

Memorandum



CITY OF DALLAS

DATE: March 18, 2016

TO: Honorable Mayor and Members of the City Council

SUBJECT: Final Report –
Audit of Building Permits

During Fiscal Years (FY) 2013 and 2014, the Department of Sustainable Development and Construction (SDC) processed 94 percent of the building permit applications within the Texas Local Government Code (TLGC) required timeline of 45 days. The SDC, however, has opportunities to improve the efficiency and effectiveness of building permit processing and the associated internal controls.

Specifically, the SDC does not:

- Consistently process all building permits timely and completely; and, retain evidence to show that timeline extensions (waivers) beyond the 45 days were agreed to by the customer in accordance with the TLGC
- Clearly categorize rejected building permits to facilitate the SDC's review to ensure a rejection letter that includes adequate explanation is sent to the customer when building permits are denied
- Formally review delays, inconsistencies, and exceptions (inefficiencies) in building permit processing to determine why these inefficiencies exist
- Formally or completely document policies and procedures for all building permit processing activities
- Properly protect all permanent building permit records that show compliance with the TLGC requirements and the City of Dallas' (City) record retention policy

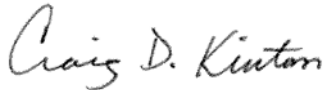
In addition, the Department of Communication and Information Services (CIS) does not consistently follow the City's Information Security Standard, and CIS and SDC do not perform annual user reviews and do not monitor POSSE software application administrator access.

The objective of the audit was to evaluate the efficiency and effectiveness of the building permitting process which may include customer service/satisfaction. The audit period covered management operations from October 2013 to January 2016.

We also reviewed certain related transactions and records before and after that period.

We appreciate the cooperation we received from City management during the conduct of this audit. If you have any questions, please call me at 214-670-3222 or Carol A. Smith, First Assistant City Auditor, at 214-670-4517.

Sincerely,

A handwritten signature in cursive script that reads "Craig D. Kinton".

Craig D. Kinton
City Auditor

Attachment

C: A.C. Gonzalez, City Manager
Ryan S. Evans, First Assistant City Manager
Mark McDaniel, Assistant City Manager
David Cossum, Director – Department of Sustainable Development and Construction
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Phil Sikes, Assistant Director – Department of Sustainable Development and Construction
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CITY OF DALLAS

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Office of the City Auditor

Audit Report

AUDIT OF BUILDING PERMITS (Report No. A16-007)

March 18, 2016

City Auditor

Craig D. Kinton

Table of Contents

	Page
Executive Summary	1
Audit Results	
Building Permits Are Not Consistently Processed Timely and Completely to Meet Texas Local Government Code Requirements	5
Delays, Inconsistencies, and Exceptions in Building Permit Processing Are Not Adequately Reviewed	8
Policies and Procedures Are Not Formally Documented or Are Incomplete	10
Building Permitting Records Are Not Properly Protected	12
The CIS Does Not Fully Follow the City's Information Security Standard	13
User and Administrator Access for POSSE Is Not Adequately Monitored	15
Appendices	
Appendix I – Background, Objective, Scope and Methodology	17
Appendix II – Major Contributors to This Report	20
Appendix III – Management's Response	21

Executive Summary

During Fiscal Years (FY) 2013 and 2014, the Department of Sustainable Development and Construction (SDC) processed 94 percent of the building permit applications within the Texas Local Government Code (TLGC) required timeline of 45 days. The SDC, however, has opportunities to improve the efficiency and effectiveness of building permit processing and the associated internal controls. Specifically, the SDC does not:

- Consistently process all building permits timely and completely; and, retain evidence to show that timeline extensions (waivers) beyond the 45 days were agreed to by the customer in accordance with the TLGC; and, clearly categorize rejected building permits to facilitate the SDC's review to ensure a rejection letter that includes adequate explanation is sent to the customer when building permits are denied. As a result, the SDC and the City are not fully complying with TLGC requirements and the City's strategic goals for efficiency for citizens.
- Formally review delays, inconsistencies, and exceptions (inefficiencies) in building permit processing to determine why these inefficiencies exist. As a result, the SDC management may not identify and take all corrective actions possible to increase building permit processing efficiency and meet customer expectations.
- Formally or completely document policies and procedures for all building permit processing activities. As a result, internal controls and activities are not executed consistently, roles and responsibilities are not always clarified, and actual operations do not fully reflect management's goals for building permit processing.
- Properly protect all permanent building permitting records that show compliance with the TLGC requirements and the City's record retention

