

**Montgomery County, Maryland
Office of Internal Audit
Office of the County Executive
Consulting Review**



**Department of Permitting Services
Receipts and Financial Instruments
Process Controls**

November 16, 2012

Prepared by Watkins Meegan LLC

Highlights

Why MCIA Did this Audit

We conducted a limited scope, independent review of the Department of Permitting Services (DPS) with the objective of reviewing the adequacy of controls over receipts associated with the permitting process and the safeguarding of various bonds and letters of credit that are received in connection with permits. The review was initiated because of concerns expressed by the Director, DPS upon assuming responsibility for the Department, including weaknesses in control and safeguarding of assets.

What MCIA Recommends

MCIA is making five recommendations. One addresses the need to establish a Cashiering Function to serve as a focal point for intake, receipting and securing all receipts. The remaining recommendations address strengthening the reconciliation process, increasing efficiency through the implementation of a check scanning process, and enhancing the safeguarding of financial instruments stored in the Department. DPS stated it concurred with the report's findings and recommendations.

October 2012

Department of Permitting Services Receipts and Financial Instruments Process Controls

What MCIA Found

The review focused on the design of controls and did not include any substantive testing, other than observation. The review confirmed the Director's concerns that internal controls need improvement. It is worth noting that, as of the date of this review, there were no recent known cases of fraud or other malfeasance associated with the receipts process in DPS, nor were any cases detected during the course of this work, although that was not a specific objective of the review.

Our eight observations on control weaknesses break down into three major areas: *Dual Control, Security, and Documentation*. A contributing factor to the control weaknesses is the fact that currently the public is not physically restricted from entering all DPS processing areas.

Dual Control 1. There is no dual control (an internal control objective) over incoming checks or cash bonds, nor are these items restrictively endorsed until the Permit Technician (PT) is ready to issue a receipt. 2. The reconciliation performed is not reviewed or signed off by anyone other than the preparer. The current preparer of the reconciliations is not independent of the cash receipts process.

Security 3. Checks that arrive by mail or via drop off move through an unsecure distribution process to the PT's. 4. Receipted checks are not consistently secured pending deposit. 5. Letters of Credit and Performance Bonds are not maintained in a secure, fireproof environment. 6. When a credit card is accepted for payment, the PT takes the credit card out of sight of the customer during authorization. 7. Checks are carried under single control to the bank branch.

Documentation 8. Procedures are not adequately documented.

Department of Permitting Services

Receipts and Financial Instruments Process Controls Review

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Introduction

This document summarizes the work performed by Watkins Meegan on behalf of the Montgomery County Office of Internal Audit in reviewing the Montgomery County Department of Permitting Services' (DPS) procedures for receipts in connection with the issuance of permits, and the safeguarding of those receipts as well as various bonds and letters of credit that are often required in connection with the issuance of a permit. The Director, DPS, requested Internal Audit to perform this consulting review in order to improve the department's internal controls. This document describes the interviews conducted, documents reviewed, processes observed, and the resulting recommendations to DPS.

Background

The role of DPS is to ensure compliance with Montgomery County development and construction standards. Organizationally, DPS encompasses the Office of the Director and three Divisions: Building Construction, Customer Service, and Land Development. Building Construction is responsible for plan review, permit issuance, and inspection of both residential and commercial properties. Customer Service handles Case Management, which includes any new or uncategorized projects, "signature" projects, and places of worship; information requests; community outreach; complaints for all divisions; and intake of all mail. Land Development handles Right of Way reviews, permits, and inspections; all water resources and water quality related plans and inspections; and well and septic systems related permits and inspections.

In FY 2012, DPS processed thirty-two thousand five hundred permits, two thousand eight hundred thirteen licenses, and collected revenues of thirty nine million nine hundred thousand dollars. DPS also collected school and transportation impact taxes and school facilities payments of twenty-nine million dollars. 94 percent of funds collected are in the form of checks, 5 percent are by credit card, and the remaining 1 percent is cash. Cash Bonds collected total over four and one-half million dollars.

All of the following processes are described in referenced flowcharts in the attached Appendix I.

DPS is the starting point for permit applicants on any construction or land-related projects to apply for and receive approval for a permit. Both Customer Service and Land Development have intake desks where they triage incoming applicants, providing information if necessary and entering applicants information into the Customer Management System (CMS) so that they can be scheduled with Permit Technicians (PT's). Permit-related materials, including checks, can also be received by mail, fax, express delivery, or drop-off. Express delivery and drop-offs are first processed into the Hansen 8 System¹ by one of the intake desks, and then along with the mail and fax messages, are opened, any payments contained within recorded in the Hansen System, and the entire package of materials routed by Customer Service staff to the appropriate Division and PT.

The Department also has a "Fast Track" process for permits that are less complex and that can be handled and approved in a single session. The Customer Service intake desk makes the determination to put an applicant into Fast Track, and then enters them into CMS, so the PT's in Fast Track can call the applicants in turn.

