

MANATEE COUNTY CLERK OF THE CIRCUIT COURT

INTERNAL AUDIT DEPARTMENT

PLANNING DEPARTMENT

MANUAL BILLING PROCESS

AUDIT REPORT

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PLANNING DEPARTMENT

MANUAL BILLING PROCESS

A U D I T R E P O R T

The Internal Audit Department conducted an audit of the manual billing process under the Planning Department for the audit period April 1, 1999 through May 31, 2000. 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 Planning Department provides the public, developers, and other planning related concerns with the convenience of billing for planning services. The Planning Department is authorized by resolution to charge for work performed by County employees and to be reimbursed for advertising expenses for public notices. The Planning Department calculates billable charges based upon employee hourly rates for administrative determinations, charges a flat fee for address assignments, and bills reimbursement of the actual cost for advertising public notices. These charges are manually billed to the user, and are monitored by the Planning Department for the timeliness of payments.

PURPOSE/OBJECTIVE:

The audit purpose / objectives included, but were not limited to, the following:

- Determine whether deposits received and other fees paid for the billable charges are accurate, adequately controlled, and deposited timely.

- Determine whether chargeable amounts billed for the administrative determinations, address assignments, and advertising are accurate, authorized, timely billed, and timely collected.

- Determine whether the outstanding balances are aged, collection efforts are performed, and uncollectable balances are approved by the Board of County Commissioners.

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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 May 31, 2000. Controls over cash handling procedures, write-offs of delinquent billings, and the timeliness and accuracy of billing were also reviewed.

METHODOLOGY:

Internal control evaluations were accomplished by flow charting the key operations of this specified area, 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 May 31, 2000 in the audit of the Manual Billing Process.

TEST OF COMPLIANCE:

Internal Audit tested compliance 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 Planning Department relating to the Manual Billing process.

STATEMENT ON INTERNAL CONTROL STRUCTURE:

In planning and performing the audit of the manual billing process under the Planning Department for the period ending May 31, 2000, 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.

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.

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MANAGEMENT TEAM AND MANAGEMENT ACTION PLAN:

A Management Action Plan will be used for each Area of 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 includes the Director of the Planning Department and the Fiscal Management Analyst.

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MANAGEMENT SUMMARY:

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The Planning Department is staffed by dedicated individuals who pride themselves on customer service. Based on the audit performed, it appears the Planning Department has been adequately charging customers for administrative determinations, address listings, and advertising costs and ensuring that these services are meeting the needs of Manatee County customers. The audit identified several areas where improvements can be made; although reportable, these areas are considered relatively minor in relation to the manual billing process of the Planning Department. Except as noted in this report, the Planning Department substantially complies with the following:

1. Manual bills were calculated accurately in compliance with the fee Resolution 93-276;

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2. The employees' chargeable time is billed on a timely basis in compliance with Resolution 93-276 for Administrative Determinations;

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3. Address Listings, Advertising, and /or other charges are billed at the correct Board of County Commissioners' and/or newspaper approved rates; and

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4. All amounts entered as "paid" in the manual log were deposited.

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The manual billing process appears to be functioning properly with the exception of the following areas where we believe improvements can be made:

- The Planning Department manually bills for administrative determinations after services are rendered. Stronger controls are needed to ensure that all administrative determinations are billed. In addition, procedures are needed to ensure the manual log is properly updated upon the collection of payments. The Management Team through its Management Action Plan will present to the Board of County Commissioners an amendment to their fee schedule to include a flat fee that will be collected in advance for administration determinations. **(See Area for Improvement #1 on page 6.)**
- Procedures for the collection of outstanding account balances need to be formalized. Documentation could be improved to ensure the collection efforts are performed prior to the writing-off of customer balances. The Management Team through its Management Action Plan will develop procedures to include the review and documentation of all outstanding accounts every thirty days. In addition, a reduction in the writing-off of customer balances is expected with the implementation of a flat fee that will be collected in advance. **(See Area for Improvement #2 on page 6.)**
- Resolution 93-276 requires applicants to pay the actual cost of advertisements for public notices. The current process requires a tedious, time-consuming recalculation of the actual advertising invoice based on the number of lines of an applicant's advertisement. The Management Team through its Management Action Plan will develop a public hearing fee to be collected in advance to cover the cost for standard advertisements. Additional procedures will be developed for large and unusual advertisements. **(See Area for Improvement #3 on page 7.)**

- The Planning Department's interpretation of Resolution 93-276 regarding rates charged for address assignments on individual residential dwelling units needs to be properly applied to residential apartments. In addition, no authority was found for the waiving of residential address assignment fees of less than five units. The Management Team through its Management Action Plan has provided clarification to staff regarding the charging of residential apartments. In addition, Resolution 93-276 will be amended to include the waiving of the address assignment fees for less than five units. (See Area for Improvement #4 on page 7.)

