

CINDY STUART



Clerk of Court & Comptroller
13th Judicial Circuit

An Audit of:

**DEPARTMENTAL
USER FEES**

COUNTY AUDIT DEPARTMENT

REPORT # 394

MARCH 16, 2021

The Honorable Pat Kemp, Chair
The Honorable Harry Cohen
The Honorable Ken Hagan
The Honorable Gwen Myers
The Honorable Kimberly Overman
The Honorable Mariella Smith
The Honorable Stacy R. White



Dear Commissioners:

March 16, 2021

The Audit Team has completed an audit related to the management of Departmental User Fees (Audit Report # 394, dated March 16, 2021). Responses to the Audit Team's recommendations were received from the Director of Management & Budget and have been included in the Report after each audit comment and recommendation.

The purpose of this Report is to furnish management independent, objective analysis, recommendations, and information concerning the activities reviewed. It is not an appraisal or rating of management.

Although the Audit Team exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud and/or employee abuse is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud or abuse will be detected.

The Audit Team greatly appreciates the cooperation responsiveness of the Management & Budget department and each of the reporting departments contacted during the course of this audit.

Sincerely,

Heidi Pinner

Together, we will get to YES!

Heidi Pinner, CIA, CISA, CFE, CRMA
Senior Director, County Audit

CC: Bonnie Wise, County Administrator
Tom Fesler, Chief Financial Administrator
Kevin Brickey, Director, Management & Budget
Debbie Benavidez, Director, Enterprise Solutions & Quality Assurance
Cindy Stuart, Clerk of Court & Comptroller
MaryLou Fernandez Whaley, Chief Of Staff, Clerk of Court & Comptroller

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EXECUTIVE SUMMARY

BACKGROUND INFORMATION

Departments under the Hillsborough County Board of County Commissioners (BOCC, or the Board) provide numerous services to the public, such as water, wastewater, pet adoptions, building permits, solid waste handling, library services, aging services, and parks. Many of the services are provided at a fee which are collectively known as User Fees. Board Policy 03.02.02.09, *User Fees and Cost Recovery*, requires the County to establish and update user fees for services provided by the County. User Fees are all authorized by resolutions, laws, ordinances, and/or policies.

The Department of Management & Budget compiles a list of all the County's user fees and references into a document known as the Departmental User Fees List. The Departmental User Fees List is a complete listing of all the fees for all services and departments under the BOCC and is provided to the public and other County departments as a reference guide to itemize the fees charged to the public for County services. This document is publicly downloadable as a .pdf file from the County's website under the department of Management & Budget. The Departmental User Fees List, which totals 658 pages, also includes excerpts of all the related resolutions, laws, ordinances, and/or policies as support for all the fee amounts listed.



OBJECTIVE

The objective of the audit was to determine whether or not the Departmental User Fees List is an accurate reference and whether fees listed were in compliance with the related resolutions, laws, ordinances, and/or policies.

SCOPE

The audit was conducted in conformance with the *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that County Audit plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the audit comments and conclusions based on the audit objectives. County Audit believes that the evidence obtained provides this reasonable basis.

Audit testing was performed on the Departmental User Fees List published on January 27, 2020.

OVERALL EVALUATION

The majority of the information presented in the Departmental User Fees List is accurate and in compliance but there were also some opportunities identified.

PROCESS STRENGTHS

- The Department of Management & Budget compiles the Departmental User Fees List each year based on specific dollar amounts approved by the Board and/or state statutes.
- The supporting documents included in the Departmental User Fees List allow the public to see the exact laws and ordinances establishing the types of fees and amounts.

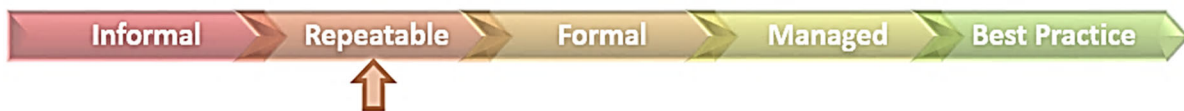
CONTROL IMPROVEMENT OPPORTUNITIES

- Current practices and procedures may not be fully in line with the Board policy.
- There needs to be better participation by County departments to ensure that the Department User Fees List remains current, accurate and useful.
- Some of the user fees listed need corrections or updating.
- Some of the units of measure need updating, correcting, or clarification.

