

MANATEE COUNTY CLERK OF THE CIRCUIT COURT
INTERNAL AUDIT DIVISION
TRANSPORTATION DEPARTMENT
AUDIT REPORT

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MANATEE COUNTY CLERK OF THE CIRCUIT COURT
INTERNAL AUDIT DIVISION

TRANSPORTATION DEPARTMENT

AS OF SEPTEMBER 30, 1995

A U D I T R E P O R T

A financial, compliance, and operational audit of the Manatee County Transportation Department was conducted by the Internal Audit Division for the audit period October 1, 1994 through September 30, 1995. 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 objective of the Transportation Department is to provide for the creation, maintenance, management and preservation of a functional and safe transportation system for residents of Manatee County and visitors. To accomplish this, the Transportation Department is comprised of two divisions and the following sections:

The **Administration Section** provides department guidance and oversight in the areas of administrative processes, organizational structure, programs and operations for the delivery of services.

HIGHWAY OPERATIONS DIVISION:

- The **Engineering Section**, including the **Right-Of-Way Permit Section**, provides engineering, right-of-way permitting and pavement management services related to the maintenance of Manatee County's transportation facilities.
- The **Road Maintenance Section** provides for the maintenance of Manatee County's road system and related drainage infrastructure as well as sidewalk and pipe replacement.
- The **Road Gang** provides incarcerated manpower to supplement the labor force needs of the Transportation Department and other county agencies.
- The **Special Operations Section** provides specialty construction material, equipment and/or services to other governmental units, and other county departments of an operational nature that are subsequently billed to the user.

BACKGROUND: Continued

TRANSPORTATION SYSTEMS DIVISION:

- The **Transit Division** provides public transportation to the citizens of Manatee County. During the audit this division was transferred to the Community Services Department.
- The **Fleet Services** provide fleet management and maintenance services for all county vehicles.
- The **Traffic Management Section** provides traffic control via signs, signals, and pavement markings and maintains Manatee County's residential and thoroughfare street lighting program.

- The **Land Acquisition Section** provides for dedication of land by new development, acquisition of property for improvements, vacating of easements and rights-of-way in accordance with Florida Statutes, Special Acts and Resolutions.

PURPOSE/OBJECTIVE:

The main audit objectives include, but are not limited to, the following:

- To verify accuracy and input timeliness of financial data, and reports processed and received by the Transportation Department.
- To verify an adequate system of internal control exists to safeguard assets, maintain the integrity of reports on operations, and provide adequate evaluation of the Department's objectives and responsibilities.
- To verify compliance with significant laws and regulations, including Florida Statutes, federal regulations, ordinances, resolutions, policies, and signed agreements or contracts related to the Transportation Department.
- To evaluate operational efficiency and effectiveness.

SCOPE:

The Transit Division, organizationally part of the Transportation Department during the audit, and

SCOPE: Continued

Fleet Services Division was not part of this audit. These divisions have been audited previously.

The financial audit scope consisted of a review of accounts, financial transactions, and reports of the Transportation Department for the period October 1, 1994 through September 30, 1995.

The compliance audit scope consisted of a review of the policies and procedures, Florida Statutes, federal regulations, ordinances, resolutions, contracts, and agreements related to the Transportation Department for the period October 1, 1994 through September 30, 1995.

The operational audit scope consisted of a review of the Transportation Department's internal controls and the effectiveness and efficiency of the operation during the audit period October 1, 1994 through September 30, 1995. Management controls were also reviewed to identify significant weaknesses that may have contributed to deficient performance.

METHODOLOGY:

Internal control evaluations were accomplished by flow charting key operations, 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. Statistical sampling was used whenever appropriate to accomplish audit objectives.

IRREGULARITIES, ABUSE, OR ILLEGAL ACTS:

No indications of irregularities, abuse, or illegal acts were discovered during the audit that could affect the Transportation Department for the audit period ended September 30, 1995.

TEST OF COMPLIANCE:

Internal Audit tested compliance with certain laws and regulations, obtained an understanding of internal controls, and assessed control risk. Tests performed appeared to provide sufficient evidence to support an opinion on compliance and internal controls.