We appreciate the efforts of the Planning 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. We commend the Planning Department for providing a valuable service to Manatee County residents.

AUDIT REPORT AUTHORIZATION:

This audit report has been reviewed and authorized by:

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Richard J. Orienti, CIA, CFE

R. B. "Chips" Shore

Director of Internal Audit

Clerk of the Circuit Court and Comptroller

AREA FOR IMPROVEMENT #1

Subject: Billings and Collections of Administrative Determinations

The Planning Department manually bills administrative determinations based upon the actual time it takes to complete. Administrative determinations are interpretations or clarifications of permitting or zoning standards as applied to a particular property or development proposal. Although a deposit is collected, the administrative determination fee normally exceeds the deposited amount. The customer is subsequently invoiced the outstanding balance and the information is entered into a manual log. Upon notification of payment, the manual log is updated.

For the audit period April 1, 1999 through April 30, 2000, all of the bills invoiced were accurately calculated in compliance with the Board of County Commissioners' approved fee schedule. It was noted, however, that 7 out of 97 or 7% of the administrative determinations recorded were not billed. It was also noted that 30 instances out of 97 or 33% of the administrative determinations were included in the manual billing log as outstanding balances when the bills had already been paid by the customers.

Management Action Plan:

- Management is in the process of developing a flat fee charge for all administrative determinations. This fee will be collected in advance, eliminating the need for billing and updating of the manual log. Management intends to present this amendment to their fee schedule for Board of County Commissioners' approval by September 30, 2000.

AREA FOR IMPROVEMENT #2

Subject: Collection Efforts on Outstanding Balances

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The Planning Department's Fiscal Section is responsible for collection on all outstanding accounts. At this time, the Fiscal Section has not formalized procedures to ensure adequate and timely collections of Planning Department fees and charges. In addition, documentation was not available to ensure that adequate collection efforts were made on outstanding balances prior to write-offs of customer accounts.

Management Action Plan:

- With the implementation of a flat fee that will be collected in advance, Management anticipates this will substantially reduce the number of outstanding accounts. In addition, Management will develop procedures that will include the review and documentation of all outstanding accounts every thirty days. Implementation is expected by September 30, 2000, upon the Board of County Commissioners' approval of the amended fee schedule.

AREA FOR IMPROVEMENT #3

Subject: Billings and Collections of Advertising Costs

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Resolution 93-276 requires applicants to pay the actual cost of advertisements for public notices. Since this rate is not determinable at time of application, the Planning Department's Agenda Section manually bills the advertising costs after Manatee County pays the actual bill.

For the audit period April 1, 1999 through April 30, 2000, all of the bills invoiced were accurately calculated in compliance with the Board of County Commissioners' approved fee schedule. It was noted, however, that the current process of determining an applicant's bill requires a tedious, time-consuming recalculation of the actual advertising invoice based on the number of lines of an applicant's advertisement. The rate per line may differ depending on the number of public notices for that day. Therefore the amount the applicant pays is not always a consistent rate.

Management Action Plan:

- Management is in the process of developing a public hearing fee that will be a flat fee charge that also includes the cost for standard advertisements. Additional procedures will be developed for large and unusual advertisements. All public hearing fees that include standard advertisements will be collected in advance, reducing the need for subsequent billings. Management anticipates presenting to the Board of County Commissioners this fee schedule amendment for approval by September 30, 2000.

AREA FOR IMPROVEMENT #4

Subject: Address Listing Assignments

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The Planning Department's Fee Schedule, Resolution 93-276, states that address assignments are to be charged at \$12 per building unit for non-residential and \$2 for individual dwelling unit for residential.

For the thirteen-month period ending April 30, 2000, it was noted that residential apartments were charged a \$12 rate instead of the number of individual dwellings at the \$2 per unit rate. In addition, the Address Section is waiving fees for residential address assignments of less than five units, which is not in compliance with the fee resolution. Management does not believe it is cost beneficial to process the payment for less than five units.

AREA FOR IMPROVEMENT #4Continued

Management Action Plan:

- Management has provided clarification to the Address Section personnel to ensure the consistent application of Resolution 93-276 regarding the appropriate rates to be charged. This became effective August 25, 2000.

- Management is in the process of amending their rate schedule to allow for the waiving of residential address assignment fees of less than five units. Management intends to present this amendment to their fee schedule for Board of County Commissioners' approval by September 30, 2000.

