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## Division of Inspector General

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### REPORT NO. 2021-26

TO: Anthony Rondolino, Chief Judge  
Sixth Judicial Circuit

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

DIST: Ken Burke, CPA, Clerk of the Circuit Court and Comptroller  
Teresa Del Rio, Executive Director, Court and Operational Services Division  
Jeanette Phillips, Chief Deputy Director, Finance Division  
Gay Inskeep, Trial Court Administrator, Sixth Judicial Circuit  
Michelle Ardabily, Chief Deputy Court Administrator, Sixth Judicial Circuit

SUBJECT: Unannounced Audit of the Law Library Change Fund

DATE: November 22, 2021

This letter serves to inform you that the Division of Inspector General completed an unannounced audit of the Law Library Change Fund on August 25, 2021.

The objective of our audit was to reconcile the Change Fund and ascertain that the appropriate internal controls, safeguards, and policies and procedures are 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 Law Library is unique with regard to its organizational structure and funding source. The Law Library is funded by the Board of County Commissioners (BCC) and is administered by the Sixth Judicial Circuit. The primary custodian of the Change Fund is a County-funded court employee who works for the Sixth Judicial Circuit (Court Adjunct). The primary custodian's benefits are paid through the County (BCC).



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The Law Library Change Fund reconciled to an amount in excess of the authorized amount. Moreover, we noted opportunities for improvement related to the department's internal controls, safeguarding of this fund, and adherence to policies and procedures. These issues are noted below.

### **1. Controls Governing The Counting And Verifying Of The Change Fund Were Inadequate.**

During the unannounced audit of the Law Library Change Fund on August 25, 2021, we noted control deficiencies for counting and verifying funds. These deficiencies included the following:

- The Law Library primary custodian did not maintain the Change Fund at its approved balance.
- The supervisor did not count the Law Library Change Fund.

Internal controls assist in preventing and detecting fraud. Using the correct procedures to ensure the Change Fund is at its approved balance when opening and closing is important to ensure funds are not missing. Adequate internal controls are essential to verify the balance of the Change Fund. These controls help ensure that the Change Fund is correct each day before business starts and at night before making deposits.

Internal controls include segregation of duties. Segregation of duties entail the custodian's supervisor assisting with counting and verifying the Change Fund balance before making deposits.

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."*

Listed below in further detail are the areas that we identified as having internal control deficiencies.

#### **A. The Law Library Primary Custodian Did Not Maintain The Change Fund At Its Approved Balance.**

We determined the Change Fund balance exceeded the approved fund amount. The primary custodian stated the balance of the Change Fund included funds collected during August 2021 from customers paying to print and fax documents and from a cash-operated copier that had subsequently gone to surplus. In addition, the primary custodian stated

the funds in excess of the approved Change Fund balance were not deposited at the end of each day and instead were deposited monthly.

The Law Library had an authorized Change Fund amount of \$200. The Law Library Change Fund was used for two purposes, to process customer payments for printing and faxing and to make change for larger bills provided by customers. The Law Library reopened on August 2, 2021, after being closed since March 2020 due to the COVID-19 pandemic. The Law Library primary custodian documented transactions throughout the month of August 2021 on the "NON-VENDING ITEMS & AMOUNTS" form. During August 2021, one of the Law Library's cash-operated copiers was transferred to surplus, and the Change Fund primary custodian removed the funds totaling \$21.15 from the machine and added them to the Change Fund. There was an additional \$6.20 already in the Change Fund that had been received from customers throughout the month of August. Moreover, we counted and reconciled the Change Fund to \$227.35 on August 25, 2021, which exceeded the Change Fund authorized amount of \$200.

Management stated the primary custodian made deposits at the end of the month since the Law Library collected such a small amount daily. At the end of the month, the Change Fund primary custodian counted the funds received from the cash-operated machines and customers at the front desk and deposited those funds into the authorized bank account. The primary custodian relied on the help of one other employee from the Sixth Judicial Circuit who worked at the Old County Courthouse to verify the count before the deposit was made.

The Change Fund was kept above its approved balance because small amounts of funds collected daily were secured in the Change Fund cash box until the deposit was made at the end of the month. The primary custodian typically emptied all cash-operated copy machines in the Law Library the day she made her bank deposit so that money was not stored in the Change Fund. However, specific to the month of August 2021, the Change Fund balance was larger since there were funds from a broken copy machine transferred to surplus that the primary custodian added to the Change Fund cash box.

Non-compliance with the Finance Division Petty Cash and Change Fund Policy and Procedures manual increases the risk of improper use of funds. In addition, financial errors such as disbursing incorrect funds for change, would not be detected timely.

