



Manatee County

R.B. "Chips" Shore

Clerk of the Circuit Court and Comptroller

P.O. Box 25400 • Bradenton, Florida 34206 • (941) 749-1800 • FAX (941) 741-4082 • www.manateeclerk.com

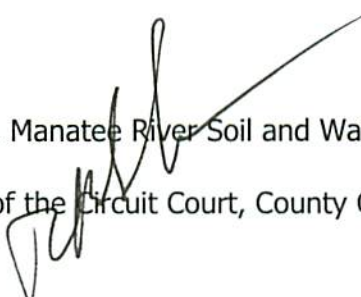
MEMORANDUM

TO: Gary Reeder, District Chair, Manatee River Soil and Water Conservation District

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

DATE: October 15, 2010

RE: Manatee River Soil and Water Conservation District Audit Report



Enclosed is the Internal Audit Report for the Manatee River Soil and Water Conservation District Audit Report as of September 30, 2009. 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 Millie Blevins at 749-1800, extension 4170.

RBS/MDB

Enclosures

"Pride in Service with a Vision to the Future"

Clerk of Circuit and County Court - Clerk of Board of County Commissioners - County Comptroller, Auditor and Recorder

INTERNAL AUDIT DEPARTMENT

AUDIT REPORT

MANATEE RIVER SOIL & WATER CONSERVATION DISTRICT

AS OF SEPTEMBER 30, 2009



MANATEE COUNTY CLERK OF THE CIRCUIT COURT
INTERNAL AUDIT DEPARTMENT

MANATEE RIVER SOIL AND WATER CONSERVATION DISTRICT

A U D I T R E P O R T

TABLE OF CONTENTS

I. INTERNAL AUDIT REPORT

A.	Background; Purpose/Objectives; Scope	2
B.	Methodology; Irregularities, Abuse or Illegal Acts; Test of Compliance; Statement of Internal Control Structure.....	3
C.	Management Team and Management Action Plan	3-4
D.	Management Summary.....	4
E.	Audit Report Authorization.....	5
F.	Areas of Improvement and Management Action Plans.....	6-7

MANATEE COUNTY CLERK OF THE CIRCUIT COURT
INTERNAL AUDIT DEPARTMENT
MANATEE RIVER SOIL AND WATER CONSERVATION DISTRICT AUDIT

A U D I T R E P O R T

The Internal Audit Department conducted an audit of financial controls over the Manatee River Soil and Water Conservation District audit for the period October 1, 2008 through September 30, 2009. 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 Manatee River Soil and Water Conservation District (the "District"), a subdivision of the State of Florida, was formed by the people of Manatee County in 1945, under the provisions of the Florida Soil Conservation Law, Chapter 582 of the Florida Statutes. The purpose of the district is to provide assistance to farmers, ranchers, landowners and other agencies in the prevention of erosion and sediment damage and to provide for the development and utilization of soil and water resources to promote the health, safety and general welfare of the people of the state. The District's operating expenditures are funded directly by Manatee County through the County's accounting system. In addition, the County has designated one of its employees for District operations.

PURPOSE/OBJECTIVES:

The audit objective included determining whether financial controls are effective to ensure proper recording of revenues and expenditures and the efficiency and effectiveness of financial operations. The audit also verified whether an adequate system of internal control exists to ensure the proper segregation of duties and compliance with their policies and procedures over revenues and expenditures.

SCOPE:

The scope of the audit included examining the controls over revenues and expenditures of the District for the period of October 1, 2008 through September 30, 2009. This included the review of account activity and financial transactions. In addition, internal controls were reviewed to ensure efficiency and effectiveness over financial operations.

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 of the Manatee Soil and Water Conservation District for the period ending September 30, 2009.

TEST OF COMPLIANCE:

Tests of compliance were limited to the District's Policies and Procedures over revenues and expenditures, including purchasing. The results of these tests are included in this audit report.

STATEMENT ON INTERNAL CONTROL STRUCTURE:

In planning and performing the audit of the Manatee Soil and Water Conservation District for the twelve months ending September 30, 2009, the internal control structure was considered in order to determine the auditing procedures for the purpose of this report. As a result, we did not note 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 Accountability 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.

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 noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

MANAGEMENT TEAM AND MANAGEMENT ACTION PLAN:

A Management Action Plan will be given for each Area for Improvement. Management Action Plans are corrective actions with implementation dates developed in cooperation with the District's management team and the Internal Audit Department. The management team

included Gary Reeder, District Chair, Manatee River Soil and Water Conservation District; Christa Kirby, Acting Director, Agriculture and Resource Conservation Department; Brenda Rogers, former Director, Agriculture and Resource Conservation Department; and Gail Somodi, Soil Conservation Supervisor, Agriculture and Resource Conservation Department.

