City Auditor's Office

Development Services Department – Building Division Inspection Process Audit

Report Issued: August 29, 2023

Audit Report No. 23-02

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TO: Mayor Gunter and Council Members

FROM: Andrea R. Russell, City Auditor

DATE: August 29, 2023

SUBJECT: Development Services Department – Building Division Inspection Process Audit

The City Auditor's Office has completed the audit of the Development Services Department (DSD) – Building Division inspection process. 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 DSD management 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 Timothy DiSano at 242-3308.

C: Michael Ilczyszyn, Interim City Manager
Connie Barron, Assistant City Manager
Aleksandr Boksner, City Attorney
Brian Bartos, Deputy City Attorney
Kimberly Bruns, City Clerk
Juan Guerra, Interim Development Services Director
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Audit Committee

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EXECUTIVE SUMMARY

The City Auditor's Office conducted a performance audit of the DSD – Building Division Inspection Process. This audit is included in the City Auditor's FY23 approved Audit Plan.

Based on the test work performed and the audit recommendations noted below, we concluded the department has policies and procedures in place; however, we identified several areas that need improvement to achieve department objectives in a more efficient manner. These areas are discussed in further detail in the Findings and Recommendations section.

- Administrative policies and procedures
- Third Party Vendors (TPV) inspection agreements
- Monitoring reinspection fees
- Eliminate manual processing of permits and inspection results
- Inspector license monitoring
- Daily inspection workload
- Compliance with record retention policies

While we noted controls over these processes need improvements, no material control deficiencies were noted.

BACKGROUND

The DSD - Building Division conducts plan reviews and inspections for structures in the City of Cape Coral (City) to maintain compliance with Florida Building Codes and applicable federal, state, and local laws. These codes are adopted to promote the health, safety, and welfare of the residents and visitors. Inspections are designed to assist residents, contractors, and developers to maintain public safety and compliance with applicable State and Local Building Codes. The Chief Inspector is responsible for organizing, scheduling, and coordinating daily inspections for the City. These inspections are completed by both licensed and provisional licensed inspectors. In times where there is a significant increase in requests for inspections, the City may utilize assistance from TPV inspectors to aid in timely completion of those requested inspections. Completed inspections are performed in accordance with the Florida Building Codes. The Building Division utilizes a permitting and inspection system (the system) to track and document inspection activity. The system was implemented in February 2022; however, the City hired a consultant to assist with post implementation problem solving and system reconfigurations.

Cape Coral's Building Growth

The City issues building permits for new construction and repairs. Prior to the new system implementation, which completely changed the way permits and inspections were processed, the City experienced a large increase in permits issued. This growth dipped a little in FY22; however, the number of permits issued was still considerably more than in previous years, FY18 through FY20. See Table 1. This increase put a strain on the Building Division's normal

workload, even prior to the complications the City would experience with the implementation of the new system. Monthly permit totals exceeded 5,000 for several months in FY21 and FY22. Previously, in FY20, the highest number of permits was 3,960.

Table 1

Building Permits Issued

Month	2018	2019	2020	2021	2022	2023	2023 vs 2022 Difference	2023 vs 2021 Difference	2023 vs 2020 Difference
October	2,444	2,842	2,941	3,772	3,413	5,101	1,688	1,329	2,160
November	2,353	2,275	2,250	3,234	3,629	7,380	3,751	4,146	5,130
December	2,239	1,998	2,170	3,825	3,553	8,481	4,928	4,656	6,311
January	2,509	2,089	2,597	3,644	3,357	9,582	6,225	5,938	6,985
February	2,531	2,170	2,578	3,710	2,821	8,132	5,311	4,422	5,554
March	2,741	2,607	2,819	5,001	2,776	7,625	4,849	2,624	4,806
April	2,908	2,687	2,579	4,409	5,441	6,815	1,374	2,406	4,236
May	3,180	2,854	2,706	3,732	3,862	6,218	2,356	2,486	3,512
June	2,837	2,551	3,480	4,687	4,595	7,256	2,661	2,569	3,776
July	2,848	2,907	3,960	4,089	4,261	-			
August	3,373	2,566	3,833	4,087	4,876	-			
September	2,359	2,450	3,710	3,496	3,465	-			
Total	**32,322**	**29,996**	**35,623**	**47,686**	**46,049**	**66,590**	33,143	30,576	42,470
Average/Mo	2,694	2,500	2,969	3,974	3,837	7,417	3,579	3,443	4,448
Percentage change over Prior Year	*N/A*	-7.2%	18.8%	33.9%	-3.4%	105.6%	*N/A*	86.6%	149.8%

