



Date: September 1, 2006
To: Butch Simmons, Director of Engineering and Inspections
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, 2002 through June 30, 2005. 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. One of the departments (Parks and Recreation) requested a review of operations at Hagan Stone Park based on our analysis and their revenue records for the same period. We will review the collection procedures and internal controls at Hagan Stone based on their request to determine why there were apparently differences in the general ledger and the revenue reports generated by that location.

The following narrative will be a summary by department, of our findings and conclusions based on responses received from the various departments.

ENGINEERING & INSPECTIONS:

The largest dollar decreases for this group of accounts were decreases from fiscal 2002 to fiscal 2003 in long distance licensing, and Cable TV Access Licenses. The decrease in long distance licensing was caused by misapplication of payments from AT & T. 2002 revenues included payments from a prior year, not applied until 2002. The next largest dollar decrease was in Cable TV Access Licenses, and was caused by municipalities losing regulatory authority and not receiving revenues from High Speed Data (Road Runner). At least one of the accounts had a decrease because of a correction for miscellaneous bills for engineering. The decreases in driveway, electrical, plumbing, and heating permits, were attributed to economic conditions. Engineering stated they could not determine how many Fire Code Inspections were conducted as their role was simply to collect fees, not do inspections. We will include these in the fire department request in future years. Inspections indicate that decreases in junked auto fees were due to their not being involved in the process as much since towing is collecting the funds.

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.



Fred M. Newnam
Internal Auditor



Len Lucas
Internal Audit Director

CC: Ben Brown, Assistant City Manager For Economic Development
Don Kimbro, Franchise Administration Director




Date: April 10, 2006
To: Walter (Butch) Simmons, Director of Engineering & Inspections
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 Franchise Administration Revenue changes for the last four years. The spreadsheet shows account name, account number, actual revenue for years 2005, 2004, 2003, and 2002, the dollar change for 2004/5, 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 years 2003/4, and 2002/3. 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 Franchise Administration 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

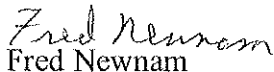


Date: April 10, 2006
To: Butch Simmons, Director of Engineering and Inspections
From: Internal Audit
Subject: Revenue Analysis

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 Engineering and Inspections Department Revenue changes for the last four years. The spreadsheet shows account name, account number, actual revenue for years 2005, 2004, 2003, and 2002, the dollar change for 2004/5, 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 years 2003/4, and 2002/3. 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.

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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



Building Greensboro's Road to the Future

Engineering & Inspections

April 28, 2006

From: John Gribble

To: Don Kimbro

Re: Response to Internal Audit Inquiry

PURPOSE

The purpose of this response is offer information per request of Internal Audit letter of April 10, 2006 which asked for clarification of revenue increases and decreases within specific revenue accounts including Cable TV Access Licenses, Other Licenses & Permits, and Franchise Application Fees.

Cable TV Access Licenses

Accounts 101-2510-01.7215 and 101-6010-01.7215

- A. Actual from 2002 :\$2,169,609.37
Actual from 2003: \$2,046,265.84
Variance of 2002 and 2003 shows a decrease of \$123,343.53 which is -5.59%.

Decrease in revenue is attributable to municipalities losing regulatory authority and therefore not receiving revenue from High Speed Data (Road Runner). This authority was removed by the Federal Communications Commission (FCC) and upheld in District Court as the service was deemed an information service and not a cable service and therefore not regulated by local government.

- B. Actual from 2004: \$2,225,617.53
Actual from 2005: \$2,333,150.12
Variance of 2004 and 2005 shows an increase of \$107,532.59 which is 4.83%

Increase is attributable to increases in use of services; in particular: Basic, Tier, Pay-Per-View, and Advertising revenue.

Response to Internal Audit 04-28-2006

Other Licenses & Permits

Account 101-2510-01.7217 Long Distance Licensing

- A. Actual from 2002: \$403,548
 Actual from 2003: \$273,765
 Variance of stated 2002 and 2003 shows a decrease of \$129,783 which is -32.16%.

Appears that revenue collected during 2002 included one previous fiscal year's payment from AT&T for \$67,707 and two previous payments from AT&T for \$31,038 each, which when held constant equates to the 2003 revenue of \$273,265.

- B. Actual from 2003: \$273,765
 Actual from 2004: \$333,915.10
 Variance of 2003 and 2004 shows an increase of \$60,150.10 which is 21.97%
 Information

Finance has stated that any outstanding bills that were put in reserve were placed into revenue at year-end in 2004.

