Agenda Item #:

3BB-1

PALM BEACH COUNTY

BOARD of COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

===

Meeting Date: **8/13/2013**   [X] Consent   [   ] Regular
                                      [   ] Public Hearing

Department:
      Submitted By: _____ Internal Auditor's Office

===

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to receive and file:
  A. Audit reports reviewed by the Audit Committee at its March 20, 2013 and June 19, 2013 meetings as follows:
      1. 13-04 Purchasing Department – *Purchasing Operations;*
      2. 13-05 Engineering & Public Works – *Bridge Operations and Maintenance;*
      3. 13-06 Water Utilities Department – *Engineering Division;* and
      4. 13-07 Environmental Resources Management Department – *Mosquito Control Division.*
  B. Audit recommendation status follow-up report as of March 31, 2013 reviewed by the Audit Committee at its June 19, 2013 meeting.

Summary: Ordinance 2012-011 requires the Internal Audit Committee to review audit reports prior to issuance. Ordinance 2012-012 requires the County Internal Auditor to send those reports to the Board of County Commissioners. At its meetings on March 20, 2013 and June 19, 2013, the Committee reviewed and authorized distribution of the attached audit reports. The Committee also reviewed and authorized distribution of the Audit Recommendation Status Follow-up Report as of March 31, 2013 at its June, 2013 meeting. We are submitting these reports to the Board of County Commissioners as required by the Ordinance.   Countywide (PFK)

Background and Policy Issues: The Internal Audit Committee reviewed and authorized distribution of audit reports 13-04 and 13-05 at its March 20, 2013 meeting, and reports 13-06 and 13-07 as listed above at its June 19, 2013 meeting. The Committee also reviewed and authorized distribution of the Audit Recommendation Status Follow-up Report as of March 31, 2013 at its June meeting.

Attachments:

Audit reports as identified above

===

Recommended by: _____   25 June 2013
                        Internal Auditor   Date

Recommended by: _____   7/8/13
                        County Administrator   Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2013	2014	2015	2016	2017
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income (County)					
In-Kind Match (County)					
NET FISCAL IMPACT	*See below				
# ADDITIONAL FTE					
POSITIONS (Cumulative)					

Is Item Included In Current Budget? Yes _____ No

Budget Account No.: Fund _____ Agency _____ Org. _____ Object _____
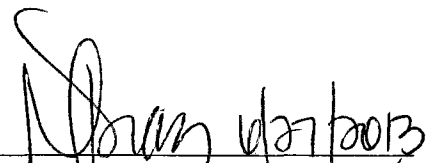
    Program Number _____ Revenue Source _____
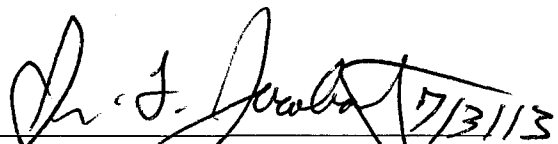
B. Recommended Sources of Funds/Summary of Fiscal Impact:

    ✗ No fiscal impact

A.   Department Fiscal Review:

_____

III. REVIEW COMMENTS:

A.   OFMB Fiscal and/or Contract Administration Comments:

_____ 6/27/2013   _____ 7/3/13
Budget/OFMB   Contract Administration
                                                       7-8-13 B Wheeler

B.   Legal Sufficiency:

_____ 7/8/13
Assistant County Attorney

C.   Other Department Review:

_____
                 Department Director

This summary is not to be used as a basis for payment.

ATTACHMENTS TO AGENDA ITEM
For August 13, 2013

Office of the County Internal Auditor
Audit Report #2013-04

PURCHASING DEPARTMENT

PURCHASING OPERATIONS

Stewardship – Accountability – Transparency

WHY WE CONDUCTED THIS AUDIT

We conducted this audit to answer the following question:

Did the Purchasing Department Director ensure that goods and services were procured in compliance with the Purchasing Code and internal procurement procedures PPM PA-O-002 entitled 'Internal Operations Guide' for FY 2012?

WHAT WE FOUND

The Department Director ensured that goods and services were procured in compliance with the Purchasing Code and internal procurement procedure PPM PA-O-002 entitled 'Internal Operations Guide' for FY 2012.

However, we noted some issues with supporting documentation that we felt were not significant enough to warrant a finding but were worthy of mention as observations. These items are discussed in the observation below.

WHAT WE RECOMMEND

The audit report makes no recommendations to the Purchasing Department Director.

OBSERVATION

Incomplete backup documentation.

Departmental PPM PA-O-002 establishes
the processes and requirements for the
procurement methods used to establish and
renew a contract for goods or services used
by the County. Backup documents provide
evidence that the process has been followed
and requirements have been met. The
evidence not only provides a history of the
awarded contract for any future work, such
as amendments or renewals, it is also
provides support during the protest of a
pending award.

PPM PA-O-002 establishes the following
requirements for references, valid
corporation and receipt of bids:

> References   '…all references, as
required under the "Qualification of
Bidders" term, shall be verified by the
User Department and returned with the
Department evaluation.'

> Valid corporation   '…firms
whose responses indicate that the bidder
is a "Corporation", incorporated in the
State of Florida, must be validated by
visiting the State of Florida web site'.

> Receipt of bid 'Bids and/or
modifications to bids received after the
deadline for receipt of bids specified are
late and shall not be considered.'

Our review found backup documents to
support procurement requirements were not
included in some of the contract files we
selected for testing. We reviewed the files
for six out the 170 IFB's issued during FY
2012, and 17 of the 398 RFQ's established

or renewed in FY 2012. Our review of the
selected files found:

> Two of the six selected IFB files
lacked documentation demonstrating
that references had been checked as
required;

> One of the 17 selected RFQ files
lacked documentation demonstrating
that references had been checked as
required;

> One of the six selected IFB files
lacked documentation demonstrating
that the required valid Florida
corporation registration had been
checked as required; and

> Five of the 17 selected RFQ files
lacked documentation establishing the
date and time the response was received.

In discussions with Department officials at
the exit conference we learned that one
procurement section did not require
evaluation of references when one of the
respondents was the incumbent contract
holder. This direction had been given by the
Department Director verbally. The other
procurement section routinely required
reference evaluations. We also learned that
Department practice was to document the
date and time a response was received only
in instances when the response was received
late. This requirement only applies to RFQs
since all bids responses are opened and
stamped at the formal bid opening.
However, the language in the PPM does not
distinguish the bid process from the RFQ
process. We also learned that in some cases
when the award is made to an incumbent,
the validity of the corporate registration with

the State of Florida is not consistently included in the file.

Suggestions:

(1)   The Department Director should revise PPM PA-O-002 to specify that references are to be checked only in those cases when the award is to a new vendor and that there is no need to check references for the incumbent contractor.

(2)   The Department Director should revise PPM PA-O-002 to specify the source to be used to determine when an RFQ is not timely received.

(3)   The Department Director should emphasize with the staff the need for ensuring the necessary documentation is retained in the contract files.

BACKGROUND

The Purchasing Department (Department) procures non-construction related goods and services for all County Departments under the Board of County Commissioners (BCC) valued at or exceeding $1,000. However, all purchases less than $1,000 in value are decentralized through the user County Departments. Construction related procurements are handled by five County Departments as authorized by county policy. In Fiscal Year 2012, the Department reported 43 full time positions; 30 in the Purchasing Section and 13 in the Warehouse/Stores Section with a total budget of approximately $3.5 million. The Department processed 40,546 procurements totaling approximately $176 million.

Primary services provided by the Department include:
- the procurement of non-construction related goods and services;
- monitoring term contracts to ensure that gaps in service do not occur;

- monitoring decentralized purchases made by County Departments;
- providing suggestions to County Departments with regard to alternative source selection;
- handling all protests;
- providing procurement training, advice and assistance to all County Departments;
- the provision of a central warehouse facility; and
- delivery of interdepartmental and US Mail, stored items, and stock goods.

Various methods are used by the Department in its procurement activities. Purchases of $50,000 or more require a formal solicitation process. Formal solicitations include an Invitation for Bid (IFB) and a Request for Proposal (RFP). An IFB is a process requiring detailed specifications where awards are made to the lowest responsive, responsible bidder. An RFP is a process where the evaluation of

proposals is conducted by a Selection Committee and the award is based on previously established criteria. Any actual or prospective bidder or proposer has a right to protest in connection with a pending award. A formal protest process is available for the IFB and RFP methods of procurement.

For purchases valued under $50,000, an informal quote or proposal process is followed. A Request for Quote (RFQ) is an informal competitive quote process requiring few specifications where awards are made to the lowest responsive, responsible quoter. A Request for Submittal (RFS) is an informal competitive proposal process where the evaluation of proposals is conducted by the User Department based on previously established criteria. There is no

formal protest process available for the RFQ or RFS methods of procurement.

The Department can also make purchases without competitive solicitation. Alternative source selection procurement methods include: sole source purchases where there is only one good or service that meets the requirement of the User Department; emergency purchases where a procurement is made in response to a need when a delay would be detrimental to the interests, health, safety, or welfare of the County; and piggyback purchases where the County purchases goods or services of an existing contract between a vendor and the Federal Government, a State or local government, another government agency, or a government related association.

AUDIT SCOPE AND METHODOLOGY

This audit of Purchasing Operations was selected as a result of the Internal Auditor's risk assessment of County Department operations. The Departmental risks identified as areas of concern were compliance with the Purchasing Ordinance and fair and open competition, failure to properly make notification of public meetings, and maintenance of vendor or procurement files.

To answer the audit objective, we conducted interviews with Department management and staff,
reviewed internal PPMs, department reports, the County budget report for fiscal year 2012, and other pertinent documentation.

We reviewed the procurement processes of the various procurement methods used to create or renew a contract. We also reviewed the levels of approval for procurements in the County's financial system. Our methodology included testing the various procurement methods used in the creation or renewal of a random sample of contracts and the approval of contracts and purchase orders created beginning in FY 2012.

The scope of the audit was Fiscal Year 2012. Audit field work was conducted at the Department from October to December, 2012.

Management is responsible for establishing effective internal control to help ensure that appropriate goals and objectives are met; resources are used efficiently, economically, and effectively, and are safeguarded; laws and regulations are followed; and reliable data is obtained and maintained and fairly disclosed. We are responsible for using professional judgment in establishing the scope and methodology of our work, determining the tests and procedures to be performed, conducting the work, and reporting the results.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observation and conclusion based on our audit objectives.

Joseph F. Bergeron, CPA, CIA, CGAP
Internal Auditor
February 13, 2013
Audit W/P No. 2012-07

Office of the County Internal Auditor

Audit Report #2013-05

ENGINEERING & PUBLIC WORKS

ROAD & BRIDGE DIVISION

BRIDGE OPERATIONS & MAINTENANCE

We conducted this audit to answer the following question:

1. Did the Road & Bridge Division Director ensure that:
   a. Fixed Bridge Inspections were conducted in accordance with PPM's EBO-013 and EBO-014 for FY 2011 and FY 2012 through July 2012?
   b. Fixed Bridge maintenance was conducted as required by periodic inspections, reports, and internal practices for FY 2011 and FY 2012 through July 2012?
   c. Movable bridge inspection and maintenance was conducted in accordance with PPM #EBO-015 for FY 2011 and FY 2012 through July 2012?

2. Identify and evaluate measures used by Road and Bridge management to determine effectiveness and efficiency of operations and the reporting of the same.

WHAT WE FOUND

The Road & Bridge Division Director ensured that the bridge inspection and maintenance for fixed and movable bridges were conducted in accordance with departmental PPMs and internal practices for Fiscal Year 2011 through current Fiscal Year 2012.

Also, while our review found that the Bridge Section had processes and controls in place to accurately record and report their performance measures, we found that Bridge Section management did not utilize the Job Cost System for the management of their performance measures or operational activities.

WHAT WE RECOMMEND

The audit report makes six recommendations to the Division Director. Four of those recommendations relate to improvements in management practices

related to evaluating, scheduling, prioritization and monitoring of the bridge inspection and maintenance program. The other two recommendations address improvements in controls over user access to the Division's computerized maintenance system and elimination of terminated or transferred users upon departure from the Division.

DETAILED FINDINGS AND RECOMMENDATIONS

Finding 1. Management of Bridge Inspections and Maintenance Needs Improvement

Bridge inspections and maintenance are governed by several Department PPMs as well as Florida Statutes Section 335.074. The American Association of State Highway and Transportation Officials published recommendations and best practices in the areas of bridge inspections and maintenance. The Departmental PPMs and Florida Statutes require all bridges to be inspected on no less than a biennial basis. The PPMs also require the Division to use the inspection reports received from FDOT and self-generated inspection reports to prioritize and schedule necessary maintenance and repairs.

The American Association of State Highway and Transportation Officials report on 'Best Practices in Bridge Management Decision-Making' (Scan 07-05) issued in November 2009 includes as Key Recommendations:
- ➤ The 'Establishment of standards for Preventive Maintenance',
- ➤ The 'development of work programs for maintenance at the lowest level of management or supervision'.

Some other best practices recommended in the report included:
- ➤ Maintenance Need Identification

- ➤ Maintenance Need Prioritization
- ➤ Maintenance Planning and Programming, and
- ➤ Maintenance Tracking and Accomplishments.

The American Public Works Association (APWA) defines the use of work order systems to manage infrastructure maintenance activities as a best practice in its 'Management Practices Self Assessment'. Their Management Practice 10.14 states "infrastructure maintenance activities are managed using dedicated work order systems to track requests, work orders and costs of maintaining various infrastructure assets."

The Division uses a job cost data base system, a spreadsheet, and paper files to manage and document the inspections and maintenance of bridges. We reviewed each of these during our audit.

