



## Ken Burke, CPA

CLERK OF THE CIRCUIT COURT AND COMPTROLLER  
PINELLAS COUNTY, FLORIDA

Clerk of the County Court  
Recorder of Deeds  
Clerk and Accountant of the Board of County Commissioners  
Custodian of County Funds  
County Auditor

## Division of Inspector General

510 Bay Avenue  
Clearwater, FL 33756  
Telephone: (727) 464-8371  
Fax: (727) 464-8386  
Fraud Hotline: (727) 45FRAUD (453-7283)  
Clerk's website: [www.mypinellasclerk.org](http://www.mypinellasclerk.org)

### REPORT NO. 2022-25

TO: Michelle Krickovic, Director  
Contractor Licensing Department

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  
The Honorable Chairman and Members of the Board of County Commissioners  
Barry Burton, County Administrator  
Tommy Almonte, Assistant County Administrator

SUBJECT: Unannounced Audit of the Contractor Licensing Department Change Fund  
and Internal Controls Over the Collection and Deposit of Funds

DATE: December 14, 2022

On November 4, 2022, the Division of Inspector General completed an unannounced audit of the Contactor Licensing Department (CLD) Change Fund. As of the date of our audit, the CLD had known unrecorded bank deposits from October 7, 2022, through November 2, 2022, that totaled \$133,927. Therefore, we also conducted a walkthrough of the internal controls over the collection and deposit of funds.

The objectives of our audit were to:

1. 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.
2. Observe internal controls over the collection and deposit of funds.



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Inspector General

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 CLD Change Fund is authorized for \$900 and is divided equally between three employees to process daily transactions. The Change Fund reconciled to the authorized amount. However, our walkthrough of the internal control process identified the following control weaknesses over the security, reconciliation, and deposit of funds:

- A. Bank deposits were not verified daily and recorded in OPUS.
- B. A till box for \$300 was unlocked in the safe.
- C. Additional cash was stored in the safe for customers that left their change behind. The cash was not sealed in an envelope or counted daily.
- D. A safe key was stored in an open area on the wall where it was accessible to all CLD staff and janitorial services.
- E. Unused tills were not counted daily by a supervisor or independent employee.
- F. Employees counted and reconciled their tills without a supervisor's or independent employee's verification.
- G. Deposits were prepared without a supervisor's or independent employee's verification.
- H. A cash transaction of \$500 could not be validated. The Code Enforcement Department had not entered the citation in the system. Therefore, the employee had no record to validate the transaction. However, the cash was accepted from the customer and secured in the employee's till in the safe at the close of business.
- I. A Change Fund (\$300) was brought offsite twice a month to process payments at Special Magistrate hearings. The till box was transported inside a rolling carrier by the responsible employee.
- J. The Finance Division's Imprest Funds General Ledger reflected a Change Fund alternate custodian who was no longer employed in the department as of October 7, 2022.

Internal controls aim to minimize risk and protect assets, ensure the accuracy of records, promote operational efficiency, and encourage adherence to policies and procedures.

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

*"The Department Director shall appoint the custodian who is responsible for the funds. Accountability for the funds resides within the Department Director and the designated custodian. All funds should be kept in an approved cash box and in a secure location.*

*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.”*

The Accounts Receivable Standard and Miscellaneous Receipt Training Manuals require the following:

- Create receipts in OPUS within 24 hours
- Attach supporting documentation in OPUS within 48 hours

**We Recommend Management:**

- A. Verify all bank deposits, and create receipts and attach supporting documentation in OPUS for all unrecorded deposits.
- B. Require employees to lock their till box before placement in the safe.
- C. Maintain a log of unreturned change that includes the customer’s name and amount and place change in sealed envelopes by customer affixed with the same information. The log should be updated when the customer picks up the change upon verification by a supervisor. The envelopes should be compared to the log daily.
- D. Require employees to secure safe keys in a locked drawer.
- E. Require a supervisor or independent employee to count unused tills at the close of business.
- F. Require a supervisor or independent employee to count each used till at the close of business.
- G. Require a supervisor or independent employee to verify the preparation of the deposit.
- H. Require a supervisor or independent employee to count and verify the deposit for the till transactions processed at Special Magistrate hearings.
- I. Work with Business Technology Services to create a suspense account in the cash register system to validate transactions for records that have not been entered into the system.
- J. Complete and submit the “REQUEST FOR PETTY CASH/CHANGE FUND” form to the Finance Division to document the change in the alternate custodian.
- K. Revise written policies and procedures to reflect revisions to the processes.
- L. Train staff on the new processes once implemented.

**Management Response:**

- A. **Management Concurs.** The process for verifying bank deposits, creating receipts, and attaching supporting documentation was impacted by the loss of a Senior Administrative Support Specialist II and the staff shortage created by her departure. The process was further interrupted by management being ill and out of town. With the assistance of employees in the Office of Management and Budget and Safety and Emergency Services, we were able to bring all deposits to current. Management recommends that temporary support services be available to assist small departments impacted by absences, illness, or employee

transitions. If such a service existed (and we knew it existed), we would have reached out as soon as we knew there would be a resource gap.

**B. Management Concur.**

**C. Management Concur.**

**D. Management Concur.**

**E. Management Partially Concur.** Random weekly or bi-weekly till counts are recommended by management.

**IG Reply:**

Random independent weekly or bi-weekly till counts will strengthen internal controls. However, independently verifying the tills daily further limits opportunities to commit fraudulent activity. Moreover, accidental cash shortages and other irregularities will not be identified timely, thus making it more difficult to determine the cause.

**F. Management Partially Concur.** Random weekly or bi-weekly till counts are recommended by management.

**IG Reply:**

Random independent weekly or bi-weekly till counts will strengthen internal controls. However, independently verifying the tills daily further limits opportunities to commit fraudulent activity. Moreover, accidental cash shortages and other irregularities will not be identified timely, thus making it more difficult to determine the cause.

**G. Management Concur.** When we are fully staffed, a supervisor verifies the preparation of each day's deposit.

**H. Management Partially Concur.** Management has revised the policy requiring that a Pinellas County Sheriff's Office deputy escort the employee when departing the Special Magistrate hearings. Management has notified the Code Enforcement Division Manager, who oversees the Special Magistrate hearings, of the revised policy.

**IG Reply:**

The assistance of the Pinellas County Sheriff's Office will provide additional safeguarding of the Change Fund. However, we recommend that independent verification of the till be performed when the employee returns to the CLD from the Special Magistrate hearings.

- I. **Management Partially Concurs.** We are in the final stages of moving CLD's license records, transactions, case management, citations, expired permit violations, Special Magistrate hearings, liens, and collections from our current Oracle D2K Application to Accela. Business Technology Services is reluctant to invest any resources in the existing application since it is so near its end of life. Instead, management will work with staff to ensure that records (citations, for example) are input into Oracle in a timely manner so that the payment cannot precede the creation of the record.
- J. **Management Concurs.**
- K. **Management Concurs.**
- L. **Management Concurs.**

We appreciate your staff's cooperation during this audit.

MD/DW