



# INTERNAL AUDIT DEPARTMENT



## Internal Control Audit: OC Public Works' Fee-Generated Revenue

For the Year Ended January 31, 2019

Audit No. 1820  
Report Date: December 16, 2019

### Number of Recommendations

0

**Critical Control  
Weaknesses**

0

**Significant Control  
Weaknesses**

2

**Control Findings**

## OC Board of Supervisors

Chairwoman Lisa A. Bartlett  
5th District

Vice Chair Michelle Steel  
2nd District

Supervisor Andrew Do  
1st District

Supervisor Donald P. Wagner  
3rd District

Supervisor Doug Chaffee  
4th District



# INTERNAL AUDIT DEPARTMENT

Internal Control Audit:  
OC Public Works' Fee-Generated Revenue

December 16, 2019

## AUDIT HIGHLIGHTS

SCOPE OF WORK	Perform an internal control audit of OC Public Works' (OCPW) fee-generated revenue process for the year ended January 31, 2019.						
RESULTS	<ul style="list-style-type: none"> <li>• We concluded that OCPW's internal control over fee studies and the fee development process is generally effective.</li> <li>• We concluded that business processes are generally efficient as related to the fee-generated revenue process.</li> </ul>						
RISKS IDENTIFIED	<p>As a result of our findings, potential risks include:</p> <ul style="list-style-type: none"> <li>• Inefficiencies and errors with the fee study database.</li> <li>• Inconsistent internal fee study review levels.</li> </ul>						
<p>NUMBER OF RECOMMENDATIONS</p> <table border="1" data-bbox="99 1247 391 1549"> <tr> <td data-bbox="99 1247 201 1352">0</td> <td data-bbox="201 1247 391 1352">CRITICAL CONTROL WEAKNESSES</td> </tr> <tr> <td data-bbox="99 1352 201 1457">0</td> <td data-bbox="201 1352 391 1457">SIGNIFICANT CONTROL WEAKNESSES</td> </tr> <tr> <td data-bbox="99 1457 201 1549">2</td> <td data-bbox="201 1457 391 1549">CONTROL FINDINGS</td> </tr> </table>	0	CRITICAL CONTROL WEAKNESSES	0	SIGNIFICANT CONTROL WEAKNESSES	2	CONTROL FINDINGS	<p>Opportunities for enhancing internal control include:</p> <ul style="list-style-type: none"> <li>• Escalate the need for a fee study database enhancement to eliminate manual entry processes.</li> <li>• Update policy and procedures to clarify fee study review levels.</li> </ul>
0	CRITICAL CONTROL WEAKNESSES						
0	SIGNIFICANT CONTROL WEAKNESSES						
2	CONTROL FINDINGS						

Report suspected fraud, or misuse of County resources by vendors, contractors, or County employees to 714.834.3608



## INTERNAL AUDIT DEPARTMENT

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Audit No. 1820

December 16, 2019

To: Shane L. Silsby, Director  
OC Public Works

From: Aggie Alonso, CPA, CIA, CRMA  
Internal Audit Department Director

Subject: Internal Control Audit: OC Public Works' Fee-Generated Revenue

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We have completed an Internal Control Audit of OC Public Works' (OCPW) fee-generated revenue process for the year ended January 31, 2019. Details of our results and recommendations immediately follow this letter. Additional information including background and our objectives, scope, and methodology are included in Appendix A.

OCPW concurred with all of our recommendations and the Internal Audit Department considers OCPW's management response appropriate to the recommendations in this report.

We will include the results of this audit in a future status report submitted quarterly to the Audit Oversight Committee and the Board of Supervisors. In addition, we will request your department complete a Customer Survey of Audit Services, which you will receive shortly after the distribution of our final report.

We appreciate the courtesy extended to us by OCPW's personnel during our audit. If you have any questions regarding our audit, please contact me at 714.834.5442 or Assistant Director Scott Suzuki at 714.834.5509.

### Attachments

#### Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- CEO Distribution
- OC Public Works Distribution
- Auditor-Controller Satellite Accounting Operations Distribution
- Foreperson, Grand Jury
- Robin Stieler, Clerk of the Board of Supervisors
- Eide Bailly LLP, County External Auditor

# INTERNAL AUDIT DEPARTMENT

## RESULTS

<b>BUSINESS PROCESS &amp; INTERNAL CONTROL STRENGTHS</b>	<p>Business process and internal control strengths noted during our audit include:</p> <ul style="list-style-type: none"> <li>✓ The Finance Fees Group involves Program, Accounting, and field staff in the early planning stages of fee development to address items such as potential fee opposition by impacted groups and to ensure account coding is adequate to track fee costs.</li> <li>✓ The Fee Study Checklist form clearly documents the fee’s legal authority and Proposition 26 compliance.</li> <li>✓ Staff document California Environmental Quality Act (CEQA) compliance on Agenda Staff Reports (ASR) and Board of Supervisors (Board) Resolutions, as required.</li> <li>✓ OCPW has written policy and procedures for the fee study process.</li> <li>✓ OCPW’s notifications to external groups impacted by fee changes are documented in the Fee Study Checklist, and related notices are attached with the ASR submitted for Board approval.</li> <li>✓ OCPW assigns unique accounting coding to each distinguished fee to isolate and track costs for future fee reviews and developments.</li> </ul>
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<b>FINDING No. 1</b>	<p><b>Fee Study Database</b></p> <p>The OCPW Fees Group has an internally-developed Fee Study Database that tracks the 240 fees OCPW is responsible for. The database is populated manually and each fee must be manually rekeyed each fiscal year. While there are 240 actual fees, there are 465 different entries due to multiple units using distinct revenue codes.</p> <p>This annual process is labor intensive and should be automated. While OCPW has attempted to address this issue with the assistance of OC Information Technology (OCIT), a solution has not yet been developed.</p>
<b>CATEGORY</b>	<p><b>Control Finding</b></p>
<b>RISK</b>	<p>Manual entry of data increases the risk of data entry errors and consumes staff time. As fees continue to evolve, the manual process will become more cumbersome.</p>
<b>RECOMMENDATION</b>	<p>OCPW should work with OCIT to escalate the need for a Fee Study Database update to eliminate the manual entry process.</p>
<b>MANAGEMENT RESPONSE</b>	<p>Concur with finding. OCPW has reached out to OCIT to determine the next step and scope on how to update the fee database in regards to the audit finding.</p>



