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REPORT NO. 2023-12

TO: Joseph Lauro, Director
Department of Administrative 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
Diana Sweeney, Director 2, Department of Administrative Services
The Honorable Chairman and Members of the Board of County Commissioners
Barry Burton, County Administrator
Kevin Knutson, Assistant County Administrator

SUBJECT: Unannounced Audit of the Facility Operations Northwest Section Change Fund

DATE: June 16, 2023

This letter serves to inform you that the Division of Inspector General completed an unannounced audit of the Facility Operations Northwest Section Change Fund on May 9, 2023.

The objective of our audit was to reconcile the Change Fund and ascertain that the appropriate internal controls, safeguards, and policies and procedures were 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 Facility Operations Northwest Section Change Fund did not reconcile to the authorized amount due to a \$6 overage. The department's internal controls and



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adherence to policies and procedures were inadequate. Moreover, the necessity of the Change Fund was questionable.

The issues are noted below.

1. Management Did Not Maintain The Change Fund At Its Approved Balance And The Need For A Change Fund Was Obsolete.

During our unannounced audit of the Facility Operations Northwest Section's Change Fund on May 9, 2023, we discovered an overage and that auditee management's need for a Change Fund was obsolete. The Facility Operations Northwest Section had an approved Change Fund balance of \$700. During our unannounced audit, auditee management removed the Change Fund from the safe and counted it before us. Auditee management's count totaled \$705. Following auditee management's count, we counted the Change Fund and totaled it at \$706.

While conducting the unannounced audit, we asked auditee management if it used the Change Fund for its authorized amount. Management replied, in the past, it used the entire Change Fund to disburse into two change machines located at 440 Court Street and 315 Court Street, Clearwater, FL. The change machines were meant for customer service, allowing individuals to convert \$1 and \$5 bills into quarters for use in parking meters at the respective locations. Auditee management said it last used the Change Fund in March 2020, and since then, it secured the entire fund in the safe. Auditee management stored the safe at the Facility Operations Northwest Section in the primary custodian's office.

Auditee management explained that since the City of Clearwater installed pay-by-plate parking kiosks at 440 Court Street and 315 Court Street, Clearwater, FL, the Change Fund and the change machines maintained at these locations by the Facility Operations Northwest Section became obsolete. Individuals can make payments to the pay-by-plate kiosks using debit/credit cards and coins. Also, individuals can make mobile payments via the ParkMobile application. Auditee management explained it wanted to close its Change Fund because it planned to surplus both change machines in response to patrons now using the pay-by-plate parking kiosks and ParkMobile application. On May 9, 2023, we provided auditee management with the "REQUEST FOR PETTY CASH/CHANGE FUND" form to request closure of its Change Fund. During our field visit, auditee management began completing the "REQUEST FOR PETTY CASH/CHANGE FUND" form.

On May 10, 2023, we tested the change machines at both locations to verify the machines were non-operational. We attempted to insert a \$1 bill into each change machine, but neither machine accepted the bill and dispensed change.

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

“The approved custodian is responsible for maintaining the fund at its approved balance. At the beginning of each day the change fund should only contain the approved balance. At the end of each day the custodian shall deposit funds in excess of the approved change fund balance. The supervisor should verify the deposit and count the change fund....

All overages are to be deposited to the appropriate overage revenue account established in each fund....

When there is no longer a need for a change fund, the Department Director shall submit a ‘REQUEST FOR PETTY CASH/CHANGE FUND’ form to the Chief Deputy Director of the Finance Division explaining the reason for closing the fund. The request and the total cash in the fund should be turned in to the cashier in the Finance Division. The final deposit should be made in the usual manner.”

Auditee management stated the Change Fund had an overage because it did not correctly count the fund when it submitted its “2023-Petty Cash and Change Fund Confirmation Form” to the Finance Division on April 18, 2023. Auditee management said it no longer needed cash on hand to distribute into the change machines for customer service.

Staff time to count, balance, and document the Change Fund reconciliation incurs costs for funds the department is no longer using. Maintaining cash funds also increases the risk of improper use or misappropriation.

We Recommend Management:

- A. Deposit the \$6 overage into the appropriate overage revenue account.
- B. Consider the necessity of the Change Fund. If management determines the Change Fund is no longer necessary, it should complete a “REQUEST FOR PETTY CASH/CHANGE FUND” form and submit the request and the total cash in the fund to the cashier in the Finance Division.

Management Response:

- A. **Management Concur.** We deposited the \$6 overage into the appropriate overage revenue account.
- B. **Management Concur.** Facilities Operations is in the process of eliminating the Change Fund.

2. The Change Fund Alternate Custodian Did Not Have Access To The Change Fund.

During our unannounced audit of the Facility Operations Northwest Section's Change Fund on May 9, 2023, we learned the Change Fund alternate custodian did not have a key to the safe that secured the Change Fund. The Facility Operations Northwest Section had an approved Change Fund balance of \$700. Auditee management stored the entire Change Fund in a safe in the primary custodian's office. Security features on the safe included a key lock and a combination system. However, auditee management did not use the combination system feature to secure the safe.

Both the Change Fund primary custodian and alternate custodian were onsite during the unannounced audit on May 9, 2023, and accessed the safe under dual control. However, when we inquired about the number of keys for the safe and who possessed the keys, the primary custodian told us there were two keys, including one he possessed and another he could not find. While we counted the Change Fund in front of the alternate custodian, the primary custodian searched the Facility Operations Northwest Section's offices for the missing safe key. The primary custodian stated one of the safe's keys was on his key chain and found the other in a lockbox in his office. Only the primary custodian had access to the lockbox in his office. We instructed the primary custodian to ensure the alternate custodian had a key to the safe in order for him to perform backup responsibilities.

Auditee management agreed with our recommendation. However, it reiterated plans to close the Change Fund immediately. In Opportunity for Improvement #1, we addressed the issue of the Change Fund being obsolete.

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

"Accountability for the funds resides with the Department Director and the designated custodian."

Auditee management was unaware of the need for the Change Fund alternate custodian to have access to the safe. Not allowing the Change Fund alternate custodian access to the Change Fund prevents the alternate custodian from safeguarding the fund.

We Recommend Management provide a safe key to the Change Fund alternate custodian for the custodian to safeguard the fund in the Facility Operations Northwest Section's possession until management completes the process to request closure of the Change Fund, if applicable.

Management Response:

Management Concurs. As we are eliminating the Change Fund, the need for access has been removed.

We appreciate your staff's cooperation during this audit.

MD/SP