Full testing results are included on page four (4) of this Report.

OPINION

Control Maturity Levels



The overall control environment relative to the preparation and updating of the Departmental User Fees List is at the repeatable maturity level. This means that there are some controls in place, however some roles and responsibilities could be better established to ensure Board policy compliance and that the fees listed are accurate and current. There is a high amount of reliance on County departments to work with Management & Budget each year in updating the Departmental User Fees List to ensure its accuracy.

The exit conference was held on February 15, 2021. Other minor concerns not included in this Report were communicated to management and/or corrected during fieldwork.

AUDITED BY

Heidi Pinner, CIA, CISA, CFE, CRMA, Senior Director, County Audit
 Ben Everett, CPA, CIA, CFE, Audit Manager
 Hanno Roodt, Internal Auditor II

AUDIT COMMENTS & RECOMMENDATIONS

AUDIT COMMENT 1

The majority of the information presented in the Departmental User Fees List is accurate and in compliance.

OPPORTUNITIES

- Review discrepancies identified.
- Evaluate the usefulness of compiling the fee list.
- Require full participation from departments.

MANAGEMENT & BUDGET

- Distributes Prior List
- Compiles Updates
- Publishes to Web

OBJECTIVE

The objective was to determine whether or not the User Fee List was accurate and in compliance with applicable laws, rules and ordinances.

METHODOLOGY

The Audit Team met with Management & Budget and determined how the Departmental User Fees List is updated each year and whether or not there are effective controls in place to ensure its accuracy. Management & Budget’s current practice is to compile a complete list of User Fees for the County but the determination of how the fees are established and calculated is the responsibility of each department.

Each year, Management & Budget sends out the list of fees from the prior year’s Departmental User Fees List and requests the departments to respond back with any updates. Most of the departments reply back, however if a department does not respond, the prior year’s User Fees are re-used in compiling the current year’s Departmental User Fees List. This may result in an increased risk of inaccurate fees being listed. The Audit Team observed that the 2017 Departmental User Fees List was the version available online for several years until the 2020 update was compiled and published.

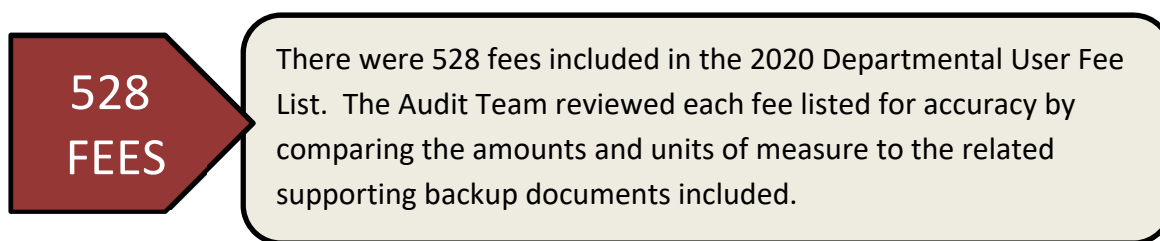


Management & Budget opted not to post updated fees in 2018 or 2019 due to some departments not responding to update requests.

Many County departments already have their fees listed on the County's public website and therefore, the Departmental User Fees List document may be utilized only minimally if at all in day-to-day practice. Based on the Audit Team's inquiries and observations, it is unclear as to whether or not the Departmental User Fees List provides any significant public or operational benefit.

