



Internal Audit Committee of Brevard County, Florida

Internal Audit Review of Stormwater Utility Department

**Prepared By:
Internal Auditors of Brevard County
August 1, 2005**

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August 1, 2005

The Audit Committee of
Brevard County, Florida
Viera, Florida 32940-6699

Pursuant to the approved 2003/2004 internal audit plan, we hereby submit our internal audit report covering the Stormwater Utility Department. The internal audit of the Stormwater Utility Department focuses on stormwater fee assessments, general operational functions, and certain compliance issues. We will be presenting this report to the Audit Committee at the next scheduled meeting on August 19, 2005.

Our report is organized in the following sections:

Background	This provides an overview of the Stormwater Utility Department.
Objectives and Approach	The internal audit objectives and focus are expanded upon in this section as well as a review of the various phases of our approach.
Issues and Recommended Actions	This section gives a description of the issues as well as the impact and recommended actions.

The follow-up process for the issues identified in this report will consist of County management following up with responsible personnel and reporting to the Audit Committee on a quarterly basis under the approved format.

We would like to thank all those involved in assisting the Internal Auditors in connection with our review of the Stormwater Utility Department.

Respectfully Submitted,

INTERNAL AUDITORS

Background

Background

Responsibilities

The Brevard County Stormwater Utility Department (the Department) was created in 1990 by the Board of County Commissioners, because it was determined that uncontrolled drainage and development of land has a significant adverse impact on the health, safety and welfare of the Brevard County community. The Department is primarily responsible to protect, maintain and enhance the immediate and long term health, safety and general welfare of the citizens and residents of Brevard County. More specifically, the Department is responsible for the following:

- To develop a Brevard County-wide stormwater management program, to include the construction, operation and maintenance of stormwater devices.
- To perform stormwater system planning and ensure lake and river quality management.
- To review development plans for compliance with stormwater management codes.
- To establish a continuing source of revenue (primarily through the adoption of a stormwater assessment) to plan, construct, operate and maintain the stormwater management systems throughout the County.
- To provide public awareness and education, as appropriate, to communicate the effects of stormwater runoff to the waterways and to promote and obtain departmental objectives.

Overview

Since its creation, the Department has proven to be a leader in stormwater management in the state of Florida. The Department has established strong working relationships with St. John's River Water Management District (SJRWMD), the National Estuary Program (NEP), local municipalities and other counties throughout the state. Together with these agencies, the Department has provided assistance and recommendations for the selection and implementation of the most efficient and cost effective stormwater treatment methods.

To provide the opportunity for a regional approach to stormwater management, the City of West Melbourne and the Town of Malabar joined the Brevard County stormwater utility program in 1999 and 2000, respectively. The County plays the role of program administrator, ensuring that the policies, procedures and practices of the Utility are consistent with those of the existing program. Both the County and cities enjoy numerous benefits from reduced administrative costs, improved regional coordination and more efficient project implementation with other partners.

The utility rate is a non-ad valorem assessment based on the equivalent residential unit (ERU). One ERU is equal to an average of 2,500 square feet of impervious area for a single residential property. All funds collected from the utility are used for the implementation and construction of capital improvement projects that address both water quality and quantity issues. Funds collected in a district or city will be used for projects benefiting the residents of that district or municipality. Currently, the assessed fee is \$36 for a single residential unit.

The program has also developed and implemented a Stormwater Utility Assessment credit program for owners of properties serviced by approved and maintained stormwater treatment systems. The policy provides a reduction in stormwater assessments for various levels of owner-implemented and maintained stormwater treatment. A compliance inspection program for proper maintenance of a treatment system is an integral part of this program.

Related to the stormwater assessments, the Department also reviews, approves and issues exemptions for vacant natural lands and 100% credits for agricultural lands that adhere to specified stormwater management practices.

Because it utilizes the Tax Collector's system for billing stormwater assessments, the Department is required to continually monitor the need to issue Errors and Insolvencies (E&I's). E&I's are used to generate corrections of tax bills based on the discovery of facts or circumstances unknown at the time the tax roll is published on November 1st each year.

Background (continued)

Staffing

Key personnel involved in the operations of the Stormwater Utility Department are as follows:

Name	Title
Ron Jones	Director
Michael Powers	Engineer III
Carolina Alvarez	Engineer I
Trish Powless	Special Projects Coordinator II

Objectives and Approach

Objectives and Approach

Objectives

The internal audit for the Stormwater Utility Department includes the following:

<input type="checkbox"/> Determine that controls are in place to ensure compliance with various contracts and grant agreements entered into by the Department.
<input type="checkbox"/> Determine that stormwater fees are assessed in accordance with County policies and resolutions.
<input type="checkbox"/> Determine that the Department maintains procedures to adequately inspect, approve and monitor properties receiving credits against their normal stormwater assessment.
<input type="checkbox"/> Determine and assess the effectiveness of accounting and administrative controls over the accounts payable process. Ensure that invoices are processed and paid in accordance with County policies.
<input type="checkbox"/> Identify and assess the effectiveness of accounting and administrative controls over timekeeping and payroll-related processing.
<input type="checkbox"/> Determine that controls are in place to ensure compliance with applicable Board of County Commissioners' policies, procedures, resolutions and ordinances.