Except as noted in our audit report, tested items were in compliance with significant laws, regulations, and internal controls that included Florida Statutes, ordinances, resolutions, personnel policies, other policies established by the Transportation Department and other applicable laws and regulations.

STATEMENT ON INTERNAL CONTROL STRUCTURE:

In planning and performing our audit of the Transportation Department for the period October 1, 1994 through September 30, 1995, we considered its internal control structure in order to determine our auditing procedures for the purpose of our report on the Transportation Department. As a result,

we noted in the audit report any significant matters involving the internal control structure and its

operations that we consider to be reportable conditions under standards established by the U.S. General Accounting Office, *Government Auditing Standards*. Reportable conditions involve matters relating to significant 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 the intent of management.

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, significant 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.

MANAGEMENT SUMMARY:

The Transportation Department has been involved in several reorganizations in the last couple of years and a new highly qualified and professional director has been recently hired. We found the Transportation Department to be staffed by knowledgeable employees who are responsive to the needs of the citizens of Manatee County. We are, however, concerned by the general lack of accountability for operations of the department.

An inter-local agreement does not exist between Manatee County and the Manatee County Sheriff's Office for the operations of the Road Gangs. In this report we recommend that Manatee County enter into an inter-local agreement with the Manatee County Sheriff's Office for Road Gang activities. (See Detailed Audit Finding #1, at Page 8) We also found that costs associated with the Road Gang activities of the Public Services Department are being charged to the Transportation Department. We recommend that the Transportation Department transfer the employee, equipment and vehicles used exclusively by the Public Services Department to that department. (See Detailed Audit Finding #1, at Page 8)

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MANAGEMENT SUMMARY: (Continued)

We found that the rates charged to other governmental agencies and the public for providing services have neither been approved by the Board of County Commissioners nor are they consistent in amount. In this report we recommend the rates established by Project Management be consistently used and approved by the Board of County Commissioners. (See Detailed Audit Finding #2, at Page 9)

We found that the Highway Operations Division uses an incomplete and inadequate manual work order system that does not provide accountability for operations. In this report we recommend the Highways Operations Division improve the accountability of work performed by developing policies and procedures and considering automation of the work order system. (See Detailed Audit Finding #3, at Page 10)

We also found that the Highway Operations Division has weak controls over requisitions from the Tile Yard and for non-catalog purchases from Central Stores. In this report we recommend strengthening of internal controls over the requisitioning process. (See Detailed Audit Finding #4, at Page 11)

The Traffic Management Section uses a manual work order system that lacks accountability and efficiency. We noted that documentation by the Traffic Management Section is not retained according to record retention laws. We also noted that the Traffic Management Section does not currently have sufficient personnel to produce documentation of work performed. In this report we recommend the Traffic Management Section increase accountability for work performed and retain operational records in accordance with record retention schedules. We also recommend management increase staff in this section to provide necessary documentation for accountability over operations. (See Detailed Audit Finding #5, at Page 12)

We found that the Traffic Management Section does not always comply with the inter-local agreements with local cities and the Florida Department of Transportation. Some of these contracts allow for reimbursement of maintenance costs which have not been billed to the municipalities. In this report we recommend the Transportation Department review, update and comply with inter-local agreements to provide services. (See Detailed Audit Finding #6, at Page 13)

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MANAGEMENT SUMMARY: (Continued)

We found that the Right-Of-Way Permit Section lacks documentation and accountability of work performed. In addition, we found that the Right-Of-Way Permit Section is not documenting inspections and verification of trade licenses as required by ordinance. In this report we recommend increased accountability for work performed and compliance with requirements of the ordinance. (See Detailed Audit Finding #7, at Page 14)

We found that the Transportation Department generally lacks policies and procedures for the work performed. In this report we recommend increased accountability through development of policies and procedures for key operations. (See Detailed Audit Finding #8, at Page 15)

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AUDIT REPORT AUTHORIZATION:

Other minor findings, not included in this report, have been communicated with management or corrected during the audit. We would like to thank the Transportation Department's personnel and management for the cooperation and courtesy afforded to our auditors throughout the audit.

