

HERNANDO COUNTY CLERK OF CIRCUIT COURT
AUDIT SERVICES DEPARTMENT

Hernando County Utilities Department
Water Treatment/Distribution and Water
Collections/Treatment Operations
&
Cash Receipts and Billing Cycle
Follow-Up 1

September 22, 2009

HERNANDO COUNTY CLERK OF CIRCUIT COURT
AUDIT SERVICES DEPARTMENT
MEMORANDUM

TO: David Hamilton, County Administrator
Joe Stapf, Hernando County Utilities Director

VIA: Karen Nicolai, CPA, Clerk of Circuit Court

FROM: Peggy Caskey, CIA, CFE, CISA, Audit Services Director

DATE: September 22, 2009

SUBJECT: Water Treatment/Distribution and Water Collections/Treatment Operations
& Cash Receipts and Billing Cycle
Follow-Up 1

The Audit Services Department's Audit Projects Schedule included follow-up audits of two related consulting projects for the Board of County Commissioners' Utilities Department:

- 1) Water Treatment/Distribution and Wastewater Collections/Treatment Operations: Customer Service, Cashiering and Administrative Support functions (issued November 2, 2005); and
- 2) Cash Receipts and Billing Cycles (issued January 20, 2006).

Based on testing, observations, and communications with key personnel, the Audit Team has produced the attached report for your review. Management's response to the recommendations is also included. A copy of this report has been forwarded to the Board of County Commissioners as an agenda "correspondence to note" item.

The purpose of this report is to furnish management independent, objective analyses, recommendations, counsel, and information concerning the activities reviewed. This audit report is a tool to help management discern and implement specific improvements. It is not an appraisal or rating of management.

Although the Audit Team exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud and/or employee abuse is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud or abuse will be detected.

The courtesies and cooperation extended by the Hernando County Utilities Department staff members during this review were sincerely appreciated.

If you have any questions, concerns, or need additional information in regard to the above or the attached report, please do not hesitate to contact me at (352)540-6235, or just stop by my office in Room 201.

copy: BOARD OF COUNTY COMMISSIONERS:

Commissioner James Adkins
Commissioner John Druzbeck
Commissioner Rose Rocco
Chairman Dave Russell, Jr.
Commissioner Jeff Stabins
Larry Jennings, Deputy County Administrator
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UTILITIES DEPARTMENT
WATER TREATMENT/DISTRIBUTION AND WASTEWATER COLLECTIONS/TREATMENT OPERATIONS
&
CASH RECEIPTS AND BILLING CYCLE
FOLLOW-UP I

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Acknowledgment

Other minor findings, not included in this report, have been communicated to management and/or corrected during fieldwork.

Original Audits (Issued November 2, 2005 and January 20, 2006):

Fieldwork was performed by: Lorick & Associates Consulting
Peggy (Prentice) Caskey, Audit Services Director
Barbara Fichter, Internal Auditor
Paul DuFour, Internal Auditor

Management's response was provided by: Kay Adams, (former) Hernando County Utilities Director

Management's response was authorized by: Gary Adams, (former) County Administrator
Larry Jennings, (former) Interim County Administrator

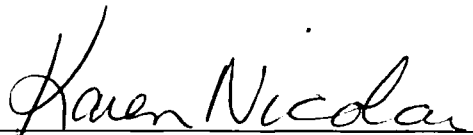
Follow-Up Audit:

Fieldwork was performed by: Peggy Caskey, Audit Services Director

Management's response was provided by: Joe Stapf, Hernando County Utilities Director

Management's response was authorized by: David Hamilton, County Administrator

This report was reviewed and authorized by Karen Nicolai, Clerk of Circuit Court.



Karen Nicolai, CPA, Clerk of Circuit Court

9/22/09

Date

Purpose and Scope

PURPOSE

The purpose of this follow-up audit was to address management's corrective action, or lack of the same, in response to audit comments and recommendations made by the Audit Teams in two reports:

- 1) Water Treatment/Distribution and Wastewater Collections/Treatment Operations: Customer Service, Cashiering, and Administrative Support functions (issued November 2, 2005); and
- 2) Cash Receipts and Billing Cycles (issued January 20, 2006).

SCOPE

The testing, interview and observation period was from January to July 2009. Some historical data was also reviewed as necessary. The scope of work included a request for and a review of management's response to recommendations made in the original reports. In this follow-up audit, the Audit Team considered whether management implemented corrective actions which effectively addressed the original findings and recommendations. The Audit Team determined if these actions, implemented partially or fully, were implemented timely. The corrective actions, or lack of the same, were evaluated under current conditions. A determination was made as to what, if any, corrective action is still needed to alleviate any concerns or to enhance operations.

Management's Response

Board of County Commissioners

Hernando County

MEMORANDUM

To: Peggy Caskey, Audit Services Director

From: Joe Stapf, Director of Utilities
David Hamilton, County Administrator

Date: September 18, 2009

Re: Hernando County Utilities Department Audit

In November of 2005, Hernando County undertook a comprehensive audit of the Utilities Department utilizing Lorick & Associates (LAC) assisted by you and your staff. The resulting document produced a number of recommendations and findings that the Utilities Department has been working to implement over the course of time.

In 2009, a follow up audit was conducted with a report essentially providing an update on the ongoing process of compliance. As part of the final review, the Director of Utilities met with you and prepared a written response to your 66 recommendations. In addition, the County Administrator met with you to go through the report in detail and discuss the current status of our responses.

Finally, the Utilities Director and the County Administrator met on September 14, 2009, to discuss our final response to your office. Rather than amend each of the specific responses, we have concluded that our overall approach to the next phase of implementation will be in three key areas that your report touches in numerous recommendations. These are the organization of the Utility, the compatibility and application of various I.T. issues, along with the concept of bi-monthly billing. Taken together, these three large operational areas will require specific policy amendments as we work along. We hope to retain the ability to work with you and your staff in our ongoing spirit of collegial cooperation in the best interests of serving our ratepayers.

Management’s Response

The scope of work included a request for and a review of management’s response to recommendations made in the original reports. In this follow-up audit, the Audit Team addressed whether management implemented corrective actions which effectively addressed the original findings and recommendations.

The Audit Teams identified and outlined 75 opportunities for system improvement by implementing the best business practices related to county utilities. To assist the County in prioritizing implementation efforts, the recommendations were listed with action plan priority and which would have the most positive effect on the County. Sufficient time has passed to review whether management took corrective actions that alleviated concerns or improved County operations.

Management was asked to provide a status update for each of the 75 recommendations. The Audit Team added the timeliness of that implementation (by priority and criticality) into the table below. Of the 23 recommendations identified as “critical” to the improvement of County operations, management estimates that 16 have been fully implemented, five have been partially implemented and the remaining two have not been implemented.

	Management Response	Implementation Priority		
		Needs Immediate Attention	Reasonable Time Period	Later Date
Water Treatment/Distribution and Water Collections/Treatment Operations				
Fully implemented	50	11	33	6
Partially implemented	10	3	4	3
Not implemented	2	1	1	0
Does not concur with recommendation	2	0	1	1
Status update not provided	2	0	2	0
Sub Total	66	15	41	10
Cash Receipts and Billing Cycle				
Fully implemented	9	na	na	na
Sub Total	9	na	na	na
Total	75	15	41	10

The “Recommendations, Management’s Response and Follow-Up Comments” sections contained in this report individually list each recommendation with its implementation status. The Audit Team tested the implementation status for 12 of these 75 recommendations.

Executive Summary

Original Projects

In 2005 and 2006, the Audit Teams performed reviews of the Utilities Department. Efforts were focused on water treatment/distribution, wastewater collections/treatment operations, customer service, cashiering, administrative support, cash receipts and the billing cycle.

The Audit Teams identified and outlined 75 opportunities for system improvement by implementing the best business practices related to county utilities. To assist the County in prioritizing implementation efforts, the recommendations were listed with action plan priority and which would have the most positive effect on the County.

