City Auditor's Office

Bureau of Fire Prevention Audit

Report Issued: September 16, 2022

Audit Report No. 22-03

Auditor-In-Charge: Andrea R. Russell, CPA, CFE, CIA, CGMA

Auditor: Jessica Pautz, MBA

P O Box 150027
815 Nicholas Pkwy.
Cape Coral, FL 33915-0027
Phone 239-242-3383 Fax 239-242-3384

TO: Mayor Gunter and Council Members

FROM: Andrea R. Russell, City Auditor

DATE: September 16, 2022

SUBJECT: Bureau of Fire Prevention Audit

The City Auditor's Office has completed the audit of the Bureau of Fire Prevention. The audit was conducted in conformance with Generally Accepted Government Auditing Standards by the authority granted through City Ordinances 28-02 and 79-10.

We would like to express our sincere appreciation to the Bureau of Fire Prevention, the Fire Marshal and staff for the courtesy, cooperation and proactive attitude extended to the team members during the audit. If you have any questions or comments regarding this audit, please contact Andrea Russell at 242-3380 or Jessica Pautz at 242-3382.

C: Rob Hernandez, City Manager
Connie Barron, Assistant City Manager
Dolores Menendez, City Attorney
Kimberly Bruns, City Clerk
Ryan Lamb, Fire Chief
Charles Raborn, Fire Marshal
Audit Committee

TABLE OF CONTENTS

EXECUTIVE SUMMARY 4
BACKGROUND 4
AUDIT OBJECTIVES 5
STATEMENT OF AUDITING STANDARDS 5
FINDINGS AND RECOMMENDATIONS 6
SCOPE AND METHODOLOGY 11
APPENDIX A 12

EXECUTIVE SUMMARY

The City Auditor's Office conducted a performance audit of the Bureau of Fire Prevention. This audit is included in the City Auditor's FY22 approved Audit Plan.

Based on the test work performed and the audit recommendations noted below, we concluded overall that policies and procedures are in place; however, controls over inspection management scheduling and monitoring; and fire inspection fees review and update need improvement. We noted control deficiencies in the following areas:

- Fire Inspection process
- Fire user fees

For further details on these findings and recommendations, see the Findings and Recommendations section. While we noted a lack of controls in some areas (Fire inspections and Fire fees), no material control deficiencies were noted.

BACKGROUND

In 1961 residents of the City of Cape Coral (City) recognized the need for a fire department since all emergencies at that time were covered by North Fort Myers and Fort Myers fire departments. The first fire station in the City was completed in 1963. The City was incorporated in 1970 and took over all fire operations in 1971. Currently, the Cape Coral Fire Department (CCFD) has five divisions: Operations, Logistics, Professional Standards, Fire Prevention, and Emergency Management.

According to the CCFD's website, the Bureau of Fire Prevention (Fire Prevention) is charged with upholding national, state, and local fire codes and ordinances for life safety and property preservation for commercial and multi-family construction. The main functions of Fire Prevention are conducting commercial and multi-family construction plan reviews, and inspections of those properties prior to occupancy to ensure the properties meet minimum standards for fire and life safety protection. Fire Prevention also conducts residential and commercial fire investigations. Fire Prevention has one Fire Marshal, one Lieutenant, two Plans Examiners, and six Fire Inspectors. Inspections conducted by Fire Prevention include occupancy; zoning compliance; construction; after hours; school; and night inspections.

Occupancy inspections are scheduled directly by the Fire Inspectors based on occupancy risk of high, medium, or low. These occupancy risk levels are defined by the National Fire Protection Association (NFPA) 1730. High risk occupancy inspections are completed annually; medium biennially; and low triennially. All other inspections are scheduled through the responsible party online with Development Services (DS).

According to the CCFD 2020 and 2021 annual reports, Fire Prevention accomplished the following:

Fire Prevention	2020	2021
Population	194,495	201,526
Plans Review	2,442	2,997
Inspections	9,863	7,557
Corrective Actions	1,909	1,903
Investigations	85	81

AUDIT OBJECTIVES

The audit objectives are:

- To determine if the plans review and fire inspections process is operating efficiently and in accordance with codes, regulations, and policies and procedures.
- To determine whether the costs to provide fire inspections are recovered according to industry standards through current inspection fees.