<p><b>FINDING NO. 2</b></p>	<p><b>Internal Agency Review Documentation</b></p> <p>The Internal Agency Review levels specified in OCPW's fee study procedures are not consistent with current practices.</p> <p>In 2018, OCPW issued a Fee Study Procedures and Reference Guide to provide direction on required reviews for each fee study. There are six review levels that must be documented on an Internal Agency Review Form. The reviews are required in the following order:</p> <ol style="list-style-type: none"> <li>1. Finance Services Manager</li> <li>2. OCPW/Accounting Manager</li> <li>3. Administrative Services Director</li> <li>4. Program Division Director</li> <li>5. OCPW Executive Team</li> <li>6. OCPW Director</li> </ol> <p>Although these procedures specify the necessary review levels, we reviewed four forms and noted none (0%) were consistent with the specified review levels.</p> <p>While the current review practice appears to be appropriate, the Fee Study Procedures and Reference Guide does not reflect the current practice.</p>
<p><b>CATEGORY</b></p>	<p><b>Control Finding</b></p>
<p><b>RISK</b></p>	<p>The necessary review levels could be misinterpreted by procedure users resulting in unnecessary reviews by required parties.</p>
<p><b>RECOMMENDATION</b></p>	<p>OCPW should update the Fee Study Procedures and Reference Guide to reflect current practices.</p>



# INTERNAL AUDIT DEPARTMENT

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## MANAGEMENT RESPONSE

Concur with finding. OCPW Revenue Streams Team has updated the review procedures to the following:

Submit the Fee Study for Internal Agency Review

The fee study will be reviewed by various individuals within OCPW and this phase may take a significant amount of time. With each review, any suggested revisions, if appropriate, need to be incorporated into a revised draft. These would include county policies, state regulations, and industry conditions related to the fees. Every review will require an approval signature. Listed below are the individuals involved in the review process:

- Revenue Streams Manager
- Program Division Director
- OCPW Finance Services Manager
- Administrative Services Director
- OCPW Executive Managers
- OCPW Director

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## AUDIT TEAM

Scott Suzuki, CPA, CIA, CISA  
Michael Dean, CPA, CIA, CISA  
Zan Zaman, CPA, CIA  
Gabriela Cabrera

Assistant Director  
Senior Audit Manager  
Audit Manager  
Senior Auditor

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# INTERNAL AUDIT DEPARTMENT

## APPENDIX A: ADDITIONAL INFORMATION

<b>OBJECTIVES</b>	<p>Our audit objectives were to:</p> <ol style="list-style-type: none"> <li>1. Assess internal control over fee studies and fee development processes for establishing cost recovery fees charged to the public.</li> <li>2. Ensure business processes are efficient as related to controls over the fee-generated revenue process.</li> </ol>
<b>SCOPE &amp; METHODOLOGY</b>	<p>Our audit scope was limited to internal control over OCPW's fee development process and cost recovery of charges for the year ended January 31, 2019. Our methodology included inquiry, observation, and examination of documentation.</p>
<b>EXCLUSIONS</b>	<p>Our audit scope did not include a review of controls over fees charged to other county departments, fees set by law, and the Land Management System (LMS). We did not review the County Executive Office and Auditor-Controller's monitoring process of fee studies. We also did not include a review of controls over the cash receipts process.</p>
<b>PRIOR AUDIT COVERAGE</b>	<p>An audit with similar scope, Internal Control Audit: Orange County Public Works Fee Generated Revenue, Audit No. 1022, was issued on September 7, 2012.</p>
<b>BACKGROUND</b>	<p>OCPW has ten core service areas: OC Fleet Services, OC Development Services, Administrative Services, OC Facilities – Design &amp; Construction, OC Facilities Maintenance &amp; CUF, OC Infrastructure Programs, OC Constructions, OC Operations &amp; Maintenance, OC Survey, and OC Environmental Resources.</p> <p>OCPW fee-generated revenue involves conducting annual fee reviews to identify the need for fee study revisions. The fee study process includes various staff from service areas to provide input and identify any limitations to fee development. OCPW Finance applies available financial data, such as staff-certified time studies to help identify costs associated with the service. Another consideration of fee development is the public's ability to adjust to fee increases.</p> <p>OCPW's fee-generated revenue is comprised of 240 different fees as outlined in the 14 different legal authorities in Appendix B.</p>



