

Planning & Zoning Department

Cash Management Audit



Town of Trumbull



November 10, 2022

Office of Internal Audit

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Executive Summary

The Town of Trumbull's Planning and Zoning Department (P & Z) facilitates the physical development of the Town and works with Town agencies, P & Z Commission (PZC), and Zoning Board of Appeals (ZBA) by providing planning, zoning, development information, and advice and assistance to residents, businesses, and developers to achieve the Town's development objectives. The P & Z Department budgets four staff members to provide support to the P & Z Commission and the Zoning Board of Appeals.

The Town of Trumbull provides funding for the P & Z Department's operations through the Town's General Fund and Revenues from the Department's various sources such as Special Permit and Variance applications, blight and zoning infractions, and copy fees. Fee revenues help defray costs of reviewing and processing permit applications, inspections, and plan reviews. Land Use Surcharges are collected on behalf of the State of CT's Department of Energy and Environmental Protection (DEEP) and reimbursed to DEEP per State Statute.

The focus of this audit was the P & Z Department's cash handling process to ensure compliance with the existing policies/procedures, and the FY 2022 cash receipt deposits and Land Use surcharges collected for DEEP were reviewed for completeness, accuracy, authorization, and timeliness. The P & Z Bonds held on account were also reviewed to determine aging and release of funds.

The scope of this audit was conducted for the period covering July 1, 2021 to June 30, 2022.

Internal Audit (IA) identified the following areas for improvement:

- Per State Statute, the Land Use Surcharges should be reported and reimbursed to the State of CT quarterly to avoid a late filing penalty.
- Staffing needs addressed with the Town's Human Resource Director to determine available options should be expedited to fill the Department's 2 long term vacancies – Zoning Enforcement Officer and Administrative Support staff.
- Segregation of Duties and Reconciliation reviews related to cash receipts process should be implemented.
- Cash Receipts should be safeguarded at all times and deposits processed timely in compliance with the Town's cash handling policy.
- The P & Z Bonds held on account more than 1 year should be reviewed with the Town Engineer and released or closed as soon as feasible.

I would like to express my appreciation to the P & Z and Finance's staff for their assistance, cooperation, and responsiveness to IA's requests during the course of the audit and to their receptiveness to questions, recommendations, and suggestions.

Authorization

Internal Audit (IA) conducted this audit under the authority of Chapter VII, Section 1C of the Town of Trumbull Charter and in accordance with the Annual Audit Plan approved by the Town of Trumbull Board of Finance.

Background

Planning & Zoning department is responsible for meeting local and state regulations for handling applications to the Land Use Commissions and providing due notice and summary of public hearings. The P & Z Department has 4 positions in the Department budget: a full-time Land Use Planner, a full-time Zoning Enforcement Officer (ZEO), and 2 full-time Administrative Support Staff (one to be shared 50% with the Economic and Community Development Department). The Land Use Planner reports to the Director of Economic and Community Development. The Land Use Planner supervises the P & Z Department. Currently the ZEO and 1 Administrative Support staff positions are vacant. The vacant Administrative Support staff position is currently covered by a seasonal (Temp) employee working for P&Z an average of 24 hours per week.

The Land Use Planner and/or the ZEO review building permit applications through the lens of the local zoning code for both residential and commercial construction projects. The staff acts as the liaison between the PZC & ZBA and the public, including developers and land use attorneys. The P & Z staff receive applications for various permits and collect a fee in accordance with the Town of Trumbull's Planning and Zoning department fee schedule—**see Appendix A**.