STATEMENT OF AUDITING STANDARDS

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

FINDINGS AND RECOMMENDATIONS

FINDING 2022-01 Fire Inspections Process Needs Review
Rank: High

Condition:
Monitoring and Scheduling
Standing Order (SO) Section 501.001 establishes and defines fire safety inspections and fire code enforcement; however, the procedures outlined in the SO have not been updated to reflect current practices in the new EnerGov system. The SO explains that occupancy inspections are classified as high, medium, or low hazard. According to the National Fire Protection Association (NFPA) high hazard facilities are inspected annually, medium hazard biennially, and low hazard triennially. Currently, the Bureau of Fire Prevention (Fire Prevention) utilizes GIS software to identify parcels with their specific hazard level within the city of Cape Coral (City); however, system limitations and the way parcels are recorded in GIS make tracking and monitoring those inspections difficult because the hazard level is provided for the parcel as a whole. Parcels may have structures or businesses with different hazard levels and therefore different timelines for inspections. There currently is no system report for inspection scheduling available. Fire Prevention does not utilize the workflow capability within EnerGov. This workflow would better assist the Fire Inspectors to schedule inspections based on hazard level and would also support compliance with the time requirements for inspection based on hazard level.

Inspection Processing
Information for each inspection completed must be manually entered into EnerGov. The information in the GIS software does not populate in the EnerGov software to identify the hazard level. Prior to August 2020 when SO 501.001 was updated to define high, medium, and low hazard inspections per the NFPA, SOG #400.001 listed target hazards that were required to be inspected annually. In addition, SOG #400.001 stated that all other commercial and multi-family residential occupancies were to be inspected within 18 to 24 months. Based on testing we noted:

- High hazard inspections did not occur annually seven out of 15 (47%)
- Medium hazard inspections did not occur biannually 10 out of 12 (83%)
- Low hazard inspections did not occur triennially eight out of 10 (80%)

Facility hazard levels are entered in GIS according to parcel. This can create a parcel that is classified as a high hazard but the individual facilities on the parcel may be classified differently. For example, a parcel classified as high hazard requiring inspections annually with four buildings, could contain facilities that are classified as high, medium, or low. When a Fire Inspector completes a fire inspection, a case is created in EnerGov with the facility hazard level they assess. If the facility hazard level differs from GIS, no supporting notes are entered to explain the difference. We noted five (17%) inspections in our sample of 29 where the classification in GIS did not match in EnerGov or Trakit for those completed before the EnerGov implementation.

Inspection Violations
Upon completion of an inspection, the Fire Inspector enters any violations noted into the software, determines how many days to allow to correct violations, sets a date to perform the re-inspection, and communicates violation and other information to the business owner through a "Notice of Infraction." The "Notice of Infraction" states violations must be corrected within the specific number of days entered by the Fire Inspector. SO 501.001 does not define a standard timeframe for re-inspections. Timeframes are established by Inspector and may differ for the same type of violation. For example, one inspector may give ten days while another inspector may give 30 days for the same type of violation. Based on our analysis, re-inspections occur on average within 21 days. We noted four inspections out of 12 (33%) exceeded the average days. Based on our sample population, days between inspection and re-inspection ranged from six to 34.

Re-inspection Fees
SO 501.001 and Ordinance, Chapter 8 Section 12, states that a re-inspection fee should be applied after the first re-inspection; therefore, the initial occupancy inspection, and if a re-inspection is required due to violations, no fees are charged. Out of the sample, 12 inspections had to be re-inspected due to noted violations. Four (33%) of the 12 had to be inspected more than once and no re-inspection fee was charged.

