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REPORT NO. 2022-16

TO: Jeffrey Rohrs, Chief Information Officer
Business Technology Services

FROM: Melissa Dondero, Inspector General/Chief Audit Executive *md*
Division of Inspector General

DIST: Ken Burke, CPA, Clerk of the Circuit Court and Comptroller
Jeanette Phillips, Chief Deputy Director, Finance Division
Gregory Carro, Manager, Business Technology Services
The Honorable Chairman and Members of the Board of County Commissioners
Barry Burton, County Administrator

SUBJECT: Audit of the Business Technology Services – Administration Petty Cash Fund

DATE: September 12, 2022

This letter serves to inform you that the Division of Inspector General completed an audit of the Business Technology Services – Administration (BTS-Admin) Petty Cash Fund on August 11, 2022.

The objective of our audit was to reconcile the Petty Cash Fund and ascertain that the appropriate internal controls, safeguards, and policies and procedures are being followed, safeguarding the County funds under your departmental control.

Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and the *Principles and Standards for Offices of Inspector General*, and accordingly, included such tests of records and other auditing procedures as we considered necessary in the circumstances.

The BTS-Admin Petty Cash Fund reconciled to the authorized amount. However, we noted an opportunity for improvement related to the department's need for the Petty Cash Fund. The issue is noted below.



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BTS-Admin's Need For A Petty Cash Fund Was Obsolete.

Our audit of the BTS-Admin Petty Cash Fund on August 11, 2022, indicated that BTS-Admin's need for a Petty Cash Fund was obsolete. Due to BTS employees working remotely as a result of the Coronavirus Disease 2019 pandemic and ongoing renovations at the BTS office, multiple visits made by the audit team between 2020 and 2021 to conduct an unannounced audit of the BTS-Admin Petty Cash Fund were unsuccessful. In 2022, the audit team determined it was necessary to schedule the audit with BTS-Admin Petty Cash Fund custodians since BTS employees were still working remotely. The audit team contacted the BTS-Admin Petty Cash Fund primary custodian on August 8, 2022, and scheduled the meeting for August 11, 2022. BTS-Admin had a Petty Cash Fund in the authorized amount of \$500.00. During our audit, we counted the Petty Cash Fund and determined it reconciled to the authorized amount with no receipts on hand.

Management confirmed our research findings that the last Petty Cash Fund reimbursement occurred in 2015. Management stated the need for the Petty Cash Fund had diminished over the last five years, and within the last two years, there had been no activity in the fund. Management stated the continued use of OPUS iExpense for operating expense reimbursement by staff had primarily contributed to the diminishing use of the Petty Cash Fund. Without employees in the office regularly and the staff's use of OPUS iExpense, the department's need for the Petty Cash Fund had become obsolete. BTS management drafted a memorandum to the Chief Deputy Director of Finance on August 8, 2022, requesting closure of the fund and detailing the reason for the request.

The Finance Division Petty Cash and Change Fund Policy and Procedures manual states the following:

"When there is no longer a need for a petty cash fund, the Department Director shall submit a memorandum to the Chief Deputy Director of the Finance Division explaining the reason for closing the fund. The memorandum and total remaining cash in the fund should be turned in to the cashier in the Finance Division along with the receipts supporting the total petty cash fund balance."

Management no longer needs money on hand in the department to be used for small expenditures and to reimburse employees for incidental expenses incurred within the performance of their official duties.

Staff time to count, balance, and document the Petty Cash Fund reconciliation incurs costs for funds the department rarely spends. Maintaining cash funds also increases the risk of improper use or misappropriation.

We Recommend Management submit a memorandum to the Chief Deputy Director of Finance explaining the reason for closing the Petty Cash Fund and return the remaining cash in the Petty Cash Fund to the cashier in Finance.

Management Response:

Management Concurs with the findings and are pleased to inform that we have already provided a formal response via request to Clerk Finance.

We appreciate your staff's cooperation during this audit.

MD/SP