Source: Chart obtained from DSD Monthly Activity Report June 2023

It is important to note that one permit may require several inspections. For example, in FY22, 46,049 permits were issued and 229,474 inspections were completed. See Table 2.

Table 2

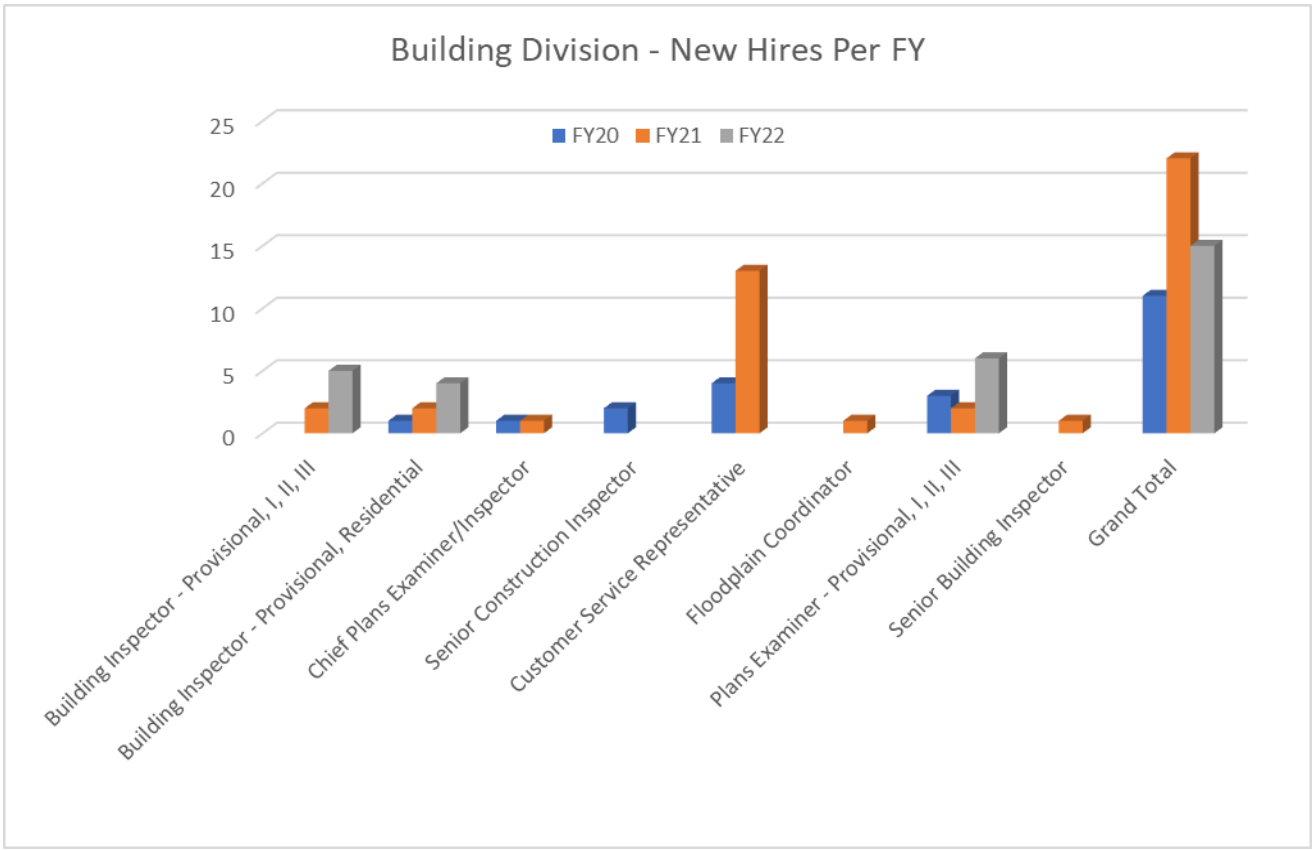
Building Inspections Completed

Month	2018	2019	2020	2021	2022	2023	2023 vs 2022 Difference	2023 vs 2021 Difference	2023 vs 2020 Difference
October	9,172	9,194	13,568	17,196	18,931	13,446	(5,485)	(3,750)	(122)
November	8,369	8,932	11,404	14,797	18,573	16,671	(1,902)	1,874	5,267
December	10,177	9,576	11,633	19,673	19,405	21,110	1,705	1,437	9,477
January	9,759	9,955	12,782	17,706	18,588	26,377	7,789	8,671	13,595
February	10,046	10,639	12,692	19,188	16,537	27,669	11,132	8,481	14,977
March	9,431	9,130	13,574	22,378	20,910	36,697	15,787	14,319	23,123
April	9,947	9,585	12,134	21,172	18,451	29,739	11,288	8,567	17,605
May	10,992	9,832	12,036	18,931	20,078	32,102	12,024	13,171	20,066
June	8,657	9,090	13,104	20,758	19,549	35,071	15,522	14,313	21,967
July	7,296	10,617	14,403	18,414	18,273	-			
August	7,580	9,278	15,086	20,004	23,454	-			
September	7,892	8,476	15,482	19,397	16,725	-			
Total	**109,318**	**114,304**	**157,898**	**229,614**	**229,474**	**238,882**	67,860	67,083	125,955
Average/Mo	9,110	9,525	13,158	19,135	19,123	25,476	6,354	6,342	12,318
Percentage change over Prior Year	*N/A*	4.6%	38.1%	45.4%	-0.1%	34.6%	*N/A*	33.1%	93.6%

Source: Chart obtained from DSD Monthly Activity Report June 2023

DSD had 48 new hires from FY20 through FY22. See Table 3.

Table 3



Source: Human Resources

Hurricane Ian Impact

Hurricane Ian made landfall in Cape Coral on Wednesday, September 28, 2022, causing significant damage and widespread destruction. The combination of high winds, heavy rainfall, and storm surge flooding resulted in the destruction of homes, buildings, and infrastructure in the City. Following Hurricane Ian, there was a significant increase in the number of building permits issued for new construction and hurricane damage repairs and construction. Due to the large number of inspections necessary, the City utilized the services of several TPVs to assist in completion of inspections as quickly as possible.

AUDIT OBJECTIVES

To determine if controls over the inspection process are in place to deliver efficient, accurate and timely inspections.

To determine if controls over TPV inspections are in place to provide sufficient oversight to ensure they are performed in a timely, accurate and efficient manner and provide cost effective assistance to the City.

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 2023-01: Develop Inspection Administration Policies and Procedures
Rank: High

Condition:
The Building Division conducts inspections for residential and commercial structures throughout the city to ensure compliance with federal, state, and local laws, building codes, and floodplain management regulations.

