

MANATEE COUNTY CLERK OF THE CIRCUIT COURT
INTERNAL AUDIT DEPARTMENT

FINANCIAL MANAGEMENT DEPARTMENT
LANDFILL SCALEHOUSE OPERATIONS SECTION

A U D I T R E P O R T

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MANATEE COUNTY CLERK OF THE CIRCUIT COURT
INTERNAL AUDIT DEPARTMENT

FINANCIAL MANAGEMENT DEPARTMENT
LANDFILL SCALEHOUSE OPERATIONS SECTION
MANUAL BILLING PROCESS

A U D I T R E P O R T

The Internal Audit Department conducted an audit of the Landfill Scalehouse Operations, which is under the Financial Management Department, for the audit period July 1, 2000 through August 31, 2001. The audit was performed in accordance with *Generally Accepted Governmental Auditing Standards* issued by the Comptroller General of the United States; and the *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

BACKGROUND:

The Landfill Scalehouse Operations Section is under the Utilities Customer Service Division of the Financial Management Department. The Landfill Scalehouse Operations Section provides for the weighing of vehicles entering and departing from the landfill, calculation of charges in accordance with the Board approved fee resolutions, issuance of weigh tickets, and the receipts of payments for cash account customers. This section also is required to check landfill decals and the type of solid waste being disposed of by the vehicle operator, for the appropriate calculation of fees and to comply with Manatee County rate requirements.

PURPOSE/OBJECTIVE:

The audit objectives will include, but not be limited to the following:

Determine whether charges for the vehicles disposing of solid waste are in compliance with approved rates and are timely billed.

Determine whether adequate internal controls are in place to deter theft.

Determine whether the procedures in use are adequate for the compliance of local and other regulatory requirements.

Determine the efficiency and effectiveness of operations.

SCOPE:

The scope of the audit included examining evidence supporting that billings and collections of fees and charges were in compliance with Board of County Commissioners' approved resolutions for the period ending August 31, 2001. Controls over cash handling procedures, including accounting for and collection of shortages, and the accuracy of processing and balancing daily weigh tickets were also reviewed.

METHODOLOGY:

Internal control evaluations were accomplished by reviewing key operations of this specified area through discussions with management and staff, observations, and analytical and substantive testing of individual internal controls. Risk analysis was used to establish priorities of audit objectives.

IRREGULARITIES, ABUSE, OR ILLEGAL ACTS:

No indications of irregularities, abuse, or illegal acts were discovered during the audit for the period ending August 31, 2001, in the audit of the Landfill Scalehouse Operations Section.

TEST OF COMPLIANCE:

Internal Audit tested compliance with certain laws and regulations, obtained an understanding of internal controls and assessed control risk. Tests performed were limited to the specific areas included in the Purpose/Objective section of this report and appeared to provide sufficient evidence to support an opinion on compliance and internal controls for the areas tested.

Except as noted in our audit report, tested items were in compliance with ordinances, resolutions, and other policies established by the Landfill Scalehouse Operations Section.

STATEMENT ON INTERNAL CONTROL STRUCTURE:

In planning and performing the audit of the manual billing process under the Landfill Scalehouse Operations Section for the period ending August 31, 2001, the internal control structure was considered in order to determine the auditing procedures for the purpose of this report. As a result, we noted in the audit report matters involving the internal control structure and its operations that are considered reportable conditions under standards established by the U.S. General Accounting Office, *Government Auditing Standards*. Reportable conditions involve matters relating to deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize and report on data consistent with management's intentions.

STATEMENT ON INTERNAL CONTROL STRUCTURE: Continued

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions, as defined above. In addition, because of the inherent limitations in any internal control structure, deficiencies in the design or operation of the internal control structure may exist and not be detected. We believe the conditions identified in our Audit Report constitute reportable conditions as previously defined.

MANAGEMENT TEAM AND MANAGEMENT ACTION PLAN:

A Management Action Plan will be used for each Area Identified for Improvement reported. Management Action Plans are corrective actions with implementation dates developed in cooperation with the Department's Management Team and the Internal Audit Department. The Management Team included the Director of Financial Management and the Utilities Customer Service Administrator of the Landfill Scalehouse Operations Section.

