



DEPARTMENT OF INSPECTOR GENERAL  
OKALOOSA COUNTY, FLORIDA  
JD PEACOCK II, CLERK OF CIRCUIT COURT AND COMPTROLLER



February 13, 2024

John Hofstad, County Administrator  
Okaloosa County Administration Building  
1250 N Eglin Pkwy, Suite 102  
Shalimar, FL 32579

Mr. Hofstad,

Please find attached the report on our audit of the Growth Management Department's permitting process.

Our work served as a review of the Department's internal controls and policies and procedures over the County's growth management permitting process.

I want to thank Elliot Kampert and his staff for the cooperation and accommodation they afforded us. Should you have any questions please do not hesitate to call me at (850) 689-5000 Ext. 3421.

Respectfully,

Andrew Thurman, Inspector General

CC: Elliot Kampert, Growth Management Director  
JD Peacock, Okaloosa County Clerk of Courts

# OKALOOSA COUNTY CLERK OF CIRCUIT COURT



**DEPARTMENT OF INSPECTOR GENERAL**



## **REPORT ON THE AUDIT OF GROWTH MANAGEMENT PERMITTING**

**REPORT NO. BCC 23-04**

**REPORT ISSUED FEBRUARY 13, 2024**

**ISSUED BY: ANDREW THURMAN, INSPECTOR GENERAL**

## Background

Based on the 2022 County-wide Risk Assessment, the Department of Inspector General 2023 audit plan included an examination of Growth Management Permitting processes.

## Objective

The objective of our audit was to evaluate the permitting initiation and review process, to ensure service to the public is maintained and private building construction projects are not delayed. Another objective of the audit was to determine if the calculation and collection of permit fees is properly controlled to ensure the County is receiving all applicable permitting revenues.

## Scope & Methodology

The scope of our examination included policy and procedure documents as of August 1, 2023, and a review of permits issued during fiscal year 2022 (October 1, 2021, through September 30, 2022). Examination methodology included interviews with Growth Management staff in planning, plan review and permitting as well as an examination of select permits issued in FY 22.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, waste, or abuse. This includes the design, implementation, and maintenance of internal controls relevant to the objectives. This review was conducted in compliance with Standards for Offices of Inspector General issued by the Association of Inspectors General and the International Professional Practice Framework issued by the Institute of Internal Auditors.

## Process

Applications for permits are submitted to Growth Management by personal visit, email submission or by fax. Permit technicians review and process the forms, verifying information provided on the application and enter this information into the Department's permitting software system (EDEN). The permit fees are calculated based on information manually input into the EDEN system and the internal programming of the system. Permit fees can be paid by check, credit card and cash. The Planning Department may review site plans for proper zoning and the plan review staff may review building plans for compliance with building codes dependent on permit type. At any point in this process the permit application may be rejected until missing or inaccurate information is provided or corrected. Once the review process is complete the permit may be sold to the customer and the permit fees collected by the department. A **Process Diagram** is included as an attachment to this report.

Growth Management permitting operates from two locations in the County. Permitting staff in the South end of the county are located at 1250 Eglin Parkway N, Suite 301 Shalamar, FL. The North end staff are located at 812 E James Lee Blvd, Crestview, FL. At the inception of the audit there were 7 permitting technician full-time equivalent (FTE) staff positions but only 6 positions were filled.

## Testing

We conducted interviews with Growth Management staff involved in initiation and review of permits to gain an understanding of the process and on-site visits with a Planner to review zoning, GIS and flood zone information and a plans examiner in determining compliance with building codes. We diagrammed the permitting process to identify and evaluate any existing controls in the process. We examined a statistically selected sample of permits for conformity with the existing process and policy, review of the permit application and calculation of permit fees. The statistically selected sample provides a 95% confidence level that the results will fall within + or – 10% of the true value of the population.

## Conclusion

While the department is meeting its mission of issuing permits in a timely manner and has sufficient controls in place for collection of permit fees our audit identified calculation errors and missing documentation that reflects operational and control risks within the department and the department’s permitting software programming.

- **10%** of the hardcopy audit sample documentation could not be located. This documentation could be misfiled due to staff turnover or the voluminous hardcopy files in the two locations and storage. Copies of permit information from Eden were reviewed in the audit process.
- **6%** of the files reviewed had missing or incorrect documentation. The missing or incorrect documentation did not impact fee calculations but hampered validation of the information.
- **30%** of the audit samples had incorrect permit fees calculations. Most of these calculation errors were the result of incorrect programming calculations within EDEN resulting from updates that were made commencing **July 6, 2017**, when permit fees were updated.

