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## Division of Inspector General

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### REPORT NO. 2024-13

TO: Chris Rose, Director  
Office of Management and Budget

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

DIST: Barry Burton, County Administrator  
Jill Silverboard, Deputy County Administrator/Chief of Staff  
Ken Burke, CPA, Clerk of the Circuit Court and Comptroller  
Jeanette Phillips, Chief Deputy Director, Finance Division  
The Honorable Chair and Members of the Board of County Commissioners

SUBJECT: Inspector General's Follow-Up Audit of Accounts Receivable Write-Offs for Fiscal Year 2022 and Inspection of the Accounts Receivable Write-Off Approval Memo for Fiscal Year 2021

DATE: September 4, 2024

The Division of Inspector General has completed a Follow-Up Audit of Accounts Receivable Write-Offs for Fiscal Year (FY) 2022 and Inspection of the Accounts Receivable Write-Off Approval Memo for FY 2021. The objective of our review was to determine the implementation status of our previous recommendations.

Of the five recommendations in the original audit report, we determined that three have been implemented, one is no longer applicable, and one has not been implemented. The status of each recommendation is presented in this follow-up report.

We appreciate the cooperation shown by the staff of the Office of Management and Budget during the course of this review.



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## **I. Scope and Methodology**

We conducted a follow-up audit of the Accounts Receivable Write-Offs for FY 2022 and Inspection of the Accounts Receivable Write-Off Approval Memo for FY 2021. The purpose of our follow-up review was to determine the status of previous recommendations for improvement.

The purpose of the original audit was to:

1. Determine if accounts receivable write-offs for FY 2022 complied with County Resolution No. 05-61
2. Determine if the accounts receivable write-off approval request memo for FY 2021 complied with County Resolution No. 05-61

To determine the current status of our previous recommendations, we surveyed and/or interviewed management to determine the actual actions taken to implement recommendations for improvement. We performed limited testing to verify the implementation of the recommendations for improvement.

Our follow-up 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. Our follow-up testing was performed during the month of August 2024. The original audit period was FY 2022 for accounts receivable write-off records and FY 2021 for the accounts receivable write-off approval request memo. However, transactions and processes reviewed were not limited by the audit period.

## **II. Original Report Reference**

To view the original report (Report No.: 2023-27), published in the report section of our website, please use the following link:

[RPT2023-27 Audit of Accounts Receivable Write-Offs for Fiscal Year 2022 and Inspection of the Accounts Receivable Write-Off Approval Memo for Fiscal Year 2021](#)

### III. Implementation Status Table

FINDING	PREVIOUS RECOMMENDATION	STATUS
1	<b>Resolution No. 05-61 Contained Information That Was Not Aligned With Current Accounts Receivable Write-Off Practices.</b>	
A	Update the Resolution to include the exceptions that override the one-year aging requirement and define collection effort expectations. If the Resolution is not the preferred mechanism in which to include this amount of detail, we recommend management create a separate accounts receivable write-off policy to be incorporated by reference in the Resolution.	<p style="text-align: center;"><b>Not Implemented</b></p> <p>The Board of County Commissioners (BCC) approved Resolution No. 24-29, which superseded Resolution No. 05-61, on May 21, 2024. Resolution No. 24-29 did not include the exceptions to override the one-year aging requirements, and collection effort expectations were not defined in detail. We continue to encourage management to define this information in the Resolution or in a supplemental document to Resolution No. 24-29 to guide the departments, as the risk of department non-compliance with the Resolution's aging requirement persists.</p>
B	Collaborate with the Finance Division to designate appropriate time frames for departments' submission of write-offs to the Office of Management and Budget (OMB) and update the Resolution accordingly.	<p style="text-align: center;"><b>No Longer Applicable</b></p> <p>During the previous audit, we noted Resolution No. 05-61 contained unclear time frames that did not correlate with standard practice. We reviewed Resolution No. 24-29 and determined it removed the time frames required for departmental submission of write-offs. Management stated it intentionally excluded stringent time frames from the updated resolution to give departments more flexibility. Moreover, it is the responsibility of the County Write-Off Coordinator to ensure collection of all write-off transaction details from the applicable departments annually prior to requesting an audit. Based on current practice, amending the resolution to include time frames is no longer applicable.</p>
C	Determine whether use of the "Management Representation Letter" will continue or if an alternate document will take its place, and if so, update the Resolution to reference the actual document's name.	<p style="text-align: center;"><b>Implemented</b></p> <p>The County Write-Off Coordinator agreed with our interpretation of the Resolution requiring the creation of an approval request memo in place of the letter used historically. Resolution No. 24-29 referenced the approval request memo.</p>

FINDING	PREVIOUS RECOMMENDATION	STATUS
D	Replace the “County’s external auditors” referenced in the Resolution with the “Division of Inspector General.”	<p style="text-align: center;"><b>Implemented</b></p> Resolution No. 24-29 was amended to include the Division of Inspector General as an auditor.
E	Collaborate with the Finance Division to designate appropriate time frames for the County Administrator to report write-offs to the BCC and update the Resolution accordingly.	<p style="text-align: center;"><b>Implemented</b></p> Resolution No. 24-29 was amended to include the appropriate time frame for the County Administrator to report approved write-offs to the BCC, which is within 90 days of County Administrator approval.

MD/DW