

**Audit Report #2016-04:
Building Division Permit Fee Process Audit
Clerk of the Circuit Court & Comptroller**

October 3, 2016

Internal Audit Division



ANGELA VICK

CLERK OF THE CIRCUIT COURT – CITRUS COUNTY, FLORIDA

Clerk of the County Court
Recorder of Deeds
Clerk and Accountant of the Board of County Commissioners
Custodian of County Funds
County Auditor

110 North Apopka Avenue
Inverness, Florida 34450
Telephone: (352) 341-6419
Fax: (352) 341-6491
rbarclay@clerk.citrus.fl.us
www.clerk.citrus.fl.us

October 3, 2016

The Honorable Angela Vick
Clerk of the Circuit Court and Comptroller

Dear Ms. Vick:

The Internal Audit Division (IAD) has completed the Building Division audit for the Board of County Commissioners. The purpose of this audit was to:

1. Determine if the Building Division (Division) was in compliance with applicable laws, rules, regulations, and internal policies and procedures related to the Division's building permit fee process; and,
2. Determine the adequacy of internal controls related to the Division's building permit fee process.

The activities of the Planning & Development Department (Department) and of other divisions within the Department, other than the Building Division, were not included in the scope of this audit.

The audit review period included transactions which occurred, and processes in effect, from October 1, 2014 through September 30, 2015. However, transactions and processes reviewed were not limited by the audit period.

Audit results included seven (7) observations, which are presented in this report. In addition, IAD recommendations for improvement and management's responses are included in the report.

We extend our thanks to Division staff for their cooperation and assistance during the course of this audit. We would also like to thank the Department of Systems Management for their critical support in providing Hansen data, which was paramount to IAD completing this project.

Sincerely,

Robin Barclay
Chief Audit Officer

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Abbreviations

BOCC – Board of County Commissioners
DMB – Department of Management & Budget
DPD – Department of Planning and Development
DSM – Department of Systems Management
IAD – Internal Audit Division
LDD – Land Development Division

EXECUTIVE SUMMARY

The Building Division (Division) enforces Federal standards, state statutes, local ordinances, adopted codes, and related technical standards governing construction. Added responsibilities include reviewing permit application submittals for completeness, reviewing construction plans, performing field inspections, and providing staff support for the Code Review and Appeals Board.

Permitting and inspections are critical functions of local government. The building permitting process ensures that construction is in compliance with the approved standards and specifications agreed upon at the time of permit issuance. Division staff are professionals and well-versed in the standards adopted by the citizens of Citrus County. The Building Division is a fully, fee-funded enterprise system, which does not receive any funding from citizens' tax dollars.

In fiscal year (FY) 2015, the Division processed over 12,600 permit applications, generating actual revenue totaling \$2,223,473.

Based on review and testing, IAD determined that the control environment related to the Division's building permit fee calculation process needs improvement. For the volume of permit applications processed, management did not conduct adequate monitoring and oversight activities related to permit fee calculations prior to permit issuance. As a result, IAD noted repetitive errors in the fee calculations and in the selection of appropriate fee descriptions in Hansen.¹

IAD tested approximately 1.5% (178 of 12,098 permits) of the total population of issued permits in FY 2015 and noted various exceptions. In addition, IAD reviewed the random quarterly audits of building permit fees performed by the Land Development Division (LDD). Annually, only twenty (20) building permits were tested. Six out of twenty (30%) of the permits that were tested in the FY 2015 quarterly audit samples revealed errors in permit fee calculations. The majority of errors were attributed to incorrect DCA/BCAI surcharge² calculations and incorrect square footage.

IAD recommends that Division management increase its monitoring and review of permit applications to verify accuracy of fee calculations, thereby reducing the risk for errors and the potential for fraud.

¹ The Division uses Infor Hansen, version 7.7, a software application for managing all information related to building permit applications, including fee transactions and history.

² Permit surcharge fees are required by Florida Statutes to be collected for, in part to the Department of Community Affairs (DCA) to fund the Florida Building Commission and secondly, to fund the Building Code Administrators and Inspectors Board (BCAIB) and the Construction Industry Licensing Board (CILB) Homeowners Recovery Fund, both part of the Department of Business and Professional Regulation (DBPR).

Scope Limitation: IAD experienced challenges throughout this audit with respect to extracting data from Hansen. Consequently, IAD was hampered by data query limitations and Hansen's limited reporting capabilities. In addition, Hansen did not interface well with IAD's data analytic software.

The Director and staff of DSM were extremely accommodating and helpful, and assisted IAD with obtaining Hansen data. DSM provided IAD with access to their in-house Hansen reporting module, but existing reports were not particularly relevant to IAD for this audit. Without their assistance in building custom reports for specific data, IAD would not have been able to perform the required testing.

BACKGROUND

The Building Division is one of four divisions within the Department of Planning and Development (DPD). The Division is responsible for administering the Florida building code and the flood plain ordinance, conducting construction plan reviews, conducting flood reviews, issuing permits, performing building inspections, and assisting with compliance. In 1997, the Division centralized the building permit process by initiating a “one-stop permitting” program for contractors. Functioning as central intake, the Division handled the distribution, coordination, and issuance of all types of permits.

