

**SEMINOLE COUNTY  
PLANNING & DEVELOPMENT**

**BUILDING AND FIRE PREVENTION DIVISION  
AUDIT**

**January 29, 1996**

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January 29, 1996

The Honorable Dick Van Der Weide  
Chairman  
The Board of County Commissioners  
Seminole County, Florida

Dear Mr. Chairman:

I am pleased to present you with the attached audit report of the Seminole County Building and Fire Prevention Division.

Fieldwork for the audit took place between August 8, 1994 and January 20, 1995; the draft report was completed and issued on August 18, 1995; management's response to that draft was received on September 29, 1995; and the audit comment was prepared on January 8, 1996. The audit was conducted in accordance with generally accepted government auditing standards.

County Management's responses to the audit findings and recommendations and our comments relative to their comments are included in the body of this report. County Management's cover letter, which accompanied their responses, and our comments follow the report.

I appreciate the cooperation of County personnel during the course of the audit.

With warmest personal regards, I am

Most cordially,

Maryanne Morse  
Clerk of the Circuit Court  
Seminole County

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## **DISTRIBUTION**

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To            Dick Van der Weide  
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cc:            Sandy Wall

**SEMINOLE COUNTY**  
**PLANNING & DEVELOPMENT DEPARTMENT**  
**BUILDING AND FIRE PREVENTION DIVISION AUDIT**

The Internal Audit Department has completed an internal audit of Seminole County's Building and Fire Prevention Division.

**PURPOSE**

The purpose of the audit of Seminole County's Building and Fire Prevention Division was to determine if the procedures and controls exercised over the processing of building permit applications, the issuance of building permits, the charging and collection of permit related fees, and the associated inspection process are appropriate and provide satisfactory levels of administrative and financial control and accountability and comply with applicable state statutes and local ordinances.

**BACKGROUND**

The Building Division of Seminole County's Planning and Development Department was created by resolution of the Board of County Commissioners on February 25, 1975. On April 5, 1993, it became the Building and Fire Prevention Division when certain fire prevention responsibilities were assigned to the Building Official under Seminole County Ordinance 93-4. The Division is charged with protecting the health, welfare and safety of the citizens of Seminole County through the enforcement of state statutes and county ordinances regulating new construction and existing buildings and structures.

The Division is organized around the operational functions of application and permit processing, plans examination, building and fire safety inspections, and code compliance and enforcement. Division responsibilities include:

- Issuance of building and hazardous use permits;
- Collection of permit, reinspection, contractor registration, and other miscellaneous fees;
- Inspections of new construction and existing structures;
- Condemnation activities;
- Investigation of complaints regarding building and fire code violations;
- Registration of contractors to ensure they are properly licensed; and
- Maintenance of both hard copy and computerized administrative, operational, and regulatory documents and records.



## **BUILDING & FIRE PREVENTION DIVISION AUDIT**

### **SCOPE**

The scope of our internal audit coverage included:

- Reviews of the enabling Florida Statutes and Seminole County ordinances, resolutions, and building and fire safety codes for key criteria for compliance testing and evaluation;
- Analytical reviews of the procedures, controls, and associated records of the Building Division's major operational areas:
  - ⇒ Application/permit processing,
  - ⇒ Cash control and security,
  - ⇒ Processing of daily cash receipts, bank deposits, and fee refunds,
  - ⇒ Inspections,
  - ⇒ Complaints and code violations,
  - ⇒ System security and control, and
  - ⇒ Fire safety code compliance;
- Detailed examinations and testing of hard-copy and computerized permit and inspection related records, and the associated fees assessed;
- Discussions with key personnel regarding division operations and responsibilities; and
- Other such auditing as considered necessary under the circumstances.

The internal audit fieldwork was begun August 8, 1994 and completed January 20, 1995. The audit was conducted by Julie Watermolen and Paul Wise.

### **OVERALL EVALUATION**

It is our opinion, based on the overall results of our internal audit of the Building and Fire Prevention Division, that the procedures and internal controls exercised over the division's activities and records are not adequate to provide a satisfactory level of administrative and financial control and accountability and assure compliance with applicable state and local legislation.

The following details our audit findings and recommendations for corrective action.

## BUILDING & FIRE PREVENTION DIVISION AUDIT

### Finding No. 1

#### **Procedures and controls are not adequate to ensure the integrity of the building plans review process and the accuracy of the corresponding records.**

Before a permit can be issued, the application and building plans are routed to the various plans examiners for their review based on the nature of the construction (e.g., commercial, residential, remodel). If approved, an application routing form is signed and dated by the examiners and entered into the building system to document their review and approval of the plans. If an examiner cannot approve the plans as submitted, the applicant is contacted and advised that the application has been rejected and the reason why. After all the required reviews are performed and approvals obtained, the application, routing form, and plans are returned to the permit technicians who inform the applicant that the application has been approved and a permit can be issued.

Our examination of this process determined numerous discrepancies regarding special approval documentation. In our test sample of 50 application/permit packages, we noted a number of differences between special approvals sign-offs and dates recorded on the application routing form and the corresponding information entered in the system records. For example, we found that:

- 12% had approvals indicated on the computer system but not indicated on the routing form;
- 4% had approvals indicated on the routing form but not on the system; and
- 20% had differences between approval dates indicated on the routing form and the dates indicated on the system.

The Deputy Building Official explained that these discrepancies were probably the result of the permit technicians completing the special approvals so a permit could be issued. Apparently, an applicant will show up to pick up a permit and the technician waiting on him finds that the required approvals have not been completed on the computer system record. Since the system will not allow the permit to be printed unless all required approvals have been recorded, the technician will sign them so that the permit can be generated and the applicant doesn't have to wait or come back at a later time.

## **BUILDING & FIRE PREVENTION DIVISION AUDIT**

### **Recommendations**

To safeguard the integrity of the plans review process, we recommend that procedures be implemented to ensure that:

- Only the plans examiners enter their approvals of the building plans into the computer system; and
- The permit technicians verify that all required examinations and approvals have been completed and documented on the system before a permit is issued.

Although both the routing form and the system provide evidence of proper accountability over the plans review process, the key record is the documented approval on the computer system. Eventually, if procedures are implemented to ensure that the plans examiners approvals are entered into the computerized building system, the routing form could possibly be eliminated.

### **Management Response**

The computer record is the record of a plan review not a routing sheet. As recommended, the routing form will be eliminated when the team concept moves are completed and reviewers are co-located in the same area. Procedures for plan examiners to enter their information into the record have been made. Permit techs will be issuing express permits (i.e., fences, sheds, etc.) that have only one final inspection and these permits will be issued at the counter. The previous practice of completing sign-offs will be discontinued since the team concept will eliminate the delay of routing the form back to another department just for computer input.

### **Audit Comment**

We assume these procedures will ensure that the plans examiner who performed the specific examination will document his review and approval on the computerized Building system and that all required examinations and approvals will be completed and documented on the system before a permit is issued.

Regarding express permits by permit technicians, Florida Statute 468.607 specifies that “no person may be employed by a state agency or local governmental authority to perform the duties of a building code administrator, plans examiner, or inspector” without being properly certified to perform such duties. It would appear that allowing permit technicians to issue permits without a review of the plans by a certified plans examiner may be a violation F.S. 468.607.

## BUILDING & FIRE PREVENTION DIVISION AUDIT

### Finding No. 2

**No independent verification is made to determine that the information supplied on a permit application agrees with the construction plans submitted, or that the fee calculations are accurate and entered into the system correctly.**

For commercial construction, sub-contractor permit fees must be annually calculated (residential construction permits have flat fees so no calculations are necessary). The electrical subcontractor fee is based on the type and number of electrical installations; the mechanical subcontractor fee is based on the valuation of the mechanical work; and the plumbing subcontractor fee is based on the number of traps. This information, provided by the applicant on the application, is used by the permit technicians to manually calculate the permit fees charges. The fees are then entered into the computerized Building system records.

No independent verification is made to determine if the information supplied on the application agrees with the plans submitted, or that the technicians' fee calculations are accurate and entered correctly. We found the following discrepancies in our test sample of 50 permit packages regarding the sub-contractor fees assessed:

- The electrical fees on four permits were calculated incorrectly, varying from a \$13 undercharge to a \$64 overcharge.
- The mechanical fees on two permits were calculated incorrectly resulting in an undercharge of \$10 each. The minimum charge of \$20 was assessed rather than the \$30 that should have been charged based on the valuation of mechanical work supplied by the contractor on the application.
- The plumbing fee on one permit was calculated incorrectly resulting in a \$10 overcharge.