Criteria:
- Standing Order (SO) Section 501.001: Fire Safety Inspections/Fire Code Enforcement (previously SOG #400.001: Annual Life Safety Inspections)
- National Fire Protection Association (NFPA) 1730
- City of Cape Coral Code of Ordinances Chapter 8, Sections 12 and 13: Permit Fees and User Fees

Cause:
- Lack of defined scheduling process for inspections and re-inspections
- No defined time standard for re-inspections
- Insufficient monitoring of occupancy inspections
- Inconsistent application of re-inspection fees

Effect:
- Occupancy inspections not completed within the required timeframe.
- Inconsistent application of time to perform re-inspection
- Loss of revenue on re-inspection fees

RECOMMENDATIONS:
2022-01a: Develop and utilize a scheduling methodology for occupancy inspections that is automated and allows for monitoring and appropriate tracking.

2022-01b: Update the Standing Order, “Fire Safety Inspections/Fire Code Enforcement”, to reflect current practices:

- Scheduling processes
- Update a formalized time standard for re-inspections
- Update policies and procedures on when to apply fees

Management Response and Corrective Action Plan:

2022-01a Select one of these boxes: ☒ **Agree** ☐ **Partially agree*** ☐ **Disagree***

***For partially agree or disagree a reason must be provided as part of your response:**

2022-01a The Fire Department will review Energov compatible software options for the scheduling of occupancy inspections.

2022-01a **Management Action Plan Coordinator:** Fire Chief

2022-01a **Anticipated Completion Date:** 9/29/2023

2022-01b Select one of these boxes: ☒ **Agree** ☐ **Partially agree*** ☐ **Disagree***

***For partially agree or disagree a reason must be provided as part of your response:**

2022-01b The Fire Department will update Standing Order 501.001 - Fire Safety Inspections/Fire Code Enforcement, to reflect current practices, and an appendix of procedures will be created with the integration of the new EnerGov compatible software.

2022-01b **Management Action Plan Coordinator:** Fire Chief

2022-01b **Anticipated Completion Date:** 01/03/2023

FINDING 2022-02 Fire User Fees Need to be Updated to align with Industry Standards
Rank: High

Condition:
The Bureau of Fire Prevention user fees are included in Ordinances 118-06 and 44-15 Chapter 8, Sections 12 and 13. The fees and associated costs are below:

Title	Fee
Explosives, blasting agents, ammunitions	$170.00
Fireworks (public display)	$100.00
Fumigation and thermal insecticidal fogging	$27.50
Hazardous chemicals	$53.00
Open burning and incinerators	$80.00
Flow test (public water supply)	$36.00
Engine company assistance or testing	$511.00/hour, minimum one hour
Annual and certificate of use re-inspection fee (after first re-inspection)	$73.00
Site inspection fees	$141.00
Temporary fireworks sales permit (valid for 90 days)	$150.00 for first site, $125.00 for each additional site
Annual fireworks sales permit	$200.00 for first site, $125.00 for each additional site
Certificate of use inspection	$72.00
Each re-inspection (new construction)	$88.00
Miscellaneous permits, based on project valuation (does not include single-family or duplex units)	$7.85 per $1,000, with $40.00 minimum
New construction permits, based on project valuation (does not include single-family or duplex units)	$2.45 per $1,000, with $40.00 minimum
Planned development projects	$104.00
Site plan review	$247.00
Special exception review	$298.00
Deviation or variance reviews	$218.00
Plat or right-of-way vacation review	$68.00
Fire protection class rating	$52.00

These fees have not been updated since 2006.

In March of 2017, Development Services received a consulting report which analyzed existing fees for service-related activities related to Development Services permits, Planning applications, and Fire Services in connection with cost recoveries. The report listed fees and the industry standard for cost recovery. According to the report, other jurisdiction Fire fees recover 60-80% of costs. Fire user fee cost recovery remains at 60%. No increases to the fees have been implemented since the report in 2017. In addition, according to the report and industry best practices, it is important to complete a review and update of fee assessments every three to five years.

The Fire Chief issued a memo to the City Manager on February 26, 2021, requesting an increase to the cost recovery percent for Fire fees. No action has resulted from the report or the Fire Chief's February 2021 memo. Updates to Fire fees are essential to account for rising costs.