Approach

Our audit approach consisted of four phases:

Understanding and Documentation of Process

During phase one, we held an entrance conference with the Director and Assistant Director of the Stormwater Utility Department, to discuss the scope and objectives of the audit work, obtain preliminary data, and establish working arrangements. We then met with other employees of the Stormwater Utility Department and documented their roles in the process.

Population and Sample Determination

We judgmentally selected a sample of stormwater fees related to the November 1, 2004 tax roll, including regular (automated) calculations, administrative adjustments, credits, exemptions, and Errors and Insolvencies (E&I's). We also selected samples of employee time entry sheets from June 2004 to May 2005.

Objectives and Approach (continued)

Detailed Testing

The purpose of this phase was development of applicable tests based on our understanding of the Stormwater Utility Department. Our procedures included observation and inquiry, walk-throughs, and testing of individual transactions. Our testing included, but was not limited to, testing:

- Stormwater assessments
 - Regular (automated) calculations
 - Administrative adjustments
 - Credits
 - Errors and Insolvencies (E&I's)
 - Vacant natural exemptions
 - 100% agricultural credits
- Time entry function
- Accounts payable function
- Compliance with grant agreements
- Compliance with construction and consulting contracts
- Compliance with Department and County policies

Reporting

During this phase, we summarized our findings related to the Stormwater Utility Department, based on our detailed testing, into a report format.

Issues and Recommended Actions

<i>Issue # 1</i>	<i>Grant Agreements – Reporting Requirements</i>
	<p>The Department has entered into several grant agreements with other governmental agencies, where the Department receives grant funding to complete certain projects. We noted those agreements include the following specific reporting requirements:</p> <ul style="list-style-type: none"> • According to section III.B of its contract with the Florida Department of Environmental Protection (contract #WM804), the Department is required to provide quarterly progress reports to the FDEP indicating work performed, problems encountered and planned solutions. Reports are to be submitted within 15 days after the end of each quarter (3/31, 6/30, 9/30 and 12/31). • According to section 5.A of its contract with St. John’s River Water Management District (contract #SE644EE), the Department is required to provide monthly progress reports to the SJRWMD indicating work performed, problems encountered and planned solutions. Reports are to be submitted within 15 days after the end of each calendar month. <p>With respect to the County’s contract with the FDEP, our test work indicated the following related to reporting requirements for the 12 month period ended June 30, 2005:</p> <ul style="list-style-type: none"> • No report was submitted for the quarter ended September 30, 2004. • The report issued to the FDEP for the quarter ended December 31, 2004 was not issued within 15 days after the quarter end. • No report was submitted for the quarter ended March 31, 2005. <p>With respect to the County’s contract with SJRWMD, our test work indicated that no monthly reports have been filed in accordance with the grant agreement during the past year.</p> <p>We conclude that the Department is not in compliance with the reporting requirements of certain of its grant agreements. Accordingly, the County is at risk to potentially lose current or future grant funding.</p> <p><i>Recommended Action</i></p> <p>We recommend development of written procedures to monitor compliance with the reporting requirements of all grant agreements entered into by the Department.</p> <p>Procedures should include creation of a checklist to be completed quarterly. The checklist should be reviewed and signed off by the Director and retained within the Department’s contract reporting file.</p>

<i>Issue # 1</i>	<i>Grant Agreements – Reporting Requirements (continued)</i>
	<i>Management Response and Action Plan</i>
Response	Both grant contracts were construction reimbursement related. In both instances, construction had not commenced and therefore no information was relevant to report. The project manager was in routine contact with the grant agencies project manager and had been told verbally to file reports upon commencement of construction. Unfortunately, the Department’s project manager failed to request this determination in writing. Accordingly, a written procedure addressing the filing of grant based reporting requirements will be developed. In addition, a database will be developed containing all grant reporting timetables and when the reports are due. A report will be generated from the database on a monthly basis for review, monitoring and sign off by the Director. The reports will be retained within the Department’s contract reporting file.
Time Frame	September, 2005
Person Responsible	Trish Powless and Mike Powers reviewed by Ronald E. Jones, Dir.

