
City of Laredo, Texas

Internal Audit Division



Building Department – Operations Review (with
Executive Summary and with Department Response)

June 3, 2022

**City of Laredo
Internal Audit Division**

Building Department – Operations Review with Department Responses

Table of Contents

Executive Summary	i
Introduction	1
Audit Objectives	1
Audit Scope and Methodology	1
Audit Results and Recommendations	1
Appendix A: Building Department Response	5
Appendix B: Staff Acknowledgment	8

EXECUTIVE SUMMARY

In accordance with the Fiscal Year (FY) 2022 Annual Audit Plan, an operations review was conducted of the Building Department.

On August 2, 2021, City Council requested an audit be conducted of the Building Department's residential construction permits process to verify if favoritism is present and to make recommendations for improvements.

The following areas are noted as part of the audit results.

1. The Building Department does not have any written policies and procedures to establish the process for issuing permits.
2. Documentation is either missing and/or incomplete. As per the Building Department, established builders such as Armadillo Homes, Westwind Homes, Ariva Homes and B&B Homes are not required to sign individual permit applications; however, there is no documentation stating this process is acceptable.
3. Plans are automatically approved prior to review by a Building Examiner I; questions arose whether this Examiner has the authority to approve plans.
4. Permits are being issued after applicable timeframe.

As such, the following is recommended:

1. The Building Department should develop written policies and procedures to describe the process for issuing permits.
2. All permit applications should be kept in one location (either digitally or manually) in order to track all pertinent information, as well as have all plans be reviewed for completion before moving forward with the project.
3. Department must determine if Building Plans Examiner I has authority to approve plans.
4. All permit applications must be submitted with all required fields completed, and permits should be approved in their appropriate timeframe, unless otherwise noted.

The Building Department should create policies and procedures to not only streamline the permit application process but for staff to give the best possible service to the public. Due to unwritten practices, lax procedures, intricacies of permit approvals, and no streamline process, we are unable to determine if there is favoritism in the process.

INTRODUCTION

In accordance with the Fiscal Year (FY) 2022 Annual Audit Plan, an Operations Review was conducted of the Building Department.

AUDIT OBJECTIVES

On August 2, 2021, City Council requested an audit be conducted of the Building Department – specifically reviewing the residential construction permits process and to make recommendations for improvement. In the meeting, Council stated there is favoritism in the permit process because permits were taking too long to process. Additionally, comments were made regarding the department’s customer service and the inability to answer the phones to the general public.

AUDIT SCOPE AND METHODOLOGY

The sample time period selected for this review consisted of October, November and December 2021. Internal Audit selected a ten (10%) percent sample of the permits issued during the above mentioned months. In order to achieve audit objectives, we obtained:

- Reports from AS400 which determine how many and what permits were issued during our sample time period
- Access to Avolve in order to review documents used in the commercial permit process
- Access to the building departments shared folder where residential permits are stored
- Access to Naviline for residential permit projects
- An understanding of the permit process, what permits are needed, and the system which auto generates the permits needed for specific project

AUDIT RESULTS & RECOMMENDATIONS

Finding #1:

The Building Department does not have a written manual to establish the process, policies, and procedures for issuing permits. Multiple permits are issued, including residential and commercial permits – which, depending on the project, can have other requirements.

Examples of residential permits include: block fence and re-roof, duplex, new residence, porch/carport/additions, remodel, and storage and palapa permits. Examples of commercial permits include: hotels/motels/tourists, five or more family building, gas station and repair garages, parking/paving, industrial/warehouse, schools, stores and retail, offices/banks, etc.

Recommendation(s):

Internal Audit recommends written policies and procedures be developed to describe the process for issuing permits expediting the issuance process and guaranteeing permits are submitted and issued correctly.

Finding #2

In our primary interview with the Building Department, it was stated plans are automatically approved by Building Plans Examiner I as they are being submitted. Because these plans are being automatically approved, plans are not being reviewed. In further discussions with the Department, Internal Audit was made aware that Building Plans Examiner I does have the authority to approve plans, and are not automatically approved.