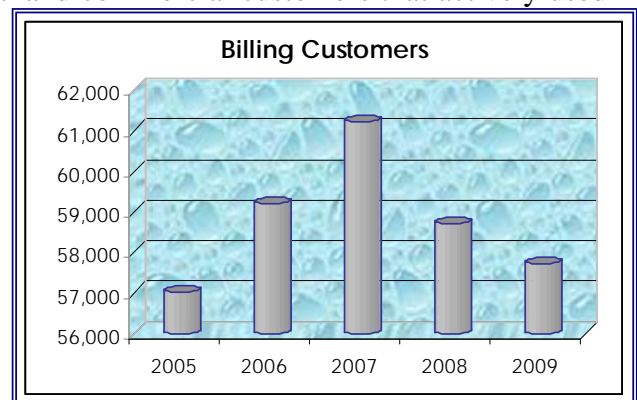
The recommendations were made after careful analysis, involvement, and discussions with the County's staff. The Audit Teams anticipated that implementing these recommendations would have a positive impact on the effectiveness of public dollars being expended and efficiency of work accomplished. The estimated saving projections were based on observations, past experience, and data collected. Through the implementation of these "business-like" approaches toward maintenance management, the County would most likely achieve considerable annual operational savings which were estimates based on Lorick & Associates Consulting's prior documented experience with other agencies around the nation after the implementation of many of these similar recommendations. Based on this cost-benefit analysis, the estimated payback, or return on investment, was anticipated to be less than one year. Further, it was anticipated that these benefits would continue to occur and the savings would actually increase as the support costs decreased. The overall savings (of benefits exceeding cost) were estimated to be between \$500,000 in year one of implementation (including the cost of new meters in recommendation 43) with saving increasing to \$2.5 million annually in year six.

Key Comparables 2009 versus 2005

Seasonality affects County Utility operations; therefore, to compare apples to apples, the same month of each year was chosen (February) to illustrate the historical rise and fall of the customer billing population. This illustration shows residential and commercial customers that actively used only water and both water and sewer services.

In 2007 changes were made that affected the billing customer population:

- 1) Residential irrigation accounts were combined with the main account.
- 2) Irrigation meters were pulled upon customer request.
- 3) Ordinance 2007-20 was revised. Verbiage was struck that required the Department to continuously bill for services. Starting in 2005



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and continuing through November 2007, accounts were automatically activated after 30 days. Later, this was increased to 60 days. The customer was billed a base charge regardless as to whether there was or was not water usage.

Other Key Comparables

	<u>2005</u>	<u>2009</u>
Average number of incoming customer service telephone calls per day	360	396
Average number of walk-in and drive-thru customers per day	343	304
Average number of delinquent customer accounts on any given day *	25	175
Number of radio read meters installed	250	5,803
Number of meter reading cycles per month	5	4
Staffing Level (FTE): Meter Reading & Field Services	15	17
Staffing Level (FTE): Customer Service	12.5	24

* Increase primarily due to downturn of the economy and a change in the delinquency grace period from 90 days to 60 days.

The County is installing roughly 1,200 radio-read meters per month. Per management, every meter east of Broad Street (Hwy 41) has been outfitted with a radio-read meter and efforts are now focused on Brookridge and High Point.

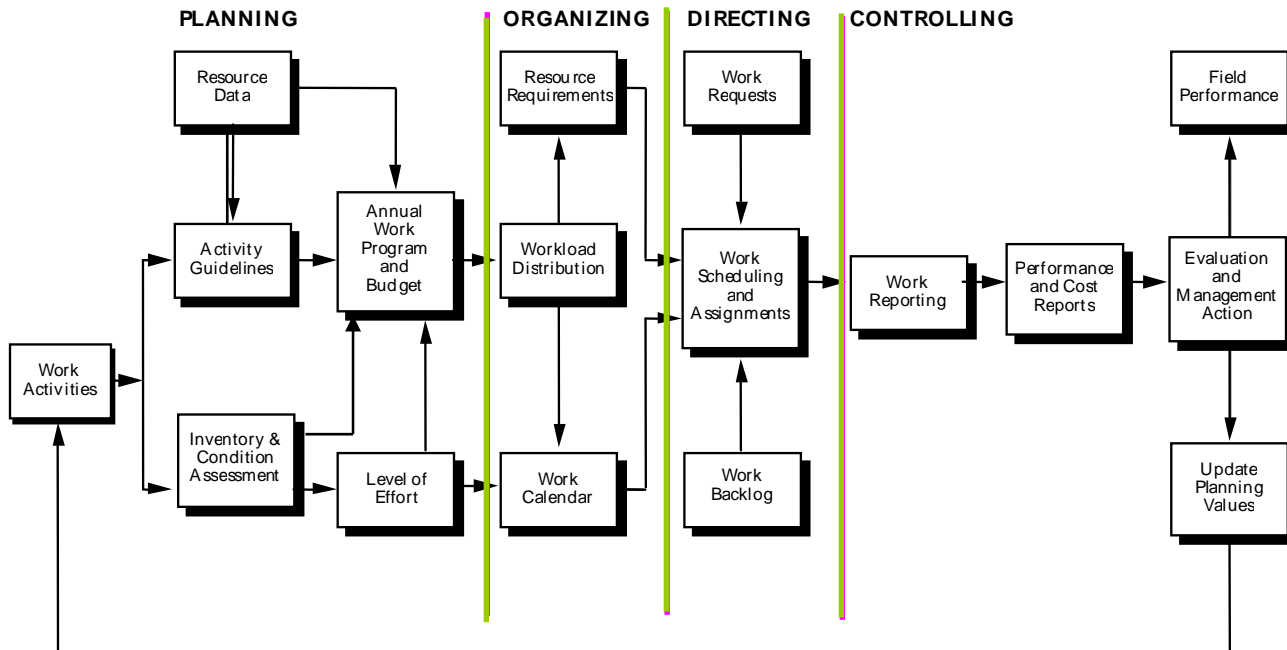
2009 Follow-Up Project

Management provided a status update for each of the 75 opportunities for improvement. The Audit Team selected a sample of 12 recommendations for review. Seven were published in the Water Treatment/Distribution and Wastewater Collection/Treatment Operations: Customer Service, Cashiering, and Administrative Support report (Recommendations 1,3,5,6,24,44,62) and five were published in the Cash Receipts and Billing Cycle report (Recommendations 1,3,5,6,8). Based upon observations, testing, site visits, and interviews of key personnel, of these 12 recommendations, seven appear to be fully implemented, four appear to be partially implemented, and one was not implemented. The Audit Team did not test the remaining 63 recommendations, and therefore, does not provide an opinion on their implementation status.

To obtain a global perspective for the condition of field and facility operations, (and to address at a high level several recommendations not specifically tested), per the Audit Team's request, the Assistant Director provided guided tours of County utility operations. The Audit Team performed observations of actual work performance and maintenance of County facilities (in-field operations, water plants, wastewater treatment facilities, and lift stations located throughout the County). While visiting these facilities, the Assistant Director answered posed questions regarding water and wastewater operations, production/quality controls, staffing levels, use of technology, future planning, how Hansen (software) is used to record/report collected data, and how the sewer camera (CCTV) is used to identify problems/concerns before they occur (and sometimes after the occurrence to pinpoint exact location). These facilities were very clean, there was minimal objectionable odor (some odor is expected during wastewater processing), the facilities appeared to be well maintained, and staff members appeared to be focused on their job duties. The Audit Team did not identify any material concerns during these observations.

Water Treatment/Distribution and Water Collections/Treatment Operations

The ideal management of maintenance follows four general phases: planning, organizing, directing and controlling. This model is used as a basis for most of the observations.



The recommendations are arranged by improvement type.

- General Improvements
Recommendations 1 - 24
- Planning Improvements
Recommendations 25 - 48
- Organizing Improvements
Recommendations 49 - 54
- Directing Improvements
Recommendations 55 - 59
- Controlling Improvements
Recommendations 60 - 66

Water Treatment/Distribution and Water Collections/Treatment Operations

On August 3, 2006, the Audit Team identified for the County Administrator the 23 recommendations that could have the most immediate positive effect on the County's utilities operations. All 66 recommendations could have a positive impact but the 23 listed in red font are considered to be the most critical.

	ORIGINAL RECOMMENDATION (REPORTED 11/2005)	PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
1	Update strategic plan to match the current operational situation. The County must immediately transition from a rural mix water and sewer agency to a larger more suburban agency. A plan should be developed and implemented to guide this effort with professional staff, processes, and policies to match both the current customer base and the amount of growth. Utility Department leaders along with key seasoned managers should implement a plan to guide staff to manage this operation.	Needs Immediate Attention	<p>Completion Date : ___/___</p> <p>A strategy for addressing this concern is being considered. However, currently pending budget cuts and decisions regarding same have placed this in a non-priority status. We will get to this when time and resources allow.</p>	<p>Comment: Per management's response, this recommendation has not been implemented.</p> <p>Recommendation: Consideration should be given to making this a high priority.</p>
2	Involve staff in changes and solicit their ideas. Establish employee teams to review various ideas and annual plans. Utilize previous Maximus 2003 recommendation and attempt to implement relevant ideas that apply to Utility operations.	Reasonable Time Period	<p>Completion Date: 06/2007</p> <p>Kay Adams formed an employee committee to explore ideas and communication between management and staff.</p>	Did not test.

