

# Office of the City Auditor and Clerk

## Internal Audit



### Development Services Cash Receipt Audit

Audit #23-05

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Audit Reviewed and Approved by:

A handwritten signature in blue ink that reads "Shayla Griggs". The signature is written in a cursive style.

October 19, 2023

Shayla Griggs, City Auditor and Clerk

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# Executive Summary

## Audit #23-05 Development Services Cash Receipts

### Audit Purpose, Scope, and Time Period

Internal Audit performed an operational/compliance audit of the collection and receipt of fees in Development Services. The purpose of this audit was to provide reasonable assurance that there are adequate controls for the collection, recording, and reconciling of Development Services cash receipts.

The scope of this audit included a review of Development Services payment and cash receipt procedures, activities, processes, and management review.

The audit period was November 1, 2021 through December 31, 2022.

### Audit Objectives

1. Determine if Development Services internal controls are operating as intended for safeguarding cash collections.
2. Determine if Development Services customer payment receipts are properly recorded, deposited and reconciled.

### Summary Background

Development Services Permitting Technician's accept payments for all the various permits and fees required to comply with city codes and regulations. All charges are set in the software used, called FTG, and the Permitting Technicians enter the customer's basic information and fees are automatically calculated. Development Services accepts and processes various payments such as building permits, tree permits, alcohol license fees, and inspection fees for their department. In addition, they process ROW fees for Engineering. Development Services prepares daily fee receipt reports and reconciliations for all fees collected, which are entered daily into FTG.

### Summary of Conclusions

- Development Services controls appear to be operating effectively for the safeguarding of cash collections.
- Development Services customer payment receipts appeared to generally be properly recorded, deposited, and reconciled.

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This Executive Summary is limited in detail. To obtain the full background on a particular item, please read the Detailed Audit Report or contact Internal Audit prior to drawing conclusions based upon the limited information contained in this summary.

# Detailed Audit Report Audit

## #23-05 Development Services Cash Receipts

### Background and Introduction

The Department of Development Services is comprised of several divisions. Their collective mission is to protect the health, safety, and general welfare of the citizens by enforcing building, zoning, housing, and other city codes. The Department works with communities and public agencies alike to preserve and shape a safe, vital, and well-planned urban environment. This audit focused on the collection and recording of fees collected in the Development Service's Department. Revenue is received for the review of applications for building permits and development approval to promote orderly development in the City of Sarasota. Development Services takes measures to ensure that all transactions are accurate, properly recorded, and personal information is protected and secure.

Development Services offers various payment methods: cash, check, or credit cards in person, as well as online payments.

### Audit Standards

The auditors conducted this audit in conformance with the International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit 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 findings and conclusions based on the audit objectives.

### Audit Purpose, Scope, and Time-period

The purpose of this audit was to provide reasonable assurance that there are adequate controls for the collection, recording, and reconciling of Development Services cash receipts. The scope of this audit included a review of their payment and cash receipt procedures, activities, processes, and management review.

The audit period was November 1, 2021 through December 31, 2022. During this audit timeframe, the city was using FMS accounting software. The city has since started using Workday, which is after the scope of this audit.

### Audit Objectives

The audit focused on the following objectives:

1. Determine if Development Services internal controls are operating as intended for safeguarding cash collections.
2. Determine if Development Services customer payment receipts are properly recorded, deposited, and reconciled.

## Testing Methodology

- Interviewed appropriate personnel from Development Services to gain an understanding of the duties in the department.
- Compared FTG daily payment software entries to FMS accounting software entries.
- Reviewed cash, check, and credit card entries, including all available attachments, on FMS entries.
- Reviewed provided documentation for indications of supervisory approval of submitted documents.

To achieve the audit objectives, sampling techniques were utilized to select a random testing sample and auditor selected samples of the building and zoning fee payments throughout the testing period.

## Audit Criteria

- City of Sarasota Administrative Regulations and Municipal Codes
- Government Auditing Standards (GAO) “General Standards for Preparing Accounting Records and Financial Standards”
- Internal Control Manual for Building-Development Services

## Audit Observations and Testing

For **objective one**, we determined that controls are in place and functioning as intended to provide reasonable assurance for the safeguarding of cash collections.

For **objective two**, we determined customer payment receipts appeared to generally be properly recorded, deposited, and reconciled. All deposits included in audit testing appear to have been made in a timely manner. Additionally, testing did not identify any Development Services fees assessed at incorrect amounts, applied to the wrong applicant or recorded to the wrong general ledger accounts.

## Observations – Management Review

**Documentation of management review** – We did note that daily close out reports did not include evidence of management review/approval. In addition, corrections or adjustments to the reports did not include proper documentation or sign off. In instances of refunds or credit card posting errors staff would manually adjust daily close out reports without documenting who was making the adjustment.

Subsequent to the completion of audit fieldwork Development Services began signing off on the daily close out reports and any manual adjustments needed for refunds or errors.

## Audit Conclusions

We would like to thank Development Services and Finance personnel for providing their time and assistance during this audit.