

PHYLLIS S. TAYNTON, CPA
Auditor-Controller

SHEILA O. TURGO
Assistant Auditor-Controller

OFFICE OF THE AUDITOR-CONTROLLER



SOLANO COUNTY

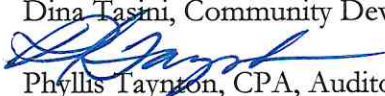
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INTERNAL AUDIT DIVISION MEMORANDUM

DATE: May 24, 2019

TO: Kate Zawadski, Deputy Finance Director, City of Dixon
Dina Tasini, Community Development Director, City of Dixon

FROM: 
Phyllis Taynton, CPA, Auditor-Controller

SUBJECT: Internal Control Review of the Public Facilities Fees – Collections

INTRODUCTION

Pursuant to the Internal Audit Division's FY 2018/19 Audit Plan, we performed an internal control review of the collections process of the Public Facilities Fees for the City of Dixon

OBJECTIVES

The objectives of our review were to verify the fees remitted to Solano County for Fiscal Years 2016/2017 and 2017/2018 were in conformance with the approved fee schedule, to determine whether the City of Dixon (City) complied with the applicable agreements concerning collecting and remitting Public Facilities Fees (PFF), and to determine whether remittances are accounted for in accordance with applicable laws, regulations, and/or agreements.

SCOPE and METHODOLOGY

The scope of our review was limited to internal controls and processes in place by the City related to the assessment, collection, and remittance of PFF to Solano County for fiscal years 2016/17 and 2017/18.

To achieve our objectives, we performed the following:

- Interviewed staff from the City's Finance and Community Development departments;
- Observed processes and reviewed controls of the building permit issuance process;
- Verified building permits were issued in the appropriate month;
- Sampled and traced PFF remittances to appropriate supporting documentation; and
- Validated City's compliance with County Code for timely remittance of quarterly collections.

We conducted our review in accordance with the *International Standards for the Professional Practice of Internal Auditing* as developed by the Institute of Internal Auditors.

In any system of internal controls inherent limitations exist which may result in errors or irregularities occurring and not being detected. Limitations may include, but are not limited to, resource constraints, management override, and circumvention of internal controls by collusion. Accordingly, our review would not necessarily disclose all weakness in the operating procedures, accounting practices, and compliance with County policy.

CONCLUSION

The City of Dixon collected \$619,833.00 and \$844,381.44 in fiscal years 2016/2017 and 2017/2018. Based upon our review, the City of Dixon processes and internal controls related to the assessment, collections, and remittance of Public Facilities Fees to the County appear adequate and in compliance with applicable laws, regulations, and agreements.

The Internal Audit Division would like to thank the City of Dixon staff and management for their time, assistance, and cooperation extended to us during our review.

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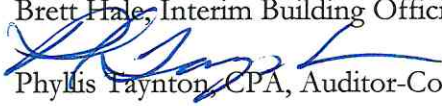
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INTERNAL AUDIT DIVISION MEMORANDUM

DATE: May 24, 2019

TO: Emily Combs, Director of Finance, City of Fairfield
Brett Hale, Interim Building Official, City of Fairfield

FROM: 
Phyllis Taynton, CPA, Auditor-Controller

SUBJECT: Internal Control Review of the Public Facilities Fees – Collections

INTRODUCTION

Pursuant to the Internal Audit Division's FY 2018/19 Audit Plan, we performed an internal control review of the collections process of the Public Facilities Fees for the City of Fairfield.

OBJECTIVES

The objectives of our review were to verify the fees remitted to Solano County for Fiscal Years 2016/2017 and 2017/2018 were in conformance with the approved fee schedule, to determine whether the City of Fairfield (City) complied with the applicable agreements concerning collecting and remitting Public Facilities Fees (PFF), and to determine whether remittances are accounted for in accordance with applicable laws, regulations, and/or agreements.

SCOPE and METHODOLOGY

The scope of our review was limited to internal controls and processes in place by the City related to the assessment, collection, and remittance of PFF to Solano County for fiscal years 2016/17 and 2017/18.

To achieve our objectives, we performed the following:

- Interviewed staff from the City's Finance and Community Development departments;
- Observed processes and reviewed controls of the building permit issuance process;
- Verified building permits were issued in the appropriate month;
- Sampled and traced remittances to appropriate supporting documentation; and
- Validated City's compliance with County Code for timely remittance of quarterly collections.

We conducted our review in accordance with the *International Standards for the Professional Practice of Internal Auditing* as developed by the Institute of Internal Auditors.

In any system of internal controls inherent limitations exist which may result in errors or irregularities occurring and not being detected. Limitations may include, but are not limited to, resource constraints, management override, and circumvention of internal controls by collusion. Accordingly, our review would not necessarily disclose all weakness in the operating procedures, accounting practices, and compliance with County policy.