Based on walkthroughs conducted during audit planning, we noted there are no formal policies and procedures in place that clearly define roles, responsibilities, and detailed steps for review of DSD inspection administrative duties such as:

- Daily scheduling of inspections
- Setting limits on daily inspections
- Process for tracking of paper permit inspections outside of the software system
- Process for assignment and tracking of inspection count by inspector
- Monitoring of City inspectors and TPVs
- Monitoring of provisional inspector licensing

In addition, we noted there are no formal policies and procedures in place that clearly define roles and responsibilities for City inspectors. While requirements and details for performing inspections are set by the Florida Building Code, there are no formal documented procedures for daily activities performed by inspectors such as:

- Guidelines for minimum requirements for inspections. For example, a roof inspection requires the following: all sides of the roof must be inspected[1]; drip edge checked; appropriate nail spacing; dry-in material requirements.
- Administrative steps for failed inspections, including when to apply re-inspection fees and including comments or notes for the failure in the system.
- Policies regarding inspectors performing minor actions on behalf of client, such as removal of a dryer vent which, if left in place by an installer, is an automatic failure.

[1] We noted inspectors who only inspected two of the four sides from the ground. We also noted inspectors performing roof inspections that did not get on roof and only visually inspected from the ground.

A policy and procedures manual is an essential management tool and provides management and staff guidelines for day-to-day activities. A manual ensures business process continuity; identifies specific methods and standards for how work is performed and documented; and provides process consistency. The manual also should be periodically reviewed and updated to ensure it remains consistent with current daily operations.

Criteria:

- Formal policy and procedures manual with clearly defined roles and responsibilities for administrative duties associated with inspections

Cause:

- Lack of formal policy and procedures manual for administrative duties

Effect:

- Potential inconsistencies in administering City inspections
- Reinspection fees charged inconsistently
- Liability for damage due to unauthorized actions

RECOMMENDATIONS:

2023-01a: Develop Building Division administrative policies and procedures.

2023-01b: Develop Building Division inspector guidelines.

Management Response and Corrective Action Plan:

2023-01a Select one of these boxes: ☒ **Agree** ☐ **Partially agree*** ☐ **Disagree***
***For partially agree or disagree a reason must be provided as part of your response:**

2023-01a DSD Building Division will develop administrative policies and procedures.
2023-01a **Management Action Plan Coordinator:** Interim Development Services Director
2023-01a **Anticipated Completion Date:** 1/3/2024

2023-01b Select one of these boxes: ☒ **Agree** ☐ **Partially agree*** ☐ **Disagree***
***For partially agree or disagree a reason must be provided as part of your response:**

2023-01b DSD Building Division will develop inspector guidelines.
2023-01b **Management Action Plan Coordinator:** Interim Development Services Director
2023-01b **Anticipated Completion Date:** 1/3/2024

FINDING 2023-02: Utilize Contracts for all TPVs
Rank: High

Condition:
DSD - Building Division averages over 900 building inspections a day for permitted projects due to continued rapid development within the City of Cape Coral. On September 28, 2022, the city sustained significant property damage from Hurricane Ian. Since Hurricane Ian, the City, alongside the help of TPVs, has performed over 100,000 inspections. Often, permits require several inspections throughout the permitting process to ensure work is completed in compliance with applicable state and local building codes.

In order to conduct the large volume of inspections required, the City procured the services of seven TPVs to assist with completing these inspections. Due to the urgent nature of the repairs needed and in order to procure TPV inspection services quickly, six of the seven TPVs were secured using only quotations for services. The quotes are included with the vendor purchase orders and serve as the agreement between the City and the vendor. One vendor was procured using a “piggy-back” agreement in place with another Florida community. The intent was to utilize the TPVs to perform the inspections and supplement the already burdened City inspectors. At the time of our audit, funding for the TPV services totaled approximately $1.5 million. The initial approval on December 7, 2022, was for $320,000. A subsequent request on May 3, 2023, was brought to City Council for an additional $1,145,000. There has been no evaluation of TPV inspection services after the initial disaster period, October 11, 2022 through January 16, 2023, ended.

Currently, almost a year after the hurricane, there are still no formal contracts with the TPVs still performing inspections, and the City plans to continue using TPVs to supplement internal staff efforts while the department works to fill vacancies. Formal agreements are important to identify service terms; expectations; party responsibilities; ensure accountability; documenting roles and responsibilities for vendor invoicing requirements, including necessary supporting documentation; and the right to audit. TPVs may also be utilized in the future to supplement and support DSD services other than inspections. The use of external vendors requires a higher level of oversight which should be solidified through a formal agreement.