Water Treatment/Distribution and Water Collections/Treatment Operations

ORIGINAL RECOMMENDATION (REPORTED 11/2005)		PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
3	Establish the existing Hansen system as a complete maintenance-wide CMMS database for water treatment/distribution and wastewater collections/treatment operations to replace the multiple spreadsheets and manual systems. Integrate or perform the service request function as well as integrate with ESRI Arc GIS. The new system should have modules or be configured to establish the abilities to plan, organize, schedule, monitor and control both the work effort and assets to ensure best business practices are used.	Reasonable Time Period	<p>Completion Date: ___/___</p> <p>All work orders generated from Wiscon are thru the Hansen tracking system. Customer Service has yet to implement the Hansen system.</p>	<p>Comment: Based on communications with key personnel and Hansen outputs, the Audit Team estimates implementation is 75% to 85% complete.</p> <p>The operations part is nearly complete with a few assets yet to be identified and data input. Hansen is used to track activities and program unit costs, productivity, accomplishments and expended resources and to compare actual performance to the established plan.</p> <p>Full implementation is hampered by an inability to link Pentamation (customer service) to Hansen. Customer services created work orders are rekeyed into Hansen before electronic distribution (live updates) to field personnel.</p> <p>Recommendation: Consideration should be given to continuing to look for a cohesive way to align customer service activities with Hansen records.</p>
4	Develop a program to cross-train water distribution and wastewater collection supervisors and encourage professional certification for both the water distribution and wastewater collections in the job description with the Utilities Department providing for the cost of certification. Supervisors should have abilities to rotate between water distribution and wastewater collection to ensure full capabilities of the Department.	Later Date	<p>Completion Date: ___/___</p> <p>Staff did not agree with this recommendation. Team members are trained according to disciplines.</p>	<p>Omitted from testing. Management does not concur with the recommendation.</p>

Water Treatment/Distribution and Water Collections/Treatment Operations

ORIGINAL RECOMMENDATION (REPORTED 11/2005)		PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
5	<p>Improve customer service by implementing web enabled abilities and enhance customer service telephonic communications.</p>	<p>Reasonable Time Period</p>	<p>Completion Date: 09/2011</p> <p>Currently, forms have been developed and implemented which allow customers to request service related activities and allow account inquiries which are later responded to by Customer Service.</p> <p>Presently, we are working with Sungard Public Sector to implement the E-Gov application.</p>	<p>Comment: The spirit of this recommendation was to decrease labor efforts by reducing in-person with automated and virtual communications. Based upon interviews, observations, analysis and testing, the Department implemented some of the recommended web enabled abilities and telephonic communication enhancements but this effort was insufficient. Customer Service staffing levels increased from 12.5 to 24 full-time equivalents (2005 to 2009 staffing levels).</p> <p>The number of total active accounts (water & water with sewer services) was about the same as when the original report was issued (59,220) versus February 2009 (57,734). This provides a good benchmark to compare call volume (Customer Service, cashiers & collections) from one period to another. Had the recommendation been successfully implemented, call volume would have substantially decreased. Instead, it increased from 45,851 to 46,079 calls from January to April 2005 to 2009, respectively.</p> <p>Recommendation: Consideration should be given to fully implementing this recommendation.</p> <p>Note: The Department is researching a \$600,000 software package, Advanced Utility Solutions, to totally replace products used for customer service (Pentamation and EGov). Per the Information Systems Supervisor, this is a high end product.</p>

Water Treatment/Distribution and Water Collections/Treatment Operations

ORIGINAL RECOMMENDATION (REPORTED 11/2005)		PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
6	Extend the Brooksville and Spring Hill office hours of operation (lobby, drive-thru and telephone). Align work schedules to hours of operation with staggered work hours and ½ hour lunch breaks. Expand the hours of operation from 8:00 a.m. to 5:00 p.m. each business day.	Reasonable Time Period	Completion Date: 01/2007 Both locations are open 9 hours, 8 am to 5 pm daily.	Comment: The Department fully implemented the recommendation by extending its customer service hours of operation to better suit customer needs and expectations. Note: Implementation reduced non-productivity hours by about 1.3 full-time equivalents. (Reference, original report page 4-11.)
7	Enhance the use of part-time staff to match peak demand, seasonal needs and employee absences.	Reasonable Time Period	Completion Date: 12/2005 Customer service has four (4) part time employees. Work has been dispersed to efficiently utilize time and provide enhanced customer service.	Did not test. Note: The spirit of this recommendation was to minimize staffing levels by using part-time staff to cover demands. Instead, from 2005 to 2009, Customer Service staffing levels increased from 12.5 to 24 full-time equivalents and Meter Reader staffing levels increased from 15 to 17 full-time equivalents.
8	In all functions, document current standard operating procedures (SOPs) and educate staff. Align the SOPs with current activities/locations/software.	Later Date	Completion Date: 02/2009 This is an ongoing process.	Did not test.
9	Consider full utilization of the top floor of the Brooksville Office (i.e., for the call center, administrative support personnel, or engineering) while maintaining an adequately sized meeting area. There may be structural and electrical limitations that may affect implementation.	Reasonable Time Period	Completion Date: ___/___ Staff does not concur with this recommendation. Utilities Director sees no value in investing money related to remodeling this building to convert the conference room into offices. Instead, greater utilization will be made of space in Kass Circle	Omitted from testing. Management does not concur with the recommendation.

Water Treatment/Distribution and Water Collections/Treatment Operations

ORIGINAL RECOMMENDATION (REPORTED 11/2005)		PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
10	Modify the Spring Hill Office layout to more readily accommodate operations.	Reasonable Time Period	<p>Completion Date: 2009</p> <p>Offices were expanded and renovated to accommodate personnel in more efficient manner. Utilizing space vacated by the Development Department.</p>	<p>Did not test.</p> <p>Note: In 2005, the Audit Team wrote strongly written letters discouraging the expansion, renovation, and leasing of Kass Circle. Implementation of the recommendations would have directly impacted (decreased) staffing and office space needs. Per the Finance Department, improvements to Kass Circle totaled \$613,500 and annual rent is \$103,675.</p>
11	Security effort should be enhanced by physical and business processes including: locking cash drawers when unattended and/or not in use and dual requirements for accessing the safe.	Needs Immediate Attention	<p>Completion Date: 11/2008</p> <p>Brooksville security issues were addressed and new procedures were implemented in January 2007. Spring Hill security has been ongoing and all open items/issues have been addressed. The last issue to address was outside vehicle & equipment security against theft or damage. Security fencing has been installed to further protect vehicles and equipment.</p>	<p>Did not test.</p> <p>Note: The spirit of this recommendation was to enhance <u>employee</u> physical access controls. In 2005, cash drawers were not secured when unattended. Dual access to the building, safe and night deposit was not fully enforced.</p>
12	Cash balancing should be done once a day in a documented process ensuring quality control using the same process in both locations.	Reasonable Time Period	<p>Completion Date: 09/2006</p> <p>Brinks is the deposit courier as of 2007.</p>	<p>Did not test.</p> <p>Note: Management's response did not address the spirit of this recommendation. In 2005, considerable emphasis was being placed on the exact balancing and rebalancing of receipts where the process had become uneconomical and overly labor intensive and was not cost beneficial.</p>