MANAGEMENT SUMMARY:

The Soil and Water Conservation District is comprised primarily of volunteers, including the Officers, who provide exceptional service to Manatee County, and their time and dedication is greatly valued. During the fiscal year ending September 30, 2009, the District generated revenues totaling \$4,742 from Soil Tour fees, donations, and interest income. Expenditures consisted of bookkeeping fees, program contributions, awards, and dues totaling \$6,505. The District also receives major contributions from Manatee County through an inter-local agreement. Manatee County directly pays the salary and related benefits of one District employee and also pays for some operating expenses such as postage, computer related expenses, travel expenses to conferences, and use, maintenance and fuel of one County vehicle. In total, Manatee County contributed \$76,985 towards District related expenses.

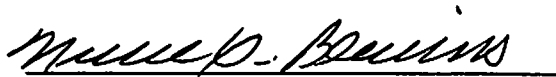
The audit identified the following several areas where financial controls may be improved over its current operations:

- A lack of documentation exists to ensure checks received by the District are deposited timely. The District does not record the date when checks are actually received. In addition, checks are not promptly endorsed when received. The Management Team through its Management Action Plan is in the process of developing cash handling procedures that would include immediately endorsing, copying, and date stamping all checks when received. Furthermore, the District will require that all checks be deposited at least weekly.
(See Area for Improvement #1 at page 6.)
- A lack of segregation of duties appears to exist with the District's paid accountant having the responsibilities of making the District's deposits to the bank and also reconciling the District's bank statements. The Management Team through its Management Action Plan is in the process of reassigning the responsibilities of preparing and making the deposits to someone within the District's office.
(See Area for Improvement #2 at page 6.)
- The District does not have a complete and approved policy and procedures manual. The Management Team through its Management Action Plan is in the process of developing a comprehensive policy and procedures manual.
(See Area for Improvement #5 at page 7.)

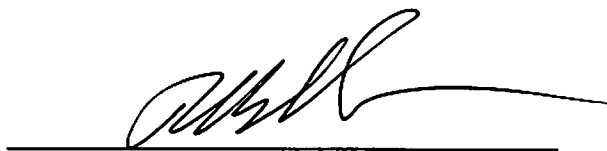
The findings listed in this report were discussed with Gary Reeder, District Chair, Manatee River Soil and Water Conservation District. Other minor findings noted during the audit were discussed and/or corrected during the audit, and were not included in this report. We would like to thank the District's management and staff for the cooperation and courtesy afforded to our auditors throughout the audit. We appreciate the efforts and timeliness in addressing the issues raised during the audit and aggressively seeking solutions to these matters. We look forward to the continued effort on monitoring controls and maintaining accountability over all of their operations.

AUDIT REPORT AUTHORIZATION:

This audit report has been reviewed and authorized by:



Millie Blevins, CPA, CFE
Director of Internal Audit



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

AREA FOR IMPROVEMENT #1.....Deposit Timeliness

A lack of documentation exists to ensure checks received by the District are deposited timely. The District does not currently endorse checks received, a control that could avoid checks from getting deposited into the wrong account. In addition, the District does not record the date when checks are actually received. The majority of these checks are for fees relating to the Soil Tours. While a spreadsheet is maintained with the person's name and the amount of the check, this is primarily used to keep track of who is participating in the tour and is not used as control over the cash.

Using the date the check was issued, it was noted that 18 out of 20 or 90% of the checks were deposited in excess of 7 days after they were written. The average number of days to deposit the check was 18 days, with two checks taking as long as 28 days to deposit.

Management Action Plan: Management is in the process of developing cash handling procedures that would include immediately endorsing, copying, and date stamping all checks when received. Furthermore, the District will require that all checks be deposited at least weekly. Management anticipates having these procedures fully implemented by December 2010.

AREA FOR IMPROVEMENT #2.....Segregation of Duties

The District's paid accountant has assumed the responsibilities of making deposits to the bank for the District and reconciling the bank statements. A lack of segregation of duties appears to exist by having the same person prepare and make the deposits, record the transactions, and reconcile the bank statements. In addition, the current practice of having the accountant make the deposits has contributed to the excessive delays in getting their checks deposited.

Management Action Plan: Management is in the process of reassigning the responsibilities of preparing and making the deposits to someone within the District's office. Management anticipates having these procedures fully implemented by December 2010.

AREA FOR IMPROVEMENT #3.....Policies and Procedures Manual

The District does not have a complete policy and procedures manual designed to reflect current operations. Currently, the District uses the Association of Florida Conservation District Supervisor Handbook. This handbook is a 117-page document and contains provisions that are not all applicable to the District due to the size of their organization. Furthermore, District staff is not familiar with all of its provisions and the document appears to be used more as a reference manual than a document to guide employees' day-to-day operations.

Documented policies and procedures that are available to all employees at all times helps to ensure that the desired controls and methods to complete various tasks are done consistently within the guidelines established by management in an efficient and effective manner. It also serves as a good training reference for new and existing employees. Policies and procedures should be established electronically for broader availability, with at a minimum of an annual review and update by management for any changes that may evolve within the District.

Management Action Plan: Management is in the process of developing a policy and procedures manual for the District. Management expects to have this fully implemented within the next twelve months.