The Road and Bridge Division's Job Cost system is used to record data relating to the various activities and functions of the Division. The Division has a Data Processor position dedicated to the input of the required information. The system records activities performed by staff as well as the resources (time, equipment & materials) used to perform these activities. The system

also maintains an inventory of the structures under the control of the Division. The Bridge section staff complete a cost record/work order form recording this information for a two week period. This information is then entered into the system by the Data Processor.

We reviewed the data in the Job Cost System for the Preventive Maintenance performed on the 293 fixed bridges for FY 2012. We compared the System information to 15 job cost Reports to determine the accuracy and integrity of the system data.

The system has a number of cost and performance reports that are available. These reports could be useful tools for management for the planning, execution and monitoring of their activities, such as the scheduling and monitoring of the inspection and maintenance (preventive and corrective) activities. In spite of their efforts to gather and input data into the system the Bridge Section management and supervisors do not use the Job Cost system reports or any system information for any purpose. In interviews with the Bridge Section management and supervisors we were told that they do not use the reports or any system information for any purpose.

Our review of the spreadsheet and paper files included reviews of:
> 19 of the 208 bridges over 20 feet;
> 10 of the 40 bridges under 20 feet;
> One of the 35 pedestrian bridges; and
> One of the 10 golf cart bridges.

Our review of the Bridge Inspection Spreadsheet found:
> That 6 of the 19 bridges over 20 feet selected for testing had no last inspection dates and no next inspection dates;

> That 3 of the 10 bridges under 20 feet selected for testing had no last inspection dates and no next inspection dates;
> One bridge over 20 feet was not included in the Spreadsheet; and
> One bridge over 20 feet had the wrong inspection year listed.

These findings indicate that the accuracy of the spreadsheet records needs improvement and may contribute to scheduling or other management problems.

Our review of the reports and documents (paper files) of the last two inspections for both types of bridges found that while the inspection reports were signed by the Asst. Bridge Section Superintendent and forwarded to the Maintenance group supervisor, the bridge Section did not have a formal process to review the identified deficiencies, establish a repair remedy plan, prioritize this plan and monitor it to ensure its implementation. In interviews with the Bridge Section Superintendent, the Asst. Bridge Section Superintendent, the Chief Bridge Inspector, and the Maintenance group Supervisor, all confirmed they did not have such a process in place.

Our review of the over 20 feet bridges found:
> Eight of the 19 bridges reviewed had deficiencies recommended for repair by FDOT with no evidence that repairs/remedies were made.
> Eight of the 19 bridges reviewed had evidence that repair/remedy work on the deficiencies was done. However, for five of the eight bridges the repair work was completed in excess of four months after the receipt and review of the inspection report. Repairs on the other three bridges were completed in excess of six months.

Our review of the under 20 feet bridges found:

> Three of the 12 bridges reviewed had deficiencies recommended for repair by in-house reviewers with no evidence that repairs/remedies were made.
> Five bridges, there were no worksheets showing repairs/remedies were made.
> Two other bridges had no maintenance reports in the files.

Neither the Department nor the Bridge Section have any PPMs, standards or guidelines established for the preventive maintenance program of the fixed bridges. The Section does not have any formal work programs for the performance of PMs on the fixed bridges. They also did not have a process in place to monitor the frequency and work performed on a PM. In interviews with the Bridge Section Superintendent, the Chief Bridge Inspector and the Maintenance group Supervisor, all confirmed they did not have the above mentioned standards or programs in place. The Maintenance group uses a bridge listing for each of the three crew chiefs to perform the preventive maintenance on the fixed bridges. The Maintenance group Supervisor explained the list as one the crew chiefs used to perform the PMs on a rotational basis.

Our review found that for the over 20 feet bridges the frequency of PMs performed ranged from none performed to being performed a couple times each month. The review found that 12 Bridges had no PMs done in FY 2012. 11 of the 12 Bridges were not on the Crew Chief's PM Schedules. Four of the 12 Bridges were in Parks and so PMs may not have been needed.

For the under 20 feet bridges the frequency of PMs performed ranged from once a year to nine times a year. Only two of the 35 Pedestrian Bridges on the list had any PM work done, each with a frequency of eight times in the year. Only nine of these bridges were listed on the Crew Chief's PM Schedules. Only two of the 10 Golf Bridges on the list had any PM work done. One Bridge was done five times and the other was done once. Only five of the 10 bridges were listed on the Crew Chief's PM Schedules.

Recommendations:

1.   The Division Director should ensure that Section managers and group supervisors begin utilizing the Job Cost system in the planning, execution and monitoring of their operational activities.

2.   The Division Director should ensure the Bridge Inspection Tracking Spreadsheet includes accurate bridge inspection data.

3.   The Division Director should ensure that a system is put in place that supports and documents Section management's evaluation, prioritization and monitoring of deficiencies identified in bridge inspection reports

4.   The Division Director should ensure that a system for scheduling, conducting, and monitoring routine inspections and maintenance is developed and implemented.

Management Comments and Our Evaluation

At the exit conference on February 19, 2013 Department and Division officials agreed with the finding and recommendations. The officials agreed to implement corrective

action with the understanding that the new systems put in place would be simple, flexible and require minimal additional paperwork.

In responding to a draft of this audit report Department officials disagreed with the first recommendation stating they were unsure that the Job Cost System was capable of supporting the planning and monitoring needs of the Division. However, the officials stated they are presently researching a GIS based asset management system to support the necessary planning and monitoring activities.

The Department officials agreed with the other recommendations under this finding.

We agree with the course of action proposed by the officials. In addition, we agreed to make our lead auditor available to Division management to assist in identifying the appropriate elements needed in the system to be implemented.

Finding 2. Access Controls over EPW Job Cost System Need Improvement

COBIT standards and the County's ISS Security Policy Manual (CW-O-59 Section 6.0) require Logical access controls which ensure that access to systems, data and programs is restricted to authorized users. The standards also require procedures for user account management, including requesting, establishing and maintaining access to the systems. The lack of proper access controls could result in the integrity and accuracy of the data being compromised.

The Road & Bridge Cost system is designed to grant access to users in three levels -

Administrator, Supervisor and User. We reviewed the systems security (logical access) controls in place for the EPW Job Costing system. We also reviewed the access levels of the user accounts.

Our review found that currently there are 46 users who have access to the system, 17 as Administrators, 14 as Supervisors and 15 as Users. 18 of these users are no longer working in the Division. Four have Administrator access, 8 have Supervisor access, and five have User access. Management was unable to identify three users; one with administrator access and two with supervisor access.

Recommendations:

5.   The Division Director should ensure that user access to the Job Cost system be removed for all terminated and transferred employees.

6.   The Division Director should ensure adequate access controls over the Job Cost system are put in place.

Management Comments and Our Evaluation

In responding to a draft of this audit report, Department and Division officials agreed with the finding and recommendations. The Division Director stated that all terminated and transferred employees have already been removed from the system and that additional reviews and adjustments of access rights and authorities will be conducted for the system. We agree with the actions already taken and planned by management.

The Road and Bridge Division (Division) is one of six divisions in the Engineering and Public Works Department (Department). The Bridge Section (Section) of the Division inspects, repairs, maintains, and operates 9 moveable bridges (8 Bascule & 1 swing), 248 fixed roadway bridges, 35 pedestrian bridges, and 10 golf cart overpasses. The Section also constructs and maintains concrete sidewalks, ramps for the handicapped, and countywide guardrails.

The Bridge Maintenance Program is accomplished by conducting inspections and performing maintenance on 302 structures located throughout the County. The Florida Department of Transportation (FDOT) is responsible for regularly scheduled field inspections of all bridges over 20 feet in length on a 24 month cycle (more frequently in some cases). Section inspection staff conducts routine inspections on all bridges. The 217 bridges over 20 feet, including all movable bridges, are inspected by a consulting firm hired by FDOT. Their reports, which are submitted to the Division Director, evaluate the bridge condition and recommend corrective action.

The Bridge Section is comprised of four groups: Bridge Inspections, Fixed Bridge Maintenance, Movable Bridge Maintenance and Bridgetenders. Each group is under the responsibility of a supervisor. The Bridge inspection group conducts the FDOT mandated biennial inspections and prepares reports for bridge structures less than 20

feet. These inspections and reports are based on the same FDOT Report elements in effect for larger structures. The Fixed Bridge Maintenance group conducts periodic maintenance and inspections for the fixed bridge structures as provided for in internal practices. These internal practices include maintenance and inspection procedures and rotational schedules developed by the Fixed Bridge Maintenance Supervisor and crew chiefs. The Bascule Bridge Maintenance group performs monthly structural, mechanical and electrical maintenance and inspections on each of the eight bascule bridges.

The Section had three performance measures that were reported in the County Budget Book for FY 2012. Two of these measures were workload measures and the third was an effectiveness measure. For FY 2013 the Division has eliminated the two workload measures. The Division uses a Job Cost System to record all the maintenance activities of both the Road and Bridge Sections of the Division. The system is also designed to provide a number of reports for use by the supervisors. A data entry specialist is responsible for entering all the bi-weekly job cost/work order reports completed by the crew chiefs and supervisors for their staff. As listed in the Palm Beach County Budget Book, the Bridge Section had a Budget of $6.3 million and 78 FTE staff positions for Fiscal Year 2012.

AUDIT SCOPE AND METHODOLOGY

This audit of Bridge Maintenance and Operations was selected as a result of the Internal Auditor's risk assessment of County department operations. The risk factors identified in the assessment were the facilities, equipment and materials used by the Section, their operational size and complexity, and the time since their last audit review. Through interviews with the Division and Section management and staff concerning these risk factors, review of the Department's and Division's policies and procedures, the County Budget Book for fiscal year 2011 & 2012, prior audit reports, and other pertinent documentation, we selected the specific audit objective cited above for detailed review and reporting.

The audit scope included review of internal controls in place to ensure that Bridge Inspection and Bridge Maintenance programs were carried out in accordance with countywide and the Department's established policies and procedures for FY 2011 and FY 2012 through July 2012?

In order to answer audit objective # 1, we reviewed the policies, roles and processes in place for planning, executing and monitoring the Bridge Inspection and Bridge Maintenance program activities. Our methodology included review of Bridge Inspection tracking system, the review of the inspection reports and a review of the action plan and maintenance activities relating to the inspection reports. Our audit work related to the Bridge Inspection program included the use of randomly selected

judgmental samples. We also tested the Routine Preventive Maintenance (PM) conducted on all bridges for Fiscal Year 2012 using analytical procedures applied to all job cost system PM transactions. We tested the accuracy and integrity of the job cost system record using a judgmental sample of bi-weekly job work order reports.

In order to answer audit objective # 2, we reviewed the Section's performance measures as reported in the County Budget Book for FY 2012 and the controls for the accurate recording and reporting of the same. We also reviewed the performance measures used by some other comparable Counties such as Miami-Dade, Broward, Orange and Hillsborough for similar operations. We discussed with Section management and reviewed the standards and practices used in their PM program. Lastly we reviewed the Best Practices published by the American Association of State Highway and Transportation Officials (AASHTO) and the American Public Works Association (APWA) for Bridge Maintenance.

Our audit work included discussions with Division management and staff, and with audit management, in which we addressed the possibility of fraud in relation to their operations. Division management informed us that they were very much aware of the risks when it came to their materials, supplies and equipment and had instituted controls over these areas. We tested and validated some of these controls in place over materials, supplies and equipment.

Management is responsible for establishing effective internal control to help ensure that appropriate goals and objectives are met; resources are used efficiently, economically, and effectively, and are safeguarded; laws and regulations are followed; and reliable data is obtained and maintained and fairly disclosed. We are responsible for using professional judgment in establishing the scope and methodology of our work, determining the tests and procedures to be performed, conducting the work, and reporting the results.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained will provide a reasonable basis for our findings and conclusions based on our audit objectives.

Joseph F. Bergeron, CPA, CIA, CGAP
Internal Auditor
February 19, 2013
Audit W/P No. 2012-09

INTEROFFICE COMMUNICATION

DATE: February 28, 2013

TO: Joseph F. Bergeron, Internal Auditor

THRU: Tanya N. McConnell, P.E.
           Deputy County Engineer
           Engineering & Public Works Department

FROM: Steven B. Carrier, P.E.
           Assistant County Engineer

RE: Draft Audit Report – Bridge Maintenance
           and Operations

Attached is the written response to the final draft audit report, *Road and Bridge Division – Bridge Maintenance and Operations.*

SBC:cp
Encl.

cc: George T. Webb, P.E., County Engineer
      Daryl Dawson, Director, Road & Bridge
      Barry Meve, Superintendent, Bridge Section

tobergeron2013bridgemaintenanceoperationsmemo.doc

RESPONSES TO DRAFT AUDIT REPORT – BRIDGE MAINTENANCE AND OPERATIONS

Recommendations:

(1) **The Division Director should ensure that Section managers and group supervisors begin utilizing the Job Cost system in the planning, execution and monitoring of their operational activities.**

We disagree with the recommendation at this time as we are not sure that the Job Cost System is capable of providing proper planning, execution and monitoring of operational activities, or that Engineering desires the Job Cost System to do so. See response to Recommendations 3 & 4 below that also address this issue.

(2) **The Division Director should ensure the Bridge Inspection Tracking Spreadsheet includes accurate bridge inspection data.**

The importance of having accurate bridge inspection data included in the Bridge Inspection Tracking spreadsheet will be emphasized in the weekly bridge supervisors meeting.

In addition, the Bridge Inspector Supervisor will be required to provide an updated spreadsheet to the Bridge Superintendent on a monthly basis for review and verification.

