



Planning and Development

Internal Audit

March 2018

Bernalillo County Internal Audit Planning and Development

Executive Summary

SUMMARY OF PROCEDURES

REDW performed internal audit procedures over the permitting process at Planning and Development. Our internal audit focused on evaluating the controls and processes related to permit applications, fee collections, permit tracking, and daily reconciliations of monies received.

We performed the following procedures:

- Obtained an understanding of Planning and Development’s processes related to the application and issuance of the various types of permits.
- Tested a selection of permit applications to determine if the proper application was completed, the information on the application agreed to the information entered into the system, fees were collected in accordance with the permit type, and pre-requirements were received, if applicable.
- Tested a selection of permit applications to determine if there were any bottlenecks in the permit approval and issuance process. We compared when the application was submitted to when the permit was issued to determine if the process to issue permits appeared to be performed timely.
- Tested a selection of permits with an open status to determine if there was proper documentation to determine the cause for the delay and that the delay appeared reasonable.
- Performed data analytics to evaluate applications with an open status to determine if there were any trends or areas where the applications were not approved timely.
- Tested a selection of daily reconciliations of monies received to determine if the reconciliation was performed and signed off by two individuals, the deposit slip agreed to reconciliation, and the deposit was completed within 24 hours, in accordance with County policies.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

During the course of the audit we identified areas which appeared to be functioning properly, most noticeably was the area related to daily reconciliations. Our testing identified daily reconciliations of monies received and deposits were completed in accordance with County policies.

As a result of our testing, the following high and moderate risk observations were identified:

- 1) **Application Fees:** There were three out of 60 applications which had variances between the application submitted by the customer and the information entered into the Accela system. These variances resulted in incorrect fees collected with no documentation within the system. Permitting Technicians should ensure information on application matches the system and, if necessary, include notes for any discrepancies.
- 2) **Applications in Open Status:** There were 15 of 60 applications tested which were open for longer than one month. There was no documentation included in the Accela system to determine why the application was still open. Additionally, there were over 2,000 applications in an open status, with the majority of the applications dated prior to the Accela implementation (October 2013). The Accela data should be cleaned up to allow management to more efficiently track outstanding permits.

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Further detail of our purpose, objectives, scope, and procedures are included in the internal audit report.

We received excellent cooperation and assistance from the Planning and Development Department during the course of our interviews and testing. We sincerely appreciate the courtesy extended to our personnel.

REDW LLC

Albuquerque, New Mexico
June 8, 2018

Bernalillo County Internal Audit Planning and Development

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Bernalillo County Internal Audit Planning and Development Report

INTRODUCTION

We performed the internal audit services described below solely to assist the Bernalillo County Planning and Development Department in evaluating the processes related to permit applications and issuance. Our services were conducted in accordance with the Consulting Standards issued by the American Institute of Certified Public Accountants and the terms of our Professional Services Contract agreement for internal audit services. Since our procedures were applied to samples of processes, it is possible that significant issues related to the areas tested may not have been identified.

Although we have included management's responses in our report, we do not take responsibility for the sufficiency of these responses or the effective implementation of any corrective action.

An entrance conference was held on March 22, 2018 and fieldwork began March 26, 2018. An exit conference was held on May 4, 2018.

PURPOSE AND OBJECTIVES

The Planning and Development Department is responsible for the process related to issuing of a variety of permits and the collection of fees related to them. They provide services for building, zoning, planning and health protection. Based on the need, there are multiple application types available for customers for each of these service areas. Services provided under building include trade permits of electrical, mechanical and plumbing. Zoning includes business licenses, home placements and zoning permits. Planning includes permits requiring public hearing from the Board of Commissioners and County Planning Commission, and health protection includes food permits and vendor controls.

Our internal audit evaluated the process for tracking and issuing all permit applications. We assessed the initial receipt of the applications, collection of application fees, and the process for tracking the application until the permit is ultimately issued. We assessed whether the application included all required information, fees were charged in accordance with approved rates, and the collection of monies was performed in accordance with County policies.

SCOPE AND PROCEDURES PERFORMED

In order to gain an understanding of the processes and laws/regulations, we interviewed the following personnel:

- Enrico Gradi, Director
- Mari Simbana, Program Planner/Impact Fee Administrator
- Meriam Aguilar, Accountant
- Wendy Barker, System Analyst
- Rene Sedillo, Technology Manager

In order to gain an understanding of the processes we read relevant portions of:

- Department Overview (2015)
- Applications Types (June 2016)
- Permit Processing Staff Procedures (August 2017)
- Permit Technician Tasks Overview (August 2017)
- Administrative Instruction-Collection of Monies and Handling Requirements (May 9, 2017)

We performed the following testwork:

Application Process: Obtained a listing of all permit applications submitted between March 1, 2017 and February 28, 2018, and selected a total of 60 permit applications from a total of 6,559. For each application selected, we tested to determine if the application was completed and information on the application agreed to the information entered in the system, the correct fee was collected based on application type, and pre-requirements were obtained by the Permitting Technician, if applicable.

Permit Issuance Process: Utilizing the sample of 60 permit applications above, we tested to determine if the required actions were completed in accordance with the application requirements and that the inspections or other actions required for permit issuance were performed timely.

Open Status: Obtained a listing of all permits with an open status as of February 28, 2018. We selected a sample of 20 applications out of 2,031 and tested to determine if the reason for the open status was documented and appeared reasonable. Additionally, we summarized the data for all applications in an open status to determine if there appeared to be any trends or areas where applications were outstanding for an excessive amount of time.

