INVESTIGATIVE FOLLOW-UP REPORT OF PERMITS PLUS COLLECTIONS AND DEPOSITS

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    Building and Development Review Services

FROM: Hector Collazo, Jr., Director
      Division of Inspector General

DIST: Ken Burke, CPA, Clerk of the Circuit Court and Comptroller
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SUBJECT: Investigative Follow-Up Hotline Investigation, Case Number 230

DATE: February 22, 2013

We have conducted an Investigative Follow-Up of Permits Plus Collections and Deposits. The objectives of our follow-up were to determine the implementation status of our previous recommendations.

Of the four recommendations contained in the investigative report, we determined that all four have been implemented. The status of each recommendation is presented in this investigative follow-up.

We appreciate the cooperation shown by the management of Building and Development Review Services during the course of this follow-up.

Respectfully Submitted,

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Public Integrity Investigations Unit
Division of Inspector General
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INTRODUCTION

Scope and Methodology

We conducted an investigative follow-up of Permits Plus Collections and Deposits. The purpose of our follow-up is to determine the status of previous recommendations for improvement.

The purpose of the original investigation was to determine whether allegations of three instances noted below were substantiated, where the collection and deposit of funds from Building Development and Review Services (BDRS), through the Permits Plus system, was not always handled correctly:

1) On February 15, 2011, the supervisor had BTS change the amount of the permit in the Permits Plus system for a $9 shortage.
2) On October 20, 2010, a duplicate credit card refund made to the customer was never collected from the customer for a building permit.
3) Code Enforcement collections’ activities are being recorded in Permits Plus, but funds are being deposited separately.

To determine the current status of our previous recommendations, we surveyed and/or interviewed management to determine the actual actions taken to implement recommendations for improvement. We performed limited testing to verify the process of the recommendations for improvement.

Our investigative follow-up was conducted in accordance with the Principles and Standards for Offices of Inspector General and The Florida Inspectors General Standards Manual from The Commission for Florida Law Enforcement Accreditation and, accordingly, included such tests of records and other auditing procedures as we considered necessary in the circumstances. Our follow-up testing was performed during the month of January 2013. The original investigative period included transactions in October 2010 and February 2011.

Overall Conclusion

Of the four recommendations in the report, we determined that all four were implemented. We commend management for implementation of our recommendations.
## Status

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<th>OFI NO.</th>
<th>PREVIOUS RECOMMENDATION</th>
<th>IMPLEMENTATION STATUS</th>
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<td>1</td>
<td><strong>Permits Plus Needs Policy On Change Management To Strengthen Internal Controls.</strong></td>
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<td>Recommendation - Building and Development Review Services Management:</td>
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<td>Establish a Change Management Policy for the Permits Plus system to strengthen internal controls. The policy needs to:</td>
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<td></td>
<td>A. Establish procedures for evaluating, authorizing, and submitting service requests.</td>
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<td>B. Address approval authority for submitting service requests to BTS.</td>
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<td>C. Allow BTS to not accept requests for programming changes that do not conform to the policy.</td>
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<td>D. The minimum areas to be covered under the policy should be for expected events such as rate changes, user security, report changes, and adding old permits.</td>
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Background

The complainant alleged three instances where the collection and deposit of funds from Building Development and Review Services (BDRS), through the Permits Plus system, was not always handled correctly.

Issue No. 1:

The first instance was a $9 shortage on the February 15, 2011 deposit that did not agree with the Permits Plus system reports. The explanation received from BDRS indicated that the programmers altered the collection data. Corrections should be made through the Permits Plus system, because if BTS is accessing and altering the data set directly, then there is usually no audit trail to see what was changed. There is a significant risk that inadvertent changes may be made by BTS to data sets. There are questions as to who has authority to request BTS to make changes, and the risk that the cashier or Supervisor are making erroneous entries.

Issue No. 2:

The second instance was an October 20, 2010 duplicate credit card refund made to a customer that appears BDRS never collected from the customer for the permit issued. The supervisor should have contacted the customer for permission to charge the customer’s credit card or cancelled the permit if funds were not collected.

Issue No. 3:

The third instance was related to Code Enforcement collection activities that are recorded through Permits Plus, but deposited separately from BDRS. Code Enforcement collections’ activities are being recorded in Permits Plus, but funds are being deposited separately. Using Permits Plus to record collection transactions, but being able to exclude the funds from the deposit, could also mean collection transactions can be excluded. There is a significant risk that collections in Permit Plus do not match deposits recorded in the General Ledger, which provides opportunities for fraudulently diverting funds from the deposit.
We investigated all three issues and determined the following:

**Issue No. 1:**

Corrections were made by a BTS programmer outside the Permits Plus system, which was substantiated and is included in our report.