Issue # 2	<i>Time Entry – Regular Time Tracking</i>
	<p>The Department is required to follow the County’s policy for its regular time entry procedures. Among other things, the County policy requires that each employee complete a standard time entry sheet for each bi-weekly pay period. The time sheet must be reviewed and signed by the employee’s immediate supervisor before the corresponding hours can be entered into SAP.</p> <p>We reviewed 5 bi-weekly pay periods from June 2004 through May 2005 (approximately 70 time sheets in total), and noted two instances where an immediate supervisor’s signature was not obtained before the corresponding time was entered into SAP.</p> <p>We conclude the Department is not currently in compliance with the County’s time entry policy. Without proper supervisory approval, employees may not be paid for the actual hours worked. In addition, an employee may not properly account for either vacation or sick hours used, which would lead to an error in that employee’s vacation or sick accrual (bank).</p> <p><i>Recommended Action</i></p> <p>We recommend the County’s payroll policies be followed. Each timesheet should be approved by a supervisor. The Department employee responsible to enter time into SAP should verify that all timesheets have been reviewed and approved prior to it being entered into SAP. This will not only ensure that employees are paid for the proper amount of hours each payroll period, but it will also ensure that each employee’s vacation and sick accruals are adjusted appropriately.</p>
	<i>Management Response and Action Plan</i>
Response	<p>One instance where the supervisor’s lack of signature occurred during hurricane recovery and was associated with the Director signing the Assistant Director’s time entry. This was likely the result of coordination and communication issues exacerbated by the storm events and the unusual positioning of personnel. The other instance was also related to the Assistant Director’s time entry during a period when the Director was not available. The party responsible for time entry should have had a sign off by the Assistant County Manager and the issue has been discussed with the employee. The required time entry review reports (after data entry and after payroll) were completed and indicated no discrepancies. Time entry sheets have always been reviewed by the employee supervisor and countersigned by the Assistant Director. During the six months of vacancy in the Assistant Director position, time entry sheets have been reviewed and signed by each supervisor and then countersigned by the Director. The Director has been reviewing and signing off on the data entry and payroll report.</p>
Time Frame	In Place
Person Responsible	Trish Powless reviewed by Ronald E. Jones, Dir.

Issue # 3	<i>Time Entry – Tracking of Time Spent on Incorporated Areas</i>
	<p>In addition to tracking regular employee time, the Department must also track the total hours worked each payroll period on projects specific to either the City of West Melbourne or the Town of Malabar. In accordance with its inter-local agreement with each of these other governmental entities, the Department performs the billing function for these entities and has the right to charge all personnel time back to either the city or town for reimbursement.</p> <p>We reviewed the entire time entry process and noted the following:</p> <ul style="list-style-type: none"> • There is no written procedure for the time tracking process related to time spent on projects specific to either the City of West Melbourne or the Town of Malabar. • Time sheets are required to be completed only by Department engineers, and must be submitted separately from the normal time entry sheets. • Time sheets do not require review and approval of the employee’s immediate supervisor. • Each quarter, a billing invoice is generated based on the bi-weekly time sheets. The invoice is not reviewed by the preparer’s immediate supervisor. • There is improper segregation of duties. The Department employee responsible to collect time sheets and generate the monthly invoices to either the City of West Melbourne or the Town of Malabar is the same employee who collects the payment, prepares the deposit slip and posts the receipt to SAP. <p>We analyzed 5 bi-weekly pay periods from June 2004 through May 2005 (approximately 35 timesheets in total), noting the following:</p> <ul style="list-style-type: none"> • On June 28, 2004, 3 billable hours were reported by a Department engineer and not billed back to the Town of Malabar, which resulted in an understatement of revenue of \$128. • On October 12, 2004, 2 billable hours were reported by a Department engineer and not billed back to the Town of Malabar, which resulted in an understatement of revenue of \$132. <p>Given the exceptions noted from June 2004 to May 2005, we conclude there is not sufficient review of the time keeping process and invoicing of the City of West Melbourne and the Town of Malabar. Further, the time tracking process appears redundant, in comparison to the regular time entry procedures performed by all County employees.</p> <p>With respect to the improper segregation of duties – a fundamental concept of internal control is that no one person should handle all aspects of a transaction. In addition, no one person should perform more than one of the functions of authorizing transactions, recording transactions, and maintaining custody over the assets. Without the proper segregations of duties, it is possible for errors, misappropriation of assets, or other types of fraud to occur and not be detected within a timely period by employees in the normal course of performing their assigned duties.</p>

