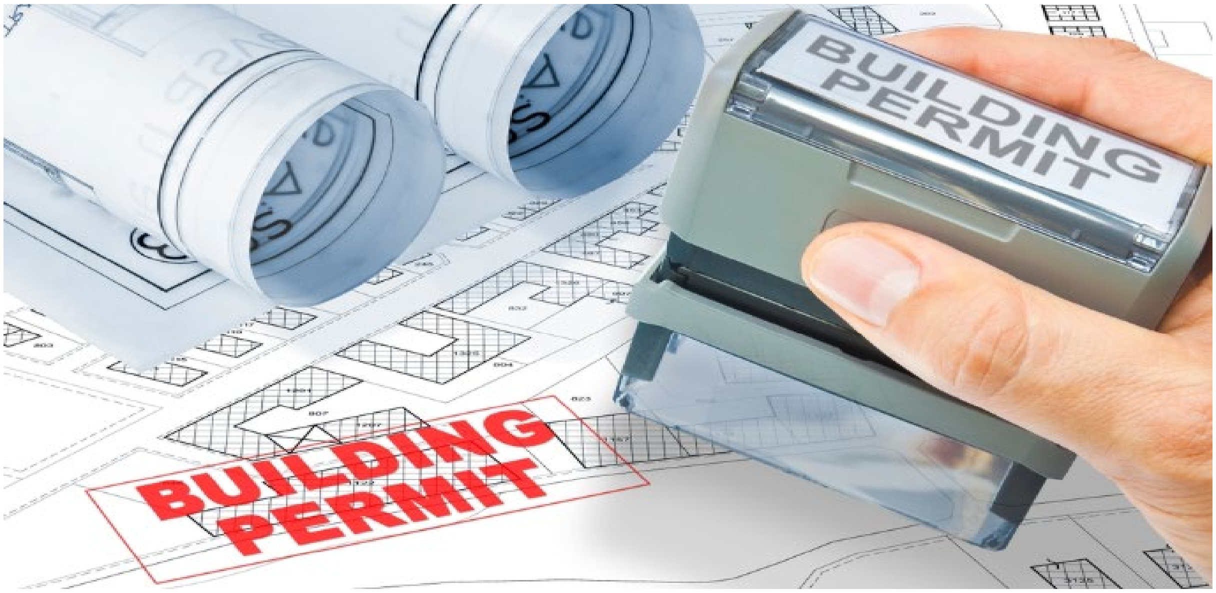


Audit of Permit Process

June 24, 2026

Mamatha Sparks
Interim City Auditor

Table of Contents

Executive Summary

The Department of Planning and Development is responsible for issuing permits for commercial and residential development and redevelopment projects, including construction and trade permits and processing Certificates of Occupancy applications for new and existing businesses. Actual revenues were $41,194,595 in Fiscal Year 2024 and $49,615,516 in Fiscal Year 2025.

Permit delays and backlogs during Fiscal Year 2021 raised concerns about the City's management of the permitting process and customer service. Multiple review processes identified ways to address these concerns. This audit was performed to determine if those concerns have been resolved or if further improvements are needed.

The objectives of this audit were to determine if: (1) the changes made to the permitting process have relieved the backlog, (2) the major causes of permitting delays are being addressed, and (3) the Department of Planning and Development has performance metrics that are compared to peer cities and surrounding cities.

The scope of this audit was residential new construction, commercial new construction, and commercial remodel building permits issued from July 1, 2025, through December 31, 2025. The scope period aligns with launching a new permit application, DallasNow, on May 5, 2025.

Objectives and Conclusions

1. Have changes made to the permitting process relieved the backlog?

   Yes. The number of permits taking more than 40 days to issue has dropped significantly compared to levels reported during Fiscal Year 2021. Delays are decreasing as management continues to become familiar with the new permit application, DallasNow.

2. Are major causes of permitting delays being addressed?

   Generally, yes. The Department of Planning and Development has implemented changes to reduce building permit delays and identified common causes of permit delays. See Observation A.

3. Does the Department of Planning and Development have performance metrics that are compared to peer cities and surrounding cities?

   Generally, no. The Department of Planning and Development has performance metrics for internal and public review. A 2022 benchmarking survey with peer cities and surrounding cities was completed. A more recent evaluation would benefit the department even if the benchmarking may not provide for one-to-one comparison. See Observation B.