- C. Actual from 2004: \$333,915.10
 Actual from 2005: \$259,272.00
 Variance of 2004 and 2005 shows a decrease of \$74,643.10 which is 22.35%
 Information

Revenues appeared to decrease due to 2004 outstanding bills that were put in reserve and placed into revenue at year-end and ongoing Qwest claims/legal action that they are not responsible for paying to occupy City rights-of-way. Also includes a correction of miscellaneous bills for Engineering (transfer of funds from 101-2510-01.7217 to 101-6010-01.7217).

Franchise Application Fees

Account 101-2510-01.7219

- A. Actual from 2002: \$10,880
 Actual from 2003: \$-0
 Variance of 2002 and 2003 shows a decrease of \$10,880 which is -100%.
 Information

There are no new franchises in 2003 and therefore no fees pertaining to franchise application fees.

**FRANCHISE ADMINISTRATION INCOME REVENUES COMPARISONS
2002-2005**

**CABLE TV ACCESS LICENSES
101-XXXX-XX.7215**

	2005 ACTUAL	2004 ACTUAL	2003 ACTUAL	2002 ACTUAL	2004/5 CHANGE	2004/5% CHANGE	2003/4 CHANGE	2003/4% CHANGE	2002/3 CHANGE	2002/3% CHANGE	ACCOUNTS TO REVIEW
2510-01		2,225,617.53	2,046,265.84	2,169,609.37	(\$2,225,617.53)	-100.00%	179,351.69	8.76%	(\$123,343.53)	-5.69%	1
6010-01	2,333,150.12				\$2,333,150.12						
	2,333,150.12	2,225,617.53	2,046,265.84	2,169,609.37	\$107,532.59	4.83%	179,351.69	8.76%	(\$123,343.53)	-5.69%	

**OTHER LICENSES & PERMITS
101-2510-01.7217-FRANCHISE**

	2005 ACTUAL	2004 ACTUAL	2003 ACTUAL	2002 ACTUAL	2004/5 CHANGE	2004/5% CHANGE	2003/4 CHANGE	2003/4% CHANGE	2002/3 CHANGE	2002/3% CHANGE	
Long Distance Licensing	\$ 259,272.00	\$333,915.10	\$ 273,765.00	\$403,548.00	(74,643.10)	-22.35%	\$60,150.10	21.97%	(129,783.00)	-32.16%	2

101-2510-01.7219-FRANCHISE

Franchise Application Fees	\$ -	\$ -	\$ -	\$ 10,880.00					(10,880.00)	-100.00%	3
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Account decreased over \$100,000, OR 10%. Need written explanations for these

Building Inspections

Audit Response

May 6, 2006

101-6012-15.7240 (Driveway Permits)

101-6012-16.7271 (Elec Permits)

101-6012-17.7272 (Plbg Permits)

101-6012-18.7273 (Mech Permits)

Fewer permits issued which results
in fewer fees collected

Junked Auto Fee

101-6014-03.7400

This has been turned over to
the Towing. We have less
involvement in this process now.
We in turn re-allocated the money
to do more housing inspections

Fire Code Inspections

101-XXXX-XX.7452

Our roll is simply to collect money
for ABC inspections for the Fire
Department. We no longer collect
the monies for Day Care
Inspections – this fee is billed by
the Fire Dept.

101-6012-15. (Admin)

Misc. income from Journeymen
cards, Journeyman tests, copies
made, etc. Demand fluctuates
based on demand

If you have other questions please contact Sylvia Hill at 373-2969.

