

Performance Audit of Columbia County, Florida
In accordance with *Florida Statute* 212.055(10)

June 25, 2018



Table of Contents

PERFORMANCE AUDIT REPORT	1
BACKGROUND	4
County Overview	4
2018 Budget Summary	4
2018 Program Summary	5
OBJECTIVE, SCOPE, AND METHODOLOGY	6
Objective	6
Scope.....	7
Methodology and Results	7
APPENDIX A - FINDINGS.....	17

PERFORMANCE AUDIT REPORT

State of Florida
Office of Program Policy Analysis and Government Accountability
Emily Leventhal
Chief Legislative Analyst

Auditee: Columbia County

Thomas Howell Ferguson P.A. was engaged under Purchase Order No. B33459, dated May 18, 2018, to conduct the performance audit of Columbia County in accordance with *Florida Statute* 212.055(10). This performance audit report presents the results of our audit.

We conducted this performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those 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. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

At its April 19, 2018 meeting, the Board of County Commissioners of Columbia County (the County), a charter county in the state of Florida, unanimously adopted Ordinance Number 2018-7 imposing a one percent sales surtax for the planning, development, construction, operation, and maintenance of roads and bridges and to pay principal and interest on bonds issued for the construction of roads and bridges. The surtax levy shall begin on January 1, 2019 if approved by a majority vote of the electors in the referendum election to be held on August 28, 2018.

Florida Statute 212.055(1) establishes the legislative authority and related requirements for the issuance of a discretionary surtax (the Program) imposed by a Charter County, such as Columbia County. The 2018 Legislature amended the language of *Florida Statute* 212.055, adding section 212.055(10) to require such local governments with a referendum held after March 23, 2018, to have a performance audit conducted of the Program associated with the proposed surtax adoption. Such audit must be conducted at least 60 days before the referendum is held. The Office of Program Policy Analysis and Government Accountability (OPPAGA) is charged with procuring and overseeing the audit.

Florida Statute 212.055(10) requires that the performance audit evaluate issues associated with the following Program criteria:

1. The economy, efficiency, or effectiveness of the Program
2. The structure or design of the Program to accomplish its goals and objectives
3. Alternative methods of providing services or products
4. Goals, objectives, and performance measures used by the Program to monitor and report Program accomplishments
5. The accuracy or adequacy of public documents, reports, and requests prepared by the County which relate to the Program
6. Compliance of the Program with appropriate policies, rules, and laws

Page Two

Audit Objective

Our audit objective was to evaluate the sufficiency of the County's policies, processes, documentation and other information available, in place, and in relation to the Program to satisfy the statutory criteria listed above. To address the breadth of those criteria our performance audit focused on the assessment of processes and procedures in place at the County, the inspection of documents available for similarly adopted programs, our inquiries of responsible county administrative personnel and the inspection of other publicly available reports and studies.

In cooperation with OPPAGA, we developed a work plan outlining the procedures to be performed to achieve the audit objective. Those procedures and the result of the procedures performed are outlined in the Objective, Scope, and Methodology section of our report.

Summary of Program Performance Findings

Two findings resulted of our performance audit procedures, which we believe would strengthen program accountability, but do not affect the overall achievement of the engagement objectives. The findings identified include the following items:

- Exceeding procurement policy spending authority – This finding was identified as part of the procedures performed in relation to criterion number 1 above and is detailed on page 17 of this report.
- *Florida Statute* 136.06(1) Recording expenditures in the minutes of the Board of County Commissioners – This finding was identified as part of the procedures performed in relation to criterion number 6 above and is detailed on page 18 of this report.

Please refer to **Appendix A - Findings** for the Criteria, Condition, Cause, Effect, and Management's Response to the findings.

Conclusion

Based upon the performance audit procedures performed and the results obtained the audit objective has been met. We conclude that, with the exception of the findings noted above and further discussed findings section of this report, that the County has sufficient policies and procedures in place, supported by appropriate documentation, reports, monitoring tools and qualified personnel, to address the statutory criteria defined in *Florida Statute* 212.055(10).

