



Hillsborough County Florida

County Internal Auditor

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DATE: June 13, 2024

TO: Josh Bellotti, Director Engineering & Operations
Kimberly Byer, Assistant County Administrator, Public Utilities Administration
Greg Horwedel, Deputy County Administrator, County Administrator Department

FROM: Melinda Jenzarli, Acting County Internal Auditor *MJ*

SUBJECT: Close monitoring activities: Report #2023-06 Residential Street Lighting Program, issued June 22, 2023

In conformance with the Institute of Internal Auditors Standard 2500, the County Internal Auditor monitors the disposition of engagement results communicated to the Board of County Commissioners. The monitoring activities are designed to ensure that management action plans have been effectively implemented or that executive management has accepted the risk of not taking action. The monitoring process is a continuation of the engagement life cycle and begins when the original final communication of engagement results is issued. Management has fundamental responsibilities for carrying out government functions. Management of the area under review is responsible for addressing the County Internal Auditor's reported concerns.

In 2023, the County Internal Auditor's Office performed an engagement of the Residential Street Lighting Program. The final communication of engagement results included eight (8) comments. The County Internal Auditor provided recommendations to mature operations by strengthening the control environment to mitigate risk. Since that time, management has taken reasonable measures to achieve a higher level of control maturity.

The monitoring activities included a review of standard operating procedures (SOPs) implemented by management, activities performed, and developed or enhanced control designs to determine whether:

- SOPs provide adequate guidance and align with written guiding principles.
- Control designs are efficient and effective.
- Activities performed conform with written guiding principles.
- Activities performed conform with control designs.

Based upon the monitoring results (See Figure 1), it appears that management's corrective actions achieved the desired results. As such, the Acting County Internal Auditor has discontinued the monitoring activities project #2024-05.

Please let me know if you would like to meet with me on this.

COPY: Christine Beck, County Attorney
Bonnie Wise, County Administrator

ATTACHMENT: Figure 1 County Internal Auditor's Office Monitoring Activity Results

Figure 1: County Internal Auditor's Office Monitoring Activity Results

Report Issue #	Prior State Report #2023-06 Control Environment	Current State Report #2024-05 Enhanced Control Environment	Risk Has Been Mitigated
RISK: Improper or Incorrect Valuation			Yes
2.1	The Division lacks policies and procedures to project frequency of rate studies and assessment rate increases.	The Division implemented written SOPs, effective March 2023, to guide the use of a forecasting model that optimizes resources and projects frequency of rate studies and assessment rate increases. The Division has utilized the model since the original audit report recommendation was made.	
2.3	The Division lacks policies and procedures to prepare and certify the special assessment tax roll and guidance on applying applicable statutes, rules, and regulations.	The Division implemented written SOPs, effective March 2023, to guide preparation and certification of the special assessment tax roll and application of applicable statutes, rules, and regulations.	
2.4	The Division lacks policies and procedures and does not retain evidence to validate that special assessments levied by the Tax Collector are accurate.	The Division implemented written SOPs, effective March 2023, to validate the accuracy of special assessments levied by the Tax Collector and retain evidence of the same.	
2.5	The Division lacks policies and procedures and does not retain evidence to validate that special assessments deposited by the Tax Collector and posted by County Finance are accurate.	The Division implemented written SOPs, effective March 2023, to validate that special assessments deposited by the Tax Collector and posted by County Finance are accurate and to retain evidence of the same.	
2.6	The Division lacks policies and procedures and a control design that provides guidance to ensure that the full cost of street lighting districts is recovered, and the operating reserve minimum balance is maintained.	The Division implemented written SOPs, effective March 2023, to ensure that the full cost of street lighting districts is recovered, and the operating reserve minimum balance is maintained. The Division implemented a five-year projection model tool to help achieve these objectives.	
RISK: Transaction Processing - Misallocation			Yes
3.1	The Division lacks policies and procedures and a control design that provides guidance to ensure that Program funds are used only for Program purposes and that items posted to the general ledger are appropriate and accurate.	The Division implemented written SOPs, effective March 2023, to ensure that Program funds are used only for Program purposes and that items posted to the general ledger are appropriate and accurate. With the assistance of Public Works Fiscal, the Division implemented a monthly financial report review and reconciliation process to help achieve these objectives.	
3.2	The Division lacks policies and procedures and a control design that provides guidance to ensure that Program funds are used only for Program purposes and that items posted to the general ledger are appropriate and accurate.	The Division implemented written SOPs, effective March 2023, to ensure that Program funds are used only for Program purposes and that items posted to the general ledger are appropriate and accurate. With the assistance of Public Works Fiscal, the Division implemented a monthly financial report review and reconciliation process and established a designated cost center to help achieve these objectives.	
3.3	The Division lacks policies and procedures and a control design that provides guidance to ensure that support personnel costs are allocated to the Program.	Beginning in June 2023, the Division tracked personnel costs using the Personnel Costs Tracking Tool developed in collaboration with the Audit Team. However, personnel costs will continue to be funded through the Public Works operational budget. These costs are still being evaluated and will be determined during next year's rate evaluation for the FY2026 assessment rates.	