Background Summary

The Department of Sustainable Development and Construction (SDC) is responsible for safeguarding the citizens' health, safety, and welfare through application of the City of Dallas' (City) development codes and other Federal and State mandates; and, supplementing a sustainable built environment base for citizens. Included in these responsibilities is providing plan review services for commercial and residential development and redevelopment projects; and, issuing construction and trade building permits.

Fiscal Year (FY) 2014 actual revenue for SDC was \$28,402,504. The FY 2015 estimated revenue for SDC is \$27,787,005.

The SDC manages all building permit processing through the POSSE software application (POSSE).

Sources: Office of Financial Services (OFS)
FY 2016 Annual Adopted Budget and SDC

policy. As a result, there is an increased risk that some building permitting records are no longer available and/or legible to show compliance.

In addition, the Department of Communication and Information Services (CIS) does not consistently follow the City's Information Security Standard (Security Standard). Specifically: (1) access to POSSE software application (POSSE) is not granted through the Security Authorization Form (SAR) with proper approvals and validation of requested access; and, (2) password requirements for POSSE users and administrators do not conform to the Security Standard.

As a result, there is an increased risk that individuals: (1) who do not need access are given access and multiple user accounts could be granted to a single employee; and, (2) could gain unauthorized access by hacking less complex passwords.

The CIS and SDC also do not perform annual user reviews and do not monitor POSSE administrator access. As a result, POSSE users may not have the appropriate level of access for the role, terminated or transferred employees may still have access to POSSE, and inactive accounts could be used to perform building permitting related activities. Also, data integrity may be compromised if POSSE administrator access is not reviewed against authorized change request activity.

We recommend the Director of SDC and the Director of CIS improve the timeliness and efficiency of the building permitting process, and the controls over the process, by implementing the recommendations made throughout this report.

The objective of the audit was to evaluate the efficiency and effectiveness of the building permitting process which may include customer service/satisfaction. The audit period covered management operations from October 2013 to January 2016. We also reviewed certain related transactions and records before and after that period.

Management's response to this report is included as Appendix III.

Audit Results

Overall Conclusions

During Fiscal Years (FY) 2013 and 2014, the Department of Sustainable Development and Construction (SDC) processed 94 percent of the building permit applications within the Texas Local Government Code (TLGC) required timeline of 45 days. The SDC, however, has opportunities to improve the efficiency and effectiveness of building permit processing and the associated internal controls. Specifically, the SDC does not: (1) consistently process all building permits timely and completely; and, retain evidence to show that timeline extensions (waivers) beyond the 45 days were agreed to by the customer in accordance with the TLGC; (2) clearly categorize rejected building permits to facilitate the SDC's review to ensure a rejection letter that includes adequate explanation is sent to the customer when building permits are denied; (3) formally review delays, inconsistencies, and exceptions (inefficiencies) in building permit processing to determine why these inefficiencies exist; (4) formally or completely document policies and procedures for all building permit processing activities; and, (5) properly protect all permanent building permit records that show compliance with the TLGC requirements and the City of Dallas' (City) record retention policy. In addition, the Department of Communication and Information Services (CIS) does not consistently follow the City's Information Security Standard and CIS and SDC do not perform annual user reviews and do not monitor POSSE software application (POSSE) administrator access.

Building Permits Are Not Consistently Processed Timely and Completely to Meet Texas Local Government Code Requirements

The SDC does not consistently process all building permits timely and completely in accordance with the TLGC. As a result, the SDC and the City are not fully complying with TLGC requirements and the City's strategic goals for efficiency for citizens.

