County Administrative Policies and procedures, Volume 3, Chapter 1, Section 4.1.A states:

> *"Agencies shall ensure that receipts are adequately safeguarded against theft, loss or calamity."*

Management indicated that cash drawers are not secured in the cash registers during the day because the register drawers do not open reliably when a cashier needs to accept cash and provide change.

B. End-of-day balancing and deposit procedures are not followed in accordance with County Administrative Policies and Procedures and Child Care Licensing & Enforcement Standard Operating Procedure No. 45. We noted the following:

I. Deposits are not prepared by the cashier or head cashier as required by established County Policies and Procedures. We noted that deposits are prepared by the Administrative Officer. The Administrative Officer removes prior day revenue without a documented transfer of custody and prepares deposits outside the cashier's presence. County Administrative Policies and Procedures, Volume 3, Chapter 1, Section 3.1.A states:

> *"The deposit should be prepared by the cashier or the head cashier (large operation) so that the handling and transfer of cash is kept to a minimum."*

And Section 2.2.2.G states:

> *"At the end of a day/shift, cashiers should count out and segregate the next day's authorized starting cash from the day's receipts and prepare a deposit slip (in duplicate) for the difference."*

II. A supervisor or an employee who did not function as a cashier that day does not perform the end-of-day balancing as required by established County policy and procedure. End-of-day balancing is performed by the cashier. County Administrative Policies and Procedures, Volume 3, Chapter 1, Section 2.2.2.H.2 states:

> *"The supervisor or an employee who did not function as a cashier that day should perform the balancing. To minimize opportunities to divert cash and conceal it by manipulating the records which account for the receipts, this individual should not have access to the day's deposit or safe where it is stored."*

C. Funds received during the business day are not deposited on the next business day as required by established County policies and procedures. We noted that the daily cashier reports and funds received are reconciled by the Administrative Officer the day after the funds are received. The funds are not provided to the courier until the following business day, i.e. two business days after the funds are received. County Administrative Policies and Procedures, Volume 3, Chapter 1, Section 3.1.B states:

> *"All organizations are required to deposit funds received during the business day no later than 10:30 a.m. the next business day."*

D. Cashiering functions are not consistently segregated according to County policies and procedures. We noted that

I. The Customer Service Supervisor and the Cashier are both assigned the role of change fund disburser, which authorizes the use of cash, and both perform cashier functions, which handle cash receipts. County Administrative Policy and Procedure Volume 3, Chapter 1, Section 2.2.2.B states:

> *"Employees who handle cash receipts should not have the responsibility to authorize the use of cash."*

II. Cashiers have the ability to void and correct transactions without supervisor approval. County Administrative Policy and Procedure Volume 3, Chapter 1, Section 2.2.2.F states:

> *"To reduce opportunities to use voids/corrections to conceal discrepancies, the voids and corrections to the processed transactions should require a supervisor approval at the time they are made. The supervisor may use a register key or computer authorization to apply the authorization when such a feature is available. Otherwise, the approval should be evidenced by the supervisor's initials or signature. The supervisor should evaluate the cashier's justification for the void/correction and concur before applying authorization"*

These combinations of responsibilities and functions have been authorized by management; however, they violate County policy and increase risk of unauthorized cash use or misappropriation, undetected errors, or intentional manipulation of transaction records.

During our audit, management indicated that they began the process of updating the policies and procedures to align with concerns noted. Cash handling and safeguarding weaknesses increase the risk of unauthorized access to cash, checks, and previous day deposits, undermine accountability by eliminating a reliable audit trail, and heighten the likelihood of errors or misappropriation of funds without detection.

We recommend management immediately:

A. Enhance cash drawer handling and safeguarding procedures to align with CAPP requirements. Management should:

   I. Maintain cash drawers and unassigned change funds under supervisory control, except when in use by Cashiers or locked in the safe. Supervisory personnel performing this function should be adequately segregated from incompatible duties (See D below). Personnel assigned to this function should maintain exclusive control of all cash drawers and ensure they are adequately secured when not in use.

