

# City Auditor's Office *Stormwater Fees Audit Follow-Up*

April 2020



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City Auditor's Office

April 23, 2020

Honorable Mayor and Members of the City Council:

The City Auditor's Office has completed a follow up to the Stormwater Fees Audit completed in July 2019. The objective was to determine the implementation status of the audit recommendations presented in the original audit report.

Management concurred with all four recommendations in the original report. Follow-up procedures indicate management implemented all audit recommendations.

We would like to thank staff from the Finance and Public Works and Transportation Departments for their assistance and cooperation in completing this follow-up.

*Lori Brooks Jaquess*

Lori Brooks Jaquess, CPA, CIA, CGAP, CRMA  
City Auditor

cc: Trey Yelverton, City Manager  
Jim Parajon, Deputy City Manager  
Gilbert Perales, Deputy City Manager  
Jennifer Wichmann, Assistant City Manager  
Mike Finley, CFO  
Keith Brooks, Director of Public Works and Transportation  
Amy Cannon, Assistant Director of Public Works and Transportation, Stormwater

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# Stormwater Fees Audit Follow-Up

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## *Background*

The City Auditor's Office completed the Stormwater Fees Audit in July 2019. The purpose of the audit was to review expenditures made from the Stormwater Utility Fund to assess compliance with Ordinance 07-053 related to the use of Stormwater Fees. The objective of this follow up project is to determine the implementation status of the audit recommendations included in the original report.

## *Audit Scope and Methodology*

The scope of the project was limited to following up on management's implementation of the previous audit recommendations. Our methodology included obtaining updated status reports from management regarding the implementation of the audit recommendations and reviewing relevant supporting documentation.

The matrix on the following pages illustrates the results of the follow up procedures.

**Stormwater Fees Audit  
Status of Prior Audit Recommendations**

RECOMMENDATION	CONCUR/ DO NOT CONCUR	MANAGEMENT RESPONSE	RESPONSIBLE PARTY	DUE DATE	CURRENT MANAGEMENT RESPONSE/ IMPLEMENTATION STATUS	AUDIT CONCLUSION
<p><b>1. <i>The City Auditor's Office recommends that the Director of Public Works and Transportation and the Assistant Director of Public Works and Transportation, Stormwater consult with the Chief Financial Officer to determine the correct amount that should be repaid from the Stormwater Utility Fund to the General Fund to cover the drainage related items charged to the Street Bond Fund for projects DR97-29 and DR97-02A.</i></b></p>	Concur	<p>These projects have been paid in full and no further funds (subsequent to FY2020) shall be transferred to the General Fund from Stormwater Utility Fund for these specific projects.</p>	<p>Keith Brooks, Director of Public Works and Transportation</p>	Complete	<b>Complete</b>	<b>Implemented</b>
	Concur	<p>Finance concurs with the recommendation. These projects will be reconciled and included as necessary in an updated practice that ensures the SWUF fully recovers its costs. Finance would like to note that the information available was reviewed in Lawson, the City's</p>	<p>Mike Finley, CFO</p>	12/31/19	<b>Complete</b>	<b>Implemented</b>

RECOMMENDATION	CONCUR/ DO NOT CONCUR	MANAGEMENT RESPONSE	RESPONSIBLE PARTY	DUE DATE	CURRENT MANAGEMENT RESPONSE/ IMPLEMENTATION STATUS	AUDIT CONCLUSION
		financial system, while Audit and DPW utilized hard copy information, which has detail at a more granular level than is practical in the financial system.				
<p>2. <i>The City Auditor's Office recommends that the Chief Financial Officer, in collaboration with the Director of Public Works and Transportation, identify a future methodology for determining Stormwater repayments to the General Fund to assure accuracy.</i></p>	Concur	Finance concurs with the recommendation. Given the complexity of reviewing transactions as noted above, the methodology will probably be changed to proposing a franchise fee and/or payment in lieu of taxes, consistent with the Water Utility. City Council will have final authority.	Mike Finley, CFO	8/6/19	<p><b>Payment in-lieu of taxes has been implemented as part of the FY 2020 budget process. Documentation was attached in separate communication to Audit.</b></p>	<b>Implemented</b>
	Concur	Anytime a reimbursement from the Stormwater Utility Fund to the General	Keith Brooks, Director of Public Works	Ongoing	<p><b>As of 3/6/2020, PWT and Finance have not identified other projects or</b></p>	<b>Implemented</b>

RECOMMENDATION	CONCUR/ DO NOT CONCUR	MANAGEMENT RESPONSE	RESPONSIBLE PARTY	DUE DATE	CURRENT MANAGEMENT RESPONSE/ IMPLEMENTATION STATUS	AUDIT CONCLUSION
		Fund is identified by Finance, the Department of Public Works and Transportation needs to be informed PRIOR to presenting the annual budget to CC in order to verify appropriate amounts.	and Transportation		expenditures to reimburse the General Fund. PWT will coordinate with Finance should anything be identified for reimbursement.	
3. <i>The City Auditor's Office recommends that the CMO and/or the Chief Financial Officer assure that departments are informed of all non-departmental initiated budgetary decisions prior to the beginning of the fiscal year.</i>	Concur	Finance concurs with the recommendation. Finance would like to note departments are notified of budget decisions, through the budget system, specific memorandums prior to proposal, and by the document itself. The instance noted is a rare omission.	Mike Finley, CFO	8/6/19	There are multiple methods each budget cycle. The document itself, the budget expense detail, and a memo from Finance to departments. This was an omission, and not a process error. Documentation was attached in separate communication to Audit.	Implemented
4. <i>The City Auditor's Office recommends that the Stormwater Division revise their Standard Operating Procedures to assure that</i>	Concur	Capital Project Procedures will be revised to include provisions to unencumber funds in	Amy Cannon, Assistant Director PWT, Stormwater	9/1/2019	Completed. Steps have been added to the Final Estimate Checklist and Final Plan Review Checklist.	Implemented

RECOMMENDATION	CONCUR/ DO NOT CONCUR	MANAGEMENT RESPONSE	RESPONSIBLE PARTY	DUE DATE	CURRENT MANAGEMENT RESPONSE/ IMPLEMENTATION STATUS	AUDIT CONCLUSION
<i>contracts are closed out and the associated funds have been unencumbered in a timely manner.</i>		eBuilder within 30 days of final payment.				