



Report # 2023-11
2023-07 Building Permit Fees
Audit #2023-07

Department of Inspector General
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December 19, 2023

INSPECTOR GENERAL AUDIT REPORT

Report #2023-11: Building Permit Fees

The Honorable Board of County Commissioners

We have conducted an audit of Building Permit Fees for the period of March 1, 2022, through February 28, 2023.

Our audit objectives were to assess the fee determination process and its compliance with the Board of County Commissioners approved rate resolution and applicable fee schedule and to determine the adequacy of internal controls over the invoicing and recording of permit fees.

We appreciate the cooperation and assistance provided by the Building Division during the course of our audit.

We hope you find this report useful in ensuring that Polk County government provides the best possible services to our residents.

Respectfully submitted,

Lita McHugh, CPA, CIG, CIGI
Inspector General

Approved:

Stacy M. Butterfield, CPA
Clerk of the Circuit Court and County Comptroller

Background

The Building Division (the Division) focuses on the administration of construction related codes, statutes, and regulations through issuing permits, certificate of occupancy, contract competency cards, plan reviews, field inspections, and complaint investigations. Section 125.56(2), Florida Statute states the board of county commissioners may provide a schedule of reasonable fees to defer the costs of inspections and enforcement of the Florida Building Code. On April 18, 2017, the Board of County Commissioners (BoCC) adopted Resolution 17-025, to simplify the construction permit fee schedule by amending Resolution 07-099-A.

The BoCC has also adopted ordinances regarding impact fees, fire service assessments, and residential waste services assessments. These fees are invoiced and collected by the Building Division at different stages of the permit process. Impact fees are due before the issuance of a certificate of occupancy, interim fire assessments are due at the time a permit is issued, and interim residential waste services assessments are due at the time a certificate of occupancy is issued.

The Accela permitting system, implemented in April 2018, places every permit application into a workflow. Tasks assigned to various Division personnel include application review, plan review, permit issuance, inspections, and issuance of a certificate of occupancy, if applicable. In fiscal year 2021-2022, the Division issued 34,022 building permits and conducted 206,309 building inspections. In fiscal year 2022-2023 36,815 permits were issued with 214,012 building inspections conducted.

Permits are categorized by application type, permit type if applicable, and property type. For example, a customer may apply for a plumbing permit to re-pipe water lines on residential property.

Scope and Methodology

The scope of our audit included:

- Review of Sections 125.56(2), and 553.79(1)(a), Fla. Stat.
- Review of Resolution 17-025 (Current rate resolution)
- Review of Impact Fee Ordinances 2019-056 and 2023-025
- Review of Fire Assessment Final Rate Resolution 2021-136
- Review of Chapter 7, Article II Fire Service - Polk County Code of Ordinances
- Review of Residential Waste Final Rate Resolution 2022-106
- Review of Chapter 11, Article V Solid Waste - Polk County Code of Ordinances
- Interviews with Building Division personnel
- Evaluation of procedures, policies and controls over permit fees

- Testing a judgmental sample of permits

Our audit objectives were to:

- Assess the fee determination process and its compliance with the BoCC-approved rate resolution and applicable fee schedule.
- Determine the adequacy of internal controls over the invoicing and recording of permit fees.

The table below details the 29 permits judgmentally selected for audit.

# of Permits Selected	Application Type	Permit Type	Property
1	Plumbing	Irrigation	Commercial
1	Plumbing	Re-pipe	Residential
2	Re-roof		Residential
15	Electric	Solar	Residential
2	Sign		Commercial
2	New construction	Townhouse	Residential
6	New construction	Single family	Residential

Testing was performed on activities of March 1, 2022, through February 28, 2023, but the transactions and processes reviewed were not limited by the audit period.

We conducted this audit in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Principles and Standards for Offices of Inspector General*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Results

The fee schedule, approved by the BoCC via Resolution 17-025, includes permit fees for various construction projects such as pools, demolition, and mobile home set-up, to name a few. The Building Division also invoices and collects impact fees, interim fire assessments, and interim residential waste services assessments.

To gain a general understanding of the permitting process, we conducted interviews and observed staff at various stages of the workflow. We observed a permit technician's review and confirmation of information on the application, a plans examiner's review of the project's plans and selection of required inspections, and a permit technician's final review of fees prior to collection and permit issuance.

To determine compliance with the approved fee schedule, we judgmentally selected a sample of ten permits from the Accela permitting system. The sampled permits were for plumbing, re-roof, electric (solar), sign, and single family residential new construction. A detailed test of the permits included recalculating fees, and, if applicable, a comparison to the fee sheet prepared by the assigned plans examiner. Based on the results of our initial test, we judgmentally selected and tested an additional 13 electric solar permits. We also recalculated impact fees, interim fire assessments and interim residential waste services assessments on the sampled single family residential permits.

On March 21, 2023, the BoCC adopted and incorporated the "Polk County, Florida, Transportation Impact Fee Update." Per ordinance 2023-025, the updated transportation impact fee rates were to be phased in over four years, commencing June 30, 2023. The fee rate is to be calculated according to the rate in effect at the time of building permit submittal. To verify compliance with the ordinance, we judgmentally selected and tested six single family residential permits with impact fees paid and permit applications submitted on or after June 30, 2023.

We inquired of controls over processing permits if there was a conflict of interest between the applicant and Building Division personnel. Although the Division does not have a written policy, if a conflict of interest exists, employees are required to inform their supervisor, who will then re-assign the permit to another employee.

Findings & Recommendations

Overall, we found the permitting process was effective and efficient. Adequate controls were exercised by skilled and knowledgeable Building Division personnel. In spite of a script error in Accela, transportation impact fees on single family residential permits were invoiced in accordance with the updated ordinance. Division personnel are proactive about communicating issues needing action to management.

Our audit determined additional measures described below that should be considered to strengthen the county's commitment to providing excellent services to the community.

Finding #1 – Residential plan review fees were not invoiced in accordance with approved fee schedule.

The residential plan review fee listed on the approved fee schedule is the greater of \$55 or 25% of the building permit fee. The fee invoiced on 8 of the 15 solar permits tested was not at the greater amount as required by the resolution.

We recommend the Building Division communicate the BoCC approved residential plan review fee calculation for solar permits to plans examiners.

Management Response:

Management agrees.

Management has communicated to the plan review staff that they need to make sure that they verify and select the correct fee, not just for solar permits but all permits.

Finding #2 –Land use fees were not invoiced on solar permits.

According to Building Division personnel, the \$20 land use fee should be invoiced on permits that require a plan review and mobile home permits. The land use fee was not invoiced on 15 of the 15 solar permits tested, even though a plan review was required and performed. Division personnel explained solar permits were not common when the land use fee was initially implemented.

We recommend the Building Division update Accela to include the land use fee on solar permits.

Management Response:

Management agrees.

We have communicated this issue to our software vendor, and we will have a script created in Accela that will assess this fee. In the interim, staff has been told to manually assess the fee.

Finding #3 – Revision fees invoiced were not included in the Resolution 17-025 fee schedule.

A single-family residential permit tested was invoiced two revision fees at \$21.25 each, however, the fee schedule in Resolution 17-025 does not include a revision fee. Division personnel stated the fee was invoiced due to the submittal of revised plans that required an additional review. Permit applicants, at times, submit revised plans after a permit has been issued.

We recommend the Building Division invoice fees in compliance with Resolution 17-025.

Management Response:

Management agrees.

This fee is no longer being charged.