

Clerk of the Circuit Court and Comptroller
Regular Public Meeting
June 23, 2015

2. Reports received for filing:

- a. Reports of Expenses Incurred Under Incentives, Awards, and Recruitment Ordinance No. 07-26 for the quarters ended June 30, 2014, September 30, 2014, and December 31, 2014.
- b. Pinellas County Quarterly Donation Listings of \$500 or More for the periods ended September 30, 2014, December 31, 2014, and March 31, 2015.
- c. Quarterly Investment Report for the Period Ended December 31, 2014.
- d. Division of Inspector General, Clerk of the Circuit Court and Comptroller, Report No. 2015-09 dated May 28, 2015 – Follow-Up Audit of Pinellas County BCC Cellular Phone Stipend Program.
- e. Division of Inspector General, Clerk of the Circuit Court and Comptroller, Report No. 2015-10 dated May 28, 2015 – Audit of Real Estate Management Warehouse Inventory Controls.



DIVISION OF INSPECTOR GENERAL

KEN BURKE, CPA

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

FOLLOW-UP AUDIT OF PINELLAS COUNTY BCC CELLULAR PHONE STIPEND PROGRAM



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

**Audit Team
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Greg McCullough, CPA, CIA, CFE, CIGA, CIGI – Inspector General Auditor III**

**MAY 28, 2015
REPORT NO. 2015-09**



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

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May 28, 2015

The Honorable Chairman and Members of the Board of County Commissioners

We have conducted a Follow-Up Audit of the Pinellas County Board of County Commissioners (BCC) Cellular Phone Stipend Program. The objective of our review was to determine the implementation status of our previous recommendations.

Of the two recommendations contained in the audit report, we determined that both have been implemented. The status of each recommendation is presented in this follow-up review.

We appreciate the cooperation shown by the staff of Business Technology Services during the course of this review.

Respectfully Submitted,

Hector Collazo Jr.
Inspector General/Chief Audit Executive

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

Scope and Methodology

We conducted a follow-up audit of the Pinellas County Board of County Commissioners (BCC) Cellular Phone Stipend Program. The purpose of our follow-up review is to determine the status of previous recommendations for improvement.

The purpose of the original audit was 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.

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 process 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 months of January through March of 2015. The original audit period was January 1, 2011 through December 31, 2012. However, transactions and processes reviewed were not limited by the audit period.

Overall Conclusion

Of the two recommendations in the report, we determined that both were implemented. We commend management for implementation of these recommendations.

Status

OFI NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS				
		Implemented	Acceptable Alternative	Partially Implemented	Not Implemented	No Longer Applicable
1	Annual Certification Of Cellular Phone Stipends Is Not In Compliance With The Policy.					
	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.	✓				

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

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://intraweb.co.pinellas.fl.us/bts/cell-phone-stipend/default.htm>

STATUS OF RECOMMENDATIONS

This section reports our follow-up on actions taken by management on the Recommendations for Improvement in our original audit of the Pinellas County BCC Cellular Phone Stipend Program. The recommendations contained herein are those of the original audit, followed by the current status of the recommendations.

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

The County's Business Technology Services (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 Recommended 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.

Status:

- A. **Implemented.** Management has now established written procedures, including the required steps to annually recertify participants.
- B. **Implemented.** Management has maintained documentation of the annual certification process they followed.



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