



Internal Audit Department

O R A N G E C O U N T Y

AUDIT HIGHLIGHT April 20, 2010

Critical
Impact
AuditINTERNAL CONTROL AUDIT:
COUNTYWIDE FEE DEVELOPMENT
MONITORING PROCESS
AUDIT NO. 2922

WHY IS THIS AUDIT CRITICALLY IMPORTANT?

County departments and agencies generated **\$461 million in revenue** in Fiscal Year 2008/09 from non-property tax sources (Licenses, Permits and Franchises - **\$18 million**; and Charges for Services - **\$443 million**) by charging fees to cover the cost of the services they provide to the public. Fees are established based on estimated costs required to provide the service (i.e. cost-recovery basis). The **County Executive Office, Auditor-Controller, and Clerk of the Board** have monitoring and oversight responsibilities of department and agency fee requests submitted for Board of Supervisors' approval to ensure proposed revenues are related to the services and do not exceed estimated costs to provide the services.

WHAT THE AUDITORS FOUND?

Successes

We found that monitoring and oversight processes are generally adequate to ensure fees are developed in compliance with County Accounting Manual No. R-3, *Revenue Policy Requirements & Responsibility*. We also evaluated process efficiency and effectiveness and did not note any backlogs, duplication of work, or manual processes that could benefit from automation in the monitoring and oversight of fees by the County Executive Office, Auditor-Controller and Clerk of the Board.

Audit Findings and Control Recommendations

We identified **8 Control Findings** and recommendations to ensure continued compliance with County fee development policy and to enhance the procedures. The County Executive Office, Auditor-Controller and Clerk of the Board each concurred with the findings and recommendations and has either already implemented corrective actions or is in process of implementing or researching the recommendations.