Whether customers go through Fast Track or meet with another Divisions' PT, they retain all paperwork and checks until they meet with the PT to review their application. All permits generally require an Application Fee, and this is collected upon the initial meeting with the PT. Only when the application has been reviewed and finally approved will the PT collect the actual permit fee, which is based on the details of the project and determined by Executive Regulation and calculated in the Hansen System.

Any checks collected by the PT are restrictively endorsed, attached to a receipt generated from the Hansen System, and the customer is given another copy of the receipt. In those cases where a credit card is used for payment (most usually for Fast Track), the PT takes the card, authorizes the transaction in one of two credit card authorization machines kept on the DPS premises, and returns the credit card to the applicant, issuing a receipt after entering the transaction into the Hansen System. In those cases where cash is offered, the applicant is issued a Hansen receipt, which they then take to the Montgomery County Treasurers' Cashier. The Cashier is a unit in the Department of Finance and is located in the same building as DPS. The Cashier will process the payment, stamp the receipt, and the applicant then returns to the PT to record the payment and complete the

¹ Hansen is a leading provider of Enterprise Resource Planning (ERP) applications that help

permit issuance process. Cash bonds, which, when required, are accepted just prior to the issuance of an approved permit, are handled in a similar manner to checks in a lockbox maintained by the DPS Finance function.

After accepting a check or cash bond, the PT attaches it to the Hansen-generated receipt, and, before the end of the day, deposits it in a lockbox maintained by the Finance function. Credit card slips and their receipts are similarly placed in a separate locked safe. The responsible PT files performance bonds or Letters of Credit in a designated file cabinet after the related permit has been approved and issued.

DPS is also responsible for collecting development payments and impact taxes that may be required in connection with a building permit. Building construction also collects all development impact taxes (school and transportation) for the Cities of Rockville and Gaithersburg. Since December 2011, customers have had the ability to defer payment of these taxes, creating a tracking requirement for DPS. A nightly report is generated noting taxes that will be due within the next fifteen days. As with other permit-related payments, customers pay by check (credit cards are not accepted). Customers making payments follow the same process as with a permit, registering at the Building Construction intake desk, and waiting their turn to see a PT. The PT will search in Hansen by permit number to determine the correct amount due, generate a receipt for the customer, and attach a copy of the receipt to the check, placing it in the lockbox before the end of the day, in a similar fashion to other fees received.

Payments associated with Information Requests made to the Customer Service Division are collected after the materials requested are prepared. When the customer arrives at the Building Construction intake desk, a PT is called to record the payment in Hansen and issue a receipt. The check and attached receipt are then handled similarly to other checks.

At the end of each day, all of the contents of the lockbox and credit card safe are removed for safekeeping to the office of the Management and Budget Specialist (who reports to the Director of DPS.) The following morning, those receipts, along with any other materials deposited after hours by PT's who were working late, are collected and reconciliation is performed. Checks, credit card slips, and cash bonds are reconciled to Hansen, and any reconciling items are explained and

noted. A deposit slip is then prepared and the checks and cash bonds are taken to the bank. Subsequent to the deposit, Oracle² is posted with the day's activity.

Objective

There were five objectives for this review:

- ❖ Conduct a review of the existing process, controls, and risks surrounding the following:
 - The receipt of checks, credit card information, and Letters of Credit
 - The safeguarding of the foregoing as well as related financial instruments, to include Performance Bonds in the Permitting Department
 - The secure deposit of cash instruments and the accurate, secure recording of credit card transactions with the processing institution(s)
 - Recording of data in Hansen 8 and Oracle
- ❖ Clearly describe the current process, controls, and risks in a flowchart or text, as necessary. Note any interaction with DPS systems. Document observations that clarify the process description and make a record of any discussions with Department personnel that support the description.
- ❖ Make specific recommendations that are actionable within the DPS' current financial, systems, and staffing resources in order to reduce risk exposure through improved controls, or transfer risk in a manner acceptable to DPS leadership.
- ❖ Make additional recommendations, as appropriate, that may require additional resources or the cooperation of other departments, such as Finance.
- ❖ Make recommendations that will improve the efficiency of the process, to the extent that these are not already addressed in the foregoing.

Interviews, documentation reviews, and observations for the foregoing were conducted from August 2012 through September 2012.

² Oracle is the Enterprise Resource Planning (ERP) software used to manage financial accounting for Montgomery County.

Scope and Methodology

This review included the interview of key DPS personnel, the review of available process documentation, and interviews of County officials from other departments that might provide insight into best practices that could be leveraged to the advantage of DPS. Additional benchmarking discussions were also held with Washington Suburban Sanitary Commission (WSSC), Arlington, and Fairfax County's Permitting Services to determine if they were engaging in practices that might provide enhanced levels of control or improvements in efficiency. Our review was conducted in compliance with the American Institute of Certified Public Accountants' Consulting Standards.