As a result of our invoice testing, we noted several instances of non-compliance with the procurement manual. For example, we were unable to locate signatures or initials as evidence of review and some invoices did not have appropriate supporting documentation.

Criteria:
- Procurement Ordinance 25-23, adopted April 5, 2023
- Procurement Policies and Procedures Manual

Cause:
- Large number of permits and inspections resulting from Hurricane Ian damage
- Effort to quickly perform necessary inspections for hurricane damage
- No subsequent assessment of TPV inspection services
- Lack of formal written agreements/contracts

Effect:

- Potential inaccurate payments
- Unclear service terms

RECOMMENDATION:

2023-02: Obtain formal contracts or agreements for all TPVs to ensure clear roles, responsibilities, and defined service deliverables.

Management Response and Corrective Action Plan:

2023-02 Select one of these boxes: ☒ **Agree** ☐ **Partially agree*** ☐ **Disagree***
***For partially agree or disagree a reason must be provided as part of your response:**

2023-02 *DSD will work with Finance to create a Request for Proposal for Third Party Vendor services. Piggy-backing from other contracts is good, but we see this as a long-term operation so we will get our own vendor contracts that fit our exact needs.*

2023-02 **Management Action Plan Coordinator:** *Interim Development Services Director*

2023-02 **Anticipated Completion Date:** 01/03/2024

FINDING 2023-03: Processes and Monitoring of Failed Inspections Need Improvement
Rank: High

Condition:
The City issues various permits to help assist residents, contractors, and developers to maintain public safety and compliance with applicable state and local building codes. Part of the permitting process includes various, required inspections conducted throughout the project, to verify compliance with state and local building codes.

Reinspection fees are required by City Ordinance when an inspection fails. The reinspection fee increases if any additional reinspection is deemed necessary. On June 8, 2020, City Council passed Resolution 137-20 which provided for a revised building permit fee schedule and a revised building permit miscellaneous fee schedule. These revised schedules reduced all permit fees, including reinspection fees, by 25%. These various fees are processed through the system and must be collected prior to performance of the reinspection. The system is set up to automatically reduce reinspection fees by 25%.

Reinspection Fee Results
To verify accuracy of reinspection fees, we tested a sample of 60 failed inspections. We observed the following:

- 18 of 60 (30%) reinspection fees that should have been assessed, were not charged
- Nine of 30[2] (30%) reinspection fees were not discounted appropriately

[2] Of the 60 failed inspection, only 30 were subject to the discount.

Also, we noted that due to connectivity issues or a lack of user access for TPVs, frequently, reinspection fees could not be added when inspectors were in the field and unable to access the system. To assist with recovery efforts necessary after Hurricane Ian, the City waived fees for permits processed or applied for from October 11, 2022, through January 16, 2023, in accordance with Resolution 228-22, adopted October 3, 2022; however, we noted during testing that some permits had reinspection fees charged during the waiver period. Of our original sample of 60, 12 inspections occurred during the period of waived fees. We noted six of the 12 (50%) were incorrectly charged a total of $206.25.

Compliance with Florida State Statute (FSS)
We also tested compliance with the requirements of FSS 553.79(7) regarding inspection failure reason and refunds of permit and inspection fees. As noted above, we observed five of 60 (8%) of our sample did not include a reason for failure. These failures would require the City to refund 10% of reinspection fees because a reason for failure was not provided within five business days. All five of these failures were never charged a reinspection fee; therefore, we are unable to conclude if the City is in compliance with FSS 553.79(7).