CONCLUSION

The City of Fairfield collected \$3,398,577.02 and \$2,322,262.90 in fiscal years 2016/2017 and 2017/2018. Based upon our review, the City of Fairfield processes and internal controls related to the assessment, collections, and remittance of Public Facilities Fees to the County appear adequate and in compliance with applicable laws, regulations, and agreements.

The Internal Audit Division would like to thank the City of Fairfield staff and management for their time, assistance, and cooperation extended to us during our review.

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INTERNAL AUDIT DIVISION MEMORANDUM

DATE: May 24, 2019

TO: Jen Lee, Interim Finance Director, City of Rio Vista
Shawn Berrigan, Building Inspector, City of Rio Vista

FROM: 
Phyllis Taynton, CPA, Auditor-Controller

SUBJECT: Internal Control Review of the Public Facilities Fees – Collections

INTRODUCTION

Pursuant to the Internal Audit Division's Fiscal Year 2018/19 Audit Plan, we performed an internal control review of the collections process of the Public Facilities Fees for the City of Rio Vista.

OBJECTIVES

The objectives of our review were to verify the fees remitted to Solano County for Fiscal Years 2016/2017 and 2017/2018 were in conformance with the approved fee schedule, to determine whether the City of Rio Vista (City) complied with the applicable agreements concerning collecting and remitting Public Facilities Fees (PFF), and to determine whether remittances are accounted for in accordance with applicable laws, regulations, and/or agreements.

SCOPE and METHODOLOGY

The scope of our review was limited to internal controls and processes in place by the City related to the assessment, collection, and remittance of PFF to Solano County for Fiscal Years 2016/17 and 2017/18.

To achieve our objectives, we performed the following:

- Interviewed staff from the City's Finance and Community Development departments;
- Observed processes and reviewed controls of the building permit issuance process;
- Verified building permits were issued in the appropriate month;
- Sampled and traced PFF remittances to appropriate supporting documentation; and

- Validated City's compliance with County Code for timely remittance of quarterly collections

We conducted our review in accordance with the *International Standards for the Professional Practice of Internal Auditing* as developed by the Institute of Internal Auditors.

In any system of internal controls inherent limitations exist which may result in errors or irregularities occurring and not being detected. Limitations may include, but are not limited to, resource constraints, management override, and circumvention of internal controls by collusion. Accordingly, our review would not necessarily disclose all weakness in the operating procedures, accounting practices, and compliance with County policy.

CONCLUSION

The City of Rio Vista collected \$7,957.00 and \$487,675.40 in fiscal years 2016/2017 and 2017/2018, respectively. Based upon our review, the City of Rio Vista's processes and internal controls related to the assessment, collections, and remittance of Public Facilities Fees to the County appear adequate and in compliance with applicable laws, regulations, and agreements. However, our review identified the following control deficiency related to the assessment and collection of public facilities fees:

1. Incorrect square footage was used to assess County public facilities fees for non-residential buildings.

The following page provides a detailed description of the finding and the related recommendation. The recommendation should assist the City of Rio Vista in administering the assessment and collection of County's Public Facilities Fees.

The Internal Audit Division would like to thank the City of Rio Vista staff and management for their time, assistance, and cooperation extended to us during our review.

**Public Facilities Fee Collections Process Internal Control Review
For Fiscal Years Ending June 30, 2018 and 2017
FINDING and RECOMMENDATION**

1. Assessment of County PFF for Non-Residential Buildings

The City of Rio Vista assessed non-residential PFF rates using building square footage that had been rounded up to the nearest thousandth. This resulted in an overcharge of \$815.76 or 9.2% on total non-residential PFF rates in the sample we selected.

Non-residential developments are assessed a PFF rate using a fee schedule approved by the board of supervisors (BOS)¹. The County's public facilities form (provided to the City) automatically calculates the correct PFF rate upon inputting the building's exact square footage. This information is found on the building permit application, which should match the building permit and associated reports. The City rounded up the square footage before entering it onto the public facilities form which resulted in the error not being caught sooner.

Recommendation:

The City should input correct and accurate information into their automated building software and onto the County's public facilities form.

Management Response:

We agree with the auditors' comments, and the following action will be taken to improve the situation. The Community Development Administrative Assistant will input the building's exact square footage, provided in the building permit application, into the automated building software and onto the County's public facilities form to calculate the correct Public Facilities Fee rate approved by the board of supervisors.

¹ The PFF rate is calculated by multiplying non-residential fee amount per 1,000 building square feet.

