

MANATEE COUNTY CLERK OF THE CIRCUIT COURT

INTERNAL AUDIT DEPARTMENT

PLANNING DEPARTMENT

DEVELOPMENTS OF REGIONAL IMPACT PROCESS

AUDIT REPORT

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DEVELOPMENTS OF REGIONAL IMPACT PROCESS

A U D I T R E P O R T

The Internal Audit Department conducted an audit of the Developments of Regional Impact (DRI) 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 a review, compliance, and coordination function for the DRI process to provide assurance to the public and the Board of County Commissioners of the developers' conformance to Manatee County's Comprehensive Plan and Land Development Code. The Planning Department is authorized by resolution to charge the DRI developers for work performed by County employees, the County Attorney's Office, and to be reimbursed for consultants' fees.

PURPOSE/OBJECTIVE:

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

- Determine whether deposits and other fees paid by the DRI developers are controlled, accurate and deposited timely.

- Determine whether chargeable amounts billed to the DRI developers by the Planning Department staff and the County Attorney's Office are accurate, authorized, timely billed, and timely collected.

- Determine whether consultants' billings are accurate, complete, and billed timely to the DRI developers for recovery of the County's disbursements.

SCOPE:

The scope of the audit included examining evidence supporting billings and collections of charges in compliance with the Board of County Commissioners' approved resolution for the period ending May 31, 2000. Controls over accuracy and timeliness of billings and collections 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 Developments of Regional Impact Process.

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 Planning Department relating to the Developments of Regional Impact process.

STATEMENT ON INTERNAL CONTROL STRUCTURE:

In planning and performing the audit of the Developments of Regional Impact 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 Director and the Internal Audit Department.

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MANAGEMENT SUMMARY:

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The Planning Department is staffed by dedicated, professional individuals who ensure that developers are in compliance with Manatee County's Comprehensive Plan and Land Development Code through the DRI process. Resolution R-93-276 requires that services performed by Manatee County be billed to the DRI applicants. Based on the audit performed, it appears the Planning Department has been accurately charging customers for DRI charges in compliance with the Board of County Commissioners' approved fee schedule. The audit identified several areas where improvements can be made relating to the billing and collections of DRI charges. These improvements and Management's Action Plan are summarized below:

- The Planning Department bills DRI developers for services performed by Manatee County employees directly and reasonably attributed to the review of a DRI application. Stronger controls are needed to ensure that the County Planner's time sheets include all billable activities that could have been billed and that these charges are billed to the DRI applicants timely. 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 and a deposit for consulting services that will be collected in advance for DRI charges. **(See Area for Improvement #1 on page 6.)**
- The Planning Department contracts, pays, and subsequently charges the DRI applicants for consulting services. Stronger controls are needed to ensure the County is billing DRI developers timely for consulting services paid by Manatee County and that the consulting firms are billing Manatee County timely for services rendered. The Management Team through its Management Action Plan will implement procedures using the Manatee County Finance Computer System that will automatically create a bill when Manatee County pays the consultants' invoices. Bills will be mailed to the DRI applicants within 45 days from the County's payment date. Consulting firms will also be encouraged to submit complete and accurate invoices every thirty days.

(See Area for Improvement #2 on page 6.)

- The Planning Department's Fiscal Section is responsible for collection of all outstanding accounts. The Fiscal Section has not formalized procedures to ensure adequate and timely collections of DRI developers' accounts. The Management Team through its Management Action Plan will develop procedures to include the review and documentation of all outstanding accounts every thirty days, mailing of second notices on past due accounts, and restricting the DRI from proceeding to the next level of development until payment has been received.

(See Area for

Improvement #3 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 billings and collections of DRI accounts. We commend the Planning Department for providing a valuable service to Manatee County.

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: Completeness and Timeliness of DRI Billings

Resolution R-93-276 requires all work performed by Manatee County employees directly and reasonably attributed to the review of a DRI application shall be paid by the applicant. DRI charges primarily consist of direct time spent on the DRIs from the County Planners, the County Attorneys and contracted consultants. The County Planners, as well as the County Attorney's Office, are responsible for forwarding billable documentation to the Planning Department's Fiscal Section for billing. The Fiscal Section compiles all these charges and bills the applicant on a periodic basis.

For the audit period April 1, 1999 through May 31, 2000, all of the bills invoiced were accurately calculated in compliance with the Board of County Commissioners' approved fee schedule. Testing revealed, however, that the County Planners' time sheets did not include all activities that could have been billed. In addition, it was noted that DRI developer charges are not always billed timely. Procedures are not currently in place to require the County Planners and the County Attorney's Office to submit chargeable time on a timely basis.

Management Action Plan:

- Management is in the process of changing DRI charges to a flat fee plus consulting fees. A deposit will be established and required on those DRIs requiring consulting services. The flat fee will be based either by type or size of the DRI application. This fee will be collected in advance, eliminating the need for tracking and compiling employees' billable charges and time associated with the DRI developer. Management intends to present this amendment to their fee schedule for Board of County Commissioners' approval by November 30, 2000.

AREA FOR IMPROVEMENT #2

Subject: Timeliness in the Charging of Consulting Invoices to DRI Applicants

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The Planning Department contracts with consultants as part of the DRI process. Manatee County pays for the consultants' services and subsequently charges the DRI applicants for the amount paid. Testwork revealed that the County is not billing DRI developers timely for consulting services paid by Manatee County. In addition, consulting firms are not billing Manatee County timely for services rendered.

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AREA FOR IMPROVEMENT #2Continued

Management Action Plan:

- Management is in the process of implementing procedures using the Manatee County's Finance Computer System that will automatically create a bill to the DRI applicants when Manatee County pays the consultants' invoices. The Planning Department will mail the bills to the DRI applicant within 45 days from the County's payment date. Management intends to develop these procedures by November 30, 2000.

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- Management will develop procedures that will encourage consulting firms to submit invoices timely by including language in their contract requiring the submission of complete and accurate invoices every thirty days. Additional language on all future consulting contracts will begin on October 31, 2000.

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AREA FOR IMPROVEMENT #3

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Subject: Timeliness of Collection Efforts on Outstanding DRI Balances

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The Planning Department's Fiscal Section is responsible for collection of all outstanding accounts. The Fiscal Section has not formalized procedures to ensure adequate and timely collections of DRI developers' accounts.

Management Action Plan:

- With the implementation of a flat fee that will be collected in advance, Management anticipates this will limit the number of outstanding new accounts. In addition, procedures are being developed to include the review and documentation of all outstanding accounts every thirty days, mailing of second notices on past due accounts, and restricting the DRI from proceeding to the next level of development until payment has been received. Implementation is expected by November 30, 2000, upon the Board of County Commissioners' approval of the amended fee schedule.