Recommendations

Management should:

- Continue to reduce delays by evaluating staffing availability for permit reviews
- Incorporate training for DallasNow to reduce errors in execution
- Improve building permit requirement guidance for applicants to reduce multiple review cycles
- Perform benchmarking of peer and surrounding cities on a scheduled basis for comparative information

Risk Summary

Risk classification is based on criteria outlined in the *Standards for Internal Control In the Federal Government—Compliance, Operational, Financial—and Government Auditing Standards* citizen focused criteria of Public Image. Each program is evaluated against these criteria, and the resulting risk classification reflects the program's alignment with departmental goals as well as its overall significance to the community.

Classification	*Recommendation(s)*	Management's Response
● High		
● Moderate	4	Management agreed to 4 of 4 recommendations.
● Low		

Audit Results

Both City Council Resolution 88-3428 and Administrative Directive 4-09, Internal Control, prescribe policy for the City to establish and maintain an internal control system. The audit observations listed are offered to assist management in fulfilling their internal control responsibilities.

Observation A: Permit Timeliness

Risk Rating: ● Moderate

Permitting delays can increase development costs and influence where developers choose to pursue new projects.

The Department of Planning and Development has implemented eight major recommendations from the Matrix Consulting Group Report findings issued on May 18, 2022, to address permit issuance delays as shown below:

1. Replaced permit application and hired system administrators.
2. Created a one stop online development portal.
3. Created a public permit performance dashboard.
4. Established timeliness goals for all aspects of the permit process.
5. Created dedicated residential and commercial teams.
6. Filled recommended positions by the 2022 workflow evaluation.
7. Developed a Training and Records division.
8. Conducted market compensation study for key positions.

Despite these improvements, a portion of both residential and commercial permits did not meet internal timeliness expectations. A focused sample of 48 building permits issued between July 1 and December 31, 2025, that experienced delays identified a few common challenges.

- **Staff Availability**: 77 percent (37 of 48 building permits) delays were associated with three factors—delays with intake, assignment of permit or plan reviewers.
- **Secondary Review:** 63 percent (30 of 48 building permits) required applicants to make revisions prior to approval leading to additional review cycles. Permits that require more than one review cycle are less likely to meet the original 40-day review target.
- **Implementation Challenges:** 17 percent (8 of 48 building permits) delays were related to recent implementation of the new permit application, DallasNow.

More than half the permits reviewed had two or more of these factors. According to management, delays in assigning permit review and application-related delays were connected with the transition to DallasNow. Management anticipates that delays will decline as staffing capacity improves, applicants submit complete plans, and staff become more familiar with DallasNow.

Criteria

- Dallas Development Services Department Performance Goals.
- *Standards for Internal Control in the Federal Government*: Principle 12—Implement Control Activities, Principle 13—Use Quality Information, Principle 16—Perform Monitoring Activities.

Recommendation(s)

We recommend the **Director of Department of Planning and Development**:

A.1: Continue to reduce delays by evaluating staffing availability for permit reviews.

A.2: Incorporate training for DallasNow to reduce errors in execution.

A.3: Improve building permit requirement guidance for applicants to reduce multiple review cycles.

Management Response

No	Concurrence	Action Plan	Implementation / Follow-Up Date
A.1	Agree	The Department of Planning and Development (PDV) recognizes the overwhelming majority of system implementation projects experience challenges that can contribute to issues such as delays. Accordingly, PDV will develop formal goals based on the median number of days to issue a permit for each of the six permit types, building upon the Department's existing permit performance goals. Periodically, PDV will assess its performance against the goals to determine if actual performance or the trend is acceptable to management. The assessment will include a formal decision that the current process is acceptable or a recommendation for PDV to take additional measures, such as increased staffing or training of employees.	12/31/2026 / 3/31/2027
A.2	Agree	PDV will work to enhance monitoring, likely through additional manager-level exception reports to identify potential delays earlier in the process. PDV will develop additional guidance and training to address the cause of these issues.	3/31/2027 / 6/30/2027

No	Concurrence	Action Plan	Implementation / Follow-Up Date
A.3	Agree	PDV will improve guidance to applicants, such as through a checklist, website enhancements, etc. to reduce multiple review cycles.	9/30/2026 / 12/31/2026

Observation B: Permit Benchmarking

Risk Rating: ● Moderate

Since 2022, the Department of Planning and Development has not benchmarked its performance metrics against peer and surrounding cities because management had concerns about the differences in permitting processes, zoning requirements, and imperfect comparability (not a one-to-one comparison). Although benchmarking does not always provide for one-to-one comparison, not performing periodic assessments limits the ability to improve efficiency and strengthen internal and external practices.