DPS Interviews:

Title	Role
Director, Department of Permitting Services	Overall responsibility for Department of Permitting Services.
IT Manager	Supports users of the Hansen System and maintains the system.
Permitting Services Manager – Building Construction	Manager of Permit Technicians - Oversee work of Permit Technicians.
Division Chief – Customer Service	Head of the Division of Customer Service
Permitting Services Manager – Customer Service	Manager of Permit Technicians – Oversee work of Permit Technicians.
Permitting Services Manager – Land Development	Manager of Permit Technicians. Responsible for recording and secure storage of Cash Bonds.
Permit Technician – Land Development	Responsible for recording and safekeeping of cash bonds.
Management and Budget Specialist – Office of the Director	Previously performed daily reconciliation and bank deposit.

Montgomery County Interviews:

Title
Chief of Cash, Debt, and Special Projects
Banking Analyst
Section Chief, Accounts Receivable
Chief of Treasury
Cashier – Treasury
Operations Manager – Department of Environmental Protection, Division of Solid Waste Services

External Interviews:

Title
Washington Suburban Sanitary Commission (WSSC) – Permit Services
Arlington County – Manager – Permit Services
Arlington County - Management Specialist – Building
Fairfax County Financial Management Branch – Land Development

Two DPS documents were available for review: the Credit Card Information Security Policy, and an operating procedure that describes the steps for entering a credit card sale. We also obtained copies of the Montgomery County Operation Manual for Cashiering Operation and the Cash procedures in use at the Montgomery County Department of Solid Waste Services Waste Transfer Station.

Documentation of the Process

Based on the interviews conducted at DPS, we prepared four flowcharts:

1. Cash and Non-Cash Bonds

Describes the flow from in-person delivery or mail/drop-off through to eventual storage in cabinets at DPS

2. Fast Track

Describes the Fast Track process starting with the PT's computation of the filing fee through to deposit in the check or credit card lock box

3. Mail and Drop -Off

Describes the process beginning with either mail or drop-off, opening and sorting, handling by PT, and eventual deposit in the check lock box

4. Lock Box to Bank Deposit

Traces the steps from retrieval of checks/receipts and credit card slips/receipts to deposit, posting, and imaging

The flowcharts appear in Appendix I and identify each step in the respective process, provide a brief description of operation and controls, and also note Key Risks identified in the control design.

Results

Our review disclosed the following internal control areas that need strengthening. In each case we lay out the best practice or internal control issue involved, the current condition at DPS, and what we believe is the cause and the potential effect.

- 1. Best practice upon receiving payment is to immediately provide a receipt to the customer. Many organizations accomplish this through a separate cashiering function which significantly reduces the number of individuals handling payments and other cash instruments. In situations like mail and messenger/drop-off delivery of permitting materials and related checks, opening such items under dual control provides both an additional checkpoint to assure all cash items are accounted for and a deterrent against potential malfeasance. Immediate restrictive endorsement in favor of Montgomery County is another best practice that would further reduce the chances that a check will be misdirected. Montgomery County Department of Finance officials advised us that County Transit Services has a cashiering facility that could provide a good example of the type of facility and security associated with establishing a cashiering function.***

Condition:

There are a number of situations, particularly in the case of mail, drop-offs, and checks drawn in advance by customers for permit fees, where checks are under single control of either OSC's or PT's. For mail and drop-off items, restrictive endorsement is not applied until the check is accepted by the PT in connection with final permit approval and a receipt is issued at that time.

Cause:

This is due to the lack of a single, controlled point of receipt, such as a departmental cashier, for all incoming permit applications and related checks and cash bonds.

Effect:

Checks and cash bonds are in the possession of DPS, but have not been logged or receipted under properly controlled conditions, creating opportunities for inadvertent loss or malfeasance as they are handled by several staff during processing.

2. Reconciliations should be reviewed and signed off by an independent reviewer to assure completeness and accuracy.

Condition:

The reconciliation performed between Hansen, the checks that are prepared for deposit, and Oracle is not reviewed or signed off by anyone other than the preparer. The Management and Budget Specialist has been reviewing the work of another staff member, but this is not a normal part of the reconciliation procedure. (At the time of review, the staff member preparing the daily cash receipts reconciliation was a temporary assignment pending the hire of a permanent replacement.)

Cause:

The current procedure does not specify a review or sign off on daily reconciliations or receipts, nor does it specify that the reviewer should be financially knowledgeable or familiar with DPS operations.

Effect:

Errors can occur in reconciliations that are not detected until after deposits are made, resulting in additional time to correct undetected errors or malfeasance.

3. Checks and cash bonds that arrive by mail or via drop off should be secured from loss or misplacement from the moment they are in DPS custody.

Condition:

Checks and cash bonds currently move through a distribution process to the PT's who leaves them unsecure for varying periods of time. The mail and any checks contained therein are not logged into the Mail Log until they are picked up and processed by Customer Service.

Cause:

Incoming checks and cash bonds, whether received by mail, messenger, or drop-off, and credit card authorizations that are occasionally received via fax, are left in non-secure inboxes in various locations throughout DPS during the day. These boxes are in areas that are also exposed to customers as they do business with DPS.

Effect:

This situation leaves cash items as well as permit applications and related materials in a position to be either lost or misappropriated.

