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THE CLERK OF THE CIRCUIT COURT AND COMPTROLLER  
SEMINOLE COUNTY FLORIDA**

**LIMITED REVIEW  
OF  
BOARD OF COUNTY COMMISSIONERS  
UNIFORM ALLOWANCE PROCEDURES  
Report No. 011416**



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Seminole County, Florida

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**SEMINOLE COUNTY**

**LIMITED REVIEW OF**

**UNIFORM ALLOWANCE PROCEDURES**

**PURPOSE**

The purpose of the review is to determine compliance with the County Manager Policy, department policies, and other applicable state, local, and federal regulations.

**BACKGROUND**

Section 10 of the County Manager Policy Manual was the basis of this review. The policy was published to allocate an appropriate: (1) type; and, (2) quantity of clothing and /or uniforms to each employee.

This is to maintain a professional image to the public, and, to keep a tight rein on staff from purchasing non-essential items.

Section 10 states:

*“Uniform/Clothing assignments are categorized by the employee’s primary duties and defined by the following:*

*Field and Operational personnel are defined as employees whose primary assignments are located outside of an office environment. Authorized purchases, unless otherwise authorized by the County Manager, include five (5) sets of uniform shirts and five (5) pairs of pants (long or short), ball cap and inclement weather jacket . If safety equipment is required, then safety equipment shall be issued including safety shoes (\$125 maximum), harness, vest, hard hat, basic prescription safety glasses, and non-prescription safety glasses. Replacement uniforms and equipment are issued on an as needed basis with approval of the department director.*

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*All clothing described above must be selected from pre-approved vendor catalogues maintained by the Purchasing division.”*

In addition, we noted the Department of Public Safety follows their own policy. Their policy, EMS/Fire/Rescue Policy (#6003), provides for the following:

*“Members will be allotted a maximum uniform account dollar allowance established each year in the annual budget process. “Year” refers to the fiscal year, which begins on October 01 and ends 12 months later on the last day of September. No member shall exceed \$400 in total uniform purchases per fiscal year. This dollar amount is subject to budget availability and is inclusive of apparel, footwear, alteration and repair. The maximum allowable for safety shoe purchase will be \$125 annually. Annual purchase amounts will be tracked by the vendor. Allowances above the dollar amount may be approved at the Assistant Chief level when circumstances are determined to show the need.”*

The differences in the two policies will be discussed in more detail in the report that follows.

## **SCOPE OF WORK**

The scope included an assessment of the internal administrative controls; and, the accounting of clothing issued to county employees for the period October 1, 2012 through March 30, 2014 were also subject to this review. The following was included:

- County manager policy and department procedures;
- The process used by departments for the ordering, issuing, and accounting of uniforms issued; and,
- Reporting of employee clothing issues.

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## OVERALL EVALUATION

The County Manager Office Policy provides a very general definition of the clothing allowances for both field and operational employees. Each covered employee is allowed the following:

- Five (5) sets of uniform shirts;
- Five (5) pairs of pants (long and short);
- Ball Cap; and,
- Inclement weather jacket

The policy also states that “replacement uniforms and equipment are issued on an as needed basis with approval of department director”.

In contrast, the Public Safety policy provides an annual clothing allowance of up to \$400 for each employee. Additional clothing over and above the \$400 allowance requires an Assistant Chief approval. For clarity, the inconsistency between the two policies should be addressed in the County Manager policy.

Without a County Manager Policy that is all-embracing, the managerial controls are not adequate and not effective; and, this results in non-compliance with the purpose of the County Manager policy. Each division is responsible for compliance with the Manager’s policy.

The following conditions require management attention:

- County Manager Policy is not sufficient;
- Some employees have exceeded the allowances in the policy;
- Sales receipts do not agree to invoices; and,
- Some issues of clothing may or may not be considered taxable to the employee.

These issues are addressed in the following report.

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## FINDINGS AND RECOMMENDATIONS

### FINDING NO. 1

*County Manager Policy is not sufficient.*

The BCC has established three tiers (i.e. hierarchy) of administrative rules, policies and procedures:

- Administrative Code (Tier 1) – adopted by the BCC as required by Section 125.87, Florida Statute. This establishes the responsibility of the county government.
- County Manager Policy (Tier 2) – policies adopted by the County Manager for his/her staff to follow.
- Department Policy (Tier 3) – policies approved by department director of the operating practices within the department.

As part of the policy hierarchy, the Administrative Code supersedes Manager Policy; and Manager Policy is over the department policy.

With this being said, EMS/Fire/Rescue Policy (#6003) is not consistent with the County Manager Policy. The Manager Policy limits staff to: Five (5) sets of uniform shirts; five (5) pairs of pants (long and short); a ball cap; and, inclement weather jacket. It also allows a one-time shoe allowance of \$125.