In accordance with the Citrus County Code of Ordinances (Code), Chapter 18, Buildings and Building Regulations, Section 18-8, *“No person shall erect, construct, enlarge, alter, repair, move, improve, convert or demolish any building or structure subject to this Code, including a floating residential unit, or set or place a mobile/manufactured home or floating residential unit within the territory covered by this article, without first having obtained a permit therefore.”*

The Citrus County Board of County Commissioners (BOCC) established the Building Division to be a self-supporting enterprise, funded principally from building permit fees. The Division derives its authority to charge and collect permit fees from Florida Statute and the Code. The Code, Chapter 18, Section 18-9, states, *“The Citrus County Board of County Commissioners may, after review by the code review and appeals board and other interested parties/boards, provide for a charge and collection of reasonable fees for building code enforcement, licensing, and inspection activities in accordance with Florida Statute 125.56, including establishing reasonable fees for furnishing copies of the forms and the printed statement provided for in this article, to be paid by the applicant for each permit, in addition to all other costs of the permit.”*

The BOCC adopted DPD’s fee schedule in 2013, pursuant to Resolution 2013-11 and subsequent update in 2014 via Resolution 2014-002. It was then amended via Resolution 2014-038 to clarify how certain fees were applied. Division A of the fee schedule contained the fees established for the Building Division.

The Division coordinates and performs various steps of the permitting process, such as building application intake, review coordination, and communication with the applicant. The Land Development Division also works in coordination with the Building Division on various steps of the permitting process, and conducts quarterly audits to verify the accuracy of building permit fee calculations.

Technology Supporting the Building Permit Process

In 1999, the Division implemented an automated building permit system from Hansen Information Technologies, Inc.³ (Hansen), for tracking the building permit process. All data resided in a single database, which allowed different departments to work within the same system, thus leading to greater coordination between departments.

The Division utilizes Hansen for tracking all activity associated with a permit from the initial submission to the final issuance of a Certificate of Occupancy. However, the collection, deposit, and reconciliation of building permit fees are handled by DMB, ensuring appropriate segregation of duties. Hansen interfaces with Pentamation⁴, the county's financial management system, on a nightly basis, to record this information.

When Hansen was initially installed, it was configured to have over 20 permit application types and over 200 distinct fields on the various custom tabs. The Building Operations Manager expressed that, although Hansen is old, it has merits. Hansen was highly flexible for customizing. Over the years, Hansen was sculpted to match the Division's operations. Each "form" used in Hansen was designed for a specific purpose, such as entering application information and recording inspection results.

Hansen lacked some features that the county desired, such as capability for contractors to access real-time data from the permitting system. Therefore, DSM developed an in-house program called "e-permits" that could interface with Hansen to provide end-users with access to real-time information on building permits.

In addition, DSM developed *Hansen Reports*, a custom application to augment reporting functionality that was lacking in Hansen. Various permit reports were created upon request such as: *Building Permit Statistics*, *Expired Permits*, *Single Family Turn Around Report*, and *Permits Issued by Type/Year*.

Building Permit Process

The flow of the building permit process varies and depends on the complexity of the project. If a project is determined to be more complicated, as is the case for new commercial or residential buildings, an in-depth plan review will be required. Most projects require multiple types of plan reviews, including zoning, architectural, structural, electrical, mechanical, plumbing, and utilities. The customer must submit proper construction documents for review. Plans Examiners review the documents and evaluate compliance with relevant codes. If a particular plan is not approved, the Plans Examiner contacts the customer, who then must submit revised plans. Once all of the deficiencies are corrected, the plans are approved, and the permit application is routed to a Permit

³ Hansen Information Technologies, Inc. was a leading supplier of application software for managing government operations. In 2007, Infor Global Solutions acquired Hansen Information Technologies, Inc.

⁴ Pentamation (eFinancePLUS) is the financial management software application used by Citrus County BOCC and the Clerk & Comptroller's Office.

Specialist for final processing. The customer then pays the required permit fees and is issued the building permit.

IAD prepared a flow chart of the building permit process workflow and reviewed it for accuracy with Division personnel having oversight responsibilities in the permitting process. For a high-level summary of the overall building permit process, see Appendix A, Building Permit Process Workflow.

Organizational Structure & Statistics

The Building Division is comprised of three sections:

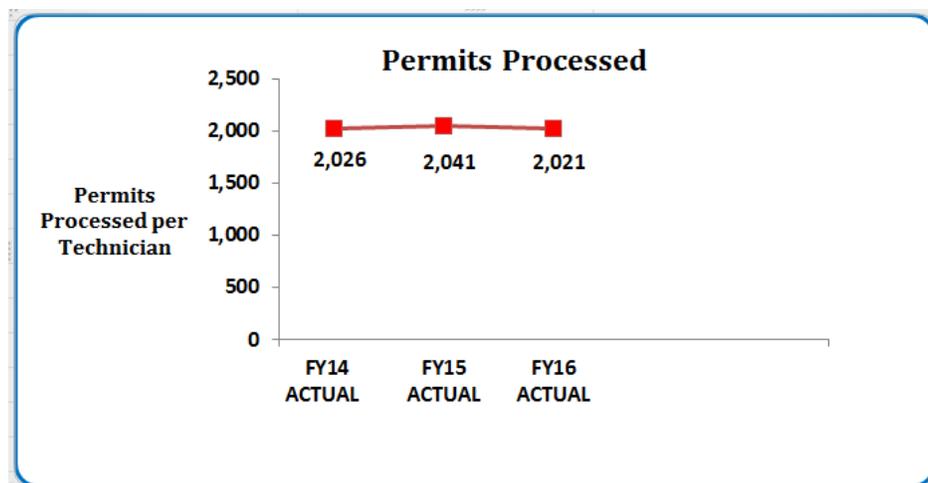
- Operations
- Plans Review, Compliance & Licensing
- Inspections

The Division is managed by an Operations Manager, an Assistant Building Official, and a Building Inspection Supervisor, who all report to the Division Director/Building Official. See Appendix B, Building Division Organizational Chart, which represents the organizational structure of the Building Division as of 9/12/2016.