Water Treatment/Distribution and Water Collections/Treatment Operations

ORIGINAL RECOMMENDATION (REPORTED 11/2005)		PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
13	Cashiers should be removed from phone support when assisting lobby/drive-thru customers and when handling money. Document the cashier and customer service representative roles as separate functions.	Reasonable Time Period	<p>Completion Date: 04/2009</p> <p>Cashiers do not perform customer representative duties such as name change, reconnect, disconnects, research, etc.</p> <p>A new Cisco Telephone Extension 35624, (754-4006), has been established to allow the Operators to forward calls directly to the designated cashiers for customers calling in to make payments. This new extension will allow up to two calls simultaneously to be taken by the cashiers. Further, should the operators be busy with customers and miss the call on this new line it will roll back to the operator for further disposition. This new line will go into effect once Cheryl has provided the necessary instructions to the Operators.</p>	Did not test.
14	Drive-thru functions should be clearly identified and credit card payments should only be performed in the lobby, via the telephone or the website, if/when implemented (see Recommendation 5) unless extraordinary circumstances exist.	Later Date	<p>Completion Date: 11/2005</p> <p>All new HCUD signage installed as well as open 9 hours. 8 am to 5 pm daily.</p>	<p>Did not test.</p> <p>Note: Management's response did not address the spirit of this recommendation.</p>
15	The database utilized for customer service and administrative support (ACIS) should be updated and kept current. Table codes and fields should be added/enhanced for useful data extraction and reporting. Implement software revisions, as applicable.	Reasonable Time Period	<p>Completion Date: Ongoing</p> <p>Upgraded to Pentamation 8.1 October 2006.</p> <p>A further update is planned and scheduled for installation October 2010.</p>	<p>Did not test.</p> <p>Note: Management's response did not fully address the spirit of this recommendation. It does not address if table codes and fields now allow for useful data extraction and reporting necessary for management decision making.</p>

Water Treatment/Distribution and Water Collections/Treatment Operations

ORIGINAL RECOMMENDATION (REPORTED 11/2005)		PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
16	Increase fees for reconnects to match the actual cost with a premium for overtime effort. Make the overtime fee charged for same-day turn-on service for delinquency customers the same or less lenient than for new connection and transfer of service customers.	Later Date	<p>Completion Date: 10/2006</p> <p>Overtime charges apply after close of business hours. We have initiated this but it has created substantial negative customer feedback and should be re-evaluated.</p>	<p>Did not test.</p> <p>Note: <i>The spirit of this recommendation is to charge same day turn-on service to new and transfer customers (customers with good payment histories) the same or lower fees charged to delinquent customers (customers with poor payment histories).</i></p>
17	Bi-monthly meter reading and billing should be considered for all but the large commercial users reducing staff needs.	Reasonable Time Period	<p>Completion Date: 09/2009</p> <p>An internal task force has been formed to analyze the feasibility study of bi-monthly billing. Results will be available September 2009.</p>	<p>Did not test.</p> <p>Note: <i>The Maximus consulting project that was conducted in 2003 for the Utilities Department's Finance, Technical Services and Customer Service departments also recommended bi-monthly meter reads. (Reference original report page 4-19.)</i></p>

Water Treatment/Distribution and Water Collections/Treatment Operations

	ORIGINAL RECOMMENDATION (REPORTED 11/2005)	PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
18	Provide fuel cards to field services staff that report from the Eldridge facility to eliminate the excess driving and unnecessary usage on vehicles.	Reasonable Time Period	<p>Completion Date: 10/2009</p> <p>Management concurs with the Auditor's recommendation. Cards will be reissued as soon as available.</p> <p>Field service personnel (aka Meter Readers) and Collections (turn-on and turn-off) moved from the Eldridge Facility to Kass Circle Facility in November 2007.</p> <p>Staff has conducted a comparative analysis using Kass Circle and a local Hess station (less than one mile from the facility), with vehicles departing Kass and fueling at Wiscon, DPW, and the Hess station. Staff also included added additional transactions (12) to the Clerk of the Court Overhead Expense Allocation in our calculations.</p> <p>As suggested by the Auditor, the results reflected a significant cost savings and staff has begun the process by ordering a sufficient amount of Hess fuel cards to be distributed to all meter reading/collections personnel. Full implementation and use should be effective before September 1, 2009.</p>	<p>Did not test.</p> <p><i>Note: The impact of requiring fueling at Wiscon and DPW is equivalent to approximately one full-time equivalent plus the additional fuel and equipment costs. (Reference original report Section 4-20 & 5-11.)</i></p>
19	Plan future relocation of the Brooksville administration facility to a location and layout that more readily matches work needs and customers requirements.	Later Date	<p>Completion Date: FY 2010</p> <p>Offices were expanded and renovated to accommodate personnel in a more efficient manner. However, consideration and plans cannot be fully determined until final budget and staffing issues are addressed.</p>	<p>Did not test.</p> <p>Note: <i>The Brooksville administration continues to be housed in a building that does not match a functional utility department. (See discussion in the original report Section 5-11.)</i></p>

Water Treatment/Distribution and Water Collections/Treatment Operations

ORIGINAL RECOMMENDATION (REPORTED 11/2005)		PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
20	Consider moving the field service operations to the Wiscon operations site and discontinue use of the Eldridge facility.	Later Date	<p>Completion Date: Spring 2009</p> <p>With the Building Department downsizing, they opted out of the lease agreement for Kass Circle. As a result, offices were expanded and renovated to accommodate service personnel to more efficiently utilize space. Additionally, security measures were implemented (i.e., security fencing installed to further protect vehicles and equipment). We are also evaluating a switch to bi-monthly billing. Until a final decision in that regard is made, we will keep meter reading at Kass Circle.</p>	<p>Did not test.</p> <p>Note: Field Services was not moved to the Wiscon operations site. The spirit of this recommendation was to cut costs:</p> <ul style="list-style-type: none"> • reduce operating costs by eliminating the Eldridge facility; and • eliminate excess driving and unnecessary usage on vehicles (see recommendation 18 for more information) <ul style="list-style-type: none"> • less mileage and fuel costs • decreased wasted labor hours (unnecessary travel and frequency of refueling) • reduce vehicle repairs, maintenance, tire replacement • increase vehicle life expectancy <p>Also see Recommendations 10 and 54.</p>

Water Treatment/Distribution and Water Collections/Treatment Operations

ORIGINAL RECOMMENDATION (REPORTED 11/2005)		PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
21	Review the need for manually creating/reading statistical reports. Eliminate unneeded documentation and use report writers to produce required reports. Enhance database tables and fields to efficiently collect/track automated data.	Later Date	<p>Completion Date: Ongoing</p> <p>Version 8.1 was implemented October 2006. Continuing efforts are ongoing (Version 8.4) and a more recent upgrade will occur in Fiscal Year 2010.</p> <p>The Billing Program underwent a major upgrade in 2006 which provided for better reporting and the option to extract to an Excel spreadsheet. Some manual reports have been eliminated or combined with other reports. Statistical reports on consumption, active accounts, amount billed per cycle (and other information) are requested on a regular basis. Since the upgrade of the software, reporting time has been substantially reduced. Statistical reporting is necessary and useful for rate and project planning.</p>	<p>Did not test.</p> <p><i>This recommendation is related to recommendation 15.</i></p>

Water Treatment/Distribution and Water Collections/Treatment Operations

	ORIGINAL RECOMMENDATION (REPORTED 11/2005)	PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
22	Develop an accounts receivable aging report. Develop specific criteria for actions to be taken for non-payment. Make an effort to identify closed accounts receivable. Write off bad debts within acceptable timeframes.	Later Date	<p>Completion Date: ___/___</p> <p>The billing software is not capable of providing a true aging report. An update to an existing report provides (somewhat) for the balances that are outstanding for 30, 60 & 90 days. To develop a true aging report will require an additional major software update to Pentamation as the current update does not reconcile or include this element. We are planning to upgrade from our current software version of 8.1.1 to their latest software version 8.4 next fiscal year. According to Sungard Public Sector which develops and markets our Utility Billing software there is a new version of the Aged Accounts Report. It is date based and is directed towards a more defined aging report. They do however, have a disclaimer on this report indicating that based upon assumptions with this report the results might not be 100% accurate.</p> <p>Our goal is to continue to work with Sungard and further analyze the data in order to get a better and possibly more acceptable product. If there are suggestions by our Audit Staff on what they feel needs to be included, please provide us with input so it can be factored into the research and development process.</p>	Did not test.

