



Report #2019-14

Interim Residential Waste Assessments

Department of Inspector General
Stacy M. Butterfield, CPA
Clerk of the Circuit Court and County Comptroller

Lita J. McHugh, CPA, CIG, CIGI
Inspector General

Auditor Assigned:
Kassandra Holt, MAcc, CIGA



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Inspector General



Stacy M. Butterfield, CPA
Clerk of the Circuit Court and County Comptroller
Polk County, Florida

September 17, 2019

The Honorable Board of County Commissioners

We have conducted an audit of interim residential waste assessments in the Building Division.

Our audit objectives were to determine if controls over interim residential waste assessments are adequate to prevent and detect errors, and if the assessments are properly calculated in accordance with County Ordinance 13-069 and Resolution 18-097.

We appreciate the cooperation and assistance provided by Building Division staff during the course of our audit.

We hope you find this report useful in ensuring Polk County government provides the best possible services to our residents.

Respectfully submitted,

Lita McHugh, CPA, CIG, CIGI
Inspector General

Approved:

Stacy M. Butterfield, CPA
Clerk of the Circuit Court and County Comptroller

BACKGROUND

The Building Division within the Board of County Commissioners (BoCC) is responsible for assessing and collecting interim residential waste services assessments on newly constructed residences. County Ordinance 13-069 requires that “an interim Residential Waste Program Services Assessment shall be imposed against all real property for which a Certificate of Occupancy is issued after adoption of the final Assessment Resolution. The interim Residential Waste Program Services Assessment on new construction shall be collected at the time a Certificate of Occupancy is issued and shall be calculated by multiplying the Residential Waste Program Services Assessment imposed by the annual Assessment Resolution by the following factors as applicable:”

Month of CO	# of Months Payment Due	Factor
October	11 months	0.92
November	10 months	0.83
December	9 months	0.75
January	8 months	0.67
February	7 months	0.58
March	6 months	0.50
April	5 months	0.42
May	4 months	0.33
June	3 months	0.25
July	2 months	0.17
August	1 month	0.08

The Department of Inspector General (IG) previously completed Audit #2014-07 of the 2014 Residential Waste Program Services Assessment Roll, issued June 23, 2015. The audit identified errors in assessments collected by the Building Division and recommended that the Division review assessment fees collected for the year ending September 30, 2014, and refund owners as appropriate. Division management responded indicating they would correct the error that caused the incorrect assessments and implement monthly audits of interim assessments.

The IG then completed Audit #2017-01 of the 2016 Residential Waste Program Services Assessment, issued July 25, 2017. The audit followed up on the prior condition from Audit #2014-07 and found that assessment errors had been corrected and refunds had been

appropriately issued. The audit also found the Division had implemented monthly self-audit procedures that appeared effectively designed to identify potential errors.

In April of 2018, the Division implemented a new electronic permitting system, Accela. The purpose of this follow-up audit is to ensure that controls over interim waste assessments continue to operate effectively with the implementation of Accela.

OBJECTIVE AND SCOPE

The scope of our audit included:

- Review of Ordinance 13-069
- Review of Final Assessment Resolution 18-097
- Interviews with Building Division personnel
- Evaluation of the procedures and controls exercised over interim residential waste assessments
- Testing of the interim residential waste fees assessed.

Our audit objectives were to:

- Determine that internal controls over interim residential waste assessments are sufficient to prevent and detect errors.
- Determine that the amounts assessed are correct in accordance with Ordinance 13-069 and Resolution 18-097.

Our testing was performed in August of 2019. However, processes reviewed were not limited by the audit period.

We conducted this audit follow-up in accordance with the *International Standards for the Professional Practice of Internal Auditing*. Those standards require that we plan and perform the audit follow-up 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 follow-up objectives.

FINDINGS AND RECOMMENDATIONS

Overall, internal controls appear sufficient to properly process the assessment and collection of interim residential waste assessments. The monthly self-audit procedures implemented after IG Audit #2014-07 are still in place and appear to be operating effectively. However, our review also disclosed deficiencies and additional measures (described below) that should be considered to further strengthen the interim residential waste assessment process.

Finding #1 – Interim solid waste assessments for fiscal year 2018-19 were not calculated in accordance with Ordinance 13-069.

Interim residential waste assessment fees automatically populate in the Accela permitting system based on a proration table that was set up in the system by the Information Technology Division (IT). The proration table was developed by the Waste & Recycling Division and provided to the Building Division. The fee that is assessed for a new construction is based on the month that the certificate of occupancy (CO) is issued. Permit Technicians also utilize the proration table to ensure that fees have been properly assessed and collected prior to issuing the CO, and to make corrections as needed. We reviewed the proration table in effect for fiscal year 2018-19 and noted that the amounts of the fees were not calculated in accordance with the ordinance requirements. We notified management of the error and they immediately corrected the issue and revised the proration table. The revised proration table fees are in accordance with Ordinance 13-069 and the final Assessment Resolution 18-097.

We recommend the Accela system be updated to reflect the proper fee assessments. We also recommend that management ensure that any new assessment resolution rates are promptly updated in the system and take effect as of the effective date of the resolution.

Management response:

Management agrees with this recommendation. Prior to the start of each fiscal year, Building Division staff will contact the Waste and Recycling Division to determine if changes to the assessment fees are proposed. If so, we will ask for a copy of the proposed resolution, prepare an updated proration table of fees, and ensure that the prorated assessment fees are updated to take effect as of the effective date of the resolution.

Finding #2 – Voided transactions are not reviewed by the Building Division.

During our review, we noted that the Accela system allows any Permit Technician to void transactions. Per Division policy, only supervisory personnel are authorized to void a transaction in Accela, but the system does not prevent unauthorized personnel from doing so.

We recommend the Division strengthen internal controls by periodically auditing voided transactions to ensure that they are only processed by authorized supervisory personnel and that voids are appropriate.

Management response:

Management agrees with this recommendation. We have requested a report from the Informational Technology Division that will allow us to audit all voided transactions to confirm that only authorized supervisors are performing the tasks.

We appreciate the assistance of the Building Division staff during this review.

MANAGEMENT ACTION PLAN

Appendix A		
Recommendation	Responsible Employee	Target Date
<p>Recommendation #1 - The Accela system should be updated to reflect the proper fee assessments. Management should also ensure that any new assessment resolution rates are promptly updated in the system and take effect as of the effective date of the resolution.</p>		
<p>The Accela system has been updated to reflect the proper fee assessments. Further, at the end of each fiscal year, the Building Division staff will contact the Waste and Recycling Division for a copy of proposed new assessment resolution rates so that the system can be properly updated upon adoption.</p>	<p>Carmen Nieves</p>	<p>Request proposed rates on September 15 of each year and ensure the system reflects new rates on October 1 each year.</p>
<p>Recommendation #2 - The Building Division should periodically audit voided transactions to ensure that they are only processed by authorized supervisory personnel and that voids are appropriate.</p>		
<p>The Building Division has requested a report from the IT Division which will provide a list of voided transactions so that we can audit each month to confirm that only supervisors are performing voids.</p>	<p>Carmen Nieves</p>	<p>Report was requested of IT. Monthly audits will begin in September 2019.</p>