   II. Require a mutual, formal count and receipted transfer of the cash drawer contents when accountability is transferred from one employee to another, and ensure that once Cashiers receive their assigned cash drawer, it remains in the cashier's sole custody and that only the assigned cashier maintains control of the drawer and its contents until it is returned to supervisory personnel.

III. Update physical safeguarding controls to limit access to cash to only the employee assigned custody, including that locks, keys, combinations and cash register drawers are in proper working order and function as designed.

B. Strengthen balancing and deposit procedures to ensure compliance with County policies and procedures. Management should:

I. Ensure deposits are prepared by the cashier or head cashier as required established by County Policies and Procedures.

II. Ensure a supervisor or an employee who did not function as a cashier that day perform the end-of-day balancing as required by established County policy and procedure.

C. Update operating procedures to ensure funds received during the business day are deposited or transferred to the courier by the next business day consistent with the County policies and procedures.

D. Strengthen segregation of duties controls within the cashiering process to ensure that role assignments align with CAPP requirements, including the revision of documented procedures to eliminate incompatible responsibilities and implementing appropriate independent supervisory oversight over voided and corrected transactions.

2. Payment Processing Needs Enhancement.

Agency procedures require staff to use the iNovah cashiering system for secure processing, tracking and reporting of payment transactions; however, we noted the following concerns during our review of payment processing:

A. The requirement to obtain Administrative Officer approval of multi-tender payments along with additional supporting payment transaction documentation is not consistently followed. Multi tender payments (e.g. credit card and cash) processed in iNovah cashiering system create an out of balance condition due to the configuration of the system. As a result, management requires approval by the Administrative Officer and additional payment transaction documentation in order to facilitate the balancing process at the end of the day. Child Care Licensing & Enforcement Standard Operating Procedure No. 45 states:

> *Accepting multi-tender payments (i.e. credit card and cash) must be approved by the Administrative Officer or designee prior to processing. Due to the configuration of the iNovah cashiering system, the tender portion and fee portion do not communicate, resulting in out of balance reporting if a multi-tender payment is processed. If a multi-tender payment is approved by the Administrative Officer, documentation shall be included with a copy of the invoice.*

B. Payment transactions for returned payments as a result of non-sufficient funds (NSF payments) are not completely recorded within the iNovah system and create an out-of-balance condition. The total amount of the NSF payment, which includes both the fee and the original transaction amount is collected; however, current procedures require that only the fee portion is recorded in iNovah while the original transaction amount is processed manually outside of the system. Child Care Licensing & Enforcement Standard Operating Procedure No. 45 requires that Cashiers:

> *"Utilize iNovah cashiering system to process payments and run reports."*

The issues noted create out of balance conditions that require manual documentation dependent on following administrative controls, complicate the end of day reconciliation, increase the risk of undetected discrepancies, reduce processing efficiency, and necessitate additional administrative oversight to ensure transaction accuracy.

We recommend management:

A. Work with the vendor and/or ETS to determine whether a technical solution can be implemented to address this issue. If a technical solution cannot be implemented, we recommend that management reinforce the existing preventive control by ensuring that the real time review and documentation requirements for multi tender transactions are consistently applied. This may include clarifying expectations, providing periodic refresher training, and implementing supervisory monitoring to confirm that the control is performed as intended before transactions are completed.

B. Modify existing payment processing procedures to ensure that all components of NSF payments, both the fee and the original transaction amount, are entered into iNovah.

3. Cash Change Funds are not Reconciled According to County Policies and Procedures.

Cash change funds are not reconciled and monitored according to County policies and procedures. Specifically;

A. Reconciliations of the change fund are not performed daily.

B. The change fund is not reviewed periodically by the custodian or sub-custodian to verify that the change fund is reconciled daily.

County Administrative Policies and Procedures, Volume 1, Chapter 8, Section 2.1.E states:

> *"The agency custodian or sub-custodian shall periodically review all change funds within the agency and ensure reconciliations are performed daily."*

During our audit, management indicated that they began the process of updating the policies and procedures to align with concerns noted. Management currently performs quarterly reconciliations of the change fund; however, the fund is not being reconciled daily. Failure to reconcile the change fund daily may lead to undetected shortages or overages, inaccurate cash balances affecting deposits and reporting, increased risk of theft or fund misuse, and an inability to determine when discrepancies occurred.