In comparison, The EMS/Fire Rescue Policy provides a \$400 annual clothing allowance to be used at the pleasure of the employee; it also provides an annual shoe allowance of \$125 plus additional shoes if necessary. One policy (EMS/Fire/Rescue) allows each employee an annual allowance; the other policy (County Manager) indicates a one-time provision. Additional uniforms are only permitted, as needed, with department director approval.

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Allowing fire fighter employees to order their own clothing, at their pleasure, with no restrictions, provides for some questionable purchases. For example, one employee ordered 5 firefighter baseball caps, another ordered 8 pairs of pants/shirts, another 7, and yet another 6. One employee ordered 2 gear bags and another 2 windbreakers. These are just examples of how critical it is to have everyone following a well defined policy.

As difficult as it is for management to track individual clothing purchases, it has a responsibility to control and monitor costs.

We do not take issue that Public Safety has different needs and may require more consideration than other divisions. However, the County Manager Policy should address these differences.

Not having well defined policies provides opportunity for division's to over spend on uniforms and clothing. It also allows departments to get creative with taxpayer money.

### **Recommendation**

Update County Manager Policy to define the clothing allowances; include and define exceptions allowed to the policy.

### **Management Response**

The following is an excerpt from Mr. Bruce McMenemy's May 30<sup>th</sup>, 2014 directive to staff regarding the processing of future receipts of uniforms received by Public Safety staff. Mr. McMenemy's response is an effective plan to establish enhanced management controls over the ordering of uniforms by staff.

"Based upon information provided by Internal Audit, ALL future requests for payment to Plexus (or an vendor providing clothing) will be accompanied by individual receipts provided by the individual purchaser of the clothing item. The receipts shall total and reconcile to the invoice for

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which payment is sought. The Department is still responsible for tracking relative to the \$400 allowance, but County Finance will also be tracking on a test basis.

Without these items, County Finance will return the payment request to the Department.”

## FINDING NO. 2

*Some employees have exceeded the allowances in the policy.*

Public Safety Operating Procedure # 6003 establishes the guidelines for acquisition of uniforms and uniform supplies. It states the following:

***“Members will be allotted a maximum uniform account dollar allowance established each year in the annual budget process. “Year” refers to the fiscal year, which begins on October 01 and ends 12 months later on the last day of September. No member shall exceed \$400 in total uniform purchases per fiscal year. This dollar amount is subject to budget availability and is inclusive of apparel, footwear, alteration and repair. The maximum allowable for safety shoe purchase will be \$125 annually. Annual purchase amounts will be tracked by vendor. Allowances above the dollar amount may be approved at the Assistant Chief level when circumstances are determined to show the need.”***

23 out of 386 (6%) employees had exceeded the \$400 allowance. The cumulative total over the allowed is \$1,523.45 for period October 1, 2012 through September 30, 2013. We did not see any formal approval from the Assistant Chief level as noted above. These approvals should formally be in writing.

From an audit point of view, the Public Safety Policy is much more liberal by only requiring an Assistant Chief approval for clothing above the allowance; the County Manager Policy, on the other hand, requires the approval of the department director. Clearly the intent of the County Manager Policy is to

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have a very tight rein on clothing expenses by having a director involved with the approval process.

Non-compliance with policy adds additional cost to the taxpayer.

## **Recommendation**

1. Effective immediately, Plexus should furnish on a monthly basis a detailed worksheet of all individual orders at Plexus. The worksheet should include: (1) employee name; (2) clothing ordered; (3) cost; and, (4) balance remaining of allowances.
2. Public Safety and/or County Finance should reconcile the worksheet noted above for compliance with policy.
3. Per the Public Safety Policy (#6003), Plexus must secure written approval from Assistant Chief before issuing clothing exceeding the \$400 limit. Copy of written approval should be submitted to County Finance.

## **Management Response**

As noted in the management response in Finding No. 1, the following is an excerpt from Mr. Bruce McMenemy's May 30<sup>th</sup>, 2014 directive to staff regarding the processing of future receipts of uniforms received by Public Safety staff. Mr. McMenemy's response is an effective plan to establish enhanced management controls over the ordering of uniforms by staff.

"Based upon information provided by Internal Audit, ALL future requests for payment to Plexus (or an vendor providing clothing) will be accompanied by individual receipts provided by the individual purchaser of the clothing item. The receipts shall total and reconcile to the invoice for which payment is sought. The Department is still responsible for tracking relative to the \$400 allowance, but County Finance will also be tracking on a test basis.

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Without these items, County Finance will return the payment request to the Department.”

