

## Audit Highlights

January 2016

The audit of DS was performed as part of the Internal Audit Office's annual audit plan. DS was ranked relatively high in our overall citywide risk assessment.

### **Audit Objectives:**

#### **Determine whether:**

- ◆ There are adequate controls over information technology systems and adequate capacity utilization of resources to leverage technological opportunities.
- ◆ The public's safety is protected through the division's compliance with applicable policies, laws, regulations, and interpretations.
- ◆ Fees are approved, properly charged, and resulting revenue is adequately monitored and accounted for.
- ◆ The level of customer service provided by staff meets or exceeds the needs of all client groups.
- ◆ Opportunities exist to enhance operating efficiency and effectiveness.

## City of Tempe Internal Audit Office

### *Audit of Development Services*



### **Background:**

Development Services (DS) is a division of the Community Development Department that reviews plans and specifications of all proposed construction, issues building, fire and engineering permits, and performs on-site building inspections. According to the description in the annual budget, the division:

- is responsible for helping all project partners succeed while protecting the public health and safety;
- promotes sustainable building practices and energy conservation techniques; and,
- ensures the long-term usefulness and safety of all existing and new buildings, thereby maintaining the value of Tempe's built environment.

### **Organization/Staffing**

The division reports to the Deputy Community Development Director. DS is comprised of three work groups: Customer Counter & Permit Issuance, Plan Review, and Inspections.

### **Conclusion:**

Internal Audit identified opportunities for DS to enhance controls over cash handling and revenues. We also noted improvements needed to ensure compliance with Arizona Revised Statutes and credit card industry standards (PCI). Improvements were recommended to better manage system transition processes and address customer service and employee relations issues. Benchmarking results are presented to allow DS management to use as a tool for comparison of practices and initiate process improvements. Throughout the report we list additional opportunities to enhance operating effectiveness and efficiency.

City of Tempe Internal Audit Office



31 E. 5th Street  
Tempe, AZ 85281

Barbara Blue, City Auditor  
Phone: 480-350-8982  
Fax: 480-858-2375  
E-mail: barbara\_blue@tempe.gov



## SUMMARY OF AUDIT OBSERVATIONS:

(see full report for all observations and recommendations)

<b>Section 1: Mission and Vision</b>	1. A clear mission, vision and flexible strategic plan can give the Department direction and purpose towards the fulfilment of operational goals that support Council initiatives.
<b>Section 2: Regulatory Compliance and Operational Efficiency</b>	2. Opportunities exist to revise business practices to ensure compliance with ARS provisions. 3. Turnaround time goals should be customer-service focused and brought in line with other valley cities where appropriate. 4. An enhanced modification request process can increase efficiency. 5. Recording of the Covenant documents should be the responsibility of the City. 6. Tracking and monitoring actual plan review times would assist management. 7. Additional training would expand employees' knowledge of their level of personal liability for job-related decisions. 8. Opportunities to develop a more trusting relationship between staff and management should be pursued. 9. Policies and procedures should be updated to reflect the latest practices and technology.
<b>Section 3: Revenues and Cash Handling</b>	10. Establishing internal controls, including the development of policies and procedures for cash management, will reduce the inherent risk associated with cash handling. 11. Compliance with the Payment Card Industry Security Standards (PCI) will enhance security over cardholder data. 12. Silo financial systems should be reconciled against the City's primary PeopleSoft system to ensure the accuracy of financial reporting and protection of city assets from potential misappropriation. 13. All Building Permit, Plan Review, and Fire Inspection fees should be approved by City Council and appear on the Schedule of Fees and Charges in the City Code.

	<p>14. Opportunities exist to further enhance the Division’s procedures in place to effectively manage and monitor the Residential Building Fee Rebate Program.</p>
<p><b>Section 4: Information Technology Systems</b></p>	<p>15. Development and application of effective change-management processes are essential for successful project implementation.</p> <p>16. Compliance with ITD Access Management Policies and Procedures will strengthen current access controls.</p> <p>17. Periodic physical inventories will enhance and strengthen physical control over the Division’s computer assets.</p> <p>18. Effective procedures are needed to ensure applicable technology systems are included in citywide backup procedures to ensure the continuity of operations.</p> <p>19. Accela Automation should be revised to offer better alternatives than using “personal Building Permit numbers.”</p>
<p><b>Section 5: Customer Service</b></p>	<p>20. A customer survey revealed overall positive results.</p> <p>21. An employee survey revealed opportunities to improve the relationship between management and staff and ultimately to enhance the overall quality of customer service.</p>
<p><b>Section 6: Benchmarking</b></p>	<p>22. Benchmarking results should be analyzed by DS management and used to identify areas of opportunity for improvement.</p>