**ENGINEERING and INSPECTIONS REVENUE ANALYSIS
2002-2005**

		2005 ACTUAL	2004 ACTUAL	2003 ACTUAL	2002 ACTUAL	2004/5 CHANGE	2004/5% CHANGE	2003/4 CHANGE	2003/4% CHANGE	2002/3 CHANGE	2002/3% CHANGE	ACCOUNTS TO REVIEW
STREET PRIVILEGES & LICENSES												
101-6012-15.7240												
6012-15	Building	29,096.00	23,734.00	17,036.00	20,900.00	\$5,362.00	22.59%	6,698.00	39.32%	(\$3,864.00)	-18.49%	1
101-6012-16.7271												
Electrical Permits		\$ 406,397.40	\$ 399,394.60	\$ 347,406.90	\$ 391,851.00	\$7,002.80	1.75%	51,987.70	14.96%	(\$44,444.10)	-11.34%	2
101-6012-17.7272												
Plumbing Permits		\$ 293,885.00	\$ 278,507.00	\$ 211,590.00	\$ 275,673.00	\$15,378.00	5.52%	66,917.00	31.63%	(\$64,083.00)	-23.25%	3
101-6012-18.7273												
Heating Permits/mechanical		\$ 325,234.00	\$ 293,647.00	\$ 246,895.00	\$ 288,978.00	\$31,587.00	10.76%	46,952.00	19.03%	(\$42,283.00)	-14.63%	4
Other Permits												
101-XXXX-XX.7280		2005 ACTUAL	2004 ACTUAL	2003 ACTUAL	2002 ACTUAL	2004/5 CHANGE	2004/5% CHANGE	2003/4 CHANGE	2003/4% CHANGE	2002/3 CHANGE	2002/3% CHANGE	
101-6012-02.7280	Other Permits	\$ 321,486.25	\$ 276,983.75	\$ 238,475.00	\$ 271,538.75	\$44,502.50	16.07%	\$38,508.75	16.15%	(\$3,063.75)	-12.18%	5
CITY CODE VIOLATIONS												
101-XXXX-XX.7330												
101-6014-03		2005 ACTUAL	2004 ACTUAL	2003 ACTUAL	2002 ACTUAL	2004/5 CHANGE	2004/5% CHANGE	2003/4 CHANGE	2003/4% CHANGE	2002/3 CHANGE	2002/3% CHANGE	
		0	0	75	225			-75	-100.00%	(150)	-66.67%	6
JUNKED AUTO FEE												
101-6014-03.7400												
Junked Auto Fee		60,921	151,075	161,670	141,113	(90,154)	-59.68%	(10,595)	-6.55%	20,556	14.57%	7
FIRE CODE REINSPECTIONS												
101-XXXX-XX.7452												
6012-15	BUILDING Insp. Admin	12,215.00	13,625.00	11,795.00	14,895.00	(\$1,410.00)	-10.35%	1,830.00	15.52%	(\$3,100.00)	-20.81%	8
ALL OTHER REVENUE												
101-XXXX-XX.8690												
6002-01	ENGINEERING	3,885.04	11,913.44	5,474.16	9,694.60	(8,048.40)	-67.56%	6,439.28	117.63%	(4,220.44)	-43.53%	9
6002-03	ROADWAY & UTIL DESIGN	866.56	425.80	815.55	1,272.00	440.76	103.51%	(389.75)	-47.79%	(456.45)	-35.88%	10
6002-05	PROPERTY MANAGEMENT				20.00					(20.00)	-100.00%	11
6002-07	RECORDS	1,620.00	3,997.70	2,123.50	2,253.13	(2,377.70)	-59.48%	1,874.20	88.26%	(129.63)	-5.75%	12
6010-01	FRANCHISE ADMIN	61.40				61.40						

**ENGINEERING and INSPECTIONS REVENUE ANALYSIS
2002-2005**

	2005 ACTUAL	2004 ACTUAL	2003 ACTUAL	2002 ACTUAL	2004/5 CHANGE	2004/5% CHANGE	2003/4 CHANGE	2003/4% CHANGE	2002/3 CHANGE	2002/3% CHANGE	ACCOUNTS TO REVIEW
6012-01 BUILDING Insp. Admin	5,320.45	5,201.80	6,955.39	7,041.99	118.65	2.28%	(1,753.59)	-25.24%	(86.60)	-1.23%	13
6012-02 SOIL EROSION	9,600.00				9,600.00						
6012-15 BUILDING Insp. Admin	5,527.68	4,938.84	5,780.35	7,495.98	588.84	11.92%	(841.51)	-14.56%	(1,715.63)	-22.89%	14
6014-03 LOCAL ORDINANCE ENFORCEMENT	110,800.99	38,409.82	75,174.01	37,815.57	72,391.17	188.47%	(36,754.19)	-48.91%	37,358.44	98.79%	15
9550-01 MISC. EXP.	43,620.80	100,000.00	102,345.00	100,176.00	(56,379.20)	-56.38%	(2,345.00)	-2.29%	2,189.00	2.17%	
	181,282.92	164,887.40	198,867.96	165,769.27							

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

There appear to be 15 different accounts to review and provide written explanations, based on our preliminary review.