Water Treatment/Distribution and Water Collections/Treatment Operations

ORIGINAL RECOMMENDATION (REPORTED 11/2005)		PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
23	<p>Consideration should be given to establishing an authorized two-way communication between the County and on-line bill payment customers' financial institutions reducing the need for manual check processing.</p>	<p>Needs Immediate Attention</p>	<p>Completion Date: Ongoing</p> <p>Online bill payment customers can communicate via Telephone or our Web site. Online bill payment customers (where their services are processed by CheckFree) can now expect payment to be posted within a couple of days versus 7 to 10 days depending on when the transaction occurred. <u>Further consideration should be given to establish a contract with other online bill payment companies so that payments made by those customers will be processed in a shorter time frame.</u> (Metavante, Regions Bank, Capital City Bank, Cortez Community Bank & Online Resources). Efforts are being made to work with these companies in Fiscal Year 2010.</p>	<p>Did not test.</p> <p><i>Note: In 2005 it cost approximately \$26,000 annually to manually process on-line bill payments that could not be processed electronically (reference, original report Section 4-17). Management estimated a savings of \$22,000 annually, if implemented (reference, original report Section 5-13).</i></p>

Water Treatment/Distribution and Water Collections/Treatment Operations

ORIGINAL RECOMMENDATION (REPORTED 11/2005)		PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
24	Obtain, enhance or develop the ability to use existing software to automate the delinquency turn-offs, work orders, collections and aging process.	Later Date	<p>Completion Date: Ongoing</p> <p>All in-house documentation is now scanned and stored on the network. Work Orders are now printed in each particular office and scanned. Delinquency lists are generated in Excel and e-mailed to the CS Reps. There is no provision in our current billing software to automatically "link" delinquent accounts where a work order would automatically be generated. An in-house program has been developed to more efficiently manage the delinquency turn-off listing that when fully implemented should reduce preparation time at a minimum of 50%. This program when fully implemented will include all items referenced by this recommendation for increasing efficiency within this area. An internal policy is being updated to allow staff the authority to pursue, through small claims, any accounts with balances greater than \$250.00. Additional measures have been previously updated, submitted and approved and have been implemented regarding returned mail, updating accounts, collecting accurate information, and following up with collection letters.</p>	<p>Comment: Based on observations and communications with key personnel, it appears that implementation is about 50% complete.</p> <p>Customer account data was updated and telephone number accuracy improved. This made the automated delinquency notification calling system more efficient.</p> <p>The Department no longer creates manual delinquency lists. Instead they are uploaded from a database to Excel. Manual tasks remain that could be automated. Technology staff is writing and creating/updating table codes to more fully automate this process. The updated property identification codes for work orders will mirror the Property Appraiser's Office making the delinquency work order distribution process and corresponding driving routes more efficient.</p> <p>Recommendation: Consideration should be given to fully implementing this recommendation in the near future.</p>
25	Include the field and electronic effort to document current inventories of assets in future capital improvement programs. Update existing asset inventories and store or link to the CMMS database and ESRI Arc GIS. Require all new developments and enhancements to provide "as built" locations in electronic format for all assets.	Needs Immediate Attention	<p>Completion Date: 2012</p> <p>All current inventory is tracked. Assets are inputted as staffing allows.</p>	Did not test.

Water Treatment/Distribution and Water Collections/Treatment Operations

ORIGINAL RECOMMENDATION (REPORTED 11/2005)		PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
26	Enhance documentation of all existing water and sewer lines and related assets in GIS. Include complete inventory of systems by 2010.	Reasonable Time Period	Completion Date: 2012 The GIS association of utilities assets is being created in tandem with the data collection efforts for our water and sewer assets.	Did not test.
27	Obtain rights to all water hydrants in previous Spring Hill Utilities and outline plans to maintain.	Reasonable Time Period	Completion Date: ___/___ This is being discussed – a meeting with Chief Mike Rampino is scheduled for August 14, 2009. Unresolved is how the cost associated with this additional responsibility will be recovered. This will most likely require a revision to the water rate structure.	Did not test.
28	Develop a long-range plan and dedicate funding to expand the use of SCADA and DFS technology to include the entire inventory of wastewater lift stations and water plants. Require SCADA or DFS systems in specifications for new installations for future residential or commercial developments. Implement complete SCADA on all relevant remote locations of pumps and plants by 2010.	Needs Immediate Attention	Completion Date: 2012 Staff has established a priority list for equipping facilities with DFS and efforts are continuing.	Did not test.
29	Modify the activity list for the Hansen system to ones that are related to work and can be practically applied. HCUD should develop specific activities with inventory unit and work measurement unit and for all activities. Some activities are practical with others being work processes or steps. Continue to organize by program and activity coding. Use Pareto's Law concept to determine the general number. Further, consider not linking all activities performed to assets such as locates and patrol.	Reasonable Time Period	Completion Date: ___/___ Streamlined to more accurately reflect activities.	Did not test.

Water Treatment/Distribution and Water Collections/Treatment Operations

ORIGINAL RECOMMENDATION (REPORTED 11/2005)		PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
30	Use Utility employee teams to prepare documented work methods, guidelines and quality expectations for each maintenance activity performed; distribute to all crews and update them annually. Include in guideline the definition, work unit, anticipated accomplishment, resource complement and quality requirements.	Reasonable Time Period	Completion Date: 2007 Operations division has reviewed and revised all division SOP's.	Did not test. <i>Note: Management's response did not address the spirit of this recommendation which is to develop documented work methods, guidelines and quality expectations for each maintenance activity.</i>
31	Establish a FEMA reporting process to account for federally declared disaster events and arrange ability in the Hansen system. Process should include establishment of FEMA activities, location tracking, accounts, fringe benefit rate, equipment rates, and ability to track run hours for rolling and non-rolling stock and associated equipment operators.	Reasonable Time Period	Completion Date: 2007 The Hansen system has been populated with the ability to report repairs according to FEMA rules, regulations and rates.	Did not test.
32	Modify the locate process to eliminate duplicate effort and standardize the work method as outlined in Recommendation 30. Establish crews to both accommodate water and wastewater locate effort. Utilize employees that have experience with water and wastewater. Shift remaining employees to perform other maintenance related work. Once established, rotate in other employees for cross-training and coverage purposes.	Reasonable Time Period	Completion Date: 2008 In 2008 HCUD implemented an on-line locate process (Translore) which eliminated the duplicate efforts and streamlined the locate process saving numerous man-hours.	Did not test.
33	Use an overhead rate that reflects the Utilities' actual cost of performing work. Utilities should develop an avoidable cost overhead and use it as the default value in the Hansen system. A second overhead rate should be developed or used for external billing and reimbursement. Further, develop an annual process to update the overhead rates and integrate the rates into the Hansen system.	Later Date	Completion Date: 2007 HCUD implemented a rate structure parallel to FEMA rates to reflect HCUD costs for performing work.	Did not test.

Water Treatment/Distribution and Water Collections/Treatment Operations

ORIGINAL RECOMMENDATION (REPORTED 11/2005)		PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
34	Modify equipment rates for each equipment class that includes all cost-repair, maintenance, fuel and lubrication, replacement and use. "Out of yard" hours for each piece should be tracked in the Hansen system. Document process and incorporate the rate development methodology in the formal service agreement with the Fleet Management Department.	Reasonable Time Period	Completion Date 2007 HCUD implemented a rate structure parallel to FEMA rates to reflect HCUD costs for the utilization of vehicles and equipment.	Did not test.
35	Develop the capability to utilize performance measurement and activity costing by using actual cost. This cost would be based on actual hourly employee labor rates applying the avoidable overhead rates, calculated equipment rates and actual cost of material. Allow the Hansen system to prepare the billing for work that is performed for others.	Reasonable Time Period	Completion Date: __/__/__ A strategy for addressing this concern is being considered. However, currently pending budget cuts and decisions regarding same have placed this in a non-priority status. We will get to this when time and resources allows.	Did not test. Note: This recommendation is in conjunction with Recommendations 33 and 34 and allows for assessing the true cost of the operation. See discussion in original report Section 5-20.
36	Continue to manage material and parts through the Hansen automated inventory control. Use the Hansen system to track the critical material and part used by crews and compare to inventory and apply 20-80 rule. Use the information to adjust and refine inventory levels.	Reasonable Time Period	Completion Date: 2007 This is an ongoing process.	Did not test.
37	Require the Fleet Management Department to submit quarterly cost reports for each vehicle and equipment including maintenance, repairs and fuel. Use information to manage fleet program to update equipment rates on a yearly basis.	Reasonable Time Period	Completion Date: 12/2006 HCUD publishes all vehicle fuel & maintenance costs each month in the HCUD Monthly Management Report. Unsure how to achieve this – Fleet doesn't work for us.	Did not test. Note: Fleet Management is an internal service provider. If it is uncooperative, the concern should be reported to the County Administrator for resolution.