We recommend management:

A. Implement a formal process to ensure the change fund is reconciled daily

B. Establish a periodic review by the custodian or sub-custodian to verify the change fund is reconciled daily.

4. Cashiering Policies and Procedures Need Improvement.

During our evaluation of the Child Care Licensing and Enforcement cashiering policies and procedures, we noted the following:

A. While the policy and procedures outline annual training requirements for employees with cashiering responsibilities, it does not clearly define oversight or processing requirements. Specifically formal policies and procedures do not:

    I. Establish responsibility for overseeing the acknowledgement and training processes, including accountability for managing these requirements.

II. Identify all individuals or roles required to sign acknowledgement forms, including the frequency with which acknowledgements must be completed.

III. Require updated acknowledgements when policies are revised or updated to ensure continued confirmation of receipt and review.

IV. Establish how compliance with acknowledgement and training requirements will be tracked, including documentation and monitoring procedures.

V. Define retention periods and recordkeeping requirements for all related documentation, including acknowledgement forms and training certificates.

Although we noted that all responsible parties signed an acknowledgement form stating that they have received and reviewed the Child Care Licensing & Enforcement Standard Operating Procedure No. 45 (CCLE45) and completed the mandatory Cybersecurity and Advanced Cybersecurity Training annually, oversight and administrative control of the training process should be formally documented. During our review, management indicated that they are in the process of updating the policies and procedures to align with current practices and interim concerns noted. Without formal oversight and administrative controls, the organization risks inconsistent oversight, unclear employee responsibilities, and gaps in training and acknowledgement compliance. These weaknesses can lead to incomplete documentation, inability to demonstrate compliance during audits, and increased exposure to operational and cybersecurity risks.

B. Formal procedures have not been established to ensure that an inventory of all existing cashier equipment is maintained and subject to an annual equipment audit conducted by conducted by the Administrative Officer. Specifically, we noted:

I. Current procedures lack the elements needed to ensure clarity, consistency, and effective enforcement of inventory practices, such as clear guidance on roles, responsibilities, documentation requirements, and periodic inventory review requirements. County Administrative Policies and Procedures Volume 7, Chapter 3, Section 3.3.B outlines the foundational guidelines for maintaining an accurate and well-controlled IT asset inventory, including requirements for tracking, safeguarding, updating, and retiring equipment throughout its lifecycle, and Volume 1, Chapter 10, Section 2 provides guidelines for conducting annual physical inventories, reconciling the physical inventory, and applies to all agencies that hold inventory.

II. Current inventory documentation does not include all cashier equipment and point of sales devices, such as check validators. Cashiering Standard Operating Procedures CCLE45 states:

> *"An inventory of all existing cashier equipment shall be maintained and subject to an annual equipment audit conducted by the Administrative Officer in conjunction with the County's annual Cybersecurity Training".*

County Administrative Policies and Procedures Volume 7, Chapter 3, Section 3.3.A requires:

> *"Agencies that own IT assets to develop and implement procedures to maintain a current inventory"*

During our review, management indicated that they are in the process of updating the policies and procedures to align with current practices and interim concerns noted. The absence of formal procedures increases the risk of incomplete or inaccurate inventory records, unclear accountability, and inconsistent inventory practices, which can ultimately weaken the effectiveness of the annual audit and reduce the County's ability to safeguard its assets. For example, we noted the annual equipment audit was not performed in 2024 as required by Child Care Licensing & Enforcement Standard Operating Procedure No. 45.

We recommend management:

A. Formalize existing oversight and administrative control practices of training processes within current standard operating procedures, which may include:

   I. Establishing responsibility for overseeing the acknowledgement and training processes, including accountability for managing these requirements.

   II. Identifying all individuals or roles required to sign acknowledgement forms, including the frequency with which acknowledgements must be completed.

   III. Requiring updated acknowledgements when policies are revised or updated to ensure continued confirmation of receipt and review.