Due to the lack of a defined process for monitoring, DSD staff does not perform any monitoring of failed inspection fees to ensure these fees are applied to all required failed inspections. Automated controls exist in the software system; however, they are not utilized to apply reinspection fees due to functionality issues. There are no monitoring reports available from the system. As a result, to assist with our testing, the City's Information Technology Systems Department developed a failed inspection report to extract data from the system. The report includes failed inspections and the reinspection fees applied. Although not currently in use, because the report was created for the audit, this report should be utilized by DSD in the future to appropriately monitor failed inspections and fees to assist with FSS compliance.

Criteria:
- FSS 553.79(7) Permits; Applications; Issuance; Inspections
- Resolution 137-20, adopted June 8, 2020
    - Revised building permit fee schedule for new construction and
    - Revised building permit miscellaneous fee schedule
- Resolution 228-22, adopted October 3, 2022
- State and local building codes

Cause:
- Non-compliance with FSS 553.79(7) and Resolutions 137-20; 228-22
- No defined monitoring or review process for failed inspections
- Functionality issues with automated controls
- System connectivity problems in field

Effect:
- Inaccurate reinspection fees
- Inaccurate Building Permit revenue

RECOMMENDATIONS:

2023-03a: Develop and implement review and monitoring processes for failed inspections and application of reinspection fees to ensure all required fees are accurately applied to permits.

2023-03b: Utilize permitting and inspection software automated controls to ensure proper allocation of reinspection fees.

2023-03c: Develop a policy and procedure for compliance with FSS 553.79(7).

Management Response and Corrective Action Plan:

2023-03a Select one of these boxes: ☒ **Agree** ☐ **Partially agree*** ☐ **Disagree***
***For partially agree or disagree a reason must be provided as part of your response:**

2023-03a *Until automated software ensures proper allocation of inspection/reinspection fees, the Assistant Building Official will conduct random checks of 50 failed inspections/reinspection transactions on a quarterly basis to monitor failed inspections/reinspection fees. Once the permitting and inspection software gets updated, this will happen automatically.*

2023-03a **Management Action Plan Coordinator:** Interim Development Services Director

2023-03a **Anticipated Completion Date:** 11/30/2023

2023-03b Select one of these boxes: ☒ **Agree** ☐ **Partially agree*** ☐ **Disagree***
***For partially agree or disagree a reason must be provided as part of your response:**

2023-03b *The permitting and inspection mobile software is expected to be updated in the 2022 software update, expected to take place in September 14, 2023. Will utilize automated software controls to ensure proper allocation of reinspection fees.*

2023-03b **Management Action Plan Coordinator:** Interim Development Services Director

2023-03b **Anticipated Completion Date:** 11/30/2023

2023-03c Select one of these boxes: ☒ **Agree** ☐ **Partially agree*** ☐ **Disagree***
***For partially agree or disagree a reason must be provided as part of your response:**

2023-03c *A documented policy and procedure will be created to issue refunds to be in compliance with Florida Statutes 553.79*

2023-03c **Management Action Plan Coordinator:** Interim Development Services Director

2023-03c **Anticipated Completion Date:** 11/30/2023

FINDING 2023-04: Eliminate Manual Processing of Inspections and Permits.
Rank: High

Condition:
The City uses a software system (the permitting system) to accept and process building permits; perform and document inspections; and charge and collect applicable fees. In September 2022, the City was impacted by Hurricane Ian which significantly damaged residential and commercial buildings. In an effort to quickly issue permits for repairs to hurricane damaged structures, the City did not use the permitting system but rather issued only paper permits designated with a prefix "IAN22". This process was in effect from October 11, 2022, through November 11, 2022. The City issued over 5,500 hurricane related paper permits. It is important to note there was a considerable backlog of permits in the system prior to Hurricane Ian.

Many permits require multiple inspections. For example, inspections for a new roof include dry-in at the beginning, which includes removal of existing roof materials and replacement of the foundation; and final inspections after roof materials are applied. Therefore, there are often significantly more inspections than permits. This increase for inspections and permits for hurricane repairs was in addition to the large increase from construction related to the continued growth and development within the city. The required permits and inspections confirm hurricane repairs are completed in compliance with state and local building codes.