TESTING RESULTS

OVERALL ACCURACY OF THE DEPARTMENTAL USER FEE LIST



RESULTS

Of the 528 user fees listed in the user fee document, the Audit Team found 59 discrepancies such as fee amounts listed that were different than the supporting documents or units of measure (per day, per square foot, per ton, etc.) that were incorrect or unclear. Specific results were as follows:

- Seventeen (17) user fees were identified where the unit of measure was unclear. This included park shelter rental fees that do not state if the fee is per hour/day/week, sports league fees that do not state if the fee is per year or one-time only, and water/wastewater fees per pipe inch size of service that do not state if it is per month or some other timeframe.
- Thirty-two (32) user fees were identified where the unit of measure was stated incorrectly on the User Fees List. Examples of these discrepancies included fire inspection fees where the square foot ranges did not match the ordinance and solid waste fees stated as per dwelling instead of per ton.
- Four (4) user fees were listed that were not supported by the accompanying documents.
- Four (4) user fees were identified that had an amount/description in the supporting documents that did not agree to the user fee list:
 1. A library returned check fee typo that says "of check amount" which should have said "5% of check amount".
 2. A land use verification service listed as \$75 per hour that should have been per letter.

- 3. A solid waste mixed-load surcharge typo stated as “s the posted rate” which should have been “2 times the posted rate”.
- 4. A wastewater usage charge of \$4.48 per 1,000 gallons that should have been \$4.78.
- Two (2) Medical Examiner fees had not been updated since the 1990s and may not reflect current economic inflation (inflation adjustments are not required in the resolution):
 - 1. Cremation, Dissection, & Burial-at-Sea Investigations \$25.00.
 - 2. Body to be Shipped Out-of-State Investigations \$25.00.

APPROPRIATENESS OF THE FEES INCLUDED

The Audit Team also judgmentally selected a sample of 23 fees from the Departmental User Fee List and:

- Compared the supporting documents included with the list to the current ordinances, laws, and/or Board policies and resolutions to ensure consistency.
- Contacted each department and asked how the amount of the fee was determined or calculated.



RESULTS

The Audit Team determined that:

- Three (3) of the 23 fees tested were based on older, outdated supporting documents, such as the 2014 State Statutes, and a prior year’s Board resolution instead of the current year.
- For two (2) fees, the department could not provide support or an explanation as to how the fee amounts were determined and calculated:
 - A Communications meeting coverage 50% cost sharing fee of \$142.50/hour.
 - A locksmith registration fee ranging from \$500.00 - \$1,000.00 (depending on the number of employees).

COMPLETENESS OF THE USER FEE DOCUMENT

To determine if the User Fee Document was a complete reference of user fees, the Audit Team:



- Selected a sample of 7 departments from the 17 departments included in the User Fee Document, and had them provide their own list of user fees collected. A random sample of those fees was selected and agreed back to the Departmental User Fees List.

- Gathered publicly available user fee references on each department's website and compared random samples of those fees to the Departmental User Fees List.

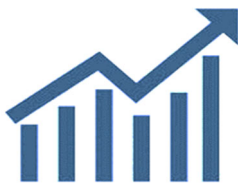
RESULTS

The Departmental User Fees List had another three (3) disposal fees for Solid Waste that were from a prior Board resolution and had not been updated to the current resolution, as follows:

- \$97.53 annual assessment per dwelling should have been \$102.89.
- \$110.00/ton passenger tires should have been \$115.00.
- \$5.00 per passenger tire should have been \$5.23.

Not all of departments had fees publicly available online. For those that were online, the Audit Team found:

- Two (2) user fees that were not included in the current Departmental User Fees List:
 1. A Fire Rescue sprinkler/fire line application fee of \$150.00 + \$5 per \$1,000 of construction cost.
 2. Medical Examiner hourly rates of Toxicologist, \$225.00 per hour and Medical Examiner, \$450.00 per hour.
- Three (3) user fee amounts that differed from what was in the Departmental User Fees List:
 1. A fee of \$30/hour for practice fields on the Parks & Recreation website that was listed as \$60/hour in the Departmental User Fees List.
 2. The Solid Waste website shows the annual disposal assessment for condos as \$66.30 but is listed as \$62.84 in the Departmental User Fees List.
 3. A Solid Waste commercial disposal fee of \$73.22 shown as \$69.40 on the Departmental User Fees List.



The Audit Team also observed additional fees based on older policies or resolutions that have not been updated for economic inflation. Details of the testing results with specific fee amounts were communicated to Management & Budget during the audit.

RECOMMENDATIONS

County Management should consider taking the following corrective actions:

1. Review the specific fee discrepancies found by the Audit Team and make any necessary corrections and updates to the Departmental User Fees List or other fee listings as applicable.
2. Re-assess the need to continue preparing the Departmental User Fees List each year if it is not being used or providing any significant benefit to the County or to the public; or
3. Work with the departments to require full participation in the annual updating of the Departmental User Fees List.