Permit Type	% Incorrect	Underreporting per permit	Potential # of permits impacted 7-6-2017/9-30-22	Potential underreporting.
ASP	100.00%	\$2.05	3133	\$6,422.65
CHS	100.00%	varied depending on construction cost.	41	indeterminate
CIS	80%	varied min- \$83.06, max - \$466.06	121	\$26,632.32
DCK	100.00%	\$2.05	200	\$410.00
FAL	100%	\$2.56	111	\$284.16
FND	60%	overcharge \$115.00, undercharge \$2.05	24	(\$1656.00)/\$29.70
RBO	60%	\$2.05	3578	\$4,400.94
UGU	20%	\$44.15	81	\$715.23

Growth Management’s current permitting software EDEN was purchased in 1999 and the department is in the process of onboarding a new system known as EnerGov which was developed by Tyler Technologies. This system should enable Growth Management to:

- Receive permits applications and all associated documents electronically online.
- Review and approve plans, drawings and applications electronically.
- Provide immediate in field access for inspectors to permit files, drawings and codes.
- Immediately enter inspections results, including attachment of photographs and other documentation, along with notification of applicants.
- Create an audit trail of actions.
- Create publicly viewable log of daily inspections to track progress.

- Accept online payment of permit and inspection fees.
- Allow real time permit tracking for applicants.

Although new permitting software would streamline processes, increase usability, and provide for reporting and tracking of permit applications, the programming for the calculation of fees has the same risks as the Eden software. Growth Management staff indicated the existing fee structure programming had been used in the EnerGov software and will need to be corrected.

Although not shown as a finding in the audit, the department's North location at 812 E James Lee Blvd, Crestview, FL. lacks sufficient access barriers to the public. Unlike the access restrictions found in the South office location once the public enters the office, they have unrestricted access to the entire office if no staff is present upon their entry.

**Finding 1:** The Department should improve internal controls over the permitting process.

**Criteria:** Department internal controls should provide assurance that processes are completed accurately.

**Condition:** Current policy and procedure document transfers the process for periodic unannounced cash counts to the Inspector General department. The 30% error rate on permit fee calculations found in the audit indicates a lack of quality assurance measures in place to determine the accuracy of these calculations.

**Effect:** The Inspector General Department's auditing process cannot be the internal control process of the Growth Management Department due to the Inspector General's function as the County's Internal Auditor. Without a strong quality assurance program in place permit fee calculation errors existed within the department and manual input errors were not identified.

**Recommendation:** Management should reinstitute their own process for unannounced cash counts and develop a quality assurance process to validate the accuracy of permit calculations to mitigate input and calculation errors.

**Finding 2:** Growth Management has no formalized written procedure or directives for training newly hired staff.

**Criteria:** Department staff should be provided with written procedures for reference in learning and completing their tasks.

**Condition:** Training for newly hired permitting technicians and planners (involved in the building permit review process) are trained using on the job (OJT) training methods based on the knowledge base of the current staff.

**Effect:** There are currently no written training procedures used in the training processes. If there was an unexpected loss of supervisory staff, the knowledge of the job processes and accrued experience currently utilized in the training process would no longer be available to the department.

**Recommendation:** The department should develop written procedures to memorialize the processes used in the department for training purposes.

**Finding 3:** Growth Management has file management impediments due to the large number of hardcopy files maintained in the department offices.

**Criteria:** Information in files should be readily available.

**Condition:** 10% of the audit sample files could not be located and 6% of the audit samples that were provided had missing or incomplete information.

**Effect:** Validation of the information input in the EDEN system cannot be performed when the source documents cannot be located or do not contain complete information.

**Recommendation:** Growth Management should explore options that would provide a more manageable file system.

**Finding 4:** The Department lacks monitoring and controls over the fee structure programming within its permitting software.

**Criteria:** Department permitting software should provide accurate, consistent calculations of permit fees.

**Condition:** 30% of the sampled permits had inaccurate permit fee calculations, with the majority due to inaccurate programming of fees or fee structure within EDEN which have existed since 2017 when the fee schedules were to be updated.