IAD requested the Building Operations Manager to provide the number of years of experience for a list of key personnel. The list included staff who were either actively involved with, or function in a supervisory capacity over, plans review and permitting operations.

The building permit process and fee related activities rely upon expert knowledge for efficient and accurate work. Altogether, these fifteen staff members represent 173.5 years of combined experience in the Building Division, with a median of 13 years of experience. There were five permit technicians for FY 2014 and six permit technicians for FY 2015 and FY 2016.

Performance Measures



Permit Statistics

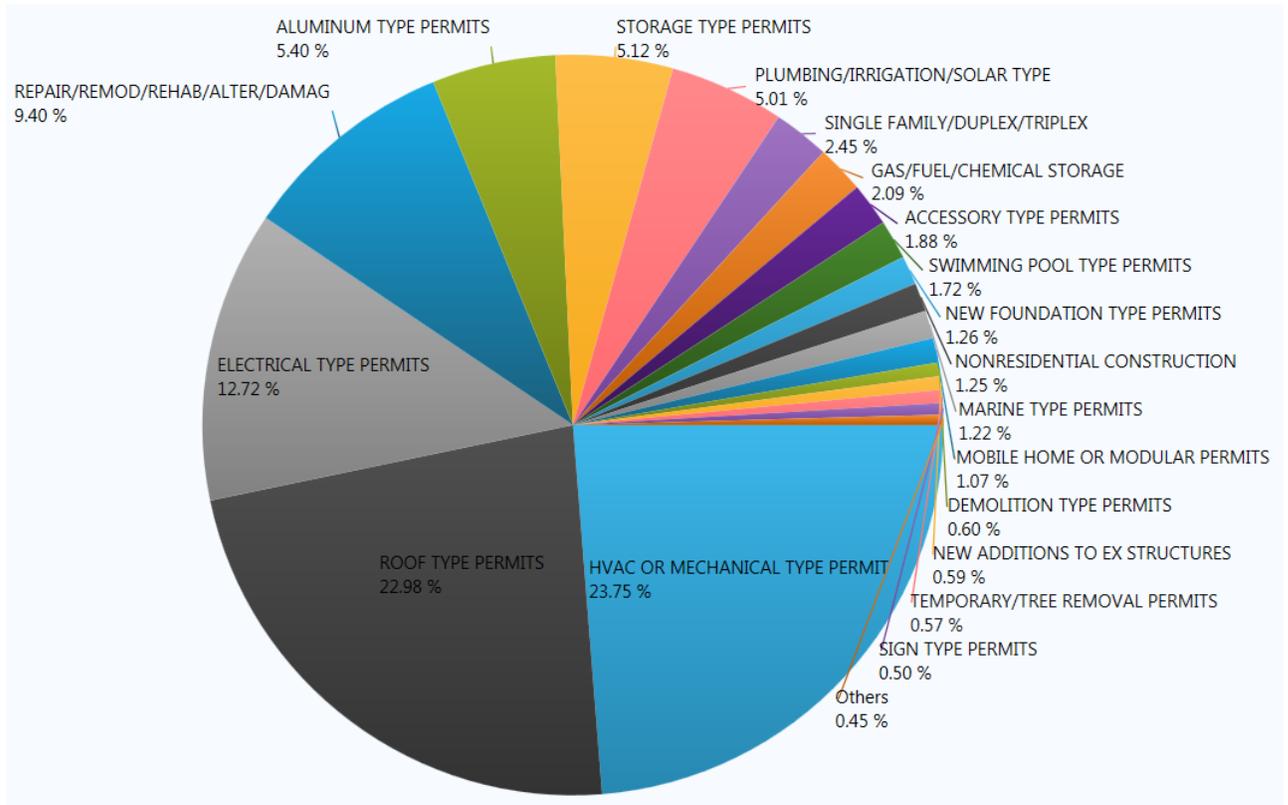
The Building Division issued 12,098 permits for FY 2015. Of the total permits issued, 59.5%, or 7,192 permits, were HVAC/mechanical, roof, or electrical permit types.

Of the total permits issued, 4.8%, or 576 permits were single family/duplex/triplex, nonresidential construction, or mobile home/modular permit types.

Permit Type	#Records
HVAC or Mechanical	2873
Roof	2780
Electrical	1539
Repair/Remod/Rehab/Alter/Damage	1137
Aluminum	653
Storage	619
Plumbing/Irrigation/Solar	606
Single Family/Duplex/Triplex	296
Gas/Fuel/Chemical Storage	253
Accessory	228
Swimming Pool	208
New Foundation	152
Nonresidential Construction	151
Marine	147
Mobile Home/Modulars	129
Demolition	72
New Additions to Existing Structures	71
Temporary/Tree Removal	69
Signs	61
Fill, Excavation or D/W	40
Fire Prevention Services	13
Miscellaneous Land Development	1

- 178 permit applications were sampled:
 - 87 permits were received in person/over the counter (49.4%)
 - 87 were received online (49.4%)
 - 2 were received via fax
 - 2 permit numbers were assigned to track revenue accounts, and were not actual permit applications

FY 2015 ISSUED PERMITS BY PERMIT TYPE



SCOPE, OBJECTIVES & METHODOLOGY

Scope

The scope of this audit included transactions which occurred, and processes in effect, from October 1, 2014 through September 30, 2015. However, transactions and processes reviewed were not limited by the audit period. The activities of DPD and that of other divisions involved in the building permit fee process other than the Building Division were not included in the scope of this audit. It is also important to note that the scope did not include an audit of IT general controls related to the Hansen application.