Although this is a good starting point, more has to be accomplished. Specifically, it is absolutely essential that the County Manager’s Office become more pro-active by implementing a formal policy that clearly establishes requirements for the Public Safety personnel.

### **FINDING NO. 3**

#### *Sales receipts do not agree to invoices.*

Public Safety’s internal policy (#6003 Ordering Procedure) allows employees to order directly from the vendor at their website [www.plexusinc.com](http://www.plexusinc.com) or at the store. The policy further assigns responsibility to the vendor to account for all sales orders received from the employees.

As each individual employee order is placed, Plexus records the order and keeps a tally of how much the employee has ordered and the balance it has remaining. County management is only involved if the vendor (Plexus) has any issues with orders.

Plexus uses the sales receipt to account for the orders received. We specifically asked for the sales receipts for the period October 1, 2012 through March 30, 2014 to reconcile the County’s payments with the official orders on file.

For the most part, we were able to reconcile the sales receipts to the packing slips signed off and approved for payment by Public Safety management. However, for the period October 1, 2012 to September 30, 2013, Plexus was not able to provide the sales receipts for many of the orders. We have provided a copy of our worksheet to Public Safety to verifying that the orders were actually received by the employees.

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By not maintaining a complete and accurate record of all sales transactions, there is the possibility of overpayments.

### **Recommendation**

1. Public Safety should submit individual sales receipts to County Finance as additional back up to the invoices and future bills should not be paid without the sales receipts.
2. Public Safety should do a physical count of inventory at Plexus Warehouse and reconcile such inventory with record of issuance before buying new stock.

### **Management Response**

Refer to the Management response to Finding No. 1. The management response is a partial corrective action to the issues identified in the report. Although County management did partially address this issue in Recommendation No. 1, it still needs to complete a physical count of inventory at the Plexus Warehouse and reconcile such inventory with record of issuance before buying new stock.

## FINDING NO. 4

*Public Safety Policy #6003 classifies some clothing as taxable.*

For illustration purposes only, noted below are the clothing items identified on Public Safety Policy #6003 (page 2 of 5) that itemizes the items taxable to the employee.

**Firefighter/Lieutenant Clothing (Taxable)**

Division Logo "T" Shirt  
Division Logo Shorts  
Division Logo Sweat Shirt  
Ball or Beanie Cap  
Job Shirt

**Chief Officer Clothing (Taxable)**

Division Logo "T" Shirt  
Division Logo Shorts  
Division Logo Sweat Shirt  
Ball or Beanie Cap  
Job Shirt

**Specialty Uniform Items (Taxable)**

Special Golf or Polo style shirts  
Special Teams "T" Shirts

Public Safety has not provided any worksheets to County Finance of the items considered taxable per their internal policy.

This issue of whether to consider these benefits as taxable is open for discussion. The US tax code provides the regulations for employee fringe benefits.

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**Per 26 U.S.C 162 and 26CFR 1.62-2:**

In order to be considered non-taxable to the employee, the following conditions must be met:

- The uniforms must be required by the employer;
- The uniforms cannot be adaptable for general use;
- The uniform allowances must qualify as ordinary and necessary business expenses; and,
- Payments made to employees are provided under an accountable plan.

In this scenario, the uniforms are: (1) required by the employer; (2) policy prohibits personnel from wearing the clothing outside of normal business hours; (3) the uniform allowances qualify as ordinary and necessary business expenses; and (4) the county does have an accountable plan.

Also, most of the items considered taxable are of small value (*De minimis*). According to the tax code IRC 132 (e); CFR Reg 1.132-6:

*De minimis* fringe benefits include any property or service, provided by an employer for an employee, the value of which is so small in relation to the frequency with which it is provided, that accounting for it is unreasonable or administratively impracticable. The value of the benefit is determined by the frequency it is provided to each individual employee, or, if this is not administratively practical, by the frequency provided by that employer to the workforce as a whole.

Based on the Public Safety Policy there is approximately \$42,000 in uniforms that could meet the definition. With 352 employees, the average cost is around \$119 per employee. The tax code allows an exemption to employers if the administrative cost is prohibitive.

On the surface, it may not be administratively practical to track the cost of these items and include them in the employee's W-2. However, this is a management issue that should be addressed and documented in the County records.

Complying with the US Treasury guidelines, Seminole County, as the employer, prevents it from fines and penalties.

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## **Recommendation**

To ensure compliance with current tax laws, the county should re-examine the issue of taxability of uniforms under the Public Safety Policy (# 6003). This may require a legal opinion.

## **Management Response**

The Office of the Clerk of the Circuit Court and Comptroller has not received a management response to the issue noted above. We continue to require a more definitive policy that can ensure that the management controls are effective.

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