Cash receipts: Selected 20 dates from March 1, 2017 through February 28, 2018, and tested to determine if a daily cash receipts reconciliation was performed by two individuals, the deposit slip agreed to daily reconciliation, and the deposit was completed within 24 hours in accordance with County policies.

OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

During the course of the audit we identified areas which appeared to be functioning properly, most noticeably was the area related to daily reconciliations. Our testing identified daily reconciliations and deposits were completed in accordance with County policies.

As a result of our testing, REDW identified the following observations:

1) Application Fees

Application fees are assessed and collected based on the type of permit that was requested. For three of 60 applications tested, there were variances identified between the fees on the application and the fees charged and collected. These variances included an overcharge of \$5 and two undercharges totaling \$13. There was no documentation within the Accela system to determine which fee was correct.

Potential Risk: Moderate – If application fees are not calculated and assessed correctly, the customer may be over charged, or the County may not receive the appropriate revenue amount. If a fee is charged and documentation does not exist in the system, there may be no way of determining if the County received the correct amount.

Recommendation: Permitting Technicians responsible for processing payment information should ensure that the fees being assessed agree to the overall application information. If there is a variance between the application submitted and the fee that is charged, the Permitting Technician should include documentation to support the charge within the Accela system.

Management's Response: In order to ensure that the appropriate fee amount has been assessed and collected in a situation in which the initial fee amount on the submitted application is different, under the direction of a Manager, staff processing the application and fee, will include notes in Accela Comments and attach any pertinent document.

Current Action:

- Permit Technicians are instructed to add a text to “Application Accepted” field indicating which staff allowed a change or correction that affected fee amount.

Improvement Action:

- Permit Technicians will be trained to:
 - Bring discrepancy to attention of his/her direct Manager.
 - Enter justification for discrepancy and/or explanation of resolution in Comments tab in Accela.
 - Scan and attach any document which explains discrepancy.

Deadline for Action:

- Train current staff – July 31, 2018. Train new staff – during initial training period.

2) Applications in Open Status

Applications have a variety of inspections and actions required based on the type of permit this was requested, and the process for obtaining each approval prior to permit issuance is documented in a workflow within the Accela system. For 15 of the 60 applications tested, the permit issuance process was not performed timely, as the application had been in an open status for over a month. There was no documentation to determine why the application was delayed.

Additionally, we performed testing over a sample of open status applications and performed data analytics and determined that:

- Over 2,000 applications were in an open status in Accela. Of these, approximately 92% related to applications dated October 2013 or prior, as they were moved from the old system to the new system during the data conversion.
- 13 out of 20 open status applications selected for testing were in an open status exceeding one month. There were 11 open status applications that did not have any documentation to determine why the application was delayed. Two applications did not have the original application to determine a cause for the delay.

Potential Risk: Moderate – If the inspections and actions required to issue the permits are not performed timely, there is a risk that customers have unnecessary delays in obtaining permits. Additionally, if the reason for the delays are not documented and another employee needs to continue moving forward with that application, there is a potential risk they will not have the necessary information thus further delaying issuance of the permit.

Recommendation: A process for cleaning up the open status applications within the Accela system should be created and implemented. Once the system data is cleaned up, Management will be able to more efficiently assess open status applications and ensure the permit issuance process is on track. Individuals responsible for inspections or other actions prior to issuance should receive continuous training related the documentation requirements in Accela.

Management's Response: All records in the Accela database should reflect current status. Any activity in the application process that affects the timeline of issuance should be reflected in the Workflow. If not, any staff working with a particular records should input a note in the Comments tab in Accela. Records created in the KIVA database are considered historic (HSTB) and the definition of "status" is not always comparable to those in the Accela database.

Current Action:

- Last staff person to review record is typically the one who finalizes that workflow and/or closes record.
- Each section manager provides training to staff as they see appropriate, whether one-on-one or during a staff meeting.
- Trainings on Accela updates/upgrades are periodically given by Technology Manager.
- Most sections already have specifically designated staff who complete and/or close Accela Records

- Open/Pending Kiva records are reviewed and Technology staff assistance is requested as needed.*

** It is not possible to do a mass close out for all Kiva HSTB Records in Accela. Every existing Kiva HSTB records within Accela needs to be manually reviewed and determined if recorded needs to be closed or if status can be changed based on ordinance and code.*

Improvement Action:

- Each section Manager will provide two trainings per year to their staff on business and workflow procedures.
- Permitting Center Manager and Building Official will request two general Accela trainings from Technology Manager, who will present the training or provide a training guide to Manager.
- Any staff working on record should enter explanation in Comments tab in Accela showing update on Accela record which is not already reflected in Workflow.
- Each Manager must ensure there is staff assigned to finish the Accela Workflow for records in his/her section.
- Train staff to recognize Historic (pre-October 2013) permits and request assistance from Technology staff when assistance is needed.

Deadline for Action:

- Section training on Workflow - Schedule one training by July 30, 2018 and one by December 30, 2018.
- General Accela training (including Historic permits) - Schedule one Training with Technology Manager by December 31, 2018.
- Input non-Workflow comment on Accela record – implemented immediately and ongoing.
- Ensure designee to complete/close record – July 1, 2018.

* * * * *

This report is intended for the information and use of the Bernalillo County Planning and Development Department, the audit committee, members of Bernalillo County Commission and others within the organization.

We discussed and resolved other minor observations with management and received excellent cooperation and assistance from the Planning and Development Department during the course of our interviews and testing. We sincerely appreciate the courtesy extended to our personnel.

REDW LLC

Albuquerque, New Mexico
June 8, 2018