*2270, +
in permits
issued.*

4-21-06

ENGINEERING and INSPECTIONS REVENUE ANALYSIS
2002-2005

STREET PRIVILEGES & LICENSES

101-6012-15.7240
6012-15 Building

2005 ACTUAL	2004 ACTUAL	2003 ACTUAL	2002 ACTUAL	2004/5 CHANGE	2004/5% CHANGE	2003/4 CHANGE	2003/4% CHANGE	2002/3 CHANGE	2002/3% CHANGE	ACCOUNTS TO REVIEW
29,096.00	23,734.00	17,036.00	20,900.00	\$5,362.00	22.59%	6,698.00	39.32%	(\$3,864.00)	-18.49%	1

101-6012-16.7271

Electrical Permits

\$ 406,397.40	\$ 399,394.60	\$ 347,406.90	\$ 391,851.00	\$7,002.80	1.75%	51,987.70	14.96%	(\$44,444.10)	-11.34%	2
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101-6012-17.7272

Plumbing Permits

\$ 293,885.00	\$ 278,507.00	\$ 211,590.00	\$ 275,673.00	\$15,378.00	5.52%	66,917.00	31.63%	(\$64,083.00)	-23.25%	3
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fewer permits issued; less demand for services.

101-6012-18.7273

Heating Permits/mechanical

\$ 325,234.00	\$ 293,647.00	\$ 246,695.00	\$ 288,978.00	\$31,587.00	10.76%	46,952.00	19.03%	(\$42,283.00)	-14.63%	4
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Other Permits

101-XXXX-XX.7280

101-6012-02.7280 Other Permits

2005 ACTUAL	2004 ACTUAL	2003 ACTUAL	2002 ACTUAL	2004/5 CHANGE	2004/5% CHANGE	2003/4 CHANGE	2003/4% CHANGE	2002/3 CHANGE	2002/3% CHANGE	
\$ 321,486.25	\$ 276,983.75	\$ 238,475.00	\$ 271,538.75	\$44,502.50	16.07%	\$38,508.75	18.15%	(\$3,063.75)	-12.18%	5

CITY CODE VIOLATIONS

101-XXXX-XX.7330

101-8014-03

.7330

2005 ACTUAL	2004 ACTUAL	2003 ACTUAL	2002 ACTUAL	2004/5 CHANGE	2004/5% CHANGE	2003/4 CHANGE	2003/4% CHANGE	2002/3 CHANGE	2002/3% CHANGE	
0	0	75	225			-75	-100.00%	(150)	-66.67%	6

JUNKED AUTO FEE

101-6014-03.7400

Junked Auto Fee

.7400

2005 ACTUAL	2004 ACTUAL	2003 ACTUAL	2002 ACTUAL	2004/5 CHANGE	2004/5% CHANGE	2003/4 CHANGE	2003/4% CHANGE	2002/3 CHANGE	2002/3% CHANGE	
60,921	151,075	161,870	141,113	(90,154)	-59.68%	(10,595)	-8.55%	20,556	14.57%	7

FIRE CODE REINSPECTIONS

101-XXXX-XX.7452

6012-15 BUILDING Insp. Admin

.7452

2005 ACTUAL	2004 ACTUAL	2003 ACTUAL	2002 ACTUAL	2004/5 CHANGE	2004/5% CHANGE	2003/4 CHANGE	2003/4% CHANGE	2002/3 CHANGE	2002/3% CHANGE	
12,215.00	13,625.00	11,795.00	14,895.00	(\$1,410.00)	-10.35%	1,830.00	15.52%	(\$3,100.00)	-20.81%	8

Contract with Law Company; less involvement, has survey re-allocated to do more housing inspections.

Law Firm is to collect the fees; we do not provide this service; (less demand is obvious)

ALL OTHER REVENUE

101-XXXX-XX.8690

6002-01 ENGINEERING

6002-03 ROADWAY & UTIL DESIGN

6002-05 PROPERTY MANAGEMENT

6002-07 RECORDS

6010-01 FRANCHISE ADMIN

2005 ACTUAL	2004 ACTUAL	2003 ACTUAL	2002 ACTUAL	2004/5 CHANGE	2004/5% CHANGE	2003/4 CHANGE	2003/4% CHANGE	2002/3 CHANGE	2002/3% CHANGE	
3,885.04	11,913.44	5,474.16	9,694.60	(8,048.40)	-87.56%	6,439.28	117.63%	(4,220.44)	-43.53%	9
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61.40				61.40						

**ENGINEERING and INSPECTIONS REVENUE ANALYSIS
2002-2005**

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	181,282.92	164,887.40	198,667.96	165,769.27							

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