Issue # 3	<i>Time Entry – Tracking of Time Spent on Incorporated Areas (continued)</i>
	<p><i>Recommended Action</i></p> <p>We recommend that management develop written procedures for time entry and invoicing with respect to time spent on projects specific to either the City of West Melbourne or the Town of Malabar. The written procedures should include the following:</p> <ul style="list-style-type: none"> • All time sheets should be reviewed and approved by each employee’s immediate supervisor. • Each quarterly invoice should be reviewed and approved by the preparer’s immediate supervisor. • The preparer of each quarterly invoice should not be responsible to collect the subsequent payments received, post them to SAP, and generate the deposit slip. <p>We recommend that management consider combining the time sheets used for regular time entry with the time sheets used to collect and track time spent on projects specific to either the City of West Melbourne or the Town of Malabar.</p>
	<i>Management Response and Action Plan</i>
Response	<p>Employees time associated with indirect service billings to municipal partners may occur for engineering, environmental and field inspection personnel. Time sheets for tracking indirect services provided to the City of West Melbourne and Town of Malabar are currently reviewed by the employee’s supervisor but have not been documented by the supervisor’s signature. In the absence of the Department’s Assistant Director (also functioning as the Department finance manager) due to vacancy, several invoices have been sent without the intended supervisory review. Prior to this vacancy, the Assistant Director supervised the preparation of quarterly invoices.</p> <p>The issue related to proper segregation of duties was recognized by the Department some time ago, however, adequate staffing was not in place to resolve the issue. The Department has hired an accounting clerk to provide backup function and segregation of duties. The cross training that has occurred to date has been in relation to the parcel billing component of the Department in order to provide training during the most active part of the billing cycle. It is intended that the cross training process will transition to time entry and other more typical transaction processes in early September when the assessment billing process has ended.</p> <p>A written policy will be developed addressing invoicing procedures including supervisory review and segregation of duties. The procedures will cover indirect time sheet review documentation in the form of a supervisor’s signature, review and approval of quarterly invoices by the preparer’s immediate supervisor and coordination of submittal of both regular and indirect time data. The coordination of submittal is intended to replace the audit recommendation of combining the time sheets. The audit recommendation may not be the best solution as the Department is somewhat unique in providing billable indirect services and modification of the County time entry sheet would affect all other Departments.</p>

<i>Issue # 3</i>	<i>Time Entry – Tracking of Time Spent on Incorporated Areas (continued)</i>
Time Frame	Initiated immediately and completed by October 2005
Person Responsible	Ronald E. Jones, Dir.

Issue # 4	<i>Cross-training of Employees</i>
	<p>We noted certain instances where an employee of the Department performs certain functions, but for which no employee has been cross-trained in these functions, as follows:</p> <ul style="list-style-type: none"> • Accounts payable – One Department employee receives invoices from vendors, obtains required approval, and processes invoices for payment by the Finance Department. Our test work indicated that there is no back up for this payables function. In particular, during fieldwork, the responsible employee was on vacation for approximately one week, during which time all vendor invoices were accumulated in a pile and not processed. The lack of an adequate backup could result in the failure to pay valid vendor invoices timely, which could ultimately result in late fees or other penalties. • Time Entry – One Department employee is responsible for collecting and tracking all time sheets for the department, as described in Issues #2 and #3 above. The lack of an adequate backup could result in either 1) employees not being paid timely and in accordance with hours actually worked or 2) inaccurate or untimely billings to the City of West Melbourne and the Town of Malabar. <p><i>Recommended Action</i></p> <p>We recommend that management review all significant functions performed by the Department and ensure there is an adequate backup for each. In cases where there is not, such as for accounts payable and time entry, management should train an adequate backup so that all Department functions can be performed even when key personnel are either on vacation or otherwise not available.</p>
	<i>Management Response and Action Plan</i>
Response	As stated in Issue # 3, management has previously recognized the lack of cross training in the assessment billing, accounts payable and time entry areas of the Department. The accounting clerk position hired was intended to provide relief for these areas. Cross training is on-going and will resolve the majority of the issues. The Department went through a process involving all employees prior to this audit to identify areas where inadequate function backup or cross-training existed in order to identify deficiencies.
Time Frame	On-going, but will be completed by October, 2005.
Person Responsible	Trish Powless and Carolina Alvarez working with Valerie Carson

Issue # 5	Administrative Adjustments
	<p>FL Statute 403.0893 allows for the Department to assess a stormwater utility fee, which is collected under the non-ad valorem assessment portion of the tax bill. Normally, the stormwater fee is billed automatically by the Tax Collector in accordance with Resolution No. 99-194, based on information maintained by the Property Appraiser such as use code, gross square footage of property and impervious area of the property. However, an “administrative adjustment” is required whenever the information maintained by the Property Appraiser is insufficient to perform the calculation and assess a stormwater fee in accordance with the rate resolutions.</p> <p>Approximately 200 of the approximately 98,000 properties billed annually receive an administrative adjustment annually, each of which is reviewed annually. However, the current written policy does not include procedures for annually verifying the validity of each administrative adjustment.</p> <p>We selected 25 properties receiving an administrative adjustment issued for the 2004/2005 tax year for testing purposes, and noted the following exceptions:</p> <ul style="list-style-type: none"> • 2 of the 25 administrative adjustments resulted in incorrect stormwater assessments (over-billed by \$34 and by \$8), based on changes in property circumstances not identified in the annual review of administrative adjustments. • In reviewing the administrative adjustments, certain of the related files did not contain sufficient evidence, such that a supervisor would be able to review and recalculate the administrative adjustment. • 20 of the 25 administrative adjustments contained no evidence of supervisory review and approval of the annual verification of administrative adjustment calculations. <p>Incomplete documentation, including lack of evidence of supervisory review of administrative adjustments can result in either over or under-billings of those stormwater fees requiring administrative adjustments.</p> <p>Recommended Action</p> <p>We recommend that management strengthen written procedures for issuing and annually reviewing administrative adjustments. The written procedures should address the following:</p> <ul style="list-style-type: none"> • Policy should include a listing and description of each major category of properties receiving an administrative adjustment, including documentation required to support the administrative adjustment. • We recommend each administrative adjustment have a corresponding file that includes a detailed description of the calculation (proof), all supporting documentation for balances used, and an explanation of any assumptions or judgments made in performing the calculation. If certain calculations do not necessitate a file, these exceptions should be outlined in the written procedure. • Each administrative adjustment should be verified annually by a Department employee, who should sign and date the corresponding file.