4. *Once checks and cash bonds are receipted and entered into Hansen as such, they should immediately be treated in a secure manner that assures they are properly safeguarded until deposit.*

Condition:

Receipted checks are deposited at varying times during the day in an unlocked "lockbox." That box is not locked at any time during the day. Credit card slips, however, are deposited in a small combination lock vault next to it through a slot in the top.

Although checks are required to be kept locked while in the PT's possession, we observed checks still in permit application packages that had been received up to two weeks previously; these checks are often not ready for deposit, as the permit has not been approved yet, and the check is for the permit fee, not the application.

Compounding this lack of security is a lack of control over desk keys in DPS.

Cause:

Although the lockbox is a fireproof safe, it is not locked during the day. PT's occasionally maintain checks and receipts in their work area if they are busy. There is no key control process in DPS.

Effect:

Leaving receipts and checks in the lockbox during the day exposes them to potential loss. In addition, even if checks were locked in the PT's desk pending approval, or receipted checks were waiting deposit in the lockbox during the day, there is no way to know that another copy of the lockbox key or PT's desk key is not accounted for.

5. *Letters of Credit and Performance Bonds should be maintained in a secure (and fireproof) environment.*

Condition:

Active Letters of Credit and Performance Bonds are stored in a file cabinet that has no locking mechanism and is not fireproof. This file cabinet is not in a secure area.

Cause:

There is no policy or procedure requiring locked and fireproof cabinets and none are available for this purpose.

Effect:

This situation exposes these documents to possible loss through fire or malfeasance.

6. *Credit cards should not be removed from a customer's sight during the authorization process.*

Condition:

When a credit card is accepted for payment, the PT takes the credit card out of sight of the customer in order to use the authorization machine to effect payment.

Cause:

In the Fast Track processing area, the authorization machine is in a small alcove just behind the customer service desk. The second authorization machine is in a room far away from the PT's and customers in a secluded area.

Effect:

Removing the credit card from the customer's line of sight during the authorization process creates the opportunity for malfeasance and could subject the County to liability.

7. *Best practice is to arrange for the deposit of checks by scanning via Remote Deposit Entry, resulting in enhanced security for the checks and the responsible personnel as well as more timely deposit.*

Condition:

Checks are carried by hand by a single person in DPS to the local bank branch.

Cause:

No arrangements have been made for a more secure or efficient method of deposit.

Effect:

DPS personnel are at heightened risk of attack by thieves and/or checks can be lost enroute to the branch. Because checks are not electronically entered by DPS, errors can go undetected until the following day, at minimum.

8. DPS policies and procedures for the handling of cash receipts and other financial instruments should be clearly documented.

Condition:

While the staff interviewed was knowledgeable and experienced in DPS operations and procedures, there is little documentation of any of the principal cash receipts processes or the internal control, review, and monitoring processes necessary to assure the accuracy and security of checks and bonds in DPS.

Cause:

DPS has insufficient documentation of its processes and controls.

Effect:

A lack of documented procedures, particularly a focus on controls and management review, precludes consistency in the application of controls and a lack of clear understanding of what is expected by operational personnel.

Recommendations

We recommend that the Director, DPS:

- 1) *Establish an independent Cashiering function (reporting to the Director of DPS) that will assure proper segregation of duties and have the ability to exercise proper dual controls and safeguarding over all receipts by DPS.*
 - i) *The Cashier should be in an area that has reasonable physical security from customers in DPS.*
 - ii) *Move credit card authorization machines and activity to the Cashiering function. Position the machines so that they are in full view of the customers or install machines that allow customers to swipe cards themselves.*
 - iii) *Issue all cash, check and Cash Bond receipts and enter related transactions into Hansen through the new Cashiering function.*
 - iv) *Open all incoming mail, drop-offs, and messenger packages under dual control, separating out checks and Cash Bonds.*

- v) *Ensure that all DPS official mail is logged into Hansen, noting contents, distribution within DPS, date received, and sender.*
- vi) *Establish an SOP for opening mail that details steps to be taken to assure that a proper audit trail is maintained, noting at a minimum: staff responsible for opening mail, exactly how mail is to be opened to assure nothing is missed, retention of envelopes if deemed necessary, and any other details deemed necessary by Department Management to ensure proper security and recording.*
- vii) *Perform a daily count and reconciliation of all cash, checks and Cash Bonds received at the end of each business day, and turn the reconciliation and cash receipts over to an independent function for safekeeping until the following day's Hansen reconciliation and deposit to PNC. Physical cash should be taken to Treasury Cashiering for deposit.*
- viii) *Adopt policies and procedures modeled after existing cashiering functions using the County's Cashiering function and DEP as templates. DPS may also want to consider consulting with DOT/Transit Services, to review the secure facility that they have established to house their cashiering function.*

2) Process all checks through the Cashiering function.