Specifically, the SDC is not:

- Consistently processing all building permits within the TLGC required timeline of 45 days, from when the customer submits an application to when a customer receives or is denied a building permit
- Retaining all evidence to show that the SDC, with the customer's agreement, extended the timeline beyond the 45 days. The customer's acknowledgment of the extended timeline is called a waiver and should be permanently included in the customer's file.
- Clearly categorizing rejected building permits to facilitate the SDC's review of rejected building permits to ensure a rejection letter that includes adequate explanation is sent to the customer when building permits are denied as required by TLGC

Texas Local Government Code

The Texas Local Government Code (TLGC), Title 7, Chapter 214, Subchapter Z establishes the general timing requirements for municipalities' issuance of building permits.

The TLGC states that for permits issued by a municipality, the municipality has 45 days to grant or deny a permit.

The TLGC allows for a waiver to be completed by the applicant and issuer to waive the requirement to process the permit application before 45 days.

If a permit is denied by the municipality, a written notice must be sent to the applicant stating the reasons for the denial.

Source: Texas Local Government Code, Title 7, Chapter 214, Subchapter Z

An analysis of all building permits processed during FY 2013 and FY 2014 showed:

- 4,888 building permits of 83,405, or 6 percent, exceeded the 45 day TLGC processing requirement
- 48 of the 4,888 building permits, or one percent, exceeded 365 days for building permit processing

These 48 building permits and a statistical sample of 60 building permits processed between 45 days and 365 days showed:

- 40 of the 108 building permits, or 37 percent, did not have waivers agreed to by the customer

In addition, testing of rejected building permits was inconclusive since rejected building permits are not tracked accurately in POSSE and could not be verified for compliance.

According to the SDC, timely processing of building permits is not solely dependent on the Building Inspection Unit. Although the Building Inspection Unit is the primary conduit, the actual building permit plan reviews may be performed by several other SDC Units that are not under the supervision of the Building Inspection Unit. For example, if a resident requests a building permit to remodel a house, the building permit application and plan reviews may go through the Water and Engineering Units before the resident can receive a building permit.

Since other SDC Units follow their own internal processes for building permit plan review, the focus is not necessarily on meeting the 45 day requirement. Also, not all SDC Units use POSSE as the Building Inspection Unit does to document building permit plan review status. Therefore, the Building Inspection Unit cannot monitor the other SDC Units' progress in the review of building permits.

The TLGC, Title 7, Chapter 214, Subchapter Z, states that a municipality must grant or deny a building permit no later than the 45th day after the date an application is submitted and provide a written justification for delays in building permit processing or building permits that are rejected.

Recommendation I

We recommend the Director of SDC ensures building permits are reviewed and processed within 45 days in accordance with TLGC requirements, including making other SDC Units aware of the TLGC requirements and establishing standards for timely completion.

Recommendation II

We recommend the Director of SDC retains evidence to show that the City is complying with the TLGC requirements for processing timely building permits.

Recommendation III

We recommend the Director of SDC properly categorizes rejected building permits and ensures that written notices are provided in accordance with TLGC requirements.

Please see Appendix III for management's response to the recommendation.

Delays, Inconsistencies, and Exceptions in Building Permit Processing Are Not Adequately Reviewed

The SDC management does not formally review delays, inconsistencies, and exceptions (inefficiencies) in building permit processing to determine why these inefficiencies exist. As a result, the SDC management may not identify and take all corrective actions possible to increase building permit processing efficiency and meet customer expectations.

The SDC management does not utilize the available ad-hoc POSSE management exception reports to improve efficiency. Testing of the building permits processed in FY 2013 and 2014 showed that delays in building permit processing existed because building permit processors:

- Did not respond to POSSE alerts to complete building permit related activities which allowed building permit applications to remain open for an extended period of time (e.g., years)
- Turned off certain POSSE alerts by canceling building permit related activities which kept building permits open indefinitely without cause
- Bypassed procedures and unassigned themselves to permits without management approval. In cases where the permit processor was the only user assigned to the permit, this caused the permit to remain open indefinitely.

Potential causes for continued inefficiencies in building permit processing included: (1) turnover of key SDC personnel over the past few years; (2) knowledge transfer not occurring completely for SDC staff new to positions; and, (3) the POSSE management exception reports not providing sufficient detail and the clarity necessary to identify delays and to allow SDC's management to take corrective actions.

According to CIS management, the SDC management can use the ad-hoc queries functionality available in POSSE to receive current information on building permit processing delays.