CLIENT RESPONSE

1. Concur
2. Concur
3. Concur

CORRECTIVE ACTION PLAN

1. *Management and Budget has addressed the discrepancies and made necessary changes and updates during the 2021 update of the Departmental User Fees List. Departments have provided needed information. These changes and updates will be included in the 2021 Departmental User Fees List which is anticipated to be published by April 30, 2021 at <https://www.hillsboroughcounty.org/library/hillsborough/media-center/documents/budget/county-user-fee-repository-user-fees.pdf>.*
2. *Management and Budget in conjunction with County Administration will assess the value of continuing the Departmental User Fees List in the future.*
3. *Management and Budget garnered full participation for the recent 2021 Departmental User Fees List update. If the decision is taken to continue the list (related to number 2 above), Management and Budget will continue to work with Departments to secure full participation.*

TARGET COMPLETION DATE

1. *April 30, 2021*
2. *October 15, 2021*
3. *Completed March 12, 2021*

AUDIT COMMENT 2

Board Policy 03.02.02.09, User Fees and Cost Recovery has not been updated since 1998.



OPPORTUNITY

Update and/or implement the board policy related to user fees.

OBSERVATIONS

Board Policy 03.02.02.09, User Fees and Cost Recovery, was adopted by the BOCC on July 8, 1998 and states the following:

“The purpose of this policy is to identify the full cost of services for which user fees are charged and to establish, over time, specific cost recovery goals for these services that can be maintained as costs change. The calculation of the full cost of providing a service does not suggest that user fees should fully recover the cost, only that the public should know what portion of the cost is being recovered through user fees, and such recovery rate should be maintained unless the Board acts to increase or reduce a cost recovery goal.

It is the policy of the BOCC that the County may from time to time establish or update fees for services provided by the County (user fees). The County will identify the full cost of providing a service for which fees are charged. Wherever practical, the County shall identify cost recovery goals for each fee and authorize automatic adjustment so that the fee can be updated to recover the same portion of the County's cost over time. The calculation of cost will include all reasonable and justifiable direct and indirect cost components.

It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.”

Current procedures may differ from what is specified in the Board policy, which appears to be a result of operational changes made gradually since the policy was adopted in 1998. There were also older fees observed during the audit that do not appear to be updated for inflation.

Management and Budget is the responsible party for implementation of this Board Policy. However, in practice, the identification of full cost of services and partial recovery goals is typically determined within the individual County departments. The Departmental User Fees List shows the fee amounts charged, but does not provide additional detail to inform the public of what portion of the cost is being recovered through user fees or if automatic fee adjustments have been authorized.

RECOMMENDATIONS

County Management should consider taking the following corrective actions:

1. Re-establish current procedures to ensure the requirements in Board Policy 03.02.02.09, User Fees and Cost Recovery, are being met; or
2. Initiate a Board meeting agenda item to update the Board policy to match current operational practices.
3. Consider reviewing older fee rates to determine whether or not adjustments are needed for inflation and/or cost recovery goals.

CLIENT RESPONSE

1. *Concur*
2. *Concur*
3. *Concur*

CORRECTIVE ACTION PLAN

1. *Management and Budget in conjunction with County Administration will assess the requirements of Board Policy 03.02.02.09, User Fees and Cost Recovery to determine if any changes are needed to the policy, or procedures related to the policy. Potential changes requiring Board approval will be presented to the Board at a regular Board meeting.*
2. *Management and Budget in conjunction with County Administration will assess the requirements of Board Policy 03.02.02.09, User Fees and Cost Recovery to determine if any changes are needed to the policy, or procedures related to the policy. Potential changes requiring Board approval will be presented to the Board at a regular Board meeting.*
3. *Management and Budget in conjunction with County Administration will consider reviewing older fee rates and any needs for adjustments. Individual departments would be responsible for their own fee reviews and adjustments.*

TARGET COMPLETION DATE

1. *October 15, 2021*
2. *October 15, 2021*
3. *October 15, 2021*