Issue # 5	Administrative Adjustments (continued)
	<ul style="list-style-type: none"> Each administrative adjustment should also be reviewed by a supervisor. Sign-off of such review can be documented individually or as a group. If the latter method is selected, it should be clear as to exactly which administrative adjustments are being approved.
	Management Response and Action Plan
Response	<p>Out of the approximately 98,000 parcels being billed annually, there are 211 receiving a manually calculated Administrative Adjustment. Each has a corresponding file. The documentation included in the file varies from a hard copy of the Stormwater Screen and the Stormwater Comments screen (Saturn), to aerial photographs and hand calculations. Administrative adjustments are reviewed annually and had been documented by a supervisory signature in previous years. A miscommunication has resulted in no supervisory documentation (signature) on Administrative Adjustments even though the reviews were supervised.</p> <p>It should be noted that The Property Appraiser's office continues to make changes to the system past the time frame where the department can alter administrative adjustments. These are typically addressed at the beginning of the following billing cycle through an E&I process.</p> <p>The Department will expand its current written procedures to ensure that each file has all of the same documentation regardless of the type of Administrative Adjustment being issued. Each file will contain the following: A hard copy of the Stormwater Screen with supervisor approval signature, a hard copy of the stormwater comment screen, a print out of the Aerial Photograph of the parcel (in color), the hand calculation for the stormwater bill including the mitigation credit amount. A written explanation of why is the property assessed using the Administrative Adjustment option.</p> <p>The Department will continue to review all of the Administrative Adjustments annually and each year there will be a supervisory signature documenting approval of the review.</p> <p>The Department already has a listing of the different use Codes that might require an Administrative Adjustment as well as some written procedure regarding the process of Administrative Adjustment review. The procedures will be augmented, descriptions will be incorporated under an Administrative Adjustment section and additional error checking procedures will be developed and incorporated.</p>
Time Frame	<p>The estimated time of completion for updating the current procedures is October 2005.</p> <p>File update corresponding to the expanded procedures will occur during the 2005-2006 Billing Cycle and will be completed by July, 2006.</p>
Person Responsible	Carolina Alvarez reviewed by Ronald E. Jones, Director

Issue # 6	100% Agricultural Credit
	<p>Per rate resolution (Resolution No. 99-194), agricultural land is normally assessed a stormwater fee. However, per Resolution No. 94-194, agricultural properties may be granted a credit against the regular fee assessment for compliance with a Soil Conservation Plan (the Plan). The Plan must be in compliance with regulations outlined by the USDA Soil Conservation Service and approved by the Brevard Soil and Water Conservation District Board. The land owner must provide a copy of the approved Plan to the Department within 30 days of issuance of the Plan.</p> <p>We selected 15 properties receiving an agricultural credit issued for the 2004/2005 tax year for testing purposes, and noted the following:</p> <ul style="list-style-type: none"> • One of the properties received the 100% agricultural credit in March 2004 and has not, through the date of this report, obtained and provided to the Department an approved Soil Conservation Plan. One other property has received the 100% agricultural credit from 1992 through the current year, though the land owner did not obtain and provide to the Department an approved Soil Conservation Plan until 2000. We note these are not instances of noncompliance, as neither the Resolution nor the Department’s internal policy address a required time by which the land owner must <i>obtain</i> the Plan. They only address what must be done <i>after</i> the Plan has been issued. Property owners begin receiving the credit immediately after completing a Department application and signing an affidavit. • Soil Conservation Plans are generated based on a “tract number”, issued by the Florida Department of Agricultural Services, while the 100% agricultural credit is based on a parcel ID, issued by the County. In performing its review of the 15 properties receiving the 100% agricultural credit, we were unable to reconcile the Plan’s tract number to the parcel ID’s actually receiving the credit. Accordingly, it was impossible to verify that the correct properties (parcel ID’s) were receiving the credit approved under the Plan. <p>Recommended Action</p> <p>We recommend that management consider updating either Resolution 94-194 or its internal policy (and application and affidavit) to require a deadline by which the property owner must obtain an approved Soil Conservation Plan.</p> <p>We recommend that management reconcile all Plan tract numbers to parcel ID’s receiving the 100% agricultural credits. The link between the two numbers should be documented in the corresponding property file. Further, management should require that the Florida Department of Agricultural Services representative include the corresponding parcel ID in the initial Plan document and on all subsequent bi-annual reviews verifying Plan compliance.</p>
	Management Response and Action Plan
Response	<p>There are 129 Agricultural applicants receiving 100% credit on 610 properties. These applicants have signed an Affidavit to ensure they will follow a Soil Conservation Service (SCS) Plan (Plan) written by the Natural Resource Conservation Service (NRCS). These properties are reviewed bi-annually to make sure property owners or land managers are still following the guidelines established in the Plan that was implemented for their properties.</p>