The *Standards for Internal Controls in the Federal Government* by the Comptroller General of the United States requires that audit and monitoring involve the regular collection, review, and analysis of indications of inappropriate or unauthorized access to the application. Automated controls may be used to identify and report such incidents. An understanding of manual control activities surrounding access to the application is important.

Recommendation IV

We recommend the Director of SDC, in consultation with the Director of CIS, develops necessary report functions in POSSE and provides regular and consistent training to appropriate SDC personnel on how to use the query functionality in POSSE.

Recommendation V

We recommend the Director of SDC regularly monitors building permit processing activities for violations of procedures including bypassing POSSE controls.

Please see Appendix III for management's response to the recommendation.

Policies and Procedures Are Not Formally Documented or Are Incomplete

Policies and procedures for building permit processing activities are either not formally documented or are incomplete. As a result, internal controls and activities are not executed consistently, roles and responsibilities are not always clarified, and actual operations do not fully reflect management's goals for building permit processing. Specifically:

- Procedures are not documented for processing different types of building permits, such as cell phone tower building permits, residential building permits, commercial building permits, rejected / canceled building permits, express plan review, and expedited services
- Procedures that identify segregation of duties and how to review segregation of duties violations have not been documented (see textbox). Management asserts that segregation of duties for permit processing activities have been considered and embedded into POSSE, but this cannot be verified.
- Procedures are not completely documented for daily operations, such as performing searches within POSSE, processing fee adjustments, or placing building permits on hold. Also, the available procedures are informal, do not indicate approval from management, are not current, and are not located in a central location for reference.
- Certain documented procedures appear significant and focus on unique activities; however, the procedures do not clarify when and how the activities should be applied

Segregation of Duties

Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. A control activity in this area could include restricting access to users to prevent them from un-assigning themselves to building permit processing jobs.

Source: *Standard for Internal Controls in the Federal Government*

For the selected sample of 108 building permits, testing processing for the TLGC 45-day requirement showed that due to undocumented procedures, building permit processors did not always:

- Include sufficient documentation within POSSE to explain when building permits were extended or delayed as required by SDC management. Fifty-five, or 51 percent, of the 108 building permit applications in POSSE did not follow SDC management's expected level of documentation.

- Receive payment prior to processing building permit applications, for 17, or 16 percent, of the 108 building permit applications tested

According to the *Standards for Internal Controls in the Federal Government* by the Comptroller General of the United States, management should periodically review policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity's objectives or addressing related risks. If there is a significant change in an entity's process, management should review this process in a timely manner after the change to determine that the control activities are designed and implemented appropriately. Changes may occur in personnel, operational processes, or information technology.

Recommendation VI

We recommend the Director of SDC develops and implements formal documented policies and procedures that include segregation of duties for building permit processing that provide guidance to SDC personnel on duties to ensure consistency and timeliness in building permit processing.

Please see Appendix III for management's response to the recommendation.

Building Permitting Records Are Not Properly Protected

Permanent building permitting records that show compliance with the TLGC requirements and City's record retention policy are not properly protected. There is an increased risk some building permitting records (records) are no longer available and/or legible to show compliance.

The SDC stores all records since the City's inception dating back 100 years, primarily in hard copy format only. The records are stored in the SDC's building basement, and there are no duplicates of these permanent records. The SDC has begun scanning these records into POSSE, and some of these records were present in POSSE during testing by the auditor; however, in 40, or 37 percent, of the 108 building permits reviewed, no waivers were found to be scanned in POSSE or available in hard copy format. These 40 building permits had exceeded the 45 day review period, and it is expected that a waiver would be present in the file. The SDC was unable to retrieve copies of the missing records to show that the documentation is available and/or legible.

According to Administrative Directive 2-51, *Records Management*, Section 6.4.3, management should determine appropriate protection and recovery methods for each type of essential record. Duplication with secure offsite storage is the best method of protecting all records with evidential value, while alternative sources for reconstructing information may be acceptable for other records.

Recommendation VII

We recommend the Director of SDC scans all building permit related documentation into an electronic format to preserve the legibility and availability of building permit records.

Please see Appendix III for management's response to the recommendation.