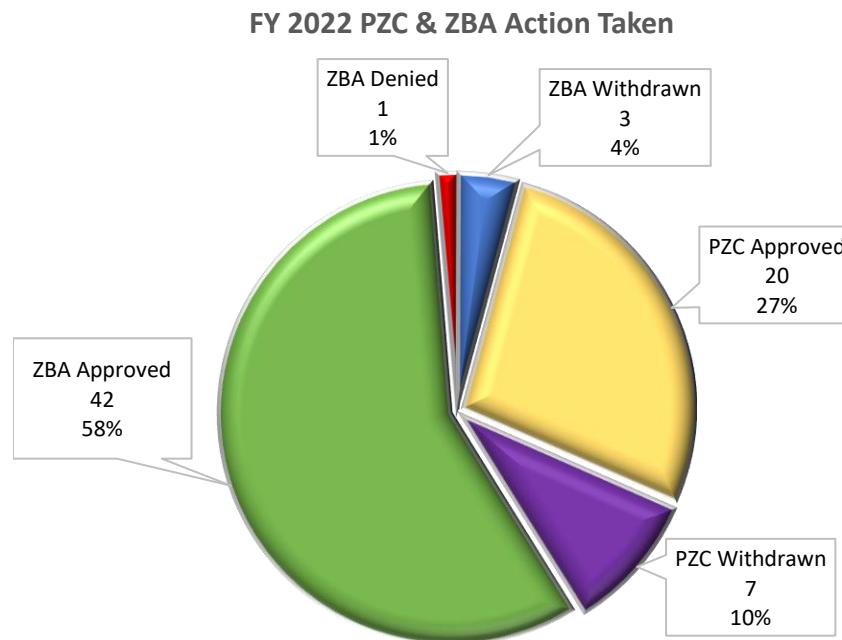
During the period July 1, 2021 to June 30, 2022 there were 73 various types of permit applications entered in the Department's Veoci database system and processed and/or submitted to their respective Commissions. There were 27 (37%) PZC permit applications and 46 (63%) ZBA applications processed during FY2022.

Table 1 –FY 2022 P&Z Department's Permit Applications

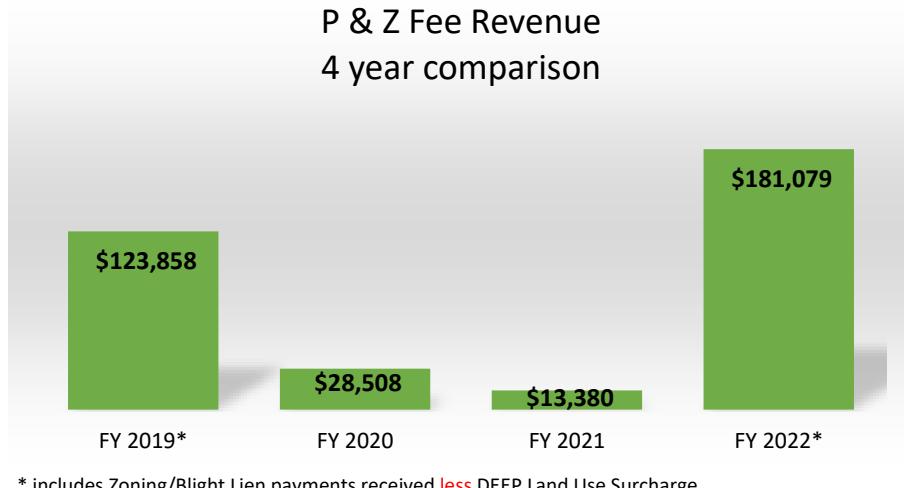
Application Type	# of Applications
ZBA Zoning Variance	46
Special Permit	6
Site Plan Approval	6
Text Amendment	5
Accessory Apartment	4
Liquor Permit	3
Sub-Division	2
Zone Change	1
	73

Of the 73 P&Z & ZBA applications processed and/or submitted to their respective Boards for approval, 62 were approved, 10 were withdrawn by the applicant, and 1 ZBA application was denied due to a

proposed 35' setback variance where a 50' front yard setback is required under Article 3 of the Trumbull Zoning Regs in the AA residential zone.