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

DETAILED AUDIT FINDINGS

The Transportation Department receives funding for the operations of the Road Gangs which have been budgeted at \$219,000 for fiscal year 1996. The Sheriff's Office provides personnel and prison labor to operate the Road Gangs. Internal Audit found that an inter-local agreement does not exist defining responsibilities between the Sheriff's Office and Manatee County. An inter-local agreement would provide clarity and set responsibilities in areas that include vehicle and equipment use, use of personnel, and control over work assignments.

A recent reorganization, which separated the Transportation Department and the Public Services Department, did not separate the Road Gang cost center. The Transportation Department pays for the costs of Road Gang activities of the Public Services Department, including personnel costs, equipment and vehicles. To adequately charge expenses to departments for which costs are incurred, we believe Road Gang personnel, equipment and vehicles used exclusively by the Public Services Department should be transferred to the Public Services Department.

Internal Audit recommends Manatee County enter into an inter-local agreement with the Manatee County Sheriff's Office for the operations of the Road Gangs. In addition, we recommend that the Transportation Department, together with the Financial Management Department review the current segregation of costs and develop a method that can be applied consistently when other departments and agencies use the services of the Road Gang. We recommend the Transportation Department transfer personnel, equipment and vehicles that are used exclusively by the Public Services Department to the Public Services Department to provide consistency in the accounting for Road Gang activities.

DETAILED AUDIT FINDINGS

The Transportation Department charges other governmental agencies and the public for the recovery of costs incurred by the department for providing certain services, such as removing obstructions placed in the right-of-way, fabricating informational signs, and performing transportation-related functions. Internal

Audit noted the billings of these services contained inconsistent rates for labor and vehicle usage which have not been approved by the Board of County Commissioners. The Project Management Department has developed rates for charging projects for services provided by the Transportation Department. These rates may be used to provide consistency in rates charged for services.

Internal Audit recommends the Transportation Department develop uniform rates within the department for charges to other governmental agencies and the public. We also recommend management consider adopting the rates in use by Project Management Department for consistency. In addition, we recommend that all rates be approved in a rate resolution by the Board of County Commissioners.

DETAILED AUDIT FINDINGS

The Highway Operations Division uses a manual work order system to track highway maintenance work. Policies and procedures currently do not exist on this manual work order system. Internal Audit found that the current system is incomplete and does not have follow-up procedures in place to ensure that work orders are properly completed. Currently, the field personnel are responsible for returning completed work orders to administrative personnel in order to update a log where work orders are recorded. Internal Audit found that field personnel do not always return completed work orders and therefore, the log contains many work orders that have been completed but never formally closed out. Increasing control over the work order process may provide management with information on the back-log of outstanding work orders and the manpower required to complete these work orders. Formalizing an automated work order system may result in increase efficiency for the operations of the Highway Operations Division.

Internal Audit recommends the Highway Operations Division develop policies and procedures for the work order system. In addition, we recommend management consider the automation of work orders to increase efficiency and reporting capabilities to management. We further recommend follow-up procedures be established on outstanding work orders to ensure the work is completed.

DETAILED AUDIT FINDINGS

Internal Audit reviewed the requisition process used by the Highway Operations Division and found the following areas where internal controls may be strengthened:

- (1) Administrative personnel, as a standard procedure, are signing authorizations for purchases requisitioned from the Tile Yard and for non-catalog purchases from Central Stores. Administration personnel may not be aware of the needs required on maintenance work assignments.

(2) Discrepancies uncovered by administrative personnel during the reconciliation of requisitions to materials issued are not always brought to the attention of management. Procedures are not currently in place to bring discrepancies forward to management.

(3) Neither the supervisor nor the administrative personnel retain a copy of the requisition forms after the approval process. Without a copy of the requisition form, evidence does not exist to ensure that additional items cannot be added to the requisition after approval by the supervisor or administrative personnel.

Internal Audit recommends the Highway Operations Division consider delegating the authority for the issuance of materials used out in the field with the field supervisors or other designated supervisory authority. We also recommend discrepancies uncovered during the reconciliation of requisitions to materials issued be brought to the supervisor's attention on a timely basis. We further recommend that supervisory personnel retain a copy of the approved requisition to prevent goods being added to the requisition after approval.

