

2. REPORTS TO BE RECEIVED FOR FILING:

- a. Division of Inspector General, Audit Services, Clerk of the Circuit Court and Comptroller, Report No. 2013-34 dated November 7, 2013 – Audit of Pinellas County BCC Cellular Phone Stipend Program.
- b. Dock Fee Report for the month of October 2013.



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

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TO: The Honorable Chairman and Members
of the Board of County Commissioners

FROM: Hector Collazo, Jr., Director/Inspector General 
Division of Inspector General

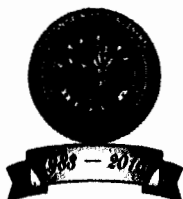
SUBJECT: Audit of Pinellas County Board of County Commissioners'
Cellular Phone Stipend Program

DATE: November 7, 2013

For your review and filing in the Official Records, I am enclosing a copy of the report dated November 7, 2013 on the above-referenced audit.

I hope you find this report helpful in ensuring Pinellas County government provides the best possible service to our citizens.

cc: Martin Rose, Executive Director, BTS
Jim Russell, Interim Executive Director, BTS
Robert LaSala, County Administrator
Mark Woodard, Assistant County Administrator
Ray Dilley, BTS Senior Manager
Jim Bennett, County Attorney
Claretha N. Harris, Chief Deputy Director, Finance Division
Crowe Horwath



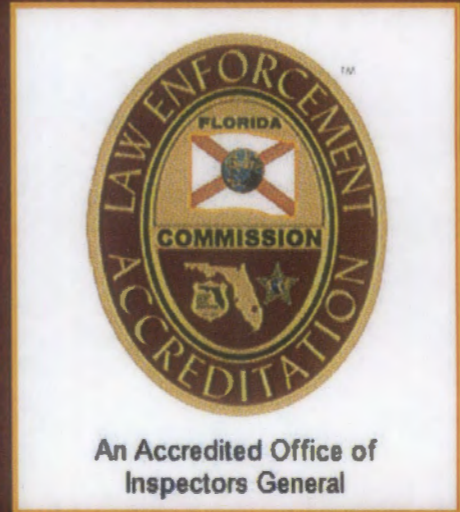
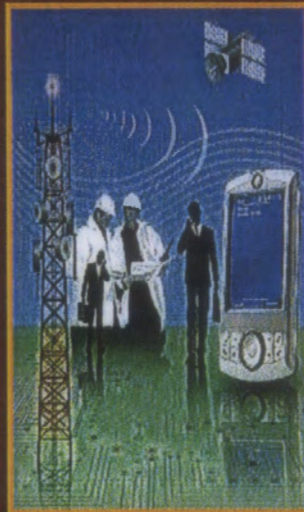
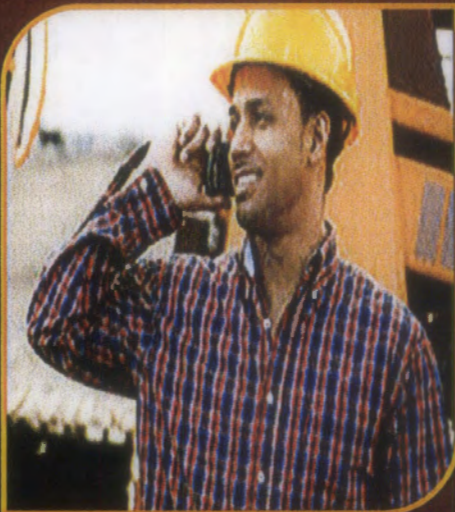


DIVISION OF INSPECTOR GENERAL

KEN BURKE, CPA

**CLERK OF THE CIRCUIT COURT AND COMPTROLLER
PINELLAS COUNTY, FLORIDA**

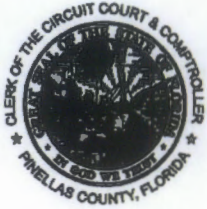
AUDIT OF PINELLAS COUNTY BCC CELLULAR PHONE STIPEND PROGRAM



**Hector Collazo, Jr., Director
Inspector General/Chief Audit Executive**

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Ken Green, CIGA – Inspector General Audit Manager
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**NOVEMBER 7, 2013
REPORT NO. 2013-34**



Ken Burke, CPA

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PINELLAS COUNTY, FLORIDA

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November 7, 2013

The Honorable Chairman and Members of the Board of County Commissioners

We have conducted an audit of the Pinellas County Board of County Commissioners' Cellular Phone Stipend Program. Our audit objectives were to:

- Determine compliance with the Board of County Commissioners' (BCC) policies and procedures for administering the Cellular Phone Stipend Program.
- Determine adequacy of internal controls over the processing of Cellular Phone Stipend Authorization Forms.