Objectives

The objectives of this audit were:

1. To determine if building permit fees were accurately calculated and in compliance with the applicable fee schedule, and internal policies and procedures.
2. To determine if internal controls related to the Division's building permit fee process were adequate.

Methodology

To meet the objectives of the audit, the procedures performed included, but were not limited to, the following:

- Reviewed Florida Statutes, Florida Administrative Code, County Code/Resolutions/Fee Schedules, and Division internal operating procedures
- Researched industry standards, best practices and related audits
- Interviewed key personnel in the Building Division and DSM
- Observed and documented building permit intake activities to gain a general understanding of the permitting process
- Prepared a flowchart of the building permit process workflow
- Prepared and administered an internal control questionnaire to solicit management's responses
- Reviewed and analyzed data from the Hansen system
- Tested a random sample of seventy-eight (78) building permits issued in FY 2015 for accuracy of fee calculations
- Tested a judgmental sample of seventeen (17) after-the-fact permits issued in FY 2015 for accuracy of fee calculations
- Tested a judgmental sample of eighteen (18) repurchased (expired) permits issued in FY 2015 for accuracy of fee calculations

- Tested a judgmental sample of twenty-five (25) permits with re-inspection fees issued in FY 2015 for accuracy of fee calculations
- Reviewed forty (40) permits with refunded fees during FY 2015 to determine compliance with the Division's refund policy
- Reviewed and analyzed revenue data and employee data from Pentamation
- Reviewed and analyzed Hansen access group listings
- Reviewed building permit application files in eBridge⁵

⁵eBridge is the electronic document imaging and storage system used by the County.

TESTING & RESULTS

Statistical samples of permits issued during FY 2015 were selected to verify the accuracy of permit fee calculations. Sampling methodology included both random and judgmental samples, as detailed below:

A. **Random sample:**

IAD selected a sample from the total population of issued building permits.

- 78 permits were tested from a population of 12,098 permits, based on a 90% confidence level and 10% error rate.

B. **100% review:**

IAD selected **all** transactions processed by DMB for permits that were refunded or adjusted in the building permits revenue account 322000.

- 40 transactions were tested.

C. **Judgmental sample:**

IAD selected a sample from the total population of permits that were issued after-the-fact⁶.

- 17 permits, or 10%, of 165 permits were tested.

D. **Judgmental sample:**

IAD selected a sample from the total population of repurchased (expired) permits⁷.

- 18 permits, or 10%, of 183 permits were tested.

E. **Judgmental sample:**

IAD selected a sample from the total population of permits having re-inspection fees due to failed inspections.

- 25 permits, or 2%, of 1,204 permits were tested.

⁶ “After the Fact” permits shall be double fees in accordance with the Florida Building Code and Chapter 18 of the Citrus County Code, if any work has commenced without benefit of an approved permit.

⁷ Expired permits must be repurchased and reactivated prior to conducting any further inspections. Fees vary, depending on the permit type.

The objectives of the testing were to verify:

- building permit fees were calculated correctly in accordance with the fee schedule and internal policies and procedures.
- permit fees were refunded in accordance with the fee schedule and internal policies and procedures.
- appropriate fees were applied and/or assessed for after-the-fact permits, re-inspection fees, and repurchased permits.
- permit applications were on file.

Results

A. FY 2015 Issued Permits

- 4 out of 78, or 5%, of the sample contained calculation errors*; resulting in \$174.30 of undercharged, and \$0.16 of overcharged permit fees. NET UNDERCHARGE= \$174.14
- Extrapolating this error rate to the entire population of 12,098 issued permits would indicate there is a potential of 620 permits containing errors in their fee calculations.

B. Refunds

- IAD noted that, in two instances*, the specific reason for the refund was not fully documented. In one instance, a fee was waived due to “fee charged in error” with no further detail. In another instance, a failed inspection fee was reversed due to “inspector’s error,” with no further explanation.

C. After the Fact Permits⁸

- 6 out of 17, or 35%, of the sample contained calculation errors*; resulting in \$79.14 of undercharged, and \$13.42 of overcharged permit fees. NET UNDERCHARGE= \$65.72

⁸ Fees subject to doubling are building and associated building fees; excluded are fees for copies, surcharges, site reviews, plan reviews, product approvals, and Land Development Division fees. The only exception is when the current property owner is not the person who made changes to the property without permits.

*See Appendix C, Test Sample Permit Numbers

- Extrapolating this error rate to the entire population of 165 after-the-fact permits would indicate there is a potential of 58 permits containing errors in their fee calculations.

D. Repurchased (Expired) Permits

- 2 out of 18, or 11%, of the sample contained calculation errors*; resulting in \$7.49 of overcharged permit fees.
- Extrapolating this error rate to the entire population of 186 repurchased permits would indicate there is a potential of 20 permits containing errors in their fee calculations.
- In 4 other instances*, the fee description was incorrect for the fee that was charged.

E. Permits with Re-inspection Fees

- Out of 25 permits tested, one permit contained a data entry error*, whereby the square footage was transposed. However, the correct square footage was used to calculate the fees.

F. Permit applications on file

- Permit #2015-05794 did not automatically upload into eBridge when electronically filed.

*See Appendix C, Test Sample Permit Numbers

Internal Control Assessment

A. Supervisory Oversight and Monitoring

The Director of the Land Development Division (LDD) performed quarterly audits of the building permit fees that were calculated and assessed by the Building Division. The quarterly audits were performed by LDD as an independent reviewer of the Division's fee calculations. The assessed building permit fees were checked against the adopted fee schedule and permit fee calculator on the Building Division's website.