This performance audit did not constitute an audit of financial statements in accordance with auditing standards generally accepted in the United States of America or *Government Auditing Standards*. In planning and conducting our performance audit of Columbia County, we considered the County's internal control associated with the County's Program anticipated to utilize the proceeds of the Charter County Regional Transportation System Surtax per *Florida Statute* 212.055(1) to determine the procedures that are appropriate in the circumstances for achieving the audit objectives, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control or the County's financial management system.

Page Three

This report is intended for the information and use of the Florida Legislature's Office of Program Policy Analysis and Government Accountability (OPPAGA) and Columbia County. Columbia County, as required by *Florida Statute 212.055(10)*, shall post this report and any findings on its website at least 60 days before the referendum is held and keep the information on its website for two (2) years from the date it was posted.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
June 25, 2018

Performance Audit of Columbia County, Florida

BACKGROUND

County Overview

Columbia County, Florida, (the County) is a political subdivision of the State pursuant to Article VIII, Section 1(a) of the Constitution of the State of Florida. The County is governed by the Board of County Commissioners and five elected constitutional officers (Clerk of the Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector) in accordance with State statutes and regulations. The constitutional officers maintain separate accounting records and budgets from the Board of County Commissioners. The estimated population for the county in 2017 was 69,612. The ad valorem tax millage rate for the County was 8.015 mills in 2017.

At its April 19, 2018 meeting, the Board of County Commissioners of Columbia the County unanimously adopted Ordinance Number 2018-7 imposing a one percent sales surtax (herein after referred to as the Program) for the planning, development, construction, operation, and maintenance of roads and bridges and to pay principal and interest on bonds issued for the construction of roads and bridges. The surtax levy shall begin on January 1, 2019 if approved by a majority vote of the electors in the referendum election to be held on August 28, 2018.

2018 Budget Summary

Adopting an annual balanced budget is one of the Board's most significant actions taken each year. The annual budget safeguards the County's financial stability and ensures all service requirements and debt obligations are fulfilled. Columbia County's budget for fiscal year ending September 30, 2018 totals \$147,160,534, which is comprised of the following elements:

- \$43 million General Fund
- \$13.6 million Transportation Trust, which is managed by the Public Works Department, and includes the budgeted expenditures for the Program evaluated by the Performance Audit
- \$15.2 million Municipal Services
- \$18 million Sheriff
- \$39.5 million Capital Improvements
- \$4.1 million Landfill
- \$2.1 million Libraries
- \$3.7 million Tourist Development
- \$2 million Utilities
- \$1.5 million Debt Service
- \$4.5 million Various other

Performance Audit of Columbia County, Florida

2018 Program Summary

The Columbia County Public Works Department (the Department) is tasked with building and maintaining the County's roads including their storm water drainage systems. The Department also manages road construction contracts, maintains roads and bridges, and repairs vehicles and heavy equipment. It is the Department's responsibility to assure the roads and right-of-ways within the County road systems are maintained in a proficient and timely manner and that they are safe for public use. It is within the Department that the Program funds generated will be managed and used. The Department oversees a budget of \$29,401,904, broken out by revenue source below:

	Transportation Trust Fund	Road Improvement Fund	Total
Taxes	\$4,525,000	\$150,000	\$4,675,000
Grants and shared revenues	4,362,400	8,299,288	12,661,688
Other, including cash carryforwards	4,687,680	7,377,536	12,065,216
Total	\$13,575,080	\$15,826,824	\$29,401,904

The Department utilizes 78 employees in the Public Works Department within the following functional areas:

Division	Number of Employees	Percent of Total Employees
Graded Roads	16	20.5%
Shoulder Crew	13	16.7%
Row Maintenance	13	16.7%
Repair Shop	9	11.5%
Drainage and Heavy Equipment	8	10.3%
Sign Shop	3	3.8%
Administration	6	7.7%
Stock Room	1	1.3%
Storm water	9	11.5%
Total	78	100%

Performance Audit of Columbia County, Florida

A summary of the projected Program sources and uses of funds, as reported in a memorandum dated February 23, 2018, from the County Manager to the Board of County Commissioners, is as follows:

Columbia County				
Charter Government Regional Transportation Surtax				
		Transportation Trust Fund	Road Improvement Fund	Total Funds
Source of Funds:	New Surtax	\$2,700,000	\$5,000,000	\$7,700,000
Uses of Funds:	County-wide paving and re-surfacing		\$5,000,000	\$5,000,000
	Operations and maintenance	\$2,700,000		\$2,700,000
<i>Note:</i> The new surtax will replace funds in the Transportation Trust Fund that will be transferred to the Jail Debt Service Fund.				