(3) **The Division Director should ensure that a system is put in place that supports and documents Section management's evaluation, prioritization and monitoring of deficiencies identified in bridge inspection reports.**

(4) **The Division Director should ensure that a system for scheduling, conducting, and monitoring routine inspections and maintenance is development and implemented.**

We concur with the Recommendations. We are presently researching and developing a GIS/(asset) management program to evaluate, prioritize, schedule, and monitor the deficiencies identified in bridge inspection reports and also for routine/preventative maintenance operations. This includes researching electronic tracking methods used by other State and County agencies (or Departments).

The timetable for implementing this program is six months.

Response to Draft Audit Report -
Bridge Maintenance & Operations
Page 2

Recommendations:

(5)   The Division Director should ensure that user access to the Job Cost system be removed for all terminated and transferred employees.

(6)   The Division Director should ensure adequate access controls over the Job Cost system are put in place.

All terminated and transferred employees have been removed from the Job Cost System, and additional reviews and adjustments of access rights and authorities will be conducted on a quarterly basis.

SBC:cp

2013Recommendationsroadbridgeaudit.doc

Office of the County Internal Auditor
Audit Report #2013-06

WATER UTILITIES DEPARTMENT

ENGINEERING DIVISION

Stewardship – Accountability – Transparency

WHY WE CONDUCTED THIS AUDIT

We conducted this audit to answer the following question:

1. Did the Water Utilities Department Director ensure that construction and consultant contracts for Department-initiated projects were managed in accordance with the County's and the Department's policies and procedures?

2. Did the Department Director ensure that developer-initiated projects were managed in accordance with the County's and the Department's policies and procedures?

3. Did the Department Director ensure that the petitioning process for Special Assessment projects was conducted in accordance with the County's and the Department's policies and procedures?

WHAT WE FOUND

The Department Director ensured that Department initiated construction and design contracts as well as the petitioning process for Special Assessment projects were managed in accordance with County and Department policies and procedures.

The Department Director also ensured that developer initiated projects were generally managed in accordance with County and Department policies and procedures. However, we noted internal controls over revenue collections on developer initiated projects were not adequate to ensure proper recording and depositing of fees collected. These items are discussed in the observation below.

WHAT WE RECOMMEND

The audit report makes seven recommendations to the Department Director for improvements to internal controls relating to revenue management for developer projects. These controls address enhancements to and revisions of Department procedures,

Water Utilities Department – Engineering Division

recording and reconciling receipts, training and assignment of staff to the collection function, and prompt follow-up on discrepancies noted during reconciliations.

DETAILED FINDING AND RECOMMENDATIONS

Revenue Collection Needs Stronger Internal Controls

Countywide PPM #CW-O-001 entitled "Policies and Procedures Memoranda (PPMs)" requires organizations that receive any type of revenue to issue one or more PPMs describing the procedures for collecting, receipting, accounting for, safeguarding, and transferring or depositing such funds. The Department's PPM #WUD-F-017 entitled "Revenue Collection" does state that "It is the policy of the Water Utilities Department that adequate internal controls will be maintained to insure the proper safeguarding, receipting, recording, and depositing of revenue," but it does not address actual procedures. It states that "Written procedures will be maintained by sections of the Department that receive revenue on a regular basis."
The Plan Review/Design Standards Section of the Division is one of six revenue collection points in the Department and is responsible for collecting Plan Review, Inspection, Copy, and Other fees from developers on a regular basis. However, the Division has not prepared written procedures, which should address the steps necessary to process and reconcile this revenue and assign responsibility for performing the various steps. In February 2012, the Department's Assistant Director of Finance and Administration prepared Standard Operating Procedure (SOP)

CROC-1 entitled "Cash Handling Policy" which is applicable to the Division and does provide guidance for completing a standardized payment form and calls for safeguarding and daily depositing of the funds received, but does not assign responsibility for these tasks nor adequately address other essential internal controls. For example, this SOP instructs staff to "Provide a receipt to customers paying in person" but does not mention that receipts should be pre-numbered for tracking purposes. The SOP also does not address segregation of duties, restrictive endorsement of checks, supervisory approvals, or reconciliation of records.

In addition to deficiencies in the written procedures, we found internal controls in the actual revenue collection procedures used in the Division to be weak. For example:

➤ No full-time Divisional employee is accountable for collecting and recording the fees. These duties are performed by a part-time Student Paraprofessional whose work schedule is not defined and depends upon her school schedule. In her absence, five other staff members are authorized to collect and process the fees but have not been trained in fiscal matters, and their regular Engineering duties take precedence.

➤ The standardized payment forms serve as receipts but, as mentioned above, are not pre-numbered. The Student Paraprofessional prepares a monthly report listing all receipt forms completed, but this report is not reviewed or approved by management, nor reconciled to any other documentation.

➤ A cash receipts log was implemented on February 17, 2012, but is not consistently used. The only person making entries in the log is the Student Paraprofessional. The other five authorized staff members stated that they were unaware of this procedure. The log was designed to record the payment date, receiving employee's name, developer's name, project number, check number, and amount for each payment, and to capture a date of transfer and the initials of a Contracts Management Division staff member. It was intended to document the transfer of revenue from the Division to Contracts Management for forwarding to the Customer Service Division for deposit in the bank. However, Contracts Management has been accepting revenue without the log, so no record is kept of the transfer.

➤ Payment entries are made into a computerized Development Tracking System (DTS), but the system is not capable of generating reports useful for reconciliation of payment records. Recently, the Department's Assistant Director of Finance and Administration submitted a request to the County's Information Systems Services Department to enhance the DTS so that it would be able to generate revenue reports, but the enhancements have not yet been made.

➤ Countywide PPM #CW-F-017 entitled "Reconciliation of Departmental Accounting Records to the County's Financial System Records" states that such reconciliations are to be performed monthly and completed by the last day of the month following the month being reconciled. It further states that departments should analyze discrepancies and report them, as appropriate, to Finance, and that the reconciliations should be approved by the Department Director or designee and kept on file in the Department. No reconciliations of the Division's records to the County's financial system are performed. In fact, such reconciliations currently would be difficult because of the inadequacies in the Division's payment records.

To illustrate, we compared the number of payment entries made on the Division's cash receipts log from February 17, 2012 through December 31, 2012 to the number of entries made on their monthly reports. We also determined the number of revenue deposits made for the Division for the same time period, using a list obtained from Customer Service. Our results follow.

	Number of Payment Entries	Total Dollar Amount
Cash Receipts Log	128	$ 274,216
Monthly Reports	214	$ 391,671
List of Deposits	227	$ 427,472

Also, when we traced the Division's individual payment entries to the deposit list, we identified 11 payments that did not appear on the deposit list and 19 deposits on the deposit list that did not appear in the Division's records. We also identified 7 payments that were deposited from three to eight months after receipt.

Recommendations

(1) The Department Director should ensure that the Division prepares detailed written procedures outlining the steps necessary to collect, receipt, account for, safeguard, and transfer or deposit fees received by the Division and to reconcile payment records. These procedures should also assign responsibilities for performing and approving these steps.

(2) The Department Director should ensure that one full-time employee is assigned primary responsibility for collecting and recording fees received in the Division and that the assigned person is appropriately trained in fiscal matters.

(3) The Department Director should ensure that the use of pre-numbered receipts is implemented in the Division to enhance accountability.

(4) The Department Director should ensure that the monthly reports of revenue prepared by the Division are reviewed and approved by management and are reconciled internally to the Division's cash receipt log.

(5) The Department Director should ensure that the transfer of revenue from the Division to Contracts Management is adequately documented, to include the date, revenue amount, and names of the parties involved. Consideration should be given to having the Division prepare its own deposit bag for direct forwarding to Customer Service.

(6) The Department Director should ensure that the Division's accounting records are reconciled monthly to the County's financial system records, in compliance with Countywide PPM #CW-F-017. This responsibility should be assigned to an employee other than the primary employee responsible for collecting and recording the Division's fees. Discrepancies found during reconciliations should be analyzed and reported, and should be approved by the Department Director or designee and kept on file in the Department.

(7) The Department Director should ensure that the payment entry discrepancies identified in the audit between the cash receipts log, the monthly reports, and the deposit list are analyzed and reconciled. This analysis should include determination of the reasons for the 7 late deposits identified.

Management Comments and Our Evaluation

In responding to a draft of this report, Department officials agreed with the finding and were in general agreement with the recommendations. The officials stated that corrective action was either already underway for some recommendations and planned for other recommendations.

Specific responses to each recommendation by number follow:
1.   Development of a Department level PPM derived from the earlier SOP is already underway with an expected completion date of June 1, 2013.
2.   A new position has been requested for the FY 2014 budget which will be filled, if approved, no later than December 2013.

In the interim, Department officials have implemented new procedures requiring each individual receiving payments to complete the log and have provided training to those individuals on proper completion of the log.

3.	Modifications to the DTS system will include development of system generated receipts with system generated and controlled receipt numbers. Projected completion date for these modifications is August 2013.

4.	Modifications to the DTS system will include the capability to produce a similar report of monthly revenues. Projected completion date for these modifications is August 2013.

5.	Procedures have already been implemented to require adequate documentation be presented to the Contracts Management Division and for Contracts Management to enforce those requirements by rejecting deposit without adequate documentation.

6.	Department officials stated this responsibility has been assigned to the Assistant Director of Finance and Administration and is effective as of the date of the written response which was March 26, 2013.

7.	Department officials stated that staff is in the process of analyzing the discrepancies and late deposits with an expected completion date of May 1, 2013.

We agree with the actions already underway and planned as stated by Department officials.

BACKGROUND

The Water Utilities Department (Department) is an enterprise fund operation of the Palm Beach County Board of County Commissioners (BCC). The Department provides potable water, reclaimed water, and wastewater services to approximately 529,000 people located primarily in the unincorporated areas of the County. In addition, the Department provides services directly to the residents and businesses of Royal Palm Beach, Greenacres, Haverhill, Belle Glade, Pahokee, and South Bay, and indirectly, through wholesale agreements, to the residents of Palm Springs, Lake Worth, Boynton Beach, and Atlantis. The Department had a $124.4 million operating budget for fiscal year 2012. The capital budget was approximately $90 million for projects including water and wastewater treatment plants, system improvements, and the expansion of various existing facilities.

The Department's Engineering Division (Division) has primary responsibility for administering capital improvement projects for the Department, including management of the related construction and Consultants' Competitive Negotiations Act (CCNA) contracts. It is also involved in the administration of projects initiated by developers and projects resulting from the Department's Special Assessment Program, which provides utility service to residents in existing developed areas without such service. The Division currently has 33 employees and is comprised of six Sections:

Line Capital Improvements, Plant Capital Improvements, Construction Services, Plan Review/Design Standards, Technical Services, and Administration.

Prior Internal Audit Office reports issued on the Division's operations include (1) Audit Report 06-01 dated December 8, 2005, which addressed construction contracts, and (2) Audit Report 06-02 dated December 8, 2005, which addressed CCNA contracts.

AUDIT SCOPE AND METHODOLOGY

This audit of the Water Utilities' Engineering Division was selected as a result of our annual risk assessment of County department operations. The risk factors identified in the assessment were time since last audit, size of operation and operational complexity, and data security and IT utilization. In addition, the BCC requested emphasis on the effectiveness and efficiency of the operation and controls intended to minimize fraud risks. Through interviews with Divisional staff and others and review of Countywide and the Department's policies and procedures, organizational charts, prior audit reports, and other documentation, we selected the specific audit objectives cited above for detailed review and reporting.

The scope of our audit was a review of projects completed during fiscal year 2012, except that we reviewed fee payments received from developers during the period from February through December 2012. Audit field work was conducted in the Division from October through December 2012.

To answer Objective 1, we reviewed Florida Statute 287.055 (CCNA) and policies and procedures relating to management of contracts and Department-initiated projects, including Chapter 4 of the Department's Uniform Policies and Procedures Manual (UPAP), entitled "Minimum Design & Construction Standards." We judgmentally selected one Department-initiated project that closed during fiscal year 2012 and tested it for evidence of compliance with approval, contract language, service justification, periodic reporting, testing, and inspection requirements.
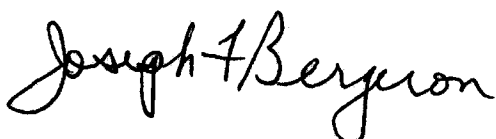
To answer Objective 2, we reviewed Chapter 3 of the UPAP, entitled "Concurrency and Facilities Extension," policies and procedures relating to management of developer-initiated projects, and those relating to revenue collection and cash handling. Those included Countywide PPMs #CW-O-001 entitled "Policies and Procedures Memoranda (PPMs)" and #CW-F-017 entitled "Reconciliation of Departmental Accounting Records to the County's Financial System Records." It also included Departmental PPM #WUD-F-017 entitled "Revenue Collection" and CROC-01 entitled "Cash Handling Policy." We met with appropriate staff from each of the Sections involved with these projects

(Plan Review/Design Standards, Technical Services, and Construction Services), as well as staff from the Contracts Management Division of the Department, to discuss and distinguish between their respective responsibilities. We learned that the Engineering Division shares administrative responsibilities for these projects with the Contracts Management Division. We specifically interviewed staff authorized to receive fee payments from developers and "walked through" the fee payment process. Lastly, we judgmentally selected one developer-initiated project that closed during fiscal year 2012 and tested it for evidence of compliance with monitoring, documentation, permitting, fee payment, periodic reporting, testing, and inspection requirements.

To answer Objective 3, we reviewed PPM #WUD-O-020 entitled "Special Assessment Program," which outlines the procedures and requirements for the various phases of the Special Assessment Program. We met with appropriate Divisional staff to determine the actual procedures used to petition customers. We judgmentally selected one Special Assessment project petitioned during fiscal year 2012 and tested it for evidence of compliance with the petitioning requirements.