The Director indicated that the quarterly audits are based on a random selection of five permits – two non-residential permits, two single-family residential permits, and one mobile home. The Director was unaware of any formal written directive, but indicated that in 2010 they received direction from the Clerk's Financial Services Division to perform a quarterly reconciliation report of permit fees and impact fees by selecting a

random sampling of five permits from the previous quarter. They were then advised to compile the report and send it to Financial Services.

IAD obtained all quarterly audits for FY 2015 from the LDD Director, and determined that they were complete. IAD examined the discrepancies that were noted in the quarterly audits. IAD also included the quarterly audit belonging to the third quarter of FY 2016, because it was under review by the Clerk's Enterprise Accountant.

- 6 out of 20, or 30% of the FY 2015 quarterly audits, contained errors in permit fee calculations*; resulting in \$3,588.84 of undercharged, and \$4.42 of overcharged permit fees. NET UNDERCHARGE= \$3,584.42.
- 1 out of 5, or 20%, of permits in the FY 2016 third quarter audit contained errors in permit fee calculations*; resulting in a net undercharge of \$397.62.

For the seven discrepancies, overcharges were not refunded, and undercharges were not collected. *See Appendix C, Test Sample Permit Numbers.

The Director responded that occasionally there are human errors when the permit fees are calculated. He indicated that when errors are discovered, they are viewed as opportunities for training and improvement, and when large calculation errors occur, formal discipline is required.

IAD sent an internal control questionnaire to the Building Division Director, which included questions related to managerial oversight and monitoring, and procedures in place to mitigate errors in the fee calculation process. Building Division management does not conduct periodic permit review activities for preventing and detecting errors in permit fee calculations. The only periodic monitoring is performed by LDD during the quarterly audits.

B. Hansen Access

IAD verified that user access was appropriate, and that changes in user access were documented and approved by management. Hansen users had appropriate access for their position responsibilities. Hansen user rights were reviewed and approved annually by Division management. IAD reconciled the list of FY 2015 employees with terminated status to the list of currently active Hansen users and verified that no employees with terminated status still had access to Hansen.

IAD verified that a completed Computer Change Form (CCF) was on file for all FY 2015 new hires that were granted Hansen access privileges.

In the case of new hires or transfer personnel, division directors request access to Hansen/Hansen Reports via the DSM Computer Change Form (CCF). The form is

electronic and can be saved to the requester's desktop, and then emailed to helpdesk@bocc.citrus.fl.us.

The Computer Change Form indicates that directors are the only individuals that are able to initiate a request. Although the Computer Change Forms reflected the name of the Division Director in the data entry field as the requester, there was no formal signature or date on the CCF to authenticate that the request was actually made by a director. In other words, anyone could type the name of the director on the form and submit it to DSM to request access for a new employee.

All four access requests for the FY 2015 new hires were emailed to DSM by either a permit specialist or secretary. Only 1 of the 4 emails copied Division management. IAD was unable to determine if access requests were properly authorized by the Division Director.

C. Separation of Duties

The Building Operations Manager indicated that all duties involving permit fee collection were completely outside of the building permit fee process. Customer service staff from DMB collected and processed payments for building permit fees, providing a complete separation of duties.

As previously noted, quarterly audits were performed by LDD as an independent reviewer of the Division's fee calculations.

Permit fee calculation activities were adequately segregated from incompatible duties in the building permit process workflow.

OBSERVATIONS & RECOMMENDATIONS

Observation 1: Fee calculations were not always accurate.

Tests to verify the accuracy of fee calculations disclosed various math computation errors, and errors due to the improper execution of fee schedule procedures. Although the sample sizes that IAD reviewed were small, there were a high number of errors in permit fee calculations.

Examples include:

- wrong fees assessed for permit type
- wrong permit type selected
- surcharges were calculated on the wrong total of building permit fees
- fees were assessed using the default fees in Hansen rather than the correct assessment based on the usage and square footage
- trade fee calculations were not calculated per square foot
- incorrect square footage was used in calculations
- inconsistency in selection of fees assessed: omissions of fees that should be charged and inclusion of fees that should not be charged
- repurchase fees were not charged at one-half of the original fee total costs; staff erroneously omitted some of the fees in the total cost

The calculation of permitting fees is dependent upon the accurate entry of data into the Hansen system by the permit technician and plans reviewer. Further, Hansen does not automatically calculate many of the fees. Instead, staff must determine necessary information required and calculate part of the fees manually. These additional steps require staff to be knowledgeable of whether fees are to be applied and how they are calculated.

Historically, there has been a low level of turnover in the Division's permitting operations. Fifteen staff members in plans review and permitting operations represent 173.5 years of combined experience in the Building Division. This reflects a median of 13 years of experience. IAD's observations of Building Division staff disclosed extremely knowledgeable and professional functioning staff. It is not likely that errors in fee calculations are a result of staff having insufficient knowledge to perform their duties.

Recommendation:

In order to minimize errors, management should increase monitoring, and perform routine reconciliations to assure that fees were charged appropriately. Where applicable, consider additional training if necessary. Consequently, this should minimize the risk of errors and loss of revenue due to miscalculations and uncharged permit fees.

Management Response: The Building Division will establish Standard Operating Procedures to review permit fee entries for quality assurance and to detect inconsistencies. The Building Division will conduct annual internal training events to review fee processing and provide opportunities for personnel to discuss anomalies and how to standardize documented responses in Hansen.

Observation 2: Monitoring and oversight activities by Division management were not adequate.