### Recommendations

To ensure that subcontractor fees for commercial construction are calculated and input accurately in the building system, we recommend that:

- 1) The plans examiners, as part of their review procedures, compare the information supplied on the application to the construction plans and make any corrections necessary to ensure the accuracy of the information; and
- 2) Procedures be implemented for the independent verification of the fee calculation and input.

## **BUILDING & FIRE PREVENTION DIVISION AUDIT**

For a better long-term solution, the calculations of the subcontractor fees should be automated to eliminate the possibility of human errors and the need for independent verification.

### **Management Response**

The recommendation is to have the commercial plan examiner double check fees; to have the fee calculated automatically as a long-term solution, and an immediate program update for fee calculations. Our proposal is to simplify the fee structure (i.e. use a system similar to the calculation of fees for single family permits) and initiate the computer program update for fee calculations. The fee structure is scheduled for amendment concurrent with the 1995 Code updates this fall.

### **Audit Comment**

Simplifying the permit fee structure and programming the computer system to calculate the fees would appear to eliminate the need for independent verification. However, if any of the fees are based on information supplied by the applicant, verification of this information is still necessary to ensure the accuracy of the fee calculation and billing. An implementation date for programming the computer system should be established.

### **Finding No. 3**

**Adequate procedures are not in place to ensure that plan revisions and restamps are properly controlled and the associated fees collected.**

Original construction plans approved by the Building Division may be changed for a number of reasons after a permit has been issued. For example, an owner asks the contractor to make some design modifications or a building inspector finds variances at the construction site that require a revision. A "Revision or Additional Information" form is completed by the applicant and attached to the revised plans for routing to the plans examiners. The approvals, or rejections, and the associated fees for re-examining the new plans are noted on this form. A "restamp" is a process in which an additional set of stamped (i.e., approved) original plans are requested by the applicant. (The fee for the revision or restamp service is a flat \$35 fee for residential plans and \$5 per page with a \$35 minimum for commercial plans and fire safety review).

After the revised or restamp plans have been reviewed by the plans examiners and all approvals are completed, they are returned to the permit technicians who contact the permit holder and inform him of the plans (i.e., approved or rejected) and the fees due. Then the plans and attached revision form are filed in a drawer for pick-up by the permit holder. The fees due are not entered into the system until the plans are picked up.

## **BUILDING & FIRE PREVENTION DIVISION AUDIT**

Unfortunately, due to a lack of consistent follow-up with the permit holder by the building division personnel, the plans are not always picked up. Consequently, the permit could be closed and Certificates of Occupancy or Completion issued without the revision fees being entered into the system collected. There are also no procedures in place to prevent inspections scheduled under the original plans from taking place while revised plans are being examined or even if the revised plans are rejected by an examiner.

We examined 41 sets of revision/restamps plans in the holding drawer and compared them to the corresponding permit records system. Our examination determined that:

- Sixteen set, or 39% of our sample, had fees due totaling \$921. Of those 16, twelve had final inspections completed or Certificates of Occupancy issued; the other four had the corresponding permits voided.
- Nine sets, or 20% of our sample, had been rejected by the examiners, yet a Certificate of Occupancy had been issued or the final inspection completed.

### **Recommendations**

We recommend that procedures and controls be developed and implemented to ensure that:

1. The inspection process be halted when plans are submitted for revision or restamp, and that new inspections are scheduled as necessary based on the revisions;
2. The permit holder is contacted in a timely manner and informed of the status of his plans (i.e., approved or rejected) and the fees due, and that these contacts are followed up on when plans are not picked up; and
3. Fees owed for restamp or revision of plans are entered into the computerized building system to prevent the issuance of certificates of occupancy or completion until the fees are paid.

### **Management Response**

1. We do not recommend halting the inspection process until revised plans are submitted for revision and re-stamping unless the revisions are major items (e.g. change in structural design, exitways etc.). Approximately 50% of plans have some minor changes and to halt construction would unduly delay the construction process.

## **BUILDING & FIRE PREVENTION DIVISION AUDIT**

2. To provide better documentation, the process was changed to catch revisions by the plan examiner. Computer notes to revisions are made, a copy of revisions are transmitted to the chief inspectors and fees attached in the computer. The revision is added as a special condition, which will stop any CO issuance.
3. The County always contacts the applicant regarding the status of plans (approved/rejected). Fees are assessed when the applicant picks up the revised permit and/or prior to CO. Only those plans where the applicant/owner does not follow through with the change do not result in CO assessments. See response to finding No. 6 regarding voided applications.

### **Audit Comment**

1. If as stated, “approximately 50% of the plans have minor changes”, then 50% of the plans submitted for revision have major changes that will impact both the plans review and inspection processes. It would seem prudent to have adequate procedures and controls in place over these processes to minimize the operational and financial discrepancies disclosed in the audit report.
2. It is not clear how adding the revision information, as a special condition in the computer record will ensure that fees are collected. Also, it is not clear if the chief inspectors will be advised when revision plans are rejected by an examiner.
3. The report indicates, based on the 41 sets of plans in the holding drawer we examined, that after the initial contact was made there was no additional follow-up. It is our opinion that once revision plans are in the possession of the Building division, it is their responsibility to continue to follow-up with the applicant as to the status of the construction project until resolved and to initiate collection of any fees due.

### **Finding No. 4**

**Fire Safety Fees may not be correctly assessed because there are no procedures and controls in place to ensure that the fees are calculated correctly based on the correct valuation or that they have been entered into the computer system accurately.**

Permit related fire safety fees are based on the valuation of the planned construction. A flat fee of \$92 is charged for commercial or multi-family construction valued up to \$262,860. For valuations in excess of \$262,860, a variable formula is used to assess fire safety fees. The fees are manually calculated by the Fire Plans Examiner and recorded on the application routing form. The form is forwarded to the permit technicians who input the fee into the building system. We noted the following internal control weaknesses in this process:

## **BUILDING & FIRE PREVENTION DIVISION AUDIT**

- Building plans are first reviewed by the Fire Plans Examiner, then the Commercial Plans Examiner. When the Commercial Plans Examiner changes a valuation based on his review, he does not inform the Fire Plans Examiner. Consequently, the fire safety fee is not recalculated to reflect the correct amount that should be charged based on the revised valuation.
- No independent verification is made to determine if the fire safety fees were calculated correctly by the Fire Plans Examiner, or that the fees were entered into the system accurately by the permit technicians. Calculation or input errors, intentional or unintentional, can be made and not detected.

### **Recommendations**

To assure the proper assessment and collection of fire safety fees, we recommend that:

- 1) Procedures be implemented to ensure that all construction plans, where the valuation has been changed by the commercial plans examiner, are re-routed to the fire plans examiner, and any other applicable examiner, for reassessment of fees;
- 2) An individual, such as a permit technician, be assigned to ensure that all applicable plans examiners have assessed the permit fees based on the correct valuation and have entered the fees accurately into the computer system; and
- 3) The computerized building system be programmed to automatically recalculate all permit fees, including the fire safety fee, based on the latest valuation entered into the system to ensure, in the most efficient way, the accuracy of the fees assessed.

### **Management Response**

The best way to address this issue will be to simplify the fee calculations and develop computer program enhancements, which automatically calculate fees (see response to finding No. 2). Note: As with finding No. 2, independent verification is costly and inefficient when looking at customer service.

### **Audit Comment**

We concur and encourage the development and implementation of programming to calculate fees automatically. However, until these changes are completed, the deficiency reported still exists and a temporary solution should be implemented.



## BUILDING & FIRE PREVENTION DIVISION AUDIT

### Finding No. 5

#### **Permit fees might not be assessed properly in cases in which a notice of code violation has been issued previously on a property.**

Prior to September 12, 1994, the fire inspectors had a manual system, separate from the computerized Building system, for tracking notices of code violation. If a notice of code violation was issued previously against an address listed on a permit application, County ordinance requires that all permit fees be doubled. Under this system, when the Fire Plans Examiner determined that an address had a citation, he would advise the permit technicians that fees need to be doubled by noting it on the routing form. The technicians would then access the application on the building system and double the fees. However, we found that this was not always done. On two permits in our test sample of fifty, only the fire fee was doubled. No procedures were in place to ensure that the Fire Plans Examiner checked for a Notice of Code Violation on an application, properly communicated it to the permit technicians when found, or that the permit technicians doubled all the permit fees as required when advised to do so by the Fire Plans Examiner.

All notices of code violations issued by fire safety inspectors after September 12 are now entered into the Building Division's complaint system. The system will automatically "red flag" the permit screen to indicate that the permit fees should be doubled whenever an address on a permit application has a corresponding notice of (fire) code violation recorded. However, the address on the application and the address on the notice must match exactly or the system will not recognize that it is the same address. Notices of code violations issued prior to 9/12/94 have not been entered into the complaint system and must be reconciled manually with the new system. Although automating the notices of code violations checking process is an improvement, there are still no assurances that discrepancies between permit applications and notices will be identified and corrected or that the permit technicians' will detect a flagged permit screen and adjust the permit fees accordingly.