The Administrative Support is the custodian of the fees collected. The P & Z Department Revenue collection from application fees, copy fees, and zoning/blight infractions are recorded on an Excel spreadsheet used to prepare and record the cash receipts bank deposit. The Revenue collected varies year to year depending on the number of application and infraction fees received. The Revenue collected during FY 2022 includes \$171,702 in outstanding blight infractions paid to the Town of Trumbull.



In accordance with the State of Connecticut General Statute (CGS) section 22a-27j-01, the Town must submit a Quarterly Land Use Application Fee Summary report and pay the amount due to DEEP within 30 days from the end of the Quarter. Non-compliance with the statute may result in a penalty reduction up to \$4,000 of the State's Office of Policy and Management's municipality payment from the Mashantucket Pequot and Mohegan Fund.

The P&Z Administrative Support staff collect and record the DEEP Land Use Application Fee following the Town's PZC and ZBA Fee schedule. The State of CT surcharge is \$60 per application. The State allows Municipalities to retain \$2 per application for Administrative costs. The Administrative Support staff completes the Land Use Application Summary report using the data obtained from the Veoci system and information provided by the Department's fulltime Administrative Support. The Land Use Planner approves the report and submits it with a Check Request Form to Finance for payment processing.

Table 2 --Land Use Surcharge paid to DEEP

DESCRIPTION	FY 2019	FY 2020	FY 2021	FY 2022
State of CT Land Use Surcharge paid	\$ 6,032	\$ -	\$ 4,350	\$ 4,002
Prior Year(s) Land Use Surcharge paid	\$ -	\$ -	\$ 3,712	\$ -
Total	\$ 6,032	\$ -	\$ 8,062	\$ 4,002

The Land Use Planner works with the Town's Engineer when an approved project may need additional work securing a P & Z Bond from the applicant to ensure the work is properly completed. Examples are paving, striping, landscaping, drainage, etc. The Applicant provides an estimate of the cost to complete. The Town verifies reasonability and holds the P & Z bonding money in a separate account until the work is properly completed. Once the Town Engineer inspects the completed work, the Commission approves the P & Z bond release to the applicant. If the work is not completed, the Town authorizes a vendor to complete the work, and uses the P & Z bond held on account to pay for the work. Finance completes a monthly bank reconciliation of the P & Z Bonds held on account.

Objective

The objective of the audit is to

- verify the existence and accuracy of the Department's cash handling process;
- evaluate the cash receipts and Land Use surcharges collected for DEEP were reviewed for completeness, accuracy, authorization, and timeliness;
- determine the aging and release of P & Z Bonds held on account;
- ensure internal control procedures are adequate and adhered to in protecting the Town's assets; and
- to follow-up on recommendations included in the Town's 2019 Planning and Zoning audit report to determine if the findings' corrective actions were implemented and appropriately and permanently addressed.

Scope and Methodology

In accordance with the goals set forth in the Town's Annual Audit Plan, IA conducted an audit of the Planning and Zoning Department's Cash Receipts and applicable reporting requirements for the period covering July 1, 2021 to June 30, 2022.

This audit was conducted in conformance with Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. The standards require that IA plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. IA believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

As part of the Audit Methodology IA

- conducted interviews with the department's Director, Land Use Planner and the Administrative Support Staff to gain an understanding of the Department's cash handling processes and assess compliance with the current cash handling policy;
- observed the cash handling process to verify that segregation of duties exist and the cash held is safeguarded per the Town's policy —**see Appendix B**;
- verified bank deposits were made in a timely manner in accordance with the Town's existing policy and were recorded in Finance's Munis system;
- compared the P & Z application types in the Veoci system to the Town's PZC & ZBA fee schedule to ensure the correct fee was applied per application type;
- obtained from Finance copies of State of CT's DEEP Land Use Fee report and Request for Payment to determine authorization, completeness, accuracy, timeliness and compliance with applicable policies and procedures;
- obtained the most recent P & Z Bond account reconciliation to determine aging and verify completeness and timeliness and followed up on the related prior audit finding and recommendation.