Issue # 6	100% Agricultural Credit (continued)
	<p>The Agricultural Credit Policy does not account for a time frame for completion of the Plan once a property owner applies for the Agricultural credit. It should also be noted that many land management practices are implemented shortly after the initial contact with NRCS staff in the form of an interim plan put in place prior to final plan completion. At the inception of the Agricultural credit program, the large number of properties applying for plans did not permit the imposition of a short time frame for completion of the plans due to the increased workload of the NRCS personnel. The NRCS staff was augmented through annual transfer of funds from the Stormwater Utility to enable the larger workload to be handled over a multiyear period. As the backlog of plan development ended in the year 2000 (approximately), the Department concurs that it is appropriate to set a reasonable time frame for NRCS completion of a pending plan. This action is necessary to prevent an owner from receiving a credit for a long period of time based solely on an affidavit signature without true intent of plan implementation or for plan development to be delayed due to slow responsiveness on the part of the credit applicant. Accordingly, a reasonable timeframe for plan completion will be negotiated with NRCS staff and implemented in the form of a deadline prior to credit revocation. This timeframe will be enforced for all new plan development and credit issuance. In addition, it would be helpful to have a copy of the aerial photos of the property and the parcel ID(s) be included in each file. The aerials could be obtained from the NRCS office during the re-application process since they require the owner to provide aerial photos of the tracts involved in the Plan. This will enhance the bi-annual review by identifying properties that have been sold and are no longer part of the original plan or properties that may have been acquired and added to the plan. These changes will be incorporated into the internal policies and procedures between the Department and NRCS staff.</p> <p>The NRCS issues a Tract Number for each Plan. This Tract Number has to correspond to all the parcels in one Plan. The Department and NRCS staff has expended large amounts of time each year to verify parcel additions and deletions from the Tract numbers in order to determine credit eligibility. Experience has shown that a more routine and manageable system should be implemented in order to simplify matching each tract number with its corresponding parcels. After development of the system, it will be necessary for the NRCS staff to provide a yearly report identifying the additions and deletions in order to keep the parcel numbers current.</p> <p>The Department believes that these new requirements can be addressed in the Policy and Procedures manual and the changes do not need to be incorporated into the Credit Resolution previously approved by the Board.</p>
Time Frame	<p>The changes will be incorporated into the Agricultural Policies and Procedures to be effective by the next bi-annual review due January 2006.</p> <p>During the next bi-annual review the Tract number and the parcel IDs will be matched for the 65 parcels being reviewed that year (January 2006) . The remaining 65 parcels will be completed by January 2007. Copies of aerial photos with Tract layout will be required during the re-application process and verified for accuracy by the NRCS staff prior to submittal to the Department.</p>
Person Responsible	<p>Changes to the written policy will be incorporated by Carolina Alvarez after discussions with NRCS staff. Review will occur by by Ronald E. Jones, Dir.</p> <p>Tract number matching for the all of the 129 parcels will be completed by Dave Millard, NRCS Conservationist with assistance by Carolina Alvarez.</p>

Issue # 7	Errors and Insolvencies (E&I's)
	<p>Each year, the County tax roll is published on November 1st, which includes stormwater assessments. Changes to a taxpayer's bill after that date can only be effected through an Error and Insolvency (E&I). Four departments have the ability to issue an E&I, as follows:</p> <ul style="list-style-type: none"> • Property Appraiser • Solid Waste • Emergency Management • Stormwater <p>An E&I results in the re-issuance of a property's tax bill, including recalculation of each of the four department's portions of the tax bill. For this reason, if one department issues an E&I, the Tax Collector will not re-issue the bill until each of the remaining three departments have reviewed the property changes to determine if additional E&I's are required.</p> <p>Accordingly, the Department must continually review outstanding E&I's issued by the other departments to determine whether a stormwater E&I is necessary. In addition, the Department often issues its own E&I's based on known changes in circumstances that would change the related stormwater fee.</p> <p>We selected 25 E&I's related to the November 1, 2004 tax roll (regardless of which department issued the E&I) for testing purposes, noting the following:</p> <ul style="list-style-type: none"> • 1 of the 25 E&I's was issued by the Property Appraiser. A Department employee reviewed the change in circumstances and determined that no stormwater E&I was necessary, which was ultimately incorrect. In the original E&I, one large parcel ID was split into three smaller parcel ID's, which should have resulted in a recalculation of each of the three new parcel ID's stormwater fees. We also noted there is no supervisory approval required for determinations that no stormwater E&I is required. • The Department's written procedures for reviewing E&I's issued by another department have not been updated to reflect system changes implemented by the Tax Collector. <p>Recommended Action</p> <p>We recommend management update its written policy regarding E&I's. In particular, the policy should require that the decision to issue a stormwater E&I based on an E&I issued by another department must be reviewed and approved by a supervisor, unless otherwise specifically allowed by the policy. Supporting documentation of such review and approval should be retained by Department staff.</p>
	Management Response and Action Plan
Response	<p>The Department both generates E&I's as well as reviews the E&I's issued by another Department or the Property Appraiser's office to determine if a modification of the Stormwater Utility Assessment is warranted.. If the Department needs to make a change based on the findings then an E&I form is filled out (2 Part carbon) and the required action taken including old and new amounts are entered on the form. This form along with a printed version of the computer screen is then reviewed by a supervisor. After the forms have been reviewed they are forwarded to the Tax Collector for processing and a revised tax bill is then sent out. A copy is kept in the Department's files.</p>