DETAILED AUDIT FINDINGS

The Traffic Management Section completes a "First Call Report" to initiate work to be performed. Internal Audit found that these reports are not retained as required by the State of Florida General Records Schedule. As a result, the Traffic Management Section uses verbal communication to perform its work and does not follow formal, written, work order procedures. Internal Audit also noted through observation that the Traffic Management Section appears to lack sufficient personnel to document a complete work order process. Without documentation of work performed, there is a lack of accountability for labor and equipment costs. Formalizing a work order system, through the use of automation, may result in increased efficiency for the operations of the Traffic Management Section.

Internal Audit recommends the Transportation Department formalize written work order procedures to increase accountability over labor, materials and supplies used by the Traffic Management Section. We also recommend management consider the possibility of automating the work order process to increase the efficiency and effectiveness of personnel. We further recommend the Transportation Department comply with the Records Retention Schedule by maintaining all reports initiated by the Traffic Management Section. In addition, we recommend that management increase staff in the Traffic Management Section to establish and maintain an efficient work order system.

DETAILED AUDIT FINDINGS

The Traffic Management Section provides maintenance and repairs for traffic signals and school warning lights on various state and local roads. Internal Audit reviewed all traffic signal agreements with the Florida Department of Transportation and inter-local agreements with local cities and compared them with the activities of the Traffic Management Section. The following exceptions were noted:

The Transportation Department is not billing the municipalities for materials and labor for the repair of traffic signals in the City of Holmes Beach and the City of Palmetto as permitted by the traffic signal inter-local agreements. In addition, maintenance is currently provided to the City of Palmetto for traffic signals not included in the traffic signal inter-local agreement, without compensation to Manatee County.

A log of maintenance activities relative to traffic signals is not maintained as required by the 1979 agreement with the Florida Department of Transportation.

Maintenance is currently provided on school signal warning lights on state roads without an agreement with the Florida Department of Transportation, as required by Florida Statutes 316.1895.

Internal Audit recommends the Transportation Department comply with all terms in the agreements between the State and the local cities, including the billing of services. In addition, we recommend that management review all existing agreements and update these agreements for the services currently provided by Manatee County.

DETAILED AUDIT FINDINGS

The Right-Of-Way Permit Section is staffed by one individual who is responsible for compliance with Ordinance 89-11, which provides for permitting of construction within Manatee County's right-of-ways. Internal Audit found an incomplete, manual system is maintained that does not document the status of the permit process. In addition, inspection and verification of trade licenses were not documented in the permit files as required by Ordinance 89-11. Without documentation of the right-of-way permit process, verification of inspections and status of work completed on the permits can not be determined.

Internal Audit recommends the Transportation Department develop procedures for the issuance of right-of-way permits that allow for documenting and tracking the work completed on the permits. In addition, we recommend the department ensure compliance with Ordinance 89-11 by documenting all inspections and trade licenses. We also recommend management consider the automation of the right-of-way permit process to increase efficiency and effectiveness of personnel.

DETAILED AUDIT FINDINGS

Internal Audit reviewed the policies and procedure of the Transportation Department and found that policies and procedures manuals do not exist to assist and guide the Public Transportation personnel in the following areas:

- (1) Right-of-Way Use Permit Section
- (2) Traffic Operations Section
- (3) Fiscal Operations Section
- (4) Cellular phone bills for potential abuse
- (5) SUNCOM and long distance telephone bills for potential abuse

The Highway Operations Division has a policies and procedures manual, however, we found the following areas where internal controls may be strengthened:

- (1) daily maintenance of vehicles
- (2) work order system
- (3) responsibilities of employees (including administrative personnel)
- (4) distribution to employees

Internal Audit recommends the Transportation Department develop policies and procedures manuals for all areas of operations. In addition, we recommend the Highway Operations Division update the current policies and procedures manual to include the areas stated above.

MANAGEMENT'S RESPONSE

MEMORANDUM

DATE: May 23, 1996

TO: R. B. "Chips" Shore, Clerk of the Circuit Court

FROM: Larry R. Mau, PE, Director, Transportation Department

SUBJECT: Draft Audit Report Response

Thank you for your memo and draft report concerning the audit of the Transportation Department. I believe that your report will further assist me as the new Transportation Department Director to identify additional areas in need of attention following the 1994 reorganization.

Key staff members and I have discussed these results on several occasions and we concur that the report provides a number of good ideas for improvement the Department. In fact, we have already implemented many of the items noted in your report.