# INTERNAL AUDIT DEPARTMENT

<b>PURPOSE &amp; AUTHORITY</b>	We performed this audit in accordance with the Annual Risk Assessment & Audit Plan for FY 2018-19 approved by the Audit Oversight Committee (AOC) and Board of Supervisors (Board).
<b>PROFESSIONAL STANDARDS</b>	Our audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing issued by the International Internal Audit Standards Board.
<b>FOLLOW-UP PROCESS</b>	<p>In accordance with professional standards, the Internal Audit Department has a process to follow-up on its recommendations. A first follow-up audit will generally begin six months after release of the initial report.</p> <p>The AOC and Board expect that audit recommendations will typically be implemented within six months or sooner for significant and higher risk issues. A second follow-up audit will generally begin six months after release of the first follow-up audit report, by which time all audit recommendations are expected to be implemented. Any audit recommendations not implemented after the second follow-up audit will be brought to the attention of the AOC at its next scheduled meeting.</p> <p>A Follow-Up Audit Report Form is attached and is required to be returned to the Internal Audit Department approximately six months from the date of this report in order to facilitate the follow-up audit process.</p>
<b>MANAGEMENT'S RESPONSIBILITY FOR INTERNAL CONTROL</b>	In accordance with the Auditor-Controller's County Accounting Manual Section S-2 Internal Control Systems: "All County departments/agencies shall maintain effective internal control systems as an integral part of their management practices. This is because management has primary responsibility for establishing and maintaining the internal control system. All levels of management must be involved in assessing and strengthening internal controls." Control systems shall be continuously evaluated by Management and weaknesses, when detected, must be promptly corrected. The criteria for evaluating internal controls is the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework. Our Internal Control Audit enhances and complements, but does not substitute for department management's continuing emphasis on control activities and monitoring of control risks.
<b>INTERNAL CONTROL LIMITATIONS</b>	Because of inherent limitations in any system of internal control, errors or irregularities may nevertheless occur and not be detected. Specific examples of limitations include, but are not limited to: resource constraints, unintentional errors, management override, circumvention by collusion, and poor judgment. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate. Accordingly, our audit would not necessarily disclose all weaknesses in the department's operating procedures, accounting practices, and compliance with County policy.





# INTERNAL AUDIT DEPARTMENT

## APPENDIX B: ADDITIONAL INFORMATION

**Table 1. Fees Set by Individual Legal Authority**

Fee	Amount	Cost Recovery Method	Legal Authority	Board Approval Date	Estimated FY 17-18 Fee Revenue	Full Cost Recovery
Manchester Parking Structure	\$4/hour & \$16 daily maximum	Market Rate Comparison	ASR #12-001295	3/5/2013	\$3,192,955	Yes
Survey Monument Fee	\$20.00	Rate set by Statute	Resolution #87-1180	8/25/1987	\$81,292	Yes
La Mirada County Service Area #13 Sewer Maintenance	\$53.80	Department Fee Study	Resolution #18-073	7/17/2018	\$6,812	Yes
Weed Abatement Administrative Fee	\$900.00	Department Fee Study	Resolution #18-078	7/31/2018	\$142,372	Yes
Per Scale with capacity (10,000+ lb.)	\$126.00	Department Fee Study/Rate set by Statutes	Ordinance #07-007	5/15/2007	\$0	Yes

Source: OC Public Works FY 17-18 Fee Inventory Listing

**Table 2. Fees Set by ASR #17-000623 (collaboration with the City of Santa Ana)**

Approximately \$2.85 million estimated in FY 17-18 revenue.

Fee	Amount	Cost Recovery Method	Board Approval Date	Full Cost Recovery
Civic Center Garage, Lot 1 & 2	\$4/hour & \$20 daily maximum	Market Rate Comparison	7/1/2017	Yes
Civic Center Lot 3	\$4/hour & \$20 daily maximum	Market Rate Comparison	7/1/2017	Yes
HOA Pay Lot	\$4/hour & \$20 daily maximum	Market Rate Comparison	7/1/2017	Yes
Transit Towers P8 Parking	\$4/hour & \$20 daily maximum	Market Rate Comparison	7/1/2017	Yes
Twin Towers Parking Structure	\$4/hour & \$20 daily maximum	Market Rate Comparison	7/1/2017	Yes

Source: OC Public Works FY 17-18 Fee Inventory Listing

**Table 3. Fees Set by Ordinance #15-008**

Approximately \$2.03 million estimated in FY 17-18 revenue.

Fee	Amount	Cost Recovery Method	Board Approval Date	Full Cost Recovery
All Other Commercial Devices	\$125/hr. + \$1.10/mi	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Large capacity scales, 100 to 3,000 lbs. capacity	\$276/hr. + (Inspector and vehicle hourly cost combined)	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes



# INTERNAL AUDIT DEPARTMENT

Fee	Amount	Cost Recovery Method	Board Approval Date	Full Cost Recovery
Large capacity scales, over 3,000 lbs. capacity	\$276/hr. + (Inspector and vehicle hourly cost combined)	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Liquefied Petroleum Gas Meters	\$125/hr. + \$1.10/mi	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Per Compressed Natural Gas Meter	\$20.00	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Per Computing/Counter Scale (<100 lb.)	\$20.00	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Per Device Location	\$100.00	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Per Electric Submeter	\$3.00	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Per General Device	\$20.00	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Per Jewelry/Prescription Scale	\$80.00	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Per Livestock Scale (10,000 + lb. Capacity)	\$150.00	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Per Livestock Scale (2,000 - 10,000 lb. Capacity)	\$100.00	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Per Mobile Home Park/Apartment/Recreational Vehicle Park/Marina Location	\$100.00	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Per Motor Truck Scale	\$224.00	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Per Odometer or Ambulance (location and device fee combined)	\$60.00	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Per Scale with capacity (100 - 2,000 lb.)	\$50.00	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Per Scale with capacity (2,000 + lb.)	\$126.00	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Per Stationary & Truck Mounted LPG meter	\$176.00	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Per Taxi Meter (location and device fee combined)	\$115.00	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Per Taxi Meter Re-inspection less than 10 months of the previous inspection (location fee and device fee combined)	\$115.00	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes



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Fee	Amount	Cost Recovery Method	Board Approval Date	Full Cost Recovery
Per Vapor Submeter	\$4.00	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Per Water Submeter	\$2.00	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Per Wholesale & Vehicle Meter	\$75.00	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Point of Sales System/PLU	\$22.00	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Retail Gasoline Dispensers	\$125/hr. + \$1.10/mi	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Small Capacity Scales, capacity less than 100 lbs.	\$125/hr. + \$1.10/mi	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Weight an Volume Certification	\$125/hr.	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Wholesale Petroleum Meters	\$125/hr. + \$1.10/mi	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes

Source: OC Public Works FY 17-18 Fee Inventory Listing

**Table 4. Fees Set by Ordinance #17-130**

Approximately \$560,000 estimated in FY 17-18 revenue.

