

MEMORANDUM

To: Len Bramble, P.E., Director of the Public Works Department

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

Date: April 6, 2000

Subject: Wastewater Division Follow-up Audit #1

The Internal Audit Department has completed the Follow-up Audit based on the Clerk of the Circuit Court's Audit Report of the Wastewater Division issued on September 30, 1998. This Follow-up Audit consisted of reviewing corrective actions implemented by the Wastewater Division for the areas where we provided constructive criticism and recommendations.

Internal Audit reviewed the implementation of corrective actions taken to address the outstanding areas of improvements and recommendations included in the original audit report. It appears that while some of the areas where improvements were recommended have been addressed, a few continue to require management's attention.

During our meeting of April 4, 2000, your management team together with members of the Internal Audit Department, have agreed on the following action plan for the remaining areas of improvement:

1. **Agreement between Manatee County and Longboat Key**

The agreement between Manatee County and the Town of Longboat Key for the Town's wastewater treatment and disposal has not been amended. A draft of a new agreement has been developed and is currently in the County Administrator's Office for review. The draft agreement appears to have addressed the deficiencies that existed in the original agreement. It also specifies that Manatee County will be purchasing a new meter that will be installed in an agreed-upon location, to be used for billing purposes.

Management's Action Plan: Management estimates that the governing boards of both Manatee County and the Town of Longboat Key will approve this new agreement by September 30, 2000. The new meter will be installed by Manatee County within six months after approval of the contract.

2. **Compliance with Ordinance 92-28:**

Ordinance 92-28 requires customers applying for a reclaimed water irrigation permit to submit a schematic drawing of their irrigation system. The Wastewater Division has not been enforcing this requirement. Management does not believe these drawings are essential to this permitting process.

Management's Action Plan: Management is in the process of amending Ordinance 92-28 and deleting the schematic drawing requirements from the reclaimed water irrigation permit process. Management anticipates the amended ordinance will be approved by September 30, 2000.

Until the new ordinance is adopted, the Wastewater Division will begin complying with the ordinance requirement by obtaining schematic drawings from customers as part of the reclaimed water irrigation permit process effective April 30, 2000.

3. **Accounting for Inventory**

The Wastewater Division has significant amounts of inventory consisting of motors, equipment, parts and various supplies. The original audit estimated the inventory to be in excess of \$1,000,000. Currently the inventory is being expensed when purchased. Inventory that is not required for operations during the year is not being recorded as an inventory asset. Management is currently in the process of automating their inventory records. Upon completion, procedures will be established and the inventory will then be recorded on the finance system as an asset.

Management's Action Plan: Management estimates the automation of the inventory records and the recording of inventory as an asset on the finance system will be completed by September 30, 2000.

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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. Internal Audit believes the controls, when fully implemented, will improve the accountability over the Division's operations. Another follow-up audit will be scheduled after the implementation of Management's Action Plans.

RBS/RJO/MDB

cc: Board of County Commissioners
Ernie Padgett, County Administrator
Dan Gray, Utilities Operations Manager
Dave Shulmister, Wastewater Division Manager

MEMORANDUM

To: Len Bramble, P.E., Director of Public Works

From: Richard Orienti, Director of Internal Audit

Date: April 6, 2000

Subject: Wastewater Division Follow-up Audit #1 - Other Areas of Concern involving the Fiscal Services Division

During our meeting of April 4, 2000, we discussed an area of improvement that was noted during the Wastewater Division Follow-up that directly affects the Fiscal Services Division. The following is the area that we discussed and our agreed-upon Management Action Plan:

Holding Checks - The Fiscal Services Division was holding eleven Industrial Compliance security deposit checks totaling over \$13,000. Several checks dated back to January 2000. The Fiscal Division staff explained the holding of the checks resulted from the implementation of the new utilities system that was not originally set up for accepting deposits.

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Management Action Plan - Management acknowledges that checks should always be deposited timely and will communicate this immediately to the Fiscal Services Division.

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This area will be reviewed at a later date to ensure implementation of Management's Action Plan. If you have any questions, please call me at extension 4170.

cc: Dan Gray, Utilities Operations Manager

Dave Shulmister, Wasterwater Division Manager

Dave Brangaccio, Fiscal Services Division Manager