The information used in calculating permit fees is based upon information provided by permit applicants, and is reviewed, assessed, and interpreted by plans reviewers. The current permitting process does not include formal oversight activities administered by Building Division management.

Quarterly reviews performed by LDD alone are not sufficient control activities. Only twenty (20) permits are sampled and reviewed by LDD on an annual basis. The Building Division Director does review and investigate the discrepancies identified in the quarterly audits performed by LDD.

Recommendation:

Building Division management should implement formal control activities for reviewing and validating permit fee calculations. Division management should perform their own periodic sampling of all permit types on a regular basis to prevent or detect errors in data entry and judgment that impact the calculation of permit fees. Spot checks on a regular and frequent basis should decrease the likelihood of permitting errors occurring and identify where staff may need further training.

Management Response: The Building Division Operations Manager will conduct internal monthly samplings as part of Standard Operating Procedures.

Observation 3: Refunds were not adequately documented in the Hansen permit record.

IAD noted that in two instances, specific reasons for refunds were not fully documented. In one instance, a fee was waived due to “fee charged in error” with no further detail. In another instance, a failed inspection fee was reversed due to “inspector’s error”, with no further explanation. Inadequate notes on actions taken outside the normal permit processing procedure increases the risk of unauthorized actions.

Recommendation:

The Hansen permit record should contain clear, easily comprehensible documentation on each permit and clear reasons for any deviations from normal processing. Management approval should be documented in the permit record for all fee exceptions.

Management Response: The Building Division will establish Standard Operating Procedures to require management approval when responding to fee exceptions.

Standardized processes will be established for documentation in Hansen “Fees” Tab within “memo” and “comments” spaces to explain fee exceptions.

Observation 4: Written policies and procedures for refunding permit fee overcharges and collecting permit fee undercharges did not exist.

IAD noted various instances of errors in fee calculations that resulted in undercharged permit fees and overcharged permit fees. In response to an internal control questionnaire, the Division Director indicated that the Division did not have written standard operating procedures for refunding fee overcharges to applicants, or for collecting fee undercharges from applicants.

Recommendation:

Policies and procedures for refunding permit fee overcharges and collecting permit fee undercharges should be formally documented and implemented by Division management. Since the Division relies on fees collected to fund their operations, any significant under or over collection of fees would impact the Division. Management should ensure it exercises full due diligence to collect any funds due to the County, and that proper procedures are followed to return overpayments to applicants.

Management Response: The Building Division will establish Standard Operating Procedures to require a formal documentation process for management approval for overcharges or undercharges. A standardized process to review fees prior to release of permit will be established to minimize under and over charging. Overpayments will be refunded in accordance with standardized process already established by Finance through use of the “Permit Refund Request “form. It is noted that the undercharge for Permit 201409533 (in the amount of \$3,142.02) was collected.

Observation 5: The Building Division fee schedule contained several errors and omissions.

IAD noted various instances of errors/or omissions in the fee schedule:

- Section 2, New Residential and Finished Nonresidential Buildings, included a Notice of Commencement fee for \$5.00. IAD did not see the fee applied to any of the permits in the test samples. The Building Operations Manager explained that as of January 2013, the Building Division Director gave the directive to stop charging the fee.
- Section 12, Expired Permit Fees, did not include the minimum charge clause, “Subject to \$50.00 minimum fee.”
- The commercial permit research fee for \$25.00 was not included on the fee schedule. In addition, the online building calculator found on the BOCC Building Division’s webpage, needed updating. It reflected “permit research fee - \$25.00,” instead of “commercial permit research fee.”

Recommendation:

A fee schedule provides clear information to aid applicants regarding the required costs and total potential costs associated with a proposed project. To the extent possible, all known fees should be detailed in a fee schedule. A clear and comprehensible fee schedule increases the transparency of government functions.

The fee schedule should be amended as indicated above. Management should ensure that the fee schedule accurately reflects the fees that should be charged.

Auditor Note: During the course of the audit, the online building calculator webpage was updated to reflect “commercial” permit research fee.

Management Response: The Building Division will review the Fee Schedule to recommend removing archaic line items and streamline the fee calculation. This will require a revised method of assessing fees that could be automated in Hansen as a means to reduce errors currently caused by manual entry. Amending the Fee Schedule will require input by the CRAB and the Building Community prior to final review and approval by the BOCC.

Observation 6: Hansen fee descriptions were not always accurate.

IAD identified two instances where fee descriptions in the Hansen permit record were not consistent across different permit types. The Building Operations Manager explained that when fees change, each permit type in Hansen must be individually edited. The fee description for repurchase fees for residential accessory structures was not updated for the BPDAMG and BPALUM permit types.

Recommendation:

Management should review all Hansen fee descriptions, on at least an annual basis, to ensure that fee descriptions are consistent.

Auditor Note: During the course of the audit, the Building Operations Manager corrected the fee descriptions.

Management Response: When the Fee Schedule is amended, the Building Division will systematically review and update Hansen fee descriptions and other sources that carry fee descriptions (such as the “online building calculator”) for quality assurance.

Observation 7: Requests for Hansen access privileges could not be validated as having proper authorization by the Division Director.

The Computer Change Form (CCF) is an electronic pdf form and indicates that directors are the only individuals that are able to initiate a request. The form does not require a written signature for authorization. All four emails requesting access privileges for new hires were sent by either a permit specialist or secretary. Only one of the four emails

copied Division management. Therefore, IAD was unable to determine if access requests were properly authorized by the Division Director.

Recommendation:

Computer Change Forms should be emailed to DSM by the Division Director, or the Division Director should at least be copied on the email requests for Hansen access privileges. Alternatively, the Computer Change Form could have a required signature for the Division Director, which would authenticate that the request was actually made by the Director.