**Effect:** Permit recipients were not charged accurate fees for permit applications. As Growth Management is an enterprise fund the under/overcharging of fees reduces the amount collected by Okaloosa County for undercharged items, creates a possible liability for overcharged items and affects accurate financial reporting of its services. The audit identified potential underreporting of more than \$38,000.00 in permit fees, overcharges in excess of \$1600.00 and 7300 permits with inaccurate calculations.

**Recommendation:** Growth Management should review all programming of fee structures in its current permitting software for accuracy and should perform integrity testing after any programming change is made.

**Finding 5:** The Department's implementation of new permit software will be affected by the issues found in its existing permitting software.

**Criteria:** Department permitting software should provide accurate consistent calculations of permit fees.

**Condition:** EnerGov permitting software; currently in its implementation stage, uses the same fee structure programming as the existing EDEN software.

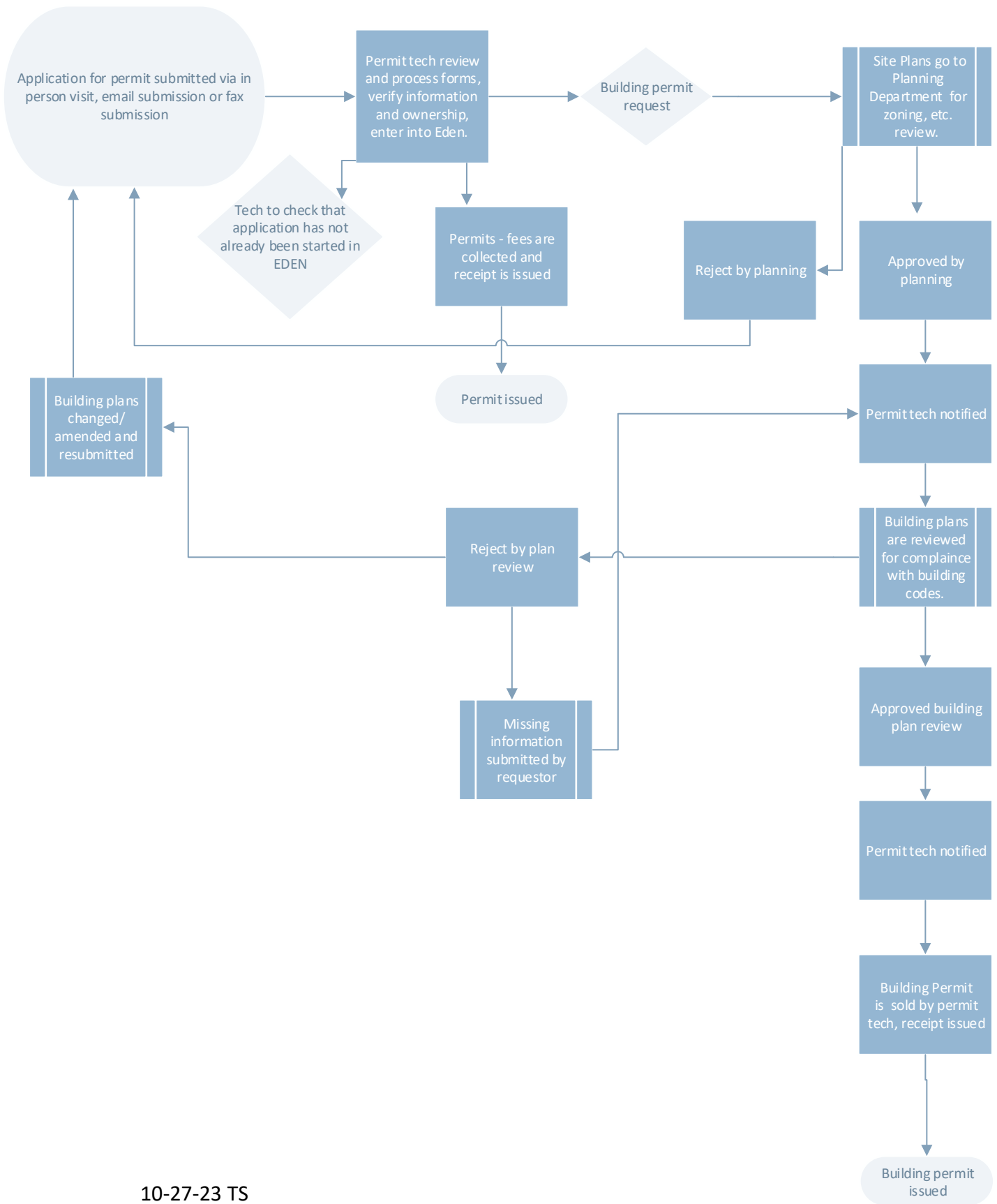
**Effect:** Permit recipients would not be charged accurate fees for permit applications. As Growth Management is an enterprise fund the under/overcharging of fees reduces the amount collected by Okaloosa County for undercharged items, creates a possible liability for overcharged items and affects accurate financial reporting of its services.

