

**Follow-Up Review
of the
Review of the MSTU Retention
Ponds Section of the Orange
County Roads and Drainage
Division**

**Report by the
Office of County Comptroller**

**Martha O. Haynie, CPA
County Comptroller**

County Audit Division

J. Carl Smith, CPA
Director

Christopher J. Dawkins, CPA
Deputy Director

Rhonda Haney, Auditor

**Report No. 313
March 2002**

TABLE OF CONTENTS

Transmittal Letter.....	3
Implementation Status of Previous Recommendations For Improvement	4
Introduction	6
Scope and Methodology.....	7
Follow-up To Previous Recommendations For Improvement	9
1. Maintenance Schedules for Pond Maintenance Should Be Updated Monthly	10
2. The Department Should Enhance Its Methods to Better Separate MSTU Functions and Other County Functions	11
3. The MSTU Retention Pond Fee Should Be Periodically Reviewed	15
Additional Recommendations For Improvement	17
1. The MSTU Retention Pond Section's Property Records Should Be Periodically Reconciled	19
2. MSTU Compensation Requests Should Be Processed in a Timely Manner.....	21
3. The MSTU Section Should Enhance Its Payroll Procedures.....	21

March 7, 2002

Richard T. Crotty, County Chairman
And
Board of County Commissioners

We have conducted a follow-up Review of the Review of the MSTU Retention Ponds Section of the Orange County Roads and Drainage Division. Our original review included the period of October 1, 1994 to January 31, 1996. Testing of the status of the previous Recommendations for Improvement was performed for the period September 1, 2000 through October 31, 2000 and fieldwork was completed April 2001. Our follow-up was conducted in accordance with generally accepted government auditing standards and included such tests as we considered necessary in the circumstances.

The accompanying Follow-Up to Previous Recommendations for Improvement presents a summary of the previous conditions and the previous recommendations. Following the recommendations is a summary of the current status as determined in this review. In addition, we found other concerns during our follow-up that are presented in the Recommendations for Improvement section following the status of the Follow-Up to Previous Recommendations for Improvement section.

Responses to our Recommendations for Improvement were received from the Roads and Drainage Division in January of 2002 and incorporated herein. We appreciate the cooperation of the personnel of the Public Works Department during the course of the follow-up.

Martha O. Haynie, CPA
County Comptroller

c: Ajit Lalchandani, County Administrator
William Baxter, Director of Public Works
Deodat Budhu, Manager, Roads and Drainage Division

IMPLEMENTATION STATUS OF
PREVIOUS RECOMMENDATIONS
FOR IMPROVEMENT

**FOLLOW-UP OF MSTU – RETENTION PONDS SECTION AUDIT
STATUS OF PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT**

NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS			
		IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
1.	We recommend the maintenance schedule be updated on a monthly basis and that an employee be trained as back-up for times when the regular employee is unable to perform this task.		X		
2.	We recommend, to better separate the MSTU functions and other Roads and Drainage functions, the following should be performed:				
A)	Roads and Drainage should account for all property items.		X		
B)	Employees/equipment utilized in the MSTU-retention ponds should be paid from MSTU-retention pond monies. A reconciliation should be performed to ensure an accurate accounting and reimbursement is performed for any non-MSTU equipment/personnel used for retention pond maintenance and any MSTU equipment used for non-MSTU purposes.		X		
3.	We recommend the fee charged to homeowners be periodically analyzed to ensure it is sufficient. This review should occur at least once every three to five years.	X			

INTRODUCTION

Scope and Methodology

The audit scope consisted of a follow-up to the previous Review of the MSTU Retention Ponds Section of the Orange County Roads and Drainage Division dated January 1997. Testing of the status of the previous recommendations was performed for the period September 1, 2000 through October 31, 2000.

To determine if the retention pond maintenance schedule was updated on a monthly basis, we selected twelve Attendance and Daily Worksheets from the audit period. From each worksheet, we compared noted work performed for a particular pond to that noted in the In-House Crew Activities Dataworks report to ensure that the maintenance schedule had been updated on a monthly basis.