Criteria:

- City of Cape Coral Code of Ordinances
  - Chapter 8, Sections 12 and 13: Permit Fees and User Fees
- Planning and Development Services Cost of Services (User Fee) Analysis Report issued March 2017

Cause:

- No defined cost recovery policy or percentage
- No update to Fire fees in accordance with recommended industry standards for cost recovery

Effect:

- Potential loss of revenue
- Fees are insufficient to properly recover costs in accordance with industry standards

RECOMMENDATION:

2022-02: Update Fire fees in accordance with recommended industry standards.

Management Response and Corrective Action Plan:

2022-02 Select one of these boxes: ☒ **Agree** ☐ **Partially agree*** ☐ **Disagree***

***For partially agree or disagree a reason must be provided as part of your response:**

2022-02 The Fire Department will work with other City Departments (i.e., Development Services and Finance) and City Management to recommend a fire fee update ordinance to City Council.

2022-02 **Management Action Plan Coordinator:** Fire Chief

2022-02 **Anticipated Completion Date:** 9/29/2023

SCOPE AND METHODOLOGY

Based on the work performed during the planning and the assessment of risk, the audit covers Fire Prevention processes for the periods of FY20, FY21, and FY22 through May 31, 2022. Testing was performed using applicable ordinances, national, state, and federal regulations, and standing orders that were in place during the scope.

Original records as well as copies were used as evidence and verified through physical examination. Sample size and selection were based on the CAO Sample Methodology. To determine if the plans review and fire inspections process is operating efficiently and in accordance with codes, regulations, and policies and procedures a random sample of plans reviewed, and fire inspections conducted for the scope period were utilized.

To determine whether the costs to provide fire inspections are recovered according to industry standards through current inspection fees, we reviewed previous consulting engagements and recent Fire fee assessments completed by Fire Prevention.

Unless specifically stated otherwise, based on our selection methods, and testing of transactions and records, we believe that it is reasonable to project our results to the population and ultimately draw our conclusions for testing, findings, and recommendations on those results. Additionally, for proper context we have presented information concerning the value and/or size of the items selected for testing compared to the overall population and the value and/or size of the exceptions found in comparison to the items selected for testing.

APPENDIX A

Finding Classification
Findings are grouped into one of three classifications: High, Medium or Low. Those findings that are categorized as low are not included in the report but rather are communicated separately to management. Classifications prioritize the findings for management to address and also indicate the level of testing required to determine if a finding's Corrective Action Plan is fully implemented in accordance with recommendations and Management's Response.

High: A finding that is ranked as "High" will have a significant impact on the organization. It is one that *prevents* the achievement of a substantial part of significant goals or objectives, or noncompliance with federal, state or local laws, regulations, statutes or ordinances. Any exposure to loss or financial impact for a High finding is considered *material*. Examples include direct violation of City or Department policy, blatant deviation from established policy and procedure, such as actions taken to circumvent controls in place, material non-compliance with federal, state or local laws, regulations, statutes or ordinances, or an area where significant cost savings could be realized by the Department or the City through more efficient operations.

High findings require immediate management attention and should take management's priority when considering implementation for corrective action.

Medium: A "Medium" finding is one that *hinders* the accomplishment of a significant goal or objective or non-compliance with federal, state or local laws, regulations, statutes or ordinances, but can't be considered as preventing the accomplishment of the goal or objective or compliance with federal, state or local laws, regulations, statutes or ordinances. Exposure to loss or potential or actual financial impact is *significant but not material* to the Department or City. Examples include lack of monitoring of certain reports, insufficient policies and procedures, procedure in place or lack of procedure that can result in *potential* noncompliance with laws and or regulations.

Medium findings require management attention within a time frame that is agreed upon by the Department and the City Auditor. Priority for implementation of management's corrective action should be considered in light of other High or Low findings.

Low: A "Low" finding is one that warrants communication to management but is one that isn't considered as hindering the accomplishment of a significant goal or objective and isn't causing noncompliance with federal, state or local laws, regulations, statutes or ordinances. Financial impact or risk of loss is minimal to none; however, low findings can *hinder the effectiveness or quality of department operations and thus are communicated to management separately. Low ranked findings are not included in the final audit report.*

The City Auditor's Office will not follow up on the status of Low findings communicated to Management.