The CIS Does Not Fully Follow the City's Information Security Standard

The CIS does not fully follow the City's Information Security Standard (Security Standard). Specifically:

- Access to POSSE is not granted through the Security Authorization Form (SAR) with proper approvals and validation of requested access
- Password requirements for POSSE users and administrators do not conform to the Security Standard

As a result, there is an increased risk that individuals: (1) who do not need access are given access and multiple user accounts could be granted to a single employee; and, (2) could gain unauthorized access by hacking less complex passwords.

Access Is Not Granted Properly

User access to POSSE is not granted through the SAR form with proper approvals and validation of requested access. Instead of using the CIS approved SAR form, the CIS POSSE administrators accept e-mail communications from SDC personnel to grant access to POSSE. The e-mail communications may not consistently include pertinent information that a SAR form would capture, such as level of access requested, signatures of authorizing personnel, validity of requestor and approver, and date of request.

Password Requirements Are Not Applied

The POSSE passwords for user and administrators do not conform to the Security Standard. When users and administrators are granted access to POSSE, the users are able to set passwords to include one alphanumeric character only. There are no requirements on password length, use of special characters, not reusing the same password, or limiting the use of an old password. Similarly, all POSSE administrator access accounts should meet heightened password parameters required by the Security Standard for administrator accounts prior to having access to POSSE.

The Security Standard states that SAR forms shall be submitted for all access, and software applications must conform to password requirements, when applicable.

Recommendation VIII

We recommend the Director of CIS complies with the Security Standard established to ensure that:

- Access to POSSE is granted with proper authorizations via the SAR form
- User password requirements conform to the Security Standard

Please see Appendix III for management's response to the recommendation.

User and Administrator Access for POSSE Is Not Adequately Monitored

The CIS and SDC do not perform annual user reviews and do not monitor POSSE administrator access. As a result, POSSE users may not have the appropriate level of access for the role, terminated or transferred employees may still have access to POSSE, and inactive accounts could be used to perform building permitting related activities. Also, data integrity may be compromised if POSSE administrator access is not reviewed against authorized change request activity.

Annual User Reviews Are Not Performed

The POSSE annual user account review is not performed. Testing of all POSSE user accounts showed that:

- Twenty-five terminated employees still have access to POSSE. At least four of the terminated employees have not been employed with the City for two or more years.
- Twenty individuals could not be validated as legitimate employees when compared with a Department of Human Resources (HR) employee listing
- Five employees have access to POSSE, but it was not clear that access was still appropriate and that current City responsibilities validated the level of access to POSSE
- Five employees belong to POSSE access groups that are not currently in use. These access groups were configured and deployed for SDC's Real Estate Unit, but the Real Estate Unit decided against using the access groups. These access groups' functionality, however, remain in place.

Administrator Access is Not Reviewed

The CIS personnel who have administrator access are not monitored for potential violations. According to CIS, audit logs to capture administrator access can be enabled; however, CIS would have to train SDC personnel on how to review the audit logs' change management¹ activities authorized by SDC.

¹ Change management describes a process for controlling the life cycle of all changes that are beneficial, with minimal disruption to Information Technology (IT) services. Adequate documentation, including logging requests for IT modifications, is a necessary subset of the change management process.

The Security Standard states that annual user reviews should be performed and that administrator access should be reviewed for appropriateness of access. Because of the critical nature of the application administrator access and the corresponding risks associated with misuse, the activities of the application administrator access must be logged and the logs reviewed regularly by appropriate staff.

Recommendation IX

We recommend the Director of SDC completes annual user reviews for POSSE for inappropriate access.

Recommendation X

We recommend the Director of SDC reviews audit logs to verify that the CIS POSSE administrator activity matches the SDC's change request log.

Recommendation XI

We recommend the Director of CIS provides audit logs and user access listings to SDC management. If applicable, the Director of CIS should provide training on how to read audit logs and user listings for anomalies.

Please see Appendix III for management's response to the recommendation.

Appendix I

Background, Objective, Scope and Methodology

Background

The Department of Sustainable Development and Construction (SDC) is responsible for safeguarding the citizens' health, safety, and welfare through application of the City of Dallas' (City) development codes and other Federal and State mandates; and, supplementing a sustainable built environment base for citizens. Included in these responsibilities is providing plan review services for commercial and residential development and redevelopment projects; and, issuing construction and trade building permits. The SDC is divided into several subunits that focus on particular trades (i.e., engineering, water, etc.).

