

## MEMORANDUM

To: Dan Gray, Utility Operations Department Director

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

Date: June 13, 2002

Subject: Utility Operations (formerly known as Public Works – Fiscal) Follow-up Audit

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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 Utility Operations Department (UOD) 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 and the new equipment installed for the monthly meter readings for Sarasota County's water consumption have resulted in more accurate and reliable readings. In addition, procedures have been implemented to better monitor the DEV bid process. Internal Audit believes these controls have significantly improved the efficiency and accountability over the Fiscal processes of the UOD.

Management has addressed all of the areas where improvements were recommended; however, a few areas still require management's attention. During the meeting of June 4, 2002, your management staff together with the Internal Audit Department staff, agreed on the following action plans:

1. On February 21, 2002, Sarasota County's water consumption exceeded 14 million gallons per day (MGD). Per the agreement between Manatee County and Sarasota County, once Sarasota exceeds 14 MGD, Manatee County will bill them for an additional facility investment fee of \$3,030,000. Although Sarasota is not disputing the charge, a bill has not been sent, nor has the charge been recorded to enable timely revenue recognition and tracking of accounts receivable. Management has drafted a contract to arrange a five-year payment schedule with Sarasota County. The contract has yet to be approved by the Board of County Commissioners.

**Management Action Plan:** Management will send an invoice to Sarasota County for \$3,030,000 within 30 days to record the transaction. The contract for the payment schedule and interest will be completed and sent to the Board for approval by September 30, 2002.

2. The payroll costs of the two non-managerial employees in the Fiscal Support Division are allocated only to administration. However, according to the Fiscal Services Manager, thirty percent of the administrative assistant's payroll costs should be allocated to Landfill Operations.

**Management Action Plan:** Management is in the processes of revising the payroll allocations to distribute these costs more appropriately. These changes will be completed by July 1, 2002.

3. The current rate resolution does not specify a rate for hourly labor charges. Although charges for labor are infrequent, there have been circumstances, which required a labor charge.

**Management Action Plan:** When management updates their rate resolution, a rate for hourly labor charges will be included. The proposed rate will be cost plus twenty percent. Management anticipates having the resolution approved by the Board by September 30, 2002.

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  
David Brangaccio, Fiscal Services Division Manager