

## MEMORANDUM

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

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

Date: April 22, 1999

Subject: Water Division Follow-up Audit #1

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The Internal Audit Department has completed a follow-up audit based on the Audit Report of the Public Works Water Division issued on May 21, 1998. The follow-up audit consisted of reviewing corrective actions implemented by the Public Works Water Division for areas where we provided constructive criticism and recommendations in the original audit. Internal Audit did not perform tests of compliance with these newly implemented controls. We will review compliance during the next regularly scheduled audit of the Public Works Water Division to determine whether the controls are functioning effectively and efficiently in accordance with management's designs and objectives.

Internal Audit is pleased with the diligent efforts made in correcting the majority of the audit findings from the original audit. Improvements noted by the auditors include, but are not limited to, the strengthening of internal controls over the repair of privately maintained water lines, the tracking of backflow prevention device inspections and the inspectors' certifications, and compliance with the State mandated record retention schedule. Internal Audit believes the controls implemented will significantly improve the accountability over operations. Management has addressed most of the areas where we recommended improvement however the following area still requires management's attention:

Compliance with the Montgomery Watson Grant Terms and Conditions. In 1994, the Board of County Commissioners approved a grant agreement in the amount of \$73,860 between Manatee County and Montgomery Watson Americas, Inc. Montgomery Watson was to pay Manatee County for services and data provided for a research project. Terms of the grant agreement required a \$6,667 payment to the County at the execution of the contract and quarterly payments thereafter. All services and data to be provided by the County under the grant agreement were to be completed by August 31, 1996, and documentation was required by the agreement for any extension past the completion date. The project, however, is two and one-half years beyond the estimated completion date and no payments have been received. While staff indicates that Montgomery Watson gave verbal extensions, no documentation exists authorizing an extension of the grant past its original deadline. In addition, a decision was made by Public Works management to receive all of the money at the end of the contract, however the Board of County Commissioners did not approve a delay in payment. Management has stated that an amended grant agreement is expected from Montgomery Watson that will include all previous verbal arrangements. It is management's intent to bring the amended grant agreement before the Board of County Commissioners for approval.

Internal Audit supports management's pursuit of contract amendments and Board of County Commissioner approval for this contract.

We commend the Public Works Water Division's management and staff for the careful attention given to the audit findings. The majority of the original audit recommendations have been implemented and we noted significant improvements in the overall operations. We feel with the strengthening of controls in the areas mentioned, operations of the Water Division will function more effectively and efficiently. Another follow-up will be required in approximately six months to review the area above. We thank the Public Works Water Division staff and management for the courteous assistance provided to our auditors.

RBS/RJO

cc: Board of County Commissioners  
Ernie L. Padgett, County Administrator  
John Zimmerman, Water Division Manager