The Office of the City Auditor performed an analysis of peer and surrounding cities to update the 2022 status. Based on the audit analysis, Dallas's permitting performance was generally within the range of the other cities reviewed during the period. Cities with practices that may warrant further review include Fort Worth and Arlington, which had the highest number of permits issued per full-time equivalent position, and San Antonio, which had the shortest residential permit processing times.

The analysis included permitting data between July 1, 2025, and December 31, 2025. Building permit data was obtained from public data sets or directly provided by the cities. The cities were selected to include five municipalities in the Dallas-Fort-Worth area and the four other largest Texas cities. See Methodology section for details on how benchmarking was completed. See **Exhibit V** and **Exhibit VI** in Appendix A for benchmarking results.

Best practices published by the Federal Permitting Improvement Steering Council for Fiscal Year 2025 recommend developing performance metrics that support comparisons with other entities. Benchmarking compares organizations with peers to identify areas for improvement and competitive advantages.

Criteria

- Federal Permitting Improvement Steering Council recommended best practices for Fiscal Year 2025.
- *Standards for Internal Control in the Federal Government:* Principle 16—Perform Monitoring Activities.

Recommendation(s)

We recommend the **Director of Planning and Development**:

B.1: Perform benchmarking of peer and surrounding cities on a scheduled basis for comparative information.

Management Response

No	Concurrence	Action Plan	Implementation / Follow-Up Date
B.1	Agree	PDV will define performance measures and select peer cities to perform periodic benchmarking against.	3/31/2027 / 6/30/2027

Background

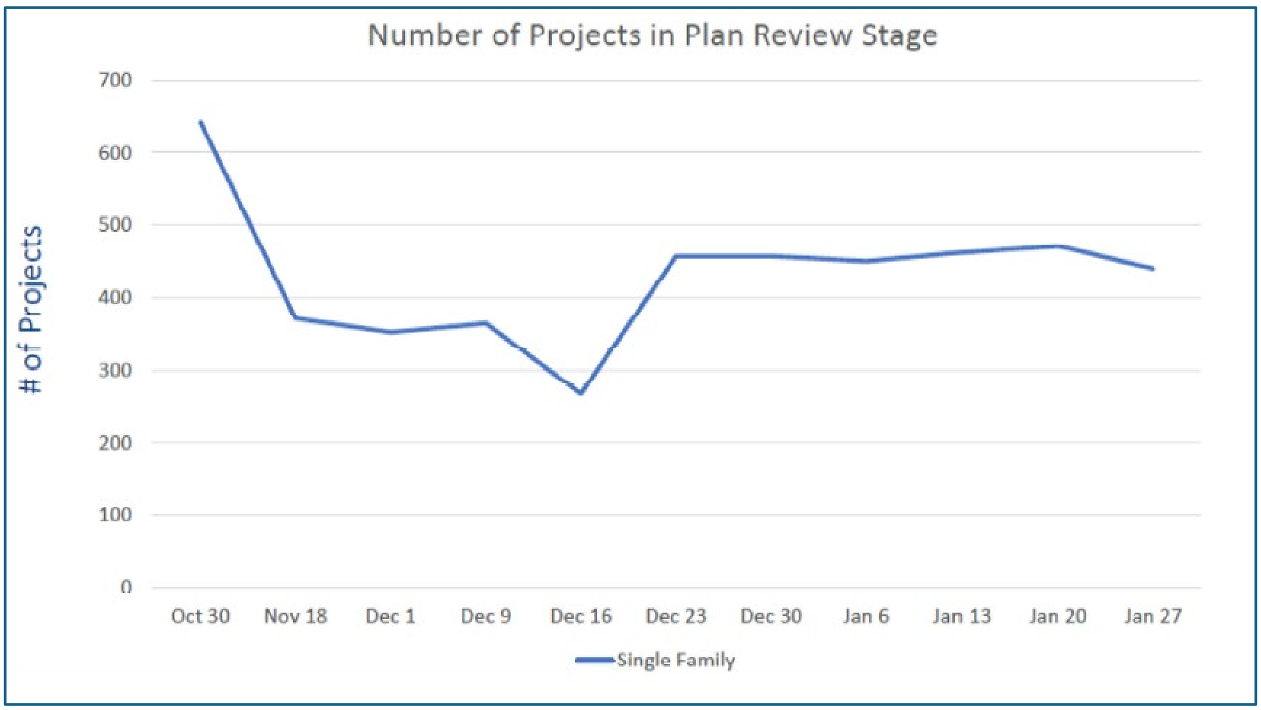
The Department of Planning and Development, formerly called Department of Development Services and Planning and Urban Design, used two applications to complete permitting process. ProjectDox by Avolve was used to complete plan review, the second stage of the permit process as shown in **Exhibit IV** in Appendix A. Posse was the primary permitting application used to issue permits, retain records, track progress of permit issuance and calculate permitting fees.