MANAGEMENT SUMMARY:

The Landfill Scalehouse Operations Section has been adequately weighing and creating invoice tickets for both cash and credit customers. In addition, daily receipts are accurately recorded and timely deposited. Overall, the Landfill Scalehouse Operations Section appears to be functioning properly with the exception of the following areas where we believe improvements can be made:

- The Landfill Scalehouse Operations Section is responsible for the maintenance of the scalehouse video camera security system. Repair and/or replacement of the video camera system is needed to assure consistent and adequate video tapes are created and maintained. The Management Team through its Management Action Plan is in the process of repairing and replacing defective units and has agreed to record activity using the four security cameras available.
(See Area for Improvement #1 on page 6.)
- The Landfill Scalehouse Operations Section utilizes software that provides daily balancing of cash and billable transactions. We found that the operators have the ability to modify the computer date of individual transactions. In addition, the transaction report, that can be used to find missing transactions, is not printed in sequential order to allow for an efficient daily reconciliation of the activity. The Management Team through its Management Action Plan has developed procedures to prohibit the scalehouse operators from modifying transaction dates. In addition, Management has changed the software program to print the transaction report in sequential order.
(See Area for Improvement #2 on page 6.)

We appreciate the efforts of the Financial Management Department's management in timely addressing the issues raised during the audit and aggressively seeking solutions to these matters. We believe through the implementation of the Management Action Plans included in this report, controls will be strengthened, improving accountability.

Financial Management Department
Landfill Scalehouse Operations Section
December 11, 2001
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AUDIT REPORT AUTHORIZATION:

This audit report has been reviewed and authorized by:

Richard J. Orienti, CIA, CFE
Director of Internal Audit

R. B. "Chips" Shore
Clerk of the Circuit Court and Comptroller

AREA IDENTIFIED FOR IMPROVEMENT #1

Subject: Scalehouse Video Camera Security System

The Landfill Scalehouse Operations Section is responsible for the maintenance of the scalehouse video camera security system. Tapes are made of the incoming and outgoing vehicle traffic and of the activity within the scalehouse itself using four cameras. Currently only one of the four cameras is being recorded. In addition, the scalehouse personnel have not been able to review tapes due to a defective recorder. Repair and/or replacement of the video camera system is essential to assure consistent and adequate video tapes are created and maintained.

Management Action Plan:

Management is in the process of repairing the video camera system and replacing the recorder. Implementation is expected by December 31, 2001.

AREA IDENTIFIED FOR IMPROVEMENT #2

Subject: Reports from the Scalehouse Computer System

As part of the daily reconciliation process, a transaction report is recreated that accounts for all activity by ticket number for that day. The scalehouse operators have the ability to modify the computer date of a transaction. In addition, the reports reviewed did not have the ticket numbers in numerical sequence. When a transaction date is modified, the transaction would not be included in the daily transaction report and, more importantly, therefore would not be included in the reconciliation of the daily cash. By having the transaction report in numerical sequence, the scalehouse supervisor would be alerted to missing transaction date will help assure all transactions are reconciled to cash.

Management Action Plan:

Management has implemented procedures prohibiting scalehouse operators from modifying transaction dates. In addition, the software vendor has changed the software program to print the transactional report in numerical sequence.

MEMORANDUM

TO: Jim Seuffert, Director of the Financial Management Department

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

DATE: December 11, 2001

RE: Landfill Scalehouse Operations Section

Enclosed is the Internal Audit Report for the Landfill Scalehouse Operations Section as of August 31, 2001. Our Internal Audit Department will perform a follow-up audit of the Areas of Improvement included in this report in approximately six months to verify implementation of Management's Action Plan.

I wish to thank you and your staff for their courteous and professional cooperation with our Internal Auditors throughout the audit. If you have any further questions regarding this report, please feel free to contact Richard Orienti at extension 4170.

RBS/RJO

Enclosures

cc: Manatee County Board of County Commissioners
Ernie Padgett, County Administrator

MEMORANDUM

TO: City Desk Editor, Bradenton Herald
City Desk Editor, Manatee AM
Islander Bystander
Sid Thomas, Editor
WHNZ, Newsroom
Longboat Key Observer (Attn: Shay Sullivan)

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

DATE: December 11, 2001

RE: Announcement of the Release of an Internal Audit Report

My office is releasing today the Internal Audit Report for the Financial Management Department - Landfill Scalehouse Operations Section, which was performed as of August 31, 2001. Copies may be obtained by contacting the Internal Audit Department at (941) 741-4017. Copies of the report can either be mailed or picked up at the County Courthouse room 158.