## **B. The Supervisor Did Not Count The Law Library Change Fund.**

The Law Library Change Fund primary custodian's supervisor did not verify the deposit, count the cash-operated copy machine sales, or count the Change Fund daily. The primary custodian stated her supervisor worked at the Pinellas County Justice Center (PCJC). The PCJC is located approximately 10 miles away from the Law Library which is located at the Old County Courthouse. The primary custodian stated she was the only employee staffed at the Law Library, and the Change Fund was not counted each day at the start of business or during closing. The primary custodian counted the Change Fund monthly and had another Sixth Judicial Circuit employee verify the count before

depositing the funds in excess of the \$200 authorized amount at the bank. The primary custodian maintained a Pinellas County BCC transaction log which detailed the transaction code, fund, center, account, debit amount, credit amount, and description of the deposits to be made at month's end. The primary custodian and verifier both signed the log.

During a phone call with the primary custodian's supervisor on September 8, 2021, the supervisor stated the responsibility of verifying the fund deposit and counting the fund was delegated monthly to other Sixth Judicial Circuit employees who worked in the Old County Courthouse. Also, the supervisor stated she would discuss with the Law Library Board of Trustees the option of having a Clerk's Office department collaborate with the primary custodian to handle the responsibilities of the Change Fund. At the Law Library Board of Trustees meeting on September 15, 2021, the Law Library Board of Trustees postponed making decisions regarding the preliminary recommendations of this audit until a later date.

The Law Library Change Fund primary custodian's supervisor worked at a different location approximately 10 miles away from the Law Library. Lack of supervisory review creates non-compliance with the Finance Division Petty Cash and Change Fund Policy and Procedures manual and increases the risk for improper use of funds.

### **We Recommend Management:**

- A. Develop an agreement with the Finance Division that would allow the Law Library to make bank deposits once monthly and would allow another Sixth Judicial Circuit employee or a Clerk's Office employee to handle the supervisory responsibilities of the Change Fund in collaboration with the primary custodian.
- B. In conjunction with recommendation A, keep a separate cash box or cash bag in the locked drawer to store funds received daily from computer printout and fax service sales, as well as any funds collected from the cash-operated copy machines, to keep those funds separate from the Change Fund and maintain the Change Fund at its approved balance until the monthly deposit is made.

### **2. Management Did Not Enforce Dual Access To The Change Fund In The Morning and Evening.**

During our unannounced audit of the Law Library Change Fund on August 25, 2021, the primary custodian stated she accessed the Change Fund alone during opening and closing. Therefore, management did not enforce dual access to the Change Fund during opening and closing. The Law Library had an authorized Change Fund amount of \$200. The \$200 Change Fund was stored behind the primary custodian's desk in a locked drawer in a locked cash box. The primary custodian accessed the Change Fund as needed to collect for printouts from the computers, fax services, and to make change for larger bills for cash-operated copy machines located in the Law Library.

The Law Library Change Fund alternate custodian did not work in the Law Library. The Law Library Change Fund primary custodian was the only employee staffed in the Law Library. Without dual access, there is a greater risk for misappropriation of funds and a lack of accountability for a discrepancy in the amount of the funds.

Best practices and internal controls specify dual access should be performed each time the funds are accessed during opening and closing. Dual access entails two individuals, at least one being a Change Fund custodian, being together each time the Change Fund is accessed during opening and closing.

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."*

**We Recommend Management** require two employees, one or both being a Change Fund custodian, access the Change Fund during opening and closing. This standard is in accordance with best practices and the Finance Division Petty Cash and Change Fund Policy and Procedures manual statement on the responsibility for funds.

### **3. The Change Fund Was Not Counted Twice Daily During Opening and Closing.**

The Change Fund primary custodian did not count the Change Fund twice daily in the morning and evening. The Sixth Judicial Circuit created the Pinellas County Law Library Clearwater Policy and Procedure Manual to provide internal operating procedures for the Law Library. The Law Library's Change Fund primary custodian adhered to the Pinellas County Law Library Clearwater Policy and Procedure Manual which did not require the Change Fund custodians to count the Change Fund twice daily and required that deposits be performed monthly. The supervisor to the primary custodian stated she was not overly familiar with the Finance Division Petty Cash and Change Fund Policy and Procedures manual, but she knew how to find the information.

The Change Fund primary custodian worked alone in the Law Library. As noted in Finding #4, the alternate custodian was not involved in any tasks related to the Change Fund. Therefore, there was no dual control for verification of the Change Fund balance as described in Finding #2. During our unannounced audit of the Law Library Change Fund on August 25, 2021, the primary custodian stated the procedure was to count the \$200 Change Fund once at the end of the month with an additional Sixth Judicial Circuit employee before depositing the funds in excess of the authorized amount.