Our audit work also included a review of the Water Utilities Strategic Plan dated

February 29, 2012. We noted that it contained goals and objectives prepared by the Director of Engineering to improve the efficiency and/or effectiveness of various aspects of operations. We identified steps taken toward achieving the proposed efficiency/effectiveness goals relevant to our audit objectives.

Management is responsible for establishing effective internal control to help ensure that appropriate goals and objectives are met; resources are used efficiently, economically, and effectively, and are safeguarded; laws and regulations are followed; and reliable data is obtained and maintained and fairly disclosed. We are responsible for using professional judgment in establishing the scope and methodology of our work, determining the tests and procedures to be performed, conducting the work, and reporting the results.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observation and conclusion based on our audit objectives.

Joseph F. Bergeron, CPA, CIA, CGAP
Internal Auditor
March 13, 2013
Audit W/P No. 2012-08

Palm Beach County
Interoffice Communication

DATE: March 26, 2013

TO: Joseph F. Bergeron
            Internal Auditor

FROM: Bevin A. Beaudet, P.E., Director
            Water Utilities Department

RE: Response to Water Utilities Department – Engineering Division Audit

The following are WUD's responses to the finding and recommendations in the final draft audit report on the Water Utilities Department - Engineering Division.

Recommendation 1
The Department Director should ensure that the Division prepares detailed written procedures outlining the steps necessary to collect, receipt, account for, safeguard, and transfer or deposit fees received by the Division and to reconcile payment records. These procedures should also assign responsibilities for performing and approving these steps.

WUD Response
We concur. The Department is in the process of revising and strengthening PPM# WUD-F-017 by incorporating key points from the existing WUD Standard Operating Procedure entitled CROC-1 (Cash Handling Policy). In addition, the PPM will address the following key areas:
- Internal controls
- Segregation of duties
- Restrictive endorsement of checks
- Supervisory approvals
- Reconciliation of records

PPM# WUD-F-017 will be revised and promulgated no later than June 1, 2013.

Recommendation 2
The Department Director should ensure that one full-time employee is assigned primary responsibility for collecting and recording fees received in the Division and that the assigned person is appropriately trained in fiscal matters.

1

WUD Response
We concur. The Department has included a full time position in our FY 2014 budget request that will be solely responsible for cash handling within the Engineering Division. If the position is approved by the Board of County Commissioners (BCC), we would expect to have this position filled by no later than December 2013.

Recommendation 3
The Department Director should ensure that the use of pre-numbered receipts is implemented in the Division to enhance accountability.

WUD Response
We concur. The Department is meeting with ISS on April 4, 2013 to discuss modifying WUD's Development Tracking System (DTS) application to include a function to allow for all Engineering payments to be entered into the system. This will allow for all payments to be tracked within DTS. Modification to DTS will be completed by no later than August 2013.

Recommendation 4
The Department Director should ensure that the monthly reports of revenue prepared by the Division are reviewed and approved by management and are reconciled internally to the Division's cash receipt log.

WUD Response
We concur. Upon completion of the DTS modifications, the Department will no longer maintain a cash receipt log. All payments will be tracked and maintained within DTS. A daily report will be included along with each daily deposit to allow for reconciliation. The Contracts Management Division and the Customer Service Section both will reconcile all payments against the daily report.

However, the Assistant Director for Finance & Administration will reconcile the cash receipt log with the monthly reports until the DTS application is available. Modifications to the DTS will be completed no later than August 2013.

Recommendation 5
The Department Director should ensure that the transfer of revenue from the Division to Contracts Management is adequately documented, to include the date, revenue amount, and names of the parties involved. Consideration should be given to having the Division prepare its own deposit bag for direct forwarding to Customer Service.

WUD Response
We concur. Upon completion of the DTS modifications, the Engineering Division will print out and include a daily report along with all daily collections. The daily collections will be reconciled to the daily report by the Contracts Management Section each day. Additionally, the Customer Service Section will reconcile the daily collections to the daily report each day.

Until the DTS application is modified to include daily and monthly reports, the Engineering Division will document all payments in the cash receipt log. Staff will record the date, revenue

2

amount, and names of parties involved. The cash receipt log will be received by the Contracts Management Section. The Contracts Management Section will sign off on the cash receipt log acknowledging receipt of payments.

Recommendation 6

The Department Director should ensure that the Division's accounting records are reconciled monthly to the County's financial system records, in compliance with Countywide PPM #CW-F-017. This responsibility should be assigned to an employee other than the primary employee responsible for collecting and recording the Division's fees. Discrepancies found during reconciliations should be analyzed and reported, and should be approved by the Department Director or designee and kept on file in the Department.

WUD Response

We concur. The Assistant Director for Finance & Administration is now assigned the responsibility of ensuring the Department is in complete compliance with Countywide PPM #CW-F-017. In addition, he will ensure that all discrepancies found are analyzed and reported to the Assistant Director and kept on file in the Department. This process is effective immediately.

Recommendation 7

The Department Director should ensure that the payment entry discrepancies identified in the audit between the cash receipts log, the monthly reports, and the deposit list are analyzed and reconciled. This analysis should include determination of the reasons for the 7 late deposits identified.

WUD Response

We concur. Staff is in the process of analyzing these discrepancies and late deposits. We will determine the causes for these issues by May 1, 2013.

Please contact Craig Williams at (561) 493-6051 with any question or concerns.

3

Office of the County Internal Auditor
Audit Report #2013-07

ENVIRONMENTAL RESOURCES MANAGEMENT DEPARTMENT

MOSQUITO CONTROL DIVISION

Stewardship – Accountability – Transparency

WHY WE CONDUCTED THIS AUDIT

We conducted this audit to answer the following question:

1. Did the ERM Mosquito Control Division Director ensure that performance measure information maintained by the Section and for use in the County Budget Document for Fiscal Year 2012, were accurate and reliable for:
   a. Percentage of citizen service requests for mosquito inspections completed within 5 business days of receipt; and
   b. Percentage of inspected catch basins treated for mosquito larvae when breeding mosquitoes were found?

2. Did the Division Director ensure the Integrated Mosquito Management Program of the Division included the *Best Management Practices for Integrated Mosquito Management* recommended by the Florida Mosquito Control Association and the Florida Department of Agriculture and Consumer Services in 2012?

WHAT WE FOUND

The Division Director did not ensure that performance measure information for the Percentage of Citizen Service Requests for mosquito inspections completed within 5 business days of receipt was accurate and reliable.

The Division Director did ensure the percentage of inspected catch basins treated for mosquito larvae when breeding mosquitoes were found was accurate. However, as described in the finding and recommendations below, we believe the catch basin performance measure needs improvement or revision.

The Division Director ensured the Division's Integrated Mosquito Management Program (IMMP) included the Best Management Practices for Integrated Mosquito Management in all of the six areas recommended by the Florida Mosquito Control Association and the Florida Department of Agriculture and Consumer Services in 2012. However, as outlined in the finding and recommendations below some surveillance practices were not being performed and the Light Trap Monitoring process needs improvement.

WHAT WE RECOMMEND

The audit report makes six recommendations to the Division Director for improvements to internal controls relating to the processes and methods used to record, summarize, analyze and report information relating to responses to customers service requests and to catch basin inspections.

The report also makes two recommendations regarding monitoring, recording, analyzing and reporting light trap information.

DETAILED FINDING AND RECOMMENDATIONS

Finding 1. Performance Measure Recording and Reporting Need Improvement

The Division maintains two performance measures that are included in the County's Budget Documents. These performance measures report on the Division's responsiveness to customer complaints/requests for service, and the percentage of catch basins with breeding mosquitoes that are treated with a larvicide at the time of inspection.

The County's Budget Instruction Manual states that departmental objectives should be concise and measurable, and provides the six categories of performance measures and examples. The Government Accountability Office's "Standards for Internal Control in the Federal Government" require agencies to implement controls to ensure that published financial information is reasonably accurate, timely and useful for the purpose intended.

Customer Service Requests

The Division uses two types of Service request forms to capture and report customer service requests, one computer generated and the other manually generated. The Division received 837 customer service requests for the period of October 2011 through November 2012. 212 of these were bulk area requests that were addressed by aerial treatment of the areas. The remaining 625 requests were individually serviced by the Division. We reviewed a sample of six months of these completed service request forms (306 requests).

24% of the service requests we reviewed (77 of 306) had no completion date on the form. This lack of data made calculating the service period impossible. Approximately 68% of the service requests were completed within the five day standard (207 of 306). The balance of the service requests (8% or 22 of 206) were completed after the five day standard. None of the service requests

completed in excess of seven working days had any notes indicating weather limitations. In addition 12 of the service requests did not have an inspector signature, and two did not have any description of the activity conducted.

Both the Division Director and the Public Works Supervisor informed us that the Public Works Supervisor did not provide monthly totals including total received, resolved and unresolved to the Division Director. Our review found that the computerized service request form does not have a designated 'person contacted, date and time' line as the manual service request form does. In our opinion this was the cause of many of the reviewed forms not having a completed date included.

Catch Basin Inspections

ERM Departmental PPM EV-O – 514 requires that each crew have their own set of Catch basins to inspect. The Catch basins are contained within a route book and placed in a predetermined order. The inspectors are required to follow the route book that has the catch basins listed going either North to South or East to West depending on the location. The number of Catch basins inspected and treated per location and the chemicals used are recorded on the Drain inspection form.

The Catch Basin Inspection process requires that inspected catch basins found to have breeding mosquitoes are treated immediately with larvicide. Drains found not to have breeding mosquitoes are not treated. Compliance with this requirement will always result in the performance measure being reported at the 100% level. While this measurement would be accurate, we believe better information could be derived from the inspection and treatment program if the

measure were revised to show, for example – the percentage of inspected catch basins with breeding mosquitoes and the percentage of treated catch basins still having breeding mosquitoes upon re-inspection.

In addition we reviewed 81 Drain Inspection forms relating to the catch basin inspections for the period January 2012 through December 2012. We found two sheets that were duplicate sheets. 17 of the remaining 79 sheets were not totaled for the number of inspections and number treated. Our review also found that for the 62 sheets that were totaled, 15 sheets had addition errors. However, due to the manner in which the performance measure is reported, these errors did not result in the performance measure being reported incorrectly. Our review also found that the inspectors were not conducting the inspections of locations in the same predetermined order as required by the PPM. The manual nature of the recording and the lack of a double check inherently results in tabulation errors.

Recommendations:

The Director of the Mosquito Control Division should:
1)   Update the system generated service request form to include 'person contacted, date and time' line as the manual service request form does.
2)   Ensure all service requests forms are accurately and completely filled out, including completion date, description of activity, inspector name and signature and any weather limitations.
3)   Ensure the service requests are totaled by month as required and submitted to the Division Director.
4)   Reevaluate the catch basin performance measure to determine its relevance and usefulness.

5) Implement actions to ensure that the Drain Inspection forms are totaled accurately.

6) The Director should also take action to update and revise the PPM covering Catch Basin monitoring to reflect current management policies.

Management Comments and Our Evaluation

At the exit conference on May 2, 2013 the Department and Division Directors agreed with the findings and recommendations. However, as to recommendation 6, they explained that the PPM as originally written was too prescriptive and did not allow for appropriate management discretion and flexibility. Management also indicated that several revisions to the PPM and various forms had already been implemented. We modified recommendation number 6 to reflect Management's position. We agree with the actions already taken and proposed by management.

Finding 2. Light Trap Monitoring Needs Improvement

ERM Departmental PPM EV-O – 501 requires that an array of CDC miniature light traps is run twice weekly on Tuesday and Thursday nights. The PPM also requires records of each day's Light Trap collections are kept on a standardized form listing trap site locations and species. Section III of the procedure requires the light trap data to be interpreted and summarized via computer data entry including the following:
• The mosquito populations are mapped and graphed quarterly to show seasonal changes in their numbers.
• Weather data from the National Weather Service, such as temperature, wind speed, humidity, rainfall and lunar phase is

used to show meteorological influences on mosquito numbers.
• The light trap areas are mapped for each reference using GIS software.

Our review found that the Division was not meeting their twice weekly Adult Surveillance activity using CDC miniature light traps. We reviewed 101 CDC miniature light traps collection forms for the 66 week period October 2011 through December 2012. Our review found:
☐ 36 of the 66 weeks had two collection instances,
☐ 29 of the weeks had one collection instance, and one week had no collection.
☐ 16 of 29 single collection weeks were holiday weeks, nine of which could have accommodated the Tuesday/Thursday light trap schedule.
☐ The week with no collections was a dual holiday week.
☐ In ten of the sheets we found locations that did not have any collection data recorded.

The Environmental analyst informed us that they used to record all the collection data on excel spreadsheets but stopped doing so in 2006. The Director informed us that staffing and holiday scheduling constraints resulted in the Division being unable to have twice a week collections.

Recommendations:
The Director of the Mosquito Control Division should:
7) Review and evaluate the staffing and holiday scheduling constraints and revise the PPM to allow for appropriate management discretion and flexibility to ensure that appropriate monitoring of CDC light trap collections is performed. Reasons for not meeting the requirements should be documented and approved by the Division Director.

8) Consider developing a database to record light trap collection data. The database could also incorporate the other surveillance and control functions of the Division. The database would assist in evaluation and analysis of mosquito activity.

Management Comments and Our Evaluation

At the exit conference on May 2, 2013 the Department and Division Directors agreed with the finding and recommendations. However, as to recommendation 7, they explained that the PPM as originally written was too prescriptive and did not allow for appropriate management discretion and flexibility. Management also indicated that several revisions to the PPM and various forms had already been implemented. We modified recommendation number 7 to reflect Management's position. We agree with the actions already taken and proposed by management.