We conclude that Business Technology Services (BTS) complies with the policies and procedures for administering the Cellular Phone Stipend Program, except for the policy requiring the annual certifications of cellular phone stipend recipients' eligibility to continue to receive the stipends. Controls could be improved by establishing written procedures and performing annual certifications to ensure employees receiving stipends are still certified by the department head and County Administrator (or designee) that the employee has a business need for the stipend.

Opportunities for Improvement are presented in this report.

We appreciate the cooperation shown by the staff of BTS and the Clerk's Finance Payroll Department during the course of this review. We commend management for their responses to our recommendations.

Respectfully Submitted,

Hector Collazo, Jr., Director/Inspector General
Division of Inspector General

Approved:

Ken Burke, CPA*
Clerk of the Circuit Court and Comptroller
Ex Officio County Auditor

*Regulated by the State of Florida



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INTRODUCTION

Synopsis

Business Technology Services (BTS) generally complies with the policies and procedures for administering the Pinellas County Board of County Commissioners' (BCC) Cellular Phone Stipend Program, and internal controls over the processing of initial Cellular Phone Stipend Authorization Forms are adequate. However, the Annual Certification of the cellular phone stipend recipients' eligibility to continue to receive the stipends is not in compliance with the requirements of the Cellular Phone Stipend Program.

Scope and Methodology

We conducted an audit of the process used by BTS to administer the program to award cellular phone stipends to Pinellas County Board of County Commissioners' (BCC) employees. Our audit scope included an evaluation of internal controls over this process.

To meet the objectives of the audit, we interviewed department staff and management and reviewed supporting documentation to obtain an understanding of the process and the related policies and procedures, as well as the internal controls. We tested, on a sample basis, supporting documentation in BTS files regarding the award of cellular phone stipends.

The objectives of the audit were to:

1. Determine compliance with Board of County Commissioners' (BCC) policies and procedures for administering the Cellular Phone Stipend Program.
2. Determine adequacy of internal controls over the processing of Cellular Phone Stipend Authorization Forms.

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 audit period was January 1, 2011 through December 31, 2012. However, transactions and processes reviewed were not limited by the audit period.

Overall Conclusion

We conclude that BTS complies with policies and procedures for administering the Pinellas County Board of County Commissioners' (BCC) Cellular Phone Stipend Program, except for the policy requiring annual certifications. Internal controls over the processing of Cellular Phone Stipend Authorization Forms are adequate. Controls could be improved by establishing written procedures and performing annual certifications to ensure employees receiving stipends are still certified by the department head and County Administrator (or designee) that the employee has a business need for the stipend.

Action Plan

FINDING NO.	FINDING (CAPTION) RECOMMENDATIONS	MANAGEMENT RESPONSES			IMPLEMENTATION STATUS	
		Concur	Partially Concur	Do Not Concur	In Progress	Planned
1	Annual Certification Of Cellular Phone Stipends Is Not In Compliance With The Policy.					
	<p>We recommend BTS Management:</p> <ol style="list-style-type: none"> 1) Establish written procedures and perform an annual certification to ensure employees receiving stipends are certified by the department head and approved by the County Administrator (or designee) that the employee has a business need for the wireless device. 2) Maintain written documentation of this annual certification to show compliance with the written Stipend Program Policy. 	✓			✓	

Background

The County established the Board of County Commissioners (BCC) Cellular Phone Stipend Program in January 2011 after developing the Cellular Phone Stipend Policy in November 2010. The administration and management of the program is the responsibility of Business Technology Services (BTS), subject to the oversight, reviews, and approvals of Appointing Authorities adopting the policy, including entitlement to the stipend. BCC Department Directors determine which employees will be approved to receive the cellular phone stipend allowance. Administration and management of the program by BTS includes approving and updating the Smart Phone Compatibility document, managing connectivity of the smart phones to the county's email system, reviewing and making recommendations relating to the policy, and providing all other services set forth in the policy.

