



Manatee County

Clerk of the Circuit Court and Comptroller

R.B. "Chips" Shore

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MEMORANDUM

To: Jim Seuffert, Financial Management Department Director

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

Date: November 26, 2002

Subject: Utilities Customer Service Division (formerly known as Public Works–Fiscal) Follow-up Audit

The Internal Audit Department has completed a follow-up audit based on the Clerk of the Circuit Court's Audit Report of the Public Works Fiscal Division issued on November 5, 1998. This follow-up consisted of reviewing corrective actions implemented by the Utilities Customer Service (UCS) Division for the areas where we provided constructive criticism and recommendations.

We are pleased with management's response to issues raised in our original audit report. The procedures established for areas such as refund checks, roll-off accounts, the lockbox service, data entry, and construction meters have resulted in more timely and accurate billings and payment processing. In addition, procedures have been implemented to better standardize and monitor collection efforts by the Collections Section. Internal Audit believes these controls have significantly improved the efficiency and accountability over the fiscal processes of the UCS Division.

Management has addressed all of the areas where improvements were recommended; however, several areas still require management's attention. During the meeting on August 8, 2002, your management staff together with the Internal Audit Department staff, agreed on the following action plans:

1. The operations of the Customer Service Solid Waste Collection Administration Section are governed by Ordinance 85-11 and four additional ordinances repealing selected sections of the original Ordinance. Management feels these partial revisions to the Ordinance complicate the ability to enforce and implement all their provisions. UCS management, through the County Attorney's Office, has been working on writing a consolidated solid waste ordinance. The intention of the current consolidation will include not only the past amendments, but also any current proposed changes.

Management Action Plan: Internal Audit continues to support management's efforts to combine the existing ordinances into one regulatory document. UCS Management will take a more active role in the writing of the consolidated ordinance and continue to work together with the County Attorney's Office to expedite the internal approval process. UCS management anticipates presenting the consolidated ordinance to the Board of County Commissioners for approval by March 2004.

2. Controls over the monitoring of reclaimed water contracts appear to need strengthening. Exceptions continue to exist where the contract consumption rates were not always accurately entered into the Banner billing system. In addition, it appears that the responsibility over the reclaimed water contracts has not been designated.

Management Action Plan: The UCS management will review all of the reclaimed water contracts and verify all rates entered into the Banner billing system are accurate and in accordance with the contract rates. In addition, management will recalculate any billing discrepancies from the past and adjust customer billings to reflect the proper amount. Management will also work with Utility Operations to determine which division will be responsible for the monitoring the reclaimed water contracts and will establish policies and procedures to ensure the contract provisions are properly applied and followed. Management anticipates completion by May 1, 2003.

3. UCS writes off credit balances that are \$1.00 or less, as it is too costly to refund the money to the customers. A resolution does not exist allowing UCS to write off these credit balances. According to the County Attorney's Office, in an opinion dated June 21, 2000, a statement should be added to the service application stating that credit balances of \$1.00 or less will not be refunded unless requested. UCS management is in the process of including this language in the updated resolution since it is their intention to eventually work towards a paperless application process.

Management Action Plan: Management will add statement to the water/sewer and solid waste rate resolutions that addresses writing off the small credit balances. They anticipate presenting the resolution to the Board of County Commissioners for approval by September 30, 2003.

4. UCS Meter Services does not perform a physical count of the water meters to reconcile to the inventory of meters on the Banner system. A reconciliation of the inventory per Banner to the physical inventory found that the listing in Banner system was not accurate. This primarily resulted from the 5/8" meters that were labeled as "in stock" in Banner when actually they had been scrapped. While a code exists in Banner to identify junked meters, it has not been used.

Management Action Plan: Management is in the process of performing a reconciliation of the meters physically on hand to those listed as "in stock" in Banner. For the 5/8" meters that cannot be located, management will assume that these meters have been scrapped and correctly label them in the Banner system. Management will begin using the Banner code for the scrapped meters when meters are returned that cannot be used. Management anticipates completing this reconciliation by December 1, 2002.

5. Outstanding balances for other utility accounts in the Banner system are not checked prior to setting up a new temporary construction meter account. Management confirmed outstanding balances are checked when establishing a new account for a landlord or builder and should be done for temporary construction meter customers. The Accounting Section has started to distribute a list of past due accounts, and the clerks have been instructed not to set up new accounts for those customers with past due utility accounts.

Management Action Plan: Management is in the process of implementing a procedure requiring employees to check customer's outstanding utility accounts on the Banner system prior to receiving a temporary construction meter. Implementation of this procedure will begin as of October 1, 2002.

6. The current rate resolution, R-01-66, neither includes a rate for the 12" fire line annual fee nor does it include a rate for fire line consumption. However, there is a rate in the Banner system for the 3" and smaller fire lines, since water consumption for those types of lines are physically metered.

Management Action Plan: Management will include both of these fire line rate issues in the update to the current water/sewer rate resolution. Management anticipates presenting the resolution to the Board for approval by September 30, 2003.

7. The meter repair workers' job description requires certification for backflow prevention. Three out of the five meter repair workers do not have current certification; two had their certification expire in September 2001, and the other one is being enrolled to get his initial certification.

Management Action Plan: Management is in the process of scheduling a certification training session for all of the meter repair workers. This training should be completed by March 1, 2003.

8. The annual evaluations of the payroll allocations are done during the budgeting process each year. Of the five employees tested, three (60%) were not appropriately allocated based on their duties. Since UCS is in the process of another reorganization, management plans to adjust the allocations for all of the affected employees after the reorganization is final.

Management Action Plan: Management is aware of the changes required, and anticipates their reorganization should be completed during the October 2003 budgeting process, at which time payroll allocations will be re-evaluated and adjusted accordingly.

9. Property owners are not pursued for garbage charges on delinquent tenant accounts, as allowed per Ordinance 85-11, when the account was for water, sewer, and garbage; garbage-only accounts are always in the owner's name. According to the opinion sent from the County Attorney's Office on June 21, 2000, UCS should legally bill the owner for the outstanding garbage balance, even though the account has water and sewer on it as well.

Management Action Plan: Management is working with the County Administrator to either comply with the ordinance or have the ordinance changed and approved by the Board of County Commissioners. Management anticipates completion by September 30, 2003.

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. An additional follow-up will be scheduled after the implementation of the Management Action Plans.

RBS/RJO/MEG

cc: Board of County Commissioners
Ernie Padgett, County Administrator
John Barnott, Utilities Customer Service Administrator