



City Council
City Auditor's Office

**Audit Report of the City's
Building Permitting Process**

David Noce, Audit Manager
Item No. 4.B (#25-960)
September 23, 2025

1

Audit Project Selection

- The starting point of internal auditing is to conduct a risk assessment that is the basis for determining internal audit activities. The risk assessment process involves identifying and measuring risks associated with the audit universe (a list of specific departments, functions, processes, programs, etc. that can be subject to an audit, i.e. auditable units). Risk is defined as "the possibility of an event or condition occurring that will have an impact on the ability of an organization to achieve its objectives."
- During the annual risk assessment for 2024, the building permitting process was rated as high risk based on inherent risks and specific information gathered, including:
 - Customer complaints for slow processing
 - Departmental vacancies and turnover due to failed recruitment in a competitive field
 - New system implementation
 - Volatile revenue
 - Increased compliance risk associated with changing building code

2

Audit Scope and Objectives

- Our audit covered interviews and document assessments related to the City's building permitting process for FY 2022 and FY 2023. We focused on Permit Services, which encompasses processes from application receipt to permit issuance, while excluding Building Services consisting of inspections and permit finalization.
- The objectives of this audit were to:
 - Determine whether the internal controls for the building permitting processes are adequately designed and operating effectively to ensure compliance with the City Code and other regulations.
 - Determine whether adequate mechanisms are in place to ensure that the building permitting process is efficient and provides timely customer service.
 - Determine whether the internal controls over billing and collections of permitting fees and fines are adequately designed and operating effectively to ensure financial accountability.

Audit Methodology

To achieve the audit objectives, Audit staff and Baker Tilly performed the following procedures:

- Analyzed the relevant laws, policies, and guidelines related to building permitting issuance including the City of Santa Clara Municipal Code (Title 15, Building and Construction) and California Building Standards Commission in Part 1 of Title 24 of the California Code of Regulations.
- Gathered information to understand the environment under audit including evaluating P&P, permitting applications and fees, annual budget information, and performance monitoring documentation.
- Conducted interviews with key process owners and management including the Director of Community Development, the Building Official, the Assistant Building Official, Staff Analysts, Permit Center Supervisor, and the Accounting Division.
- Assessed risks and identified controls in place based on process walkthroughs and review of supporting documentation.

Audit Methodology

To achieve the audit objectives, Audit staff and Baker Tilly performed the following procedures (Cont.):

- Performed testing of key controls for application processing, plan reviews, and permit fee billing and payments.
- Randomly selected 45 applications using a stratified sampling method to ensure all review types were represented in our sample.
- Selection was made from permit applications that were received in FY2022 and FY2023 and for which permits had been issued as of September 11, 2023.

Audit Report Findings Summary

Finding 1: Policies and Procedures

Although the Building Division (BD) has some written procedures, they are informal and fragmentary. Comprehensive policies and procedures (P&P) have not been formally established for the building permitting process, which is essential to guide the BD staff in decision-making and to communicate management's expectations.

Recommendation:

Management should establish and implement comprehensive P&P for the BD's critical processes, including Application Processing, Plan Review, Permitting Fee Billing and Collection, Permit Issuance, and Performance Monitoring.

Audit Report Findings Summary

Finding 2: Timeliness of Permitting Process

Baker Tilly's review of 45 applications revealed that initial plan review, as well as subsequent plan review, was not consistently completed within the target time frames established by City management. Based on our permitting process timeline analysis, the processes before and after plan review can be improved.

Recommendation:

Management should proactively monitor the permitting process efficiency by leveraging additional performance metrics throughout the year, maximizing the use of the City's permitting system reporting function.



7

7

Audit Report Findings Summary

Finding 3: Permit Fees

Baker Tilly tested permit fee calculations for 45 applications (for which the total job value was \$334M and fees totaled over \$3M) selected from all applications the City received in FY2022 and FY2023 and noted that building permit fees were not always calculated accurately in accordance with the applicable Municipal Fee Schedules.

Recommendation:

Management should implement the following mechanisms to ensure the accuracy of building permit fees charged to applicants: Comprehensive Manuals and Training for Permit Technicians; Adequate Testing of Fee Calculations; Timely Secondary Review of Invoices; and Refresher Training for Permit Technicians.