The Cellular Phone Stipend Program is designed to provide a taxable allowance to reimburse employees for their business use of the wireless device. Employees are responsible for monthly service charges and maintenance of their plan and related phone equipment and accessories. The stipend will not fund the cost or replacement of the device, and is not intended to pay for the entire monthly bill, because the wireless device will also be available for personal use. All administrative costs and technical support will be the responsibility of the employee and their wireless service provider.

Previously, the County provided numerous cellular phones, smart phones, and pagers to employees in departments, agencies, and operations under the BCC at a significant annual cost. BTS contacted vendors, placed orders, set up plans, paid the bills monthly, and provided technical support, including support required by the vendor. Many departments had a phone coordinator handling the billing, purchasing, and coordination of wireless service. BTS had staff dedicated to providing technical support for the wireless devices, storing spare equipment, and maintaining constant contact with vendors. In an effort to reduce operating costs, the County discontinued the provision of cellular phones, smart phones, and pagers to most employees for business use and implemented the stipend program. A benefit of implementing the stipend program was that a portion of the County's administrative costs tied to these devices would be eliminated, because the technical support of the devices would become the responsibility of the wireless provider(s), with little loss of business communication efficiency and effectiveness. The County/BTS would no longer be involved in the acquisition process and the majority of technical support, and as a result, the administrative and technical costs would be reduced.

All BCC department employees are eligible to participate in this program, depending on their department's decision as to business need. Other agencies, such as the Tax Collector, Property Appraiser, and Supervisor of Elections, may choose to participate or opt out. If they choose to participate, they will be responsible for administering the policy, designating stipend amounts, business need, devices, and processing the paperwork for enrollment. At this point in time, State agencies are not eligible to participate in the stipend. State agencies include the Public Defender, State Attorney, and Court Administration. Also, the Clerk of the Circuit Court

Audit of Pinellas County BCC Cellular Phone Stipend Program

and Comptroller has chosen to opt out of participating in this program. As of January 2013, there are approximately 545 employees receiving a cellular phone stipend under this program.

BTS has developed an intranet web page that contains all of the documents, forms, and frequently asked questions regarding the cellular phone stipend, as follows:

<http://inraweb.co.pinellas.fl.us/bts/cell-phone-stipend/default.htm>

OPPORTUNITIES FOR IMPROVEMENT

Our audit disclosed certain policies, procedures, and practices that could be improved. Our audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. Accordingly, the Opportunities for Improvement presented in this report may not be all-inclusive of areas where improvement may be needed.

1. Annual Certification Of Cellular Phone Stipends Is Not In Compliance With The Policy.

The County's BTS Department is not in compliance with the Cellular Phone Stipend Policy regarding their annual certification of the cellular phone stipend recipients' (recipient) eligibility to receive the stipend. The policy calls for BTS certification of eligibility annually by the recipients' department heads, and then approval by the County Administrator or designee. Instead, we determined that the Clerk's Finance Division Payroll Department (Payroll) has performed two confirmations in October 2012 and March 2013 with the recipients' supervisors and BTS for any changes to the stipends, but the recipients are not being certified by the recipient's department head and approved by the County Administrator (or designee) annually..

The BTS representative for the Cellular Phone Stipend Program indicated that the first recertification (verification) process was done by Payroll via email in October 2012 (18 months after the program was initiated in February 2011) to the employee's supervisor to confirm the recipient is entitled to the stipend and whether the employee still works for the supervisor. The BTS representative stated she was copied on all emails from Payroll for any names that needed changes in status (in emails from supervisors) and made contact to complete any necessary forms. The BTS representative indicated she requested Payroll to send the list of current cellular phone stipend recipients every six months for the BTS representative to compare any difference with payroll records to the BTS list. The BTS representative stated there are no procedures other than the standard forms and what is in the policy. Thus, BTS has no written procedures for the annual certification process required by the Cellular Phone Stipend Policy.

We met with Payroll management to determine their role in the process and whether it addressed the annual certification requirement for the BTS stipend policy. Payroll decided to be proactive on keeping stipends up to date due to personnel changes and started a quarterly confirmation process via email with the applicable supervisor of employees with stipends, and directed that answers be sent to the BTS representative for processing. Payroll does not make any changes to Payroll records until they receive an email from the BTS representative stating what changes/additions/deletions are to be made, as BTS is responsible for obtaining the necessary evidence of approvals for stipends (unless an employee is otherwise terminated from employment). Payroll has written procedures regarding their quarterly confirmation process of cellular phone stipends. They performed their first confirmation in October 2012 and the next process in March 2013. They plan to do it quarterly going forward. Payroll also stated

that if they receive an email response from the supervisor with changes needed, Payroll will forward the email to the BTS representative to perform the necessary procedures since BTS is responsible for the program.