   IV. Establishing how compliance with acknowledgement and training requirements will be tracked, including documentation and monitoring procedures.

V. Defining retention periods and recordkeeping requirements for all related documentation, including acknowledgement forms and training certificates.

B. Formalize and enhance existing inventory procedures by:

I. Establishing clear guidance on roles, responsibilities, documentation requirements, and periodic inventory review requirements.

II. Providing comprehensive guidance for maintaining an accurate and well-controlled inventory of all point of sales devices that outlines requirements for tracking, safeguarding, updating, and retiring equipment throughout its lifecycle; including, formal procedures to verify the physical existence of assets through a periodic annual audit, reconcile discrepancies with recorded information, and ensure asset records remain accurate, complete, and current.

MANAGEMENT'S RESPONSE

ISAMI AYALA-COLLAZO, Assistant County Administrator
115 S. Andrews Avenue, Room 409 • Fort Lauderdale, Florida 33301 • 954-357-7579 • FAX 954-357-7360

MEMORANDUM

TO: Robert Melton, County Auditor

FROM: Isamí Ayala-Collazo, Assistant County Administrator

Isami Ayala Collazo

Digitally signed by Isami Ayala Collazo
Date: 2026.07.28 10:09:43 -04'00'

DATE: July 28, 2026

SUBJECT: Management Response to Office of the County Auditor's Audit of the Cashiering Function Managed by the Consumer Protection Division at Government Center West

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Thank you for the opportunity to provide Management's Response to the Office of the County Auditor's Report on the Audit of the Cashiering Function Managed by the Consumer Protection Division (CPD) at Government Center West (GCW). The Public Works and Environmental Services Department (PWESD), CPD staff and County Administration (together referred to as Management) have reviewed the recommendations in the audit report. Management concurs with the Auditor's overall observations and consequently, immediately addressed all the opportunities for improvement identified in the audit report. All procedural enhancements have been incorporated into the Cashiering Standard Operating Procedures (SOP), and every staff member with cashiering-related responsibilities has formally reviewed and acknowledged the updated requirements. These actions ensure consistent application of strengthened safeguards, segregation of duties, improved documentation, enhanced balancing procedures, clearer inventory controls, and updated payment and deposit processes.

Below please find detailed responses to each of the Auditor's opportunities for improvement and recommendations.

Opportunity for Improvement 1: Cash Handling Procedures Need Enhancement.

Auditor's Recommendations and Management's Responses:

1.A. Enhance cash drawer handling and safeguarding procedures to align with CAPP requirements. Management should:

1. Maintain cash drawers and unassigned change funds under supervisory control, except when in use by Cashiers or locked in the safe. Supervisory personnel performing this function should be adequately segregated from incompatible duties. Personnel assigned to this function should maintain exclusive control of all cash drawers and ensure they are adequately secured when not in use.

2. Require a mutual, formal count and receipted transfer of the cash drawer contents when accountability is transferred from one employee to another, and ensure that once Cashiers receive their assigned cash drawer, it remains in the cashier's sole custody and that only the assigned cashier maintains control of the drawer and its contents until it is returned to supervisory personnel.

3. Update physical safeguarding controls to limit access to cash to only the employee assigned custody, including locks, keys, combinations and cash register drawers are in proper working order and function as designed.

***Response*: Management concurs and the recommendation (subcomponents 1 through 3) has been implemented.** CPD's Cashiering SOP has been updated to reflect revisions addressing the three subcomponents of recommendation 1.A and all associated staff with cashiering-related responsibilities have read and signed acknowledging the change. Specifically:

1) Effective January 2026, cash drawers and change funds are maintained under supervisory control and secured when not in use.

2) Effective May 2026, formal cash drawer transfer procedures were implemented, including a mutual count and documented transfer of accountability utilizing the Daily Register Checkout Form, signed by both parties.

3) Effective January 2026, new cash boxes with combo locks were purchased and are secured daily in a locked drawer to ensure optimal physical safeguarding controls.