After evaluating customer service considerations, make a determination on the handling of checks for permit fees implementing one of the following options:

- *Process all submitted checks and cash bonds through the Cashiering function, using the Oracle Accounts Receivable module to track advance payments by customers, and applying payments or issuing refunds as appropriate, once the final amount of permitting fees is determined.*
or
- *Do not accept checks for permit fees until the permit has been approved and is ready to be issued,*
or
- *Process all submitted checks for permit fees and cash bonds through the Cashiering function, issuing a receipt to customers, and provide for safeguarding and daily independent (of the receipts process) reconciliation of checks held until they are accepted in full payment of permit fees or returned to the customer in the event of a change in fee amount or denial of a permit.*

- 3) *Move the fax machine to the Cashiering function.*
 - i) *Process any credit card authorizations received through the cashier and arrange for routing of other fax messages through the normal distribution process.*
- 4) *Continue to provide an independent function within DPS that is responsible for reconciliations and subject to an independent (of the cash receipts process) review.*
 - i) *Include access to the PNC Pinacle system as part of the reconciliation process to allow for timely correction of any errors and to verify amounts deposited to PNC, and make adjustments to Oracle as necessary. Create an SOP describing the proper use of Pinacle to support the reconciliation process.*
 - ii) *Utilize a check scanning system (as provided to DEP) for scanning and depositing checks, eliminating the physical deposit of checks except in rare instances.*
 - iii) *Implement a formal independent review by a financially knowledgeable person who is familiar with DPS. Institute a formal approval of daily and monthly reconciliations to include review of supporting documentation, reasonableness of reconciling items and aging of those items.*
- 5) *Provide fireproof, lockable storage for all Letters of Credit and Performance Bonds. Ensure that keys to storage are properly monitored and controlled. Maintain an inventory/image record of all items in storage.*

Department Comments and MCIA Evaluation

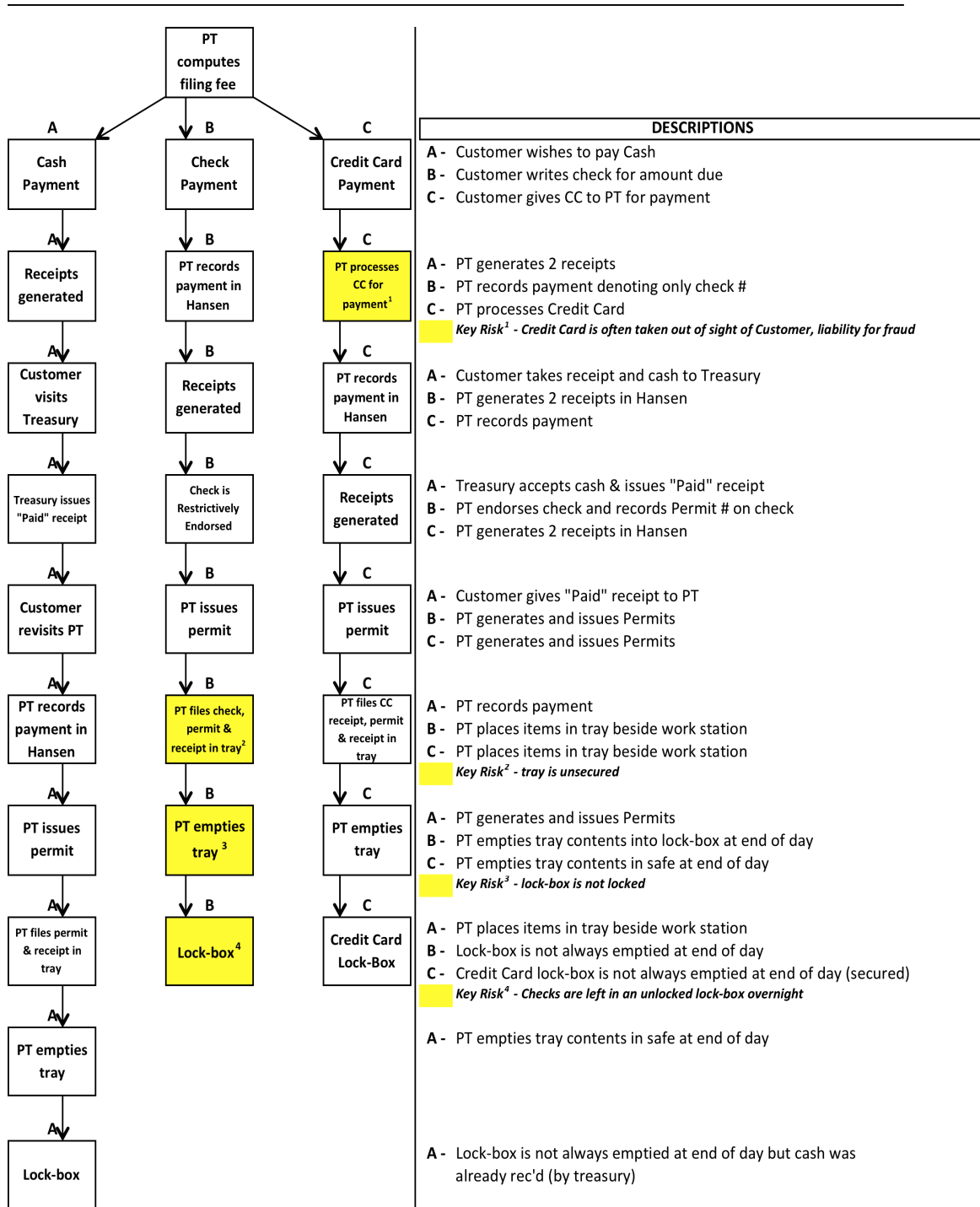
In commenting on a draft of this report DPS stated it concurred with the information, findings and recommendations. The department also provided some technical suggestions which we incorporated in the report. (See Appendix III for the department's comments.)