BTS management has not implemented procedures to comply with the Cellular Phone Stipend Program Policy regarding the annual certification of recipients' eligibility by their department heads, and approval by the County Administrator or designee.

BTS is not in compliance with the Cellular Phone Stipend Program Policy regarding annual certification for the stipend recipient by the department head and approval by the County Administrator or designee. Although we did not note any employees receiving any stipends while ineligible, there is the risk that some employees may be receiving a cellular phone stipend that no longer have an approved business need for the wireless device.

The Cellular Phone Stipend Program Policy, paragraph 4 on eligibility, states criteria to qualify for the stipend. The paragraph states the employee must have a business need for the wireless device based on the criteria listed in the paragraph as certified annually by the department head and approved by the County Administrator or designee. Paragraph 3, Management of the policy, states that the administration and management of the program shall be the responsibility of BTS, unless otherwise provided herein.

We recommend BTS Management:

- A. Establish written procedures and perform an annual certification to ensure employees receiving stipends are certified by the department head and approved by the County Administrator (or designee) that the employee has a business need for the wireless device.
- B. Maintain written documentation of this annual certification to show compliance with the written Stipend Program Policy.

Management Response:

BTS agrees with the findings and recommendation of the audit with the following exception/clarification.

Section 4.1.1 of the Cell Phone Stipend policy states, "The employee must have a business need for the wireless device based on the following criteria as certified annually by their department head and approved by the County Administrator or designee." The policy:

- Was designed to recognize BTS's role as a service provider with no authority over recipients.
- Clearly allows for delegation of certification and recertification.
- **Does not** require the recertification to go to BTS, Finance, or be recorded.

The understanding upon writing the policy was that users would reach their one year anniversary in the program at different intervals, and the requirement was that BCC managers would recertify users, making any required changes through BTS and Finance. Therefore, compliance with the recertification occurs within each BCC organization and the audit report gives no indication that compliance was, or was not, confirmed at the department level.

BTS has no authority to enforce actions pertaining to this policy within the BCC. BTS is only offering to track responses going forward as departments comply with the policy, and even that has risk. Because BTS exists only at the pleasure of our customers, including the BCC, there is a substantial conflict of interest anytime that BTS is expected to police, enforce, or even report on our user's compliance with one of their Department's policies.

Action Plan:

BTS maintains that centralized tracking of recertification is beyond both the letter and spirit of the policy, but agrees centralized tracking has benefit. BTS is therefore, willing to participate as that tracking agent, but is not and cannot be responsible for the recertification of users. That responsibility must reside with those who have authoritative roles, not service provider roles.

Recertification steps:

1. During the first week of February each year, **BTS** will notify the managers of stipend recipients and Clerk Finance that it is time for the annual recertification.
 - a. Message will convey that failure to do so by the deadline will result in ineligibility, and per their Department's policy, Finance will only continue payouts for those who are recertified.
 - b. The original certification form does not have to be resubmitted. That manager's written acknowledgment via email that the recipients still meet the requirements is sufficient.
2. **BTS** will send at least one reminder prior to the deadline reiterating that, per their Department's policy, Finance will only continue payouts for those that are recertified.
3. Upon the deadline, BTS and Finance mutually agree on the list of recipients that have been certified by their managers as eligible.
4. **Finance** terminates payment for those not recertified.
5. **BTS** retains a record of responses pertaining to recertification.

Inspector General (IG) Comments:

The BCC Cellular Phone Stipend Program Policy, Section 3.0, states that the administration and management of the program shall be the responsibility of BTS, unless otherwise provided herein. It states that administration and management shall include approving and updating the Smart Phone Compatibility document, managing connectivity of the smart phones to the County's email system, reviewing and making recommendations relating to the policy, and providing all other services as set out in this policy. It also states that the policy will be reviewed on at least an annual basis by BTS. Section 4.1 of the policy states the annual certification approvals required.

IG is recommending that BTS accept responsibility to perform a centralized monitoring and oversight function for the initial and annual certification of business needs for the stipend.



DIVISION OF INSPECTOR GENERAL

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