



# Angelina “Angel” Colonnese

CLERK OF THE CIRCUIT COURT AND COMPTROLLER OF MANATEE COUNTY

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## Internal Audit Department

### Audit Report

Property Management Department  
Records Management Division

Copy Center Audit

As of February 28, 2015

MANATEE COUNTY CLERK OF THE CIRCUIT COURT  
INTERNAL AUDIT DEPARTMENT

PROPERTY MANAGEMENT DEPARTMENT  
AUDIT OF RECORDS MANAGEMENT DIVISION COPY CENTER

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

PROPERTY MANAGEMENT DEPARTMENT  
AUDIT OF RECORDS MANAGEMENT DIVISION COPY CENTER

**A U D I T   R E P O R T**

The Internal Audit Department conducted an audit of the Property Management Department's Records Division's Copy Center for the period January 1, 2013, through February 28, 2015. The audit was performed in accordance with Generally Accepted Government Auditing Standards (GAGAS), established by the Comptroller General of the United States, and the *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors.

**BACKGROUND:**

The Copy Center is part of the Imaging Services section of the Records Division within Manatee County's Property Management Department. The Copy Center is staffed by one full-time production employee who performs in-house copying and printing services for County departments, as well as other local governmental entities. The Copy Center produced approximately 2.5 million prints during the audit period ending February 28, 2015.

**PURPOSE/OBJECTIVES:**

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

- Verifying copy fees were accurately recorded, billed, and collected.
- Determining if services were performed in accordance with policies, procedures, and applicable laws.
- Evaluating the operational efficiency and effectiveness of the Copy Center.

**SCOPE:**

The scope of the audit was limited to financial controls and operational processes of the Copy Center for the period January 1, 2013, through February 28, 2015.

**METHODOLOGY:**

Internal control evaluations and tests of compliance were accomplished through discussions with management and staff, as well as substantive testing of individual controls. Risk analysis was used to establish the priorities of the audit objectives.

**IRREGULARITIES, ABUSE, OR ILLEGAL ACTS:**

No indications of irregularities, abuse, or illegal acts were discovered during the audit of the Records Management Division's Copy Center for the period ending February 28, 2015.

**TEST OF COMPLIANCE:**

Internal Audit tested compliance with certain laws, regulations, and the Division's Policies and Procedures regarding the Copy Center. 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. The results of these tests are included in this audit report.

**STATEMENT ON INTERNAL CONTROL STRUCTURE:**

In planning and performing the audit of the Records Management Division's Copy Center for the period ending February 28, 2015, the internal control structure was considered in order to determine the auditing procedures for the purpose of this report. Internal control weaknesses 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. 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. In this report, we did not note any matters involving significant internal control weaknesses.

**MANAGEMENT TEAM AND MANAGEMENT ACTION PLAN:**

A Management Action Plan has been provided for each Area for Improvement identified. Management Action Plans are corrective actions with implementation dates developed in cooperation with the management team of the Property Management's Records Management Division and the Internal Audit Department. The management team included Charlie Bishop, Property Management Department Director; Debbie Scaccianoce, Records Management Division Manager; and Margaret Daniell, Senior Fiscal Services Manager.

### **MANAGEMENT SUMMARY:**

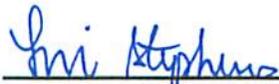
The Copy Center is staffed by one Customer Operations Support Technician (Support Technician) who reports to the Records and Information Supervisor and the Records Management Division Manager. The Support Technician primarily utilizes two copy machines to perform copy services requested by County departments and agencies. Monthly, the Support Technician prepares billing reports of the jobs completed during the month and submits them to Property Management's Fiscal Division for billing. Overall, the audit found the Copy Center to be operating efficiently and near a break-even point; however, the following areas were identified where improvements could be made:

- Copy Center charges were identified which were not charged to the appropriate departments due to account keys being invalid or cost centers being over budget. In addition, accounts receivable balances for outside agencies have not been monitored and in some instances have gone uncollected. The Management Team through its Management Action Plan has already implemented procedures to verify the validity of account keys prior to rendering services, and is reviewing accounts receivable aging reports and following up on uncollected billings. **(See Area for Improvement #1 at page 6.)**
- The Copy Center Support Technician regularly reports the timeliness of completed jobs to management; however, the oversight of the Copy Center's production phase and quality of work could be improved. The Management Team through its Management Action Plan has developed a process to reconcile, on a monthly basis, the total copies processed to those billed, and has also reinstated a log to document copy production errors that are not charged to customers. **(See Area for Improvement #2 at page 6.)**
- The Copy Center currently does not have written policies and procedures to guide staff in the Center's operations. The Management Team through its Management Action Plan will be developing a comprehensive policy and procedure manual. **(See Area for Improvement #3 at page 7.)**
- The Copy Center is not formally marketing its services to County departments or other governmental entities. While survey results from County departments and entities regarding use and satisfaction with Copy Center services were positive, testing found that departments and agencies have utilized outside vendors for services, which could have been provided in-house. **(See Area for Improvement #4 at page 7.)**
- The Copy Center's pricing structure differs in some areas to that of local vendors, which could put it at a disadvantage both competitively and financially. A financial model was created to evaluate the financial performance of the Copy Center's operations by applying historical expense data, print volume, and current pricing structure. These figures estimate the Copy Center to be operating at slightly less than break-even. **(See Area for Improvement #5 at page 8.)**

We would like to thank the Property Management Department'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.

**AUDIT REPORT AUTHORIZATION:**

This audit report has been reviewed and authorized by:



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Lori Stephens, CPA, CFE  
Director of Internal Audit



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Angelina "Angel" Colonnese  
Clerk of the Circuit Court & Comptroller

**AREA FOR IMPROVEMENT #1 .....Billing**

Copy Center services are initiated through work requests received from customers requesting copy services. Customers include other County departments and outside agencies such as Constitutional Officers and Court Administration. Each month, the Copy Center sends a billing report, detailing the services provided and total charges for the month, to the Property Management Fiscal Division to process the charges in IFAS. County departments provide the IFAS account keys for charges, while outside agency charges are billed and an accounts receivable entry is booked. We tested a sample of 155 work requests completed during the audit period and found instances where services provided by the Copy Center had never been charged to the departments, including \$819 from January 2014 and \$89 from May 2014. This appears to be related to instances where the department provided an IFAS account key which could not be charged as it was either invalid or over budget, and Fiscal staff did not follow up with the department. In addition, it was noted that accounts receivable aging reports for the outside customers were not being reviewed by Fiscal staff. As of February 2015, we found that \$940 of the \$2,800 total outstanding accounts receivable balance had been outstanding for more than 200 days, and may no longer be collectible.

**Management Action Plan:** Management has implemented a process in which staff verifies the validity of the customer account key prior to approving the order and rendering services. Additionally, Fiscal staff is reviewing the accounts receivable aging report with the Fiscal Senior Manager. Any departments or agencies with bills more than 30 days old receive an email notification requesting payment. The Senior Manager will proceed with write off procedures to clear the accounts which are more than 120 days past due.

The estimated date of completion is January 1, 2016.

**AREA FOR IMPROVEMENT #2 .....Oversight**

The Copy Center Support Technician handles all copy production work and produces the monthly billing reports. While the timeliness of work orders are reported to and monitored by Records Management Division management, there is no periodic review or reconciliation of the monthly billing reports to the copy machine meter counts to ensure the number of copies billed is accurate. Also, the Copy Center is no longer maintaining a log of copying errors ("98" log) which are not charged to the customer. This log could aid in the monthly reconciliation process and serve as a performance and quality measure.

**Management Action Plan:** Management has implemented a process to reconcile the Copy Center's total copies made against those billed out to customers on a monthly basis. In addition, the "98" log has been reinstated to track any copies made in error and to allow for monitoring of the Copy Center's performance.