For this audit, the Building Inspection Unit was the main focus. This Building Inspection Unit is responsible for the commercial and residential plan reviews; site plan and landscaping plan reviews; zoning code interpretations; coordinating of plan reviews; issuing trade building permits; providing consultation on City Code requirements and building permit processes; intake, routing, and providing resolution to customer inquiries; and, providing administrative support to staff.

The following were the Fiscal Year (FY) 2014 Adopted Budget for SDC's planned deliverables:

- Conduct 6,000 customer consultations, providing technical and code information annually
- Respond to 60,000 customer inquiries (via telephone and e-mail) to the Call Center annually
- Issue 7,000 trade permits in person annually and 7,000 trade permits online annually
- Review 6,500 construction plans annually
- Collect over \$22 million annually from issuance of building permits

The Oak Cliff Municipal Building permit Center is the central point of intake for construction building permit applications. Plan review services also offer several options to include: an expedited one trade review, a partial team review, and an overtime plan review process. Projects are reviewed to assure minimum compliance with the Dallas Development Code, City Code Chapter 52, Dallas Building Code, Dallas Fire Code, Dallas Residential Code, Dallas Existing Building

Code, Dallas Plumbing Code, Dallas Fuel Gas Code, Dallas Mechanical Code, Dallas Electrical Code, Dallas Energy Conversation Code, and Dallas Green Building Ordinance.

Objective, Scope and Methodology

This audit was conducted under authority of the City Charter, Chapter IX, Section 3 and in accordance with the Fiscal Year 2015 Audit Plan approved by the City Council. This performance audit was conducted in accordance with generally accepted government auditing standards. 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The audit objective was to evaluate the efficiency and effectiveness of the building permitting process which may include customer service/satisfaction. The audit period covered management operations from October 2013 to January 2016. We also reviewed certain related transactions and records before and after that period. The efficiency portion of the audit involved compliance with the Texas Local Government Code (TLGC), Title 7, Chapter 214, Subchapter Z requirement that all building permits be processed within 45 days. Additionally, documentation for rejected building permits was reviewed to ensure compliance. The efficiency aspect of the audit has a direct impact on SDC customer service.

The effectiveness portion of the audit focused on SDC's compliance with the Insurance Services Office's, Inc. (ISO) standards. The ISO conducts periodic independent reviews of the City's administration of codes, plan review function, and field inspection function based on developed criteria. The results of this review are provided to insurance companies, who use them to develop construction rates for the City.

In January 2014, the ISO audit results reflected lower Commercial and Residential Building Permitting Scores than the City received in the 2009 ISO audit of 70.81 and 73.53, respectively. The City provided proposed corrective actions to the ISO to help maintain the City's grading level. The auditors performed an analysis to provide context as to how the City's Commercial and Residential Building Permitting Scores compared to peer cities. Results of that analysis are shown in Table I on the following page.

Table I

**Building Code Effectiveness Grading Schedule Survey Results
Peer City Analysis***

City	Date of Last ISO Review	Commercial Building Permitting Score	Residential Building Permitting Score
Irving	2009	86.18	85.11
Houston	2010	72.06	76.26
Fort Worth	2013	60.32	48.18
Dallas	2014	62.14	57.98

***Note:** Per the ISO's National Building Code Assessment Report, 2015, the Building Code Effectiveness Grading Schedule Survey (BCEGS) state averages for Texas were 58 and 54 in Commercial and Residential, respectively.

Source: ISO BCEGS

As a result of the peer city analysis, the auditor found that there were areas within the City's building permitting process that SDC could improve; however, these areas by themselves do not provide a clear picture as to what efficiencies or new business the City could gain if the City improved the Commercial and Residential Building Permitting Scores.

