
Fee Study Audit Methodology Report
Air Quality
February 15, 2010

Data Sources:

BillQuick Reports

- Report of all items marked “Time and Materials”;
- Report of all items actually “Billed”;
- Report of all PS time entries
 - Project ID
 - Phase Code
 - Fee Code
 - Activity Code

AKSAS Reports – through ALDER FY 06, FY07, FY08, FY09

- Audit Trail of all expenses for 18335555 [Title V Permit Administration];
- Audit Trail of all expenses for 18335666 [Title I Permit Administration];
- Revenue Reports for Title V and Title I collocation codes;
- Open Item reports for all encumbrances established for the Permit Program contractual costs – used to reconcile term contractor expenses;

Auxiliary Data Sources

- Internal logs of all travel costs and advertising order costs – used to identify Project IDs for entries applicable to the Permit Program collocation codes.

Methodology:

Assumptions

- It was assumed that Project IDs assigned to each permit followed naming conventions (and regulations) appropriate to the type of permit issued [example, a project ID containing TV according to the naming convention was assumed to be a permit issued under CAA Title V criteria];
 - Expenses that could not be tracked directly to a specific permit were assumed to be incorrectly coded to a permit administration collocation code. Those expenses were excluded from permit administration fee calculations, and were considered in emission fee calculations;
 - Commodity purchases were assumed to be incorrectly coded to the permit administration collocation codes and were considered in emission fee calculations;
 - Assumed most financial transactions applicable to the fee study were captured in the collocation codes 18335555, 18335666, 18335777, 18335888.
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Criteria Map

- Time/expense entries in BQ were mapped to governing regulations according to Project ID, Phase Code, Expense Code, Fee Code and Activity Code;
- Deviations from the common coding structure were reviewed individually and added to the criteria map based on 1) review of the actual permit; 2) review of auxiliary documents related to the permit [i.e., Notice to Proceed (NTP) documents]; 3) BQ time entry codes entered by other staff to record similar activity for the same permit [for example, if during a specific week two staff recorded compliance activities for a specific permit, and a third staff recorded a mismatched entry, it was assumed the correct activity code was for compliance work]; 4) interviews with staff familiar with specific permits to determine appropriate mapping

Reconciliation

- Costs recorded in BQ were reconciled with ALDER audit trail reports of actual expenses for each fiscal year to ensure correct financial coding and expense amounts were applied to the transactions;
 - Costs not recorded in BQ were reviewed on a line by line basis using ALDER audit trail reports of actual expenses for each fiscal year. The actual expenses were reconciled using travel logs, advertising order logs, NTP documents, and open item (encumbrance) reports.
 - Contractual costs, travel expenses and ad order expenses were assigned fee codes according to permit type and the criteria roadmap;
 - Expense totals for compliance activities were divided by the number of actions for each permit type to calculate the average cost of compliance activities; that cost was then divided by five to determine the annual fee to be assessed for future services.
 - BQ reports were used to compare the amount billed for reimbursement (time and materials costs not covered by flat fees) to the total expenditures that were coded as billable. There was a significant variance between what was billable versus what was actually billed. That variance was considered in the emission fee calculations.
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