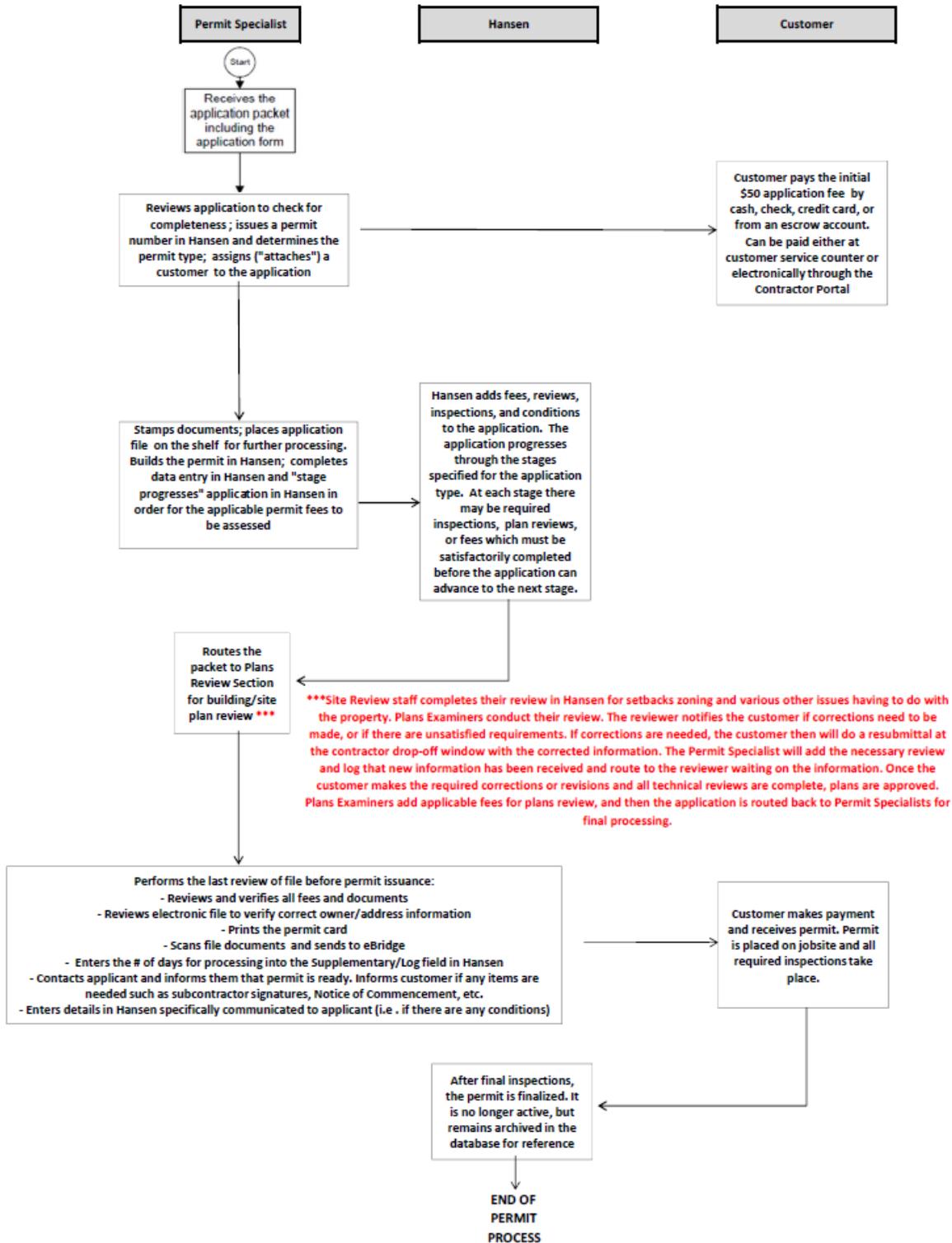
Management Response: The Department of Systems Management (DSM) requires that the Division Director submit a “Helpdesk Ticket” request or send an email in support of requests for access privilege to be granted. The “Computer Change Form” provided by DSM will also be utilized when applicable. Standard Operating Procedures will be established to require Division Director approval in support of requests for Hansen access privileges for adherence to protocol established by DSM.