BACKGROUND

The Environmental Resources Management Department (the Department or ERM) establishes, maintains, and implements programs for the protection, preservation, and enhancement of the land and water resources of Palm Beach County. By accomplishing this mission, the Department promotes the quality of the environment and continued health, safety, and general welfare of residents and visitors to the county. ERM provides services falling within five major program areas: Environmental Enhancement and Restoration, Resources Protection, Natural Areas, Shoreline Protection, and Mosquito Control.

The Mosquito Control Division's (the Division) purpose is to reduce the mosquito population to such a level that these insect pests are not a major health risk or annoyance to people, pets, or horses in this County. Also, during a disease epidemic which can be transmitted by mosquito, the Division is responsible for reducing the disease transmitting mosquito population to

a level where the epidemic's chain of transmission can be broken. The Division uses aerial spray, ground spray, and larviciding techniques to manage the mosquito population.

The Division is required to use insecticides approved by Federal and State regulatory agencies. Insecticides used for treating adult mosquito populations can be applied by truck or aircraft. When the adult mosquito population becomes so large that the truck mounted spray units are not effective or when a large population of mosquitoes exist in the western areas of the County where there is not an adequate road network for the truck spray units, aircraft are used to apply the insecticide. Chapter 388 Florida Statutes and the Florida Administrative Code (FAC) Section 5E-13 establish the Division's basic responsibilities. The FAC specifies the various requirements for the program including surveillance, control, pesticide use and record keeping and reporting. The Division is required to provide the Florida

Department of Agriculture and Consumer Services (FDACS) with various monthly and annual reports. The Division budget for Fiscal Year 2013 is $1.98 million which includes 13 full time and 2 part time staff.

The Division belongs to the Florida Mosquito Control Association (FMCA), follows the recommended best practices of the FMCA in its Integrated Mosquito Management Program (IMMP). In August 2012 the FMCA and FDACS jointly issued recommended Best Management Practices for Integrated Mosquito Management. These practices encompass the following six components: Personnel, Surveillance, Control Methods, Quality Control, Spill Prevention and Response, and Record Keeping, it recommends of IMM programs. For the Surveillance component it

recommends four areas of surveillance; Larval/Pupal stage Surveillance, Adult Surveillance, Resistance Surveillance and Disease Surveillance. The Division had all four of these areas in their Surveillance practices. The Division combines its Larval/Pupal stage Surveillance activities with its Larvaciding Control activities. The Division has recently discontinued their Resistance Surveillance due to the closing of the State Laboratory. The Division uses the Sentinel Chicken program for its Disease Surveillance. This program is administered and monitored by the County Health Department whose staff the Division works very closely with. The Division utilizes the Light Trap methodology for its Adult Mosquito Surveillance operations.

AUDIT SCOPE AND METHODOLOGY

This audit was selected as a result of the Internal Auditor's risk assessment of County department operations. The risk factors identified in the assessment were the facilities, equipment and materials used by the Section, their operational size and complexity, and the time since their last audit review. Through interviews with the Division and Section management and staff concerning these risk factors, review of the Department's and Division's policies and procedures, the County Budget Book for fiscal year 2011 & 2012, prior audit reports, and other pertinent documentation, we selected the specific audit objective cited above for detailed review and reporting.

The audit scope included review of internal controls in place to ensure that Division's IMMP activities were carried out in accordance with countywide and Departmental policies and procedures, and State statutes for Fiscal Year 2012. The audit scope also included a review of the Division's IMMP practices currently being followed.

In order to answer objective # 1, we reviewed the Division's two performance measures outlined in the audit objective, as reported in the County Budget Book for fiscal year 2012 and the controls for the accurate recording and reporting of the same. Our methodology included a review of the backup documents related to the

Customer requests and Catch Basin inspection activities. We also tested the accuracy and integrity of the recorded activities for Fiscal Year 2012 using analytical procedures applied to the transactions. Our audit work related to the audit objective included the use of judgmentally selected samples.

In order to answer objective # 2, we reviewed the Division's implementation of the IMMP practices recommended by FMCA for all six areas: Personnel, Surveillance, Control Methods, Quality Control, Spill Prevention and Response, and Record Keeping. We reviewed the Division's PPMs related to these areas. We compared the practices and PPMs in place to the recommended best practices espoused by FMCA and FDACS. We also spoke to Directors and Supervisors of some other comparable County Mosquito Control Districts such as Broward, Lee, St. Lucie, Martin, Indian River, & Pascoe County. We also reviewed the practices adopted by these comparable Mosquito Districts in the above six areas. We discussed with Division management and staff the standards and practices used in their program and the other programs and the espoused best practices.

Our audit work included discussions with Division management and staff, and with audit management, in which we addressed the possibility of fraud in relation to their operations. They informed us that they were very much aware of the risks when it came to their chemicals, supplies and equipment and had instituted controls over these areas. As part of our audit review we tested and validated some of these controls in place over chemicals, supplies and equipment.

Management is responsible for establishing effective internal control to help ensure that appropriate goals and objectives are met; resources are used efficiently, economically, and effectively, and are safeguarded; laws and regulations are followed; and reliable data is obtained and maintained and fairly disclosed. We are responsible for using professional judgment in establishing the scope and methodology of our work, determining the tests and procedures to be performed, conducting the work, and reporting the results.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observation and conclusion based on our audit objectives.

Joseph F. Bergeron, CPA, CIA, CGAP
Internal Auditor
May 2, 2013
Audit W/P No. 2012-14

INTEROFFICE MEMORANDUM
Palm Beach County
Environmental Resources Management

DATE: May 9, 2013

TO: Joseph Bergeron, Internal Auditor

FROM: Robert Robbins, Director
Environmental Resources Management

SUBJECT: Mosquito Control Audit Response

The following responses are provided for each recommendation contained in the May 3, 2013 Final Draft Audit Report of the Department's Mosquito Control Division.

Recommendations 1 -3

1) Update the system generated service request form to include 'person contacted, date and time' line as the manual service request form does.
2) Ensure all service requests forms are accurately and completely filled out, including completion date, description of activity, inspector name and signature and any weather limitations.
3) Ensure the service requests are totaled by month as required and submitted to the Division Director.

ERM concurs with these recommendations. The service request form has been modified to reflect the recommendations. As recommended, reports will be totaled monthly rather than quarterly. In addition, more oversight is provided by the Mosquito Control Division Director to ensure timely and accurate completion of the forms.

Recommendation 4

4) Reevaluate the catch basin performance measure to determine its relevance and usefulness.

ERM concurs with this recommendation. The cited performance measure has been replaced with a more meaningful measure. The new measure records percentage of catch basins showing breeding and sets an effectiveness expectation of 40% or less of basins showing breeding.

Recommendation 5

> 5) Implement actions to ensure that the Drain Inspection forms are totaled accurately.

ERM concurs with this recommendation. The Mosquito Control Division Director will provide more oversight to ensure accurate and timely completion of the referenced forms.

Recommendations 6 & 7

> 6) The Director should also take action to update and revise the PPM covering Catch Basin monitoring to reflect current management policies.

> 7) Review and evaluate the staffing and holiday scheduling constraints and revise the PPM to allow for appropriate management discretion and flexibility to ensure that appropriate monitoring of CDC light trap collections is performed. Reasons for not meeting the requirements should be documented and approved by the Division Director.

ERM concurs with these recommendations. PPMs EV-O-501 and EV-O-514 have been updated and modified to reflect current management policies.

> 8) Consider developing a database to record light trap collection data. The database could also incorporate the other surveillance and control functions of the Division. The database would assist in evaluation and analysis of mosquito activity.

ERM will consider development of a mosquito control database at some future time when such a database can influence future management actions.

Mosquito Control staff currently collects data on both adult and larval mosquito populations from light traps and catch basins, respectively. This data is essential in guiding adulticiding and larvaciding actions. However, the data is only useful in guiding management decisions for up to several weeks. After that time, the data has little value beyond its usefulness in justifying actions taken. Entering the data into an electronic database may make the data easier to report to FDACS but would not be useful for influencing day-to-day management decisions.

Thank you for your comments and detailed review of this important program. We look forward to your audit response follow up. If you have any questions or require additional information, please contact me at 233-2400.

Office of the County Internal Auditor

AUDIT RECOMMENDATION STATUS

FOLLOW-UP REPORT

AS OF MARCH 31, 2013

ISSUED JUNE 19, 2013

Reviewed by Audit Committee

June 19, 2013

Stewardship – Accountability – Transparency

DATE: June 19, 2013

TO: The Audit Committee

FROM: Joseph F. Bergeron, Internal Auditor

SUBJECT: Transmittal Letter for Recommendation Follow-Up
            Report Dated March 31, 2013

Attached is the Internal Auditor's Recommendation Follow-Up Report
providing the status of audit recommendations as of March 31, 2013.
These reports will be prepared semiannually for periods ending March
31 and September 30. The reports are submitted to the Audit
Committee at its meeting following the report "as of" dates. We will
submit the reports to the BCC (generally January and July) following
Audit Committee review.

The report contains a Summary Status of Audit Recommendations
followed by:
- Exhibit 1   Audit Recommendations Open at Beginning of
  the October 1, 2012 through March 31, 2013 Reporting Period
- Exhibit 2   Audit Recommendations Issued During the
  October 1, 2012 through March 31, 2013 Reporting Period
- Exhibit 3   Open Audit Recommendations by County
  Department at March 31, 2013
- Exhibit 4   Summary Aging of Open Audit
  Recommendations at March 31, 2013
- Exhibit 5   Audit Recommendations Submitted for Audit
  Committee Consideration
- Exhibit 6   Recommendation Status at March 31, 2013

The purpose of this report is to keep the Audit Committee, the BCC and
County Administration informed of the status of recommendations
made by the Internal Auditor's Office and to facilitate oversight by
County Administration on departmental implementation activities.

Exhibit 5 includes recommendations which have had final management
action without correcting the underlying condition where we believe
additional action is necessary (Part A) or that have been open for at least
two years (Part B).

Audit recommendation follow-up is conducted to determine if
management has implemented the corrective action agreed to during the
audit and to ensure the underlying condition has been corrected.

Audit recommendations are proposed by the Internal Auditor's Office and either accepted by management as proposed or management proposes alternate solutions, which are acceptable to Internal Audit. An audit recommendation is "Open" from the time the audit report containing the recommendation has been reviewed by the Audit Committee until management has either implemented the recommendation or decided to take no further action. Audit recommendations remain in this report as long as the recommendation is open. If management chooses to take no further action, Internal Audit reports that in Exhibit 5 and recommends appropriate action to the Audit Committee.

This report tracks every audit recommendation from the date of issuance through to final disposition. Management establishes projected implementation dates for all recommendations during the audit. Internal Audit tracks the projected implementation dates and conducts follow-up on audit recommendations when management confirms the recommendation has been implemented.

If management has not implemented the recommendation by the scheduled implementation date, Internal Audit makes inquiries of management to determine:
- What actions, if any, have been taken by management;
- Why the recommendation has not been implemented as scheduled; and
- When will the recommendation be implemented?

Internal Audit will conduct limited due diligence reviews to determine the validity of management's responses and consult with County Administration to determine if the reasons for delay are reasonable and report delinquencies where appropriate. The recommendation implementation date will be adjusted as necessary based on the new information from management.

Recommendation status is listed in Exhibits 5 and 6 as either:

➢ **Completed** The recommendation has been fully implemented or management has implemented alternative actions that achieved the same purpose as the original recommendation, and the actions taken by management have corrected the underlying conditions. Internal Audit review confirms management's actions.

➢ **In process** Management has begun implementation of the audit recommendations but work is not yet complete. Internal Audit conducts limited review work to confirm the "in process" status of management's actions on a recommendation. Management provides a new projected implementation date for the corrective action.

➢ **Implementation pending** The implementation date established by management occurs after the date of this report and Internal Audit has done no review work on the recommendation.

➢ **Follow-up pending** The department has reported implementation of the audit recommendation. However, Internal Audit has not yet done the follow-up review work to confirm management's actions.

SUMMARY STATUS OF AUDIT RECOMMENDATIONS

MARCH 31, 2013

As of March 31, 2013, the Internal Auditor's Database of Audit Recommendations showed that management actions had not been completed on 27 recommendations. These recommendations are considered as "Open". Of those 27 open recommendations, follow-up has been conducted on 7 showing that management action has started but was not yet complete. The other 20 open recommendations are scheduled for follow-up in the future and no audit evaluation has been conducted at this time.

Changes in the inventory of Audit Recommendations during the period October 1, 2012 through March 31, 2013 are shown below:

Open Audit Recommendations as of September 30, 2012	50
Additional Audit Recommendations from Audit Reports Issued October 1, 2012 through March 31, 2013	18
Audit Recommendations Completed October 1, 2012 through March 31, 2013	41
Open Audit Recommendations as of March 31, 2013	27

Recommendation follow-up work is generally conducted within one year of report issuance or earlier if management indicates that final action is expected to occur. Follow-up is done to determine the following:

- Was the recommendation implemented as agreed to by management? Or, if not, did alternative management action(s) correct the identified deficiency (ies)?

- Was the underlying cause (condition) corrected?

Sufficient audit evidence is developed to support a conclusion as to implementation of the recommendation and correction of the underlying cause (condition). If final management action has been taken on all audit recommendations in an audit report, the recommendations are considered "Complete" and are included in the current report, but not in future reports.

If management action(s) are not complete on any or all of the audit recommendations in an audit report, they are included in this report as 'In Process" and another audit follow-up will be scheduled. In those cases where final management action has been taken and the underlying cause (condition) has not been corrected, we show this recommendation as Completed, Not Implemented. These recommendations are included within Exhibit 5 for Audit Committee consideration.

