

Follow-up Review of the Planning Division's Revenue Collection Procedures

**Report by the
Office of County Comptroller**

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June 1, 2001

Richard T. Crotty, County Chairman
and
Board of County Commissioners

We have conducted a follow-up review of the Orange County Planning Division's Revenue. Our original review included the period of January 1, 1998 to August 31, 1999. Testing of the status of the previous Recommendations for Improvement was performed for the month of December 2000. Our audit was conducted in accordance with generally accepted government auditing standards and included such tests, as we considered necessary in the circumstances.

The accompanying Follow-up to Previous Recommendations for Improvement presents a summary of the previous conditions and the previous recommendations. Following the recommendations is a summary of the current status as determined in this review.

We appreciate the cooperation of the personnel of the Planning Division during the course of the audit. During our review, we noted that the Division transferred the responsibility of cash collection to the Building Department and thus, eliminated the previously noted weaknesses in control.

Martha O. Haynie, CPA
County Comptroller

c: Ajit Lalchandani, County Administrator

IMPLEMENTATION STATUS OF
PREVIOUS RECOMMENDATIONS
FOR IMPROVEMENT

**FOLLOW-UP REVIEW OF PLANNING DIVISION REVENUE
STATUS OF PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT**

NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS			
		IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
1.	We Recommend the Planning Division performs the following:				
A)	Exercise greater care to ensure that all receipts are remitted for deposit or, if voided, all three parts of the receipt are retained together.				X
B)	Complete each receipt book in its entirety before using another receipt book. Receipt books not in use should be adequately secured.				X
C)	Deposit revenue and prepare the COR weekly or daily when receipts exceed \$200.00.				X
D)	Include an adequate description on receipts (e.g. types and quantities of maps and policy plan amendment numbers) of products and services sold.	X			
E)	Establish policy and procedures requiring that both the clerk and a supervisor sign receipts used to void transactions.				X
F)	Assign an employee, independent of the collection process, to periodically reconcile collections to deposits.				X

INTRODUCTION

INTRODUCTION



Scope and Methodology

The audit scope consisted of a follow-up to the previous Special Review of Planning Division Revenue dated May 2000. Testing of the status of the previous recommendations was performed for the month of December 2000.

The audit methodology included inquiring of personnel as to the status of the previous recommendations. We also reviewed the receipt books to ensure the cash collection function of the Planning Division had ceased. Additionally, we reviewed the new receipt form for adequacy of descriptions of products and services sold.

**FOLLOW-UP TO PREVIOUS
RECOMMENDATIONS FOR
IMPROVEMENT**



1. The Planning Division's Internal Controls Over Revenue Collection Should Be Strengthened

During our audit of the Planning Division's revenue, we noted the following:

- A) Thirty percent (328 of 1086) of the receipts (from number sequences used by the Division during the audit period) could not be located and were not traced to a deposit. Additionally, all three copies of 57 receipts marked "void" were not presented for audit.
- B) Portions of several receipt books were used to receipt and record revenue without completing an individual book. As many as four different receipt books were used in a month.
- C) Analysis of a sample of transactions noted that revenue was deposited more than five business days after receipt in 48 percent (29 of 60) of the items sampled. Delays as long as 202 days between the receipt date and date of deposit were noted.
- D) We could not verify that the correct fee was collected for 82 percent (49 of 60) of a sample of transactions because the receipts documenting the sales contained incomplete item descriptions and quantities.
- E) A supervisor does not approve transactions voided by clerical personnel.
- F) There was no reconciliation of revenues received to revenues deposited by an individual independent of the collection process.

**STATUS OF PREVIOUS
RECOMMENDATIONS
FOR IMPROVEMENT**



Follow-Up Audit of the Special Review of
Planning Division Revenue

We Recommend the Planning Division performs the following:

- A) Exercise greater care to ensure that all receipts are remitted for deposit or, if voided, all three parts of the receipt are retained together.
- B) Complete each receipt book in its entirety before using another receipt book. Receipt books not in use should be adequately secured.
- C) Deposit revenue and prepare a COR weekly or daily when receipts exceed \$200.00.
- D) Include an adequate description on receipts (e.g. types and quantities of maps and policy plan amendment numbers) of products and services sold.
- E) Establish policy and procedures requiring that both the clerk and a supervisor sign receipts used to void transactions.
- F) Assign an employee, independent of the collection process, to periodically reconcile collections to deposits.

Status:

- A) Not Applicable. The Planning Division no longer accepts cash. The customers are directed to the Building Departments cashier to pay for fees and get the Official Receipt for Orange County Planning Division validated. The customer then brings the validated receipt to the Planning Division before the item requested is provided. This change eliminates the control risk previously noted within the Planning Department and helps to improve internal controls by the use of a centralized cashiering function.
- B) Not Applicable. See A) above.

**STATUS OF PREVIOUS
RECOMMENDATIONS
FOR IMPROVEMENT**



Follow-Up Audit of the Special Review of
Planning Division Revenue

- C) Not Applicable. See A) above.
- D) Implemented. In August of 1999, the Planning Division developed an Official Receipt that details all products and services available. This provides adequate documentation for verification of revenues.
- E) Not Applicable. See A) above.
- F) Not Applicable. See A) above.