During COVID-19, restriction of in-person visitors to the permit center limited the City's ability to take permits through Posse, as Posse was not set up for online processing. The City worked to integrate ProjectDox into Posse to enable online processing. However, this was inadequate.

- Staff training on ProjectDox was incomplete.
- Customers without training and knowledge of ProjectDox struggled to use it effectively.
- High volumes stressed the Department's and system's ability to review permits quickly.

As the COVID-19 pandemic progressed, permit requests increased but City was unable to match demand with capacity. This resulted in a backlog of permits between April 2020 and May 2020 in plan review that continued into January 2021 and June 2021 as shown in **Exhibits I** and **II.**

Exhibit I – Number of Single Family Permits For First Plan Review



Source: Department presentation dated May 18, 2022.

Exhibit II – Number of Commercial Permits for First Plan Review

Date	Number of Permits for First Plan Review
February 24, 2021	696
March 31, 2021	782
April 29, 2021	898
Mid-May, 2021	1,141
June 1, 2021	939

Source: Department memorandums submitted to the Economic Development Committee February 26, 2021, through June 4, 2021.

In response to the permit backlogs, Matrix Consulting Group was awarded a contract to perform a workflow evaluation of the permitting process in early 2021. The study was focused on an assessment of the department key issues including:

- Technology Assessment
- Staffing levels
- Business workflows

Using the recommendations in the report, the City implemented eight recommendations which included implementation of a new permit application, DallasNow, through the vendor Accela. DallasNow was implemented in full in May 2025.

In addition, the Department of Planning and Development has also started a Business Resources Center for customers to receive training and access business services to succeed, such as notary services.

Permit Approval Stages

There are three stages of permit approval:

- **Stage 1 – Prescreen Review –** This stage begins when the applicant uploads their permit application and ends when the initial fees have been paid.
- **Stage 2 – Department Review –** This stage begins when the initial fees have been paid and ends when the department reviews have been completed and permit is ready for the final approval process.
- **Stage 3 – Post Review –** This stage begins when all department reviews are completed and permit is ready for final approval. This stage ends after final fees have been paid and applicants have been issued approved plans.

See **Exhibits III** and **IV** of Appendix A for an illustration of the permit process.

Methodology

The audit methodology included: (1) interviewing personnel from the Department of Planning and Development; (2) reviewing procedures, applicable Administrative Directives, and best practices; (3) examining the timeliness and approval process of a sample of 48 permits; and (4) benchmarking City permit performance against eight peer cities and surrounding cities in the Dallas-Fort Worth-Metroplex. Benchmarking included publicly available data, public information requests, and specific requests to the peer and surrounding cities. In addition, all five components of Standards for Internal Control in the Federal Government were considered.

Benchmarking Methodology

The Office of the City Auditor compared data for nine cities. The analysis excluded certain factors to improve comparability across cities and their processes.

- Permits opened and issued between July 1, 2025, through December 31, 2025, after DallasNow implementation.
- Permits that took longer than six months to issue were excluded. This decreased average permit approval time and volume of new commercial permits included for Dallas. This decision was made to provide consistency in the data and exclude permits that might have been migrated into the new system from the legacy system that expired May 2025. This methodology had the greatest impact on commercial new construction permits, which typically take longer.
- The extent other cities use third-party review firms to supplement staff was not determined. For example, Fort Worth and Houston use third party reviewers while Dallas does not.
- Dallas internal performance measures exclude time applicants spend resubmitting plans and paying fees. To improve comparability, this analysis included applicant time for all cities.
- The data for all cities to the extent possible were limited to building permits excluding other structures like new foundations and garages.

Exhibit V shows the selected cities reviewed for benchmarking for what the permit volume was for each city, full-time equivalents available for plan review and by permit volume.