Opportunities for Improvement

During the audit, IA identified certain areas for improvement. The audit was not designed or intended to be a detailed study of every transaction, procedure, or relevant system. Accordingly, the Opportunities for Improvement section presented in this report may not be all-inclusive of areas where improvement might be needed.

Observations

IA obtained copies of the State of CT's DEEP Land Use Application Summary reports completed and processed for payment during FY 2022. In addition, IA obtained the corresponding Request for Payment forms, check copy, and support documentation to determine the completeness, accuracy, and timeliness of the reports.

Observation #1: The State of CT DEEP Land Use Application Summary reports completed and processed for payment in FY 2022 were filed late and not in compliance with the State Statute

requirement to file within 30 days after the quarter ended. A review of the Land Use Application Summary reports completed during FY2022 resulted in the following:

- Both FY 2020 & 2021 quarterly reports were completed and processed for payment in August 2021 (FY2022) – ranging from 19 days to 1 year, 9 months late.
- FY 2022's reports for Q1, Q2, & Q3 were completed and processed for payment in May 2022—ranging from 19 to 200 days late.

Recommendation: The Land Use summary reports should be completed in a timely manner no later than 30 days after the Quarter ends. The P & Z Department should consider cross training the current staff on all State and Town reporting and cash receipt requirements to ensure deadlines are met in the event of a staff absence or vacancy.

Management Response: The late filings of the State of CT's DEEP Land Use Summary report was affected by the retirement of the former Administrative Support staff responsible for the report. P & Z has since hired a full-time Administrative Support staff and has a seasonal (Temp) Administrative Support staff working an average 24 hrs/week. The Department recently began sharing one of the Town's front door greeting staff to help with minor administrative work for approximately 8 hours/week. The full-time Administrative Support staff and the seasonal (Temp) Administrative Support staff cover each other during absences.

Corrective Action Taken: The seasonal Administrative Support staff has since completed and processed the outstanding quarterly reports and IA was able to confirm the reports are up to date. The FY 2022's 4th quarter report was completed within the State's required timeline.

In addition to the observation #1, the P & Z Department, as numerous Town departments, has experienced a staffing turnover and shortage the last couple of years. Currently there is a vacancy of the Zoning Enforcement Officer position and a seasonal (Temp) employee is performing the P & Z duties of the vacant Administrative Support staff position.

IA was informed that the Union has rejected the Director of Economic and Community Development's recommendation regarding changes to the vacant Administration Support III position shared with P&Z. Human Resource is in the process of revamping the *Administrative Series Exam*. The exam is administered to applicants and a global list is created from the examination results. The previous pool of applicants' list has expired and a new list will be held 2 years. Human Resources expects to post the exam within the next couple of months.

IA conducted a walkthrough of the cash handling process to verify the cash on hand is safeguarded in accordance with the Town's Cash Handling policy. IA provided the Land Use Planner and the Administrative Support staff with a copy of the Policy.

IA compared the P & Z application types downloaded from the Veoci system to the Town's PZC & ZBA fee schedule to ensure the correct fee was applied per application type. There were no discrepancies noted, all fees agreed to the Fee Schedule.

Observation #2: Cash receipts placed in an envelope in a drawer that is locked overnight should be safeguarded in a locked box at all times.

Recommendation: During walkthrough observation, IA recommended the cash on hand be kept in a locked box, in a locked drawer/office, and the key stored in a separate location.

Management Response: Prior to the commencement of this audit, P & Z Administration Support staff had placed an order for a keyed box to place the application fee payments received. P & Z now has the requested box and keeps the key in the Land Use Planner's office overnight and when the Administrative Support staff is out of the office.

Corrective Action Taken: IA verified the existence of the Locked box and safeguarding of the cash on hand.

IA obtained copies of the Cash Receipts documentation to verify segregation of duties exist and bank deposits were made in a timely manner in accordance with the Town's existing policy. IA compared payments collected on the Cash Receipts Excel spreadsheet to the bank deposit and the amount recorded in Finance's Munis system.