Fee	Amount	Cost Recovery Method	Board Approval Date	Full Cost Recovery
Address Change Without Street Name Change	\$126 Min. Deposit for 1 - 2 addresses/ \$252 Min. Deposit for 3-4 addresses	Department Fee Study	10/31/2017	Yes
Agency Parcel Maps	\$2,947 Deposit	Department Fee Study	10/31/2017	Yes
Agency Tract Maps	\$3,468 Deposit	Department Fee Study	10/31/2017	Yes
Amending Map - Major Revisions	Standard Map Check Deposit	Department Fee Study	10/31/2017	Yes
Amending Map - Minor Revisions	\$1,040.00 Deposit	Department Fee Study	10/31/2017	Yes
Annexations	\$2,774 Deposit	Department Fee Study	10/31/2017	Yes
Certificate of Compliance	\$1,078 Deposit	Department Fee Study	10/31/2017	Yes
Certificate of Correction	\$295 Deposit	Department Fee Study	10/31/2017	Yes
County Recorder Review	\$636 Deposit	Department Fee Study	10/31/2017	Yes
Expedited Map Checking Services	3 times the map check deposit	Department Fee Study	10/31/2017	Yes
Lot Line Adjustment	\$867.00 Base deposit + \$173/parcel	Department Fee Study	10/31/2017	Yes
Monument Inspections Parcel Maps	\$738 Deposit	Department Fee Study	10/31/2017	Yes
Monument Inspections Tract Maps	\$1,476 Deposit	Department Fee Study	10/31/2017	Yes



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Fee	Amount	Cost Recovery Method	Board Approval Date	Full Cost Recovery
Parcel Map Number Issuance	\$138.00	Department Fee Study	10/31/2017	Yes
Parcel Maps	\$2,947.00 Base Deposit + \$347/parcel	Department Fee Study	10/31/2017	Yes
Records of Survey For Future Subdivision Purposes	\$3,468.00 Deposit	Department Fee Study	10/31/2017	Yes
Street Name & Address Change Public or Private	\$1,757/street name Deposit	Department Fee Study	10/31/2017	Yes
Tract Map Number Issuance	\$138.00	Department Fee Study	10/31/2017	Yes
Tract Maps	\$3,468 Base Deposit + \$173/lot	Department Fee Study	10/31/2017	Yes

Source: OC Public Works FY 17-18 Fee Inventory Listing

**Table 5. Fees Set by Ordinance #17-131**  
Currently \$0 estimated in FY 17-18 revenue.

Fee	Amount	Cost Recovery Method	Board Approval Date	Full Cost Recovery
pH and Resistivity of Soils	\$139.00	Department Fee Study	10/31/2017	Yes
Abrasion by LA Rattler	\$158.00	Department Fee Study	10/31/2017	Yes
AC In-Place Density	\$96.00 per Hour	Department Fee Study	10/31/2017	Yes
Asphalt or Concrete Coring	\$347.00	Department Fee Study	10/31/2017	Yes
Binder Content and Grading	\$455.00	Department Fee Study	10/31/2017	Yes
Binder Content or Emulsion Content Only	\$135.00	Department Fee Study	10/31/2017	Yes
Bituminous Aggregate	\$92.00	Department Fee Study	10/31/2017	Yes
Cleanness Value - No. 2 Rock	\$197.00	Department Fee Study	10/31/2017	Yes
Cleanness Value - No. 3 / No. 4 Rock Combined	\$105.00	Department Fee Study	10/31/2017	Yes
Cleanness Value - No. 3 Rock	\$95.00	Department Fee Study	10/31/2017	Yes
Coarse Aggregate	\$80.00	Department Fee Study	10/31/2017	Yes
Compression Strength PCC Cylinders	\$50.00	Department Fee Study	10/31/2017	Yes
Concrete Panel Cores	\$168.00	Department Fee Study	10/31/2017	Yes
D1557 Dry Curve	\$274.00	Department Fee Study	10/31/2017	Yes
Density - AC Core	\$108.00	Department Fee Study	10/31/2017	Yes



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Fee	Amount	Cost Recovery Method	Board Approval Date	Full Cost Recovery
Direct Shear - Remolded	\$483.00	Department Fee Study	10/31/2017	Yes
Direct Shear - Undisturbed	\$394.00	Department Fee Study	10/31/2017	Yes
Drilling Services with 2-man Crew	\$364.00	Department Fee Study	10/31/2017	Yes
Drilling Services with 3-man Crew	\$470.00	Department Fee Study	10/31/2017	Yes
Dry Curve	\$241.00	Department Fee Study	10/31/2017	Yes
Durability Factor - Coarse	\$122.00	Department Fee Study	10/31/2017	Yes
Durability Factor - Fine	\$98.00	Department Fee Study	10/31/2017	Yes
Fine Aggregate	\$207.00	Department Fee Study	10/31/2017	Yes
Grading Course	\$32.00	Department Fee Study	10/31/2017	Yes
Grading Fine	\$94.00	Department Fee Study	10/31/2017	Yes
Hydrometer Included Grading	\$257.00	Department Fee Study	10/31/2017	Yes
Hydrometer Included No. 200 when performed w/ R-value	\$51.00	Department Fee Study	10/31/2017	Yes
Hydrometer Included when performed w/ R-value	\$104.00	Department Fee Study	10/31/2017	Yes
Hydrometer Only	\$194.00	Department Fee Study	10/31/2017	Yes
In-Place Density (Compaction)	\$96.00 per Hour	Department Fee Study	10/31/2017	Yes
Materials Inspection (Plants)	\$96.00 per Hour	Department Fee Study	10/31/2017	Yes
Max Density of Bituminous Mixes	\$108.00	Department Fee Study	10/31/2017	Yes
Moisture Content	\$10.00	Department Fee Study	10/31/2017	Yes
Moisture Content - Slurry Seal	\$49.00	Department Fee Study	10/31/2017	Yes
One Mold	\$158.00	Department Fee Study	10/31/2017	Yes
Percent Crushed Particles	\$122.00	Department Fee Study	10/31/2017	Yes
Percent Organic	\$64.00	Department Fee Study	10/31/2017	Yes
R- Value Untreated	\$423.00	Department Fee Study	10/31/2017	Yes
R-Value Treated	\$735.00	Department Fee Study	10/31/2017	Yes
Sand Equivalent - One Tube	\$50.00	Department Fee Study	10/31/2017	Yes