Issue # 7	<i>Errors and Insolvencies (E&I's)</i> <i>(continued)</i>
	<p>A number of the E&I's generated are due to a parcel split. Information on the newly created parcels may not be complete (i.e. mapping of new parcels) in enough detail to perform a complete review. This is an issue inherent in using the Property Appraiser's Database and aerial mapping related exclusively to workload and required processing time. Therefore, a small percentage of newly created parcels may not be billed until the subsequent billing period.</p> <p>In the past, when an E&I was created (whether it generated a Stormwater billing change or not) a supervisor would document the review process by sign off on all E&I's. Due to the additional workload associated with manual coordination with other agencies until a new E&I system was completed for the current fiscal year (scheduled for early November but not fully implemented by the Information Technology Department until January) E&I's that generated no change in stormwater assessment were not signed off by a supervisor.</p> <p>As the system was not entirely operational until early January and revisions to the system occurred well beyond that period, revisions to written policies and procedures were not able to be developed until recently. An E&I procedures and policy document is currently under development. This document will include step by step procedures on how to address different types of E&I's including those initiated by other Department/ taxing Authority. The procedures will stipulate that a supervisory review and signature should be included for every open E&I whether the E&I generates a Stormwater billing correction or not. In addition, better segregation of duties will be incorporated into the Revisions as training of backup/support staff has occurred in this billing cycle.</p>
Time Frame	The new system policies and procedures will be finished by November 2005 for use in the upcoming billing cycle.
Person Responsible	Carolina Alvarez and reviewed by Ronald E. Jones, Dir.

Issue # 8	Stormwater Fees – Credits
	<p>Stormwater assessments are determined by the Department’s rate resolution, Resolution No. 99-194. However, Resolution 94-194 provides for certain credits to be issued to property owners that effectively reduce the amount of stormwater runoff from their properties, as follows:</p> <ul style="list-style-type: none"> • 20% Maintenance Credit – Properties that are serviced by a properly maintained stormwater treatment system designed by a professional engineer registered in Florida shall be eligible to receive a 20% maintenance credit. • Design Credit (up to 20%) – In addition to the above, properties are eligible to apply for an additional design credit. This credit is based on the amount of run-off retention provided, the run-off flow protection from a 25-year storm, and the type of recovery method. • Extended Design Credit (up to 60%) – In addition to the maintenance and design credits, properties may apply for an extended design credit. Eligible properties are those that exceed current design criteria in pollutant removal and/or discharge rates, as defined by the Department. <p>Resolution 94-194 defines what steps must be taken by the property owner to apply for each of the above credits. The Department created a policy, Brevard County Regional Stormwater Utility: Credit Policy and Procedures, which defines the procedures followed by Department personnel to review, approve and track credits issued to properties, including the initial site inspection and subsequent bi-annual re-inspections.</p> <p>We selected 25 properties receiving credits related to the November 1, 2004 tax roll for testing purposes, noting the following:</p> <ul style="list-style-type: none"> • In one instance, a February 9, 2005 re-inspection resulted in a deficiency. In accordance with the Department policy, properties receiving a deficiency upon inspection should be sent a Notice of Deficiency (NOD) via certified mail. The property owner then has until the following July 1st to correct the issue and request a re-inspection by the Department. If the July 1st deadline is not met, the credit is to be removed. As of the date of this report, the Department had not issued an NOD (the property owner was notified verbally), and no re-inspection of the property had been completed. • In one instance, a February 16, 2005 re-inspection resulted in a deficiency. In accordance with the Department policy, properties receiving a deficiency upon inspection should be sent a Notice of Deficiency (NOD) via certified mail. The property owner then has until the following July 1st to correct the issue and request a re-inspection by the Department. No NOD was sent to the property owner, as required by the Department’s policy. Rather, the property owner was notified verbally at the time of deficiency, and a re-inspection of the property was completed March 22, 2005, though no re-inspection form was completed, as required by the Department’s credit policy. • In one instance, a property that should have received the Design Credit (up to 20%) did not. Certain newer properties are granted this credit based on the greater area’s master plan drainage system, which is the case for this property that falls under Viera East’s master plan. The Department employee immediately corrected the oversight and issued the credit percentage.