### Recommendations

To ensure that all permit fees are properly calculated and assessed on permit applications for properties where notices of code violations have been previously issued, we recommend that:

- 1) All the outstanding notices of code violations be entered on the new automated complaint system;
- 2) Programming be initiated to improve the computerized matching routine, and to automatically double the fees where applicable; and

## **BUILDING & FIRE PREVENTION DIVISION AUDIT**

- 3) Procedures be implemented to ensure that flagged permits are scrutinized by the permit technicians and the fees adjusted accordingly as required by County ordinances.

### **Management Response**

The system was corrected in September 1994 to identify all properties that have received notices of violation. If a flagged address applies for a permit in response to a notice of violation, the screen flashes a red tag, which alerts the permit technician that this is a double fee issue. To take any further guesswork out of the system the computer should be enhanced on the red flag to automatically double fees without permit technician input. However, as long as there are differences in addresses in the field and the addresses in the 911 system this issue will not be resolved. Note: Readdressing is a continuous program that would require an additional 3-4 full time staff to resolve discrepancies within a 3 year timeframe. Due to competing priorities staffing and fiscal restraints, the department is on a 5-10 year time frame for 90% resolution.

### **Audit Comment**

A 5-10 year time frame for resolving the re-addressing problem does not appear to be reasonable.

### **Finding No. 6**

**The voiding of permit applications is not adequately controlled to provide a sufficient level of accountability and ensure the integrity of the associated records.**

Although there are no formal procedures for reviewing open permit applications, the permit technicians periodically review and void open applications in the computerized building system. Our review determined that this process is not adequately controlled and documented to provide for accountability and appropriate audit trails as to why an application was voided and by whom. No supervisory oversight is performed to selectively test voids for validity. At Internal Audit's request, a special report was generated by Computer Services that indicated that 258 permit applications, or 28% of the sample, did not have an actual hard copy application on file; and 12 voided applications in the files, or 5% of the sample, were not listed on the report. We were informed that these applications were probably submitted for projects in Seminole County municipalities that required a permit from that municipality rather than the County and the application number was reused by the permit technician for a new project.

## BUILDING & FIRE PREVENTION DIVISION AUDIT

### **Recommendations**

We recommend:

- 1) A formal plan be developed to periodically review and investigate open permit applications and procedures implemented to ensure that the reason for voiding an application is documented and that the hard copy is retained in the division's files; and
- 2) Application numbers not be reused to ensure the integrity of the records.

### **Management Response**

The computer is programmed to automatically void applications at six-month intervals. The applications voided by the system are coded and voided by the program. A procedure for reviewing voided applications has been implemented by the Permits and Records Manager and Deputy Building Official. With respect to reusing application numbers, this can not be done as they are assigned by the program system.

### **Audit Comment**

Internal Audit noted that permit technicians were manually voiding applications and were not using the report that initiates the computerized voiding process. Regardless of how the application is voided, it should be reviewed to ensure that construction has not taken place without a permit being issued.

We understand that application numbers are automatically assigned by the computer system. The discrepancy noted was that there are voided applications in the division files that are not recorded in the system. Management needs to ensure that the Division's input records (i.e., the applications) agree with the computer systems records.

### **Finding No. 7**

**Open, inactive permits due to be automatically voided by the computerized building system are not sufficiently monitored and investigated.**

Permits may be voided at the request of the owner/contractor, or automatically voided by the building system after 180 days of system inactivity. After 150 days of inactivity, a computer-generated card is mailed informing the permit holder that the permit will expire in 30 days. Except for permits for re-roofing, no procedures are in place in the Building division to monitor, control, or selectively follow-up on inactive permits that are due to be voided by the system.

## **BUILDING & FIRE PREVENTION DIVISION AUDIT**

A sample of 50 voided permits was selected for examination from a computer-generated report of 2,379 voided permits from January 1, 1993 through October 6, 1994. Our review revealed that 13 permits, 26% of our sample, had final inspections completed but were voided without any explanation instead of closed. Of the other 32 voided permits in our sample, we found that 40% of them had discrepancies that should have been investigated:

- Four had reinspection fees owed totaling \$220;
- Four failed to pass all inspections and had been rejected, the fees were paid but there was no indication that the reasons for the rejection was ever satisfied;
- Eleven had some, but not all, of the required inspections completed; and
- One was for a project that had a Notice of Code Violation issued against it, although there was no documentation to indicate that any inspections were performed.

### **Recommendations**

Internal Audit recommends that:

- 1) Procedures be implemented to review and investigate all open, inactive permits after the computer-generated cards are mailed to the permit holders informing them that their permits will expire in 30 days. The results of the investigations and final dispositions should be recorded in the permit records in the Building system.
- 2) Internal controls should also be implemented to ensure that all permits that had final inspections completed are properly closed on the system rather than voided.

### **Management Response**

The computer program that voids permits requires enhancements. As it reads only that a CO was issued and uses this identifier to determine if a project is complete. Many permits that are issued do not require a CO (e.g., sheds, roofing, fences, docks, etc.). This has caused the report of voided permit activity to be misrepresented. A request to enhance this program has been initiated. A written procedure to investigate all voids is now in place (see response to Finding No. 6) (Note: The building business is a volatile business due to contract disputes, contractor pull outs, job changes and license issues, among other.) To investigate every single void would create an excessive amount of

## BUILDING & FIRE PREVENTION DIVISION AUDIT

work that current staff could not keep up with. The focus has been on work proceeding. The computer program when enhanced will be more accurate because the voided permit numbers will be reduced approximately 60-75% by reading final inspections only.

### Audit Comment

Management's response is confusing and indifferent. It does not address the control weakness reported; i.e., that open, inactive permits are automatically voided by the computer system instead of being properly investigated and closed.

### Finding No. 8

**Physical security and cash handling procedures and controls in the Building division are not sufficient to properly safeguard cash receipts and cash drawer funds and to provide an adequate level of personnel safety.**

### Cashiering

Our review and examination of the Building Division's cashier function and fee processing procedures determined the following discrepancies and internal control weaknesses:

- There is no designated cashier for the cash receipts function. All the permit technicians in addition to the Permit & Records Supervisor and the Senior Permit Technician perform cashier duties throughout the course of day. Consequently, there is no segregation of duties and no fixed accountability over the handling of cash receipts including end-of-the-day cash balancing process.
- Voided cash receipts are not sufficiently controlled and accounted for. Therefore, cash is not adequately safeguarded. Building division personnel who perform cashier duties can void receipts. We found that although there are some procedures in place to control and monitor the voiding of cash receipts, they are rarely followed. Voided receipts and copies are not retained. The reason for voiding a receipt is usually not documented. Supervisory approval is not obtained. Void Receipt Audit Reports, which are automatically generated by the Building system whenever a receipt is voided on the cash register, are not consistently reviewed by supervisory personnel or retained in the division's records. Internal Audit obtained a computer generated report from Computer Services which listed 261 cash receipts voided between January 3 and September 28, 1994. The list was compared to the Void Receipt Audit Reports on file. We determined that:

## BUILDING & FIRE PREVENTION DIVISION AUDIT

- ⇒ The Void Receipt reports were missing for 25% of our sample (56 voided receipts);
  - ⇒ Of the 196 voided receipts (i.e., 75% of our original sample) that had a Void Receipt report on file, 88% did not have the reason for voiding it documented; and
  - ⇒ No original receipts (i.e., the pink copy that is given to the customer) nor any of the other receipt copies were retained and/or attached to the Void Receipt reports. We did find that 31 Void Receipt reports had the white receipts, which is irrelevant since the white copy is the one retained by the Building division for all cash transactions anyway).
- Cash receipts can be backdated. Consequently, the integrity of building systems cash receipts records are compromised and manipulation of cash transactions to cover internal theft could occur on a daily basis without detection. The Receipts Maintenance program allows a new receipt to be backdated. Therefore the receipts amount and number do not appear on the current day's business transactions as recorded by the Building Permit system transferred to County Finance's computerized records.
  - The Building division generates its daily cash receipts and transaction processing reports internally through the automated building system. The division staff performs the cash balancing and transactions accounting duties and prepares the bank deposit, which is delivered in a sealed package to County Finance. The accounting and balancing process is performed by one individual with no segregation of duties between the cash counting and deposit preparation and the balancing of cash receipts and the business processed. Daily cash overages and shortages are not recorded and monitored by the division management.