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Fee	Amount	Cost Recovery Method	Board Approval Date	Full Cost Recovery
Sand Equivalent - Two Tube w / statistics	\$98.00	Department Fee Study	10/31/2017	Yes
Special Services or Miscellaneous (One and a half hourly charges, if over time is required)	T&M	Department Fee Study	10/31/2017	Yes
Sulfate Content Modified 10:1	\$356.00	Department Fee Study	10/31/2017	Yes
S-Value	\$140.00	Department Fee Study	10/31/2017	Yes
S-Value (Lab Mixed)	\$324.00	Department Fee Study	10/31/2017	Yes
Wet Curve	\$233.00	Department Fee Study	10/31/2017	Yes
Wet Track Abrasion Test	\$85.00	Department Fee Study	10/31/2017	Yes

Source: OC Public Works FY 17-18 Fee Inventory Listing

**Table 6. Fees Set by Ordinance #17-136**

Approximately \$760,000 estimated in FY 17-18 revenue.

Fee	Amount	Cost Recovery Method	Board Approval Date	Full Cost Recovery
Cancellation Fee	\$180.00	Department Fee Study	11/14/2017	Yes
Corner Records	\$9.00	Department Fee Study	11/14/2017	No
Records of Survey for Lot Line Adjustments, Monument Preservation, and Utility & Transportation	\$500 first Sheet + \$300.00 for each additional sheet	Department Fee Study	11/14/2017	Yes
Request New Address or New Street Name	\$126 Min. Deposit for 1 - 2 addresses or street names/\$250 Min. Deposit for 3-4 addresses or street names/\$1,004 Min. Deposit for large projects	Department Fee Study	11/14/2017	Yes
Tentative Map	\$1,233 Deposit	Department Fee Study	11/14/2017	Yes
Tentative Tract/Parcel Map	T&M + \$1,233 Deposit	Department Fee Study	11/14/2017	Yes

Source: OC Public Works FY 17-18 Fee Inventory Listing



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**Table 7. Fees Set by Ordinance #15-017**

Approximately \$9.26 million estimated in FY 17-18 revenue.

Fee	Amount	Cost Recovery Method	Board Approval Date	Full Cost Recovery
Access- Flood/No Construction - Non Commercial	\$150.00	Department Fee Study	3/10/2015	Yes
Access- Flood/No Construction - Non Commercial	\$2,000.00	Department Fee Study	3/10/2015	Yes
Access- Road/No Construction - Commercial	\$600.00	Department Fee Study	3/10/2015	Yes
Access- Road/No Construction - Non Commercial	\$150.00	Department Fee Study	3/10/2015	Yes
Acoustical Consultant Certification: 5 Year Renewal	\$150.00	Department Fee Study	3/10/2015	Yes
Acoustical Consultant Certification: Initial Classification	\$500.00	Department Fee Study	3/10/2015	Yes
Annual Permit	\$90.00	Department Fee Study	3/10/2015	Yes
Bus Shelter/ Bus Stop or Bench	\$600 annual / \$125 monthly or \$400annual annual \$100 monthly	Department Fee Study	3/10/2015	Yes
Catch Basin	\$750.00	Department Fee Study	3/10/2015	Yes
Certificate of Occupancy Only - No Alterations	\$330.00	Department Fee Study	3/10/2015	Yes
Changed Plan	T&M + \$2000 Deposit	Department Fee Study	3/10/2015	Yes
Channel Lining	\$2500 + .50 per sq. ft.	Department Fee Study	3/10/2015	Yes
Commercial Refuse Container - Designated Location	\$600.00	Department Fee Study	3/10/2015	Yes
Commercial Refuse Container - Undesignated Location	\$850+\$250 per month	Department Fee Study	3/10/2015	Yes
Curb and gutter	\$750 + .50 per LF	Department Fee Study	3/10/2015	Yes
Curb painting	\$400.00	Department Fee Study	3/10/2015	Yes
Demolition	\$385.00	Department Fee Study	3/10/2015	Yes
Dewatering	\$1,500.00	Department Fee Study	3/10/2015	Yes
Drain Lines, Scupper, Parkway Culvert/Non Commercial	\$300.00	Department Fee Study	3/10/2015	Yes
Drain Lines/Flood	\$1,000.00	Department Fee Study	3/10/2015	Yes
Driveway- Each Commercial	\$1,500.00	Department Fee Study	3/10/2015	Yes