Exhibit 1: Audit Recommendations Open at Beginning of the October 1, 2012 through March 31, 2013 Reporting Period

Report	Issue Date	Number of Open Audit Recommendations Beginning of Reporting Period	Final Management Action Taken During Reporting Period	Number of Open Audit Recommendations End of Reporting Period
10-07 Purchasing Warehouse Operations	Mar-10	1	1	0
10-23 Fire Rescue Bureau of Safety Services	Sep-10	1	0	1
11-05 Administration Follow-up on Countywide PPM CW-O-001	Dec-10	2	2	0
11-09 Economic Sustainability Commission on Affordable Housing	Dec-10	1	0	1
11-14 Information Systems Services Voice Services	Mar-11	4	4	0
11-20 Palm Tran IT Systems	Mar-11	2	0	2
11-21 Palm Tran Transportation Disadvantaged Bus Pass Pgm	Mar-11	1	0	1
11-24 Information Systems Services WAN Agreements/Public Sector & Non-profits	Jun-11	1	1	0
11-28 Risk Management Prescriptions	Sep-11	1	1	0
11-32 Water Utilities Inventory Warehouse	Sep-11	5	5	0
12-01 Administration Cell Phone Stipend Audit	Dec-11	2	2	0
12-05 Information Systems Services Computing Platforms	Jun-12	1	1	0
12-06 Engineering & Public Works Traffic Division - Traffic Operations Section	Jun-12	15	7	8
12-07 Public Safety Emergency Management Division	Sep-12	2	1	1
12-09 Fire Rescue Medical Supplies	Sep-12	8	7	1
12-10 Fire Rescue Accounting for Fuel Dispensed	Sep-12	3	2	1
Total		**50**	**34**	**16**

Exhibit 1 Page 1 of 1

48

Exhibit 2: Audit Recommendations Issued During the October 1, 2012 through March 31, 2013 Reporting Period

Report	Issue Date	Number of Audit Recommendations Issued this Reporting Period	Final Management Action Taken During Reporting Period	Number of Open Audit Recommendations End of Reporting Period
13-01 **Parks and Recreation** *Parks Maintenance Division*	Dec-12	4	3	1
13-02 **Parks and Recreation** *Morikami Museum and Japanese Gardens Cash Management*	Dec-12	8	4	4
13-05 **Engineering and Public Works** Bridge Maintenance and Operations	Mar-13	6	0	6
Total		18	7	11

Exhibit 2 Page 1 of 1

Exhibit 3: Open Audit Recommendations
by County Department
as of March 31, 2013

Department	Open Recommendations in Process	Open Recommendations Future Implementation with Follow-up Pending
Administration	0	0
Engineering & Public Works	2	12
Fire Rescue	1	2
Economic Sustainability	0	1
Information Systems Services	0	0
Palm Tran	3	0
Parks and Recreation	0	5
Public Safety	1	0
Purchasing Department	0	0
Risk Management	0	0
Water Utilities	0	0
Total Open Recommendations	7	20

Exhibit 3 Page 1 of 1

50

Exhibit 4: Summary Aging of Open Audit Recommendations
As of March 31, 2013

Timeframe	Inventory at Beginning of Period (Exhibit 1)	Issued During this Period (Exhibit 2)	Closed During this Period (Exhibits 1 & 2)	Open at End of Period (Exhibit 7)	In Process	Follow-up Not Yet Scheduled
0 -3 Months	0	6	0	6	0	6
3 - 6 Months	0	12	7	5	0	5
6 - 12 Months	29	0	18	11	0	11
1 - 2 Years	9	0	9	0	0	0
Over 2 Years	12	0	7	5	4	1
Total	50	18	41	27	4	23

0 -3 Months	Reports Issued in March 2013
3 - 6 Months	Reports Issued in December 2012
6 - 12 Months	Reports Issued in June and September 2012
1 - 2 Years	Reports Issued from June 2011 to March 2012
Over 2 Years	Reports Issued in March 2011 or earlier

Exhibit 4 Page 1 of 1

Exhibit 5: Audit Recommendations
Submitted for Audit Committee Consideration

Recommendations for which Final Management Action Has Been Taken Without Resolving the Underlying Condition	

11-05 Administration *Follow-up on Countywide PPM CW-O-001*	
Report Issued 12/08/2010 containing three recommendations First follow-up October 2011 Second follow-up May 2012 Third follow-up March 2013	
#1 The Assistant County Administrator should ensure that follow-up is made of all PPMs that are still shown as under review/revision by departments, particularly those where efforts have been ongoing for more than one year.	**Status – March 2013** **Completed.** Administration is monitoring PPMs to ensure the reviews and updates are done timely. However, there are still 6 PPMs from our original audit issued in 2009 that have not been updated. Additionally, there are another 5 PPMs not in our original audit that are beyond their scheduled review dates. As of May 2013 there are 222 currently active PPMs so the 11 PPMs noted above represent 5% of the total. This percentage is down significantly from the 38% that had not been timely reviewed in June 2011. We believe management has made substantial improvements in the number of PPMs being reviewed as required. We have also noted that management has implemented a system to monitor and follow-up on PPMs as they become due for review. However, because some of the PPMs from the original report have still not been updated and other PPMs continue to pass their scheduled review due dates, we conclude that the level of monitoring activity is not fully effective at ensuring PPMs are reviewed and updated as required. We believe some additional reinforcement from the County Administrator confirming the importance of keeping the

Exhibit 5: Audit Recommendations
Submitted for Audit Committee Consideration

	PPMs up to date will be beneficial in achieving full implementation of this recommendation. **Status – September 2012** **Follow-up Pending** **Status - March 2012** **In process.** Our review showed management has taken action to monitor and follow-up on PPMs due for updating. However, at the time of our review 22 PPMs that were pending following our previous follow-up are still pending. We will follow-up again in December 2012. **Status – September 2011** **In process.** Audit follow up showed that 80 percent of Countywide PPMs have been updated as required at August 2011. However, there were still 48 or 20 percent of PPMs still not updated. Management did not meet the target date. New target date set by the Assistant County Administrator is December 31, 2011.
#2 The Assistant County Administrator should ensure that instructions are provided to all departments regarding the need to include target dates for review/revision of PPMs and follow-up periodically to see that the time frames are met or reasons provided for any extension.	**Status – March 2013** **Completed.** See comments made in recommendation #1 above. **Status – September 2012** **Follow-up Pending** **Status - March 2012** **In process.** Our review showed management has taken action to monitor and follow-up on PPMs due for updating. However, at the time of our review 22 PPMs that were pending following our previous follow-up are still pending. We will follow-up again in December 2012. **Status – September 2011** **In process.** Audit follow up showed that instructions were provided to departments for review/revision. However, 20 percent of

Exhibit 5: Audit Recommendations
Submitted for Audit Committee Consideration

	PPMs were still non-compliant with County policy at August 2011. New target date set by Assistant County Administrator is December 31, 2011.

Recommendations Which Have Been Open Longer Than Two Years

10-23 Fire Rescue *Bureau of Safety Services*	
Report Issued 09/15/2010 First follow-up October 2011 Second follow-up September 2012	
#2 The Bureau of Safety Service Deputy Chief should establish and implement internal controls to ensure that fire inspections are billed in accordance with the Code.	**Status – September 2012** **In process.** Fire Rescue management opted to implement new controls in a new computer system which is expected to be fully implemented in March 2013. The module is in place and scheduled for implementation testing following completion of work on the fire reporting module. Next follow-up scheduled for April 2013. **Status - March 2012** **Implementation Pending** Implementation scheduled for May, 2012; follow-up scheduled for June, 2012. **Status – September 2011** **In process.** New software system has been purchased and, according to Department official, should be implemented by December 2011.

Exhibit 5 Page 3 of 4 Audit Recommendation Status Follow-up Report for March 31, 2013

Exhibit 5: Audit Recommendations
Submitted for Audit Committee Consideration

11-09 Economic Sustainability *Commission on Affordable Housing*	
Report Issued 12/08/2010 containing nine recommendations First follow-up May 2012 Second follow-up September 2012 Third follow-up March 2013	
#5 The Economic Sustainability Department Director should ensure that follow-up actions on the remaining 130 SHIP program recipients are completed in a timely manner, and that any recipient found to be ineligible be referred to the County Attorney's Office for evaluation as to whether action is appropriate.	**Status – March 2013** **In Process.** Follow-up in February 2013 showed that, while there has been significant improvement, there are still 18 of the original 130 recipients yet to be completed. **Status – September 2012** **Implementation pending.** **Status – March 2012** **In Process.** Follow up in May 2012 showed that management had not yet completed action on the 130 SHIP program recipients. Management believed final action will be taken by September 30, 2012.

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
10-07 Purchasing *Warehouse Operations*	
Report Issued 03/17/2010 containing five recommendations First follow-up October 2011 Second follow-up March 2012 Third follow-up September 2012 Fourth follow-up March 2013	
#3 The Purchasing Department Director should study the issue of cost effectiveness of warehouse operations considering the issues contained in this report and the impact of the move to the new warehouse in 2010. Issues include whether (a) full cost recovery should be considered in warehouse pricing, (b) cost savings extend to other items not included in our sample, (c) governmental agencies other than those under the BCC should be charged for supplies and storage, and (d) County departments and agencies should be able to buy supplies from vendors rather than the warehouse, thus reducing the number of items needed to be stored at the warehouse.	**Status – March 2013** **Complete.** Our review found a consulting study was done by McGladrey & Pullen that addressed the items noted in the recommendation. **Status – September 2012** **In process.** Preliminary contact made with consultant, determination as to how to proceed pending. **Status – March 2012** **In process.** Department Director is working with Administration to develop a scope and process for implementing the study of warehouse operations. Projected completion of this process is expected in June 2012. **Status – September 2011** **In process.** Department Director told us that additional time is needed to conduct study. She estimated a revised completion date as March 2012.

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
10-23 Fire Rescue ***Bureau of Safety Services***	
Report Issued 09/15/2010 containing two recommendations First follow-up October 2011 Second follow-up March 2012 Third follow-up September 2012 Fourth follow-up March 2013	
#2 The Bureau of Safety Service Deputy Chief should establish and implement internal controls to ensure that fire inspections are billed in accordance with the Code.	**Status – March 2013** **In process.** Implementation of the new computer system is not yet complete. A process of testing a sample of fire inspection reports on a monthly basis has been implemented and will be continued once the new computer system is fully implemented. **Status – September 2012** **In process.** Fire Rescue management opted to implement new controls in a new computer system which is expected to be fully implemented in March 2013. The module is in place and scheduled for implementation testing following completion of work on the fire reporting module. Next follow-up scheduled for April 2013. **Status - March 2012** **Implementation Pending** Implementation scheduled for May, 2012; follow-up scheduled for June, 2012. **Status – September 2011** **In process.** New software system has been purchased and, according to Department official, should

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	be implemented by December 2011.
11-05 Administration *Follow-up on Countywide PPM CW-O-001*	
Report Issued 12/08/2010 containing three recommendations First follow-up October 2011 Second follow-up May 2012 Third follow-up December 2012 Fourth follow-up March 2013.	
#1 The Assistant County Administrator should ensure that follow-up is made of all PPMs that are still shown as under review/revision by departments, particularly those where efforts have been ongoing for more than one year.	**Status – March 2013 Completed.** See comments in Exhibit 5. **Status – September 2012 Follow-up Pending** **Status - March 2012** **In process.** Our review showed management has taken action to monitor and follow-up on PPMs due for updating. However, at the time of our review 22 PPMs that were pending following our previous follow-up are still pending. We will follow-up again in December 2012. **Status – September 2011** **In process.** Audit follow up showed that 80 percent of Countywide PPMs have been updated as required at August 2011. However, there were still 48 or 20 percent of PPMs still not updated. Management did not meet the target date. New target date set by the Assistant County Administrator is December 31, 2011.

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
#2 The Assistant County Administrator should ensure that instructions are provided to all departments regarding the need to include target dates for review/revision of PPMs and follow-up periodically to see that the time frames are met or reasons provided for any extension.	**Status – March 2013** **Completed.** See comments in Exhibit 5. **Status – September 2012** **Follow-up Pending** **Status - March 2012** **In process.** Our review showed management has taken action to monitor and follow-up on PPMs due for updating. However, at the time of our review 22 PPMs that were pending following our previous follow-up are still pending. We will follow-up again in December 2012. **Status – September 2011** **In process.** Audit follow up showed that instructions were provided to departments for review/revision. However, 20 percent of PPMs were still non-compliant with County policy at August 2011. New target date set by Assistant County Administrator is December 31, 2011.
11-09 Economic Sustainability *Commission on Affordable Housing*	
Report Issued 12/08/2010 containing nine recommendations First follow-up May 2012 Second follow-up September 2012 Third follow-up March 2013	
#5 The Economic Sustainability Department Director should ensure that follow-up actions on the remaining 130 SHIP program recipients are completed in a timely manner, and that any recipient found to be ineligible be referred to the County Attorney's Office for evaluation as to whether action is	**Status – March 2013** **In Process.** Follow-up in February 2013 showed that, while there has been significant improvement,

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
appropriate.	there are still 18 of the original 130 recipients yet to be completed. **Status – September 2012 Implementation pending.** **Status – March 2012 In Process.** Follow up in May 2012 showed that management had not yet completed action on the 130 SHIP program recipients. Management believed final action will be taken by September 30, 2012.
11-14 Information Systems Services *Voice Services*	
Report Issued 03/16/2011 containing 4 recommendations. First follow-up September 2012 Second follow-up February 2013	
#1 The ISS Department Director should require the individual receiving the loaner device to sign for and date the loaner log at the time of issue and when the loaner device is returned, as evidence of the change in custody and timeframe of the loan.	**Status – March 2013 Completed.** Our review showed the policy had been revised and the loaner log was being maintained as recommended. **Status – September 2012 Follow-up pending** Management reported implementation in July 2012. Follow-up will be done when all four recommendations have been implemented. **Status – March 2012 Implementation Pending** Department implementation scheduled for April 2012. Follow-up scheduled for May 2012.

