



MANAGEMENT ACTION PLAN PROGRESS REPORT

DATE: January 31, 2020

TO: Linda Gorton, Mayor

CC: Sally Hamilton, Chief Administrative Officer
Glenn Brown, Deputy Chief Administrative Officer
Aldona Valicenti, Chief Information Officer
Nancy Albright, Commissioner of Environmental Quality & Public Works
Dewey Crowe, Director of Building Inspection
Phyllis Cooper, Director of Accounting
Mike Nugent, Director of Technical Services
Susan Straub, Communications Director
Urban County Council
Internal Audit Board

FROM: Bruce Sahli, CIA, CFE, Director of Internal Audit

RE: Building Inspection Collections Audit MAPPR

Background

On October 23, 2018, the Office of Internal Audit issued the Building Inspection Collections Audit Report. The 2018 audit report contained several findings, including a single point of failure within the Accela support structure, late deposits, insufficient segregation of duties, the Collections Manual needing to be updated, some transactions not being properly recorded in Accela, the need for refunds, voids, and transfers to be monitored by management, the need to retain date stamps on Quick Receipts, and the



need for a ticketing system to track and resolve Accela issues experienced by the Division of Building Inspection.

This follow-up review is provided for management information only. It is not an audit and no opinion is given regarding controls or procedures. We interviewed Building Inspection and Computer Services staff, conducted detail testing, and obtained other evidence as necessary to complete our follow-up procedures. The period of review included Building Inspection transactions from November 1, 2018 through September 30, 2019.

A summary of the findings from the original audit report and a summary of the results of our follow-up are provided in the table below. The original findings, management's original responses, and details of the results of this follow-up are contained in the **ORIGINAL AUDIT RESULTS AND FOLLOW-UP DETAILS** section of this report.

Finding	Summary of Original Finding	Follow-Up Results
Finding #1 High Priority	Single Point of Failure Within the Accela Support Structure	The single point of failure issue is in the process of being addressed by the Department of Information Technology. However, action plans to address this issue are still in a preliminary phase as noted in the <u>Follow-Up Details</u> section of the report. The finding is still in the process of being resolved.
Finding #2 High Priority	Late Deposits Noted	Six of the thirty deposits (20%) tested were at least one day late. The finding is not resolved.
Finding #3 High Priority	Segregation of Duties Issue	Discussions with Building Inspection staff and a detailed review of daily collection packets in Building Inspection for the period May 2019 through September 2019 did not note any instances where this Administrative Specialist Senior acted in the incompatible duty of cashier. The finding is resolved.



<p>Finding #4 High Priority</p>	<p>Building Inspections Collections Manual Needs Updating</p>	<p>The updated Building Inspection Administrative Policies & Procedure Manual makes occasional reference to Accela, but does not include any detailed procedures on how to process transactions, post payments, and reconcile collections in Accela. The finding is not resolved.</p>
<p>Finding #5 High Priority</p>	<p>Some Transactions Not Properly Recorded in Accela</p>	<p>The Director of Building Inspection informed us that none of the conditions in Finding #5 have changed. This was confirmed by two Building Inspection Administrative Specialist Seniors and by an examination of Accela daily reconciliation reports. The finding is not resolved.</p>
<p>Finding #6 High Priority</p>	<p>Refunds, Voids, and Fund Transfers Should be Monitored by Management</p>	<p>The original audit's recommendation for the development of an Accela report specifically identifying refunds, voids, and fund transfers for management's review has not occurred. However, alternative review procedures put in place by Building Inspection management have resolved the finding.</p>
<p>Finding #7 High Priority</p>	<p>Date Stamped Quick Receipts Should be Retained with Daily Reconciliation Files</p>	<p>The Quick Receipt for 27 of 30 (90%) deposits tested contained a date stamp to verify the deposit was received by Revenue. However, three Quick Receipts (10%) did not. The date stamp should be consistently obtained to provide proof of deposit and compliance with CAO Policy #40. The finding is partially resolved.</p>



Finding #8 Moderate Priority	Ticketing System Needed to Track and Resolve Accela Issues	We obtained a Cherwell Report showing Building Inspection activity for November 2018 through September 2019. The report indicates that Building Inspection stopped reporting Accela issues to the Help Desk in December 2018, but began reporting them again in July 2019. Based on recent activity, the finding is considered resolved.
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ORIGINAL AUDIT RESULTS AND FOLLOW-UP DETAILS

Original Finding #1: Single Point of Failure Within the Accela Support Structure
Priority Rating: High

Condition:

An Administrative Officer Senior in the Department of Planning, Preservation, and Development is Building Inspection's only active Accela support person. He provides some Accela technical support and is the liaison between Accela and Building Inspection when credit card payment issues arise. From time to time, a situation will arise where a client's on-line credit card payment via Official Payment will not properly interface with Accela, causing Accela not to record the payment. When this occurs, this Administrative Officer Senior must work with Accela and/or Official Payments to remedy the situation. In one such instance, the Administrative Officer Senior was on vacation, and therefore Building Inspection had no one to resolve the issue.