# INTERNAL AUDIT DEPARTMENT

Fee	Amount	Cost Recovery Method	Board Approval Date	Full Cost Recovery
Driveway- Each Non Commercial	\$750.00	Department Fee Study	3/10/2015	Yes
Electrical Permit Flat Fee	\$300 / \$450	Department Fee Study	3/10/2015	Yes
Electrical Permit Plan Check	65% of Electrical Permit Fee if there is no other Building Permit Fee or 20% of Building Permit Fee	Department Fee Study	3/10/2015	Yes
Fencing/Mutual Boundary-Flood	\$1,000.00	Department Fee Study	3/10/2015	Yes
Fencing/Mutual Boundary-Road	\$500.00	Department Fee Study	3/10/2015	Yes
Filming - Still & Motion - Group I	\$100.00	Department Fee Study	3/10/2015	Yes
Filming - Still & Motion - Group II	\$750 + Actual Cost	Department Fee Study	3/10/2015	Yes
Filming - Still & Motion - Group III	\$1000 + Actual Cost	Department Fee Study	3/10/2015	Yes
Filming at John Wayne Airport – Motion	\$500 + Actual Cost	Department Fee Study	3/10/2015	Yes
Filming at John Wayne Airport - Still	\$250 + Actual Cost	Department Fee Study	3/10/2015	Yes
Final Map	T&M + \$3000 Deposit	Department Fee Study	3/10/2015	Yes
Flat Fees	Various Flat Fees	Department Fee Study	3/10/2015	Yes
Flood Control Facility Improvements	T&M + \$1,500 deposit	Department Fee Study	3/10/2015	Yes
Grading(Precise and Preliminary)	T&M + \$5000 deposit	Department Fee Study	3/10/2015	Yes
Graffiti Removal	\$0.00	Department Fee Study	3/10/2015	Yes
Issuance charge for all Building & Safety permits	\$25.00	Department Fee Study	3/10/2015	Yes
Landscape Plan Review	T&M + \$1500	Department Fee Study	3/10/2015	Yes
Landscape/Grading, Filing, Irrigation- Commercial	\$1,000.00	Department Fee Study	3/10/2015	Yes
Landscape/Grading, Filing, Irrigation- Non Commercial	\$500.00	Department Fee Study	3/10/2015	Yes
Mechanical Permit Flat Fee	\$400.00	Department Fee Study	3/10/2015	Yes
Mechanical Permit Plan Check	65% of Mechanical Permit Fee if there is no other Building Permit Fee or 20% of Building Permit Fee	Department Fee Study	3/10/2015	Yes





# INTERNAL AUDIT DEPARTMENT

Fee	Amount	Cost Recovery Method	Board Approval Date	Full Cost Recovery
Miscellaneous Planning Projects	T&M + \$500 or \$150 deposit	Department Fee Study	3/10/2015	Yes
Monitoring Well Renewals	\$350.00	Department Fee Study	3/10/2015	Yes
Non-Residential Permits	Valuation-based	Department Fee Study	3/10/2015	Yes
NPDES - Inspection1(low priority)	\$165.00	Department Fee Study	3/10/2015	Yes
NPDES - Inspection2(medium priority)	\$600.00	Department Fee Study	3/10/2015	Yes
NPDES - Inspection3(high priority)	\$900.00	Department Fee Study	3/10/2015	Yes
Oil Well: Annual Inspection - each additional well	\$50.00	Department Fee Study	3/10/2015	Yes
Oil Well: Annual Inspection (1st Well)	\$325.00	Department Fee Study	3/10/2015	Yes
Oil Well: Drilling	\$865.00	Department Fee Study	3/10/2015	Yes
Oil Well: Re-drilling	\$600.00	Department Fee Study	3/10/2015	Yes
Paving	\$1000 + .50 per LF	Department Fee Study	3/10/2015	Yes
Planning Application	\$65.00	Department Fee Study	3/10/2015	Yes
Plumbing Permit Flat Fee	\$325.00	Department Fee Study	3/10/2015	Yes *
Plumbing Permit Plan Check	65% of Plumbing Permit Fee if there is no other Building Permit Fee or 20% of Building Permit Fee	Department Fee Study	3/10/2015	Yes
Pool/Spa - (Structural, Non-structural, New)	Valuation-based	Department Fee Study	3/10/2015	Yes
Private Development Identification Sign Renewals	\$150.00	Department Fee Study	3/10/2015	Yes
Private Development Identification Signs	\$600.00	Department Fee Study	3/10/2015	Yes
Private Street Entry/ Curb Entry	\$1,500.00	Department Fee Study	3/10/2015	Yes
Private Street Light Pole Footing, per Pole	\$350 for first pole + \$50 per additional pole	Department Fee Study	3/10/2015	Yes
Renewals & Extensions	\$150.00	Department Fee Study	3/10/2015	Yes
Residential Permits	Valuation-based	Department Fee Study	3/10/2015	Yes
Residential Tract Permit	Valuation-based	Department Fee Study	3/10/2015	Yes



# INTERNAL AUDIT DEPARTMENT

Fee	Amount	Cost Recovery Method	Board Approval Date	Full Cost Recovery
Retaining Walls	Valuation-based	Department Fee Study	3/10/2015	Yes
Road Closures - Commercial	\$850.00	Department Fee Study	3/10/2015	Yes
Road Closures - Non Commercial	\$250.00	Department Fee Study	3/10/2015	Yes
Sand and Gravel Extraction Permit	T&M + \$5,000 deposit	Department Fee Study	3/10/2015	Yes
Sidewalks	\$250 + .25 per LF	Department Fee Study	3/10/2015	Yes
Sign, Illuminated & Non - illuminated	\$475.00	Department Fee Study	3/10/2015	Yes
Single trip	\$16.00	Department Fee Study	3/10/2015	Yes
Soil Boring Samples/Monitoring Wells (Initial Fee)	\$500 + \$75 per bore	Department Fee Study	3/10/2015	Yes
Solar Permit	\$425.00	Department Fee Study	3/10/2015	Yes
Special Events- Group I	\$75/ \$150	Department Fee Study	3/10/2015	Yes
Special Events- Group II	\$200/\$400	Department Fee Study	3/10/2015	Yes
Special Events- Group III	\$400/\$800	Department Fee Study	3/10/2015	Yes
Special Inspector Registration and Renewal Initial classification	\$125/ \$50	Department Fee Study	3/10/2015	Yes
Special Investigations: Family Day Care; Sober Living Inspections; Fire Investigation; Special Water Quality Review; Other Annual Inspections	\$450.00	Department Fee Study	3/10/2015	Yes
Stockpiling/Storage - Commercial	\$850 +\$250 per month after first month	Department Fee Study	3/10/2015	Yes
Stockpiling/Storage - non Commercial	\$150 month	Department Fee Study	3/10/2015	Yes
Storm Drain Entry	\$2,000- \$3000 + 7.50 per LF	Department Fee Study	3/10/2015	Yes
Street Improvements	T&M + \$1,500 deposit	Department Fee Study	3/10/2015	Yes
Stucco/Siding - Residential and Non-Residential	\$295.00	Department Fee Study	3/10/2015	Yes
Surplus Material Removal	T&M + \$500 deposit	Department Fee Study	3/10/2015	Yes
Technology Surcharge	3% on all permits and hourly charges	Department Fee Study	3/10/2015	Yes
Temporary Certificate of Use and Occupancy (each)	\$500.00	Department Fee Study	3/10/2015	Yes



