



**Manatee County**

**R.B. "Chips" Shore**

**Clerk of the Circuit Court and Comptroller**

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## **M E M O R A N D U M**

To: Tedd Williams, County Attorney

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

Date: July 17, 2009

Subject: Risk Management Ordinance Compliance Follow-up Audit #2

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The Internal Audit Department has completed the Risk Management Ordinance Compliance Follow-up Audit #2 based on the Clerk of the Circuit Court's Risk Management Ordinance Compliance Follow-up Audit #1 issued on November 6, 2007 and the original report issued March 30, 2005. The follow-up consisted of reviewing the management action plans included in the Follow-up #1 Memorandum to ensure the Risk Management Division has implemented corrective actions for audit period October 1, 2008 through March 31, 2009.

Management has addressed and improved in the majority of areas where improvements were recommended. The claims processing system has now been fully implemented and appears to be working efficiently and effectively in managing all of the insurance claims. Risk Management has also improved in better documenting their claim files. A few areas, however, still require management's attention. During the July 15, 2009 meeting, your management staff together with the Internal Audit Department staff, agreed on the following action plan:

1. The Risk Management Division processes all claims on its own proprietary software database created via Manatee County's Information Service Department. This program operates independently of the County's "official" accounting system, IFAS, on which all financial transactions are processed for Manatee County. In order to ensure the accuracy and integrity of the information on both systems, a periodic reconciliation should be performed by Risk Management personnel.

Management Action Plan: Management agrees that the reconciliation is necessary and will implement a procedure where periodic reconciliations will be performed by Risk Management personnel. Management commits to have this new process in place within 30 days.

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

2. The Risk Management Division receives restitution and subrogation payments for damages done to County property and forwards these monies to the Clerk's Finance Department for deposit and posting into the IFAS system. During the review of the records, it was found that the Risk Management Division is not indicating the proper IFAS account number on the transmittal document forwarded to the Finance Department. As a result, Finance personnel, who may not be familiar with the Division's operations, have been responsible for the correct coding of these items to the IFAS accounts. By having Risk Management responsible and accountable for posting of deposits, it would reduce possible errors and facilitate in the reconciliation of IFAS to the claims processing system.

Management Action Plan: Management will create and maintain a list of the IFAS account numbers for restitution and subrogation revenues and use these numbers when forwarding the revenues to the Clerk's Finance Department. Management will institute this change immediately.

3. The claims processing procedure requires that as the incident reports are received into the Risk Management Division, the documents should be date stamped. During the review of subrogation claims, it was found that 63% of the documents that were sampled had not been properly date stamped. It was later learned that these reports were sent to Risk Management via email. This date is important as that it establishes the time the document arrived and provides a benchmark for measuring timeliness of incident report submission from the date of the accident and the length of time required of the Risk Management staff to respond to and process the claim. Without this date, these calculations cannot be established or measured.

Management Action Plan: Risk Management will update their policies and procedures to allow for receipt of incident reports by emails and use the date the email is received as the "date stamped" date. Management will closely monitor this process to ensure that this procedure is followed. Management will institute this action immediately.

We would like to thank you and your staff for the attention given to the audit findings and the cooperation given to the Internal Audit staff. Another follow-up audit will be scheduled after the implementation of the Management Action Plans.

RBS/MDB/LJS/CAP

CC: Board of County Commissioners  
Ed Hunzeker, County Administrator  
James Minix, Chief Assistant County Attorney  
James Cooney, Assistant County Attorney  
Mike Terrell, Risk Management Manager