To track and process these manual permits and inspections, the Building Division developed a process whereby permit packets contained:

- An inspection card (used to track which inspections need to be completed for the permit)
- Inspection tickets (submitted by inspectors after an inspection is completed with results of inspection)
- Other supporting documentation (such as engineering letters, sheathing affidavits, and other documentation)

These inspection tickets are recorded on a tracking results spreadsheet by DSD personnel.

The manual process for tracking Hurricane Ian related permits is inefficient and time consuming. At the time of the audit there are still no Hurricane Ian permits entered into the permitting software system. This has created difficulties for contractors, TPVs, and city inspectors because the only way to obtain status updates is to call DSD and verbally request an update. Permits processed through the permitting software are easily viewed in the Citizen Self Service portal with minimal interaction with DSD staff. DSD intends to scan supporting documentation and enter the permit information into the permitting system at a later date.

To evaluate the manual process in place for record keeping and tracking, we tested a sample of 60 inspections associated with Hurricane Ian to verify if the inspection packet had appropriate documentation and was included correctly on manual tracking spreadsheets. We noted the following exceptions:

- Unable to locate permit files.
- Inspection tickets not in the permit file, or inspection tickets in the wrong file
- Inspector not identified on inspection ticket.

- Inspection documentation missing inspector name/TPVs.
- Inspections which received a “Pass” result on a previous day was reperformed on a different day or by another inspector.
    - Noted in testing instances of multiple inspections performed when only one was needed because both passed. This is an example of extra inspections performed because information was not readily available in the software system.
- Inspection ticket did not agree to inspection results in tracker spreadsheet.
- Engineering letters that were initially failed and subsequently passed with no changes made.
- Failed inspections not noted on inspection cards.
- Inspection cards not completed at receipt of inspection results.

Although several exceptions appear to be immaterial, when considered in the aggregate, the manual process used for Hurricane Ian Permits is extremely time consuming and inefficient.

Criteria:

- Use the electronic system to all permits

Cause:

- Backlog of inspections and permits in existence prior to Hurricane Ian
- Increase in permits needed due to Hurricane Ian
- Effort to issue permits quickly to allow repairs and rebuilding to process begin

Effect:

- Inefficient processing due to manual tracking and entry
- Potential loss of permit documentation not entered in the permitting system

RECOMMENDATIONS:

2023-04a: Enter all Hurricane Ian permit and supporting results and documentation into the permitting software.

2023-04b: Develop a plan to utilize the permitting software to process all permits in the event of an emergency.

Management Response and Corrective Action Plan:

2023-04a: Select one of these boxes: ☒ **Agree** ☐ **Partially agree*** ☐ **Disagree***
***For partially agree or disagree a reason must be provided as part of your response:**

2023-04a: *DSD has already entered into a contract with a company that will scan all Ian paper permits, staff will then enter them into the permitting and inspection software. We currently have over 2,000 of the 6,000 permits ready to be scanned.*

2023-04a: Management Action Plan Coordinator: Interim Development Services Director

2023-04a: Anticipated Completion Date: 03/01/2024

2023-04b: Select one of these boxes: ☒ **Agree** ☐ **Partially agree*** ☐ **Disagree***
***For partially agree or disagree a reason must be provided as part of your response:**

2023-04b: *We have already discussed as a department that for future events, all permits will be entered through the permitting and inspection system and not be paper permits. The use of paper permits is already in the COOP, we will look to remove it as an option in the next COOP update.*
2023-04b: Management Action Plan Coordinator: Interim Development Services Director
2023-04b: Anticipated Completion Date: 11/30/2023

FINDING 2023-05: Inspector License Monitoring Process
Rank: Medium

Condition:
DSD does not have a formal documented process in place to monitor the provisional license requirements and ensure employees are meeting the 90-day and two-year requirements for provisional licenses. According to the Building Inspector job description, the City requires inspectors to have an active Florida State license at the date of hire or obtain a provisional license within 90 days of their hire date. Inspectors without an active license are considered provisional. According to the Florida Department of Business and Professional Regulation (DBPR), a license (permanent or provisional) is required to perform inspections. A provisional license is valid for two years from the date the license is granted.