# INTERNAL AUDIT DEPARTMENT

Fee	Amount	Cost Recovery Method	Board Approval Date	Full Cost Recovery
Temporary Tent Structures	\$330.00	Department Fee Study	3/10/2015	Yes
Temporary Use and Special Event Permit- Business Hours and Off Hours	\$650/ \$1500	Department Fee Study	3/10/2015	Yes
Tree & Vegetation Planting/Trimming/Removal	\$75 + \$15 per tree and/or \$1 per LF of ground vegetation	Department Fee Study	3/10/2015	Yes
Utilities-Road/Food	T&M + \$2,500 deposit	Department Fee Study	3/10/2015	Yes
Water Heater Permit - Storage Type	\$65.00	Department Fee Study	3/10/2015	Yes
Water Quality Management Plan (WQMP)	T&M + \$1,000 deposit	Department Fee Study	3/10/2015	Yes
Wireless Communication	T&M + \$5000 deposit	Department Fee Study	3/10/2015	Yes

Source: OC Public Works FY 17-18 Fee Inventory Listing

\* OCPW's Fee Study Summary for the Plumbing Permit Flat Fee shows cost recovery calculations at 95.32%.

## Table 8. Fees Set by Ordinance #15-035

Approximately \$70,000 estimated in FY 17-18 revenue.

Fee	Amount	Cost Recovery Method	Board Approval Date	Full Cost Recovery
1000+ Units	\$125.00	Department Fee Study	5/12/2015	No
101-500 Units	\$85.00	Department Fee Study	5/12/2015	No
1-25 Units	\$45.00	Department Fee Study	5/12/2015	No
26-100 Units	\$65.00	Department Fee Study	5/12/2015	No
501-1000 Units	\$100.00	Department Fee Study	5/12/2015	No
Additional Documents completed by Inspector at Field Location	\$28.00	Department Fee Study/Rates set by Statutes	5/12/2015	Yes
Base Fee	\$65.00	Department Fee Study	5/12/2015	No
Destination Quarantine Inspection per C.C.R. 3160	\$35/hr. + \$0.30/mile	Department Fee Study/Rates set by Statutes	5/12/2015	Yes
Phyto Reissues	\$50.00	Department Fee Study	5/12/2015	No



# INTERNAL AUDIT DEPARTMENT

Fee	Amount	Cost Recovery Method	Board Approval Date	Full Cost Recovery
Produce Standardization Documentation and Certification Fee - Inspections after 5 p.m./Saturday, Sunday, & Holidays. No certificates from 8 p.m. to 8 a.m. (More than One Trip = # of trips * fees) Exempt Agencies by Section 6103	\$110/hr., 1 hr. min.	Department Fee Study/Rates set by Statutes	5/12/2015	Yes

Source: OC Public Works FY 17-18 Fee Inventory Listing

**Table 9. Fees Set by Ordinance #15-036**  
Approximately \$30,000 estimated in FY 17-18 revenue.

Fee	Amount	Cost Recovery Method	Board Approval Date	Full Cost Recovery
Add extra counties to Certified Producers Certificate (annually)	\$3.00	Department Fee Study/Rates set by Statutes	5/12/2015	No
Additional Certificate	\$10.00	Department Fee Study/Rates set by Statutes	5/12/2015	No
Certified Farmers Market inspections weekday - 1 to 5	\$360.00	Department Fee Study/Rates set by Statutes	5/12/2015	No
Certified Farmers Market inspections weekday - 16 to 25	\$540.00	Department Fee Study/Rates set by Statutes	5/12/2015	No
Certified Farmers Market inspections weekday - 6 to 15	\$420.00	Department Fee Study/Rates set by Statutes	5/12/2015	No
Certified Farmers Market inspections weekday - equal or greater 26	\$660.00	Department Fee Study/Rates set by Statutes	5/12/2015	No
Certified Farmers Market inspections weekend - 1 to 5	\$480.00	Department Fee Study/Rates set by Statutes	5/12/2015	No
Certified Farmers Market inspections weekend - 16 to 25	\$750.00	Department Fee Study/Rates set by Statutes	5/12/2015	No
Certified Farmers Market inspections weekend - 6 to 15	\$570.00	Department Fee Study/Rates set by Statutes	5/12/2015	No
Certified Farmers Market inspections weekend - equal or greater 26	\$930.00	Department Fee Study/Rates set by Statutes	5/12/2015	No
Certified Producers Site Inspection - 1 to 20	\$65.00	Department Fee Study/Rates set by Statutes	5/12/2015	No
Certified Producers Site Inspection - 21 to 40	\$80.00	Department Fee Study/Rates set by Statutes	5/12/2015	No
Certified Producers Site Inspection - 41 to 60	\$90.00	Department Fee Study/Rates set by Statutes	5/12/2015	No
Certified Producers Site Inspection - 61 to 80	\$120.00	Department Fee Study/Rates set by Statutes	5/12/2015	No



# INTERNAL AUDIT DEPARTMENT

Fee	Amount	Cost Recovery Method	Board Approval Date	Full Cost Recovery
Certified Producers Site Inspection - Equal or greater 81	\$130.00	Department Fee Study/ Rates set by Statutes	5/12/2015	No
Issue amended Certified Producers Certificate (during the year)	\$25.00	Department Fee Study/ Rates set by Statutes	5/12/2015	No

Source: OC Public Works FY 17-18 Fee Inventory Listing

**Table 10. Fees Set by Ordinance #15-037**

Approximately \$180,000 estimated in FY 17-18 revenue.