Effect:

Sole reliance on the Administrative Officer Senior to work with Accela and Official Payments to resolve software problems represents a single point of failure in the Accela support process.

Recommendation:

Redundancy should be built into the in-house Accela support process, and for a liaison between Building Inspection and Accela and/or Official Payments. The back-up in-house support should be someone within Information Technology in order to augment the expertise of the Administrative Officer Senior.



Chief Information Officer Response:

Agree. Information Technology will create a role for in-house Accela support and designate an individual to function in that capacity. Cross training will occur, as time and staffing permit, to ensure that at least two people within Information Technology have familiarity with Accela in order to provide support as needed.

Commissioner of Planning, Preservation, & Development Response:

I concur with the CIO.

Follow-Up Detail Results:

The Administrative Officer Senior identified in the original finding as a single point of failure now reports to the Department of Information Technology. Building Inspection personnel are reporting Accela issues to the IT Help Desk, who record and track Accela issues in the Cherwell System. The Director of Building Inspection informed us that it is his understanding that this Administrative Officer Senior is still the person who resolves their Accela issues once they are reported to the Help Desk.

The Director of Technical Services has begun the process of expanding the knowledge and support of Accela to other personnel within the Division of Computer Services. In addition, Department of Information Technology personnel also informed us that they are updating the standard support procedures to include Accela, and have requested Accela Administrative Access for four Computer Services applications staff. They stated that it may take up to 90 days to get staff crossed trained on Accela. IT personnel have also created a form for Building Inspection to use to document Accela issues.

The Director of Technical Services should continue to develop expanded support for Accela users within the Division of Building Inspection to ensure sufficient redundancy in the Accela in-house support process and remove any single point of failure concerns. The finding is still in the process of being resolved.

Director of Technical Services Response:

We are continuing to train an additional 3 personnel within Computer Services to assist with Accela administration. Along with this initiative, the Administrative Officer Senior has identified power users in each Division and is training those personnel on simple administrative tasks for their areas. Accela support is now fully implemented into the Computer Services work order system where requests



are recorded and tracked to completion. This system also allows for the customer Divisions to enter requests directly and check the status of their requests.

Chief Information Officer Response:

I concur with the Director of Technical Services response.

Original Finding #2: Late Deposits Noted

Priority Rating: High

Condition:

Our testing of a random sample of Building Inspection deposits noted that 32 of 65 deposits (49%) were deposited at least one day late. This is based on the date deposits were delivered to Revenue.

Effect:

Late deposits are a violation of CAO Policy #40 and increase the risk of misappropriated funds.

Recommendation:

Building Inspection deposits should be delivered to Revenue on the next business day, as required by CAO Policy #40.

Director of Building Inspection Response:

It is our intention that all deposits are delivered to Revenue on the next business day, in compliance with CAO Policy#40. The late deposits are attributable to two factors: intermittent staffing issues in the customer service section and the new Accela software program. Since the implementation of the Accela program, deposit reconciliation time has significantly increased due to the lack of proper fee tracking and reporting capability within the program. In addition, Accela does not interface with PeopleSoft for online payments by credit card, which requires multiple separate reconciliations and deposits for those transactions. This has caused deposits to be delivered to Revenue late in the day, especially during periods of low staffing and high workloads. We believe these deposits are not recorded until the next day which shows up as a late deposit. To verify when deposits are delivered we are now requiring a time stamped receipt from Revenue upon delivery to accurately track deposit times. However, there will be times when multiple employee absences and high workloads will cause deposit delays.



Commissioner of Planning, Preservation, & Development Response:

While there is currently no interface between PeopleSoft and Accela, one has been available since the launch of the Accela software in 2016. At the time of implementation the Division of Building Inspection opted not to employ this interface and to handle daily deposits independently. In addition, prior to the implementation of the Accela software system, subject matter experts for each Division reviewed and signed off on all reports necessary for daily uses.