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

In accordance with s. 212.055(10), *Florida Statutes*, and *Government Auditing Standards* (2011 Revision) issued by the Comptroller General of the United States, we conducted a performance audit within the administrative unit(s) of Columbia County which will receive funds through a one percent sales surtax (herein after referred to as the Program) for the planning, development, construction, operation, and maintenance of roads and bridges and to pay principal and interest on bonds issued for the construction of roads and bridges.

The audit criteria to be considered as part of the audit were established by Chapter 2018-118, Laws of Florida, and codified in *Florida Statute* 212.055(10) and include the following:

- The economy, efficiency or effectiveness of the program
- The structure or design of the program to accomplish its goals and objectives
- Alternative methods of providing services or products
- Goals, objectives, and performance measures used by the Program to monitor and report Program accomplishments
- The accuracy or adequacy of public documents, reports, and requests prepared by the County which relate to the program
- Compliance of the Program with appropriate policies, rules, and laws

Performance Audit of Columbia County, Florida

Our audit objective was to evaluate the sufficiency of the County's policies, processes, documentation and other information available and in place in relation to the Program to satisfy the statutory criteria listed above.

Scope

We conducted our performance audit in accordance with *Government Auditing Standards*. Those 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 objective. The performance audit scope is the boundary of the audit and is directly tied to the audit objectives. The scope defines the subject matter assessed and reported. The scope includes the program that will receive the surtax dollars, specifically, the County programs involved with the maintenance of roads and bridges. The County's Public Works Department oversees the Divisions of Road and Bridge Maintenance, Transportation Improvement, Permits, Engineering-County Roads, Traffic Maintenance, and Administration.

This performance audit did not constitute an audit of the County's underlying financial statements and accounting records in accordance with auditing standards generally accepted in the United States of America or *Government Auditing Standards*.

Methodology and Results

Audit fieldwork included interviews with Program administrators, review of relevant documentation, and other observations or tests as considered necessary to document and clearly communicate related findings and recommendations. The following paragraphs detail the statutory criteria that were the subject of the performance audit objective along with the methodology and testing procedures used to assess the Program in relation to each criteria.

I. Economy, efficiency, and effectiveness of the Program

To evaluate the Program's capacity for economy, efficiency and effectiveness, we considered the operating effectiveness of similar programs managed by the County's Public Works Department. This was accomplished largely through inspection of established policies and procedures, observance and testing that the adopted policies and procedures were consistently applied to existing programs, and through interviews of key management personnel in regard to performance and monitoring activities in place. Specifically, we performed the following procedures:

1. Reviewed any management reports/data that program administrators use on a regular basis and whether this information is adequate to monitor program performance and cost;
2. Determined whether the program is periodically evaluated using performance information and other criteria to assess the program performance and cost;
3. Reviewed findings and recommendations included in any relevant internal or external reports on the program's performance and cost;

Performance Audit of Columbia County, Florida

I. Economy, efficiency and effectiveness of Program (continued)

4. Determined whether program administrators have taken timely actions to address any deficiencies in program performance and/or cost identified in management reports/data, periodic program evaluations or audits;
5. Evaluated the cost, and timing of current program efforts based on a sample of projects to determine whether they were completed on time, and within budget; and
6. Determined whether the County has established written policies and procedures for competitive procurement, volume discounts, and special pricing agreements.

Results: Based on our observations and testing, Columbia County and its Public Works Department have adequate systems in place that are designed to monitor the economy, efficiency, and effectiveness of the Program tasked with implementing and managing the Charter County and Regional Transportation System Surtax. Within the context of our performance audit, we noted no matters that would inhibit the County's ability to plan, manage, and monitor the Program with respect to economy, efficiency, and effectiveness.