The following pages contain our detailed responses, including status, of each of the eight items listed in your audit.

I hope that these responses are satisfactory. If you would like additional information, I will be happy to supply it upon request.

LRM/lrm

Cc: Ernie Padgett, County Administrator

Wayne Roberts, PE, Transportation Operations Manager

Harry Mendenhall, PE, Transportation Systems Manager

Greg Marme, Fiscal Operations Manager

1. An inter-local agreement does not exist between manatee County and the Manatee County Sheriff's Office for the operation of the Road Gang.

1.A FINDING ...*Internal Audit found that an inter-local agreement does not exist defining responsibilities between the Sheriff's Office and Manatee County.*

1.A RESPONSE The Road Gang was established and approved by the Board of County Commissioners a number of years ago. Several on-going issues have recently been brought to my attention that I have discussed them with the County Administrator. He has subsequently directed a complete review of the Road Gang program. Following the review, we will move

forward with an Inter-Local Agreement to formalize the program and clarify other issues, as needed.

We anticipate completion of this issue in September of 1996.

2. The rates charged to other governmental agencies and the public have not been approved by the Board of County Commissioners nor are they consistently applied within the department.

2. FINDING *The Transportation Department charges other governmental agencies and the public for the recovery of costs incurred by the department for providing certain services, such as removing obstructions placed in the right-of-way, fabricating signs, and performing transportation-related functions. Internal Audit noted the billings of these services contained inconsistent rates for labor and vehicles usage which have not been approved by the Board of County Commissioners. The Project Management Department has developed rates for charging projects for services provided by the Transportation Department. These rates may be used to provide consistency in rates charged for services.*

2. RESPONSE The Transportation Department has recently developed uniform rates within the Department for charges to other governmental agencies and the public. A Resolution has been developed and is expected to be on the Board of County Commissioners' agenda in June of 1996.

3. The work order system used by the Highway Maintenance Operations Division to tack highway maintenance is incomplete and lacks accountability for operations.

3. FINDINGS *The Highway Operations Division uses a manual work order system to track highway maintenance work. Policies and procedures currently do not exist on this manual work order system. Internal Audit found that the current system is incomplete and does not have follow-up procedures in place to ensure that work orders are properly completed. Currently, the field personnel are responsible for returning completed work orders to administrative personnel in order to update a log where work orders are recorded. Internal Audit found that field personnel do not always return completed work orders and therefore, the log contains many work orders that have been completed but never formally closed out. Increasing control over the work order process may provide management with information on the back-log of outstanding work orders and the manpower required to complete these work orders. Formalizing an automated work order system may result in increase efficiency for the operations of the Highway Operations Division. ...*

3. RESPONSES Most, if not all, of these issues can be resolved with the proper implementation and use of a good Work Maintenance management System. The original automated system was abandoned in the late 1980's. Highway Operations staff currently was left with a strictly manual system that consists of writing Work Orders from direct calls, CAS requests, and staff visual field inspection; and then conducting the work, with only rudimentary reporting of actual work completed.

The Transportation Department has requested a new automated system in the FY 96-97 budget. This system will provide, not only the documentation of procedures for carrying out the work, but also the required labor, equipment, and material. It should provide Transportation administration reports on true actual costs per work order, section of road, type of repair, etc. It should also greatly assist with budget planning and balancing. All of these items will greatly improve efficiency

and effectiveness. We anticipate completing this issue in the summer of 1998, if approved by through the budgeting process.

4. Internal Controls over the requisition process used by the Highway Operations Division needs to be strengthened for materials used in operations.

4.A FINDING *Administrative personnel, as a standard procedure, are signing authorizations for purchases requisitioned from the Tile Yard and for non-catalog purchases from Central Stores. Administration personnel may not be aware of the needs required on maintenance work assignments.*

4.A RESPONSE The two administrative personnel who were previously authorized to sign for maintenance materials were in close contact with the area Supervisors and job foremen at all times. Staff believes that they were, thus, very much aware of the needs and requirements of maintenance work assignments. However, in order to avoid the possibility of a problem arising, Operations will require that all purchases from the Tile Yard and Central Stores be signed by the Field Operations Manager or Division Manager. A designated staff member will sign in the event of their absences. We anticipate implementation of this change in July of 1996.