Appendix I

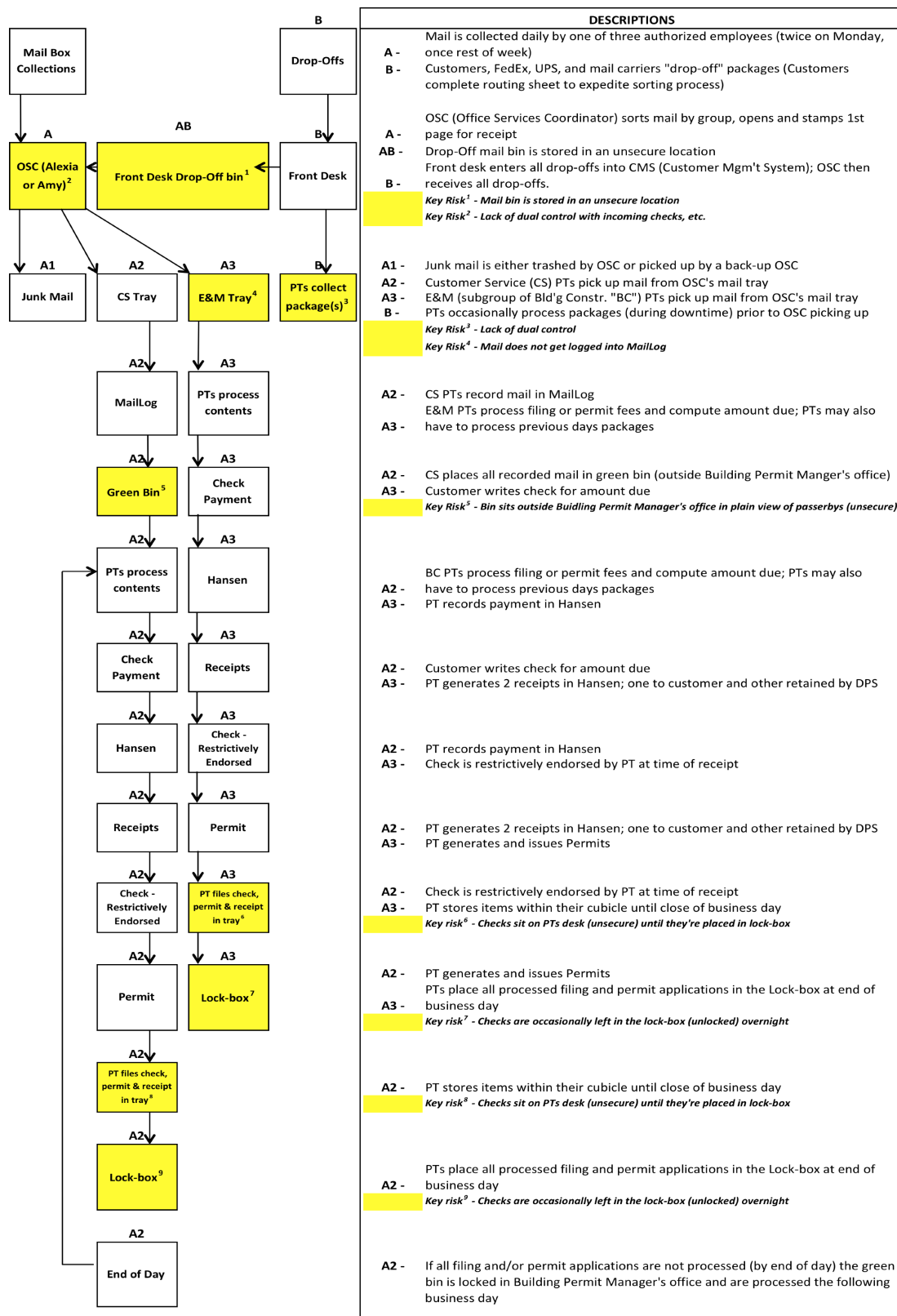
Process Flowcharts:

1. *Fast Track*
2. *Mail and Drop Off*
3. *Cash and Non-Cash Bonds*
4. *Lock Box to Bank Deposit*