1.B. Strengthen balancing and deposit procedures to ensure compliance with County policies and procedures. Management should:

1. Ensure deposits are prepared by the cashier or head cashier as required by established County Policies and Procedures.

2. Ensure a supervisor or an employee who did not function as a cashier that day performs the end-of-day balancing as required by established County policy and procedure.

***Response*: Management concurs and the recommendation (subcomponents 1 and 2) has been implemented.** CPD's Cashiering SOP has been updated to reflect revisions addressing the two subcomponents of recommendation 1.B and all associated staff with cashiering-related responsibilities have read and signed acknowledging the change. Specifically:

1) Effective July 2026, deposits are now prepared by the Cashier Supervisor in accordance with County requirements.

2) Effective July 2026, end-of-day balancing is now performed by the Administrative Officer, who does not serve in a cashier capacity.

1.C. Update operating procedures to ensure funds received during the business day are deposited or transferred to the courier by the next business day consistent with the County policies and procedures.

Response*: *Management concurs and the recommendation has been implemented. CPD's Cashiering SOP has been updated to reflect revisions addressing this recommendation and all associated staff with cashiering-related responsibilities have read and signed acknowledging the change. Effective March 2026, the deposits are prepared prior to the scheduled courier pick-up time to ensure funds are deposited by the next business day.

1.D. Strengthen segregation of duties controls within the cashiering process to ensure that role assignments align with CAPP requirements, including the revision of documented procedures to eliminate incompatible responsibilities and implementing appropriate independent supervisory oversight over voided and corrected transactions.

***Response*: *Management* concurs and the recommendation has been implemented.** CPD's Cashiering SOP has been updated to reflect revisions addressing this recommendation and all associated staff with cashiering-related responsibilities have read and signed acknowledging the change. Specifically:

1) The SOP has been revised to eliminate incompatible responsibilities between the Cashier Supervisor and Cashier.

2) Effective May 2026, the Cashiers obtain supervisor approval to process void/corrected transactions.

Opportunity for Improvement 2: Payment Processing Needs Enhancement.

Auditor's Recommendations and Management's Responses:

2.A. Work with the vendor and/or ETS to determine whether a technical solution can be implemented to address this issue. If a technical solution cannot be implemented, we recommend that management reinforce the existing preventive control by ensuring that the real time review and documentation requirements for multi tender transactions are consistently applied. This may include clarifying expectations, providing periodic refresher training, and implementing supervisory monitoring to confirm that the control is performed as intended before transactions are completed.

> ***Response*: Management concurs and the recommendation has been implemented.** CPD's Cashiering SOP has been updated to reflect revisions addressing this recommendation and all associated staff with cashiering-related responsibilities have read and signed acknowledging the change. Specifically, the Division has budgeted funds in FY27 to procure a new cashiering system that will integrate with both the POSSE permitting and licensing database as well as PeopleSoft and will allow a single payment to be processed using multiple tender types, thereby eliminating the current system limitation.

2.B. Modify existing payment processing procedures to ensure that all components of NSF payments, both the fee and the original transaction amount, are entered into iNovah.

> ***Response*: Management concurs and the recommendation has been implemented.** CPD's Cashiering SOP has been updated to reflect revisions addressing this recommendation and all associated staff with cashiering-related responsibilities have read and signed acknowledging the change. Specifically, completion of the iNovah Crosswalk Project to implement a fully functional interface between POSSE and iNovah, anticipated by the end of FY26, will resolve the issue related to NSF payments and further strengthen payment processing controls.

Opportunity for Improvement 3: Cash Change Funds are not Reconciled According to County Policies and Procedures.

Auditor's Recommendations and Management's Responses:

3.A. Implement a formal process to ensure the change fund is reconciled daily.

> ***Response*: Management concurs and the recommendation has been implemented.** CPD's Cashiering SOP has been updated to reflect revisions addressing this recommendation and all associated staff with cashiering-related responsibilities have read and signed acknowledging the change. Effective May 2026, the Cashier Supervisor now has sole control of and reconciles the third change fund box, containing $200, each business day, using the Daily Register Checkout Form, ensuring the reconciliation is documented and performed consistently.