I will work with the Division of Building Inspection staff to determine if it is best to implement this interface between the PeopleSoft and Accela. Furthermore, I will work with the subject matter experts in Building Inspection to review the daily reports and their capabilities to develop new reports in an ad hoc manner. If they are incapable of creating the necessary reports I will work with them to ensure they have the resources necessary to do so.

Follow-Up Detail Results:

Our testing of a random sample of Building Inspection deposits noted that 6 of 30 deposits (20%) were deposited at least one day late. This is based on the Revenue date stamps included on the deposit Quick Receipts. Building Inspection deposits should be delivered to Revenue on the next business day, as required by CAO Policy #40. The finding is not resolved.

Director of Building Inspection Response:

Again, it is our intention that all deposits are delivered to Revenue on the next business day, in compliance with CAO Policy#40. As I have indicated in previous audits late deposits are primarily attributable to intermittent staffing issues in the customer service section and to some degree the lack of functionality in the Accela software as noted elsewhere in this report. This has caused deposits to be delayed while deposit anomalies are researched and corrected, especially during periods of low staffing and high workloads. However, even if the Accela issues were resolved there will be times when multiple employee absences and high workloads will cause deposit delays. We will continue to make ongoing adjustments to improve deposit timeliness.

Commissioner of Environmental Quality & Public Works Response:

I concur with and support the response from the Director of Building Inspection.



Original Finding #3: Segregation of Duties Issue
Priority Rating: High

Condition:

The Administrative Specialist Senior responsible for conducting the daily deposit reconciliation and preparing the daily deposit also occasionally processes Building Inspection transactions and collects payments. Building Inspection management stated this occurred on occasion when there was insufficient staff to cover front counter activity. Individuals responsible for preparing collection reconciliations and their related deposits should not process collection transactions or receive their related funds.

Effect:

The risk of misappropriated funds is always increased when collection based duties are not properly segregated. CAO Policy #40 states that all Divisions must maintain clearly defined separation of duties for the deposit process.

Recommendation:

The Administration Specialist Senior should not be involved in the processing of transactions or collection of payments. Another person not involved in the daily reconciliation and deposit preparation should be trained to be a backup for the cashiers at the Building Inspection front counter.

Director of Building Inspection Response:

It is our intention that no employee who has acted as a cashier be involved in preparing the divisional deposit. However, staff vacancies and absences sometimes cause the Administrative Specialist Senior to act as a cashier. To address this, a second employee who is not a cashier has been designated as a backup to process the daily deposit when the primary has had to act as a cashier.

Commissioner of Planning, Preservation, & Development Response:

I will work with the Director of Building Inspection to ensure they have adequate staffing necessary for this duty.

Follow-Up Detail Results:

The Administrative Specialist Senior responsible for conducting the daily deposit reconciliation and preparing the daily deposit informed us she can only remember one time since the 2018 audit where she both collected money and performed the reconciliation.



We reviewed the daily Cashier Summary Reports for cash collection activity contained in the daily collection packets available in Building Inspection for the period May 2019 through September 2019. We did not note any instances where this Administrative Specialist Senior acted in the incompatible duty of cashier.

The finding is resolved.

Original Finding #4: Building Inspections Collections Manual Needs Updating
Priority Rating: High

Condition:

Significant changes occurred in the Building Inspections collection process when Accela went live in July 2016. The Building Inspections Collections operations manual does not incorporate the changes that have occurred as a result of the implementation of Accela, and is therefore outdated.

Effect:

Policies and procedures increase employee accountability and are an important component of quality control. Outdated procedure manuals represent an operational risk. By failing to address new systems and technology such as Accela, these may result in inconsistent practices.

Recommendation:

The operations manual should be updated to reflect the operation process currently in place, and to specify processes used in Accela.

Director of Building Inspection Response:

I concur with the finding. The operations manual has been updated to reflect the current process in place. Implemented 9/27/2018.

Commissioner of Planning, Preservation, & Development Response:

I concur with the Directors response.

Follow-Up Detail Results:

We reviewed the updated Building Inspection Administrative Policies & Procedure Manual. We noted that it does make occasional reference to Accela, but it does not include any detailed procedures on how to process transactions, post payments, and reconcile collections in Accela.



The Manual should be updated to include detail procedures for processing transactions, posting payments, and reconciling collections in Accela, similar to the details provided in this Manual to process collections in PeopleSoft.

The finding is not resolved.

Director of Building Inspection Response:

Although I believe the updates we made to the operations manual are sufficient to guide a trained staff member through the process, we will further revise the manual to add more details in regard to Accela functions. The revisions should be complete within 30 days.

Commissioner of Environmental Quality & Public Works Response:

I concur with the Director of Building Inspection response.

