

MEMORANDUM

To: Karen Collins-Fleming, Director of Environmental Management Department

From: R. B. "Chips" Shore, Clerk of the Circuit Court, County Comptroller and Auditor

Date: December 19, 1997

Subject: Environmental Management Department Follow-Up Audit

The Internal Audit Department has completed a follow-up audit based on the Audit Report of the Environmental Action commission issued on October 5, 1994. The Environmental Action commission was a local, independent environmental agency that transitioned into the Environmental Management Department, a county department, on October 1, 1995. At that time, all of the programs performed under the independent agency were transferred to the Environmental Management Department. The follow-up audit consisted of reviewing corrective actions implemented by the Environmental Management Department for areas where we provided constructive criticism and recommendations. Internal Audit did not perform tests of compliance with these newly implemented controls. We will review compliance during the next regularly scheduled audit of the Environmental Management Department to determine whether the controls are functioning effectively and efficiently in accordance with management's designs and objectives.

Internal Audit found that a portion of the audit concerns from the original audit were eliminated as a result of the Environmental Management Department becoming a county department. In addition, the Environmental Management Department has improved significantly by developing policies and procedures for programs, complying with personnel issues, and updating the Comprehensive Plan to better reflect the responsibilities of the Department. Internal Audit noted, however, that three areas continue to require improvements by the Environmental Management Department. These areas include the following:

1. Environmental Management Department does not have the ability to determine program costs. Internal Audit believes that is essential for the Environmental management Department to know the cost of its programs. Accurate program costs will allow management as well as the Board of County Commissioners to evaluate the cost of maintaining programs with the benefits provided to the taxpayers of Manatee County. In addition, management will be able to determine whether user fees are adequate to cover program costs or whether the county will be required to subsidize a program.

Internal audit recommends the following improvements to assist management in determining program costs:

- a. **Develop a time accounting system that accumulates labor hours by programs.** The Environmental Management Department has implemented a time accounting system that consists of employees manually completing on a weekly basis their daily work activity. The system, however, does not accumulate hours by program; time is accumulated by departmental divisions. In addition, a review of the reports produced indicated problems in the accuracy and completeness of information. Although the current system appears to be inefficient and is not providing useful information to track program costs, adjustments could be made to facilitate the process that would result in the production of meaningful reports.
 - b. **Charge rates for permits that cover the cost of running the program.** Rates charged for well construction permits fall short of covering program expenses. Management is in the process of adopting a new fee schedule that will incorporate changes to well permit fees as well as other fees charged by the Environmental Management Department.
1. Environmental Management Department does not consistently monitor compliance with contracts and standard operating procedures. Internal Audit believes that contract compliance and adherence to standard operating procedures are essential to ensure programs are running efficiently and effectively. In addition, monitoring tools could be developed to ensure report accuracy. Internal Audit identified the following compliance concerns where monitoring improvements are recommended:
 - a. **The Florida Department of Environmental Protection (FDEP) Storage Tank System Compliance Verification Program.** Compliance issues consisted of the following:
 1. The Environmental Management Department issues noncompliance letters but does not always obtain the required documentation on a timely basis.
 2. The facility case file did not always contain a completed Underground Storage Tank Installation and Removal form for Certified Contractors and/or documentation of proper notification by the owner/operator of commencement of closure activities.
 3. A Florida Petroleum Liability Insurance Recovery Program checklist was not completed for all regulated facilities, regardless of insurance status.
 - a. **Ordinance 96-23, The Open Burning Code.** Compliance issues consisted of the following:
 1. **Inconsistencies between the language contained in the Code versus operating procedures regarding when to notify the local fire department. The language in the operational procedures appears more practical and is currently the practice of the department.**
 2. **Permit fees could not always be confirmed to the permit rate schedule due to incomplete information contained in the permit documentation.**
 3. **Justification for permit extensions is not always documented and operating procedures do not include language for permit extensions.**
 - a. **Development Review Comments.** Compliance issues consisted of the following:

1. The Environmental Management Department still does not follow-up on all comments generated on projects reviewed as part of the Development Review Committee. Management has stated that staffing constraints have made it impossible to perform site inspections on all projects that require follow-up. As a result, project selection for inspection is based on the Environmental Management Department's judgement, for which risk factors are taken into consideration. Written standardized procedures for evaluating those factors have not been established. On projects when the Environmental Management Department does perform inspections to follow-up on comments, documentation of the inspections is not made.
1. Controls over cash receipts need strengthening. Internal Audit believes that for any cash environment, tight controls are necessary to ensure that cash is properly collected, recorded and deposited. Internal Audit suggests the controls be strengthened either by implementing a system that accounts for and reconciles all pre-numbered cash receipt forms, centralizing the cash receipt process, or making divisions accountable for their cash receipts. Internal Audit identified the following areas where controls over cash receipts could be improved:
 - a. Employees of the various divisions of Environmental Management Department are responsible for collecting the application fees, completing a cash receipt form and submitting the documentation and the cash to the Fiscal Section who is responsible for preparing the deposit. The Fiscal Section does not ensure that all cash receipts are accounted for.
 - b. Pre-numbered receipts are issued when open burn permit applications are approved, before payment is made. The receipts are completed and given to the permittees when they pay the permit fee. If payment is never made, however, the receipt remains outstanding.

Internal Audit recommends that the Environmental Management Department continue to address the areas that require improvement. By determining program costs, monitoring compliance with contracts and standard operating procedures, and strengthening controls over cash receipts, the Environmental management will function more efficiently and effectively. Another follow-up audit will be required within approximately six month. We would like to thank the Environmental management Department staff and management for their courteous assistance provided to our auditors.

RBS/RJO/MDB

Cc: Board of County Commissioners

Ernie L. Padgett, County Administrator