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4.B FINDING *Discrepancies uncovered by administrative personnel during the reconciliation of requisitions to materials issued are not always brought to the attention of management. Procedures are not currently in place to bring discrepancies forward to management.*

4.B RESPONSE The task was moved from one Section to another. A new policy will be established requiring administrative personnel to immediately notify management about any discrepancies by August of 1996.

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4.C FINDING *Neither the supervisor nor the administrative personnel retain a copy of the requisition forms after the approval process. Without a copy of the requisition form, evidence does not exist to ensure that additional items cannot be added to the requisition after approval by the supervisor or administrative personnel.*

4.C RESPONSE Procedures are being revised to ensure that the manager signing the original requisition keeps a copy. Tile yard or Central Stores staff will also keep copies of all requisitions. However, due to lack of availability of some items, other items are sometimes added to or deleted from approved requisitions, the transaction is documented and a copy is submitted to the administrative staff. Revised procedures will be implemented by August of 1996.

5. The Traffic Management section's manual work order process lacks accountability and efficiency.

5.A FINDING *The Traffic Management Section completes a "First Call Report" to initiate work to be performed. Internal Audit found that these reports are not retained as required by the State of Florida General Records Schedule. As a result, the Traffic Management Section uses verbal communication to perform its work and does not follow formal, written, work order procedures.*

5.A RESPONSE The Traffic Management Section has initiated a work order system for its three different sections:

- a. Traffic Signal Section,
- b. Traffic Signs & Marking Sections, and
- c. Traffic System Section.

This manual work order system was put into effect three months ago as well as "First Call Reports."

5.B FINDING *Internal Audit also noted through observation that the Traffic Management Section appears to lack sufficient personnel to document a complete work order process.*

5.B RESPONSE The Traffic Management Section has requested additional staff to support our system for record keeping for the last three years. Due to budget and personnel constraints, additional traffic administrative personnel have not been made available. This function may be able to be handled by reorganizing existing staff once the entire Transportation Department moves to one location, 26thru Avenue complex. Anticipated move date is spring of 1997.

5.C FINDING *Without documentation of work performed, there is a lack of accountability for labor and equipment costs. Formalizing a work order system, through the use of automation, may result in increased efficiency for the operations of the Traffic Management Section.*

5.C RESPONSE The Traffic Management Section is in the process of purchasing five computers to initiate this process and bring the section in compliance with directives as required by the State of Florida General Records Schedule. Traffic Management will also be able to make use of the automated Work Maintenance Management System being requested through Highway Operations, if approved, to better monitor and manage work orders. Complete implementation using the Maintenance Management System would be the same as for the Highway Operations Division.

6. The Transportation Department does not always comply with traffic signal agreements.

6.A FINDING *The Transportation Department is not billing the municipalities for materials and labor for the repair of traffic signals in the City of Holmes Beach and the City of Palmetto as permitted by the traffic signal inter-local agreements.*

6.A RESPONSE The Transportation Department staff is working towards completing the billing process. To date, billing is complete through September 30, 1995. Review of the daily work records for the period October 1, 1995, to present will complete the billing. A newly established internal suspense system will remind staff (on a monthly basis) to determine if billing is needed. Each city is discussed in detail below:

1. City of Holmes Beach.

- Mr. Glenn Bond, Senior Traffic Signal Technician, reviewed all daily work records since the beginning of fiscal year 1995.
- The review confirmed maintenance was performed only once during fiscal year 1994-95.

- Staff is currently working on compiling data for fiscal year 1995-96. Estimated completion date is June 1, 1996.

1. City of Palmetto

- Research for fiscal year 1994-95 is complete. Staff is currently waiting for backup data (prices for maintenance supplies) as specified by the inter-local agreement. Estimated completion date is June 1, 1996.

6.B FINDING *In addition, maintenance is currently provided to the City of Palmetto for traffic signals not included in the traffic signal inter-local agreement, without compensation to Manatee County.*

6.B RESPONSE Research revealed that all signals within the City of Palmetto are currently listed in the inter-local agreement. There may have been some confusion regarding location of a signal near the city limits however the signal is actually within the County.