To achieve the audit objective, we also performed the following procedures:

- Conducted interviews with SDC and Department of Communication and Information Services (CIS) personnel
- Researched applicable Federal, State, and local statutes that impact the building permitting processes at the SDC
- Reviewed SDC and CIS policies and procedures
- Selected and tested a judgmental sample of building permits for compliance with TLGC regulations
- Tested all POSSE user's access for compliance with City's Information Security Standard

Appendix II

Major Contributors to This Report

Sam Willson – Project Manager

Mamatha Sparks, CIA, CISA – Audit Manager

Carol Smith, CPA, CIA, CFE, CFF – First Assistant City Auditor

Theresa Hampden, CPA – Quality Control Manager

Management's Response

Memorandum

RECEIVED

MAR -4 2016

City Auditor's
Office



CITY OF DALLAS

DATE: March 3, 2016

TO: Craig D. Kinton, City Auditor

SUBJECT: Response to Audit Report:
Audit of Building Permits

Our responses to the audit report recommendations are as follows:

Sustainable Development and Construction acknowledges the issues addressed in the report as issues that need to be corrected. As additional technological innovation has been initiated throughout the department not all processes and procedures have been adequately updated to reflect these innovations. In addition, as issues have been identified with the initial design of the permit processing system utilized by Building Inspection (POSSE), deviations from standard POSSE procedures have been employed to process permits in a timely and responsible manner. However, these issues need to be addressed within the POSSE environment to ensure that all procedures are in compliance with required reviews and all required reviews are occurring. While 80 percent of permits were issued within 3 days of application and 92 percent were issued within 4 weeks during the audit period, of the approximately 40,000 permits issued annually, not all documentation was obtained or retained to meet the requirements of the TLGC and BI policies for permits not processed within 45 days. The issues and recommendations of the audit will also be referred to the Process Improvement Team within Sustainable Development and Construction created by the City Manager's office to address process issues within the Department. Responses to specific audit recommendations are below.

Recommendation I

We recommend the Director of SDC ensures building permits are reviewed and processed within 45 days in accordance with TLGC requirements, including making other SDC Units aware of the TLGC requirements and establishing standards for timely completion.

Management Response / Corrective Action Plan

Agree ☒ Disagree ☐

Management will provide staff with training to ensure that all building permits are reviewed and processed (by final action or waiver) in accordance with TLGC requirements. BI will make all reviewing units aware of the TLGC requirements.

"Dallas, the City that Works: Diverse, Vibrant and Progressive."

Page 1 of 6

Implementation Date

- June 30, 2017.

Responsible Manager

- Assistant Building Official, Plan Review

Recommendation II

We recommend the Director of SDC retains evidence to show that the City is complying with the TLGC requirements for processing timely permits.

Management Response / Corrective Action Plan

Agree ☒ Disagree ☐

Management will provide staff with training to ensure evidence of compliance with TLGC, such as denial letters and waivers, will be appropriately retained.

Implementation Date

- June 30, 2017.

Responsible Manager

- Assistant Building Official, Plan Review

Recommendation III

We recommend the Director of SDC properly categorizes rejected permits and ensures that written notices are provided in accordance with TLGC requirements.

Management Response / Corrective Action Plan

Agree ☒ Disagree ☐

Management will provide staff with training on the TLGC requirements for providing written notices for denied and rejected permits and develop appropriate methods to identify permits needing attention for categorization.

Implementation Date

- December 31, 2018.

Responsible Manager

- Building Official

Recommendation IV

We recommend the Director of SDC, in consultation with the Director of CIS, develops necessary report functions in POSSE and provides regular and consistent training to appropriate SDC personnel on how to use the query functionality in POSSE.

Management Response / Corrective Action Plan

Agree ☒ Disagree ☐

Management will work with CIS to develop report functions in POSSE to aid in identifying incomplete permit reviews and field inspections and provide regular training to appropriate SDC personnel on how use the reports and query functionality in POSSE.

Implementation Date

- December 31, 2018

Responsible Manager

- GIS and Technology Manager

Recommendation V

We recommend the Director of SDC regularly monitors permit processing activities for violations of procedures including bypassing POSSE application controls.

Management Response / Corrective Action Plan

Agree ☒ Disagree ☐

Management will work with CIS to develop appropriate reports to identify and monitor permit processing activities that may be violations of procedures including bypassing POSSE application controls and train managers on how to monitor.

Implementation Date

- December 31, 2018

Responsible Manager

- GIS and Technology Manager

"Dallas, the City that Works: Diverse, Vibrant and Progressive."