Interviews with the Manager, Chief Engineer, and MSTU – Administrative Specialist of the Roads and Drainage Division were held to determine if personnel were cross-trained to update the retention pond maintenance schedule for times when the regular employee is unable to perform the task.

To ensure the MSTU functions and other Roads and Drainage functions are separately accounting for all property items, we compared the MSTU - Retention Pond asset lists for fiscal year 2000 from Property and Accounting and Fleet Management to the MSTU asset list.

To determine if MSTU functions and other Roads and Drainage functions have been appropriately separated, we selected a sample of twenty-five days from the MSTU's and Roads and Drainage's Attendance and Daily Worksheets for the audit period. The Attendance and Daily Worksheet for each day was reviewed to determine whether or not only MSTU employees/equipment were listed on the MSTU's Attendance and Daily Worksheets and only Roads and Drainage's employees/equipment were listed on the Roads and Drainage's Attendance and Daily Worksheets.

Interviews with the Manager, Chief Engineer, and MSTU – Administrative Specialist of the Roads and Drainage Division were held to determine if a reconciliation of the non-MSTU equipment/personnel used for retention pond maintenance

INTRODUCTION



and MSTU equipment/personnel used for non-MSTU purposes is being performed.

We determined if the fee charged to homeowners was analyzed by interviewing the Manager and Chief Engineer of the Roads and Drainage Division.

**FOLLOW-UP TO PREVIOUS
RECOMMENDATIONS FOR
IMPROVEMENT**



**1. Maintenance Schedules for Pond Maintenance
Should Be Updated Monthly**

In the previous audit we found that the pond maintenance schedule had not been updated in the computer since September 1995. From discussions with management, we learned that the employee responsible for maintaining this data was no longer employed by the County. Further, there was no employee trained for system back-up.

We Recommend the maintenance schedule be updated on a monthly basis and that an employee be trained as back-up for times when the regular employee is unable to perform this task.

Status:

Partially Implemented. During our review we found that all 12 of the retention ponds reviewed were entered into the Dataworks system on a monthly basis. However, an employee was not trained as backup for times when the regular employee is unable to perform this task.

We Again Recommend that an employee be trained as back-up for times when the regular employee is unable to perform this task.

Managements Response:

We concur with your recommendations. On September 15, 2001, the Roads & Drainage Division reorganized several of the division's administrative staff positions. This move allowed the division to assign one of its administrative specialists to full-time data entry of drainage and non-drainage field data. The administrative specialist assigned to this position is currently being trained on the use of DataWorks, our internally designed and programmed work management system. This position will assist the MSTU administrative specialist in entering non-MSTU field data and MSTU data when required. In addition, we have two other Administrative Specialist positions that have knowledge on



inputting information into DataWorks. Any cross utilization of this resource between MSTU and Non-MSTU will be reconciled on a quarterly basis.

2. The Department Should Enhance Its Methods to Better Separate MSTU Functions and Other County Functions

We noted the following concerns during the previous audit review of fixed assets and daily worksheets:

- A) One item on the Roads and Drainage MSTU list (utilized by Roads and Drainage) was not on the Property Accounting list, nor was it purchased with MSTU-retention pond funds.
- B) Two Roads and Drainage Employees' salaries were being paid out of MSTU-retention pond funds, but the employees did not work 100 percent of their time on MSTU retention ponds.
- C) We reviewed crew daily worksheets for the Drainage Section. Of the eight days reviewed, some of the equipment used on MSTU jobs was issued as non-MSTU equipment and some equipment used on non-MSTU jobs was issued as MSTU equipment.
- D) Two of the eight days of non-MSTU employee worksheets reviewed contained entries of the Spray Crew spraying MSTU-retention ponds for weed control. The Spray Crew was not paid from MSTU funds.

Section 125.01(7), Florida Statutes, provides that no County revenues, except those derived specifically from or on behalf of a municipal service taxing unit, special district, unincorporated area, service area, or program area, shall be used to fund any service or project provided by the County when no real and substantial benefit accrues to the property or residents within a municipality or municipalities.