6.C FINDING *A log of maintenance activities relative to traffic signals is not maintained as required by the 1979 agreement with the Florida Department of Transportation.*

6.C RESPONSE A log on maintenance activities relative to traffic signals is now utilized.

6.D FINDING *Maintenance is currently provided on school signal warning lights on state roads without an agreement with the Florida Department of Transportation, as required by Florida Statutes 316.1895.*

6.D RESPONSE After review of Florida Statutes 316.1895 regarding school signal warning lights on state roads, staff concurs that an agreement is required. Estimated completion date for this effort is September 1, 1996.

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7. An incomplete, manual system is maintained by the Right-of-Way Permit Section that does not document the status of the permit process.

7.A FINDING *The Right-Of-Way Permit Section is staffed by one individual who is responsible for compliance with Ordinance 89-11, which provides for permitting of construction within Manatee County's right-of-ways. Internal Audit found an incomplete, manual system is maintained that does not document the status of the permit process.*

7.A RESPONSE The purchasing of a new computer has been approved, allowing for the establishment of a database into which all inspection reports, quality of work assessments, and completion dates will be documented. Also, the permit form has already been modified to reflect a final inspection sign off.

7.B FINDING *In addition, inspection and verification of trade licenses were not documented in the permit files as required by Ordinance 89-11. Without documentation of the right-of-way permit process, verification of inspections and status of work completed on the permits can not be determined.*

7.B RESPONSE Many applicants are repeat contractors known to have a license. However, new procedures will be put into place whereby the license number and contractor name will be recorded at the time of application for right-of-way usage permits. We anticipate having this enhanced procedure in place by September of 1996.

8. The Transportation Department lacks policies and procedures on some key operational areas.

8.A FINDING *... policies and procedures manuals do not exist to assist and guide the Public Transportation personnel in the following areas:...*

8.A RESPONSE The Director set a number of goals after starting with the County. This included development of a complete set of Administrative Policies and Procedures. Staff is also working on this goal where needed. Since that time Transportation administration has acquired sample Procedures from another county, purchased pre-written generic procedures that can be used in the administrative/personnel management area, and drafted the first few administrative procedures to be used by staff. We are continuing to develop formal policies and procedures as time permits.

In response to your specific list of recommended Policies and Procedures, I offer the following status:

1. Right-of-Way Use Permit Section – The Right-of-Way Use Permit has been revised to ensure that it is in complete compliance with Ordinance 89-11. This Ordinance also spells out the basic requirements of the Permit and procedures to follow. We will draft further procedures to strengthen and formalize this process.
2. Traffic Operation Section – Traffic Operations was taken over by a new manager in 1994. Traffic has been very busy in the past few years and has not devoted enough time to in-house procedures. This will be improved in the near future.
3. Fiscal Operations Section – Fiscal Operations was split from management Services near the beginning of 1996. The new manager has already started revising old methods of work flow and will be developing written Policies and Procedures as part of his goals and objectives.

(4&5) Cellular and long-distance phone bills for potential abuse - A Policy regarding use of cell phones and desk phones has already been initiated and will be finished in the next few weeks. Staff has been verbally informed of calls that are permitted and calls that are not.

8.B FINDING *The Highway Operations Division has a Policies and Procedures Manual, however, we found the following areas where internal controls may be strengthened: ...*

8.B RESPONSE

1. daily maintenance of vehicles – Memos have been issued in the past regarding maintenance of vehicles, specifically field mowers and trucks. Staff will continue to expand this area of management.

2. work order system – Highway operations currently handles all work orders manually. Although this process should have stated Policies and Procedures to control it better, my goal is to replace the current system with an automated system. The new system would have very specific procedures and policies on its use.
3. responsibilities of employees – Employee responsibilities are defined in their Job Descriptions. Supervisors monitor and direct employees in following their work assignments per their job description. Writing a specific, detailed procedures for each employee would be extremely time consuming and costly. I recommend that, in place of employee responsibility procedures, staff develop general task procedures. This is typically part of a well developed Maintenance Management System.
4. distribution to employees – Distribution of documents to employees is managed by our Management Services Section unless the information being distributed is strictly for Highway Operations only. Information is generally disseminated via a memo from the Director with the biweekly paychecks. This simple process will be documented in the administrative Policies and Procedures Manual now under development.