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REPORT NO. 2025-11

TO: Jim Fogarty, Bureau Director
Department of Safety and Emergency 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 Staveley, Chief Deputy Director, Finance Division
The Honorable Chair and Members of the Board of County Commissioners
Barry Burton, County Administrator
Lourdes Benedict, Assistant County Administrator

SUBJECT: Unannounced Audit of the Department of Safety and Emergency Services Petty
Cash Fund

DATE: July 7, 2025

This memo serves to inform you that the Division of Inspector General completed an unannounced audit of the Safety and Emergency Services (SES) Department's Petty Cash Fund on May 29, 2025.

The objective of our audit was to reconcile the Petty Cash 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 *Global Internal Audit Standards* of The Institute of Internal Auditors and the *Principles and Standards for Offices of Inspector General* of the Association of Inspectors General. Accordingly, it included such tests of records and other auditing procedures as we considered necessary in the circumstances.

Based on our independent and objective assessment, the department's governance, risk management, and internal control environment needs improvement for the scope of this audit. Governance, risk management, and/or internal control weaknesses exist, which may put at risk the achievement of objectives in the area audited. We identified areas of strength where controls are strong and aligned with the department's goals, and the Petty Cash Fund reconciled to the authorized amount. However, we also identified areas of improvement to ensure compliance and enhance efficiency.

Opportunities for Improvement (OFI) are prioritized based on the likelihood of the risk occurring and the impact the risk may have on the department's governance, risk management, and/or control processes as follows:

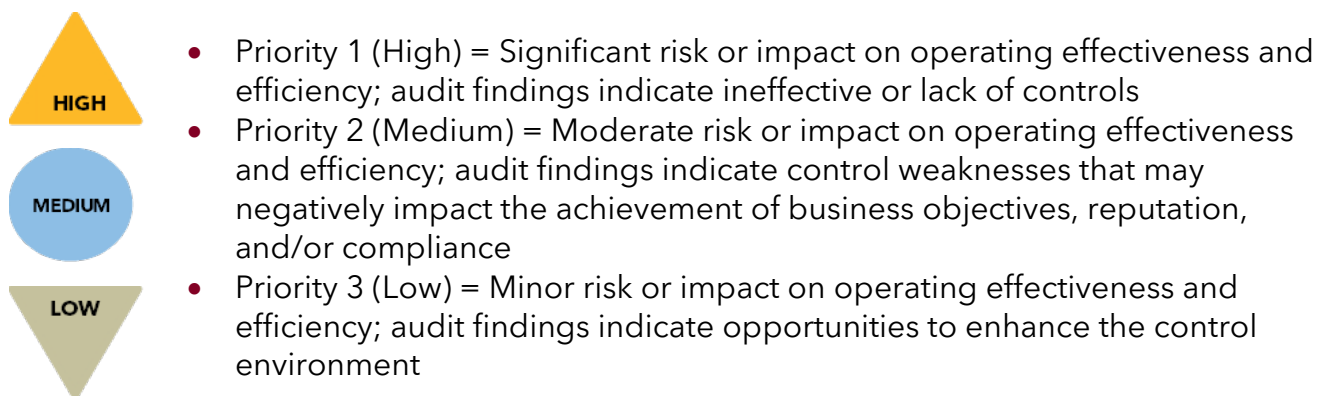


Figure 1 - Priorities

Our audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. Accordingly, the OFIs presented as follows may not be all-inclusive of areas where improvement may be needed.

1. Management Allowed A Petty Cash Disbursement Exceeding Fifty Dollars For A Single Item.



On May 29, 2025, our unannounced audit of the SES Petty Cash Fund found a single-item disbursement exceeding the \$50.00 expenditure limit for non-freight or delivery-related expenses, as outlined in the Pinellas County (County) Finance Division's policy. On February 25, 2025, a Support Services Division team member, using personal funds, purchased a desk lamp for \$53.99 from the online vendor Amazon. The team member justified the purchase as serving an official County purpose to support task performance. Management agreed the purchase was necessary for the team member and permitted a reimbursement request from the department's Petty Cash Fund.

On March 7, 2025, the team member's supervisor contacted the Petty Cash Fund alternate custodian and provided receipt documentation for the desk lamp. The alternate custodian reviewed the submission and informed the team member's supervisor the reimbursement would cover only the item cost, excluding sales tax. Additionally, the alternate custodian clarified that post-purchase reimbursements were not typically performed and advised that all intended purchases should be submitted to the Petty Cash Fund custodians for guidance on County best practices. On April 3, 2025, a Petty Cash Fund disbursement of \$53.99 was issued to the team member, with the alternate custodian signing as the approver and the team member signing as the recipient.

SES has an authorized \$400.00 Petty Cash Fund from the County Finance Division, housed at its Regional 9-1-1 Division office. The \$53.99 disbursement represented 13.5% of the fund but exceeded the \$50.00 single-item limit by \$3.99, or approximately 8%. Later in the day, following completion of our audit testing of the department's Petty Cash Fund, the

alternate custodian corrected the erroneous disbursement with approval from the department's Bureau Director. The team member returned the \$53.99 to the alternate custodian who reinstated the amount into the Petty Cash Fund. Following management's instructions, the team member submitted an expense report to the County requesting reimbursement for the desk lamp purchase.

After the correction, the alternate custodian directed a department designee to count and balance the Petty Cash Fund. The designee confirmed the fund equaled the authorized amount and did not include a receipt for the desk lamp purchase.

The issue arose because the custodians were unprepared for the team member's purchase and request for a petty cash reimbursement without prior communication. Management had approved the purchase and use of petty cash, but the custodians were not informed beforehand.