Issue # 8	Stormwater Fee – Credits (continued)
	<ul style="list-style-type: none"> • In 9 of the 25 properties selected, the corresponding file contained no “Credit Tracking Checklist”, as required by the Department’s credit policy. In one additional instance, the checklist was attached to the file, but was not completed. • In testing whether the 25 selected properties were correctly receiving their credit, considerable time was spent by Department personnel and the auditors investigating the related circumstances and identifying the appropriate files and/or supporting documentation. In particular, often times the supporting credit file did not clearly indicate which parcel ID’s were covered by the inspections and did not contain Department approval. <p>Recommended Action</p> <p>We recommend the Department either issue NOD’s and complete re-inspection forms in all instances where deficiencies are noted, or amend its policy to allow for circumstances when these steps are not required. The Department is currently not in compliance with this section of its internal procedures.</p> <p>In addition, we recommend the Department either attach a “Credit Tracking Checklist” to all credit files, or amend the policy so that the checklist is not required. The Department is currently not in compliance with this section of its internal procedures.</p> <p>Also, we recommend the Department update its internal procedures to require that all credit files are clear as to which parcel ID’s are covered by the related credits being issued.</p>
	Management Response and Action Plan
Response	<p>The Department issues NOD’s to properties that do not meet the Stormwater Inspection criteria. During the inspection if the owner or property manager is at the site, the nature of the deficiency is relayed to that person at the time of the inspection. The inspector might take advantage of this opportunity to also explain why it is important that the system be maintained. At that time the property owner/manager might decide to take corrective action and call for re-inspection. In some instances, the Department has not issued a NOD and verbally coordinated the resolution. Any verbal process has the inherent problem of miscommunication and the introduction of additional potential for error. In addition, the inspector should document all pertinent information of the inspection, conversations with owners, findings, the date of re-inspection and outcome, on the file.</p> <p>When the inspection is performed and the inspector has no contact with the property owner or manager, an NOD letter is sent to the owner of record to notify him/her of the deficiency. This letter is accompanied by a copy of the photo showing the deficiency and when needed, a copy of the portion of the plans that will help them resolve the deficiency. The letter is sent via certified mail because there is a deadline for the owner to correct the deficiency. In the future, the Department will ensure that all of the properties that are identified as having a deficiency receive a NOD letter. In addition, the Department will ensure that a form is filled out for the re-inspection, or that the date of re-inspection be noted on the file. Also, a new photo of the corrected deficiency will be included in the file.</p>

Issue # 8	Stormwater Fee – Credits (continued)
	<p>During the time of the audit the Department was already updating the credit files to incorporate the ‘Credit Tracking form’ on the cover of each file. The Department currently has over 1500 credit files that have been developed over a long period of time with different staff members involved in the inspections. Many of the files were created early in the program’s history prior to the current policies and procedures implementation. Management had recognized a need to rework these files and initiated an employee team to recommend and implement corrective action prior to this audit. The work effort is ongoing and will proceed to completion as staff resources have already been allocated.</p> <p>The properties that correspond to these files are inspected bi-annually with half of the inspections completed each year. The files for the properties that will be inspected during FY 2005-2006 will get their corresponding form attached to the folder and updated from information contained within the file. The following cycle will complete the updates</p> <p>All of the folders are filed under parcel ID, however, some of the files are associated to Condominium buildings or Subdivisions and do not have a need to include each individual parcel ID within that community. Other files that contain more than one parcel ID are part of a Master Drainage System. For the latter files the parcel ID’s are included on the Design credit review form when applicable, or on the Department’s Credit Database in a comments field. The Department does not believe that it is necessary that all of the parcel IDs for Residential or Multi Family Residential should be included in every file as the action to implement credit is done through a mass change using ranges of parcel numbers. The addition of credit to the billing system is error checked at the time of the mass change. The Department will incorporate the recommendation to include parcel IDs for other non residential property uses as it will improve error checking accuracy.</p> <p>The department is currently researching possible ways to try to identify properties within a master drainage system that should be receiving credit and have been accidentally omitted. This is a rare finding and the Department is trying to set up a messaging system on the Stormwater (Saturn) Screen that would warn the data entry person when a parcel is not receiving the same credit as similar adjacent parcels.</p>
Time Frame	<p>The NOD letter will be utilized to notify owners of a deficiency, regardless of circumstances, starting in the new inspection cycle (October 2005). As the inspection forms and photos are filed in the folders for the bi-annual inspection the ‘Tracking Form’ for those parcels will be incorporated into the folder. The time of completion for this task should be July 2006. The following years inspection cycle will complete the process.</p> <p>The time frame to implement the warning system for ‘missing’ credit will be dependent upon the difficulty of the programming involved and the workload of the Information Technology Department. The Stormwater Department staff will endeavor to have a warning system in place by December 2005 or develop an alternate manual system if inadequate information or programming issues arise.</p>
Person Responsible	Carolina Alvarez with assistance of Debbie Beckstrom (programmer with the Information Technology Department)