**Issue No. 2:**

This was determined to be only a clerical error that was corrected. The customer was charged twice and credited twice for the building permit, but the permit was cancelled because the customer was not under Pinellas County jurisdiction and needed to get the building permit from Madeira Beach.

**Issue No. 3:**

This was resolved by a change in the deposit procedure and a report revision. The Code Enforcement funds are now included in the daily deposit done by BDRS. These collection transactions were added to the Daily Summary Report so it would agree with the bank deposit amount.
Permits Plus Collections

The Permits Plus system allows for collection of building related fees and fines both online and in person. The system generates transaction reports of all the collections recorded in the system. These reports support the daily bank deposit. The Permits Plus report information is interfaced with the General Ledger system to automatically record all collections deposited. Any corrections for overages or shortages between the Permit Plus reports and bank deposits are recorded by journal voucher entry in the General Ledger system.

Building and Development Review Services (BDRS)

The Building and Development Review Services Department provides Building Inspection and Development Review Services to the County’s unincorporated areas, and by contract to several Pinellas Municipalities.

Building Inspection reviews construction plans and inspects construction projects in progress at various intervals. Plans are reviewed for compliance with building, electrical, plumbing, gas, mechanical, energy, and safety codes. Pursuant to a successful review, permits are issued for construction. Once construction begins, code-required site inspections are conducted for compliance with the codes. These inspections continue until construction is completed and the building is certified for occupancy, thus ensuring that buildings are constructed in a safe and sanitary manner.

Pinellas County uses Permits Plus as their online permitting and inspection module. You must be a registered user to be able to apply for permits and schedule inspections. Once your registration is completed and you receive confirmation and access, the online Permits Plus access will allow you to apply for simple permits, such as water heater replacement, electrical service change, air conditioning change out, re-roofing, etc. It will also give you the ability to schedule your inspections, leave a message for the field inspector requesting an inspection, leave a phone number to notify you when the inspector will be arriving, or anything else that you feel the inspector may need. You will also be able to view any comments that the inspector may note at the time of the inspection.

This system is not available only to contractors; it will give anyone the ability to look up specific addresses within our jurisdiction for the complete permitting or violation history on a particular property.

Development Review Services provides a single, multi-disciplinary team approach to the review of applications for land development activities to ensure the quickest, most efficient, effective and coordinated review possible in accordance with the purpose and intent of the county’s growth management regulations.

Code Enforcement was realigned from the Department of Environmental Management to the Department of Building and Development Review Services in Fiscal Year 2011. Code Enforcement also uses the Accela’s Permits Plus system.
STATUS OF RECOMMENDATIONS

This section reports our investigative follow-up on actions taken by management on the Recommendations for Improvement in our original investigative report of the Permits Plus Collections and Deposits. The recommendations contained herein are those of the investigative report, followed by the current status of the recommendations.


On February 15, 2011, a Building and Development Review Services Department (BDRS) permit technician accepted a $120 check and issued a $129 building permit. To correct the error, the permit technician should have contacted the customer to obtain the additional amount or record it as a shortage. The permit technician instead made a request to a BTS programmer to alter the amount of the permit in the Permit Plus data set, which the programmer did. When the permit technician’s supervisor was looking for the account number to post the $9 shortage, she noted that the permit fee amount on the Permit Plus reports was changed, so she re-did the deposit and included the $120 check.

The supervisor prepares the deposit and forwards it to the accounting system specialist to verify. Originally, the supervisor had pulled the check and returned it to the permit technician to call the customer for a new corrected check. However, the customer provided a credit card number to use for the shortage. Since the permit technician put the $9 on the credit card at the customer’s request, BDRS needed to include the check with the deposit, which had to be done since BTS changed the amount of the check in Permits Plus; it showed up in the Daily Summary Report and the other Permits Plus reports. Corrections should be made through the Permits Plus system, because if BTS is accessing and altering the data set directly, then there is usually no audit trail to see what was changed. There is a significant risk that inadvertent changes could be made by BTS to the data sets. There are questions as to who in BDRS has authority to request BTS to make changes, and the risk that the cashier or supervisor is making erroneous entries.