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
#2 The ISS Department Director should modify the PPM to allow the monitoring of loaner device usage by ISS and charge the borrowing department for device usage only when notable abuse is found.	**Status – March 2013 Completed.** Our review showed the PPM had been revised as recommended. **Status – September 2012 Implementation pending** Management established new target implementation date as the end of August 2012. Follow-up will be done when all four recommendations have been implemented. **Status – March 2012 Implementation Pending** Department implementation scheduled for April 2012. Follow-up scheduled for May 2012.
#3 The ISS Department Director should ensure that changes in ownership/status of cellular communication devices is communicated to the Sierra Gold Call Management systems administrator to ensure accurate reporting to the departments.	**Status – March 2013 Completed.** Our review showed that a complete reconciliation of records was performed and that a manual system was implemented to monitor and record changes while revisions to the automated system are implemented. **Status – September 2012 Implementation pending** Management established new target implementation date as the end of December 2012. Follow-up will be done when all four recommendations have been implemented. **Status – March 2012 Implementation Pending** Department implementation

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	scheduled for April 2012. Follow-up scheduled for May 2012.
#4 The ISS Department Director should ensure that a copy of the Statement of Use form is submitted as required.	**Status – March 2013 Completed.** Our review found that changes in tax law and IRS regulations eliminated the need for the statement of use form. The PPM has been modified to remove the requirement for that form. **Status – September 2012 Implementation pending** Management established new target implementation date as the end of August 2012. Follow-up will be done when all four recommendations have been implemented. **Status – March 2012 Implementation Pending** Department implementation scheduled for April 2012. Follow-up scheduled for May 2012.
11-20 Palm Tran *IT Systems*	
Report Issued 03/16/2011 containing two recommendations First follow-up May 2012 Second follow-up September 2012 Third follow-up March 2013	
#1 The Palm Tran Executive Director should ensure compliance with County Security Policy Manual System Access Control and Access Privileges Policies (CWO-59- 17.0) and COBIT standards. These should include: • Complete, accurate and timely tracking of the in/out off all backup media inventory. • Backup media inventory is protected from physical and environmental hazards during transit and storage. • A periodic onsite inspection of the offsite storage facility	**Status – March 2013 Follow-up pending.** Management reported full implementation of the backup system. Internal audit follow-up scheduled for June 2013. **Status – September 2012**

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
and of backup media inventory at the facility.	**In process.** Management reported substantial progress toward implementation and projected full implement-tation by November 1, 2012. We will follow-up in December 2012. **Status - March 2012** **In process.** Management stated that they were still working on changes that would comply with the criteria contained in the audit recommendation. Revised date of implementation is July 31, 2012.
#2 The Palm Tran Executive Director should implement the use of an asset management system for all software assets (licenses) owned and used by Palm Tran. This should include the three components of the COBIT standard: Asset Register; Asset Labeling; and Asset Status Reporting.	**Status – March 2013** **Follow-up pending.** Management reported full implementation of the software license system. Internal audit follow-up scheduled for June 2013. **Status – September 2012** **In process.** Management reported substantial progress toward implementation and projected full implement-tation by November 1, 2012. We will follow-up in December 2012. **Status - March 2012** **In process.** Management stated that until recently, their search for an adequate system did not yield results. However, they believe that a system has been identified to accomplish goals. Date of implementation is July 31, 2012.

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
11-21 Palm Tran ***Transportation Disadvantaged Bus Pass Program***	
Report Issued 03/16/2011 containing six recommendations First follow-up October 2011 Second follow-up May 2012 Third follow-up September 2012 Fourth follow-up March 2013	
#6 The PTC Director should consult with Palm Tran's Information Technology Department and/or Palm Beach County's Information System Services Department to develop and implement a computer-assisted or web-based data base to be used by PTC and all participating agencies.	**Status – March 2013** **Follow-up pending.** Management reported the system was developed and was in parallel operations testing with a "go live" date of May 1, 2013. Internal audit follow-up scheduled for June 2013. **Status – September 2012** **In process.** Palm Tran established a new implementation date of December 2012. We will follow-up with them in January 2013. **Status - March 2012** **In process.** Follow up in May 2012 disclosed that management is working with ISS to develop a system. We will follow-up in September 2012. **Status – September 2011** **In process.** Audit follow up showed that Palm Tran and the ISS department have been reviewing a database developed by another not-for-profit agency. However, it will take additional time for the review to be completed. According to Palm Tran, further

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	information should be available by January 2012.
11-24 Information Systems Services **WAN Agreements/Public Sector & Non-profits**	
Report Issued 06/15/2011 containing four recommendations First follow up October 2011 Second follow-up May 2012 Third follow-up September 2012 Fourth follow-up March 2013	
#2 The ISS Department Director should perform a comprehensive review of all current agreements and prepare, for BCC review and approval, amendments necessary due to (a) changes that may have been made subsequent to BCC approval as in the case of the School Board, and (b) inclusion of erroneous and misleading payment provisions.	**Status – March 2013 Completed.** All agreements needing revision have been revised and approved by the BCC, and the standard agreement template has also been revised. **Status – September 2012 In process.** A comprehensive review has been performed, agreements needing revision have been identified and ISS is working with affected agencies to revise agreements. New target implementation date March 2013. **Status – March 2012 In process.** Follow up in May 2012 showed that the comprehensive review had not yet been submitted to the BCC. Target date is September 30, 2012. **Status – September 2011 In process.** The ISS Department Director stated that the review would be part of what is presented to the BCC by the end of November 2011.

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
11-28 Risk Management *Prescriptions*	
Report Issued 09/21/2011 containing two recommendations First follow-up May 2012 Second follow-up February 2013	
#2 The Risk Management Department Director should design and implement a formal follow-up program to determine the effectiveness of its outreach or educational program. This could consist of trend analyses of the County/employee cost of filling generic drug prescriptions, as well as employee surveys obtaining information on whether employees are using the alternative programs and the reasons for employee participation or lack of participation.	**Status – March 2013 Completed.** Our follow-up showed that programs were established to inform and educate employees on the availability of low cost prescription programs. Surveys and statistical analysis are also being conducted to monitor the effects of the programs. **Status – September 2012 Implementation Pending** Scheduled implementation date is January 31, 2013. Scheduled follow-up date is February 28, 2013. **Status – March 2012 Implementation Pending** Scheduled implementation date is January 31, 2013. Scheduled follow-up date is February 28, 2013.
11-32 Water Utilities *Inventory Warehouse*	
Report Issued 09/21/2011 containing eight recommendations First follow-up April 2012 Second follow-up January 2013	
#1 The WUD Director should take steps to ensure that that records of inventory are periodically compared to on hand quantities and that adjustments are made as necessary to the records.	**Status – March 2013 Completed.** Our review found that the inventory policy was revised to require periodic cycle counts and that the cycle counts are being conducted

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	as required. **Status – September 2012 Implementation pending** **Status – March 2012 In process.** Management issued a PPM to address performing cycle counts. The procedures have not yet been implemented in both warehouses. Management expects full implementation by October 31, 2012.
#2 The WUD Director should ensure that discrepancies found during the periodic counts are investigated, documented and that appropriate management action is taken.	**Status – March 2013 Completed.** Our review found that a new adjustment code for the inventory system was developed to track adjustments made due to cycle counts and that appropriate management action is taken on discrepancies. **Status – September 2012 Implementation pending** **Status – March 2012 In process.** Management issued a PPM to address performing cycle counts. The procedures have not yet been implemented in both warehouses. Management expects full implementation by October 31, 2012.
#5 The WUD Director should ensure that changes to stock requisitions which occur after initial supervisory approval are also approved before stock issuance. The WUD Director should take actions to ensure that stock shortages or stock outs are minimized and that inventory ordering procedures incorporate consideration of stock utilization levels and order fulfillment lead times.	**Status – March 2013 Completed.** Our review showed a new electronic process was implemented preventing changes after approval and that new

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	management reports for stock levels were implemented. **Status – September 2012 Implementation pending** **Status – March 2012 In process.** Management issued a PPM to address inventory management. Our review showed monitoring reports for stock-outs and backorders are still being developed. Management expects full implementation by October 31, 2012.
#6 The WUD Director should ensure that all tools and equipment assigned to the tool rooms are controlled and accounted for.	**Status – March 2013 Completed.** Our review that new policies and procedures were implemented over tools and equipment and new automated systems to manage the tool inventory were also developed. **Status – September 2012 Implementation pending** **Status – March 2012 In process.** Management issued PPMs to address tool room inventories. Our review showed several items still in process relating to a fully reconciled master tool inventory and controls over tagging tool assets. Management expects full implementation by October 31, 2012.

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
#7 The WUD Director should review and update as necessary PPM L-008 and ensure that Warehouse staff complies with the requirements of that PPM.	**Status – March 2013 Completed.** Our review found the PPM was updated as recommended and that the Warehouse staff are following the requirements. **Status – September 2012 Implementation pending** **Status – March 2012 In process.** Management issued PPMs to address tool room inventories. Our review showed several items still in process relating to a fully reconciled master tool inventory and controls over tagging tool assets. Management expects full implementation by October 31, 2012.
12-01 County Administration *Cell Phone Stipend Audit*	
Report Issued 12/21/2011 containing eight recommendations First Follow-up September 2012 Second follow-up March 2013	
#4 The OFMB Department Director should ensure that submissions of lists of employees who have been approved to receive cell phone stipends are made part of the formal budget process.	**Status – March 2013 Completed.** Our review showed that management had reevaluated the need for this budget requirement and removed the requirement from the revised PPM. **Status – September 2012 In process.** Management chose to rewrite the PPM. A draft is scheduled for approval in November 2012. **Status March 2012 Implementation Pending** Implementation scheduled

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	for April, 2012. Follow-up scheduled for May, 2012.
#5 The OFMB Department Director should require department directors to provide a listing of stipend recipients generated by the Payroll Department with the required documentation submitted to OFMB as part of the annual operating budget process to ensure the lists agree.	**Status – March 2013 Completed.** Our review showed that management had reevaluated the need for this budget requirement and removed the requirement from the revised PPM. **Status – September 2012 In process.** Management chose to rewrite the PPM. A draft is scheduled for approval in November 2012. **Status March 2012 Implementation Pending** Implementation scheduled for April, 2012. Follow-up scheduled for May, 2012.
12-05 Information Systems Services Computing Platforms	
Report Issued 7/18/2012 containing three recommendations First follow-up September 2012 Second follow-up March 2013	
#3 The ISS Director should review current access to the NOC using the current access logs and discontinue access to those not meeting entry criteria.	**Status – March 2013 Completed.** Our review found an ongoing process of monitoring access and new authorization procedures for emergency responders from the Facilities Department. **Status - September 2012 In Process** Follow-up showed that access logs have been reviewed. However, the need for access for some non-ISS

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	personnel is still being evaluated. Management projects a new completion date of December 1, 2012.
12-06 Engineering & Public Works **Traffic Division – Traffic Operations Section**	
Report Issued 7/18/2012 containing 16 recommendations First follow-up March 2013	
#2 The Traffic Division Director should initiate a review of the warehouse inventory to identify general purpose items in order to distinguish them from items intended for work projects.	**Status – March 2013** **In Process.** Division management decided not to segregate inventory items between those used for work orders and other items. They are working to ensure that all items issued for work orders are charged to those work orders. This item also relates to #3 below. **Status – September 2012** **Implementation Pending** Implementation scheduled for August 2012
#3 The Traffic Division Director should reestablish the practice of recording the project location and/or work order number on the Issue Request form, in compliance with Division policies and procedures. This would apply to those items judged as non-general purpose in nature.	**Status – March 2013** **Implementation Pending** Our review showed none of the 106 requisitions reviewed had any work order or location numbers. The Director stated he had discussed this matter in a staff meeting in June 2012. The Director stated this item would be completed by 4/30/13. **Status – September 2012** **Implementation Pending** Implementation scheduled for June 2012

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
#4 The Traffic Division Director should ensure that Divisional PPMs ETL-006 and ETL-010 relating to losses of County owned property are consistent with County-wide PPM CW-O-007.	**Status – March 2013 Completed.** Our review found the PPMs had been revised as recommended. **Status – September 2012 Implementation Pending** Implementation scheduled for June 2012
#5 The Traffic Division Director should emphasize to employees the importance of complying with the Division's written policies and procedures relative to ordering and receiving materials for the warehouse.	**Status – March 2013 Completed.** During our review the Division Director reported having communicated this information to the staff. **Status – September 2012 Implementation Pending** Implementation scheduled for June 2012
#6 The Traffic Division Director should direct warehouse staff to require completed Traffic Order Forms for purchase requests and accept only those with authorized supervisory signatures.	**Status – March 2013 Completed.** Our review found the relevant PPM had been revised. The Director also stated he had emphasized this matter with the staff. **Status – September 2012 Implementation Pending** Implementation scheduled for June 2012
#7 The Traffic Division Director should ensure that all purchase requests over $5,000 are sent to him for his approval signature.	**Status – March 2013 Completed.** Our review found the PPM was revised to reflect this new requirement and that requests above the threshold were approved by the Director as required. **Status – September 2012 Implementation Pending** Implementation scheduled for June 2012