The unexpected nature of the request led the custodians to overlook the \$50.00 single-item limit for non-freight or delivery charges. Instead of verifying compliance with the limit, they focused solely on confirming with the team member's supervisor that the purchase served an official County purpose before proceeding with the disbursement.

The Finance Division's Petty Cash and Change Fund Policy and Procedures manual states:

"A. All petty cash disbursements must be for an Official County purpose. A 'PETTY CASH TRANSACTION LOG' should be used to document the disbursement and collection of money from the Petty Cash Fund. Petty cash disbursements may be made for the following purposes:

1. Expenditure for a single item should not exceed \$50.00 unless needed to pay freight or delivery charges."

Exceeding the single-item expenditure limit for petty cash disbursements—except for freight or delivery charges—places the department out of compliance with the Finance Division's Petty Cash and Change Fund Policy and Procedures manual. This non-compliance could result in the Finance Division rejecting reimbursement requests, particularly when the department has expended approximately 50% of the base fund. Custodians will need to conduct additional work to ensure compliance with Finance Division policies and procedures before reimbursement requests can be processed. Additionally, surpassing the limit accelerates fund depletion, potentially delaying future disbursements due to reimbursement processing time.

We determined this OFI's priority was low, as preventive controls did not exist, but detective and mitigating controls were put in place. However, management's actions during the audit addressed the root cause to mitigate recurrence.

We Recommend Management:

- A. Establish a formal communication process requiring team members to consult the petty cash custodians before making purchases that may require a petty cash disbursement. This may include requesting that custodians make the purchase using the Petty Cash Fund, if permitted, or confirming eligibility through a pre-approval request form or official email notification with item details, cost, justification, and management approval.
- B. Incorporate a review of the Petty Cash Transaction Log into the monthly count and balance of the Petty Cash Fund to ensure compliance with expenditure limits.

Management Response and Action Plan:

- A. **Management Concurs.** We have a procedure. We are updating and codifying it which will include incorporating the Petty Cash Transaction Log.
 - ✓ **Individual(s) Responsible for Implementation:** Dawn Shontz, Department Administrative Manager, Safety and Emergency Services Department
 - ✓ **Planned Implementation Completion Date:** June 23, 2025
- B. **Management Concurs.** We have a procedure. We are updating and codifying it which will include incorporating the Petty Cash Transaction Log.
 - ✓ **Individual(s) Responsible for Implementation:** Dawn Shontz, Department Administrative Manager, Safety and Emergency Services Department
 - ✓ **Planned Implementation Completion Date:** June 23, 2025

2. Management Has An Opportunity To Reassess The Necessity Of The Petty Cash Fund.

LOW

During our unannounced audit of the SES Petty Cash Fund on May 29, 2025, a custodian acknowledged the current fund balance may exceed the department's actual usage and expenditure levels. This observation suggests the fund amount may be disproportionate to operational needs, warranting further evaluation for potential adjustment. A review of petty cash transaction activity showed infrequent use and consistently low expenditures when requesting fund replenishment from the Finance Division. Given this pattern, management was evaluating the necessity of maintaining the current fund balance and considering a reduction to better align with actual usage and operational needs.

SES maintains an authorized \$400.00 Petty Cash Fund from the Finance Division. A review of OPUS expense reports from the five years preceding the audit period (May 29, 2020 - May 29, 2025) outlined the Finance Division's payment history for replenishing the department's Petty Cash Fund.

The following table presents the General Ledger (G/L) reimbursement dates and reimbursement amounts, the percentage of the total fund used, and the overall average reimbursement amount and percentage for the previous five years.

G/L Reimbursement Date	Reimbursement Amount	% Of Total Fund
October 1, 2020	\$8.00	2%
October 19, 2020	\$175.60	44%
January 19, 2023	\$325.72	81%
October 30, 2023	\$136.31	34%
October 30, 2023	\$17.96	4%
August 8, 2024	\$166.63	42%
February 13, 2025	\$90.98	23%
Average	\$131.60	33%

The reimbursement amounts fluctuated significantly over time, with January 19, 2023, being the highest at \$325.72 (81% of the total fund) and October 1, 2020, the lowest at \$8.00 (2%). The average reimbursement amount was \$131.60, contributing to approximately 33% of the total fund, indicating varied distribution patterns across different periods.

Management had not made the determination to dissolve or reduce the amount of the Petty Cash Fund due to having some activity in the fund.

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

"The Department Director has the authority to approve any changes in custodians and to request changes in the amount of funds. All changes must be submitted in writing by sending a completed 'REQUEST FOR PETTY CASH/CHANGE FUND' form to the Chief Deputy Director of Finance."

The Finance Division Petty Cash and Change Fund Policy and Procedures manual defines the Petty Cash Fund as:

"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."

Reconciling the Petty Cash Fund requires staff time to count, balance, and document expenditures, incurring costs despite infrequent usage and primarily incidental expenses. Additionally, maintaining cash funds presents an increased risk of improper use or misappropriation.

We determined this OFI's priority was low, as operational efficiency could be improved; however, this was an isolated instance.

We Recommend Management:

Evaluate the necessity and appropriate amount of the Petty Cash Fund. If a reduction or closure is warranted, management should submit a "REQUEST FOR PETTY CASH/CHANGE FUND" form to the Chief Deputy Director of Finance.

Management Response and Action Plan:

Management Concurs. The Bureau Director has taken this opportunity to further evaluate the petty cash amounts and has found \$400 is appropriate.

- ✓ **Individual(s) Responsible for Implementation:** Dawn Shontz, Department Administrative Manager, Safety & Emergency Services Department
- ✓ **Planned Implementation Completion Date:** June 23, 2025

We appreciate your staff's cooperation during this audit.

MD/SP