8

8

Audit Report Findings Summary

Finding 4: Performance Monitoring and Process Improvement

The BD does not have a robust, formal mechanism that utilizes performance metrics for monitoring building permitting processes to track progress, identify areas for improvement, and make informed decisions. The BD also lacks a formal process for receiving, tracking, and responding to customer feedback in a manner that allows for analyses and subsequent improvements to the building permitting process.

Recommendation:

The BD management should establish formal mechanisms for periodically monitoring building permitting processes. The BD management should also implement a systematic approach for collecting and analyzing customer feedback.

Additional Questions?



City Council
September 23, 2025

Item #4.B RTC 25-960
Audit of the City's Building
Permitting Process

Afshan Hamid
Community Development Director

1

1



Primary Objective

1. Assess whether internal controls in the permitting process are effectively designed and implemented to ensure compliance with City Code and relevant regulations.
2. Evaluate whether the permit process is efficient and responsive, with mechanisms in place to ensure timely customer service.
3. Determine if billing and collections of permit fees and fines are properly managed to uphold financial accountability

2

2



City of Santa Clara
The Center of What's Possible

Overview: Permit Review Partners

- CDD: Planning and Housing & Community Services
- Fire Department (Community Risk Reduction Division)
- Public Works (Traffic Division, Stormwater, Solid Waste)
- Silicon Valley Power
- Water & Sewer
 - Environmental FOG
- Parks & Recreation
- Santa Clara Unified School District
- Santa Clara County Environmental Health

3

3



City of Santa Clara
The Center of What's Possible

Audit Response & Commitment

- Staff collaborated transparently-documentation, identifying gaps, contributing to frontline insights
- Prior to release of audit, staff began addressing concerns, examining internal systems, resource allocation, and capacity
- Improvements in department have progressed

4

4

Audit Findings

1. Develop Policy and Procedures Manual
2. Timeliness of Permitting Process
3. Permit Fees Reviewed for Consistency
4. Performance Monitoring and Process Improvement

5

5

Building Division Progress Overtime & Findings

2021	2022	2023	2024	2025
Accele Civic Platform <ul style="list-style-type: none"> Launched August 2021 All development review workflows are streamlined and in the system 	Permitting <ul style="list-style-type: none"> Received grant to implement SolarApp+ Adopted the first Santa Clara Reach Code Staffing <ul style="list-style-type: none"> Initial internal staffing assessment for Admin, Permit Techns and Plan Reviewers 	Conduct Outreach <ul style="list-style-type: none"> Improved Plan Review Timelines for 4.5-10 weeks in first plan review. Subsequent reviews are at 50% of timelines Simple Permits <ul style="list-style-type: none"> Improved to 1-2 days with 70% permits issued same day Over the Counter Internal Coordination <ul style="list-style-type: none"> Weekly Permit Techn training QC all Building Permit Fees Solar App+ <ul style="list-style-type: none"> Automate plan checks with instant permits 	Plan Check Dashboard <ul style="list-style-type: none"> Active Review Task Workflows Shows active review tasks for all reviewers and consultants Reporting & Monitoring <ul style="list-style-type: none"> Monthly reports since July 2024 Weekly Report of all stakeholders - 30 process Pre-Approved ADU Program <ul style="list-style-type: none"> Submittal Handouts for various projects ADUs, Single-family, Duplex, Multi-family, 1/2 bed use Guides for applicable codes, regulations, ordinances and resolutions 	Standing Hours <ul style="list-style-type: none"> Expand presence of all City Departments within Permit Center Website Improvements <ul style="list-style-type: none"> FAQ/Info Flowcharts: What to Expect Small Businesses <ul style="list-style-type: none"> Targeted Info Major Pipeline Projects <ul style="list-style-type: none"> Dedicated in-house staff