Observation #3: Segregation of duties should be implemented -the full-time Administrative Support staff handles all phases of the cash receipts process from collection to bank deposit.

Recommendation: To strengthen the department's internal controls, the cash handling and recording process should be revisited so that one individual is not responsible for all steps related to cash receipts, i.e. the same person should not receive, record, deposit and reconcile the department's cash receipts.

Management Response: Going forward the Administrative Support staff will have the Land Use Planner review the Cash Receipts Excel spreadsheet and verify the bank deposit ticket prior to making the bank deposit. Finance reconciles the bank statements at end of month.

Observation #4: Cash Receipts were held and deposited in the bank more than 7 calendar days. In some instances, the date of the check may not reflect when it was received in the P & Z department as the applicant may hold the check until they properly complete the application. As a result, the date on the Receipt was used when determining timeliness of the deposits.

A sample selection of seven P & Z bank deposits reviewed resulted in

- 5 (71%) of the 7 deposits in the sample were deposited in the bank ranging from 11 to 55 days from the date of the receipt.

- 3 of the 5 late deposits ranged from \$180 to \$1,760
- 2 of the 5 late deposits totaled \$5,080

Recommendation: Per the Cash Handling policy, receipts totaling less than \$500 should be deposited in the bank for no longer than 7 calendar days. Funds greater than the \$500 threshold should be deposited within one business day.

Management Response: P & Z is aware of the Town's policy and will implement it to ensure deposits are made in a timely fashion. Sometimes a check is held longer because the department needs to review the application to see if it is complete. If the application is incomplete then the check is returned to the applicant with everything including the check. Once the applicant returns with the completed application and payment, the application is processed and a dated receipt for the payment is provided to the applicant. At times, the dates may differ.

Note: The Director of Finance has provided a copy of the Cash Handling Policy via email to all Town Department Heads to share with their staff responsible for their respective department's cash receipts and bank deposits. **Effective immediately, throughout the year IA will conduct unannounced random reviews of Town department's cash on hand to ensure compliance with the Town's cash receipts bank deposit process.**

The prior audit conducted in 2019 recommended the review of 18 aged P & Z Bonds held on account totaling \$144,440 to determine if they can be released and/or closed. IA analyzed the June 2022 P & Z Bond reconciliation to determine if the prior audit recommendation was appropriately addressed.

Observation #5: There are 8 P & Z Bonds totaling \$77,343 currently held on account ranging from 12 to 22 years old.

- 10 of the 18 (56%) prior audit P & Z bonds held on account, totaling \$67,337 with interest, were released and/or closed since the last audit report dated August 2, 2019.

Recommendation: The P & Z Land Use Planner and the Town Engineer should meet with the Town's Attorney twice a year to review the P & Z Bonds held on account and determine which can be submitted to the Commission for authorization to release and/or close.

Management Response: P & Z department has access to Finance's P & Z bond reconciliation spreadsheet and is aware of the status of those held on account. This has been an ongoing matter in need of Legal direction regarding what should be done. Some of the work never completed (i.e. sidewalk, trees, street scaping) will cost more to complete than the amount of the Bond held on account. P & Z will review the Bonds held on account with the Town Engineer and the Town Attorney to determine what accounts can be released and/or closed. Once determined, the Bonds will be submitted to the Commission for approval and notification will be provided to Finance.

Appendix

Appendix A - Fee Schedules

Town of Trumbull CONNECTICUT

Planning and Zoning
Department
Telephone (203) 452-5044
Fax (203) 452-5169



Town Hall
5866 Main Street
Trumbull, Connecticut 06611

PLANNING AND ZONING COMMISSION FEE SCHEDULE

SPECIAL PERMIT/SITE PLAN:

NEW CONSTRUCTION	\$560.00*
OTHER.....	\$360.00*

MULTI-UNIT RESIDENTIAL:

EACH SINGLE FAMILY STRUCTURE.....	\$260.00*
EACH MULTI-FAMILY BUILDING	\$1,060.00*

IN-LAW/ACCESSORY APARTMENTS	\$260.00*
TELECOMMUNICATIONS.....	\$1,560.00*
MINOR DEVIATION BY RESOLUTION OF THE COMMISSION.....	\$160.00*
HOLIDAY DECORATIONS (NON-PROFIT ORGANIZATIONS)	\$30.00
HOLIDAY DECORATIONS (BUSINESS/COMMERCIAL & INDUSTRIAL)..	\$360.00*
PRE APPLICATION/PRELIMINARY REVIEW	\$100.00
EXTENSION OF TIME.....	\$100.00

ZONE CHANGE:

AMENDMENT	\$460.00*
BOUNDARY	\$460.00*

SUBDIVISION:

MINIMUM (1-5 LOTS)	\$560.00*
MINIMUM (6-10 LOTS)	\$1,060.00*
EACH LOT (OVER 10 LOTS)	\$160.00*
LOT LINE REVISIONS	\$180.00
FIRST CUT DIVISIONS OF LAND	\$180.00

INSPECTION FEE – 5% OF ESTIMATED IMPROVEMENT COSTS

MISCELLANEOUS:

LIQUOR LOCATION	\$460.00*
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ZONING REGULATIONS.....	\$30.00
SUBDIVISION REGULATIONS	\$15.00

*STATE SURCHARGE OF \$60.00 HAS BEEN ADDED

Revised: 3/04/22

Town of Trumbull
CONNECTICUT

**Planning and Zoning
Department**
Telephone (203) 452-5052
Fax (203) 452-5169



Town Hall
5866 Main Street
Trumbull, Connecticut
06611

**ZONING BOARD OF APPEALS
FEE SCHEDULE**

RESIDENTIAL PROPERTY (as shown on Zoning Map)	260.00*
COMMERCIAL & INDUSTRIAL PROPERTY (as shown on Zoning Map)	460.00*
MINOR DEVIATION BY RESOLUTION OF THE COMMISSION	130.00
APPEAL FROM ORDER OR DECISION OF ZEO	NO CHARGE

*STATE SURCHARGE OF \$60.00 HAS BEEN ADDED

Revised: 05/24/2021

Policy and Procedures Cash Handling

Custodial Responsibilities

Any Town employee, who receives Town cash in the normal scope and course of his/her duties, shall be responsible for that Town cash until it is placed in the vault for safekeeping, transferred to the Finance Department for deposit, or deposited with the Town's bank.

Cash Handlers should have an individual cash drawer or locked box for which they are solely responsible. This reduces the risk of being out of balance. If this is not possible, access to the drawer or box must be limited. Lock all cash and coins not in use in a safe, the cash drawer, or in another secure location.

Drawer or box should never be left unattended. Locked drawer or box should be kept in a secure location.

Cash Receipts:

1. Collection Process

- All checks must be immediately restrictively endorsed "For Deposit Only".
- Always provide your customer with a receipt, whether handwritten from a receipt book, electronically generated or from a cash register. Keep a copy for balancing the drawer or box.

2. Deposit Process

- Funds should be deposited on an as needed basis. Receipts totaling less than \$500 can be held, but not for longer than 7 calendar days. Once the \$500 threshold is achieved, funds should be deposited within one business day.
- A "Report of Collections" is to be prepared for each deposit. This report provides amounts to be posted to each general ledger account and any notes or descriptions to be used as ledger identifiers. Report total will equal bank deposit total.
- Cash is to be deposited into the appropriate Town account. A validated deposit slip is to be attached to the Report of Collections and sent to the Town Finance Department in a timely manner.

Petty Cash:

Petty Cash is not money received by customers; it is a purchasing method. Employees from time to time ask for reimbursement for small out of pocket expenses for Town-related business from their Department/Division Petty Cash Custodians. As with cash receipts, drawer or box must not be left unattended. Funds should be secure at all times with limited accessibility to others. An authorized and trained backup custodian should be available as necessary.