The County provided and we inspected various reports created and currently in use to document Program monitoring and performance. Reports inspected include quarterly department performance reports, daily work logs, and work order analysis reports for fiscal years 2018 and 2017. We observed that the reports included sufficient benchmarks and key indicators that can be used to timely communicate to management any project status, performance issues, budget status, and other key program data. The quarterly department performance reports include data from Public Works and is presented to Commissioners in public meetings. Statistical data included with the report includes miles graded, culverts replaced, culverts cleaned, tons of lime rock used, tons of dirt used, work orders completed, maintenance work orders performed, tons of millings used, finished projects in the quarter, projects in progress in the quarter, and upcoming special projects. Performance metric examples are included later in the report.

The County provided and we inspected external audit reports associated with the County's financial statements for the fiscal years ended September 30, 2017, and 2016. The external audit reports include the auditor's assessment of material weaknesses or significant deficiencies regarding internal control and compliance over financial reporting. We also inspected the management letter issued by the independent auditors in accordance with the *Rules of the Florida Auditor General*. That report would include recommendations, if any, from the auditor to improve operations or observations regarding noncompliance with laws, regulations, contracts or grant agreements. We noted no findings reported in either report for either fiscal year appear to have implications on the oversight or management of the Program. The scope of the reports issued include the overall control environment and operations of the County as well as its Public Works Department responsible for administering the Program.

Performance Audit of Columbia County, Florida

I. Economy, efficiency and effectiveness of Program (continued)

Results (continued): In addition, we sampled transportation projects and tested them for compliance with written procurement policies, budget constraints, and contract requirements. The projects tested included a sample size of four projects or \$2.5 million in expenditures, which represents 85% of the \$3 million in capital project expenditures for 2017. The projects tested in fiscal year 2018 included a sample of seven projects or \$3.3 million in capital expenditures, which represents 96% of the \$3.5 million in capital project expenditures for 2018.

The County has a comprehensive written procurement policies and procedures manual that includes consideration for various aspects of the procurement process including competitive procurement, emergency purchases, contracting for professional services, and procurement ethics. We did note one matter that we described in Finding 1 in which the County exceeded its purchasing policy spending authority. Although this matter impacts both compliance and performance activities, it was not considered to be significant in relation to the overall audit objective. All other testing was performed without exception. The results of our observations, inquiries, and testing did not result in any other conditions or matters related to the Program's capacity for economy, efficiency, and effectiveness that we believe merit discussion in this report.

II. The structure or design of the Program to accomplish its goals and objectives

To evaluate the Program's structure and design to accomplish goals and objectives we obtained and inspected high-level organizational charts, detailed position assignments within the Public Works Department, and employee resumes or applications documenting their experience and credentials to perform the work assigned. Specifically, we performed the following procedures:

1. Reviewed program organizational structure to determine if the Program has clearly defined units, minimizes overlapping functions and excessive administrative layers, and has lines of authority that minimize administrative costs; and
2. Assessed current program staffing levels given the nature of the services provided and program workload.

Results: Columbia County's Public Works Department has an appropriate organizational structure with clear and direct reporting lines that appears appropriately designed to accomplish its goals and objectives. Organizational and program budgets are in place to evaluate and monitor the costs of personnel in related administrative costs. Through those mechanisms, County personnel are positioned to minimize administrative cost.

The Public Works Department structure includes several divisions. The divisions associated with the Program include the following: Administration, Road and Bridge Maintenance, Transportation Improvement, and Engineering-County Roads.

Performance Audit of Columbia County, Florida

II. The structure or design of the program to accomplish its goal and objectives (continued)

Results (continued): The Department's responsibilities include building and maintaining roads, bridges, and the storm water drainage systems. County management provided, and we inspected, documentation for workload and staffing levels for Public Works including miles of roads maintained, monthly work plans, and assignments. The County has an organizational chart, budget, and financial system that mirrors the Program structure. Management was interviewed and information was assessed regarding minimizing overlapping functions and administrative layers. Staffing levels were reviewed with management and compared to workload metrics. Staffing levels were also compared to work plans for reasonableness and the levels appeared reasonable. The Program organization is delineated in the County's organization chart, in the County's financial system, and is clearly defined without overlapping functions or excessive administrative layers.

