

## MEMORANDUM

To: Daniel T. Gray, Utility Operations Director  
Jim Seuffert, Financial Management, Director  
Janet McAfee, Project Management Director

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

Date: May 28, 2002

Subject: Fiscal Services Division Manual Billing Process 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 Fiscal Services Division Manual Billing Process issued on March 13, 2001. This follow-up consisted of reviewing corrective actions implemented by the Utility Operations Department, the Utilities Customer Service Division and the Project Management Department 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. Procedures have been implemented to better standardize and monitor the collection of past due accounts, temporary construction deposits and municipality billings. Internal Audit believes these controls have significantly improved the efficiency and accountability over the Manual Billing process.

Management has addressed all of the areas where improvements were recommended; however, a few areas still require management's attention. During the meeting of May 14, 2002, your management staff together with the Internal Audit Department staff, agreed on the following action plans:

1. The procedures being followed to account for temporary construction deposits were tested and are adequate. The management of Utility Operations, Utilities Customer Service and Project Management Departments are in the process formally approving these procedures.

**Management Action Plan:** The management of Utility Operations has developed and distributed written procedures, which are awaiting the approval from all directors involved. Management anticipates the procedures to be finalized within three months.

2. The Accounting Section of the Utilities Customer Service Division is responsible for working the past due accounts for inspection services that are billed manually through the finance system (IFAS). Project Management Department is responsible for scheduling inspections for contractors. During the audit, Project Management was not informed which contractors had outstanding accounts. As a result, contractors would be able to schedule and receive inspections services with existing outstanding balances.

**Management Action Plan:** Utilities Customer Service Management has already created a list of customers with outstanding accounts, which is distributed to Project Management monthly. Project Management received their first list in May 2002 and is reviewing the list prior to scheduling inspections for contractors. The procedures for the use of this list will be incorporated in the procedures for temporary construction deposits that will be finalized within three months.

3. The contractors are responsible for paying the Utility Operations Department a security deposit for future infrastructure inspections. When all the inspections are completed and approved, a release letter is completed by Project Management to release the security deposit. The name usually included in the release was the main contractor.

During our testwork, it was noted that for 3 out of 13 jobs (or 23.1%), the subcontractor was being billed for services without paying a deposit. Therefore, when the release letter was sent to Utility Operations with the name of the main contractor for a deposit refund, Utility Operations only reviewed the account of that contractor and not the subcontractor, who may have had outstanding invoices.

**Management Action Plan:** Utility Operations Management has implemented procedures that will only accept a deposit from the contractor responsible for the payment of all inspection fees. This procedure will be included in the procedures for temporary construction deposits.

4. Utility Operations Department's procedures for the municipality billings, that require using a spreadsheet, were tested and are adequate. The Department is in the process of formalizing these procedures in writing.

**Management Action Plan:** Utility Operations Management is in the process of developing procedures for the municipality billing process. Management anticipates completion in three months.

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  
John Barnott, Utilities Customer Service Administrator