The Pinellas County Law Library Clearwater Policy and Procedure Manual did not require the Change Fund custodians to count the Change Fund twice daily. The Change Fund primary custodian, who was also the librarian, was the only Sixth Judicial Circuit employee assigned to work in the Law Library. The Change Fund primary custodian was unaware of the Finance Division Petty Cash and Change Fund Policy and Procedures to

count the Change Fund in the morning and evening. The Finance Division confirmed to us the Finance Division Petty Cash and Change Fund Policy and Procedures manual supersedes the Pinellas County Law Library Clearwater Policy and Procedure Manual regarding cash handling procedures.

Not counting the Change Fund twice daily creates non-compliance with the Finance Division Petty Cash and Change Fund Policy and Procedures manual and increases the risk for improper use of funds.

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

*“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.”*

**We Recommend Management** require the primary custodian and a second individual, who could be another Sixth Judicial Circuit employee or a Clerk’s Office employee, count the Law Library Change Fund daily during opening and closing to comply with the Finance Division Petty Cash and Change Fund Policy and Procedures manual and internal control best practices.

#### **4. The Change Fund Alternate Custodian Did Not Have Access To The Change Fund.**

The Change Fund alternate custodian did not have keys to the Change Fund cash box or the drawer that secured the cash box and was not involved in counting or performing any custodial duties. According to the primary custodian, she maintained possession of the keys to the drawer and the Change Fund cash box during business and non-business hours. During our unannounced audit of the Law Library Change Fund on August 25, 2021, the primary custodian stated the alternate custodian's office was in the Old County Courthouse. The alternate custodian's job responsibilities within the Sixth Judicial Circuit Court Technology Office entailed him traveling around the County daily. Therefore, the alternate custodian was rarely in his office or the Law Library in the Old County Courthouse and did not perform any custodial duties with the Change Fund.

The Change Fund alternate custodian was also accountable for the funds. Not allowing the alternate custodian access to the Change Fund prevents the alternate Change Fund custodian from safeguarding the fund. The primary custodian, also known as the librarian, is the only employee who works in the Law Library. When the primary custodian is out of office, the Change Fund is not accessible to the alternate custodian or any other Sixth Judicial Circuit employee. Also, when the primary custodian is out of office, citizens are restricted from using the Law Library's computer printing and faxing services.

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."*

According to Finance Division management, it is not a requirement to have an alternate custodian. Regarding making changes to the fund custodians, 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."*

**We Recommend Management** complete and submit the "REQUEST FOR PETTY CASH/CHANGE FUND" form to the Chief Deputy Director of Finance to remove the Change Fund alternate custodian.

We appreciate your staff's corporation during this audit.

## Management Response



State of Florida  
Sixth Judicial Circuit of Florida

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ANTHONY RONDOLINO  
CHIEF JUDGE

CINDY HERRINGTON  
JUDICIAL ASSISTANT

November 9, 2021

Melissa Dondero, Inspector General/Chief Audit Executive  
Division of Inspector General, Clerk of the Circuit Court and Comptroller  
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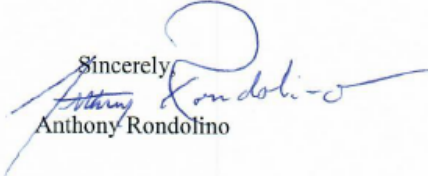
Dear Ms. Dondero,

I am in receipt of your draft report from the unannounced audit of the Pinellas Law Library ("Library") that occurred on August 25, 2021. After review of the report, it was evident that certain internal controls, safeguards and practices had not been followed. Fortunately, there were no missing funds and the balance actually exceeded the daily approved amount by \$27.35 so the deficiencies were procedural rather than monetary. However, the audit does identify numerous issues and it appears significant procedural modifications are appropriate if the library continues to keep petty cash on hand.

I intend to recommend to the Law Library Board of Trustees ("Trustees") that they divest the library of its petty cash fund. The recommended actions in your report would require operational changes that are disproportionate to the need for maintaining a petty cash fund. The fund was in use for many years primarily as a convenience related to copying machine charges. Now modern equipment essentially eliminates the need for this service.

The next scheduled meeting of the Trustees is November 17, 2021. I anticipate that the Trustees will close out the fund at that time, after which, the findings and recommendations in the report will be moot.

Thank you for the opportunity to review your report.

Sincerely,  
  
Anthony Rondolino

cc: Honorable George Jirotko, Chair, Law Library Board of Trustees  
Honorable Ken Burke, CPA, Clerk of the Circuit Court and Comptroller  
Robyn Atkinson, CIGA, CIGI, CECFE, Inspector General I  
Gay Inskeep, Trial Courts Administrator  
Michelle Ardabili, Chief Deputy Courts Administrator  
Michelle Howard, Law Library Director  
Teresa Del Rio, Executive Director, Court and Operational Services Division  
Jeanette Phillips, Chief Deputy Director, Finance Division