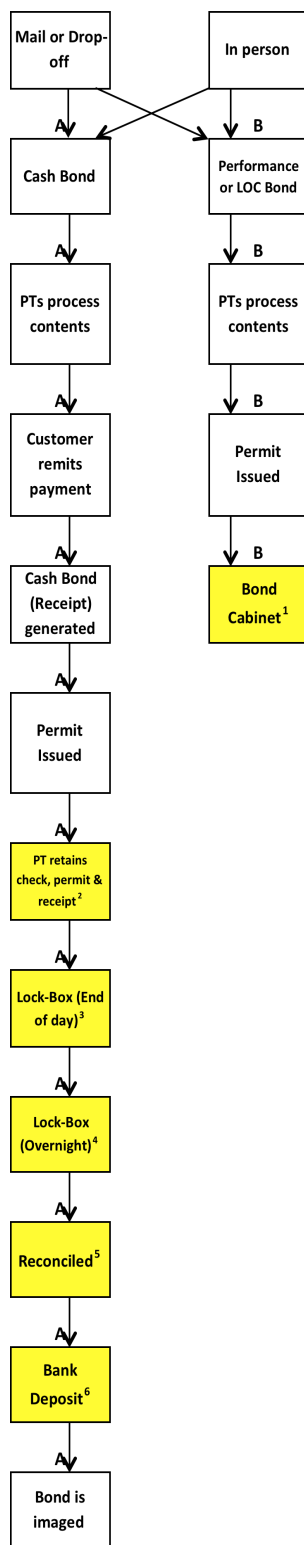
Fast Track Process Flowchart



Mail and Drop Off Process Flowchart

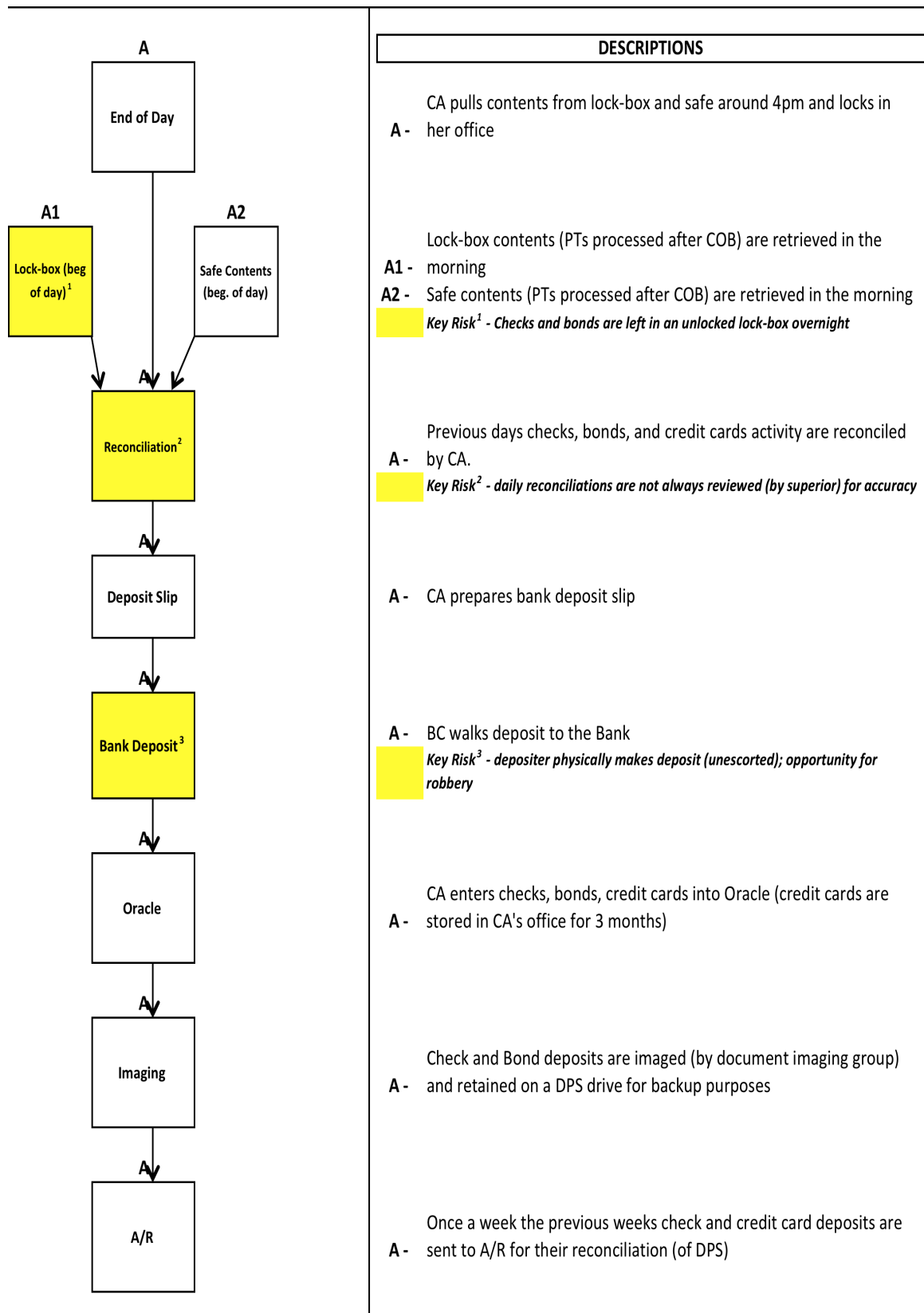


Cash and Non-Cash Bonds Process Flowchart



DESCRIPTIONS	
A - Process flow for Cash Bond (package / walk-in) B - Process flow for Performance Bond or Letter of Credit (package / walk-in)	
PT processes permit application (in Hansen) and if all information is correct computes a fee A - (amount due) B - PT processes permit application (in Hansen), if all information is correct	
A - PT receives check from Permittee (if walk-in) or via mail package, endorses check, records Permit # on check and Check # in Hansen Once filing is completed, PT generates and issues Permit(s) to Permittee (or mails to customer B - if package was mailed)	
A - PT generates 3 cash bonds (receipts); giving 2 to customer while retaining the 3rd (or mails to customer if package was mailed) B - Non-Cash Bond is filed in respective cabinet for Sediment Control or Right of Way Key Risk¹ - Actual (not copy) is placed in file cabinet (unsecured)	
Once filing is completed, PT generates and issues Permit(s) to Permittee (or mails to customer A - if package was mailed)	
A - PT places items (checks, bonds, etc.) aside in work station until end of day Key Risk² - retained in an unsecure place until end of day	
A - PT places today's check, cash bond (receipt), etc. into lock-box at end of day Key Risk³ - Checks are stored in an unlocked box until cleared by CA before her departure	
A - PTs process Permits after business hours and place in lock-box overnight Key Risk⁴ - Checks, and bonds are left in an unlocked lock-box overnight	
A - Previous days activity reconciliation is performed (reconciled to Hansen summary report) Key Risk⁵ - daily reconciliations are not always reviewed (by superior) for accuracy	
A - Christina A. completes deposit the following business day Key Risk⁶ - depositor physically makes deposit (unescorted); opportunity for robbery	
A - Cash Bond is imaged by CA or BC and is retained by HS (by date)	

Lock Box to Bank Deposit Process Flowchart



Appendix II

Benchmarking

There were three internal (within Montgomery County) and two external benchmarking interviews conducted.

Internal

Department of Finance –

The objective of the meeting was to determine if there were best practices in the County that might be leveraged to the advantage of DPS. The Department of Environmental Protection, Division of Solid Waste Services was mentioned as a resource handling large amounts of receipts that might have some relevance. Information was also provided concerning services provided by PNC Bank to the County concerning “Pinacle,” PNC’s online system that provides BAI files updating the County on deposit and disbursement information that could be useful in the follow up to reconciliation of cash accounts.

Treasury – Discussion with the Treasurer and Cashier of Montgomery County: Discussion centered on the operating procedures for the Cashiering Function in the Treasury Department. The Cashier shared a copy of the operations manual used by his section. This manual is very complete and should provide a useful template for DPS.