Exhibit VI shows the average days the cities take to issue a building permit.

Government Auditing Standards Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

Report Classification

Final Report – For Public Use

This report is a product of the Office of the City Auditor and is issued in accordance with the Texas Public Information Act (Texas Government Code, Chapter 552).

Major Contributors

Daniel Genz, CIA, CFE, CISA — Engagement Manager
Kenneth Elliott, CPA, CFE — In-Charge Auditor
Matthew Cheadle, CIA, CFE, CGAP — Auditor

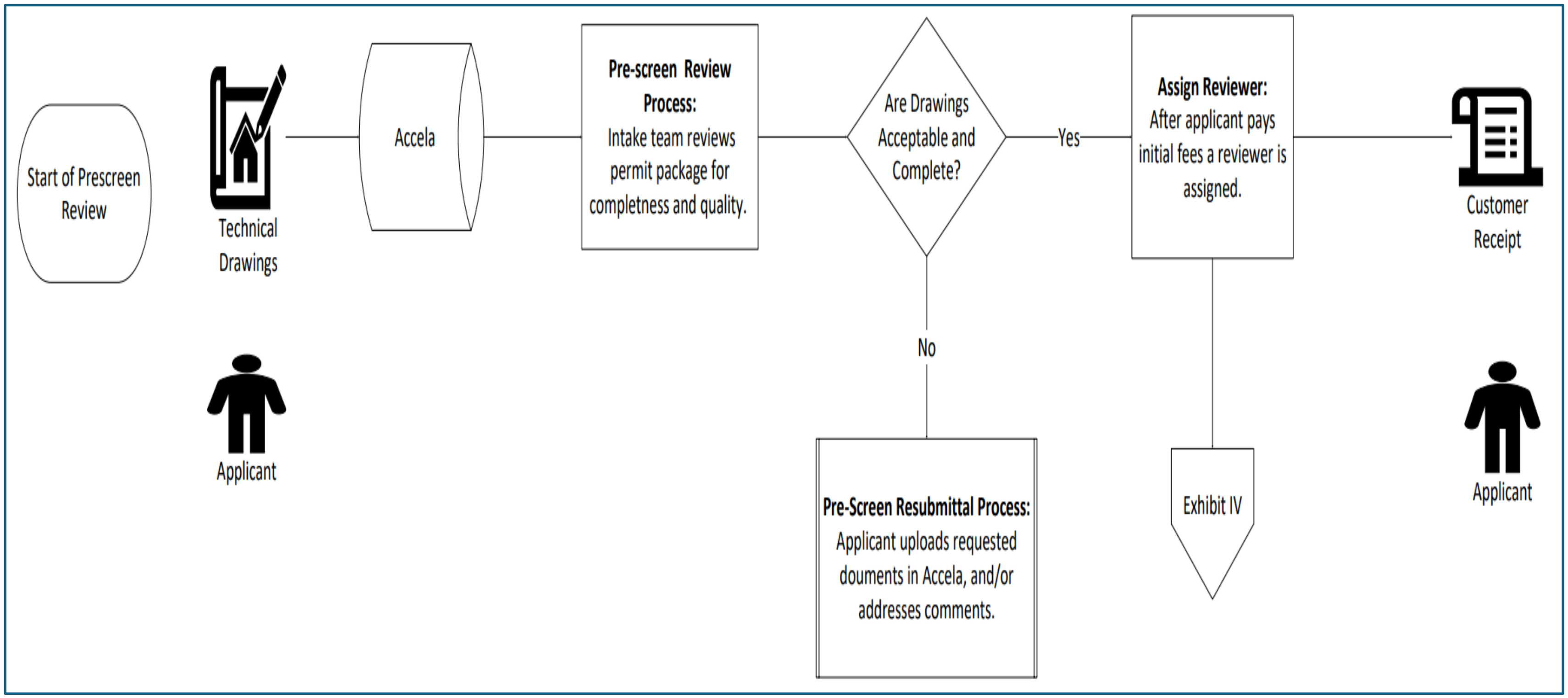
Appendix A – Permit Process and Benchmarking Details

Dallas describes its permitting process in documented policies and procedures. See **Exhibits III** and **IV** for flowcharts of the permitting process by stage.

The Office of the City Auditor compiled permit data from eight Texas cities to compare Dallas performance. See **Exhibits V** and **VI** for benchmarking data for specific residential and commercial permit types for the period of July 1, 2025, through December 31, 2025.