Water Treatment/Distribution and Water Collections/Treatment Operations

ORIGINAL RECOMMENDATION (REPORTED 11/2005)		PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
38	Require the Fleet Management Department to submit a printed estimate of required work tasks, cost and time estimate to complete work for each vehicle and equipment brought in for PMs or repairs and include sub-contract work. Incorporate into formal service agreement with the Fleet Management Department to allow for HCUD to utilize private contractors if cost and time estimates are not competitive.	Reasonable Time Period	Completion Date: 2009 Staff has requested written estimates prior to work being completed. Fleet has provided estimates prior to work being completed for major repairs only. According to the latest agreement on file (FY2006) between HCUD and Fleet, they are not providing information as required regarding written agreements. It is staff's belief that with the recent reorganization within Fleet, documentation is becoming more readily available upon request.	Did not test.
39	Identify service levels for all activities including both those that are preventative and those that are reactive. Use service levels as a tool to document the customer expectations for response, effort and quality.	Reasonable Time Period	Completion Date: ___/___ This is an ongoing process.	Did not test.
40	Establish the capability of developing a performance budget and plan in the Hansen system for each department based on the level of service inventory, productivity and link to a quality standard by activity. Use established performance budget out of the Hansen system as a tool to develop a budget for each department based on actual maintenance needs.	Reasonable Time Period	Completion Date: Ongoing HCUD Controller reviews all expenditures on a monthly basis which are compared to budget projections and reviewed with staff.	Did not test. Note: Management's response did not address the spirit of this recommendation which is to utilize Hansen in developing a work plan then a correlated performance based budget. The performance based budget is to be used to development the financial budget. See discussion in the original report Section 5-22.

Water Treatment/Distribution and Water Collections/Treatment Operations

ORIGINAL RECOMMENDATION (REPORTED 11/2005)		PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
41	Establish a complete condition assessment process for water and wastewater systems. Use the CCTV and other capabilities to document condition. Establish a plan for complete coverage.	Reasonable Time Period	<p>Completion Date: Ongoing</p> <p>The Hansen system is utilized to manage maintenance and replacement schedules for HCUD assets.</p>	<p>Did not test.</p> <p><i>Note: The Audit Team performed observations of actual work performance and maintenance of County utility sites. While visiting these facilities, the Audit Team observed staff members utilizing the CCTV (sewer camera) and the Assistant Director explained how the CCTV is used to identify problems areas before they occur and sometimes after the occurrence to pinpoint exact location. The Audit Team was shown how the CCTV's inspection results are electronically documented and work orders are created, as applicable.</i></p>
42	Develop a backflow program including monitoring and testing and train County staff to implement and require certification by outsourced efforts. Outline specific requirements for use. Retroactively install in all commercial and multi-family sites unless a low risk of cross connection.	Needs Immediate Attention	<p>Completion Date: Ongoing</p> <p>The Hansen system is being utilized to manage the annual inspection and monitoring of backflow devices in HCUD system. This is an ongoing process to meet all regulatory requirements.</p>	<p>Did not test.</p>

Water Treatment/Distribution and Water Collections/Treatment Operations

	ORIGINAL RECOMMENDATION (REPORTED 11/2005)	PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
43	<p>Establish a complete plan to implement and fund transition to radio-read meters. Standardize to a single vendor via a contract process to ensure standardization. Use CIP, RR funding to implement within a five-year time frame. Utilize initial radio-read meters on hand to access, remote and privacy access issues. Group meters by area and begin radio read process as meters are replaced.</p>	<p>Needs Immediate Attention</p>	<p>Completion Date: 1/2020</p> <p>Ongoing process. Present goal is to install 200 meters per month. Currently out of 62,224 meters, 7,506 are now AMR.</p>	<p>Did not test.</p> <p><i>Note: Per management, within six months the Department anticipates installing roughly 1,200 radio-read meters per month. At the present time, the department has outfitted every meter east of Broad Street (Hwy 41) with a radio read meter and is now focusing efforts on Brookridge and High Point. Since 2005, radio read meters have increased from 250 to 5,803.</i></p> <p><i>In 2005 the meter readers read an average of 39 meters per hour, which is at the lower end of Lorick's benchmark database range from 33 to 84 reads per hour. Radio reads have a range of 1,000 to 5,000 meters per hour or higher. The Department's estimated manual meter reading cost in 2005 was \$1.17 per meter. The cost per meter for radio reads ranges from \$0.03 to \$0.28 per read depending on staff level. Contract cost for meter reading in Lorick's database was approximately \$0.53 per meter. See discussion in original report Section 4-33 and 5-24.</i></p>

Water Treatment/Distribution and Water Collections/Treatment Operations

	ORIGINAL RECOMMENDATION (REPORTED 11/2005)	PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE										
44	<p>1) Update rates for all new developments to install County approved radio-read meters.</p> <p>2) HCUD should begin the administrative process to amend applicable codes to require new residential and commercial developments to install County approved radio-read water meters in place of manual and touch read water meters. This will allow HCUD to ensure the latest technology is utilized, shift the cost burden of radio read meters to developers and reduce the amount of conversions that HCUD would eventually have to accomplish.</p>	Needs Immediate Attention	<p>Completion Date: 11/2007</p> <p>The BOCC approved new water Tap-In Fees that include the cost of AMR meters effective October 1, 2009.</p>	<p>Comment: This recommendation has two components. It appears that 50% of the recommendation was implemented.</p> <p>1. Resolution 2007-305 was adopted establishing water and sewer tap-in fees.</p> <p>2. The Audit Team could not find applicable codes requiring new residential and commercial developments to install County approved radio read water meters in place of manual and touch read meters.</p> <p>The spirit of the recommendation is to minimize meter installation costs and duplication of efforts related to installing manual and touch meters that are scheduled for replacement in just a few years.</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Active Customers</td> <td style="text-align: right;">57,734</td> </tr> <tr> <td>Radio Read Meters Installed</td> <td style="text-align: right;">5,803</td> </tr> <tr> <td>Manual & Touch Meters</td> <td style="text-align: right;">51,931</td> </tr> <tr> <td>Meters Installed Monthly</td> <td style="text-align: right;">1,200</td> </tr> <tr> <td>Time to Convert Remaining Meters</td> <td style="text-align: right;">3.5 years</td> </tr> </table> <p>Recommendation: Consideration should be given to amending applicable codes to require new residential and commercial developments to install County approved radio read water meters in place of manual and touch read water meters.</p>	Active Customers	57,734	Radio Read Meters Installed	5,803	Manual & Touch Meters	51,931	Meters Installed Monthly	1,200	Time to Convert Remaining Meters	3.5 years
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Water Treatment/Distribution and Water Collections/Treatment Operations

ORIGINAL RECOMMENDATION (REPORTED 11/2005)		PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
45	Use the established performance budget and work plans to develop specific goals and objectives that can be measured as recommended in the Maximum study. Link the goal and objective and associated cost to the department budget and track effort on a monthly basis. Submit end of year goals and objectives report for each department to the Director of Utilities.	Needs Immediate Attention	Completion Date: 12/31/2006 HCUD reconciles its monthly and year to date budget to actual variance by Division and by account number. Each Division is responsible to reconcile and explain all expense variances.	Did not test.
46	Utilize the recent water plan and historical knowledge to establish a capacity improvement program to enlarge existing water distribution mains. The amount of small lines may be contributing to both line breaks and capacity problems especially in the Spring Hill area. Develop a plan to implement a complete program including redundancy to ensure service and to minimize the need of long taps.	Reasonable Time Period	Completion Date: N/A There is no completion date as it will always be an ongoing process. Our Master Water Plan, as updated through the yearly budget/CIP, is essentially that – a capacity improvement program. We think our aggressive plans for expansion clearly indicate this. After all, that is the objective – to expand capacity to allow for the next 20 years of growth.	Did not test.
47	Prepare a complete CIP for full needs for five years. Project all projects and cost and update annually. Monitor compliance to program.	Reasonable Time Period	Completion Date: Ongoing/ Annual Task This task is updated annually. HCUD Engineering Division updates the 5 year Capital Improvement Program annually and submits to BOCC for approval.	Did not test.
48	Separate labor and contract cost for the CIP and RR programs and operational budgets to ensure that there is no double accounting of labor.	Needs Immediate Attention	Completion Date: Ongoing Labor is recovered in HCUD water and sewer rates therefore it is not capitalized as a cost of construction and is not included in either the CIP or R&R budget. The vast majority of CIP expense is contracted construction activity. The portion of R&R performed in house is separated by labor and material through Hansen.	Did not test.