We Recommend, to better separate the MSTU functions and other Roads and Drainage functions, the following should be performed:

- A) Roads and Drainage should account for all property items.
- B) Employees/equipment utilized in the MSTU-retention ponds should be paid from MSTU-retention pond monies. A reconciliation should be performed to ensure an accurate accounting and reimbursement is performed for any non-MSTU equipment/personnel used for retention pond maintenance and any MSTU equipment used for non-MSTU purposes.

Status:

- A) Partially implemented. During our review, we were unable to trace two of the 39 assets reviewed from the Comptroller's Property Accounting Property Listing to the MSTU Dataworks listing maintained by the Division. These assets were assigned to the Three-Points Maintenance Unit for full-time use but purchased from the retention pond funds. In addition, we noted seven assets assigned to MSTU crews for full-time use that were purchased with non-MSTU funds. While it is acceptable and possibly advantageous for efficiency reasons to use assets purchased with non-MSTU funds within MSTU operations and vice-versa, an accounting of that use must be performed. We did not note any accounting entries for these assets to assign the costs to the appropriate fund.
- B) Partially implemented. During our review, we noted the following:
 - 1. Four percent (1 of 25) of the attendance and Daily worksheets reviewed indicate that Roads and Drainage personnel performed MSTU



work. In addition, we found other instances where non-MSTU personnel performed MSTU work and where MSTU personnel performed non-MSTU work.

2. Twenty-eight percent (7 of 25) of the reviewed MSTU - Retention Pond Attendance and Daily Worksheets indicated that Roads and Drainage equipment (non-MSTU) was utilized by MSTU - crews.
3. A reconciliation was not performed to ensure an accurate accounting and reimbursement was performed for any non-MSTU equipment/personnel used for retention pond maintenance and any MSTU equipment/personnel used for non-MSTU purposes.

We Again Recommend to better separate the MSTU functions and other Roads and Drainage functions the following should be performed:

- A) Roads and Drainage should account for all property items.
- B) Employees/equipment utilized in the MSTU-retention ponds should be paid from MSTU-retention pond monies. A reconciliation should be performed to ensure an accurate accounting and reimbursement is performed for any non-MSTU equipment/personnel used for retention pond maintenance and any MSTU equipment used for non-MSTU purposes.

Management's Response:

- A) Based on additional information provided by the County Auditors, the assets that were identified during the Audit are as follows:

**FOLLOW-UP TO PREVIOUS
RECOMMENDATIONS FOR
IMPROVEMENT**



Asset Number	Asset Description	Year Purchased
937866	Tanaka edger	2000
937867	Tanaka edger	2000
937868	Tanaka edger	2000
937869	Tanaka edger	2000
937880	Tanaka edger	2000
937881	Tanaka edger	2000
3014	Bushhog 286 deck mower	1998
2923	MoTrim boom mower	1994
1807	Ford F-800 flatbed truck	1989

Asset numbers 937866, 937867, 937868, and 937869 were purchased for the MSTU section while asset numbers 937880 and 937881 were purchased for a non-MSTU section in year 2000. All six units were purchased under the same purchase order. The purchase order request prepared by the division noted the appropriate accounting lines to use for the MSTU and non-MSTU purchases. However, during processing, it appears that these purchases were mistakenly combined under one of the accounting lines provided. Asset number 3014 was purchased in 1998 with other units for non-MSTU sections. This purchase was also combined in one purchase order and apparently the same processing mistake took place as the one described above.

Asset number 2923 was purchased in 1994 for MSTU and was replaced and removed from our inventory on April 26, 2001. Asset number 1807 was purchased in 1989 for MSTU and is still in service. Records show that both of these units were purchased out of fund 1002 and predate the last audit performed in 1996/1997. Our staff was unable to find any additional paperwork to explain the inappropriate use of this fund code.

We concur with your recommendations. To alleviate any possible misappropriations of funds in the future, the division is issuing separate purchase order



requests for MSTU and non-MSTU purchases. In addition, the division has implemented new procedures where all new equipment received is inspected and all paperwork is reviewed for accuracy and funding appropriation before acceptance into our inventory.

- B) We also concur. The division is in the process of programming our DataWorks database to produce reconciliation reports. These reports will be used to request the appropriate fund transfer for any cross utilization of personnel and equipment on a quarterly basis.