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

A policies and procedures manual does not exist to document how to perform tasks such as processing work requests, preparing customer billings, recording revenues, documenting non-billable items, handling copyrighted or confidential information, and properly retaining records. The Copy Center has been operating under informal procedures based on staff's prior experience, and in the event of staff turnover or an extended absence, a policies and procedures manual would aid in training a replacement.

**Management Action Plan:** Management understands the importance of providing Copy Center staff with the necessary policies and procedures to perform assigned tasks and is in the process of developing a comprehensive policy and procedures manual.

The estimated date of completion is September 30, 2016.

**AREA FOR IMPROVEMENT #4 .....Marketing and Customer Satisfaction**

The Copy Center is not formally marketing its services to County departments and governmental entities. An IFAS report of the printing and binding object code was reviewed to determine the quantity of copy services which were outsourced by County departments to outside vendors during the audit period. The review identified approximately \$1,900 in printing services that were outsourced by County departments but could have been provided by the Copy Center. Services included the printing of business cards, letterhead, color prints, and envelopes.

In order to gain an understanding of customer use and satisfaction, 94 electronic surveys were sent in May 2014, to current and potential Copy Center customers, of which 53 survey responses were received. Overall, the responses were positive, with many praising the Copy Center Support Technician. The ordering process appears to be the only area rated at less than 90% satisfaction level, and several comments included suggestions for automating the work request form in order to simplify the process. (See Exhibit A)

**Management Action Plan:** Management is in the process of rebranding the Copy Center as the "Imaging Center" and is planning to market it to County leaders in collaboration with the Office of Information Outreach. The Copy Center web page will also be updated and include an informational video. In addition, Property Management is in the process of procuring a new work order system and once implemented, an automated copy services request form will be utilized.

The estimated date of completion is December 31, 2016.

**AREA FOR IMPROVEMENT #5 .....Pricing and Breakeven Analysis**

The Copy Center's pricing structure differs in some areas to that of local vendors, which could potentially put it at a disadvantage competitively and financially. Local vendors offer volume discounts and charge labor costs for additional services such as cutting, 3-hole drilling, or hand-placement for scanning or copying. The Copy Center does not offer volume discounts or charge for additional services.

As part of the audit, a financial model was created to evaluate the Copy Center's costs in relation to revenue generated from the services provided. The model utilizes historical expense data, print volume, and current pricing. Using data from the twelve months ending February 2015, the model forecasts the Copy Center to be operating at a slight deficit; however, based on the most recent six-month period ending February 2015, the model forecasts the Copy Center to be operating at slightly above breakeven. (See Exhibit B)

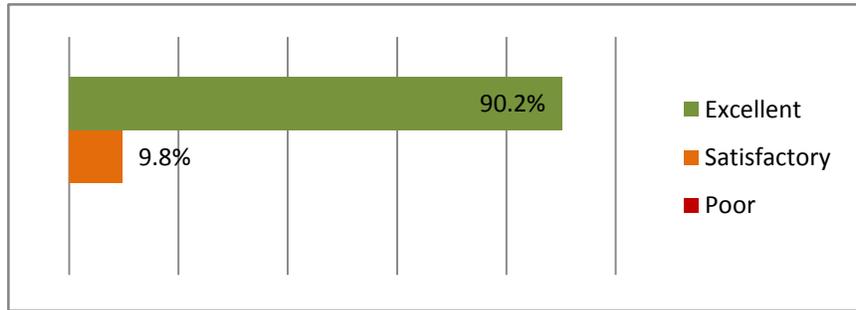
**Management Action Plan:** Management has been provided with the financial model to aid in their evaluation of Copy Center operations and has determined that no changes will be made to the pricing structure at this time. Fiscal and Records Division Managers will perform monthly and quarterly financial reviews. In addition, the financial model will be used as needed and at the end of each fiscal year.

The estimated date of completion is September 30, 2016.