On October 20, 2011, a duplicate credit card refund was made to a customer, which appears that BDRS never collected from the customer for the permit issued. The supervisor should have contacted the customer for permission to charge the customer credit card or cancelled the permit if funds are not collected. It was determined to be a clerical error that was corrected. The customer was charged twice and credited twice for the building permit, but the permit was cancelled because the customer was not under Pinellas County jurisdiction and needed to get the building permit from Madeira Beach.
We noted that Code Enforcement collection activities that are recorded through Permits Plus, but deposited separately from BDRS. Using Permits Plus to record collection transactions, but being able to exclude the funds from the deposit, could also mean collection transactions can be excluded. There is a significant risk that collection in Permits Plus does not match deposits recorded in the General Ledger, which provides opportunities for fraudulently diverting of funds from the deposit. When we informed BDRS management of this concern, the issue was resolved by a change in the deposit procedure and a report revision. The Code Enforcement funds are now included in the daily deposit done by BDRS. These collection transactions were added to the Daily Summary Report so it would agree with the bank deposit amount.

Without a change management policy in place to restrict authorization, service requests made to the BTS Customer Support Center were accepted from Building Design and Review Services for Permits Plus. The usual change request would be to add back in to the system an old permit, since any historical data was not included with the conversion to the Permits Plus system.

The Permits Plus system is a commercial software package focused on permit issuance, monitoring, control, inspections, and not geared toward receiving payments. The system security hierarchy provides the programmers complete access as super agency administrators. A super agency administrator can access all data sets, all records within data sets, and all fields in each record. There is no automatic logging or audit trail to record information about any specific change. The super agency administrators can choose to enter a note describing the change, but it is not required to be done, and there is no time stamp or identification stamp to substantiate the notation, if made. The programmers do ask that service requests be created for the changes, but this again is voluntary.

BTS is accessing and altering the data set directly from BDRS requests that are not being independently evaluated or authorized. This increases the risk that erroneous changes, whether intentional or not, may be made to data without any automatic audit trail being recorded.

BDRS does not have a procedure to handle their typical business requests (rate changes, report updates). BTS has adopted the IT Infrastructure Library (ITIL) standards, which includes change management, but they do not have a specific written policy for Permits Plus either. Change management ensures that changes are recorded, evaluated, authorized, prioritized, planned, tested, implemented, documented, and reviewed in a controlled manner to minimize business risk. Change management includes the user’s business requests and the technical requests (software update) to maintain the system.

ITIL is the most widely accepted approach to IT service management in the world. ITIL provides a comprehensive and consistent set of best practices for IT service management, promoting a quality approach to achieving business effectiveness and efficiency in the use of information systems.

ITIL change management recommendations emphasize the activity of assessing and evaluating the change requests or change orders. During change assessment, some generic
questions, popularly known as 7 Rs of change management, play a critical role in judging its potential impact on service assets and configurations. It includes two "who’s – who raised the change request/change order and who is responsible." And five "what’s – what are the reason, return expected from change request, risks involved, resources required and relationship with other change order or change request (either in pipeline or executed)."

- **WHO is the Requestor?**
- **WHO is Responsible for the build, QA, and final change implementation?**
- **WHAT is the Reason - what necessitates the change?**
- **WHAT is the expected Return from the change?**
- **WHAT Risk factors are associated with the change?**
- **WHAT Resources are required to execute the change?**
- **WHAT is the inter- Relationship between this change and other changes?**

**We Recommended** Building and Development Review Services Management:

Establish a Change Management Policy for the Permits Plus system to strengthen internal controls. The policy needs to:

A. Establish procedures for evaluating, authorizing, and submitting service requests.

B. Address approval authority for submitting service requests to BTS.

C. Allow BTS to not accept requests for programming changes that do not conform to the policy.

D. The minimum areas to be covered under the policy should be for expected events such as rate changes, user security, report changes, and adding old permits.

**Status:**

A. **Implemented.**

B. **Implemented.**

C. **Implemented.**

D. **Implemented.**

Our review determined that although Building and Development Review Services (BDRS) management did not prepare a separate Change Management Policy for Permits Plus, BDRS implemented a number of items to address the related risk for Change Management and strengthen internal controls. We encourage management to be more specific in a Change Management Policy to include the minimum areas to be covered in the policy such as for rate changes, user security, report changes, and adding old permits.
BDRS management has put in place a policy, via issuance of a department wide memorandum, which requires approval from a section supervisor or manager prior to requesting BTS to make a change to an item in Permits Plus. In addition, BDRS did review and update the Refund Procedure for Permits Plus. It included a statement that BTS can adjust the permit type to the correct permit type if the wrong type of permit is entered, but cannot adjust the amount of the payment. It also states that there must be a paper trail to follow the payment adjustment, which is done in the processing of the deposit.
DIVISION OF INSPECTOR GENERAL
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CLERK OF THE CIRCUIT COURT AND COMPTROLLER
PINELLAS COUNTY, FLORIDA

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