Mentionable Items

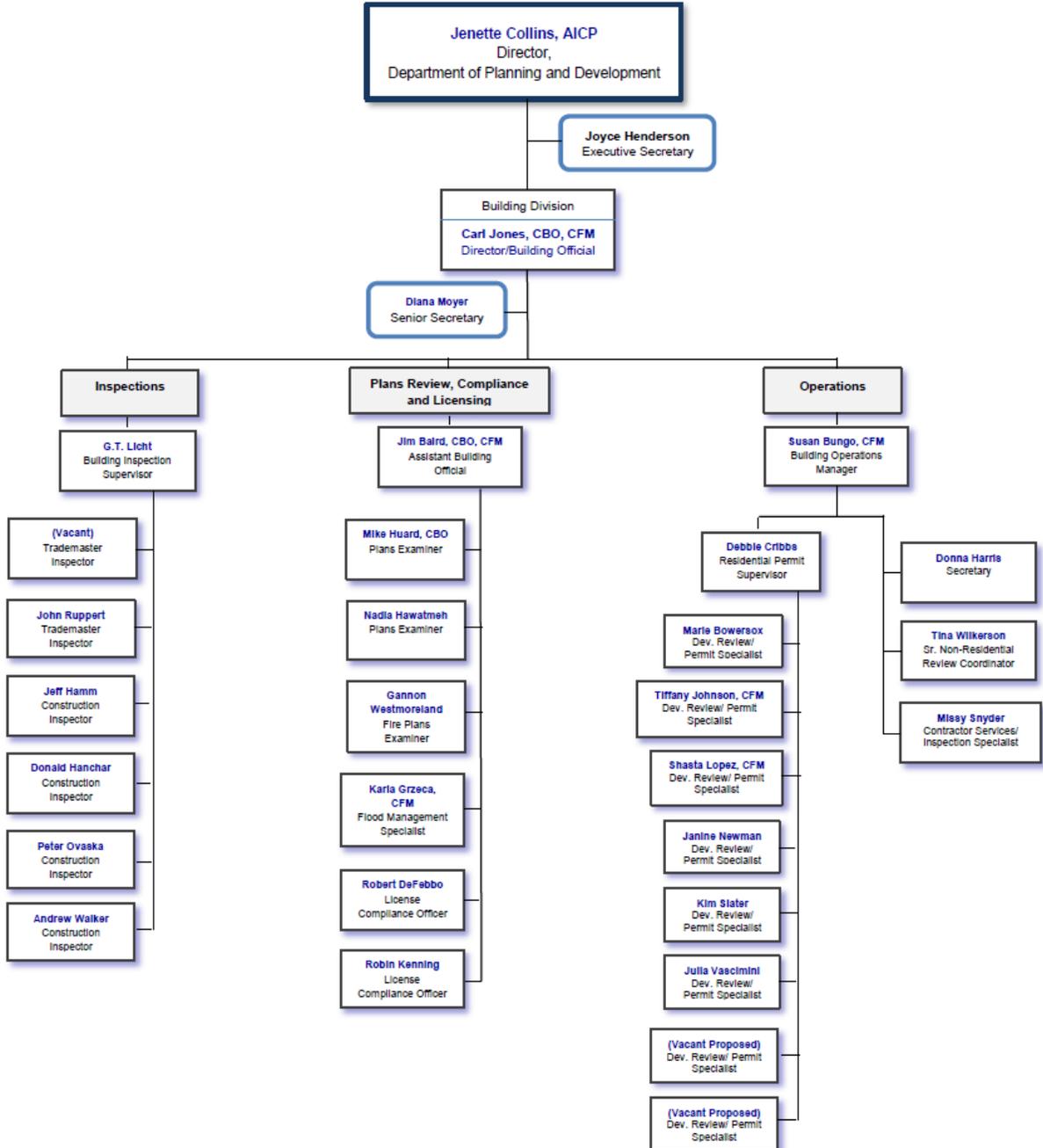
One file did not contain the permit application.

The documents filed electronically for permit #2015-05794 were not retained in a permanent file or scanned into eBridge.

Appendix A Building Permit Process Workflow



Appendix B Building Division Organizational Chart



Appendix C Test Sample Permit Numbers

Random Sample	Sample Size= 78	Total Population= 12,098 Permits Issued					
200603955	201409065	201500494	201501764	201504301	201505794	201507304	201508423
201407236	201409670	201500661	201502050	201504678	201505972	201507621	201508503
201408093	201409710	201500728	201502341	201504695	201506118	201507691	201508658
201408133	201409739	201500846	201502848	201504927	201506631	201507928	201508764
201408186	201409841	201500850	201503000	201505154	201506703	201507986	201508813
201408272	201409995	201500881	201503023	201505419	201506971	201508094	201509039
201408487	201410278	201501298	201503420	201505587	201507043	201508112	201509095
201408547	201410446	201501379	201503652	201505623	201507173	201508242	201509204
201408640	201410495	201501644	201503655	201505697	201507202	201508277	
201409062	201500144	201501655	201503806	201505778	201507289	201508348	
Refunds	Sample Size= 40	Total Population= 40 Refund Transactions					
200810029	201409471	201500147	201502598				
201400001	201409473	201500268	201502830				
201404354	201409553	201500271	201505629				
201404989	201409778	201500673	201505630				
201407275	201409993	201500674	201506051				
201407555	201410424	201501847	201506321				
201407951	201410425	201501966	201506690				
201408232	201410426	201502106	201507850				
201408319	201410743	201502499	201508570				
201408430	201500005	201502597	201508839				
After The Fact Permits	Sample Size= 17	Total Population= 165 Permits					
201206566	201504057						
201408904	201504993						
201409676	201506191						
201410417	201506624						
201500414	201507223						
201501380	201507871						
201502009	201508911						
201502269							
201502383							
201503247							
Repurchased (Expired) Permits	Sample Size= 18	Total Population= 183 Permits					
201307903	201503497						
201405790	201503929						
201405943	201504161						
201408722	201504895						
201409373	201505460						
201410077	201506746						
201410769	201506773						
201500140	201507821						
201500452							
201500817							
Permits with Reinspection Fees	Sample Size= 25	Total Population= 1,204 Permits					
201407729	201502337	201507408					
201409084	201503103	201508238					
201409369	201504027	201508521					
201409431	201504590	201509059					
201409612	201504775	201509286					
201409777	201505693						
201410208	201506169						
201500940	201506815						
201501259	201506970						
201501923	201507266						

= calculation error/or fee description error

Appendix C
Test Sample Permit Numbers (con't)

Quarterly Audit Samples		
201408420	201503535	201603118
201408831	201504293	201603241
201409226	201504734	201604015
201409533	201505938	201604934
201409795	201506032	201605516
201500205	201506765	
201500927	201506809	
201501010	201507499	
201501432	201507830	
201501848	201508893	

= calculation error