In addition, the division is submitting quarterly fund transfer requests for the time spent by MSTU administrative staff on non-MSTU issues and by non-MSTU administrative staff on MSTU issues.

3. The MSTU Retention Pond Fee Should Be Periodically Reviewed

During the previous audit we noted that MSTU-retention pond maintenance is funded by two charges to homeowners. Homeowners in subdivisions with retention ponds are charged either \$54 or \$27 based upon the size of the retention pond, the costs to the County, and the number of lots in the subdivision. Relating to this, we noted that the fee study has not been updated since 1989. Further, all indirect costs may not be recovered.

We Recommend the fee charged to homeowners be periodically analyzed to ensure it is sufficient. This review should occur at least once every three to five years.

Status:

Implemented. The Roads and Drainage Division is in the process of developing a database to track the costs involved in maintaining retention ponds. Although not yet completed,

**FOLLOW-UP TO PREVIOUS
RECOMMENDATIONS FOR
IMPROVEMENT**



Follow-Up Audit of the MSTU –
Retention Ponds

we reviewed the data on hand and noted that it contained appropriate costing data.

ADDITIONAL RECOMMENDATIONS
FOR
IMPROVEMENT

FOLLOW-UP OF MSTU - RETENTION PONDS SECTION AUDIT
 ADDITIONAL RECOMMENDATIONS FOR IMPROVEMENT
 ACTION PLAN

NO.	MANAGEMENT RESPONSE			IMPLEMENTATION STATUS		RECOMMENDATIONS
	CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	UNDERWAY	PLANNED	
1.	X			X		We recommend the MSTU Retention Ponds Section periodically reconcile the Section's property records with the Comptroller's Property Accounting listing.
2.	X			X		We recommend the MSTU Reimbursement Requests be processed on a quarterly basis.
3.	X			X		We recommend that the hours reported and signed off by the employee on supporting payroll records agree with hours reported on the payroll transmittal. Any differences should be adequately supported.



During our Follow-up Audit of MSTU – Retention Ponds, we noted other concerns. The following are the related Recommendations For Improvement:

1. The MSTU Retention Pond Section’s Property Records Should Be Periodically Reconciled

The MSTU Retention Ponds Section maintains a database containing each piece of equipment purchased by the Section (including items costing less than \$500). During our review, we tried to trace the equipment (greater than \$500) recorded on their list to the official property listing maintained by the Comptroller’s Office - Property Accounting Department. We were unable to trace 75 percent of the items (39 of 52) from the Section’s list to the Property Accounting list. Differences were noted in the active status, asset number, asset year, serial number, fund, agency, and organization classification.

The MSTU Retention Ponds Section did not periodically reconcile the listing they maintain to the Property Accounting list. Periodic reconciliation would ensure that all equipment is accounted for and located.

We Recommend the MSTU Retention Ponds Section periodically reconcile the Section’s property records with the Comptroller’s Property Accounting listing.

Management’s Response:

We concur with your recommendations. The division has already been in touch with the Comptroller’s Property Accounting Office and with Fleet Management in regards to reconciling the property data maintained by the three divisions. All three divisions are currently using separate systems to track these properties. Fleet Management is using a canned software program called "Faster". Roads & Drainage is using DataWorks, a Microsoft Access based in-house developed program. Property Accounting is using an Excel based spreadsheet. All of these systems are independent of each other, and cannot be linked and will



have to be manually reconciled. Our staff have reviewed the records maintained by these divisions and have recommended several changes. In addition to reviewing the records periodically, our staff is working on implementing the following standard operating procedures that should help minimize or eliminate discrepancies in future property listings:

- We will instruct our personnel listed as "Submitted By" on the original PO request to carefully document the item requested by type, make, and model. For Example: Chainsaw, Stihl, 036 Pro.
- We will instruct our personnel listed as "Submitted By" on the original PO request to list tracking information of the end user that will be responsible for the item, such as Division, crew, unit, and accounting line. For Example; Roads and Drainage, Construction, Sealing Crew, Accounting line 2905.
- Public Works Fiscal section will make sure that this tracking information, including the name of the person submitting the PO request, is included when the "Q" number is entered.
- Purchasing and Contracts agreed to include this tracking information on the PO when it is issued.
- Vendors will be required to include this tracking information and the PO number on all invoices.
- Property Accounting agreed to list this tracking information as it is shown on the PO in their data system when they assign a County number to the asset.
- Property Accounting will send a bi-weekly report to the Public Works Department. Each Division representative can then verify the asset tracking information before the assets are tagged. The



Division representative is the person listed as "Submitted By" on the PO request.