Recommendation(s):

Internal Audit recommends determining if this employee is indeed able to approve plans and does have the authority to do so, or fixing the system issue, which automatically approves the plans with this employee’s name. In addition, appropriate signatures must accompany a stamp of approval on all permit applications.

Finding #3:

Permit applications are missing; the Internal Audit Division did not receive seven (7) out of the fifty-five (55) permit applications upon initial request.

Recommendation(s):

Internal Audit recommends keeping track of all the permit applications in one location accessed by all employees, as needed preventing applications from being misplaced or lost and for quick access.

Finding #4:

Permit applications are incomplete - missing signatures from builder/contractor, signatures of approval, date of application, date of approval, compliance reviews, etc. Upon further review, it was disclosed that larger companies such as Armadillo Homes, Westwind Homes, Ariva Homes, and B&B Homes are not required to sign permit applications. However, there is no documentation nor contract between them and the City of Laredo stating this process is acceptable.

Recommendation(s)

All plans must be reviewed for completion before moving forward with the project. We also recommend the Building Department require all contractors/builders to sign permit applications, which then makes the document a binding contract between the City and contractor/builder.

Finding #5:

A sample of fifty-five permits was selected, and found thirty-six (36) instances where the date on the application does not match the date on the reports which were given to Internal Audit. Additionally, there are thirteen (13) instances where permits were issued after the timeframe to issue permit. When gathering information from the Department, the following was noted:

- New construction permits take 1 to 2 weeks to be approved;
- Accessory buildings, remodel & addition permits take 3 to 5 business days to be approved; and
- Re-roof permits take 1 day to be approved.

The following table shows how many permits were not approved in the appropriate timeframe:

Type	Approved after Deadline
1. Block Fence & Re-roof	3 instances
2. New Residence	9 instances
3. Remodel	1 instance

It should also be noted, there were twelve (12) permit applications that did not have a date on the permit application, therefore Internal Audit was not able to determine the number of days between when the customer filed for the permit and when the permit was issued.

Recommendation(s):

Internal Audit recommends approving permits within their timeframe. If permit applications are missing documentation upon submittal, notes should be added to the documents stating the delay of the issuance of the permit.

Finding #6:

There have been numerous complaints regarding the lack of customer service in person and via telephone. Upon conducting this audit, Internal Audit kept a log of the calls made to the Department:

Date	Time	Note:
1/19/2022	2:19 PM	Building department - No answer.
1/19/2022	3:47 PM	Building department returned phone call to Internal Audit.
1/27/2022	9:09 AM	Building department - No answer.
1/31/2022	8:57 AM	Building department - No answer.
3/1/2022	11:00 AM	Building department - No answer.
3/1/2022	11:00 AM	Called another employee - answered call.
3/2/2022	1:48 PM	Building department - No answer – left voicemail.
3/10/2022	10:47 AM	Building department answered call.

Recommendation(s):

Internal Audit recommends the Building Department acquire a system which is able to filter phone calls to the appropriate division by the customer answering a few pre-screening questions which will route the call to the correct division/person.

Conclusion:

Due to unwritten procedures, lax practices, and no streamline process, we are unable to determine if the Building Department is showing favoritism since there is no clear timeframe of when permits are to be submitted. However, we recommend the Building Department should create written policies and procedures to include procedures such as how and when permit applications must be submitted, how they are approved, what to do when applications are not complete, as well as customer service etiquette. This would enable for staff to give the best possible service to the public.