Original Finding #5: Some Transactions Not Properly Recorded in Accela
Priority Rating: High

Condition:

The Administrative Specialist Senior responsible for conducting the daily reconciliation stated that Accela allows a permit payment transfer from one address to another if both permits cost the same, but that the transfer of activity does not show up on the Accela daily report she uses to conduct her reconciliation, requiring her to note the transfer manually. She also noted that refunds do not show up on the daily reports, and therefore she has to search through the daily detail to identify them when conducting the daily reconciliation. It was also noted that Accela will allow Building Inspection staff to collect a payment before the transaction is invoiced. When this occurs, the transaction does not show up on the Fees Paid by Account Code report and has to be researched manually.

Effect:

Accela is an automated transaction recording system that is relied upon in Building Inspection to determine the accuracy of daily collections. Failure to record all transactions represents a compromise to the integrity of Accela's data and weakens the internal control within the system.



Recommendation:

The daily reports should be programmed to identify transfers and refunds in order to improve the reconciliation process and increase the accuracy and completeness of the daily reports. Accela should be programmed to not allow a payment to be posted until an invoice is created.

Director of Building Inspection Response:

I concur with the findings. However, the Division of Building Inspection does not have the technical resources to modify the Accela programing to implement the recommendations. Until these modifications are made we cannot address this finding.

Commissioner of Planning, Preservation, & Development Response:

Subject matter experts in all Divisions have been trained to develop Accela ad-hoc reports necessary to accommodate their business practices. In addition, a contract currently exists with sCube Enterprises should the Division require the use of Crystal Reports for development of needed reports. I will work with the Director of Building Inspection to ensure they get the training or resources necessary to facilitate the needed changes to the reports.

Follow-Up Detail Results:

In the project opening meeting, the Director of Building Inspection said none of the conditions in Finding #5 have changed. This was confirmed by two Building Inspection Administrative Specialist Seniors. They expressed hope that this will be addressed soon by the Department of Information Technology when IT resources to support Accela are put in place. During our testing of deposits, we noted an instance where a fund transfer did not show up on the Accela daily reconciliation report, confirming the statements made by Building Inspection personnel that this finding has not been resolved.

The Director of Technical Services should continue to work with Building Inspection management to address the concerns noted in Finding #5 of the original report.

Director of Technical Services Response:

The daily reports were reviewed and updated by the Administrative Officer Senior in December 2019 to include the items requested by the Admin Specialist Senior. There is a follow-up meeting scheduled for next week to confirm the items are resolved.



Chief Information Officer Response:

I concur with the Director of Technical Services response.

Original Finding #6: Refunds, Voids, and Fund Transfers Should be Monitored by Management

Priority Rating: High

Condition:

The Accela System is designed to allow Refunds, Voids, and Fund Transfers to be posted without requiring prior management review or approval. Any issues with these types of transactions must be detected during the daily reconciliation process.

Effect:

Refunds, Voids, and Fund Transfers should be properly managed to ensure they are used appropriately and only when necessary. CAO Policy #40 states that refunds and voids are to be reviewed and authorized by a supervisor.

Recommendation:

A daily exception report listing all Refunds, Voids, and Fund Transfers should be created in Accela and provided to the Director of Building Inspection for his review. Any anomalies should be promptly investigated. This will improve the monitoring of such transactions and provide evidence of possible training opportunities.

Director of Building Inspection Response:

I concur with the finding. However, the Division of Building Inspection does not have the technical resources to modify the Accela programing to implement the recommendation. Until these modifications are made we cannot address this finding.

Commissioner of Planning, Preservation, & Development Response:

Subject matter experts in all Divisions have been trained to develop Accela ad-hoc reports necessary to accommodate their business practices. In addition, a contract currently exists with sCube Enterprises should the Division require the use of Crystal Reports for development of needed reports. I will work with the Director of Building Inspection to ensure they get the training or resources necessary to facilitate the needed changes to the reports.



Follow-Up Detail Results:

In the project opening meeting, the Director of Building Inspection said the daily exception report recommended in the 2018 Audit Report has not been created. However, we were informed that he is provided the full packet of daily collection activity which includes voids, refunds, and transfers for his review. We examined the daily collection packets available in Building Inspection for the period May 2019 through September 2019 and noted that virtually all of the Quick Receipts attached to those packets contained the Director's initials to indicate his review. A few contained the initials of other Building Inspection managers to indicate review occurred when the Director was out of the office.

