MEMORANDUM

To: Dan Gray, Utility Operations Department Director
From: R.B. “Chips” Shore, Clerk of the Circuit Court and Comptroller
Date: August 27, 2003
Subject: Utility Operations Fiscal Services (formerly Public Works Fiscal Division)
Follow-up Audit

The Internal Audit Department has completed a second follow-up audit based on the Clerk of the Circuit Court’s Public Works Fiscal Division Follow-up Audit Memorandum issued June 13, 2002 and the original Audit Report issued on November 5, 1998. This second follow-up consisted of reviewing corrective actions implemented by the Utility Operations Department (UOD) for the areas in the first follow-up where we provided constructive criticism and recommendations.

We are pleased with management’s response to issues raised in our original audit report. The updating of Resolution R-03-128 now includes a provision for hourly charges for certain services. In addition, proper allocation of payroll expense on two employees has been corrected and a municipal receivable was recorded before the end of the 2002 fiscal year. Internal Audit believes these measures have improved financial reporting for the Utilities Operations Department.

Management has addressed all of the areas where improvements were recommended; however, the following one area still requires management’s attention:

Manatee County entered into a 40-year contract with Sarasota County on February 20, 1973 for the sale of potable water to Sarasota County. The contract and its amendments were signed by representatives of both counties and approved by each respective Board of County Commissioners. The contract as amended included a provision that stated:

“At any time that Sarasota’s consumption exceeds 14 million gallons in any given day, Manatee shall render a billing to Sarasota for an FIF (Facilities Impact Fee) applicable to 1 MGD (million gallons per day) in accordance with Manatee’s then existent rate enactment. Sarasota shall render payment of said billing, within thirty days of receipt of billing.”
On February 21, 2002, Sarasota County's water consumption exceeded 14 MGD triggering the FIF fee. During the follow-up audit, we noted the FIF fee had not been billed to Sarasota County timely and on September 30, 2002 a bill was sent and a receivable created on Manatee County's finance system for that amount. To date, Sarasota County has neither paid the amount owed to Manatee County for this fee, nor interest accumulated on this amount from the time of billing. We are not aware of any dispute of the fact that water usage exceeded 14 MGD on February 21, 2002.

We suggest that this fee be collected from Sarasota County in compliance with the provisions of the water agreement, along with interest accrued from the date of the billing.

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 Plan.

RBS/RJO/WPA

cc: Board of County Commissioners
    Ernie Padgett, County Administrator
    Beverly Chiotti, Fiscal Services Division Manager