### Physical Security

Our audit coverage of the Building Division's permit related fees processing and cash controls procedures included reviews of the cashiering activities and the physical security measures over cash. Our review and observations determined the following weaknesses:

- The Building division's cashiering area does not provide restricted access to only authorized personnel. All Building division personnel have free access to the cashier area.

## **BUILDING & FIRE PREVENTION DIVISION AUDIT**

- The safe in which the cash receipts and drawer funds are stored during non-business hours is located in a closet/storage room in another section of the division's offices. This location has several access points from within the County Services building as well as direct access from the outside. The key to the closet/storage room is not secured and controlled. It is hung on hook in plain sight of all Building personnel.

### **Recommendations**

To provide for adequate segregation of financial related duties, properly safeguard cash receipts and drawer funds, and fix accountability over cash transactions, we recommend that:

- 1) A cashier and back-up(s) be designated with each having her own cash fund drawers for which they are responsible. No other individuals should have access to the cash register or the cash drawers.
- 2) The voiding of cash receipts be properly controlled and accounted for. This should include supervisory approval of a void, recording the reason on it, and retaining it with the daily transaction records.
- 3) The computerized building system be programmed to prevent the backdating of cash receipts.
- 4) The daily accounting and balancing process be segregated between two individuals. One individual would perform the cash counting and deposit preparation and the other person would balance the cash receipts and the business processed. Daily cash overages and shortages should be recorded and monitored by the division management.
- 5) The cashier area be sufficiently enclosed to limit internal access.
- 6) The safe be located in close proximity to the cash register within the secured cashier area.

### **Management Response**

The majority of the business is by check in the building division. A three-drawer cash register will be purchased and used which will narrow the accountability to the users by individual drawer. A cashier and two back-up cashiers will be assigned. Daily overages and under reports are currently signed off by management with a reason slated for each transaction.

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The backdating issue was put in place about a year ago to assist in speeding the inspection process. When sub-contractor fees are paid by the contractor he can sometimes specify the wrong trade, at times a technician may make an error on input. The receipt would be credited to another trade. At inspection time, the computer would not allow an inspection since then the trade permit did not show paid in the system. After research the supervisor would find the credit to the wrong account, to speed the process she would void the old receipt and make a new receipt for the correct trade. This was a difficult way to handle the situation but it speeded up the customer issue when the computer would not accept his inspection request. A correction method will be requested from computer services to properly provide a similar service with traceable correction information through finance.

A three-drawer cash register will be purchased to control and audit daily business, and a cashier assigned with two back-up cashiers. The two supervisory personnel will not be assigned cashier duties but will be responsible for auditing, approval of voids etc. in an effort to provide control and accounting.

The current safe location we feel is sufficient. We cannot provide better security than a locked room with controlled access. The key to the safe location is and was controlled. We recognize that in one instance it was observed outside the control due to staff error. The cashier area is limited to department personnel and access to the permit area is now controlled with a push-button combination lock. The cashier area is located with great public visibility but no public access. Access by permit techs is necessary to provide the best customer service.

### **Audit Comment**

We stand by our findings and recommendations.

### **Finding No. 9**

#### **Refunds of permit and/or impact fees are not sufficiently researched and documented.**

Refunds of permit and/or impact fees to contractors and owners are not sufficiently researched and documented to substantiate the refund amount. Refund documentation is prepared by the Building Official and forwarded to County Finance, who processes the request and issues the check. Although the documents submitted provide the support for what was paid by the contractor or owner, there is no independent verification to determine that the refund amount is valid and accurate based on permit processing and inspection activity as recorded in the building system records (which may indicate that only a partial refund is applicable).



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We also noted that one permit applicant was charged a \$50 deposit at the time of application. The actual permit fee amount was \$32.20, but the \$17.80 was not refunded.

### **Recommendation**

To provide for segregation of duties (a preventive control against erroneous refunds) and the necessary documentation to support the refund in the County's financial records, we recommend that, in addition to documenting what was paid by the contractor or owner, the permit activity be reviewed independently of the Building Official to ascertain that the requested refund amount is warranted (i.e., there is no indication that construction has taken place).

### **Management Response**

Division staff verifies that no construction has occurred before processing refunds. The fee schedule does not provide for a graded refund (only the deposit is retained). Having the Building Official independently verify that no construction has occurred for each refund is an inefficient use of resources given the minimum number of refunds issued each year.

### **Audit Response**

This is not what we recommended. In fact, we recommended just the opposite: that the permit activity be reviewed by someone other than the Building Official. We believe that an adequate level of financial and administrative control requires that the Building Official's involvement in the refund process be limited to initiating, and then reviewing and approving the refund request, after all the needed documentation has been gathered and the legitimacy of the refund has been verified.

### **Finding No. 10**

**New building permits are routinely issued to contractors and owners even though they still owe Seminole County payment of re-inspection fees from previous permits.**

A detailed review of the Inspection Rejections Address Labels Report (program BC306L), which identifies fees due by contractor/owner name and permit number, indicated that \$80,992 in fees were outstanding and uncollected for a 10 year period, August 28, 1984 to August 28, 1994. A second report dated sixteen weeks later (12/19/94) indicated that the total amount due had increased by \$11,148, or 13.8%, to \$92,140.

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We determined that the Building division has a process in place for identifying and collecting unpaid reinspection fees. The permit technicians review the hard copy inspection logs to identify fee(s) to be collected. Based on this information, they prepare and mail collection letters. However, it is our opinion that this manual process is time-consuming and not very effective. There are no computerized processes or reports (e.g., system-generated flags or exception reports) in place to assist with the collection effort to prevent the issuance of additional permits to contractors and property owners who have outstanding fees.

There are no plans for collecting the outstanding balance of fees due the County, nor has the total outstanding balance ever been reported to County Finance for recording in the County's financial records.

### **Recommendations**

We recommend:

- 1) The Building division management work with the County's Computer Services division to develop an automated process for identifying and billing contractors and owners who owe outstanding fees. We were advised by Computer Services that collection letters can be automatically generated by the computer system, and the Inspection Rejections Address Labels Report (program BC306L), which identifies fees due by contractor/owner name and permit number can be generated monthly for monitoring the collections process.
- 2) A copy of the last page of the Inspection Rejections Address Labels Report which has the total uncollected amount on it should be forwarded to County Finance for recording of the total balance due in the County financial records.
- 3) Research be initiated to determine if any measures can be taken to collect the reinspection fees due, and how uncollectible fees should be accounted for and/or written off.

### **Management Response**

As indicated previously, this finding is based on a ten-year period and not the current collection methods. In addition, the permit staff has a listing of contractors who owe funds to check against applications when made. These internal collection efforts have continued to result in an excellent collection rate. We have discussed this issue with Finance and Computer Services and the address label report will be forwarded each month to Finance for processing through the County collection agency for bad checks.

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### Audit Comment

We stand by the accuracy of our findings. During a sixteen-week period, from August 28, 1994 to December 19, 1994, uncollected fees increased \$11,148, or 13.8% of the original ten-year total. We don't believe this is indicative of an (excellent collection rate). Management, in fact, told us at the start of the audit that the collection of outstanding fees was a problem that they needed to address.

The only listing of contractors/individuals owing fees used by the permit staff, that we observed while conducting the audit field work, was a white board located in the permit technicians' area that never had more than five names written on it. Management was not aware that the computer generated Address Label Report, which lists all fees outstanding by contractor and individual, was available for their use. It is our evaluation that the action taken by management, i.e., the printing and forwarding of the Address Label Report "each month to County Finance for processing through the County collection agency for back check"(?), is only a single step and not a complete solution to this significant problem.

### Finding No. 11

**The Building Division's inspection records are not accurate and do not provide reliable audit trails of their inspection activities.**

The plans examiners establish the inspections required based on their review of the plans submitted by the permit applicant. When Inspectors visit the construction site, they may determine that a "required" inspection is not really necessary. However, there are no procedures in place to document this determination and update the inspection records on the computerized building system. Using our original sample of 50 closed permits as our sample base, we found that the system records indicated that 41 required inspections had not been performed for 18 permits, or 36% of our sample. After further investigation with the Deputy Building Official, it was determined that only one permit had required inspections to be done. The other 17 permits did not require the inspections listed, but they had not updated the system.

A sub-sample of 12 permits from the original 50 was used to review the inspection process. We traced and verified these inspections to the inspectors' log sheets used to document the results of their inspections. Based on the results of this examination, we believe that process of documenting actual inspections performed is reasonably accurate and reliable. But, given the discrepancies we found in the documenting of changes in status of "required" inspections, it is our conclusion that overall the Building Division's inspection records are not accurate and do not provide reliable audit trails of the division's inspection activities.