Exhibit A

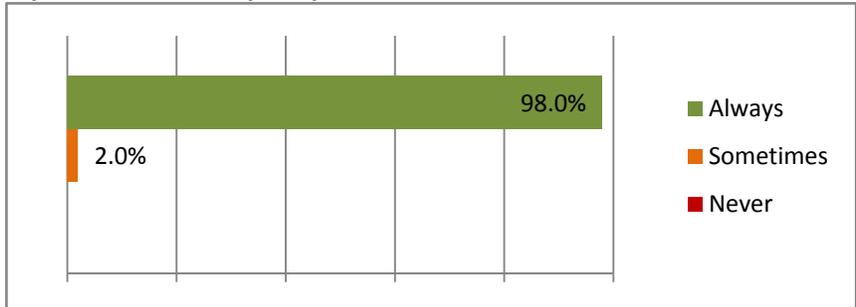
**Question - Based on your experience how would you rate the quality of the work produced?**

Responses	% of Resp	
46	90.2%	Excellent
5	9.8%	Satisfactory
-	0.0%	Poor
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51	100.0%	



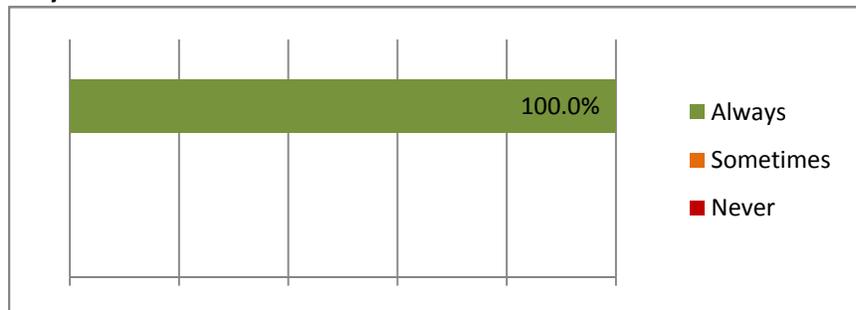
**Question - Were all of your needs and requirements of the print jobs met?**

Responses	% of Resp	
49	98.0%	Always
1	2.0%	Sometimes
-	0.0%	Never
<hr/>		
50	100.0%	



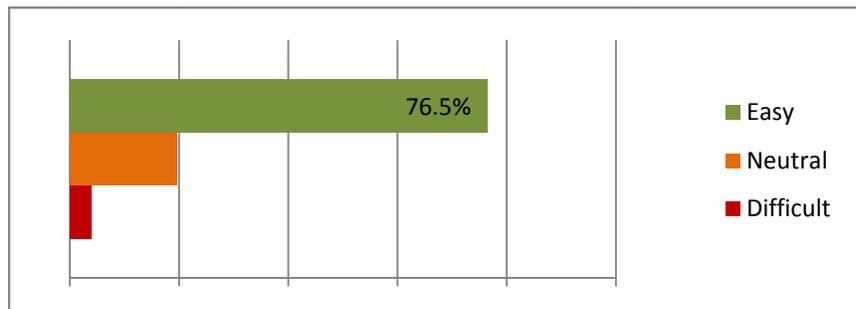
**Question - Were your jobs completed timely?**

Responses	% of Resp	
51	100.0%	Always
-	0.0%	Sometimes
-	0.0%	Never
<hr/>		
51	100.0%	



**Question - How would you rate the ordering process, (completion of the work request form)?**

Responses	% of Resp	
39	76.5%	Easy
10	19.6%	Neutral
2	3.9%	Difficult
<hr/>		
51	100.0%	



**Question - Overall how would you rate your interaction with the Copy Center?**

Responses	% of Resp	
46	92.0%	Excellent
4	8.0%	Satisfactory
-	0.0%	Poor
<hr/>		
50	100.0%	