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INTERNAL AUDIT DIVISION MEMORANDUM

DATE: May 24, 2019

TO: Barton Brierley, Community Development Director, City of Vacaville
Charles Lomeli, Treasurer/Tax Collector/County Clerk
Denise Dix, Accounting Supervisor, Treasury-Tax Collector-County Clerk

FROM:  Phyllis Taynton, CPA, Auditor-Controller

SUBJECT: Internal Control Review of the Public Facilities Fees – Collections

INTRODUCTION

Pursuant to the Internal Audit Division's FY 2018/19 Audit Plan, we performed an internal control review of the collections process of the Public Facilities Fees for the City of Vacaville.

OBJECTIVES

The objectives of our review were to verify the fees remitted to Solano County for Fiscal Years 2016/2017 and 2017/2018 were in conformance with the approved fee schedule, to determine whether the City of Vacaville (City) and Solano County Treasury (Treasury) complied with the applicable agreements concerning collecting and remitting Public Facilities Fees (PFF), and to determine whether remittances are accounted for in accordance with applicable laws, regulations, and/or agreements.

SCOPE and METHODOLOGY

The scope of our review was limited to internal controls and processes in place by the City and Treasury and the City related to the assessment, collection, and remittance of PFF to Solano County for fiscal years 2016/17 and 2017/18.

To achieve our objectives, we performed the following:

- Interviewed staff from the City's Community Development department and the Treasury;
- Observed processes and reviewed controls of the building permit collection and issuance processes;
- Verified building permits were issued in the appropriate month

- Sampled and traced remittances to appropriate supporting documentation; and
- Validated Treasury's compliance with County Code for timely remittance of quarterly collections.

We conducted our review in accordance with the *International Standards for the Professional Practice of Internal Auditing* as developed by the Institute of Internal Auditors.

In any system of internal controls inherent limitations exist which may result in errors or irregularities occurring and not being detected. Limitations may include, but are not limited to, resource constraints, management override, and circumvention of internal controls by collusion. Accordingly, our review would not necessarily disclose all weakness in the operating procedures, accounting practices, and compliance with County policy.

CONCLUSION

Solano County Treasury collected \$3,374,160.63 and \$1,828,646.72 in fiscal years 2016/2017 and 2017/2018. Based upon our review, the City of Vacaville and Solano County Treasury's processes and internal controls related to the assessment, collections, and remittance of Public Facilities Fees to the County appear adequate and in compliance with applicable laws, regulations, and agreements.

The Internal Audit Division would like to thank the Solano County Treasury and City of Vacaville staff and management for their time, assistance, and cooperation extended to us during our review.

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INTERNAL AUDIT DIVISION MEMORANDUM

DATE: May 24, 2019

TO: Rekha Nayar, Interim Finance Director, City of Vallejo
Steve Arnold, Chief Building Official, City of Vallejo

FROM:  Phyllis Taynton, CPA, Auditor-Controller

SUBJECT: Internal Control Review of the Public Facilities Fees – Collections

INTRODUCTION

Pursuant to the Internal Audit Division's FY 2018/19 Audit Plan, we performed an internal control review of the collections process of the Public Facilities Fees for the City of Vallejo.

OBJECTIVES

The objectives of our review were to verify the fees remitted to Solano County for Fiscal Years 2016/2017 and 2017/2018 were in conformance with the approved fee schedule, to determine whether the City of Vallejo (City) complied with the applicable agreements concerning collecting and remitting Public Facilities Fees (PFF), and to determine whether remittances are accounted for in accordance with applicable laws, regulations, and/or agreements.

SCOPE and METHODOLOGY

The scope of our review was limited to internal controls and processes in place by the City related to the assessment, collection, and remittance of PFF to Solano County for fiscal years 2016/17 and 2017/18.

To achieve our objectives, we performed the following:

- Interviewed staff from the City's Finance and Community Development departments;
- Observed processes and reviewed controls of the building permit issuance process;
- Verified building permits were issued in the appropriate month;
- Sampled and traced PFF remittances to appropriate supporting documentation; and

- Validated City compliance with County Code for timely remittance of quarterly collections

We conducted our review in accordance with the *International Standards for the Professional Practice of Internal Auditing* as developed by the Institute of Internal Auditors.

In any system of internal controls inherent limitations exist which may result in errors or irregularities occurring and not being detected. Limitations may include, but are not limited to, resource constraints, management override, and circumvention of internal controls by collusion. Accordingly, our review would not necessarily disclose all weakness in the operating procedures, accounting practices, and compliance with County policy.

CONCLUSION

The City of Vallejo collected \$456,849.41 and \$175,590.12 in fiscal years 2016/2017 and 2017/2018. Based upon our review, the City of Vallejo processes and internal controls related to the assessment, collections, and remittance of Public Facilities Fees to the County appear adequate and in compliance with applicable laws, regulations, and agreements.

The Internal Audit Division would like to thank the City of Vallejo staff and management for their time, assistance, and cooperation extended to us during our review.