



# CITY OF ORLANDO

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Office of Audit Services and Management Support

## MEMORANDUM

To: Alan Oyler, Public Works Director

From: J. T. Sirak, CPA, Director  
Office of Audit Services and Management Support

Re: Follow-Up Review of Wastewater Division Hotline Call Regarding Alleged Inappropriate Purchases (Report No. 09-07)

Date: August 14, 2009

Attached is a summary of the status of recommendations as determined from our follow-up review of the Wastewater Division Hotline Call Regarding Alleged Inappropriate Purchases Audit (*Report No. 08-14*), issued September 22, 2008. Our review procedures consisted of a review of the status of the recommendations provided by the Wastewater Division, inquiries of management, and examination of certain documents.

Our follow-up was made in accordance with generally accepted government auditing standards. The standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

**Six of the seven recommendations contained in the original report have been implemented. One recommendation is partially implemented.** The partially implemented recommendation is expected to be fully implemented by December 2009 when the internal policies and procedures revision of purchasing activities is finalized.

We would like to thank the officials and personnel of the Wastewater Division affected by these recommendations for their cooperation during this follow-up review.

## Attachment

c: Honorable Buddy Dyer, Mayor  
Byron W. Brooks, Chief Administrative Officer  
Mayanne Downs, City Attorney  
Jody M. Litchford, Deputy City Attorney  
David Sloan, Environmental Services Division Manager  
Rebecca W. Sutton, Chief Financial Officer  
Brie N. Turek, Chief of Staff

**REPLY AND IMPLEMENTATION SUMMARY  
FOLLOW-UP REVIEW OF AUDIT OF WASTEWATER DIVISION**

#	RECOMMENDATIONS	RESPONSE	CURRENT STATUS	TARGET/ IMPLEMENTATION DATE	AUDITEE COMMENTS
1.	The Wastewater Division should formally document internal policies and procedures over purchasing activities, including the role and responsibilities of the warehouse function and its management.	Concur	Partially Implemented	December 2009	Drafts are in the works to formally document procedures already in place which includes warehouse role.
2.	The Wastewater Division's Environmental Control Program and the warehouse function should work together to create standard bench stock lists, identifying commonly used supplies that could be routinely stocked.	Concur	Implemented	January 2009	Bench stock forms have been developed specifically for Environmental Control. Necessary items are kept in stock.
3.	The Wastewater Division management should review summarized purchasing data to determine if savings could be achieved by using contract vendors rather than through making Procard purchases from non-contract vendors.	Concur	Implemented	October 2008	Contract vendors are used when possible even if a procard is used. At times prices are cheaper from a non contract vendor, in that situation we purchase from the non contract vendor.

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FOLLOW-UP REVIEW OF AUDIT OF WASTEWATER DIVISION**

#	RECOMMENDATIONS	RESPONSE	CURRENT STATUS	TARGET/ IMPLEMENTATION DATE	AUDITEE COMMENTS
4.	The Assistant Division Manager should periodically review and report to management the number of Procards issued and the limits (individual purchases dollar limit, number of transactions per day, and total dollar amount and number of transactions per cycle) set for each to ensure the cards are necessary and the limits are appropriate.	Concur	Implemented	September 2008	The numbers of procards were reduced from 98 to 45. With the issuance of the new procards, the number of purchasing cards has been further reduced to 15. In addition remaining procard limits were reduced. If a new procard is requested the Asset Manager will review the request with Assistant Division Manager before a procard is issued. The Asset Manager receives copies of all procard user statements and is reviewed monthly.
5.	The Asset Manager and Assistant Division Manager should develop regular summary reports of Procard spending for review by Wastewater and Public Works Management.	Concur	Implemented	July 2009	Quarterly procard reports started in August 2009 summarizing individual usage.
6.	The Wastewater Division Management should develop an internal policy and procedure creating an inventory control system for equipment items costing less than \$1,000 but subject to personal use or abuse.	Concur	Implemented	October 2008	All items subject to abuse are tracked by always recording serial numbers when possible as well as having a signature of receipt from the employee that will use the item. This information is recorded in our asset management software.
7.	The Wastewater Division manager should review the role of the Asset Manager and warehouse function to determine how this function can be	Concur	Implemented	October 2008	A new job description and title (Business Manager) has been developed to better provide authority to Asset Manager for controls needed

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FOLLOW-UP REVIEW OF AUDIT OF WASTEWATER DIVISION**

#	RECOMMENDATIONS	RESPONSE	CURRENT STATUS	TARGET/ IMPLEMENTATION DATE	AUDITEE COMMENTS
	better utilized to achieve control and efficiency over the Wastewater Division's procurement process.				to achieve efficiency over the procurement process. The asset manager now reports to the assistant division manager.