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REPORT NO. 2025-18

TO: Dr. Cynthia Johnson, Director
Department of Economic Development

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

DIST: Ken Burke, CPA, Clerk of the Circuit Court and Comptroller
The Honorable Chair and Members of the Board of County Commissioners
Barry Burton, County Administrator
Jill Silverboard, Deputy County Administrator/Chief of Staff
Blaine Williams, Assistant County Administrator
Cindy Margiotta, Director 1, Department of Economic Development

SUBJECT: Follow-Up Audit of Economic Development Employment Sites Program

DATE: September 9, 2025

This memo serves to inform you that the Division of Inspector General completed a Follow-Up Audit of the Economic Development Employment Sites Program (Program). The purpose of our follow-up review was to determine the status of previous recommendations for improvement.

The objectives of the original audit were to:

1. Determine whether Program processes were efficient, documented, and maintained by Department of Economic Development (Department) management
2. Determine whether Program documentation was completed, reviewed, and maintained by the Department
3. Determine whether project approvals were obtained from Pinellas County (County) officials
4. Determine whether payments requested by and disbursed to the grantee were accurate and appropriate

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 testing to verify that management's action plans have effectively addressed the opportunities for improvement (OFIs). The

extent and timing of testing were based on the significance of the OFIs and management's planned implementation completion date.

Our follow-up 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.

Our follow-up testing was performed from July 2025 through August 2025. The original audit period was from May 1, 2023, through April 30, 2024. However, transactions and processes reviewed were not limited by the audit period.

Of the four recommendations in the original audit report, we determined that three have been implemented and one is no longer applicable. The status of each recommendation is presented in this follow-up report.

Original Report Reference

To view the original report (Report No.: 2024-17), published in the report section of our website, please use the following link:

[RPT2024-17 Audit of Economic Development Employment Sites Program](#)

Recommendation Implementation Status

The table below reports on the status of management's action plans to implement the recommendations contained in the original audit report.

OFI	PREVIOUS RECOMMENDATION	STATUS
1	<i>The Employment Sites Program Lacks Detailed Procedures.</i>	
A	Create clawback procedures to ensure all contractual policies are fulfilled and detailed to include, but not limited to, the following: • Method(s) to determine a potential breach of contract • Notification to applicable County Departments to initiate clawback procedures • Facilitation of payment retrieval from the developer/business as required by the contract	Implemented The Department created the "Process for Early Termination - Default and Remedies" document to address the need for payment recoupment procedures, also known as clawback procedures, in the event of a breach of contract by a developer or owner. The "Process for Early Termination - Default and Remedies" outlines a 12-step protocol for identifying contract breaches, notifying owners, coordinating with the County Attorney's Office as needed, initiating recoupment, handling returned funds, and processing mutual termination agreements.
B	Create procedures to ensure contractually required annual reports are obtained from the developer/business owner, appropriately reviewed by Department management, and distributed to applicable County officials.	Implemented The Department created the "Process for Annual Report" document to ensure contractually required annual reports were obtained from the owner for the first 10 years following project completion, reviewed, and documented internally, and posted to the website. The process also ensured staff would monitor projects for the remaining 10 years as required by the owner agreement.

OFI	PREVIOUS RECOMMENDATION	STATUS
2	<i>Application Scoring Does Not Constitute Determination Of Project Approvals.</i>	
A	Analyze past, current, and future projects, and create a scoring methodology with defined thresholds that support Department recommendations to the Board of County Commissioners (BCC).	Implemented In March 2025, the Department, with the assistance of a consultant, created a 170-point scoring criterion that staff will use to evaluate applications for Penny IV Economic Development Employment Sites Program funding. Department staff will review all projects and assign a score up to 170 points within the following three major categories: project characteristics, project outcomes, and time to market. Projects with a cumulative score greater than 100 points meet the recommendation threshold for "Highly Recommend," projects with a cumulative score between 75 and 100 points meet the threshold for "Recommend," and projects below 75 points meet the threshold for "Do Not Recommend."
B	Until a scoring methodology has been developed, implemented, and communicated to applicable parties, remove the scoring valuation from the project summary report submitted to the BCC to ensure projects are approved based on project details and a Department recommendation to the BCC.	No Longer Applicable Since the original audit report was issued on September 18, 2024, there have been no new rounds of funding; therefore, there has been no opportunity to remove the scoring valuation from the project summary report. The Department intends to implement the new scoring methodology with the next round of funding. We recommend management ensure the new scoring methodology is used on all future project applications.

We appreciate the cooperation shown by the staff of the Department during the course of this review.

MD/CS