Water Treatment/Distribution and Water Collections/Treatment Operations

ORIGINAL RECOMMENDATION (REPORTED 11/2005)		PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
49	Determine the labor and equipment resources needed by department based on a performance budget using the workload, desired service levels and the amount of asset inventories. Develop the capability for the Hansen system to establish the resource levels and mix based on the work plan and performance budget for each department.	Needs Immediate Attention	Completion Date: Ongoing Performance based tracking was implemented county-wide in 2007 in the LION system.	Did not test. Note: The level and mix of resources needed for the Utilities Department should be determined by functional unit utilizing the performance plan that was established in Recommendation 40. See discussion in original report Section 5-26.
50	Establish a documented analytical process for determining opportunities to contract work and include both quantitative and qualitative measurement factors. Use established process to determine cost-benefit of sludge hauling.	Reasonable Time Period	Completion Date: Ongoing The Engineering and Operations Divisions work closely to determine feasibility and best methods to be utilized in order to ensure the most cost effective completion of projects. Examples would be: water main extensions to service additional customers; design relocation of various water and sewer lines, system evaluation to determine water interconnects to system efficiency.	Did not test. Note: Management's response did not address the spirit of this recommendation which is to consider opportunities to contract work and most specifically, sludge hauling. One component tool to accomplish this is by utilizing the performance budget as outlined in Recommendation 40.
51	Expand equipment fleet inventory tracking to enhance fleet management capabilities. Continue to track criteria such as assignment, unit number, vehicle type, VIN number and radio. Improve management capabilities by tracking criteria such as maintenance costs, fuel cost, replacement cost, out of yard hours, and age. If Fleet cannot provide this, consider another simplified system to track these assets.	Reasonable Time Period	Completion Date: Ongoing HCUD staff began tracking and reviewing all charges and costs on a monthly basis to ensure that charges are accurately assessed. Staff reports all discrepancies to Fleet and coordinates correction of such.	Did not test. Note: This recommendation should be used in conjunction with Recommendation 38. Other information should be included such as maintenance costs, fuel cost, and out of yard hours as outlined in Recommendation 37.

Water Treatment/Distribution and Water Collections/Treatment Operations

ORIGINAL RECOMMENDATION (REPORTED 11/2005)		PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
52	Realign the organization to have four direct reports to the Director with two staff positions. Transition to an Engineering and Technology Division combining IT with Engineering to meet current and future needs.	Reasonable Time Period	Completion Date: ___/___ The Customer Service Manager position is vacant and will not be filled.	Did not test. Note: Management's response did not address the spirit of this recommendation which was to reduce direct reports to the Utilities Director. See discussion in the original report Section 5-28.
53	Transition, in an orderly manner, the dual supervisors to one position. The current situation was the result of the merger with Florida Water Services, the lack of an existing system and a need of institutional knowledge of Florida Water Services. This includes wastewater and water collections, field services and customer service to other functions.	Needs Immediate Attention	Completion Date: 06/2009 The Customer Service Manager position is vacant and will not be filled.	Did not test. Note: Management's response did not address the spirit of this recommendation which was to reduce redundancy at the management level.
54	More fully utilize the Project Specialist of Water and Wastewater operations and reduce span of control for Assistant Director for Operations. Reassign functions to the Project Specialist and lower span of control. Shift Field Services to water operations.	Reasonable Time Period	Completion Date: 2007 Complete. Additional duties have been added and current responsibilities reviewed and revised.	Did not test. Note: Field Services was not shifted to water operations. Also see Audit Team comments at Recommendation 20.
55	Establish Hansen system for service request entry and work order monitoring and establish ability to compare to developed performance plan. Provide access to all departments to retrieve reports and monitor work progress.	Reasonable Time Period	Completion Date: 2008 All work orders and service requests at Wiscon are tracked through Hansen.	Did not test. Note: The Hansen system should have the capability to determine a performance budget and to project resources based on that work plan accomplished as outlined in Recommendation 41.

Water Treatment/Distribution and Water Collections/Treatment Operations

ORIGINAL RECOMMENDATION (REPORTED 11/2005)		PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
56	Fully develop a two-week schedule procedure and hold supervisors accountable. Distribute schedule to staff. Relate schedules to annual work plans and routine processes. Provide schedules to all departments in advance with required comments and establish specific day and time for scheduling meeting.	Reasonable Time Period	<p>Completion Date: Ongoing</p> <p>Monthly supervisory staff meetings are conducted to review and analyze the management based reports noted in item #62 below.</p> <p>Our ability to plan two weeks out is significantly limited by the amount of reactive maintenance required as well as requests for service (line locates and the like).</p>	Did not test.
57	Modify current hydrant flushing program to one that includes an integrated program for unidirectional line flushing and valve exercising. Establish complete plan to perform effort that matches water quality needs.	Needs Immediate Attention	<p>Completion Date: 2007</p>	Did not test.
58	Develop documented routine programs for valve exercising, wastewater lift stations PMs, meter reading, water plant PM inspections. Establish new routines for CCTV, and wastewater collection system cleaning program using GIS and Hansen system to document. Reallocate staff and resources to implement programs.	Needs Immediate Attention	<p>Completion Date: 2007</p>	Did not test.
59	Enhance the daily morning meeting of all departments by utilizing routines, two-week schedule and grouped work requests to plan short-term effort and adjust schedules daily. Prepare a backlog of low priority work for fill-in work. Keep meeting times brief as the current effort demonstrates.	Needs Immediate Attention	<p>Completion Date: Ongoing</p> <p>Operations individual sections meet daily and senior staff is held monthly.</p>	Did not test.

Water Treatment/Distribution and Water Collections/Treatment Operations

ORIGINAL RECOMMENDATION (REPORTED 11/2005)		PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
60	Standardize the work reporting with resources used (labor, equipment, material) and locations documented for all departments. Track all time on job site and include travel, equipment and preparatory time. Establish a single work reporting form that captures all pertinent data related to performance. Track work to specific activity and document in the Hansen system.	Reasonable Time Period	Completion Date: Ongoing Performance based measurements information is incorporated into both the Lion and Hansen systems. Reports are retrieved and product output is supplied into management based reports and provided to supervisors for their review and subsequent action if required.	Did not test. Note: Documenting and recording work will allow the Department to track and meet the established department goals and objectives and establish mechanism to determine whether the goals were met as outlined in Recommendation 45.
61	Establish the ability to have the Hansen system determine unit cost, productivity, total cost and work accomplished for all activities by department. Provide training to Assistant Director and supervisors for report interpretation to guide in management decisions to improve efficiency and effectiveness of operations.	Reasonable Time Period	Completion Date: 2006 Information is available for the water and wastewater section at Wiscon thru the Hansen program.	Did not test.
62	Make performance information readily available and train supervisors to utilize it. Establish accountability to the planned work and productivity and establish a process to systematically evaluate and monitor unit cost and productivity.	Reasonable Time Period	Completion Date: 2007 Performance based measurements information is incorporated into both the Lion and Hansen systems. Reports are retrieved and product output is supplied into management based reports and provided to supervisors for their review and subsequent action if required.	Comment: It appears that this recommendation was implemented. Per management, the Department made performance information readily available and trained supervisors to utilize it. The Department appears to have established accountability to the planned work and productivity, and established a process to systematically evaluate and monitor unit cost and productivity. Management cited that some of the cost savings, productivity improvements, and general work improvements directly or indirectly related to implementing this recommendation include: the ability to find data; improved management decision making; improved the efficiency of locating assets; 90% less pressure complaints; and less dirty water complaints.

Water Treatment/Distribution and Water Collections/Treatment Operations

ORIGINAL RECOMMENDATION (REPORTED 11/2005)		PRIORITY	MANAGEMENT'S FP 1 RESPONSE	AUDITOR FP 1 COMMENT & RECOMMENDATION, AS APPLICABLE
63	Establish a field work quality review process using performance guidelines along with actions identified to be taken to ensure compliance.	Reasonable Time Period	Completion Date: 2006 Supervisors review work accomplished daily thru the Hansen work order process.	Did not test.
64	Establish a continuous improvement process with quarterly update given to crews. Provide a State of Utilities report to the Director of Utilities that compares planned activities work days, accomplishment, cost and unit cost versus actual effort. Include service requests response and the results of quality control effort.	Reasonable Time Period	Completion Date: 2008 This is an ongoing process. The Utilities Director conducts bi-weekly meeting with Division Managers to relay to support and operational personnel.	Did not test.
65	Provide an annual review of the state of Utilities to the Hernando County Clerk of Circuit Court and County Administration as independent confirmation of the data and adherence to plan.	Reasonable Time Period	Completion Date: Ongoing Ongoing reviews are provided to the recently formed Leadership Team at regularly scheduled meetings in addition to providing continual updates to the BOCC during Board Meetings.	Did not test. Note: The spirit of this recommendation is to provide independent confirmation (by the Clerk of Circuit Court and County Administrator) of the data and adherence to the performance budget established by the Department as a result of Recommendation 40. This will also provide accountability for meeting the plan, understanding its contents and the ability to provide documented reasoning, in the event that established goals are not met, when the goals could not be met. The Audit Services Department (on behalf of the Clerk of Circuit Court) has not been given any reports of the state of Utilities. See discussion in the original report Section 5-35.
66	Report on the status of Maximus recommendations report with specific rationale for both those recommendations implemented and those that were not. Specifically timetables for those that are planned.	Reasonable Time Period	Completion Date: 09/2007 Even though the Maximus recommendations are outdated by 6 years, Kay Adams implemented those recommendations prior to her illness in 2007.	Did not test.