Exhibit III – Prescreen Review

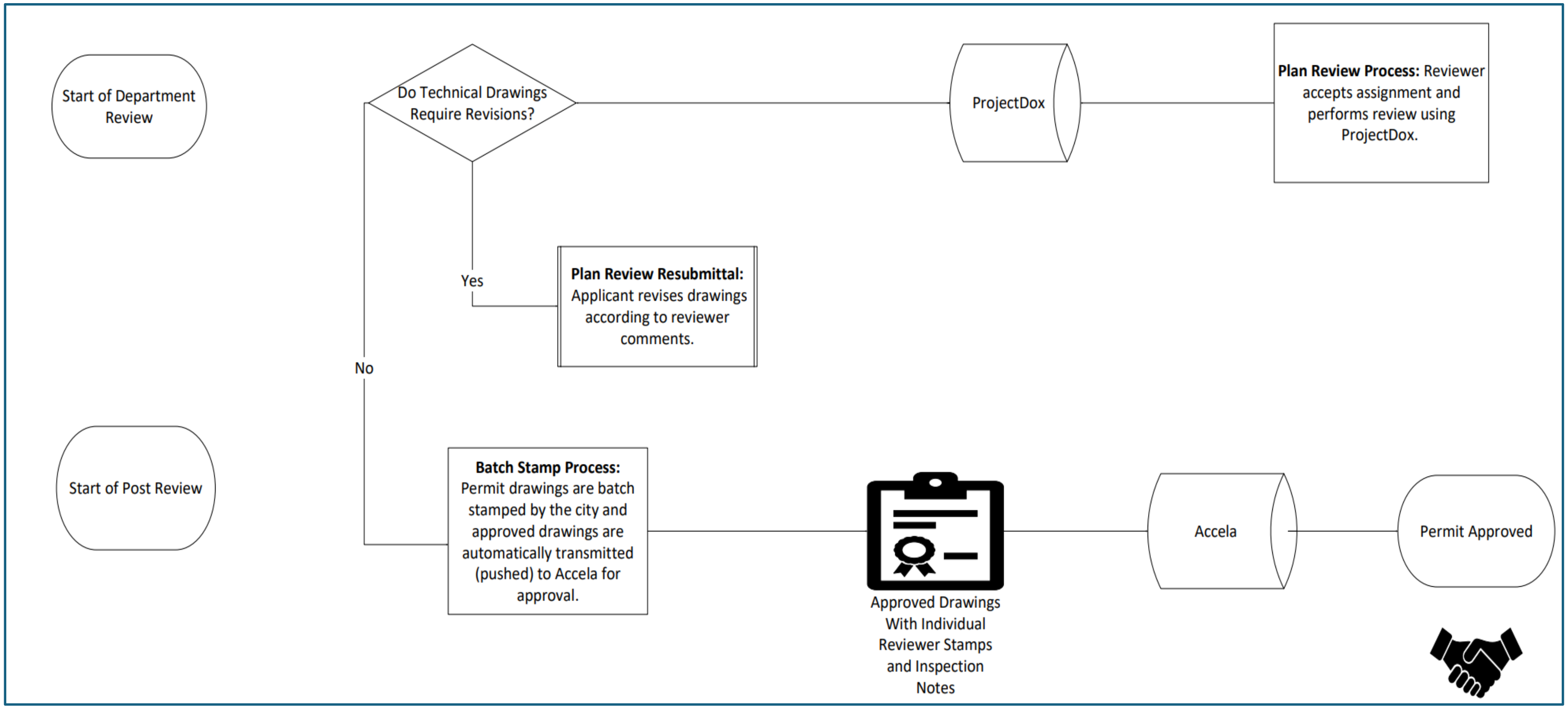
Building permit submittals are paperless. Applicants use Accela to submit permit applications. Department of Planning and Development Intake Team reviews permit package for completeness and quality.



Source: Office of the City Auditor analysis of Planning and Development process documentation.

Exhibit IV – Department Review and Post Review

Plan Reviewers accept and conduct review assignments in ProjectDox. If multiple cycles of reviews take place, the Plan Reviewers uses ProjectDox to communicate with the applicant and request changes. Plan Reviewers apply individual reviewer stamps to plans. Reviewers and Intake members batch stamp overall drawings and issue approved drawings.



Source: Office of the City Auditor analysis of Planning and Development process documentation.