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
#8 The Traffic Division Director should ensure that all Traffic Operations staff complete signature cards and that these cards are provided to the warehouse staff for accurate identification of authorized signatures.	**Status – March 2013** **In Process.** Our review found that signature cards had been completed but have not been provided to warehouse staff. Management plans to have the cards available to warehouse staff by 4/30/13. **Status – September 2012** **Implementation Pending** Implementation scheduled for June 2012
#9 The Traffic Division Director should emphasize to employees the importance of complying with the Division's written policies and procedures relative to requesting materials from the warehouse.	**Status – March 2013** **Completed.** Our review found this topic was discussed with Division staff in June 2012, according to a statement by the Division Director. **Status – September 2012** **Implementation Pending** Implementation scheduled for June 2012
#10 The Traffic Division Director should direct warehouse staff not to accept Issue Request forms that lack appropriate supervisory approval signatures. He should emphasize that requestors cannot approve their own requests.	**Status – March 2013** **Completed.** Our review found the Division PPMs were revised to include this requirement and our testing showed that 104 of 106 items had appropriate supervisory approvals. **Status – September 2012** **Implementation Pending** Implementation scheduled for June 2012
#11 The Traffic Division Director should direct warehouse staff not to accept Issue Request forms on which increases have been made to the quantities requested. Alternatively, we suggest he implement a policy requiring that any increases in the quantities be initialed by the person making the change, such as is the practice on a negotiable check, and be made in such a way as to	**Status – March 2013** **In Process.** Our review found that the Division Director directed staff to strike through and initial changes. However, we also

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
not obscure the original amount.	found that 3 of 4 items with quantity increases had no approving initials. **Status – September 2012 Implementation Pending** Implementation scheduled for June 2012
#12 The Traffic Division Director should delete the sentence "Storekeepers will pull requested material from warehouse with no questions asked" from PPM #ETL-010.	**Status – March 2013 Completed.** Our review found the PPM was revised as recommended. **Status – September 2012 Implementation Pending** Implementation scheduled for June 2012
#13 The Traffic Division Director should ensure that PPM ETL-006 is consistent with County-wide PPM CW-F-075.	**Status – March 2013 Implementation Pending** Implementation scheduled for April 2013. **Status – September 2012 Implementation Pending** Implementation scheduled for August 2012
#14 The Traffic Division Director should work with Traffic Operations staff to determine an appropriate definition of "tools and equipment" and initiate a review of the warehouse inventory to identify such items.	**Status – March 2013 Implementation Pending** Implementation scheduled for April 2013. **Status – September 2012 Implementation Pending** Implementation scheduled for August 2012
#15 The Traffic Division Director should identify an appropriate methodology for determining the value of tools and equipment subject to return or payment upon employee termination and require that such items are returned or paid for, in compliance with Countywide and Divisional policies and procedures.	**Status – March 2013 Implementation Pending** Implementation scheduled for April 2013. **Status – September 2012 Implementation Pending** Implementation scheduled for August 2012

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
#16 The Traffic Division Director should review the cases of tools not returned by the three terminated employees identified in the audit report, and seek the return of such tools or reimbursement for the value thereof.	**Status – March 2013** **Implementation Pending** Implementation scheduled for April 2013. **Status – September 2012** **Implementation Pending** Implementation scheduled for August 2012
12-07 Public Safety **Division of Emergency Management**	
Report Issued September 2012 containing two recommendations First follow-up March 2013	
#1 The EM Division Director should ensure that the 911 Coordinator review a sample of invoices paid under the earlier contract with AT&T for Fiscal Year 2011 and 2012. The review should include a determination that payments made were in accordance with contract requirements for the individual PSAP.	**Status – March 2013** **Follow-up pending.** Management reported completion of the invoice review. Audit follow-up scheduled for June 2013. **Implementation Pending** Implementation scheduled for August 2012
#2 The EM Division Director should explore opportunities to enhance the Division's performance measures to better reflect efficiency and effectiveness of Division operations by focusing on higher level goals and strategies.	**Status – March 2013** **Completed.** Our review showed the Director had reviewed and updated the Division's performance measures as recommended. **Implementation Pending** Implementation scheduled for October 2012
12-09 Fire Rescue **Medical Supplies**	
Report Issued September 2012 containing eight recommendations First follow-up November 2012 Second follow-up March 2013	
#1 The Support Services Deputy Chief should require orders placed to the District be reviewed and approved prior to the submission of a requisition in accordance with the Purchasing Approval Authority guidelines in OP I-39.	**Status – March 2013** **Completed.** Our review showed that purchase orders were being reviewed and

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	approved as recommended. **Status – September 2012 Implementation Pending** Implementation scheduled for August 2012.
#2 The Support Services Deputy Chief should ensure the District provides the Department a current price list on the cost of pharmaceutical supplies and/or medications ordered.	**Status – March 2013 Completed.** Our review found the Health Care District was unable to provide price lists due to frequent price changes. However, the District was providing the prices on each requisition prior to placement of an order. **Status – September 2012 Implementation Pending** Implementation scheduled for August 2012.
#3 The Support Services Deputy Chief should require a copy of the Purchase Order be included with the backup documentation for all of the District's orders to provide an audit trail of the original order and verification of proper authorization.	**Status – March 2013 Completed.** Our review found copies of the purchase order are provided with the backup documentation on District orders. **Status – September 2012 Implementation Pending** Implementation scheduled for August 2012.
#4 The Support Services Deputy Chief should review the list of employees with badge and key access to the Medical Supplies Warehouse and revoke the access of any employee that does not have a need to enter the warehouse unescorted. Badge access should be the primary means used to enter the warehouse.	**Status – March 2013 Completed.** Our review found the list of employees with badge and key access to the Medical Supplies Warehouse has been adjusted to only include those individuals with a need for access. **Status – September 2012 Implementation Pending** Implementation scheduled

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	for August 2012.
#5 The Support Services Deputy Chief should change the lock on the door to the Medical Warehouse and limit key access to management level employees for use only when the badge reader is not in service.	**Status – March 2013 Completed.** Our review showed the lock was changed and only three keys are available to management level employees. **Status – September 2012 Implementation Pending** Implementation scheduled for September 2012.
#6 The Support Services and Operations Deputy Chiefs should review and update the list of 'approvers' in the iBEM system to conform with the requirements of OP IV-4, and have any ineligible users deleted from the list.	**Status – March 2013 Completed.** Our review showed the list of approvers was updated as recommended. **Status – September 2012 Implementation Pending** Implementation scheduled for August 2012.
#7 The Operations Deputy Chief should ensure that all station medical supply orders entered into the iBEM system are properly approved.	**Status – March 2013 Completed.** Our review found medical supply orders are being approved by authorized personnel only. **Status – September 2012 Implementation Pending** Implementation scheduled for August 2012.
#8 The Operations Deputy Chief should establish a policy for the management of medical supplies at the fire stations. The policy should require, at a minimum, the rotation of inventory when restocking medical supplies and a routine check of the expiration dates on the medical supplies in the storage area and on the emergency vehicles at the fire stations.	**Status – March 2013 In process.** A policy was established requiring rotation of medical inventory items. Audit follow-up found the stations tested had cleaned and organized their inventory but several out of date items were still in stock. **Status – September 2012 Implementation Pending**

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	Implementation scheduled for August 2012.
12-10 Fire Rescue **Accounting for Fuel Dispersed**	
Report Issued September 2012 containing three recommendations First follow-up November 2012 Second follow-up March 2013	
#1 The Fire Rescue Administrator should review the actions suggested in this audit report and consider taking action as needed to better account for fuel dispersed to Department vehicles at both Department and Fleet Management sites.	**Status – March 2013** **In process.** Fire Rescue scoped an automated fuel system for its 40+ fueling sites. The estimated cost to install the system is $700,000. Management believes this system is not cost beneficial and is exploring other methods of improving fuel accountability. **Status – September 2012** **Implementation Pending** Implementation scheduled for January 2013.
#2 The Fire Rescue Administrator should improve internal controls over access to fuel pumps and fuel tanks at Department sites by having separate keys for use by Fleet Management and the Department.	**Status – March 2013** **Completed.** A new key management and distribution system has been implemented addressing the audit recommendation. **Status – September 2012** **Implementation Pending** Implementation scheduled for September 2012.
#3 The Fire Rescue Administrator should revise Operational Procedure IV-2 to require entry in the iBEM system for all fuel utilization without regard to the source of the fuel.	**Status – March 2013** **Completed.** The OP was revised as recommended. **Status – September 2012** **Implementation Pending** Implementation scheduled for October 2012.

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
13-01 Parks and Recreation **Parks Maintenance Division**	
Report Issued December 2012 containing four recommendations First follow-up March 2013	
#1 The Parks Maintenance Operations Division Director should develop and implement procedures to limit access to the PICS inventory system to warehouse assigned staff only, and to restrict administrative rights to the PICS inventory system to the Manager of Support Services and the IT Section Manager.	**Status – March 2013** **Completed.** Our follow-up showed that management made the recommended changes to limit access and user rights.
#2 The Parks Maintenance Operations Division Director should develop and implement a Divisional PPM to include: **a.** Controls over the requisition, fulfillment and recording of inventory issuance transactions, including supervisory authorization of requisitions, and Materials Manager monitoring of inventory transactions, **b.** Controls to monitor stock levels, and to identify and react to stock replenishment requirements, **c.** Controls to identify obsolescent and surplus stock and the proper disposal of such stock, and **d.** Procedures to more clearly define roles and responsibilities and documentation requirements relating to cycle counts and inventory adjustment transactions.	**Status – March 2013** **In Process.** Our review showed that management has implemented parts a and b. We also noted that actions to fully implement parts c and d of the recommendation are still on-going with an expected implementation date of 1 August 2013.
#3 The Parks Maintenance Operations Division Director should implement procedures to ensure that all 'Z' tag assets assigned to the Division are controlled and accounted for. At a minimum this should include an accurate perpetual inventory listing of all asset items held at each location, and an annual reconciliation of items to inventory listing.	**Status – March 2013** **Completed.** Our review showed that management implemented the recommended control enhancements.
#4 The Parks Maintenance Operations Division Director should review the 85 Z tag items identified in the audit with a cost over $1000 and take necessary actions to ensure that these items are accurately recorded, identified and accounted for in the County's fixed asset system.	**Status – March 2013** **Completed.** Our follow-up showed management fully reviewed the 85 items and ensured those items were appropriately recorded in the fixed asset system.
13-02 Parks and Recreation **Morikami Museum and Japanese Garden Cash Management**	
Report Issued December 2012 containing eight recommendations First follow-up March 2013 Second follow-up scheduled for July 2013	

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
#1 The Department Director should ensure that Morikami management and FSS staff work together to develop a control structure at the Morikami that provides an adequate control environment given the reduction in on-site fiscal staff.	**Status – March 2013 Implementation Pending** Implementation scheduled for June 2013.
#2 The Department Director should ensure that FSS staff performs unannounced visits to the Morikami at least once a year to independently review cash collection operations and to audit petty cash and change funds, in compliance with PPM #DOF-003.	**Status – March 2013 Implementation Pending** Implementation scheduled for June 2013.
#3 The Department Director should ensure that Morikami staff inform FSS of changes in personnel responsible for cash handling and that FSS maintains a list of the Morikami staff responsible for cash handling, in compliance with PPM #DOF-005.	**Status – March 2013 Completed.** Our follow-up showed that recent changes in staff handling cash were communicated to FSS and that a current list of all personnel assigned cash handling duties was provided.
#4 The Department Director should ensure that the Morikami staff submits daily revenue documentation to FSS within three working days of revenue collection as required by PPM #DOF-005.	**Status – March 2013 Completed.** Our review showed that all daily revenue reports for our test period were submitted as required.
#5 The Department Director should establish a formal training program for cash management procedures at the Morikami.	**Status – March 2013 Implementation Pending** Implementation scheduled for June 2013.
#6 The Department Director should ensure that the Morikami's Operations Manuals and PPMs are updated on a regular basis.	**Status – March 2013 Implementation Pending** Implementation scheduled for June 2013.
#7 The Department Director should ensure that separate cash tills are provided for each Cash Accounting Clerk in order to avoid the sharing of tills.	**Status – March 2013 Completed.** Our follow-up showed that, although the current point of sale software at Morikami cannot support separate tills, an acceptable alternate method was implemented while a software fix is researched.
#8 The Department Director should ensure that Morikami staff implements an effective method of documenting all transactions involving their change fund.	**Status – March 2013 Completed.** Our review showed that a reconciliation worksheet was implemented

Exhibit 6 - Recommendation Status at March 31, 2013

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	and is being used to satisfy the recommendation.
13-05 Engineering & Public Works **Bridge Maintenance and Operations**	
Report Issued March 2013 containing 6 recommendations First follow-up scheduled for May 2013	
#1 The Division Director should ensure that Section managers and group supervisors begin utilizing the Job Cost system in the planning, execution and monitoring of their operational activities.	**Status – March 2013 Implementation Pending**
#2 The Division Director should ensure the Bridge Inspection Tracking Spreadsheet includes accurate bridge inspection data.	**Status – March 2013 Implementation Pending**
#3 The Division Director should ensure that a system is put in place that supports and documents Section management's evaluation, prioritization and monitoring of deficiencies identified in bridge inspection reports.	**Status – March 2013 Implementation Pending**
#4 The Division Director should ensure that a system for scheduling, conducting, and monitoring routine inspections and maintenance is developed and implemented.	**Status – March 2013 Implementation Pending**
#5 The Division Director should ensure that user access to the Job Cost system be removed for all terminated and transferred employees.	**Status – March 2013 Implementation Pending**
#6 The Division Director should ensure adequate access controls over the Job Cost system are put in place.	**Status – March 2013 Implementation Pending**