Department of Environmental Protection (DEP) – Discussion with the Operations Manager at the Waste Transfer Station in Derwood:

The Operations Manager provided an extensive description of his cash receipts operation and the surrounding controls. He also provided a brief three-page outline of the Cash Procedures that are in use and offered to show DPS personnel the operation of his check scanning set up with PNC.

External

Washington Suburban Sanitary Commission (WSSC)

This discussion was focused on an overview of the process and controls in place for receiving checks in Permitting Services. WSSC's operations are largely similar to the procedures currently in place for DPS.

Arlington County Permitting Services

Discussed the receipts process and related controls. The process described was mostly similar to DPS cash controls, excepting credit cards, which are only accepted by the Cashier in the Treasurer's office

Fairfax County Financial Management Branch – Land Development

Fairfax uses two cashiers within the Permitting Services Department, for collecting all receipts, including cash bonds. These cashiers are organizationally part of the Financial Management Branch of the County. The cashiers each maintain a cash drawer, and their collections are secured pending reconciliation. Receipts are reconciled to the system of record by the office manager, and then the individual checks are scanned into a Remote Deposit Capture system by one of the cashiers.

The department also receives payments through an online system mostly for plumbing and electrical permits; most of these are paid via credit card or e-check. Both application and permit fees are accepted by the cashiers, the latter often prior to final approval of the permit. We did not have time to explore how pre-payments were dealt with in the accounting system, but a process is in place to refund in the case of overpayments or outright refunds if the permit application is denied or withdrawn.

All of the respondents to the benchmarking survey expressed a willingness to respond to additional questions in the future.

Appendix III



DEPARTMENT OF PERMITTING SERVICES

Isiah Leggett
County Executive

Diane R. Schwartz Jones
Director

November 13, 2012

To: Larry Dyckman
Manager, Office of Internal Audit

From: Diane R. Schwartz Jones
Director

Subject: Official Draft Report for Internal Comment

I am writing to thank you for your assistance in responding to the Department of Permitting Service's request for a review of our business processes for the handling and processing of financial instruments. I appreciate your support and the opportunity to review the Official Draft Report that was sent on October 23, 2012. I have sent you a couple of technical corrections for the final report. Please note that the Department concurs with the information, findings and recommendations of the report.

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