

## **FOLLOW-UP REVIEW**

<b>Date:</b>	<b>May 19, 2020</b>
<b>Department:</b>	<b>Development Services</b>
<b>Subject:</b>	<b>Fees &amp; Charges</b>
<b>Lead Auditor:</b>	<b>Kate Witek</b>

## **OBJECTIVE**

The objective of this follow-up review was to determine whether the action plans in our May 2019 Development Services Fees and Charges audit were effectively implemented.

## **SCOPE & METHODOLOGY**

To accomplish our objective, we reviewed revised and new departmental procedures; interviewed staff; reviewed reconciliations; and analyzed the department's updated internal audit process.

## **BACKGROUND**








On May 28, 2019 we issued an audit report on Development Services fees and charges. The primary objective of the audit was to determine whether effective controls were in place to ensure all due fees and charges for plan review and permit activities were accurately calculated, recorded, and collected. An additional objective was to evaluate the department's internal audit process. The report included several recommendations, summarized as follows:

1. Management should ensure cash receipts are reconciled daily; policies and procedures are updated regularly; checks are stored in a secure location; and employees complete cash handling training timely.
2. Management should implement system and/or process controls to mitigate the risk associated with system access and manual permit changes.
3. The department's internal audit process should be improved to provide reliable quality assurance to management.

Development Services management agreed with all recommendations and submitted corrective action plans to address the audit findings.

## **CONCLUSION**

All recommendations have been implemented and are summarized in the following table:

Recommendation	Implemented
<b>1-1:</b> Cash receipts recorded in DIMES should be reconciled daily to receipts recorded in the City's cashiering system.	
<b>1-2:</b> The department's cashiering policy should be updated to reflect current processes and remove outdated content.	
<b>1-3:</b> Management should develop a process to ensure employees complete cash handling training within required time periods.	
<b>1-4:</b> All cash equivalents should be stored in a secure location until they are deposited.	
<b>2-1:</b> Management should implement a regularly scheduled annual review of all fees and charges in the system, to coincide with City Council's annual approval of the revised Schedule of Fees and Charges.	
<b>3-1:</b> Management should implement system controls (i.e. field validation or limitations) and/or process controls (i.e. workflow, supervisory review, exception reports/monitoring), to mitigate the risks associated with manual changes to permit fees.	
<b>4-1:</b> Management should implement a more effective process to ensure that system access is immediately revoked when an employee is transferred, or a temporary worker is terminated.	
<b>5-1:</b> Management should develop a more effective internal auditing process, including staff training, standard forms, written procedures, and a more thorough follow-up process. The process could also be improved by using a larger sample size, developing a risk-based sample selection process, and applying results to affect process improvements.	