2. MSTU Compensation Requests Should Be Processed in a Timely Manner

On occasion, work is performed by an MSTU employee on a Roads and Drainage project or a Roads and Drainage employee performs work on a MSTU project. To compensate for these types of occurrences, budget transfers are made between MSTU and Roads and Drainage based on the hourly rate plus benefits. During our review, we noted significant delays, some over one-year, occurred between the time work was performed and the date of the budget transfer between MSTU and Roads and Drainage was made. Budget transfers should be made at least quarterly. Without timely budget transfers, budget amounts and/or year-end financial data will not be accurately reported.

We Recommend MSTU Reimbursement Requests (budget transfers) be processed on a quarterly basis.

Management's Response:

We concur. As explained in our response to recommendation 2B above, the division will be programming its operational database to provide reports on cross utilization of field personnel and equipment between MSTU and Non-MSTU activities. This report will be used on a quarterly basis to request the appropriate fund transfers for these activities.

3. The MSTU Section Should Enhance Its Payroll Procedures

During our limited review of payroll records, we noted that all (10 of 10) of the MSTU field personnel ("orange shirt") hours reported on the payroll transmittal form for pay period ending dates September 16, 2000 and October 28, 2000 did not agree on the total hours recorded on the employee's time

**FOLLOW-UP TO PREVIOUS
RECOMMENDATIONS FOR
IMPROVEMENT**



card for the same periods. The differences are noted in the following table:

Employee Sample Item No.	Hours reported on the Payroll Transmittal	Hours reported on Time Card *	Difference in hours
1	80	82.1	2.1
2	80	84.7	4.7
3	80	84.6	4.6
4	80	83.1	3.1
5	80	80.4	0.4
6	80	81.1	1.1
7	80	80.7	0.7
8	80	84.0	4.0
9	81	84.3	3.3
10	80	86.1	6.1
Total	801	831.10	30.10

* - Adjusted for vacation and other hours reported on the payroll transmittal

Hours recorded on the employee’s time card should agree to hours reported on the payroll transmittal. It appears that the difference could be due to the fact that the payroll transmittal is prepared from the Attendance and Daily Worksheets (ADW), not the time cards. However, the employee signs the time card to acknowledge time worked, not the ADW. Reasons for differences between the hours reported by the employee as worked (time card) and the hours reported on the payroll transmittals should be documented. The Fair Labor Standards Act requires employers to maintain accurate records of hours worked. In addition, record keeping discrepancies raise doubt as to the accuracy of the records of hours actually worked.

We Recommend that the hours reported and signed off by the employee on supporting payroll records agree with hours reported on the payroll transmittal. Any differences should be adequately supported.



Management's Response:

We concur. Past practices allowed our staff to come to work and clock in before they are required to start their workday. The actual time worked was documented by the foreman on the Attendance and Daily Worksheets (ADW). On April 2001, the Public Works Department converted from a manual time and attendance tracking system to an electronic time management system. The system chosen by the Department is provided by Kronos, Inc. The system is designed to capture real-time information directly from employees anywhere in the designated County facilities and is used by payroll. The data is used to pay employees accurately, measure labor efficiency, manage employees' benefit time, and provide management with information to make better decisions.

In the new system, employees will be required to authenticate themselves with their magnetic employee ID card. Supervisors will authenticate their sections by usernames and passwords. To our understanding, the use of these security devices implies an electronic signature eliminating the need for a signed timesheet.

The new system will allow for programming individual staff schedules and will not allow anyone from clocking in outside preset times. However, the new system provides the supervisors with override capabilities to enter overtime or clocking in time exceptions.