The overall savings of benefits exceeding cost are estimated to be between \$500,000 in year one of the implementations including the cost of new meters in Recommendation 43 with savings increasing to \$2.5 million annually in year six.

Cash Receipts and Billing Cycle

	ORIGINAL RECOMMENDATION (REPORTED 1/2006)	Management's FP1 Response	AUDITOR FP1 COMMENT & RECOMMENDATION, AS APPLICABLE
1	Determine if the ACIS record of connection fee agreements contains the full population.	Completed. The Department converted to Genero in October 2006. The Genero database record contains full population. Staff Reviews the connection summary report to ensure accuracy on a monthly basis.	<p>Comment: Management took the following corrective actions which appears to have alleviated the original concern:</p> <ol style="list-style-type: none"> 1. Created a Standard Operating Procedure (SOP 15) entitled "Connection Fees - Quote and Collection Procedures." This SOP directs the semi-annual review process of active developer agreements throughout their life cycle. 2. Per management, there were active developer agreement reviews performed in July 2006 and November 2007. Per management, staff performs continuous monitoring (monthly reviews) to ensure the Genero records are complete and accurate (Genero software replaced ACIS). 3. Per management, after the issuance of the original report (January 2006), the Department performed a review of the entire population of active developer agreements and confirmed the financial status of those agreements. <p>The Audit Team was able to trace all 10 of the developer agreements in the sample from the Clerk of Circuit Court's BCC Records files to the Utilities Department's Genero database record or other Department record, as applicable.</p>
2	Implement a written standard operating procedure that clearly defines management's directive (record-keeping practices, timeliness, work flow, communication/coordination between staff/divisions, etc.).	Completed. Staff has developed and implemented Standard Operating Procedure CSD-15, entitled <i>Connection Fees "Quote and Collection Procedures."</i> The SOP establishes uniform guidelines and a process flow chart to ensure accuracy.	Did not test.

Cash Receipts and Billing Cycle

	ORIGINAL RECOMMENDATION (REPORTED 1/2006)	Management's FP1 Response	AUDITOR FP1 COMMENT & RECOMMENDATION, AS APPLICABLE
3	Review each active developer agreement to confirm the current financial status. Once established, these agreements should be reviewed semi-annually throughout their life cycle to maintain accuracy.	<p>Completed. Staff has developed and implemented Standard Operating Procedure CSD-15, entitled <u>Connection Fees "Quote and Collection Procedures."</u> The SOP establishes uniform guidelines and a process flow chart to ensure accuracy.</p> <p>Inclusive of this SOP, staff has performed a follow-up review of the connection fee agreement records and developed a spreadsheet which will be updated as new agreements are executed. A review/audit will be performed on a monthly basis to ensure that the record contains a full population to include all agreements as well as to provide an accurate accounting of the terms of all developer agreements.</p>	<p>Comment: Management took the corrective actions listed in the Auditor's Comment for Recommendation 1. It appears that corrective action alleviated the original concern.</p> <p>The Audit Team tested a sample of 10 developer agreement records in the Genero database. The financial status of those records appears to be materially reliable.</p>
4	Assign unique and easy to distinguish developer agreement account numbers.	Completed. The unique numbers assigned to developer agreements correspond with the Pentamation (Genero) automatic tapping numbering system.	Did not test.

Cash Receipts and Billing Cycle

	ORIGINAL RECOMMENDATION (REPORTED 1/2006)	Management's FP1 Response	AUDITOR FP1 COMMENT & RECOMMENDATION, AS APPLICABLE
5	Utilize a well defined central filing and document indexing system. Maintaining a scanned image of hard copy documents may help simplify this process.	Completed. The recorded developer agreements have been scanned into a database located on the "F" drive under F:\WATER AND SEWER AGREEMENTS. The original HCUD agreement copy is placed in the agreement file outside the Utility Director's office in alphabetical order. In addition, a TAP number ledger cross references the title and is available on both the "F" drive folder and the agreement hard copy file.	<p>Comment: It appears that management's corrective actions alleviated the concern.</p> <p>1. Management created a Standard Operating Procedure (SOP 15) entitled, "Connection Fees - Quote and Collection Procedures, CSD-15" that provides for a well defined and easy to understand recordkeeping process.</p> <p>2. It appears that the Department utilizes a well defined central filing and in Genero a document indexing system which contains a scanned image of hard copy documents (i.e., contracts and Letters of Understanding). The Department developed an efficient recordkeeping process. During a site visit, management provided an overview of the recordkeeping process and showed the Audit Team the hard copy filing system and the Genero database records. No material concerns were identified.</p> <p>The Audit Team tested a sample of 10 contractor agreements. These agreements were recorded in the indexing system denoted above.</p>
6	Set up an accurate database to track each agreement throughout its life cycle.	Completed. Staff has performed a follow-up review of the connection fee agreement records and developed a spreadsheet entitled " <u>DEVELOPER AGREEMENTS – AUDIT</u> ", which will be updated as new agreements are executed and recorded. In addition, a review/audit will be performed on a monthly basis to ensure and provide an accurate accounting of the terms of all developer agreements.	<p>Comment: It appears management's corrective actions alleviated the concern.</p> <p>The Audit Team performed a walk-thru of the recordkeeping process. It appears that this process provides an adequate level of assurance that the Genero database is capable of tracking contractor connection fee agreements through their life cycle. The electronic records include scanned documents, payments, credits, and other critical and useful information.</p> <p>The Audit Team performed testing on 10 contractor agreements. It appears that the database administration record is materially accurate and complete for these agreements.</p>

Cash Receipts and Billing Cycle

ORIGINAL RECOMMENDATION (REPORTED 1/2006)		Management's FP1 Response	AUDITOR FP1 COMMENT & RECOMMENDATION, AS APPLICABLE
7	Create and utilize a "prepaid" agreement form similar to the "contributed assets" form currently utilized by the HCUD.	Completed. This issue has been addressed in County Ordinance No. 2005-20, Section 28-216(e.). Additionally staff has included the following language on all service applications: "Connection fees paid to the Utilities Department are non-refundable by ordinance."	Did not test.
8	Adding nonrefundable language to connection fee agreements and removing language from Ordinance 2003-06 will help to make the record-keeping function less cumbersome. Implementation of a letter of understanding that allows the contractor up to one year to use any credits will allow the Finance Department to move prepayments from unearned to earned revenue in a shorter amount of time. The County should not allow refunds unless the County Attorney's office determines that there is a legal substance in doing so.	Completed. Ordinance 2006-02, Section 28-216 was approved and adopted by the Board of County Commissioners on February 14, 2006.	<p>Comment: It appears management took corrective action that alleviated the concern.</p> <ol style="list-style-type: none"> 1. The connection fee agreements reviewed contained non-refundable verbiage, as applicable. 2. The residential and commercial applications for sewer and water services contain the verbiage, "connection fees paid to the Utilities Department are non-refundable by ordinance." The Memorandum of Understanding" template states that, "I have a full and complete understanding that any and all connection fees upon approval of final construction plans are non-refundable as authorized by the Board of County Commissioners..." Per management, because such language is included in the applications and Memorandum of Understanding templates, the one year rule to allow the use of any credits is obsolete. <p>The Audit Team tested a sample of 10 contractor agreements. Test results indicate that these agreements contain non-refundable language, as applicable.</p>
9	Enhance management's oversight and staff's training to ensure developer account balances and records are kept accurate and complete.	Completed. Staff has developed and implemented Standard Operating Procedure CSD-15, entitled Connection Fees "Quote and Collection Procedures." The SOP establishes uniform guidelines and a process flow chart to ensure accuracy and which ensures proper staff involvement.	Did not test.