

AUDIT COMMITTEE SUMMARY

Audit of the Public Works Department Fee In Lieu Of (FILO) Program
Report Issued October 5, 2021

Audit Objective

Determine if the Storm Water FILO Program is managed in accordance with policies.

Background

The Regional Storm Water Management Program was established in 1997 via ordinance to protect public health and safety. It requires developments to mitigate increases in storm water runoff due to changes in impervious cover. Developers seeking a building permit or plat are required to submit a Storm Water Management Plan or Adverse Impact Study certified by a licensed engineer. It outlines the anticipated impact of the development.

The FILO program allows a payment to the regional storm water fund in-lieu-of on-site detention as a mitigation option. FILO payments are not required, but all developers shall complete a Regional Storm Water Management Participation (RSWMP) form and choose to participate in the program in one of three ways. They can choose to construct on-site detention facilities, participation in the construction of a mitigation project or pay a fee in-lieu-of.

PWD works with the Development Services Department (DSD) to manage storm water plans and building permit processes for the city. In fiscal years 2019 and 2020, there were approximately 780 FILO payments made. This accounted for roughly \$11,832,364 in payments over both years.

Scope and Methodology

The audit scope was fiscal year 2019 and fiscal year 2020. We reviewed the Regional Storm Water Management Program process for appropriate project documentation support. We tested a sample of projects for proper FILO payments. We performed an on-site visit to observe adequate cash handling procedures. Finally, we reviewed for appropriate system user access for systems related to the program.

Conclusions

Overall, the Storm Water FILO program is managed in accordance with policies. PWD has procedures in place for the granting and approval of permits and plat recordations per city ordinance. In addition, DSD has established effective cash handling controls to include proper training of staff and safeguarding of cash and cash equivalents. Finally, PWD has established controls that ensure employees have the appropriate user access within the systems used for the program.

However, we observed administrative opportunities regarding the FILO program which can be improved. Controls can be strengthened surrounding the receipt of payment before issuing a permit or plat and ensuring required approval by a professional engineer. Controls can also be improved regarding holding checks for longer than a twenty-four-hour period. Finally, efficiency improvements can be made related to the use of two systems for information tracking.

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We made recommendations to improve these opportunities. Management agreed with the recommendations and developed positive corrective action plans.