6

6

Building Division Progress Roadmap

City of Santa Clara
The Center of What's Possible

2025/26	26/27	Multi-year	
<p>Plan Review Timelines</p> <ul style="list-style-type: none"> Coordinating with internal stakeholders All development review workflows are streamlined Plan Review Timelines have been reduced 20% <p>Comprehensive Policies & Procedures</p> <ul style="list-style-type: none"> Detailed for all workflows 80% complete Completion Nov 2025 <p>Staffing</p> <ul style="list-style-type: none"> Budget approved staffing 	<p>Future Workplan</p> <ul style="list-style-type: none"> Integrate permit system with GIS and SolarAPP 	<p>Accela Portal (POP)</p> <ul style="list-style-type: none"> Integration and Access GWIZ <p style="color: orange; font-weight: bold;">Dedicated One Stop Shop</p>	7

7

City of Santa Clara
The Center of What's Possible

Strategic Goals

- Comprehensive formal policies and procedures—FY 2025-2026
- Actively monitor permitting process w/metrics—FY 2025-2028
- Adequate testing of fee calculations—FY 2025-2026
- Customer feedback—2025-2027
- Dedicated One Stop Shop—2025-2028

8

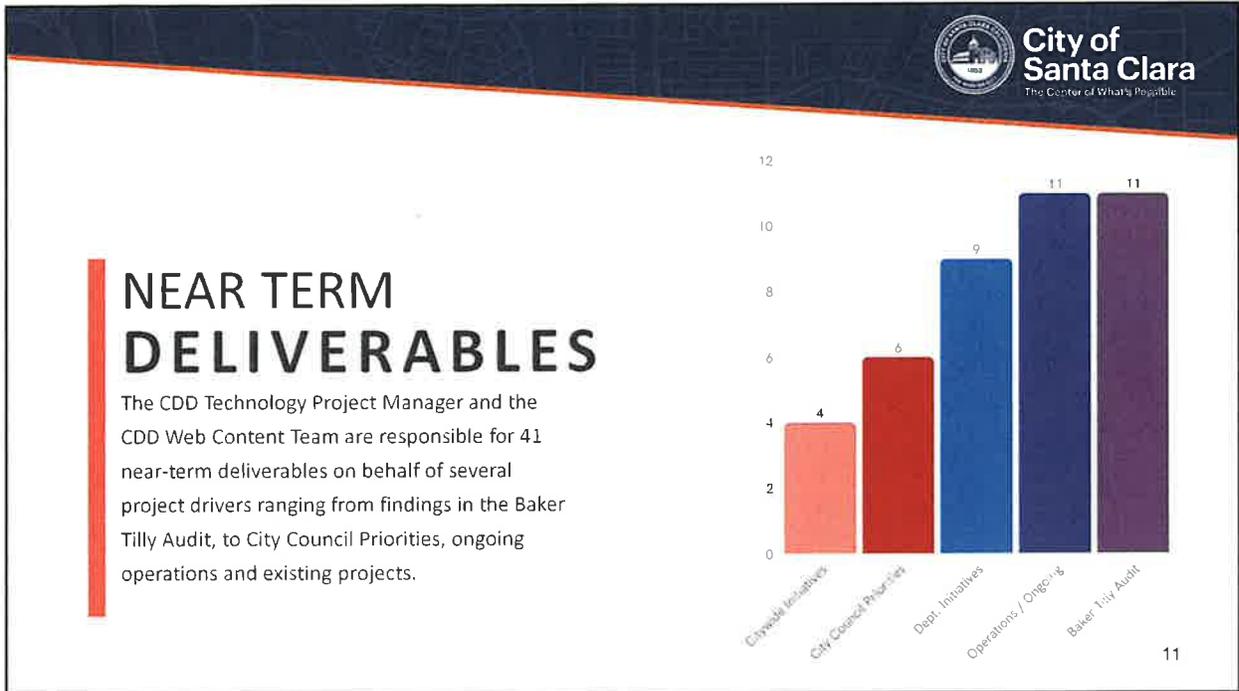
8



9



10



11

Raftelis Organizational Assessment
 Launched in February 2025
 Interviews conducted March/April 2025

- Follow up interviews conducted September 2025
 Comprehensive review of operations and functions with staffing capacity
- Development Process Map Fall 2025

Building Permitting Process

City of Santa Clara
The Center of What's Possible

12

Questions and Feedback

Building Permitting Process



City of Santa Clara
The Center of What's Possible

13

13

City Council

September 23, 2025

Item #4.B RTC 25-960
Audit of the City's Building Permitting Process

Afshan Hamid
Community Development Director

14

14