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### **Recommendation**

When an inspection scheduled on the system is determined to be unnecessary, it should be properly documented in the building division's system records that the inspection was not required and the individual who made the determination.

### **Management Response**

As stated, the process for documenting actual inspections is reasonably accurate and reliable. Complete documentation will require further enhancements to the AS400. This program enhancement is considered a relatively low priority but will be included in our work program for the upcoming year.

### **Audit Comment**

Internal Audit has concluded that overall the Division's inspection records are not accurate and do not provide reliable audit trails of the inspection activities because of the discrepancies found in documenting the change in status of inspections from "required" to "not required". The corrective action we recommended does not require further enhancements to the AS400 or Building system programming. This is not a systems problem; it is an administrative problem. When an inspection, scheduled on the system, is determined to be unnecessary, it should be properly documented in the Building Division's system records.

### **Finding No. 12**

**Inspector training and quality control over the inspection process require improvement.**

Based on our reviews all available Division documentation regarding supervisory control and accountability over the inspection process and related discussions with the chief inspectors and the Deputy Building Official, Internal Audit determined that improvement is needed in the areas of inspector training and quality control.

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### Inspector Training

The documentation (i.e., Chief Inspectors' Daily Duties/Responsibilities) received from the Deputy Building Official indicated that the Chief Inspectors are to schedule and hold half hour training sessions a minimum of once a month. We found no evidence that formal training plans have been developed within the division. Our discussions with the four Chief Inspectors (Building, Plumbing/Mechanical, Electrical, and Fire) determined that inspector training does take place, but it is not well organized and consistently done. Only one training session held in the past two years has been documented in the division records.

### Quality Control

From our discussions, observations, and testing, it is apparent that the Building division does not have a formal program in place to assure that inspections are performed, performed correctly, and that the inspectors are accountable for their actions. It is our opinion that:

- There is a lack of quality control techniques and methods for the inspection process; and
- The amount of time available for the chief inspectors to discharge their supervisory duties and responsibilities is limited because they spend a significant amount of time doing regular inspections and other necessary duties such as handling contractor disputes and mediating issues between owners and/or contractors and their inspectors.

Although some effort is made, we found the Building Division's commitment to quality control over the inspection process is limited and ineffective. According to the chief inspectors' Daily Duties and Responsibilities list, each chief inspector should review the previous day's inspections logs of their inspectors for inconsistencies and errors, check off each inspection, and initial the log to document their review. Our examination of a sample of inspection logs determined the following discrepancies:

- The Chief Fire Inspector reviews, but does not initial, the fire inspectors' logs;
- Thirty-six percent of the logs reviewed were not initialed by the appropriate Chief Inspectors; and
- None of the inspection logs that were initialed included the date the review was performed.

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Two other quality control techniques are employed by the chief inspectors: riding with each inspector to observe their work monthly and rotating territories each year. We believe that neither of these techniques, even when done consistently, are very effective unless they are combined with other more productive methods such as performing re-inspections to evaluate and document the quality of completed inspections and utilizing inspection rejections comparison reports to monitor inspector performance. Our review of the two methods used determined that the chief inspectors do not ride with and observe their inspectors each month. We were informed that:

- The electrical chief has not ridden with her inspectors for “several months or a year”, however, she does visit job sites after inspections have been done.
- The building chief periodically meets his inspectors in the field to resolve problems and observe how they handle inspections but does not ride with them.
- The plumbing/mechanical chief rode with each inspector three or four times last year.
- The fire safety chief rides with one inspector each week.
- All the chief’s inspectors usually make a written notation when a problem with an inspector’s work was observed. However, we did not find any documentation on file of their observations regarding their inspectors’ work.

Given that riding with and observing each inspector is applied inconsistently at best and rotating territory on an annual basis is too long a period to be very effective, in our opinion, we do not believe that these techniques provide any significant impact regarding quality control over the inspection process.

We found no evidence of active involvement by division management to insure the quality and consistency of the inspection process and provide individual accountability over inspection personnel. The chief inspectors’ inspection logs are not reviewed and approved by either the Deputy Building Official or the Building Official. And, even though the chief inspectors were given a written list of their daily duties and responsibilities by the Deputy Building Official, they are considered only guidelines and the chief inspectors are not held accountable for meeting them.

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When inspectors are out due to illness, vacation, or other reasons, the chief inspectors will perform the scheduled inspections in their place. It was also determined that the chief inspectors are routinely scheduled to perform a partial inspection route due to the inspection work load of the division which causes them to neglect some of their other duties. Internal Audit reviewed the chief inspectors' inspection logs for November 1 through December 6, 1994. All three of the chiefs, except for the fire safety chief, spent approximately half of their working days (24) doing an average of nine inspections per day. (The fire safety chief was not included in this review because his logs were incomplete and the time for fire safety inspections does not allow for valid comparison to the other chiefs' logs).

### **Recommendations**

Although Internal Audit does believe efforts are made to properly train and supervise the inspectors, and that the inspectors appear to have high standards and probably do a very good job, we can't quantify or validate these conclusions because there are no training and quality control plans and procedures in place, nor any documentary evidence to base them on. It is our opinion that the Building division's inspector training activities and administrative control procedures are not sufficient to provide an adequate level of quality control and accountability over the inspection process. We recommend that:

- 1) A formalized inspector-training plan be developed and training sessions be properly documented and maintained in the division's files.
- 2) A quality control program be developed and implemented to ensure the quality and consistency of the inspection process and provide individual accountability over inspection personnel. This program should include:
  - a) The review and approval of inspection logs by the chief inspectors with the date of the review noted and initialed.
  - b) The development and implementation of new quality control techniques, such as a re-inspection program by the chief inspectors to evaluate the quality of their inspectors work, and an inspection rejection comparison report for identifying variances outside the normal ranges for follow-up.
  - c) The consistent application by the chief inspectors of riding with each inspector to observe their work monthly and documented all observations for reference.

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- d) The rotation of inspectors' territories every six months. The rotation schedule should be documented with the date of rotation and new territory assigned.
- e) A review of the chief inspectors' inspection logs by either the Building Official or his Deputy on a regular basis.
- f) The development of a formal, written list of daily duties and responsibilities of the chief inspectors for which they are held accountable.

### **Management Response**

The chief inspectors are assigned an informal training program. However, no mandate has been made for them to document the training. In addition to the daily meetings with staff after the inspection day and discussions about inspection difficulties, the Chief Inspectors also perform inspections on a daily basis as a result of workloads, sick leave, and vacations. The Chief Inspectors also deal with all complaints concerning inspections. This gives them insight into the performance of each inspector. Formal training programs are held and these records (documented back to 1989) have been provided to the auditors.

We strongly disagree with statements such as the Division's commitment to quality control is limited and ineffective. Complaints from contractors about inspectors are checked by management and these issues are resolved through training or correction to the process. The Building Official and Deputy review field work in progress and the inspection reports on jobs. The Electrical Chief follows behind the inspectors on a continuing basis and reviews inspection quality. A recent ISO review of the department indicated that they found our operations to be one of the best in the state. While every single step may not be written down, documented and filed for future reference, quality control is continually monitored.

According to Tom Peters, quality control occurs best through the daily discussions about issues and informal process adjustments. The records for paid training programs are available through finance records of our purchases for this training. Our formal training sessions, by outside corporations, utilize sign in sheets. These sheets are on record in the building office. One of the best quality control programs is the outside contractors, builders, county management and Board members. Through these customers, department management receives constant feedback on how the field process is working. Monthly meetings with HBA committees also gives strong feedback on field issues.



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Specific recommendations (a-f) will be evaluated (among other techniques) this year as the Department transitions into teams. Specifically, the Inspection Team will be responsible for developing performance measures and the teams performance will be formally reviewed by the management team for reporting to the County Manager and the Board of County Commissioners as part of the quarterly reports.

### **Audit Comment**

We stand by our findings.

1. We did review the training records and sign-in sheets for training conducted by outside corporations dating back to 1989 and found the documentation to be minimal and incomplete.
2. We asked the Building Official for a copy of the ISO report. We were informed that a report has not been issued. Consequently, the claims made in the response regarding the ISO results cannot be substantiated.

### **Finding No. 13**

**The Building Division's complaint processing and code violation investigative activities are not sufficiently organized and controlled, and the associated system records are not adequately maintained to ensure their accuracy and completeness.**

Investigating complaints regarding Building Code violations and resolving code violations are the responsibilities of the Building division. Complaints are received from citizens and other county departments by division personnel. Code violations are also generated by the Building inspectors in the course of their work. Usually this information is entered into the complaint/violation records on the building system by the permit technicians. The information can also be entered by the Building Official, Deputy Building Official, or the Inspector designated in September, 1994 to handle complaints, arrange inspections with the property owners, and conduct on-site inspections. (Our review of computer system access revealed that a number of division employees have access to these records. See finding No. 14 for related comments).

