

**DEPARTMENT OF PUBLIC WORKS  
TRANSPORTATION DIVISION  
AUDIT 07-18  
AUGUST 2, 2007**



# CITY OF TAMPA

Pam Iorio, Mayor

Internal Audit Department

Roger Strout, Internal Audit Director

August 2, 2007

Honorable Pam Iorio  
Mayor, City of Tampa  
1 City Hall Plaza  
Tampa, Florida

RE: Transportation Division, Audit 07-18

Dear Mayor Iorio:

Attached is the Internal Audit Department's report on the Department of Public Works, Transportation Division.

The Public Works Director has already taken positive actions in response to our recommendations. We thank the management and staff of the Transportation Division for their cooperation and assistance during this audit.

Sincerely,

Roger Strout  
Internal Audit Director

cc: Irvin Lee, Public Works Director  
Steve Daignault, Administrator of Public Works and Utilities  
Tony Rodriguez, Public Works Deputy Director  
James Buckner, Technology and Innovation Director  
Debbie Herrington, Transportation Professional Engineer  
Scott Shaw, Traffic Operations Chief  
Delilah Libby, Administrative and Fiscal Manager



**DEPARTMENT OF PUBLIC WORKS  
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**INTRODUCTION**

The Department of Public Works, Transportation Division, operates the City's transportation system through its management of the City's transportation and traffic planning activities; transportation project survey, design, construction supervision; sign, signal, and roadway maintenance activities. The Division is divided into 4 major sections: Traffic Engineering, Planning & Project Management, Design & Project Management, and Transportation Operations.

Per the statistical information provided in the FY 2007 Budget Book, the City's transportation facilities consist of 1,672 miles of streets, 566 computerized traffic signals, 33,546 street lights, and 83,071 traffic signs.

**STATISTICS**

	<b><u>FY07 Budget</u></b>	<b><u>FY06 Actual</u></b>	<b><u>FY05 Actual</u></b>
<b>Operating Expenditures</b>	\$ 4,367,540	\$ 4,196,982	\$ 3,758,898
<b>Personnel Services</b>	<u>12,349,208</u>	<u>11,012,844</u>	<u>11,407,521</u>
<b>Total</b>	<u>\$16,716,748</u>	<u>\$15,209,826</u>	<u>\$15,166,419</u>
<b>Authorized Positions</b>	178	177	189

Source: FY 07- Budget Book, FY 06 and FY 05 - FAMIS

**STATEMENT OF OBJECTIVES**

This audit was conducted in accordance with the Internal Audit Department's FY07 Audit Agenda. The objectives of this audit were to ensure that:

1. Reimbursements were in compliance with intergovernmental maintenance agreements.
2. Transportation safety issues were addressed in a timely manner.
3. Procedures for the collection, recording, and accounting of right-of-way permit fees were adequate.

4. Mitigation fees were collected when established criteria for remittance was achieved.

### **STATEMENT OF SCOPE**

The audit period covered the Transportation Division activities stated in the objectives that occurred from October 1, 2005, to January 31, 2007. Source documentation was obtained from the various Division offices, City Clerk's Office, and the Department of Public Works (DPW) Administrative and Fiscal Section. Original records as well as copies were used as evidence and verified through physical examination.

We did not audit the pavement management, sidewalk, or street light programs, transportation impact fees, and the Electronic Section, as these activities are audited separately.

### **STATEMENT OF METHODOLOGY**

Material provisions of intergovernmental agreements were reviewed. Reimbursement amounts were calculated and traced to the City's accounting records. A random sample of transportation service type requests received through the City's Customer Service Center was selected. Sample sizes and selection were statistically generated using a desired confidence level of 90 percent, expected error rate of 10 percent, and a desired precision of 10 percent. When appropriate, judgmental sampling was used to improve the overall efficiency of the audit.

To achieve the audit's objectives, reliance was placed on computer-processed data contained in various Microsoft Access databases maintained by the Division. We assessed the reliability of the data contained in the applicable databases and conducted sufficient tests of the data contained in each of them. Based on these assessments and tests, we concluded the data was sufficiently reliable to be used in meeting the audit's objectives.

### **STATEMENT OF AUDITING STANDARDS**

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to afford a reasonable basis for our judgments and conclusions regarding the organization, program, activity, or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

### **AUDIT CONCLUSIONS**

Based upon the test work performed and the audit findings noted below, we conclude that:

1. Reimbursements were in compliance with the intergovernmental maintenance agreements.

2. Transportation safety issues were addressed in a timely manner.
3. Procedures for the collection, recording, and accounting of right-of-way permit fees need improvement.
4. The criteria established for the collection of mitigation fees had not been achieved; therefore, the fees were not yet due to be collected.

While the findings discussed below may not, individually or in the aggregate, significantly impair the operations of the Transportation Division, they do present risks that can be more effectively controlled. We would like to recognize the Division's personnel for implementing some of our recommendations before the audit was completed.

## **REVENUE RECEIPTS**

### **Physical Security**

Checks received with permit applications were not secured during non-business hours or in the absence of the responsible employee. We observed a stack of permit applications on the floor with the related checks attached. It was represented that the checks stay attached to the permit applications until the applications are processed. Checks and cash must be stored in a secure location at all times. Restricting access to authorized individuals could help prevent loss or misappropriation.

### **Separation of Duties**

Proper separation of duties was not established over the receipt of permit fees and the permit issuance functions. The employee who issues the permits also received the related permit fees. As a result, a permit could be issued and the related permit fees not remitted for deposit. Proper internal controls require that the receipt handling and record keeping duties be separated to reduce the possibility of any person both perpetrating and concealing irregularities or errors in the normal course of his or her duties.

The City collected \$53,144 in permit fees during fiscal year 2006 and \$70,094 as of January 31, 2007 for fiscal year 2007.

## **RECOMMENDATION 1**

Physical security over checks and cash should be emphasized to every employee involved in receipt handling. Checks and cash received with permit applications should be secured (e.g., locked in a file cabinet or safe) during non-business hours or the absence of the responsible employee.

## **AUDITEE RESPONSE**

We agree that the checks should not be left out in the office. We will begin locking the checks in the front reception desk as soon as the permit applications are received. The clerical staff will attach a receipt to the Permit Application and forward the application to the technician responsible for processing. The checks will then be collected by the Department of Public Works Administration and Fiscal Division for processing.

## **RECOMMENDATION 2**

The duties of accepting permit fees and the issuing of permits should be separated, if feasible. Alternate controls and strict management supervision and review should be adopted if the duties are not separated.

## **AUDITEE RESPONSE**

This is a valid concern. After training the clerical staff responsible for the front desk, they will begin accepting and securing the checks that are received with the Permit Applications. The checks will then be collected by the Department of Public Works Administration and Fiscal Division for processing. This process separates permit issuance from permit fee collection.

## **RECEIPT FORMS**

The Right-of-Way section completes a pre-numbered Revenue Receipt form for each permit fee received. The Revenue Receipt form and cash receipt are forwarded to the DPW Administrative and Fiscal Section for deposit and recording in FAMIS. Upon receipt of the payment, the DPW Administrative and Fiscal Section, completes a separate pre-numbered Cash Receipt form provided by the Revenue and Finance's General Accounting Division. The Revenue and Finance forms are audited on a periodic basis to account for their sequence by the General Accounting Division. The sequence of the pre-numbered Revenue Receipt forms used by the Right-of-Way section was not accounted for. Using formal, controlled records as basis for recording cash collection transactions helps insure that all cash collections are deposited and recorded. However, only one pre-numbered receipt form should be used to account for cash receipts. This will both save time and reduce the chance of errors.

## **RECOMMENDATION 3**

The Right-of-Way Section should coordinate with the Administrative and Fiscal Section to develop adequate procedures for the accounting of cash receipts received with permit applications.

## **AUDITEE RESPONSE**

Until this information was provided by the audit we were unaware of this "duplication" of receipt forms being completed. The clerical staff at the front desk will begin to use the Administration and Fiscal Division receipt book to issue receipts for Permit Application fees. This will provide the necessary accounting procedures to track to Permit Application fees collected.

## **PERMITTING MANAGER DATABASE**

Certain entities (e.g., other governmental entities, City departments) are exempt from paying the fees for right-of-way permits. As such, all permits issued will not have a cash receipt recorded in the Permitting Manager database. Our review disclosed that a procedure was not in place to reconcile the permit fees recorded in the Permitting Manager database to the revenue recorded in the City's Financial Management Information System (FAMIS). Consequently, there is a lack of assurance that all permit fees received were deposited and recorded as revenue in FAMIS. Proper internal controls require that revenue recorded in the two systems be reconciled.

## **RECOMMENDATION 4**

A procedure should be established to reconcile the permit fees recorded in the Permitting Manager database to the revenue recorded in FAMIS. The reconciliation should also include an accounting for the numerical sequence of permits issued and related fee payments.

## **AUDITEE RESPONSE**

The Department of Public Works Administration and Fiscal Division will develop a reconciliation report to provide assurance of proper fee accounting with each Permit Application.

## **PERMIT APPLICATIONS BILLING REPORT**

On a monthly basis, Permit Application Billing Reports for TECO and Peoples Gas are generated for the right-of-way permits issued to these entities. The reports are forwarded to the DPW Administrative and Fiscal Division to prepare the accounts receivable invoices. Our review of the reports disclosed that the reports do not categorize the type of permit issued. Consequently, the employee preparing the accounts receivable invoices has to presume which sub-objects to record the revenue to in FAMIS. This could cause permit fee revenue to be improperly classified.

### **RECOMMENDATION 5**

The Right of Way Section should coordinate with the City's Technology and Innovation Department to have the fee type and description added to the Permit Applications Billing Report.

### **AUDITEE RESPONSE**

The Right-of-Way Section and the Department of Public Works Administration and Fiscal Division will work with the Technology and Innovations Department to adjust the output format of the Billing Report in order to eliminate the improper classification of permit fee revenues.

## **CERTIFICATE OF INSURANCE**

Permit applicants are required to submit a Certificate of Insurance as evidence of the required insurance coverage and limits. This is intended to protect the City in the event of a liability claim, or a loss of City property. Our test work disclosed 2 applicants for which the required Certificate of Insurance was not on file in the Division or with the City's Risk Management Office. Both of the applicants have a franchise agreement with the City that requires insurance coverage to be evidenced by properly executed Certificate of Insurance on forms furnished by the City. The City uses the Acord 25 Certificate of Insurance form. The certificates were obtained subsequent to our request for them.

## **RECOMMENDATION 6**

Management should strengthen the procedure for ensuring the required Certificates of Insurance are on file. Consideration should be given to retaining all Certificates of Insurance for Right-of-Way permits in one location. Permits should be issued only if there is evidence of insurance available.

## **AUDITEE RESPONSE**

Insurance tracking has dramatically improved with the system being used at this time. We will work with the Technology and Innovation Department to address this issue and in the interim we will develop a procedure check list for the technician to follow to assure all key elements of the process are followed including insurance verification.

## **DATABASE SECURITY**

### **Permitting Manager Database**

Access to the Permitting Manager database files was not properly secured. It was represented that the Permitting Manager database did not have application controls in place to prevent unauthorized access. Inadequate access controls diminish the reliability of computer processed data. Our review disclosed that employees with security rights to the O:\Share drive on the City's network could access the database files. Application security controls provide reasonable assurance that data is protected against unauthorized use, changes, and deletions. As of February 23, 2007, 476 employees had access to the O:\Share drive.

### **Technical Services Section**

The Technical Services Section maintains several databases (e.g., traffic signals, signs, street maintenance) for Transportation Operations. To prevent access to the database files, a password was required. However, we observed access to several of the database files without the user being prompted for a password. It was represented that the database passwords were temporarily disabled for system maintenance. Inadequate access controls diminish the reliability of computer processed data. Application security controls provide reasonable assurance that data is protected against unauthorized use, changes, and deletions.

## **RECOMMENDATION 7**

Application access controls should be implemented to ensure the Permitting Manager database is protected from unauthorized use. Access to the database should be granted only to those individuals needing such access to perform their job duties. Management should review user access to the Permitting Manager database periodically to ensure access is limited to those employees who need it to perform their job duties. Employee access should be removed immediately upon termination of employment or upon transfer to another position within the City.

## **AUDITEE RESPONSE**

The Permitting Section was unaware of the "security" risk to the system. We have met with Technology and Innovation Department and brought this security concern to their attention. We will continue to work with Technology and Innovation Department to password protect the Permitting Manager Database.

**RECOMMENDATION 8**

Application access controls should be restored to all databases to protect them from unauthorized access.

**AUDITEE RESPONSE**

All application access controls are restored and the databases are protected from unauthorized access in the Technical Service Section.

## **PERMIT RENEWALS**

A procedure was not in place to ensure renewal fees are paid for permits requiring renewal. It was represented that the responsibility of renewing the permits is placed on the permit holder. Renewal notices are not sent to the permit holders and the renewal of such permits is not monitored (except for queuing line and sidewalk permits which would be enforced by the Department of Code Enforcement). The following permits are required to be renewed:

- Sidewalk café (Sec. 22-229) – Renewal due and payable 30 days prior to expiration of the existing permit.
- Bench Permits (Sec. 22-123) – An annual renewal application fee is due on October 1.
- Queuing Line Permits (Ordinance 2006-287) – Renewal due and payable 30 days prior to expiration of existing permit. This permit came into effect on November 16, 2006.

## **RECOMMENDATION 9**

A procedure should be established to ensure permits are renewed in accordance with the City of Tampa Code.

## **AUDITEE RESPONSE**

This procedure can be accomplished by generating a “report” from the current database. However, the database does not have the ability to notify automatically. The Right-of-Way Section will work with the Technology and Innovation Department to produce a Report to inform us when Permits need to be renewed.

## **EXPIRED PERMITS**

We found that expired permits were not monitored. In addition, permits for completed jobs were not consistently closed out by the Right-of-Way section in the Permitting Manager database. When an inspector closed a permit in the Utility Inspections database, an automatic email is sent to the Right-of-Way section alerting them of the closure. However, the completed permits were not always closed in the Permitting Manager database. A report in the Permitting Manager entitled “Expired/Not Closed Permit Report” was not being used because of the inconsistency in closing completed permits. This report could be a useful tool for management to monitor expired permits. It could be used to identify and notify holders of expired permits that they can request an extension for a \$50 fee to continue the project.