3.B. Establish a periodic review by the custodian or sub-custodian to verify the change fund is reconciled daily.

> ***Response*: Management concurs and the recommendation has been implemented.** CPD's Cashiering SOP has been updated to reflect revisions

addressing this recommendation and all associated staff with cashiering-related responsibilities have read and signed acknowledging the change. Specifically, the Division's Sub-Custodian has established a periodic review system to verify that the change fund is reconciled daily, and such process is documented in the revised SOP.

<u>Opportunity for Improvement 4</u>: Cashiering Policies and Procedures Need Improvement.

Auditor's Recommendations and Management's Responses:

4.A. Formalize existing oversight and administrative control practices of training processes within current standard operating procedures, which may include:

1. establishing responsibility for overseeing the acknowledgement and training processes, including accountability for managing these requirements.

2. identifying all individuals or roles required to sign acknowledgement forms, including the frequency with which acknowledgements must be completed.

3. requiring updated acknowledgements when policies are revised or updated to ensure continued confirmation of receipt and review.

4. establishing how compliance with acknowledgement and training requirements will be tracked, including documentation and monitoring procedures.

5. defining retention periods and recordkeeping requirements for all related documentation, including acknowledgement forms and training certificates.

<u>Response</u>: Management concurs and the recommendation (subcomponents 1 through 5) has been implemented. CPD's Cashiering SOP has been updated to reflect revisions addressing the five subcomponents of recommendation 4.A and all associated staff with cashiering-related responsibilities have read and signed acknowledging the change. While CPD had established oversight, training, and acknowledgement practices prior to the audit, these administrative controls were not fully documented within CPD's Cashiering SOP. Specifically, the SOP has been revised to formally articulate these existing practices as follows:

1) The revised SOP formally identifies the Administrative Officer as the individual responsible for overseeing the acknowledgement and training processes and ensuring compliance with these requirements.

2) The revised SOP documents CPD's existing practice by identifying all positions with cash handling responsibilities that are required to complete an Acknowledgement Form at least annually, or upon significant changes in the SOP.

3) The revised SOP formalizes CPD's existing requirement that updated Acknowledgement Forms be completed whenever significant revisions are made to the SOP, in addition to the annual acknowledgement requirement.

4) The revised SOP documents CPD's existing process for tracking compliance with acknowledgement and training requirements, including the responsible position and the designated location on CPD's shared drive for maintaining training certificates and related documentation.

5) The revised SOP formally establishes the retention and recordkeeping requirements for Acknowledgement Forms, training certificates, and other related documentation, consistent with the CAPP.

4.B. Formalize and enhance existing inventory procedures by:

1. establishing clear guidance on roles, responsibilities, documentation requirements, and periodic inventory review requirements.

2. providing comprehensive guidance for maintaining an accurate and well-controlled inventory of all point of sales devices that outlines requirements for tracking, safeguarding, updating, and retiring equipment throughout its lifecycle; including, formal procedures to verify the physical existence of assets through a periodic annual audit, reconcile discrepancies with recorded information, and ensure asset records remain accurate, complete, and current.

<u>Response</u>: Management concurs and the recommendation (subcomponents 1 and 2) has been implemented. CPD's Cashiering SOP has been updated to reflect revisions addressing the two subcomponents of recommendation 4.B and all associated staff with cashiering-related responsibilities have read and signed acknowledging the change. Specifically:

1) The revised SOP clearly defines roles and responsibilities for conducting the annual inventory, establishes the timing of the inventory, identifies documentation and record retention requirements, and includes a Cashier Equipment Count Sheet that is signed and verified by multiple parties in accordance with County CAPP requirements.

2) The revised SOP formalizes the annual physical inventory process, including procedures for reconciling discrepancies, maintaining accurate and current inventory records, and identifying the six cashiering devices (payment terminals, pin pads, check validators) that must be included in the annual inventory process.

Thank you for the opportunity to review the draft report and provide Management's responses to the same. We appreciate the collaboration of the Office of the County Auditor in performing this audit. Should you have any questions or require additional information, please, do not hesitate to contact us.

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