Exhibit V: Building Permit Volume, Plan Review Full Time Equivalents, and Volume Per Full Time Equivalent

Permit Type Issued	Arlington	Prosper	Irving	Grand Prairie	Austin	Fort Worth	San Antonio	Houston	Dallas	Dallas Ranking Among all Nine Cities
Residential New Construction	236	141	25	94	418	1,350	1,230	1,188	785	4
Commercial New Construction	30	16	1	4	245	152	25	110	15	7
Commercial Remodel	141	14	150	27	811	237	223	1,048	785	3
Commercial Addition					3	6	7		38	1
Total Permit Building Permit Volume	407	171	176	125	1,477	1,745	1,485	2,346	1,623	3
Plan Review Full Time Equivalents*	7	4	11	6	56	26	N/A	74	65	2
Volume Per Full Time Equivalent*	58	43	16	21	26	67	N/A	32	25	6

Source: Building permit data obtained directly from cities and/or readily available public data.

*This data does not include the use of third-party reviewers to evaluate permits.

Exhibit VI: Average Days for Building Permit Issuance

Permit Type Issued	Arlington	Prosper	Irving	Grand Prairie	Austin	Fort Worth	San Antonio	Houston	Dallas	Dallas Ranking Among all Nine Cities
Average Days for Residential New Construction	25	21		47	55	25	16	59	28	6
Average Days for Commercial New Construction	59	60	94	91	31	29	81	59	68	6
Average Days for Commercial Remodel	37	32	25	43	38	30	46	47	29	2
Average Days for Commercial Addition					65	47	71		36	1

Source: Building permit data obtained directly from cities and/or readily available public data.

Appendix B – Acknowledgement Letter

Audit of Permit Process

Acknowledgement Letter begins on the next page.

Memorandum

CITY OF DALLAS

DATE: June 24, 2026

TO: Mamatha Sparks – Interim City Auditor

SUBJECT: Response to the Audit of Permit Process

This letter acknowledges the City Manager's Office received the *Audit of Permit Process* and submitted responses to the recommendations in consultation with the Department of Planning and Development (PDV).

PDV appreciates the work of the auditors and their recommendations for enhancing the permitting process. PDV is pleased that the audit acknowledges the significant progress PDV has made in relieving high-volume queues and reducing delays.

Further, PDV would like to note that the audit period (July 1, 2025, through December 31, 2025) coincided with the implementation of a new permitting system. As typically occurs, this transition presented significant operational challenges and required the temporary reassignment of staff from their regular duties to support critical implementation activities, including the manual migration of approximately 5,000 permits to the new system, the recreation and linkage of more than 10,000 contractor licenses, and additional customer support. These implementation activities affected staff capacity and had a significant impact on the timely issuance of some permits during the audit period.

Additionally, PDV has been meeting with peer city executive leadership teams to exchange information, collect comparative data, and identify operational best practices. The department has also participated in industry benchmarking initiatives and reviewed external studies and best-practice research, including the City of Boston's 2026 Performance Management and Benchmarking Study. To further formalize these efforts, PDV has developed and distributed benchmarking surveys to peer jurisdictions to gather permitting performance metrics, process information, and operational data for comparative analysis.

While PDV will continue to incorporate benchmarking as it establishes its own performance measures, it is important to note, as discussed with peer cities, that there are significant limitations to benchmarking because jurisdictions are not directly comparable; specifically:

- Permitting methodologies and review structures differ significantly;
- Third-party review utilization varies substantially;
- Applicability of zoning laws; and
- Diverse benchmarking calculations (e.g., calendar days versus business days, including or excluding applicant response time, etc.)

Despite these limitations, PDV sees value in each audit recommendation and agrees to:

- Evaluate if permit processing time is acceptable, and if not, take additional measures, such as increased staffing or training of employees;
- Enhance monitoring to identify potential delays and develop guidance and training to address the cause of delays;
- Improve guidance to applicants, such as a checklist, to reduce multiple review cycles; and
- Perform periodic benchmarking against selected peer cities.

The department has made progress toward addressing the audit recommendations and continues to evaluate opportunities for further improvement. The department will continue to focus on operational excellence, customer service, technology optimization, training, and benchmarking to support sustained improvement and enhanced service delivery.

Please let me know if you need additional information.

Service First, Now!

Sincerely,

Kimberly Bizor Tolbert
City Manager

C: Jack Ireland, Chief Financial Officer
Robin Bentley, Assistant City Manager
Emily Liu, Director, Department of Planning and Development