III. Alternative methods of providing services or products

To evaluate the Program's consideration of alternative methods for providing services, we made inquiries of key Program personnel, performed walkthroughs of procured projects, and inspected documentation supporting management decisions. Specifically, we performed the following procedures:

1. Determined whether program administrators have formally evaluated existing in-house services and activities to assess the feasibility of alternative methods of providing services, such as outside contracting and privatization;
2. Determined whether program administrators have assessed any contracted and/or privatized services to verify effectiveness and cost savings achieved;
3. Determined whether program administrators have made changes to service delivery methods when their evaluations/assessments found that such changes would reduce program cost without significantly affecting the quality of services; and
4. Inquired of management if research has been performed on similar programs and evaluated the success of the programs and implemented best practices.

Results: County management has evaluated alternative methods of providing services and products and concluded that day-to-day operations and maintenance are better controlled internally and larger technical projects are outsourced. Based on our observations and inquiries as further described below, management's conclusions and operating approach appear reasonable and appropriate.

We obtained information through interviews of key Program personnel who indicated the County outsources technical maintenance and construction projects based on size, technical nature, and engineering requirements. The daily maintenance programs for road grading, storm water, and drainage is performed in-house due to the repetitive nature and ongoing maintenance projects. Outsourcing occurs for the complex construction projects.

Performance Audit of Columbia County, Florida

III. Alternative methods of providing services or products (continued)

Results (continued): We performed walk-throughs of the procurement process when projects are outsourced and noted the projects are competitively bid based on a scope of work prepared by the County Engineer. Documentation, including competitive bidding for services, is reviewed by program management supporting the economic benefits of the outsourcing decision and contracts are approved by the Board of County Commissioners prior to commencement of work. Contracts are reviewed by management, the Clerk of Court Finance Director, and the County Engineer to evaluate the cost-effectiveness and performance of the projects.

Our discussions with management included the discussion of similar programs in other counties and implementation of best practices when applicable. Best practices the County identifies through discussions with other counties, the State of Florida Department of Transportation, and private companies are evaluated and implemented in relation to the cost/benefit equation of those practices. The County currently follows best practices associated with purchasing policy requirements, full development of a scope of work, professional engineering review, and competitive bids.

IV. Goals, objectives, and performance measures used by the Program to monitor and report Program accomplishments

To evaluate the goals, objectives, and performance measures used by the Program to monitor and report Program accomplishments, we made inquiries of key personnel within the Public Works Department that are responsible for the management and oversight of Program funds and related projects. We also inspected various performance reports prepared by management and documentation supporting results for similar programs being managed. Specifically, we performed the following procedures:

1. Reviewed program goals and objectives to determine whether they are clearly stated, measurable, can be achieved within budget, and are consistent with the County's strategic plan;
2. Assessed the measures the County uses to evaluate Program performance and assess Program progress toward meeting its stated goals and objectives; and
3. Evaluated internal controls, including policies and procedures, to determine whether they would reasonably detect that established benchmarks and Program objectives are not being met so that appropriate action can be taken.

Results: Except as noted in Finding 1, Columbia County has adequate operational Program monitoring and reporting that is used by management and available to the public documenting goals, objectives, and performance.

Performance Audit of Columbia County, Florida

IV. Goals, objectives, and performance measures used by the Program to monitor and report Program accomplishments (continued)

Results (continued): The Program uses appropriate and adequate performance measures and monitors performance of related goals and objectives. The goals are listed in the County’s Comprehensive Plan included within the Transportation element of the plan. The Program metrics used by the Program are measurable and clearly communicated. Projects managed by the program are procured based on a scope of work and an available budget. Examples of metrics, measures, and monitoring are included in the following tables:

Table 1 – Graders Daily Work Log

The Graders Daily Work log is an example of a work order system that monitors activity by Commission District and details the work involved, e.g. #1 graded road, and the materials used to accomplish the work, e.g. #2 Lime rock.