All complaints received are investigated by an inspector. Complaints found to be without merit, are noted as such on the system and closed. When an inspector determines that a building or fire code violation has occurred, a Notice of Code Violation is prepared and posted at the property. Information relative to these code violation inspections are recorded in the computerized complaint/violation records. If corrective action, such as obtaining a permit, is not taken by the "satisfy by" date on the Notice, a certified Letter of

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Violation is sent to the property owner of record. If the code violation is not satisfactorily resolved during this stage, the enforcement process continues with an "Order to Show Cause" being sent by certified mail to the owner of record and may proceed through a formal hearing before the Code Enforcement board. Fines of up to \$250 a day can be levied by the Board. If a contractor is involved, they may be required to attend a hearing with the Seminole County Board of Building Contractor Examiners who could, if warranted, revoke a contractor's permitting privileges in Seminole County. The matter could also be referred to the Florida Department of Professional Regulation.

Because of potential legal ramifications that can occur if building code violations are not resolved properly, it is imperative that the building system's complaint records are kept current and accurately document the actions taken by the Building division regarding each complaint and/or code violation. Based on the results of our audit work however, it is our opinion that these records are not sufficiently maintained to ensure their accuracy and completeness, and that the Building division's complaint and code violation activities are not very well organized and controlled.

We reviewed a random sample of 50 complaints selected from a computer generated report of complaints entered into the system between January 4, 1993 and October 10, 1994. It was determined that:

- Twenty-five of the complaints were resolved by the issuance of a permit. In six of these cases, the permit fees were not doubled because work commenced before a permit was issued as required by County regulations (Resolution No. 92-R-130); and
- Twenty-eight of the complaints had a "satisfy by" date indicated; however, only 54% of the complaints were resolved by that date. None of the thirteen complaints where the "satisfy by" date was not met had any recorded explanation given to show why the "satisfy by" date was not met, or to indicate if an extension of time was granted.

Additionally, our review revealed that fifty-seven complaints from our sample period were closed on September 1, 1994. We were informed that, under instruction from the Building Official to "clean up" the complaint system, the chief inspectors and their staff reviewed the open complaints on the system and closed all that were either too old to pursue or a permit was subsequently issued. Our examination of these fifty-seven complaints closed on September 1, 1994 determined that:

- Thirty-seven complaint, or 65%, had no documented explanation as to the reason why the complaint was closed; and

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- Eleven complaints, or 19%, eventually had permits issued, but the permit number was not referenced on the complaint system.

The Deputy Building Official thought that many of the complaints closed on September 1, 1994, were probably related to re-roofs because unless a roofing complaint is investigated in a timely manner it is difficult to prove a violation has occurred. However, our review determined that re-roofs made up only 14% of the undocumented complaints closed on 9/1/94. So, it doesn't appear likely that roofing complaints made up a significant number of them. In any event, whatever the reason for closing a complaint, it should have been recorded in the system records. It appears to us that the Deputy Building Official was not actively involved in the project.

We also determined that:

- There is no "audit trail" record of a complaint once it has been deleted from the computerized Building system; and
- Unauthorized deletions of a complaint or a serious code violation can occur because the building system allows anyone having access to the complaints/violations screens to delete records without supervisory approval (a preventative internal control) or an exception report being generated (a detective internal control).

### **Recommendations**

In September 1994, one inspector and one permit technician were designated to work the complaints and handle code enforcement issues. Internal Audit recognizes that this should help improve the complaint/code violation process. Nonetheless, additional improvement is necessary to provide an adequate level of administrative control over the Building division's complaint and code violation activities. Therefore, we recommend that procedures be implemented to insure that:

- 1) Complaints are investigated in a timely manner as determined and established as a performance goal by Division Management.
- 2) The current status and, when applicable, the reason for closing a complaint are properly documented in the Building division records.
- 3) Permit fees are accurately assessed as required by County regulations when it is determined that work was begun prior to obtaining a permit.
- 4) All complaint record deletions are properly documented as to the reason for the deletion and subject to supervisory review and approval.

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### **Management Response**

Code complaints have been addressed through the team concept and the entire code process is under refinement. In March 1995 an inspector was designated directly to the code complaint process along with a Permit Technician. This revised process was designed by the Chief Inspectors during a quality control meeting. Since this inspector was assigned to the complaint process only, there has been substantial improvement in the complaint business as well as the red tagging of screens and double fee issues. The recent changes to the AS400 for garbage collection will enhance the complaint process, as we now are able to input the property tax identification number to minimize address errors. The entire complaint process will be refined by the recently formed new Code Enforcement Team and all complaints will be handled in one area only.

### **Finding No. 14**

**Security procedures and access controls exercised over the computerized Building System are not sufficient to adequately protect system information and prevent or detect errors and unauthorized changes to the system records.**

Based on our observations, reviews of related documentation, and tests regarding personnel access to the computerized Building System, it is our opinion that the Division's security procedures and internal controls exercised over system access are not sufficient to adequately protect system information and prevent or detect errors or unauthorized changes or deletions to the system records. We found the following weaknesses and discrepancies:

- The Division has a designated Data Security Officer (the Permits & Records Supervisor) who is responsible for setting up individuals' system access and levels of authority (i.e., use of the various system menus and options). However, five other individuals (the Building Official, Deputy Building Official, Chief Building Official, Chief Building Inspector, Residential Plans Examiner, and Development Review Manager) also have system authority to access the building system's data security officer level and modify any individual's system access and authorization levels. Consequently, the system security and internal control provided by the Data Security Officer function is compromised and diminished.
- Internal control techniques such as exception reports documenting changes and deletions to key financial and operational records in the system and management oversight review and approval do not exist, and consequently, neither do audit trails of these transactions. The probability of errors or manipulation (intentional or unintentional) of key financial and operational records being detected is minimal.

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- The Permits & Records Supervisor, who serves as the division's designated Data Security Officer, has too much overlapping operational, financial, and systems responsibility and authority for one individual.
- System access and levels of authorization for each individual are not limited to need, based on job requirements and responsibilities, nor is system access and authority properly documented and approved by Division management. Too many individuals, who have no need except for possibly inquiry purposes, have complete access to the various menus and options in the system and can make changes to key data records (e.g., fee charges, inspections required, inspection results) that cannot be detected. Therefore, the integrity of the system is compromised. The following examples indicate the type of control weaknesses found regarding system access and authorization:

Set Inspections Menu – Inspections necessary to allow the issuance of certificates of occupancy or completion are entered under this option by the plans examiners who, based on their expertise and review of construction plans, have determined what inspections are required. This menu option also allows for changes and deletions to the inspection records. We found that the Building Official, his deputy, the Chief Building Inspector, seven permit technicians, two secretaries, the Development Review Manager, and a Current Planning employee can also alter inspection records via this option.

Cash Receipts and Voids – Thirteen to 14 individuals have authority to issue cash receipts, 12 individuals can void impact fee receipts, and 26 individuals can void permit fee receipts.

Contractor Processing Menu; File Maintenance Option – Allows additions, deactivations, and changes to the Division's contractor records. All the permit technicians and six other individuals can access this menu option.

Inspection Processing Menu; Inspection Results Entry – Inspectors enter the results of their field inspections via the voice activated telephone system. This menu option allows them the capability of reviewing and changing the results when necessary. Thirteen other individuals have also been given system access to this capability.

Existing Inspection Maintenance – If recording errors have occurred regarding inspections for a given permit, this menu option may be used to correct them. The Building system manual states that “this option should only be used if absolutely necessary and with caution”. Yet 20 people have been given access to this option.

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Inspector Schedule Maintenance – This option allows inspections to be reassigned to another inspector when necessary. Thirty people have access to this option including all of the inspectors except one. For operational control and inspector accountability purposes, it would appear that this authority should be limited to the Chief inspectors.

### **Recommendations**

To adequately protect building system data, provide assurance that normal transactions are properly processed, and prevent and detect errors or unauthorized changes or deletions to the system records, we recommend that:

- 1) Only one supervisory level individual be designated as the back up for the division's Data Security Officer. No other individual in the division should have data security officer access and/or authority.
- 2) Someone other than the Permits & Records Supervisor, who now serves as the division's Data Security Officer, be designated as the Data Security Officer to minimize the current lack of segregation of her duties which gives too much overlapping responsibility and authority to this individual.
- 3) Computer system access to the building system's screens, menus, record fields, and reports, and levels of authorization for each employee, be limited based on job requirements and responsibilities (i.e., need). System access and authority should be properly documented and approved by Division management.
- 4) Computer processing related internal control techniques, such as exception reports documenting changes and deletions to key financial and operational records and audit (i.e., transaction) trails, be developed and programmed into the Building system to allow for management oversight, review and approval.