1. Purchasing Guidelines

- The Petty Cash method of reimbursement is used for emergency, small dollar purchases, when other methods of purchasing are not available. All purchases must be supported with a sales receipt or other documentation.
- Some items that should not be purchased through petty cash funds include:
 - Gifts
 - Social or travel club dues
 - Traffic citations
 - Interest charges
 - Personal expenses
 - Mileage

2. Balancing petty cash:

- Petty cash funds are “imprest accounts” which means the fund total never changes, it is the composition of the total that changes.
- If money is advanced to an employee, a Petty Cash Fund Control Slip will be prepared and kept in the box until a receipt is presented.
- At any point in time, cash plus receipts plus Control Slips should equal the approved petty cash fund balance.

3. Lost or stolen petty cash:

Report any lost or stolen petty cash monies immediately to your department head, who in turn will contact the Finance Department. Management will determine what further steps to take depending on the circumstances involved in the incident.

4. Replenishing Petty Cash:

- Complete a Check Requisition form, with authorized signature(s) and account coding, attach receipts, and forward to the Finance Department.
- Overages/Shortages should be identified on the Request for Payment form and must be expensed back to the original program number.

Town of Trumbull

Cash Receipt Processes

2.1 Receipts Prepared by Department Personnel

2.1.1. Each Department is responsible for completing all steps from collection to recording and review in MUNIS. Steps include completion of the Report of Collections and logging, depositing, coding, approving and reviewing postings of the Department's receipts. (Appendix B)

2.1.2. Each Department must maintain a manual or electronic log of receipts. This record of all receipts must be created at the time of receipt. At a minimum, the log is to include the following information:

- Date
- Receipt number
- Department identifier; for example, permit number, if applicable
- Payee
- Amount
- Method of payment; cash, check, credit card
- If check, record number

2.1.3. All checks must be immediately restrictively endorsed with a rubber stamp "For Deposit Only" and the collecting department's identification.

2.1.4. Department personnel are responsible for preparing a Report of Collections for each deposit. The appropriate general ledger account numbers are to be included on the Report of Collections. The Report of Collections should also include any appropriate descriptions, dates or other identifiers to be input into the MUNIS system.

2.1.5. Department Manager shall review log, receipts, Report of Collection and deposit slip, and approve via signature prior to deposit to bank.

2.1.6. Departmental personnel are responsible for depositing cash receipts and obtaining a copy of the deposit slip that has been validated by the depositing bank.

2.1.7. All receipts shall be deposited as follows:

- 2.1.7.1.** Within one business day of receipt when the receipts total more than \$500.
- 2.1.7.2.** Receipts of lesser amounts may be held until they equal \$500 but not for more than 7 calendar days.
- 2.1.7.3.** Any receipts held by departments overnight must be adequately secured, in a locked, restricted location.

2.1.8. A copy of the deposit slip and the associated checks should be maintained by the Department in accordance with record retention guidelines.

2.1.9. An additional copy of the validated deposit slip, the Report of Collections and any other relevant documentation must be forwarded to the Finance Department in a timely manner.

2.1.10. Each department is expected to review revenue postings to MUNIS and report discrepancies to the Finance Department.

2.2. Accounting and Control

2.2.1. At mid-month and at month end the Finance Department compares on-line bank activity (for those accounts with this feature) with validated deposit slips and related documentation. Any discrepancies should be noted and resolved.

2.2.2. The Finance Department records deposits as received in an excel worksheet. Entries generated from the worksheet are posted to MUNIS mid-month and again at month end.

2.2.3. Finance identifies any returned check that the bank does not provide information for. Checks returned by the bank with information will be forwarded to the originating department for resolution.

Report of Collections

Department personnel are responsible for preparing a Report of Collections for each deposit. The appropriate general ledger account numbers are to be included on the Report of Collections. The Report of Collections should also include any appropriate descriptions, dates or other identifiers to be input into the MUNIS system. (See Section 2.1)