Graders Daily Work Log						
District #	Work Order #	Source #	Road Name	Action Code	Materials Code	# of Loads
Source Codes: #1 Work Order #2 Scheduled #3 Other(emergency)		Action Codes: #1 Graded Road #2 Rehab Road #3 Repair Road with Materials #4 Apply dust Suppressant		#5 Drag Road #6 Driveway Repair #7 Haul Material	Materials Codes: #1Dirt #2 Limerock #3 Crushed Concrete #4 Asphalt #5 Water #6 Millings	

Performance Audit of Columbia County, Florida

IV. Goals, objectives, and performance measures used by the Program to monitor and report Program accomplishments (continued)

Table 2 – Quarterly Report

The following Quarterly Report details statistics that are reported to the Board of County Commissioners in public meetings. The statistics are used by the Program and compared to prior quarters and annually to develop budgets and work plans and monitor Program accomplishments. Program project updates are also included in the Quarterly Report.

Quarterly Report	
Statistical Information	Amount
Miles Graded	1,281
Culverts Replaced	20
Culverts Cleaned	29
Tons of Limerock used	5075
Tons of Dirt Used	3790
Resident Call In Work Orders Completed	483
Assigned Maintenance Work Orders Performed	3828
Tons of Millings used	30
Finished Projects this Quarter	5
Projects in Progress this Quarter	5
Upcoming Special Projects	6

Table 3 – Public Works Work History Proactive or Reactive Reports

Internally, the Public Works Department maintains proactive and reactive work histories. The following table is an example of a work history for drainage project work orders.

Public Works Work History Proactive or Reactive					
	District	Completed Work Orders	Pending Work Orders	“On Call” Tickets	Total
Drainage	1	23	1	0	24
	2	14	0	0	14
	3	29	5	0	34
	4	17	2	0	19
	5	20	4	1	25
Total		103	12	1	116

During interviews with County management, we noted management reviews performance information daily, weekly, monthly, quarterly, and annually. If metrics are not attained, Management reviews detailed information regarding the staff work load and responsibilities. We also noted during interviews that underperforming personnel or contractors are notified of not meeting requirements. Underperformance is then monitored to determine that corrective actions have been implemented or the contractor is terminated.

Performance Audit of Columbia County, Florida

IV. Goals, objectives, and performance measures used by the Program to monitor and report Program accomplishments (continued)

Additional documents provided by County management and inspected by us include the Comprehensive Plan that contains the Transportation element. County management also provided us documentation on program accomplishments, including road mileage maintained, bridge assessments, road assessments, and drainage. Reports are made quarterly to the Board of County Commissioners by the Public Works Department.

Except as noted in Finding 1, no matters came to our attention that would indicate internal controls associated with developing, evaluating, and communicating Program goals, objectives, and performance measures were not appropriately designed or in place. This conclusion is based primarily on the observations and inquiries noted in the narrative of this section of the report.

County management and the Clerk of Courts Finance Office provided information documenting its internal control structure. We tested a sample of current projects, as noted in section **I. Economy, efficiency, and effectiveness of Program**, and a finding regarding exceeding the purchasing threshold was identified and included in full detail with this report at **Appendix A - Findings**. The finding was not considered to be significant in regard to the overall performance audit objective or in regard to this specific statutory criteria.

V. The accuracy or adequacy of public documents, reports, and requests prepared by the County which relate to the Program

To evaluate the accuracy or adequacy of public documents, reports, and requests prepared by the County that relate to the Program, we made inquiries of key management personnel, inspected and read available public documents, and read other planning documents supporting the Program. Specifically, we performed the following procedures:

1. Assessed whether the Program has financial and non-financial information systems that provide useful, timely, and accurate information to the public;
2. Reviewed available documents, including relevant internal and external reports, for accuracy;
3. Determined whether the public has access to Program performance and cost information that is readily available and easy to locate;
4. Reviewed processes the Program has in place for accuracy and completeness of any Program performance and cost information provided to the public; and
5. Determined whether the Program has procedures in place and timely actions are taken to correct any erroneous and/or incomplete Program information included in public documents, reports, and other materials prepared by the County and that these procedures provide for adequate public notice of such corrections.