### **Management Response**

If only one technician can do input for only part of the system, a delay is created. The system has been set up so that all permit technicians can provide extra customer service. Each permit tech is able to take an application from inception through the review process, including taking in fees and issuing permits. This enables each technician to assist their customer fully. This empowerment allows the processing of applications with the least amount of delay and as quickly as possible while maintaining quality control. The audit admits that the probability of errors is minimal but we concur that some audit trails are

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necessary. While we have the capability to trace each keystroke by password, the permits and records supervisor will change her duties once the three drawer and cashiers register are on line. All her duties will then be supervisory and review of financial records for deletions, changes etc. and file maintenance will also be part of her responsibility. Computer processing related internal controls, such as exceptions reports documenting changes and deletions to key financial and operational records and audit trails will be part of future enhancements to be implemented by computer services.

### **Audit Comment**

We are gratified that management plans to take corrective action regarding the Permits & Records Supervisor duties and the creation of exception reports and audit trails. Automating manual processes, procedures, and controls through computerization can be extremely beneficial for maximizing human and financial resources and is a powerful tool for both management and staff. However, with computerization comes the burden of ensuring the integrity and accuracy of the system data and programs. We cannot emphasize how important it is to have a sufficient level of security procedures and access controls to protect systems information and prevent or detect errors and unauthorized changes or deletions to the system records.

1. We concur with the need for customer service, however, Management is not addressing the weaknesses disclosed in the finding. The response is both misleading and inaccurate.
2. What the finding indicated was that “the probability of errors or manipulation of key financial and operational records being detected is minimal” because internal controls such as exception reports documenting changes and deletions to key financial and operational records in the system and management over-sight review and approval do not exist and neither do audit trails of these transactions.
3. We requested information from Computer Services regarding input information on certain selected data. Computer Services was unable to provide us with this information because they indicated that the capability to trace each keystroke and changes to record fields by password did not exist.

### **Finding No. 15**

**The Building Division does not have programs and procedures in place to assure compliance with Seminole County’s Fire Safety Code.**

County Ordinance No. 92-2, Seminole County Fire Safety Code, enacted on February 25, 1992, established the purpose of regulating and preventing fire hazards in the County.

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The Ordinance adopts NFPA 1, the Fire Prevention Code of the National Fire Protection Association, 1987 Edition, as the County's Fire Prevention and Protection Code. County Ordinance No. 93-4, effective April 5, 1993, amends the County's Fire Prevention Code. Together, these ordinances make up Seminole County's Fire Safety Code, which requires, in part, that:

- Permits be obtained from the County to conduct hazardous operations or store, handle, or use hazardous materials which are considered to present an extra or unusual fire hazard to life or property; engage in the installation, modification, or repair of any fire protection system; or erect any tent like structure 120 square feet in area or larger. And, before a permit may be issued, an inspection shall be conducted to determine compliance with the Code.
- The Chief Fire Inspector periodically inspect or cause to be inspected any or all premises and shall make such orders as may be necessary for the enforcement of the laws and ordinances governing the same and for the safeguarding of life and property from fire.
- The Building Official make an annual report of their activities pertaining to and containing a summary of all proceedings conducted under the Seminole County Fire Safety Code. A copy of the report is to be transmitted to the Planning and Development Department Director or his designee and the Public Safety Department Director.

We determined the following discrepancies and matters of non-compliance regarding these ordinances:

- The Building division does not maintain current and accurate records regarding the issuance of Hazardous Use permits and their status (i.e., expired or current). There are no records available identifying the structures, building, businesses and individuals in unincorporated Seminole County that have been issued hazardous use permits nor is there a plan in place to determine those structures requiring a hazardous use permit or to insure they obtain one. There is no documentation available identifying hazardous use related inspections made and their results. And, Hazardous Use permits that have been issued by the Building division do not indicate the period for which the permit is valid (i.e., inception and expiration dates) even though NFPA 1 requires that these permits "show a period of validity".
- It appears that there is no program for conducting Fire Safety Code Related inspections, nor is there documentation available to indicate which structures, building, businesses, and individuals in the County should be inspected, which ones have been inspected and when, the results of those inspections.



## **BUILDING & FIRE PREVENTION DIVISION AUDIT**

- According to the County Building Official, the annual Fire Safety Code activities report was not prepared for fiscal year 1993-94 because of a lack of accurate data.

### **Recommendations**

To ensure compliance with Seminole County's Fire Safety Code, Ordinance Nos. 92-2 and 93-4, we recommend that the Building division:

- 1) Develop and implement a program to identify and inspect structures within the County requiring Hazardous Use permits which includes the maintenance of current and accurate records of inspection results, permits issued, and dates of inception and expiration.
- 2) Develop and implement a program for conducting Fire Safety Code related inspections that includes identifying and documenting those structures, building, and businesses in the County that require inspection, which ones have been inspected and when, and the results of those inspections.
- 3) Ensure that procedures are implemented to accurately capture and document Fire Safety Code activities so that the required annual report can be prepared and issued.

The Florida Statutes allow fees to be charged to pay for the cost of fire safety related inspections and administrative expenses. However, no fees are currently being charged for a Hazardous Use permit. We suggest that consideration be given to charging a fee for Hazardous Use permits to generate revenue to subsidize the Building division's Fire Safety Code activities.

### **Management Response**

Permits for hazardous operation are still being issued to a specific address and the permit is valid as long as the business remains. The fire secretary maintains a hazardous use hard copy file where all permits are kept including each application by address and the inspection file. As the fire inspector goes out to existing businesses he takes the inspection file with him. This file contains all the past inspection information and is a field plan to inspect buildings. On new construction, they inspect in accordance with the approved plan on the jobsite and a copy is retained in the Building Division office files. All inspection reports, hazardous warnings, etc. are in the address file. To maintain quality control with increasing business establishment development, the chief fire inspector and fire plans examiner are currently working on computerizing the fire inspection process and developing an existing business inspection matrix.

## **BUILDING & FIRE PREVENTION DIVISION AUDIT**

### **Audit Comment**

The response does not address the discrepancy regarding the annual Fire Safety Code activities report which is required under Seminole County Ordinance No. 93-4, but was not prepared for fiscal year 1993-94.

### **Finding No. 16**

**Seminole County's Building Official has performed and/or approved fire safety plans reviews and final fire inspections even though he was not a Certified Fire Safety Inspector (FS 633).**

Our audit testing determined that the County's Building Official has performed and/or approved fire safety reviews of building plans and final fire inspections even though he was not a Certified Fire Safety Inspector which was a violation of Florida Statutes, Chapter 633. From building permit documentation and computerized records, we found seven instances over the past two years where he has performed these duties and responsibilities. An examination of personnel files disclosed that it was also represented in his Supervisory Performance Evaluation, dated September 20, 1994, that he became "certified in Fire reviews and inspections over this rating period" and that the amount of his salary increase included a "financial reward" for accomplishing "cross certification". In fact, which was not true. The Building Official was in the process of becoming certified, but he was not a certified fire safety inspector at the time of his performance evaluation. The Florida Statutes requires that any person performing fire safety plans reviews and inspections must be properly certified by the division of State Fire Marshal of the Florida Department of Insurance. Therefore, the Building Official could not legally perform the duties and responsibilities of one until the certification program was completed and the certificate issued.

### **Recommendations**

We recommend that County Management:

- 1) Review this matter and take any appropriate actions deemed necessary;  
and
- 2) Establish a policy and procedures to ensure that employees who are required to have certifications or licenses to perform their job responsibilities meet these requirements and obtain the certificate and license before performing the applicable duties of the job.

## BUILDING & FIRE PREVENTION DIVISION AUDIT

### Management Response

The Building Official began certification training in June 1994 and at the time of his evaluation had completed three of the required six certifications. Therefore, his evaluation reflected an increase in responsibility and training. The transfer of the fire inspections to the building division necessitated some interim operating procedures. The building official is charged with overriding the fire plan examiner when their decision is incorrect according to the fire code. This kind of action is required to prevent errors and maintain quality control during the transition. Each time the Building Official consulted with either NFPA (the code writing authority) or personnel at the Fire Academy to verify the code interpretation prior to correction. Note: Acknowledging long term program needs the Building Official was certified as a Fire Inspector in April 1995.

### Audit Comment

Although we understand that sometimes-interim procedures of an unusual nature are necessary; we do not support or condone the implementation of any procedures that violate State Statutes.