Appendix A –
Department Response



CITY OF LAREDO

BUILDING DEVELOPMENT SERVICES DEPARTMENT

1413 Houston St., Laredo, Texas, 78040 • Phone: 956.794.1625 • Fax: 956.795.2998



Memo

To: Tina Rodriguez, Internal Auditor

From: John Hickle, Building Development Services Director

Date: June 2, 2022

Re: Audit

Building Department- Operations Review Responses

FINDINGS	RECCOMENDATION	DEPARTMENT RESPONSE
#1 LACKS WRITTEN MANUAL WITH PROCESS, POLICIES AND PROCEDURES	Develop written manual with process, policies and procedures	Concur with audit findings, we are reviewing and updating our Standard Operating Processes including 13 memorandums covering various processes for obtaining permits. Target date for completion is Q1 2023
#2 PLANS ARE AUTOMATICALLY REVIEWED	Internal Audit recommends determining if employee is able to approve plans and does have the authority, or fixing the system issue, which automatically approves the plans with this employee's name. In addition, appropriate signatures must accompany a stamp of approval on all permit applications.	Partially concur- Depending on the permit type, reviews may or may not be required. We have invested in software that allows for electronic plan submittals. Currently commercial documents are received from registered users. Avolve integration with Naviline 5 and Click-To-Gov is proceeding. Full integration is expected to take an additional 2-3 quarters. We are also starting a pilot program for electronic submittals of residential project
#3 PERMIT APPLICATIONS ARE MISSING	Permit applications are missing; the Internal Audit Division did not receive seven (7) out of the fifty-five (55) permit applications upon initial request.	No further action required- Missing applications have been provided.

#4 PERMIT APPLICATIONS ARE INCOMPLETE

All plans must be reviewed for completion before moving forward with the project. We also recommend the Building Department require all contractors/builders to sign permit applications, which then makes the document a binding contract between the City and contractor/builder.

Partially Concur- All applications have e-signatures or wet signatures. Staff is instructed to require all boxes be filled out using N/A if needed. We are also working with Avolve and Naviline to integrate permit applications and minimize duplicate data entry inefficiencies.

**FINDING #5:
A SAMPLE OF FIFTY-FIVE PERMITS WAS SELECTED, AND FOUND THIRTY-SIX (36) INSTANCES WHERE THE DATE ON THE APPLICATION DOES NOT MATCH THE DATE ON THE REPORTS WHICH WERE GIVEN TO INTERNAL AUDIT. ADDITIONALLY, THERE ARE THIRTEEN (13) INSTANCES WHERE PERMITS WERE ISSUED AFTER THE TIMEFRAME TO ISSUE PERMIT. WHEN GATHERING INFORMATION FROM THE DEPARTMENT, THE FOLLOWING WAS NOTED:**

Internal Audit recommends approving permits within their timeframe. If permit applications are missing documentation upon submittal, notes should be added to the documents stating the delay of the issuance of the permit.

Disagree with partial concurrence- Avolve, Naviline and Click-To-Gov all track based on the date submitted and we have modified our Per-screen reviews so incomplete applications and submittals are returned to the persons submitting for corrections. Applications are submitted by e-mail and the process will continue to improve as integrations and automation between our software systems are completed. We have completed a residential guide for Avolve and our residential pilot program will begin in Q3-2022.

**FINDING #6:
THERE HAVE BEEN NUMEROUS COMPLAINTS REGARDING THE LACK OF CUSTOMER SERVICE IN PERSON AND VIA TELEPHONE.**

Internal Audit recommends the Building Department acquire a system which is able to filter phone calls to the appropriate division by the customer answering a few pre-screening questions which will route the call to the correct division/person.

Concur- We are working with IT and are within 1 month of installing a new phone system.

ADDITIONAL COMMENTS:

CONTRACTOR TECHNOLOGY TRAINING

We have implemented 1 hour Avolve Contractor Training in order to connect our technology with end users and improve the permitting process.

CONTRACT COURTESY CALLS	We are also working on a call back program that compliments email notifications that are sent thru Avolve and have been stagnant without a response form the contractors
PRESCREENING AND WALK-INS	We have implemented 2 person dedicated to the pre-screening application process with a focus on Email applications and Walk-In traffic. Since these are new roles employees are receiving extensive training on the systems and process knowledge required to better serve our constituents.

Appendix B – Internal Audit Staff Acknowledgment

APPENDIX B
INTERNAL AUDIT STAFF ACKNOWLEDGMENT

Tina O. Rodriguez, Internal Auditor

Bianca V. Medellin, Auditor I