Performance Audit of Columbia County, Florida

V. The accuracy or adequacy of public documents, reports, and requests prepared by the County which relate to the Program (continued)

Results: Columbia County has prepared reports, public documents, and public presentations that appear to be timely, accurate and useful.

Management provided examples of Program reports and documents which were reviewed for accuracy by the County. Further, County management provided information documenting the public access and reporting of program results. Through our inspection of this information, along with interviews and observations, we determined County management has procedures in place to identify and correct data in public documents if errors occur. Moreover, financial information is updated timely by the Clerk of Court Finance office.

As required by Florida Statutes, the County has annual external audits performed. The Department provides financial and program metrics documenting the Program's effectiveness and accomplishment of goals and objectives to the Board of County Commissioners for public meetings on a quarterly basis. Management has also provided several presentations in public meetings regarding the quality of roads and bridges and the required annual maintenance costs.

Management provided information documenting the methodology utilized in prioritizing road projects, which can be used to prioritize projects and assist in cost estimates. The County utilizes a grading methodology to score the quality of its roads and bridges and to prepare annual maintenance and replacement plans. The rating system Pavement Surface Evaluation and Rating (PASER) was developed by the University of Wisconsin and is intended to assist officials in rating the condition of roads. The system is used in several states and local governments to evaluate the conditions of roads.

During our interviews and observations, we noted information for public meetings is included in meeting agendas and published on the meeting calendar on the County's website. The County provides Program information on their website. In addition, Program statistics and key metrics we reviewed are provided by management to the Board of County Commissioners on a quarterly basis. The Board agendas, backup documentation, and presentations are available on the County website in the public meeting calendars.

VI. Compliance of the Program with appropriate policies, rules, and laws

To evaluate the Program's ability to maintain compliance with appropriate policies, rules, and laws, we made inquiries of key Program personnel regarding their understanding and compliance with applicable policies, rules, and laws. In addition, we obtained and read the County's independent financial statement audit for the fiscal years ending September 30, 2017 and 2016 which were performed in accordance with *Government Auditing Standards* and require reports to be included in relation to compliance with laws, rules, and contracts. Specifically, we performed the following procedures:

Performance Audit of Columbia County, Florida

VI. Compliance of the Program with appropriate policies, rules, and laws (continued)

1. Determined whether the Program has a process to assess its compliance with applicable (*i.e.*, relating to the Program's operation) federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies;
2. Evaluated the County's external financial audit for reported matters that would limit compliance with applicable federal, state, and local laws, rules, regulations, contracts, grant agreements, and local policies and procedures;
3. Determined whether program administrators have taken actions to address any noncompliance with applicable federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures identified by internal or external evaluations, audits or other means; and
4. Determined whether program administrators have taken actions to determine whether planned uses of the surtax are in compliance with applicable state laws, rules, and regulations.

Results: Management provided the independent financial statement audits for the fiscal years ended September 30, 2017 and 2016. As described in section **I. Economy, efficiency, and effectiveness of Program**, we read the issued audit reports and management letter included with the financial statements and noted no matters regarding compliance with laws, regulations, and contracts. In addition, we read and inspected applicable Florida Statutes; County-prepared annual reports, policies and procedures; and minutes of the meeting of Board of County Commissioners for indications of Program compliance. Through this process, we identified Finding 2, which along with management's response, is fully described in Appendix A. That finding is not considered significant to the overall performance audit objective or to this specific statutory criteria.

The Program administrators' planned use of the surtax agrees with *Florida Statute 212.055 (1) (d) Charter County and Regional Transportation System Surtax*. The Project plan was provided, along with the County's draft referendum and met the allowable uses of the surtax in accordance with *Florida Statute 212.055(1)*. In accordance with *Florida Statute 212.055(1)(c)*, the County has established a trust fund in the financial system to record the sources and uses of funds.