## **RECOMMENDATION 10**

The Right-of-Way section should close permits in the Permitting Manager database immediately upon notification from the inspector that the work is completed. Also, the reason why some permits are not closed in the Permitting Manager database should be determined. A procedure should be developed to ensure permits closed in the Utility Inspections database are promptly closed in the Permitting Manger.

## **AUDITEE RESPONSE**

We are in total agreement with this recommendation. The next phase of the database was to incorporate a system that would allow the “inspection” group limited access to the database to close, report and keep the permits up to date on status. Limitations on the current system prevent this from being done due to security level shortfalls. A new database tracking system planned (next phase) would incorporate this level into the system for the proper tracking and control of all work permitted in the City’s rights of ways. The Right-of-Way Section will work with Technology and Innovation Department to address this access/security issue. In the interim we will develop a policy to set aside an appropriate period each day for the permit technician to close out the permits.

## **RECOMMENDATION 11**

The Expired/Not Closed Permit Report should be reviewed to determine if it is a useful tool to monitor permit status. Follow-up with the permit holder should be performed to determine if an extension is needed, and if it is, collect the extension fee.

## **AUDITEE RESPONSE**

We are in total agreement with this recommendation. The Section clerical support staff will review the Expired/Not Closed Permit Report and will send out Notice of Expired Permit Letters with a follow-up procedure on a monthly basis.

## **CUSTOMER SERVICE CENTER TRACKING NUMBER**

Our test work disclosed that the Street Maintenance Work orders generated from requests received through the City's Customer Service Center (CSC) do not reference the CSC Tracking Number. Consequently, there may be a lack of assurance that the customer service request was resolved. The City's Strategic Focus Area: Efficient City Government Focused on Customer Service states "the City of Tampa will become a model of government efficiency and effectiveness, delivering the highest quality of services at the best possible value, while providing outstanding customer service in all areas of operations." Recording the CSC Tracking Number would provide an additional source of information to Division management on the number of work orders generated from CSC requests and expediency of their resolution.

## **RECOMMENDATION 12**

Adding a data entry field to the Street Maintenance Work Order template to record the Customer Service Center Tracking Number should be considered.

## **AUDITEE RESPONSE**

The Customer Service Center tracking number has been added to the Street Maintenance Work Order template.

## **WORK PERFORMED IN RIGHT-OF-WAY WITHOUT PERMIT**

Except for certain allowable conditions specified in the Tampa City Code, Sec. 22-60(a) states that *“It is unlawful for any person, public or private utility or any other governmental agency or contractor to excavate, dig, blast or tunnel or to place, construct or install any facilities, structures and objects such as utility lines, telecommunication cables, culverts, etc., within any public street, alley or other right-of-way in the city unless application shall first be made to and a written permit obtained...”* It was represented that inspectors encounter work being performed in the City’s right-of-way without the required permit quite frequently. In these situations, the inspector will inform the individual(s) to stop working and obtain the required permit. A subsequent visit is made by the inspector to the site to ascertain if a permit was obtained. However, non-permitted work is not documented or tracked. Consequently, management may be missing the opportunity to identify individual(s) and/or entities that consistently perform work without the required permits.

### **RECOMMENDATION 13**

Management should develop a procedure to document work being performed in the City’s right-of-way that was identified as not having the required permits.

### **AUDITEE RESPONSE**

We agree that this should be monitored and tracked. We will develop a spreadsheet to track unpermitted activity on the Right of Way for the Inspectors.

## **POLICY AND PROCEDURES MANUALS**

The Policy and Procedures Manual for Requests/Complaints was written nine years ago and has not been updated to describe the current procedures for the handling of transportation related requests and complaints. The City of Tampa Code, Section 2-46 requires all departments to “create and maintain all records with adequate and proper documentation of the organization, together with the functions, policies, decisions, procedures, and essential transactions, of the department.” In addition, there were no written procedures describing the process for issuing Right-of-Way permits.

### **RECOMMENDATION 14**

The Policy and Procedures Manual for Requests/Complaints should be updated. Thereafter, the manual should be reviewed and updated (if needed) periodically. Any significant change in operating policies or procedures should be updated promptly.

### **AUDITEE RESPONSE**

We agree that the Policy and Procedure Manual for Request/Complaints should be reviewed and updated periodically.

### **RECOMMENDATION 15**

Written policy and procedures should be developed describing the daily operations for the issuance of Right-of-Way permits.

### **AUDITEE RESPONSE**

We agree that we need to create a Policy and Procedures Manual for Issuance of ROW permits.