Page 3 of 6

Recommendation VI

We recommend the Director of SDC develops and implements formal documented policies and procedures that include segregation of duties for building permit processing that provide guidance to SDC personnel on duties to ensure consistency and timeliness in building permit processing.

Management Response / Corrective Action Plan

Agree ☒ Disagree ☐

Management will update existing documentation and policies and develop additional appropriate formal documented policies and procedures to ensure consistency and timeliness in building permit processing.

Implementation Date

- December 31, 2017

Responsible Manager

- Building Official

Recommendation VII

We recommend the Director of SDC scans all documentation into an electronic format to preserve the legibility and availability of permit records.

Management Response / Corrective Action Plan

Agree ☒ Disagree ☐

Management is implementing a plan to scan all necessary documentation into an electronic format. An RFCSP has been issued to ensure historic records will be scanned to preserve the legibility and availability of permit records and a process to scan current documentation upon completion of review processes will be formalized.

Implementation Date

- December 31, 2020

Responsible Manager

- Building Official

Recommendation IX

We recommend the Director of SDC completes annual user reviews for the POSSE application for inappropriate access.

Management Response / Corrective Action Plan

Agree ☒ Disagree ☐

Management will complete annual user reviews for users of the POSSE Building Inspection module for appropriate access.

Implementation Date

- December 31, 2018

Responsible Manager

- GIS and Technology Manager

Recommendation X

We recommend the Director of SDC reviews audit logs to verify that the CIS application administrator activity matches the SDC's change request log.

Management Response / Corrective Action Plan

Agree ☒ Disagree ☐

Management will work with CIS to develop appropriate monitoring reports to match CIS activity with SDC's change request log

Implementation Date

- December 31, 2018

Responsible Manager

- GIS and Technology Manager

Sincerely,


David Cossum, Director
Department of Sustainable Development
and Construction


Ryan S. Evans
First Assistant City Manager

C: Phil Sikes, Interim Building Official
Ed Dreyden, Assistant Building Official, Plan Review
David Sessions, Assistant Building Official, Field Inspections
Shawn Holyoak, GIS and Technology Manager
William Finch, Chief Information Officer

Memorandum

RECEIVED

MAR - 3 2016

City Auditor's
Office



CITY OF DALLAS

DATE: March 2, 2016

TO: Craig D. Kinton, City Auditor

SUBJECT: Response to Audit Report:
Audit of Building Permits

Our responses to the audit report recommendations are as follows:

Recommendation VIII

We recommend the Director of CIS complies with the Security Standard established to ensure that:

- Access to POSSE is granted with proper authorizations via the SAR form
- User password requirements conform to the Security Standard.

Management Response / Corrective Action Plan

Agree ☒ Disagree ☐

Regarding the first bullet listed above, "Access to POSSE is granted with proper authorizations via the SAR form" has already been implemented. Use of the SAR form to grant user access to POSSE, per the Security Standard, began in September 2015.

Regarding the second bullet listed above, "User password requirements conform to the Security Standard", CIS has already taken steps to engage the vendor to upgrade the security access control system in POSSE. The upgrade will integrate POSSE with our City-wide Active Directory user access control system. When integrated, POSSE user password requirements will natively conform to the security standard as implemented through Active Directory.

Implementation Date

December 31, 2017

Responsible Manager

Sr. IT Manager for CIS Business Technology Services

"Dallas, the City that Works: Diverse, Vibrant and Progressive."

Page 1 of 2

Recommendation XI

We recommend the Director of CIS provides audit logs and user access listings to SDC management. If applicable, the Director of CIS should provide training on how to read audit logs and user listings for anomalies.

Management Response / Corrective Action Plan

Agree ☒ Disagree ☐

CIS will provide audit logs and user access listings to SDC management and will provide training to SDC management in the use of the logs and listings as needed.

Implementation Date

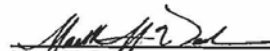
December 31, 2017

Responsible Manager

Sr. IT Manager for CIS Business Technology Services

Sincerely,


William Finch, CIO/Director
Department of Communication and
Information Services


Mark McDaniel
Assistant City Manager

C: