



**Manatee County**

**Clerk of the Circuit Court and Comptroller**

**R.B. "Chips" Shore**

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## MEMORANDUM

TO: Karen Collins-Fleming, Director of the Environmental Management Department

FROM: R. B. "Chips" Shore, Clerk of the Circuit Court and County Controller

DATE: January 30, 2004, Originally sent January 28, 2004

RE: Follow-up Audit #4 - Revised

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The Internal Audit Department reviewed your responses to the three major outstanding audit issues from the Environment Management Department (thereafter referred as EMD) Follow-up Audit #3 issued on February 22, 2000. Based on our review, it appears that the Department has not made adequate progress in any of these three outstanding areas that would warrant a follow-up audit. It has now been nine years since the original audit and we have not seen any improvement in financial accountability over the Department's operations. The remaining issues demonstrate a lack of good management practice by not providing basic financial information as support for decisions made by top management.

A summary of the outstanding issues is as follow. It is important to note that these three issues have been reported to you in the original audit report dated October 5, 1994 and in three subsequent follow-up audits dated December 19, 1997, November 17, 1998 and February 22, 2000.

1. **Tracking System of Program Costs** – We strongly recommended that EMD maintain and monitor costs by program. The Department's annual funding of approximately \$2.7 million dollars has financial information divided into five general cost centers plus an administration cost center. The Department has approximately twenty distinct programs, including programs that allow user fees to partially reimburse program costs. The Department does not track or monitor costs of individual programs. Without cost accountability by programs:
  - a) the basis for making management decisions, including allocation of resources among programs, appears to be governed by politics and subjective criteria not subject to audit or review by the taxpayers.
  - b) recovery of costs through user fees cannot be accurately determined or set.
  - c) County Management and the Manatee County taxpayers are precluded from cost/benefit analysis of the programs and financial consequences of setting program priorities.
  - d) monitoring of program and personnel productivity and/or annual changes in those costs cannot be monitored.

- 2. Permit Costs for Well Construction/Abandonment** - We recommended adjustments to the rates charged for well construction permits to cover the cost on administrating the program. Florida Statute 373.309 allows fees paid for well construction permits to be based on actual costs incurred by the agency. It was noted that well rates have not changed since the program's inception in the 1980's and in 1994, we estimated that user fees only covered approximately 37% of personnel salaries used in the administration of the program, not including fringe benefits and all other direct and indirect costs associated with the program. Since program costs are not captured separately, user fees for this program are not set in regard to costs expended in providing services for this program.
  
- 3. Wetlands Mitigation Tracking** - We recommended EMD monitor developers' compliance with environmental stipulations established during the planning and construction of residential and commercial land development in Manatee County. Many of these environmental stipulations extend for years after the developmental construction has been completed and often require the developer to self-report compliance. EMD monitors wetland mitigation work for some, but not all, developers and performs site visits and follow-ups for some, but not all, developments in Manatee County. In addition, EMD has not identified and maintained a complete inventory of all development environmental stipulations that require monitoring.

Until such time as there is a change in management's commitment to providing meaningful accountability of the operations of EMD, no further Internal Audit resources will be used in performing follow-up audits in this area. We are disappointed with the lack of basic good financial management tools at the EMD and hope that in the future, accountability for operations will improve sufficiently to allow audit services to resume.

cc: Board of County Commissioners  
Ernie Padgett, County Administrator