**Recommendation:** Growth Management should review all programming of fee structures in its new permitting software for accuracy and should perform integrity testing after any programming change is made.

## Management Response

Attached

# Growth Management Permitting Process



## Memorandum

**To:** Tom H. Saunders, CECFE, CFCI, CIGA, CIGI; IG Auditor/Investigator  
**From:** Elliot L. Kampert, AICP; Growth Management director  
**Cc:** Deborah Clabaugh, Financial Coordinator  
Tina Ward, CFM; Permitting and Licensing Manager  
**Date:** February 12, 2024  
**Re:** Departmental Response to Permitting Audit Report

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The Growth Management Department has reviewed the Permitting Audit Report, and has developed the responses, below, to address the findings noted in the report. Please feel free to make any suggested revisions that will improve the process as reviewed during the audit.

### **Finding 1 – Internal Controls Over Permitting Process**

Upon review of Inspector General report, Growth Management agrees that additional safeguards need to be enacted to ensure that human error is identified and corrected and that the formulae embedded in the permitting computer utilize the correct amounts for the various permit types. To address this, Growth Management will implement the following steps:

1. Management will conduct weekly, random reviews of no fewer than 10 permits to ensure that data is entered correctly. Review to include data entered by permit techs, plans examiners and any point in the system requiring data entry. This will address manual input errors as identified in the report.
2. Management will run the permit calculations as found in the permitting computer system on a quarterly basis to ensure that the correct values are utilized. This will address calculation errors embedded in the system.
3. Growth Management shall resume periodic, unannounced cash counts. Any discrepancies found will be reported to the department director and documented for the Inspector General's office. Repeat discrepancies by the same employee



will be grounds for remedial or disciplinary action. The Department's internal cash handling policy will be revised to reflect these changes.

### **Finding 2 - Training**

The Growth Management Department is in the process of updating its permitting system to the new "Energov" system from Tyler Technologies. A significant improvement over the current system is the Energov's inclusion of checklists embedded in each permit type. Also, in anticipation of the formal "train-the-trainer" training to be provided by the Tyler currently scheduled for the end of February, staff is developing manuals of all permit types consisting of screenshots at various stages of preparation along with narrative descriptions as needed. Videos will be made of the training to allow refresher courses as needed.

### **Finding 3 – File Management System**

The checklists in the new "Energov" system will help ensure that permit files are not closed out until all the necessary documents are included with the file. In addition, the Energov system enables the use of electronic document submittal which will significantly reduce the amount of paper utilized in the permit review process.

In order to capture historic as well as new permit application data, all the permits entered into the Eden since the end of 1999 must be converted to the Energov format. This is a large undertaking. In order to avoid over-complicating the initial conversion process, it was decided to delay the scanning of existing records until such time as the new system is determined to be 100% functional. Depending on when this actually occurs, Growth Management will either amend its current FY 24 budget to include the funds necessary to scan and tie the historic documents to permit records, or include funds in the FY 25 budget to do so. The scanned permits will be tied to the new system via parcel identification numbers, street addresses, permit numbers, and possibly other identifiers as may be determined at the time of digitizing.

### **Finding 4 – Monitoring and controls over fee structure in permitting software**

Growth Management has corrected the errors identified in the audit in the current Eden system, and is working closely with Tyler to ensure that the correct fees are used in the Energov system. As referenced in the response to Finding 1, Management will run the permit calculations used in Energov on a quarterly basis to ensure that the correct values

continue to be utilized. If the fee schedule is updated, the existing and new fees will be tested to ensure that all the fees are correct.

**Finding 5 – Impact of existing permit issues on new software.**

All the fee errors have been corrected in Eden subsequent to the audit, and staff will run numerous test permits in Energov prior to going live to ensure that the correct formulae are used. In addition, and as noted previously, Management will review the entire fee structure at time of any modifications as well as on a quarterly basis to ensure that the correct fees continue to be used.