

County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM

To: Robert Mullane, Director, Resource Management Agency

Date: May 2, 2025

From:  Jeffery S. Burgh

Subject: ~~PERFORMANCE OF LIMITED PROCEDURES REGARDING THE ACCOUNTING FOR CERTIFIED ACCESS SPECIALIST FEES ARISING FROM THE AUDIT OF THE TAX COLLECTOR'S ADMINISTRATION OF BUSINESS LICENSE REVENUE~~

We have completed limited audit procedures to address the Resource Management Agency's (RMA) role in accounting for certified access specialist (CASp) fees as noted during our audit of the Tax Collector's administration of business license revenue. The results of our limited audit procedures are summarized below.

Background

The County of Ventura (County) Tax Collector is responsible for administering business licenses for the unincorporated areas of Ventura County. The Tax Collector receives and processes applications for business tax certificates (also known as business licenses), collects business taxes, and issues business licenses in conjunction with other County agencies, including RMA. Among other responsibilities, RMA issues and collects fees for film permits and manages revenue collected under California Government Code (GOV) section (§) 4467.

As required by GOV § 4467(a)(2), applicants for a business license or equivalent instrument or permit (e.g., film permit) on or after January 1, 2018, must pay an additional \$4 fee. Of the additional fee revenue collected, 90 percent (%) is retained by the County, while 10% is transmitted quarterly to the State Architect. Of the 90% retained by the County, up to 5% may be used for administrative costs. The revenue retained by the County must be held in a special fund used for increasing CASp training and certification and for facilitating compliance with construction-related accessibility requirements.

Scope

Although our overall objective was to determine whether the Tax Collector's administration of business license revenue complied with applicable regulations and was subject to proper oversight, we noted compliance matters pertaining to RMA. Therefore, additional limited audit procedures were performed to determine whether RMA's accounting of CASp fee revenue complied with applicable regulations and was subject to proper oversight. Specifically, we focused on CASp fee activity during Fiscal Year (FY) 2020-21.

The audit of the Tax Collector's administration of business license revenue was performed in conformance with the Global Internal Audit Standards promulgated by The Institute of Internal Auditors.

Findings

Overall, we found that improvements were needed in RMA's accounting of CASp fee revenue to fully comply with the Government Code. Specifically, we noted that RMA did not retain the CASp fee revenue in a separate fund named in accordance with GOV § 4467(b)(1). Additionally, RMA did not establish reconciliation procedures to ensure the proper accounting for CASp fees collected and reported to the Tax Collector for remittance to the State Architect.

Following are details of the areas where improvements were needed, presented in order of significance based on information we received at the time of our audit. RMA management initiated corrective action in response to our limited audit procedures as noted.

1. Accessibility Compliance Fund

CASp fee revenue was not deposited into a special fund for the purposes of increasing CASp training and certification and facilitating compliance with construction-related accessibility requirements, in noncompliance with the Government Code. Subdivision (b)(1) of GOV § 4467 requires the County to deposit the retained CASp fee revenue into a special fund to be known as the "Accessibility Compliance Fund." While RMA properly separated CASp fees from operating revenue, the 85% portion of CASp fees retained by RMA were posted to the "Building and Safety" non-operating fund account (N941-806B), which included other fees such as underground storage tank plan check fees. Removing the CASp balances from the Building and Safety fund account will promote compliance with GOV § 4467, help facilitate appropriate use of the funds, and reduce the risks associated with commingling fund balances.

Recommendation. RMA management should establish a new non-operating fund that satisfies the requirements outlined in GOV § 4467(b)(1).

Management Action. RMA management stated: "We agree with the audit recommendation. RMA will request a new non-operating fund account specifically designated for holding CASp fees in trust. As part of the corrective action, RMA will transfer the existing 85% portion of CASp fees currently held in the 'Building and Safety' non-operating fund account (N941-806B) to the newly established trust account. All future retained funds will also be posted to this new account, ensuring compliance. The new trust account will be reconciled monthly with balances reported to Building and Safety management. Corrective action will be completed by December 31, 2024."

2. Reconciliation of CASp Fees Collected

RMA did not always properly account for CASp fees collected. As required by GOV § 4467(c), 10% of the CASp fees collected must be remitted to the State Architect quarterly. During the period under audit, this amounted to \$0.40 per business license or film permit issued. Our review of the FY 2020-21 remittances disclosed that RMA inadvertently posted one entire \$169 film permit fee to the 10% State portion fund account (N971-817L). This resulted in over-remitting fees to the State Architect and underfunding the 90% County portion by \$168.60. Consequently, the number of licenses/permits

reported to the State Architect as processed during the fiscal year was overstated by approximately 421 licenses/permits.

Recommendation. RMA management should reconcile quarterly the amount in the 10% State portion fund account to the number of film permits issued to ensure the appropriate amount is remitted to the State Architect in accordance with GOV § 4467(c).

Management Action. RMA management stated: “We agree with the audit recommendation. RMA will develop a report within the permit system to track and monitor film permits issued and will perform quarterly reconciliations to ensure that the amount held in the 10% State portion fund account aligns with the number of film permits issued. Corrective action will be completed by December 31, 2024.”

Auditor’s Evaluation of Management Action

We believe that management actions taken or planned were responsive to the findings. RMA management planned to complete corrective action by December 31, 2024.

We appreciate the cooperation and assistance extended by you and your staff during our performance of these limited audit procedures.

cc: Honorable Janice S. Parvin, Chair, Board of Supervisors
Honorable Jeff Gorell, Vice Chair, Board of Supervisors
Honorable Matt LaVere, Board of Supervisors
Honorable Kelly Long, Board of Supervisors
Honorable Vianey Lopez, Board of Supervisors
Sevet Johnson, Psy.D., County Executive Officer