




City of Greensboro


Date: September 18, 2007
To: Richard (Dick) Hails, Planning Director
From: Internal Audit
Subject: Revenue Analysis

Internal Audit is performing an analysis of revenue accounts throughout the City to ensure that departments are aware of reductions in revenues and reasons for those reductions. We have developed a spreadsheet showing Planning Department Revenue changes for the last two years. The spreadsheet shows account name, account number, actual revenue for years 2005, 2006, and 2007, the dollar change for 2005/6, and the percentage this was using the prior year revenue as the base. The changes in revenue dollars and percentage changes are, also, shown for the year 2006/7. The accounts we are requesting written information for are numbered on the right side of the spreadsheet, under a column labeled accounts to review. The darkened areas are where revenues decreased 10% or more from the prior year basis, or in excess of \$100,000 if not 10% or more. These indicate the periods for which we are requesting information.

We are requesting that the Planning Department review the revenue analysis and provide Internal Audit information concerning the decreases in revenue. The information should include performance indicators; comparisons of related data that produces the revenues, changes in collection procedures, changes in fee structure, etc.

If we can assist you in this review please contact us at 373-2230.


Fred Newnam
Internal Auditor


Len Lucas
Internal Audit Director

cc: Ben Brown, Assistant City Manager Economic Development
Bob Morgan, Assistant City Manager

**PLANNING DEPARTMENT REVENUE REVIEWS ACCOUNTS WITH LARGE DECREASES
2005-2007**

PRELIMINARY PLAN REVIEWS

101-2001-01.7404

TOTAL

2007 ACTUAL	2006 ACTUAL	2005 ACTUAL	2006/7 CHANGE	2006/7% CHANGE	2005/6 CHANGE	2005/6% CHANGE	Accounts To Review
56,137.38	126,139.61	98,881.37	(\$70,002.23)	-55.50%	\$27,258.24	27.57%	1

ALL OTHER REVENUE

101-XXXX-XX.8690

2001-01 PLANNING ADMIN

2007 ACTUAL	2006 ACTUAL	2005 ACTUAL	2006/7 CHANGE	2006/7% CHANGE	2005/6 CHANGE	2005/6% CHANGE	Accounts To Review
2,641.50	3,749.95	3,302.00	(\$1,108.45)	-29.56%	447.95	13.57%	2

There appear to be TWO accounts to review during this period.

Equals accounts decreased over 10%, or over \$100,000. Need written explanations for these.

Lucas, Len

From: Hails, Dick
Sent: Monday, October 22, 2007 10:17 PM
To: Newnam, Fred
Cc: Galanti, Steve; Lucas, Len
Subject: RE: REVENUE REVIEW PLANNING DEPARTMENT 2005-2007

Fred:

I am sorry for being overdue on a response. We did take a look at the actual revenue drop that you noted. Our conclusion was that we had simply received significantly fewer applications than in the previous period. In addition, we noted that the average application fee received was smaller than in previous years. Part of our fee schedule is based on the size of the proposed development site or project. All of our fees are paid by citizens proposing some development plans. We have no control of how many come in and what fees would accrue. The revenues generally do not change substantially from year to year.

It should be noted that Council adopted some major fee increases for development review applications in August. Even if development activity and related applications remain slower than previously, the new fees are more than twice the past fee levels. So, I would expect to see revenue growth in the coming year.

I appreciate you bringing this revenue decrease to our attention. I also had not realized how much they had dropped. We did check other issues, such as whether some revenues had been deposited in the wrong accounts, etc.

If you would like more documentation about this situation, please contact Steve Galanti on our staff.

Thanks,
 Dick

From: Newnam, Fred
Sent: Monday, October 22, 2007 12:53 PM
To: Hails, Dick
Subject: REVENUE REVIEW PLANNING DEPARTMENT 2005-2007

MR. HAILS,

ON SEPTEMBER 18, 2007 INTERNAL AUDIT SENT A REQUEST FOR INFORMATION REGARDING DECREASES IN TWO ACCOUNTS IN THE PLANNING DEPARTMENT DURING THE PERIOD 2005-2007. THE ACCOUNTS HAD DECREASES EXCEEDING 10% OR \$100,000 IN THE PERIOD JULY 1, 2005 THROUGH JUNE 2007 FROM ONE YEAR TO THE NEXT. THE REQUEST WAS ACCOMPANIED BY A SPREADSHEET SHOWING THE ACCOUNTS AND AMOUNTS INVOLVED. AT THIS DATE WE HAVE NOT RECEIVED A REPLY AND MUST ONCE AGAIN REQUEST YOUR ASSISTANCE IN PROVIDING THE REQUESTED INFORMATION. IF YOU NEED ASSISTANCE OR MORE INFORMATION REGARDING THE REQUESTS PLEASE CONTACT US AND WE WILL BE HAPPY TO ASSIST YOU WITHIN OUR KNOWLEDGE AND ABILITY.

Auditor II
 Internal Audit
 City of Greensboro
 P.O. Box 3136, Greensboro, NC 27402-3136
 Ph. (336) 373-2230 Fax (336) 373-2138
 You are 2/3 water, ~~conceive water~~ **NOW!**
www.greensboro-nc.gov

10/23/2007



October 30, 2007

Date:

To: Richard W. Hails, Planning Director

From: Internal Audit

Subject: Operating Department's Declines in Revenue

Internal Audit performed an analysis of operating departments' revenue accounts to ensure that operating departments are aware of reductions in revenues and the reasons for those reductions. The analyses covered the fiscal periods ending June 30, 2005 through June 30, 2007. Individual departments were supplied an analysis when revenues were reduced in excess of 10% or \$100,000 from one year to the next. The departments reviewed their applicable analysis and submitted a response to Internal Audit. Internal Audit reviewed the replies to determine whether the departments were responding in a logical fashion and to the questioned reductions in revenue.

We believe this is a valuable tool for the departments and for Internal Audit to focus on areas that need further attention.

The response provided indicates that declines in applications for plan reviews for 2007 and in the relative size of the developments requesting reviews caused the decline in fiscal 2007. They point out that the city council has raised fees rates more than double past fees rates and expect the incomes to return to their former magnitude.

The efforts of the individual departments to respond to this analysis are greatly appreciated. We recommend that the departments continue to be alert to reductions in their revenues and use this tool and other means as an aid in quickly identifying prospective problems. If there are questions regarding this analysis or our evaluation of replies, or if there are areas you would like for us to add to our work plan, please let us know. We can be reached at 373-2230.

Handwritten signature of Fred M. Newnam.

Fred M. Newnam
Internal Auditor

Handwritten signature of Len Lucas.

Len Lucas
Internal Audit Director

CC: Bob Morgan, Assistant City Manager
Ben Brown, Assistant City Manager Economic Development

PLANNING DEPARTMENT REVENUE DECREASES REPLIES
2005-2007

PRELIMINARY PLAN REVIEWS

Accounts To Review	DATE OF REPLY	ACCEPT REPLY	REPLY ACCEPTED
101-2001-01.7404	10/22/2007	10/30/2007	Fees are based on size and number of applications, in 2006 had 259 applications submitted in 2007 only had 148 applications submitted that required a fee. Size of developments was smaller so average fee reduced from \$504 to \$469. <u>Note:</u> City Council has raised fees rates to twice the past fee levels.
TOTAL			
ALL OTHER REVENUE			
101-XXXX-XX.8690			
2001-01 PLANNING ADMIN	10/22/2007	10/22/2007	Decrease in applications affected this as well.

There appear to be TWO accounts to review during this period.
Replies provided for both accounts.