*Performance Audit Findings
Columbia County, Florida*

Finding 1-Exceeding purchasing policy spending authority

Criteria: Procurement policies and procedures are established to ensure goods and services are procured in a competitive and ethical manner. These policies are also designed to ensure that service providers are given an equal opportunity to provide services. Columbia County purchasing policy restricts the spending authority of the County Manager to \$25,000.

Condition: During our review of the external audit for the fiscal year ended 2016, we noted an instance of exceeding the spending authority of \$25,000 by \$99.69. Florida Department of Transportation (FDOT) and the Finance Director brought this to the attention of Board staff. Management acknowledged the error to address the concerns raised. However, there was no action taken to cure exceeding the spending authority.

Cause: The initial contract for the project was in compliance with County Purchasing Policy and was competitively bid and the contract was approved by the Board of County Commissioners. However, the events around this action occurred when three separate change orders were approved having an aggregate total of \$25,099.69. There were two change orders related to a grant from the FDOT totaling \$15,299.69. As the project proceeded, staff determined with representatives from FDOT that it would be beneficial and cost-effective to work on an adjoining road versus having the work done later. Staff made a decision to continue on the project outside of the original scope of work and exceeded the thresholds in the purchasing policy. The cost associated with this was \$9,800. Although the program received FDOT's approval to do the work, the change order for \$9,800 resulted in the Program exceeding its spending authority by \$99.69.

Effect: Exceeding the spending authority violates the County's procurement policies. Additionally, it effects the County's ability to obtain services on a competitive level in an ethical manner. It also hinders service providers' ability to offer their services to the County on an equal basis. In instances where an inadvertent action as this occurs, **Columbia County Management should follow County policy and ordinances and establish additional controls to detect and deter override of spending controls. If errors occur, the Board of County Commissioners should be notified and given the ability to ratify the issue.**

Management's Response: Columbia County Board and staff have addressed the error causing this finding and taken action to prevent this from occurring in the future. All change orders are to be approved by FDOT and the Board before action is taken. If immediate needs change in the field, the Board is to be notified of all changes after the fact at the next scheduled meeting for ratification.

*Performance Audit Findings
Columbia County, Florida*

Finding 2-Florida Statute 136.06(1) Recording expenditures in the minutes of the Board of County Commissioners

Criteria: Columbia County is a charter county and the charter outlines the responsibilities and duties of its elected officials. Charters allow the local governments in the state to operate under home rule which means that the roles and responsibilities can be established by the citizens in that community. Columbia County, in defining the duties of its elected officials and constitutional officers, chose to establish the roles following the Florida Statutes. Absent any official action by the local authorities, the County is required to follow Florida Statutes including *Florida Statute 136.06(1)* recording expenditures in the Board of County Commissioners meeting minutes.

Condition: In our review of the procurement and payment processes, we made inquiries regarding the invoice payment approval process. We were informed that the County has an established procedure where the commissioners alternate reviewing the invoices and signing off on the invoices. This action does not satisfy the requirement of *Florida Statute 136.06(1)* which requires that the expenditures be written in the Board of County Commissioners' minutes.

Cause: County staff indicated that the Board felt that the process of bringing invoices to the Board at its meetings was unwieldy and cumbersome. As a result, they decided to have the Board commissioners take turns going through the invoices and approving them. Although the commissioners' concerns are noted, the current solution is not effective in addressing the requirement of *Florida Statute 136.06(1)*.

Effect: The County is in violation of the requirement of *Florida Statute 136.06(1)* that requires that the expenditures be written in the minutes of the Board of County Commissioners. In meeting with County staff, it was evident that the County desires to follow the requirements as established in its charter, the state statutes, and County policies. **Columbia County officials should establish a process to have expenditures officially approved by the Board of Commissioners in the minutes of their meetings.**

Management's Response: In order to fully satisfy the requirement of *Florida Statute 136.06(1)*, the Clerk's Finance Director to the Board will provide a check register to be included in agenda packets. The register can then be reviewed and approved by the Board at regularly scheduled meetings.