### Finding No. 17

**There appears to be a conflict between Florida Statutes Chapter 633, Fire Prevention and Control, and Seminole County Ordinance No. 93-4, regarding the responsibility and authority over fire safety enforcement, inspections, and reviews of building plans.**

While reviewing the County Ordinances related to fire safety and inspections, we found what appears to be a conflict between Florida Statutes Chapter 633, Fire Prevention and control, and Seminole County Ordinance No. 93-4, regarding the responsibility and authority over fire safety enforcement, inspections, and reviews of building plans. F.S. Chapter 633.121 (Persons authorized to enforce laws and rules of State Fire Marshall) states that “the chiefs of county, municipal, and special-district fire departments; other fire department personnel designated by their respective chiefs; and personnel designated by local governments having no organized fire departments are authorized to enforce this law and all rules prescribed by the State Fire Marshall within their respective jurisdictions.”

County Ordinance No. 93-4 amended Seminole County’s Fire Safety Code and transferred the responsibility for its enforcement from the County Fire Chief to the County Building Official, including fire inspectors and the fire safety plans examiner. Internal Audit believes this transfer of responsibility and related personnel may not have been permissible under Florida Statutes because Seminole County has a local Fire Chief and Fire Department. As defined in Florida Statutes, Chapter 633.121, only those local

## **BUILDING & FIRE PREVENTION DIVISION AUDIT**

governments having no organized fire departments can designate personnel other than chief of the local fire department to enforce the Uniform Fire Safety Code as defined in F.S. Ch. 633 and those rules prescribed by the State Fire Marshal in the Florida Administrative Code Chapter 4A.

### **Recommendation**

Because of the significant compliance issues that result from this apparent conflict, we recommend that this matter be reviewed and researched by the County Attorney to determine the actual status of the County Ordinance No. 93-4 regarding the responsibility and authority over fire safety enforcement, inspections, and reviews of building plans within the context of the legal requirements of the Florida Statutes Chapter 633 and those rules prescribed by the State Fire Marshal in the Florida Administrative Code Chapter 4A.

### **Management Response**

The County Attorney initially reviewed legal issues associated with the transfer of fire inspection duties from the Public Safety Department to the Building Division at the time Ordinance 93-4 was adopted by the Board of County Commissioners in 1993. The cure to the situation described in your Finding No. 17 has already been affected through passage of Ordinance 93-4. This Ordinance prescribed that fire inspection responsibilities would be enforced pursuant to the County adopted Fire Prevention Code (Chapter 85 and Ordinance 93-4) in lieu of Florida Statute 633.121, "Fire Prevention and Control."

This Florida Statute section applies only to enforcement of rules by the State Fire Marshal and are not duties performed by county personnel in the Building and Inspection Division. These Florida Statute prescribed duties are instead performed through actions of personnel from the Department of Public Safety and not employees of the Seminole County Building Division. Chapter 85, Seminole County Fire Prevention Code is enforced by the Seminole County Building Official. The Building Official does not enforce Florida Statute 633.121. Therefore, we believe that the transfer of responsibility was tailored correctly in 1993 by the County Attorney through Ordinance 93-4 and that your finding Number 17 is incorrect.

## **BUILDING & FIRE PREVENTION DIVISION AUDIT**

### **Audit Comment**

We stand by our findings. Our examination of closed permits and discussions with the fire plans examiner and fire inspectors determined that they are approving plans and conducting inspections of fire alarm systems and fire protection systems, including fire suppression systems, fire extinguishing equipment and fire sprinkler systems based on the State Fire Marshal's rules, and not, as stated in the response, the Seminole County Fire Prevention Code.

### **OTHER ISSUES**

During the course of our audit fieldwork, we performed limited reviews relative to the Building Division's:

- Goals and objectives,
- Performance Standards,
- Administrative Control and Accountability,
- Customer Service, and
- Internal Communications.

Our comments and conclusions regarding these areas were discussed in detail with the Deputy County Manager, the Director of the Planning & Development Department, the Building Official and the Deputy Building Official at the final review meeting, and we deemed it unnecessary to elaborate further on these issues in this report.

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Julie K. Watermolen, CPA, CFE, CIA  
Internal Auditor

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Maryanne Morse  
Clerk of the Circuit Court  
County Auditor

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T. Paul Wise Jr., CIA, CISA  
Internal Auditor

# Seminole County Government-----

Planning and Development Department Administration 1101 East First Street Sanford FL 32771-1468  
Telephone (407)321-1130 Ext. 7397 FAX 330-9594

September 28, 1995

Maryanne Morse  
Clerk of the Circuit Court  
300 North Park Ave.  
Sanford, FL 32771

Dear Ms. Morse:

Enclosed is our response to your audit of the Building Division. While the audit process is often viewed as a distraction to providing daily customer service, we welcome this outside evaluation and view the process as an opportunity for enhanced quality in our organization. In addition to our specific responses, there are several general comments that are needed to frame the overall thrust of our operation:

- Customer service is our number one priority. This means providing expedient service while maintaining low fees and ensuring safe, habitable structures for County residents.
- I was pleased that you found no evidence of wrongdoing in this audit effort. Most of the findings were essentially observations that the current systems do not eliminate the possibility of someone doing something wrong if they were so inclined. While I can appreciate an auditor's desire to eliminate all such possibilities, I know that it can only be accomplished with more processes, bureaucracy, staff and costs. We will strive for a reasonable level of security measures and will discipline those that might abuse that system.
- The audit recommends independent verification of processes in several areas. This recommendation must be weighed against the need to provide expedient service. While we agree that computer enhancements will address some issues, staff empowerment and performance standards being developed under our new team concept will be used extensively.
- The Seminole County Building Division is the only division in the State of Florida that is uniquely and completely funded through permit fees. As such, there is a constant pressure to keep fees low (i.e., minimize staff costs) while providing expedient service. Any recommendations that require additional staff duties must therefore be evaluated against the cost to the customer in terms of time and money.

Maryanne Morse  
September 18, 1995  
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- With respect to ensuring safe structures for County residents, a recent ISO evaluation found our Division to be one of the best in the State. Builders will verify that Seminole County has the most rigorous plans review and inspection process in the region.
- Combining the Fire and Building functions is an excellent example of re-engineering government to be more efficient and responsive. While this idea is not new, (San Francisco merged their division in the 1950's), our re-engineering effort is viewed as a model for the region as documented in a recent evaluation (Wadley-Donovan, 1991) of the permitting processes in Central Florida as they relate to economic development.
- The Development Review System automated process was first developed in 1982 in Seminole County. This system has been continually enhanced. In 1990, this system was used as the model for the development of the Orlando/Orange County system as it had several capabilities not available with off-the-shelf systems. While other development review related functions (e.g., site plan, plats and commitments) are being developed on micro computer platforms, the hard copy printout, legal description tie in, inspection routing and other features of the Building System are state of the art. Enhancements will continue to be made each year to maintain and upgrade these capabilities.

In summary, I appreciate the efforts of your office in identifying perceived weaknesses in the daily operations of our Building Division. I believe that the actions that will be taken in response will result in a better system for all of the customers of the Building Division.

I look forward to your review of our response and I welcome the opportunity to discuss any issue you wish in greater detail.

Sincerely,

Ron H. Rabun  
County Manager

RHR:ag  
(mmaudit)

Enclosure

cc: Kevin Grace, Deputy County Manager/Community Services  
Tony VanDerworp, Planning & development Director  
Dave Beitz, Building Official

**SEMINOLE COUNTY  
BUILDING & FIRE PREVENTION DIVISION AUDIT**

Auditor's comments to the County Manager's cover letter:

- Although it is true that we did not find any evidence of wrongdoing, management should not infer from that that the findings reported are not serious. The procedures and internal controls exercised over the Building division's activities and records are not adequate to provide a satisfactory level of internal control and accountability and assure compliance with applicable state and local legislation.
- The focus on customer service, especially on how to best serve the needs of the contractors and builders, is important. However, it is our opinion that there is an overemphasis on constantly improving customer service to large contractors, at the expense of the general public and the Building Division's primary mission to "contribute to the safety and welfare of Seminole County citizens through the observance and enforcement of laws the County has found necessary to enact for construction and condemnation of structures and their uses".
- A number of the responses refer to the Building division's current reorganization and the implementation of the new "team concept" and staff empowerment approach, and indicate that the results of this reorganization and implementation will provide sufficient corrective action for certain of the internal control and accountability weaknesses identified in the audit report. However, we have not been provided with any detailed explanations, either separately or in the responses, as to how they will provide this corrective action.
- The Building division has done a commendable job of automating the plans review, permitting, and inspection activities. This computerization has done much to expedite these processes. However, proper internal controls are necessary to ensure that the computerized data is complete, accurate, and protected. Therefore, attention to system access and data security controls should be an integral part of the planned design improvements and enhancements of the computerized building system.