Fee	Amount	Cost Recovery Method	Board Approval Date	Full Cost Recovery
Agricultural Pest Control Advisors (Home County)	\$10.00	Department Fee Study/ Rates set by Statutes	5/12/2015	No
Agricultural Pest Control Advisors (Non-Home County)	\$5.00	Department Fee Study/ Rates set by Statutes	5/12/2015	No
Agricultural Pest Control Business	\$89.00	Department Fee Study/ Rates set by Statutes	5/12/2015	Yes
Farm Labor Contractors	\$35.00	Department Fee Study/ Rates set by Statutes	5/12/2015	No
Maintenance Gardener	\$25.00	Department Fee Study/ Rates set by Statutes	5/12/2015	No
Pest Control Aircraft Pilots	\$5 - \$10	Department Fee Study/ Rates set by Statutes	5/12/2015	No
Pesticide Fumigation Enforcement	\$8.00	Department Fee Study/ Rates set by Statutes	5/12/2015	No*
Structural Applicator Test	\$15.00	Department Fee Study/ Rates set by Statutes	5/12/2015	No
Structural Pest Control Business Branch 1 (Structural Fumigation)	\$25.00	Department Fee Study/ Rates set by Statutes	5/12/2015	No
Structural Pest Control Business Branch 2 (General Pests)	\$10.00	Department Fee Study/ Rates set by Statutes	5/12/2015	No
Structural Pest Control Business Branch 3 (Termite Inspection & Treatment)	\$10.00	Department Fee Study/ Rates set by Statutes	5/12/2015	No

Source: OC Public Works FY 17-18 Fee Inventory Listing

\* The Pesticide Fumigation Enforcement fee is set at \$8 per statute limitation.



APPENDIX C: REPORT ITEM CLASSIFICATION

Critical Control Weakness	Significant Control Weakness	Control Finding
<p>These are audit findings or a combination of audit findings that represent critical exceptions to the audit objective(s) and/or business goals. Such conditions may involve either actual or potential large dollar errors or be of such a nature as to compromise the department's or County's reputation for integrity. Management is expected to address <b>Critical Control Weaknesses</b> brought to its attention immediately.</p>	<p>These are audit findings or a combination of audit findings that represent a significant deficiency in the design or operation of internal controls. <b>Significant Control Weaknesses</b> require prompt corrective actions.</p>	<p>These are audit findings concerning the effectiveness of internal control, compliance issues, or efficiency issues that require management's corrective action to implement or enhance processes and internal control. <b>Control Findings</b> are expected to be addressed within our follow-up process of six months, but no later than twelve months.</p>



## APPENDIX D: OC PUBLIC WORKS' MANAGEMENT RESPONSE



### Memorandum

**DATE:** November 15, 2019  
**TO:** Aggie Alonso, CPA, CIA, CRMA, Director of Internal Audit  
**FROM:** Shane L. Silsby, Director of OC Public Works *Shane L. Silsby*  
**SUBJECT:** Response to Draft Report – Audit No. 1820, OC Public Works' Fee Generated Revenue

OC Public Works has received and reviewed in draft form, the Internal Audit Department's audit of internal controls of OC Public Works' (OCPW) fee-generated revenue process for the year ended January 31, 2019.

OC Public Works hereby provides the following responses to the Internal Audit Department's Recommendations:

Finding No. 1 – Fee Study Database

RECOMMENDATION OCPW should work with OCIT to escalate the need for a Fee Study Database update to eliminate the manual entry process.

OC Public Works Management Response: Concur with finding. OCPW has reached out to OCIT to determine the next step and scope on how to update the fee database in regards to the audit finding.

Finding No. 2 – Internal Agency Review Documentation

RECOMMENDATION OCPW should update the Fee Study Procedures and Reference Guide To reflect current practices.

OC Public Works Management Response: Concur with finding. OCPW Revenue Streams Team has updated the review procedures to the following:

Submit the Fee Study for Internal Agency Review

The fee study will be reviewed by various individuals within OCPW and this phase may take a significant amount of time. With each review, any suggested revisions, if appropriate, need to be incorporated into a revised draft. These would include county policies, state regulations, and industry conditions related to the fees. Every review will require an approval signature. Listed below are the individuals involved in the review process:

- Revenue Streams Manager
- Program Division Director
- OCPW Finance Services Manager
- Administrative Services Director
- OCPW Executive Managers
- OCPW Director

601 N. Ross Street, Santa Ana, CA 92701  
P.O. Box 4048, Santa Ana, CA 92702-4048

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# INTERNAL AUDIT DEPARTMENT

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Should you have any questions, please contact Julie Lyons, OC Public Works Assistant Director of Customer Services, at 714-667-9701 or via email at [Julie.Lyons@ocpw.ocgov.com](mailto:Julie.Lyons@ocpw.ocgov.com).

cc: Frank Davies, Auditor-Controller  
Lala Ragen, Assistant Deputy Chief Operating Officer, County Executive Office  
Shane Silsby, Director, OCPW  
Julie Lyons, Assistant Director, Customer Services, OCPW  
Howard Thomas, Accounting Manager, OCPW Accounting  
Tam Vu, Revenue Streams Manager, OCPW

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