



Houston Public Works Department (HPW) Permitting Operations Performance Audit



OBJECTIVES

The primary objectives of the audit were:

- Assess compliance with applicable regulatory requirements;
- Determine effectiveness of controls over processing permits; and
- Evaluate controls over collection of permit revenue.

AUDIT RESULTS

10 FINDINGS

- **Five** findings related to lack of comprehensive, well-documented policies, procedures and practices to facilitate (a) monitoring high-risk activities, (b) training employees and (c) ensuring a complete and accurate City Permit Fee Schedule.
- **Four** findings regarding a need for establishing oversight mechanisms over (a) accuracy and completeness of permit revenue in the City's financial system and (b) processing of cash receipts.
- **One** finding regarding inadequate fee estimates resulting in loss of permit revenue.

BACKGROUND

The Houston Permitting Center (HPC) is a service line within the Houston Public Works (HPW) department. HPC opened in June 2011 in partnership with seven City departments, including HPW giving customers access to over 500 different permits, licenses, and registrations, with over 34 permit categories administered by HPW resulting in over \$80 million a year for FY2019 through FY2021.

10 RECOMMENDATIONS

The audit team's key recommendations to HPW management included the following:

- Develop, document and disseminate policies and procedures to (a) analyze permitting data to identify potential irregularities and (b) conduct quality control reviews;
- Ensure consistent training and guidance on permit plan reviews and inspections;
- Reconcile permit revenue in City's financial records to departmental records;
- Segregate duties of receiving & recording mail-in cash receipts; and
- Monitor user access to permitting systems.

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