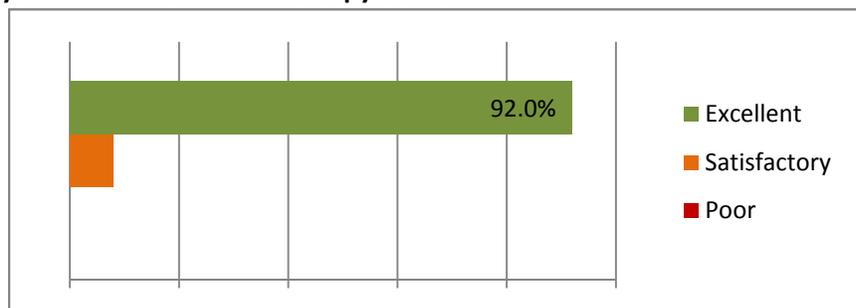


Exhibit B

**Manatee County Clerk of the Circuit Court  
Internal Audit Department  
Property Management - Copy Center  
As of February 28, 2015  
Copy Center Financial Model**

Assumptions			Monthly P&L		
			12 - Month Average	6 - Month Average	
Black Prints	0.0400	Price	Black Print Volume	60,730	56,202
Color Prints	0.2500	Price	Color Print Volume	15,837	22,271
Black Cards	0.0417	Price	Black Cards Volume	3,488	4,312
Color Cards	0.0625	Price	Color Cards Volume	1,773	1,344
Tabs	0.1000	Price	Tabs Volume	710	819
Binds	0.3000	Price	Binds Volume	132	82
Folds	0.0080	Price	Folds Volume	6,686	8,754
CD's	0.7000	Price	CD's Volume	5	4
Salary	46,737.60	Copy Center EE (Annual)			
Benefits	13,656.90	Copy Center EE (Annual)			
Labor Utilization	69%	Time on Copy Work(% of Sal&Ben)			
Xerox D110	1,456.33	Base Charge (Monthly)			
Xerox D110	0.0044	B&W Copy Charge			
Minolta	389.65	Base Charge (Monthly)			
Minolta	0.0045	B&W Copy Charge			
Minolta	0.0450	Color Copy Charge			
8.5x11 white	0.0056	Cost per sheet			
8.5x11 3HD	0.0061	Cost per sheet			
11x17	0.0123	Cost per sheet			
Color Paper	0.0070	Cost per sheet			
Cardstock	0.0479	Cost per sheet			
2 - PT Carbonless	0.0150	Cost per sheet			
3 - PT Carbonless	0.0155	Cost per sheet			
Tabs	0.1156	Cost per sheet			
CD's & Case	0.6776	Cost per disk			
Comb Binds	0.0921	Average cost per bind			
8.5x11 white	57%	Product Mix % per print			
8.5x11 3HD	18%	Product Mix % per print			
11x17	5%	Product Mix % per print			
Color Paper	1%	Product Mix % per print			
Cardstock	3%	Product Mix % per print			
2 - PT Carbonless	3%	Product Mix % per print			
3 - PT Carbonless	13%	Product Mix % per print			
Duplex Rate	62.60%	Total Prints to Sheets of Paper			
			<b>Revenue</b>	\$ 6,812	\$ 8,259
			<b>Expenditures</b>		
			Labor-Sal/Benf	\$ 3,473	\$ 3,473
			<b>Equipment</b>		
			D110 - Base	1,456	1,456
			Minolta - Base	390	390
			B&W prints	272	252
			Minolta Color prints	719	1,007
			<b>Supplies Used</b>		
			8.5x11 white	153	157
			8.5x11 3HD	53	54
			11x17	29	30
			Color Paper	3	3
			Cardstock	90	93
			2 - PT Carbonless	22	22
			3 - PT Carbonless	97	99
			Tabs	82	95
			Binds	12	8
			CD'S	3	3
			<b>Total Expenditures</b>	<u>6,854</u>	<u>7,142</u>
			<b>Net Surplus/(Deficit)</b>	<u>\$ (41)</u>	<u>\$ 1,117</u>