

Audit Report #2018-09

Follow-Up of Building Division Permit Fee Process Audit

Clerk of the Circuit Court & Comptroller

September 7, 2018



Internal Audit Department



ANGELA VICK

CLERK OF THE CIRCUIT COURT AND COMPTROLLER
CITRUS COUNTY, FLORIDA

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The Honorable Angela Vick
Clerk of the Circuit Court and Comptroller

Dear Ms. Vick:

The Internal Audit Department (IAD) has completed the Follow-Up of Building Division Permit Fee Process Audit for the Citrus County Board of County Commissioners. There were seven audit recommendations from the original report, dated October 3, 2016.

All recommendations were addressed and corrective action was implemented. The report on this follow-up audit is attached. Based on our observations, limited testing, and discussions with the Building Division Management, IAD considers all items closed.

We appreciate the cooperation and professional courtesies extended by the Building Division Management and staff. IAD commends management for implementing the recommended improvements.

Sincerely,

Robin C. Barclay

Robin Barclay
Chief Audit Officer

OBJECTIVE

The objective of this follow-up audit was to evaluate whether corrective actions were taken to address audit observations and recommendations included in the original Building Division Permit Fee Process Audit for the Citrus County Board of County Commissioners Report, dated October 3, 2016.

BACKGROUND

At the conclusion of each audit assignment, a final report is issued by the IAD that includes identified control weaknesses, non-compliance with policies and procedures, and any non-compliance of laws and regulations. We work with management throughout the audit process to develop recommendations and action plans to address these matters.

METHODOLOGY

To assess the status of management's corrective actions, IAD made observations, conducted limited testing, and held discussions with management.

When issues are deemed satisfactorily implemented or management has accepted the risk of not taking action, IAD considers the issue closed.

Our follow-up audit was conducted in accordance with the International Professional Practices Framework, which requires internal auditors to establish a follow-up process to determine if issues were adequately addressed and recommended corrective actions were effectively implemented.

SUMMARY RESULTS

The audit recommendations and management responses below were described in the original report, dated October 3, 2016. This report continues the follow-up evaluation of the recommendations and lists their current implementation status below.

Recommendation 1

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's Response

The Building Division will establish Standard Operating Procedures (SOPs) 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.

Status – Implemented

IAD reviewed the spreadsheet used by the Building Operations Manager to monitor and track the permit fee recalculations. The spreadsheet includes the permit number reviewed, any corrections needed, and management actions taken to resolve corrections, including discussing any errors with the employee. Also, SOPs have been updated to include a review of fees for accuracy, a quality check during the final processing of the permit, and additional training opportunities.

Recommendation 2

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’s Response

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

Status – Implemented

Management has further strengthened oversight by implementing a more stringent weekly audit of permit fee recalculations, in addition to the original audit’s response to conduct monthly samplings. Also, the updated SOPs include the process for performing weekly audits of permit fees.

Recommendation 3

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’s Response

The Building Division will establish SOPs 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.

Status – Implemented

Updated SOPs include management’s approval process when responding to fee exceptions. IAD validated, through additional testing, that comments in the fees tab provided explanations for fee exceptions.

Recommendation 4

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's Response

The Building Division will establish SOPs 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.

Status - Implemented

Updated SOPs include a formal documentation process for management approval for overcharges or undercharges. IAD reviewed documentation supporting overpayments, and underpayments to confirm the process outlined in the SOP. IAD also verified collection of the underpayment of \$3,142.02 for Permit 201409533.

Recommendation 5

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's Note: During the course of the audit, the online building calculator webpage was updated to reflect "commercial" permit research fee.

Management's 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 Code Review and Appeals Board and the Building Community, prior to final review and approval by the BOCC.

Status – Implemented

IAD observed that the fee schedule has been amended and approved by the BOCC.

Recommendation 6

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

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

Management's 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.

Status – Implemented

IAD reviewed the list of fee changes made to Hansen that were effective October 1, 2017 in accordance with the amended fee schedule.

Recommendation 7

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’s 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. SOPs will be established to require Division Director approval in support of requests for Hansen access privileges for adherence to protocol established by DSM.

Status - Implemented

The updated SOPs include the Director’s approval and inclusion in the email sent to DSM. IAD observed that a recent request for access to Hansen included the Director in the email request and approval.

IAD commends management for implementing the recommended improvements.