The alternative review approach taken by Building Inspection management is sufficient to monitor refunds, voids, and fund transfers. Therefore, the original finding is resolved. However, we suggest that the Director of Building Inspection should continue to pursue the development of an Accela exception report that highlights refunds, voids, and fund transfers in order to improve the efficiency of the review process.

Original Finding #7: Date Stamped Quick Receipts Should be Retained with Daily Reconciliation Files

Priority Rating: High

Condition:

Building Inspection does not obtain a date stamp on their copy of the Quick Receipt to verify when a deposit is delivered to Revenue. As a result, there is no record within Building Inspection verifying the receipt of deposits by Revenue. For the purposes of this audit, deposit verification had to be obtained via a query generated by the Division of Revenue.

Effect:

CAO Policy #40 states that duplicate PeopleSoft receipts must accompany all funds to be deposited by the Division of Revenue, and that the original verified copy of the receipt will be returned for the collecting Division's records at the time of deposit delivery.

Recommendation:

A date stamp on the Quick Receipt should be obtained from Revenue and included with the daily reconciliation paperwork in order to comply with CAO Policy #40.



Director of Building Inspection Response:

I concur with the finding. The Division of Building Inspection has implemented this recommendation as of 09/25/2018.

Commissioner of Planning, Preservation, & Development Response:

I concur with the Directors response.

Follow-Up Detail Results:

In the project opening meeting, we were informed by a Building Inspection Administrative Specialist Senior that the process of obtaining Division of Revenue date stamps on the Quick Receipt and retaining this document in Building Inspection files started after the October 2018 audit was completed.

Our testing of a random sample of Building Inspection deposits noted that 27 of 30 (90%) Quick Receipts tested contained a date stamp. However, 3 of the 30 (10%) did not. Division of Building Inspection personnel were provided a list of the missing documents but were unable to locate them. Using alternative audit procedures, we verified that the three deposits with no Revenue date stamp were received and processed by Revenue.

Quick Receipts containing the Revenue date stamp should be consistently retained by the Division of Building Inspection as proof of deposit and compliance with CAO Policy #40. The finding is partially resolved.

Director of Building Inspection Response:

This recommendation was implemented on 09/25/2018 as part of our standard procedures. Every deposit delivered to Revenue has two quick receipts attached. One for Revenue and the other to be date stamped and returned to us. All staff members assigned to deliver the deposit to Revenue as well as the staff in Revenue are fully aware of this process. We believe that the quick receipts were stamped and returned but have been inadvertently misfiled. This process will be reviewed and refined in an ongoing basis with all involved staff.

Commissioner of Environmental Quality & Public Works Response:

I concur with the Director of Building Inspection response.



Original Finding #8: Ticketing System Needed to Track and Resolve Accela Issues

Priority Rating: Moderate

Condition:

From time to time Accela will experience a processing issue, typically regarding the interface of credit card payments via Official Payments with Accela transaction records. However, there is no formal logging or ticketing system to track Accela issues or their resolution. As a result, there is no systematic process to track, isolate, and address Accela processing issues.

Effect:

Accela issues, to the extent they occur, cannot be comprehensively identified and addressed without a formal process to document such issues and track their resolution.

Recommendation:

An Accela issues ticketing or logging system should be created in Building Inspection to provide a comprehensive record of any processing issues experienced by Accela. This will be instrumental in correcting any such issues. We were informed by the Office of the Chief Information Officer that Building Inspection can use Cherwell, the same ticketing system used by the LFUCG Help Desk.

Director of Building Inspection Response:

I concur with the finding. The Division of Building Inspection has implemented this recommendation as of 9/26/2018. We have arranged with Computer Services to send all Accela related problems and requested modifications to the LFUCG Help Desk where they will be entered into and tracked by the Cherwell ticketing system.

Commissioner of Planning, Preservation, & Development Response:

I concur with the Directors response.

Follow-Up Detail Results:

In the project opening meeting, we were informed by the Director of Building Inspection that the use of Cherwell to report Accela incidents has been inconsistent since the 2018 audit, but there has been improvement in the past three months. We were also informed that Building Inspection management has emphasized to Building Inspection staff the importance of reporting Accela issues to the IT Help Desk. The IT Help Desk enters IT issues reported to them into Cherwell, thereby



creating a job ticket that can provide metrics on the type of issues reported and the time require to resolve them, etc.

We obtained a Cherwell Report showing Building Inspection activity for the period November 1, 2018 through September 30, 2019. The report supports Building Inspection management's statement made to us during project fieldwork that Building Inspection stopped reporting Accela issues to the Help Desk in December 2018, but began reporting them again in July 2019. Based on recent activity, the finding is considered resolved.

