



**OFFICE OF THE CITY AUDITOR  
Audit Report**

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**Compliance Audit:  
Fee Schedule Implementation 2006-2007**

**MAY 2007**



**City Auditor**  
F. Michael Taylor

**Stockton, California**



# CITY OF STOCKTON

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May 23, 2007

Stockton City Council

## **COMPLIANCE AUDIT: FEE SCHEDULE IMPLEMENTATION 2006-2007**

In accordance with our 2006-2007 audit plan, we have completed our audit of City departments' implementation of the 2006-2007 Fee Schedule approved by the Stockton City Council.

Our audit objectives were to determine if City departments correctly implemented the 2006-2007 Fee Schedule and to verify that approved fees were being charged by departments.

Based on the results of our work, we conclude that City departments are in compliance with the implementation of the 2006-2007 Fee Schedule. Minor discrepancies were identified and immediately corrected by City staff.

Additional information is presented in the Audit Report.

  
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CITY AUDITOR

  
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DEPUTY CITY AUDITOR I

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Ren Nosky, City Attorney  
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Connie Cochran, Public Information Officer  
All Department Heads  
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The Record

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## **COMPLIANCE AUDIT: FEE SCHEDULE IMPLEMENTATION 2006-2007**

In accordance with our 2006-2007 audit plan, we have completed an audit of the implementation of the 2006-2007 Fee Schedule approved by Stockton City Council.

### **BACKGROUND**

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Fees and other service charges assessed by the City of Stockton require Council approval. The Council establishes fees by resolution and the results are communicated to City departments through the annual Citywide Fee Schedule.

On May 3, 2006, the Council approved Resolution No. 06-0277, adopting the 2006-2007 Fee Schedule. The effective date of the new Fee Schedule is July 1, 2006, with two exceptions. Fees related to Development Services are effective July 24, 2006, and Parks and Recreation fees are effective on varying dates (July 1, 2006; September 1, 2006; and January 1, 2007).

### **OBJECTIVES AND SCOPE**

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The objective of our audit was to determine if City departments correctly implemented the 2006-2007 Fee Schedule and to verify that the current rates were being charged by departments.

The scope of our audit included an examination of:

- 2006-2007 Fee Schedule
- 2006-2007 Annual Budget
- City Website, [www.stocktongov.com](http://www.stocktongov.com)
- Revenue accounts listed on the fee schedule
- Department generated fee listings
- CLASS computerized fee table – CLASS is the name of the software Parks and Recreation use for their facility rentals and program registrations. The fee tables are used to process transactions.
- Fee tables from the City's computerized financial management system

Our audit testing focused on the fees charged by the City departments during the period from July 2006 to March 2007.

### **METHODOLOGY**

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To gain an understanding of the fee assessed and implemented by City departments, we reviewed the 2006-2007 Fee Schedule and City website. We did not attempt to verify every fee listed. We reviewed the 2006-2007 Annual Budget and selected the five departments with the highest expected revenue for testing. We reviewed revenue accounts in the City's computerized financial management system and identified transactions to compare with fees listed in the 2006-2007 Fee Schedule to assess compliance. We compared fees from department generated fee listings, fee tables from

CLASS and the City's computerized financial management system to fees listed in the 2006-2007 Fee Schedule to determine compliance. We interviewed City staff and visited several City facilities. We also obtained supporting documents from departments that allowed us to confirm compliance with the 2006-2007 Fee Schedule. Some of the supporting documents we reviewed were transaction receipts, registration forms, and brochures.

Where issues of non-compliance were observed, we communicated them to department management with our suggestions for correction. We also provided a suggestion memo to City Management to prepare an action item for City Council consideration. Section 504 of the City Charter requires the City Council to "establish procedures for the adoption of fees" by ordinance. We were unable to identify ordinances that cover all fees adopted by the City Council. This issue was beyond the scope of our audit, but since it came to our attention, we have submitted a separate suggestion memorandum to City Management. Management suggestions are opportunities to make process improvements. Unlike reportable audit findings, management is not asked to submit corrective action plans related to suggestions, and audit follow-up is not performed. Our audit was conducted in accordance with Generally Accepted Government Auditing Standards.

## **RESULTS**

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Based on the results of our work, we conclude that City departments are in compliance with the implementation of the 2006-2007 Fee Schedule. Minor discrepancies were identified and immediately corrected by City staff. None of the discrepancies appeared to be the result of systemic problems.

## **CITY AUDITOR MISSION STATEMENT**

The Office of the City Auditor independently promotes ethical, efficient and effective governance for the citizens of Stockton. We provide the City Council, management, and employees with objective analyses, appraisals, and recommendations for improvements to City systems and activities. The department maintains independence and objectivity by reporting directly to the City Council and by not exercising direct authority over any department, system, or activity subject to audit.