Thirty individuals were employed as inspectors[3]. Of the 30 employees,

- 11 employees were provisional inspectors
  - Three (27%) were over the 90-day requirement to obtain their provisional license
  - For four (36%) individuals, we were unable to locate license information on the DBPR website to indicate they have requested a provisional license
  - One was still within the 90-day period
  - Three (27%) met the 90-day requirement
- 19 employees were licensed building inspectors[4]
  - Seven (37%) previously exceeded the 90-day requirement but currently are licensed building inspectors
    - One of the seven (14%) employees voluntarily terminated within one month of their provisional license expiring

Criteria:

- City Building Inspector job description requirements
- Florida Building Code Administrators and Inspection Board (BCAIB)
  - Requires building inspectors and plans examiners to be licensed
- Florida DBPR Licensing requirements

[3] This number (30) includes individuals who were employed during our audit scope. This does not represent the current number of inspectors because some individuals are no longer employed with the City.
[4] Currently there are 14 fully licensed (not provisional) building inspectors.

- FL Statue 468.604 - Responsibilities of building code administrators, plans examiners and inspectors
- Insurance Services Office Building Code Effectiveness Grading Schedule

Cause:
- Lack of defined monitoring process of the provisional licensing requirements
- Lack of enforcement of provisional licensing requirements

Effect:
- Potential for unlicensed inspectors performing inspections
- Potential increase in liability due to inspections completed by unlicensed inspectors
- Possible noncompliance with BCAIB and DBPR regulations

RECOMMENDATION:

2023-05: Develop and implement a process for monitoring license requirements for inspectors.

Management Response and Corrective Action Plan:

2023-05 Select one of these boxes: ☒ **Agree** ☐ **Partially agree*** ☐ **Disagree***
***For partially agree or disagree a reason must be provided as part of your response:**

2023-05 *We will develop and update a detailed list of our employee's license requirements, educational continuation hours needed to maintain the license, and use it as a planning document to ensure we have the proper licensing for our employees. The same concept will take place for provisional employees, ensuring they make positive steps in getting licensed.*

2023-05 **Management Action Plan Coordinator:** Interim Development Services Director

2023-05 **Anticipated Completion Date:** 11/30/2023

FINDING 2023-06: Daily Inspections Exceed Industry Guidelines
Rank: Medium

Condition:

The Insurance Services Office (ISO) Building Code Effectiveness Grading Schedule (BCEGS) program assesses building codes in effect in a community and how the community enforces them, with special emphasis on mitigating losses from natural hazards. Through the BCEGS program, ISO assigns each municipality a Building Code Effectiveness Classification from one (exemplary) to ten. ISO determines the classification by evaluating many criteria, including staffing levels and qualifications of field inspectors. A community receives points based on whether the department has sufficient staffing to complete a maximum of ten inspections per day per inspector over the course of a year.

During our audit we analyzed the number of inspections performed by City inspectors per day. In some instances, inspectors will perform several inspections at one property address or stop. For example, inspectors often perform multiple related inspections at one property; perform

multiple inspections of the same type on a single street for a row of new construction; give the inspection a “partial” pass, and the client provides inspector with proof that issues have been addressed and the property is reinspected before end of day (see example of report below).

Permit No	Permit Type	Work Class	Site Addr	Inspection Type	Completed	Status
B21-xxx50	Building Residential	Residential Construction	RIVERFIELD RD	BLD - Tie Beam	04/26/22	Partial
B21-xxx62	Building Residential	Residential Construction	RIVERFIELD RD	BLD - Tie Beam	04/26/22	Partial
B21-xxx94	Building Residential	Residential Construction	RIVERFIELD RD	BLD - Tie Beam	04/26/22	Partial
B21-xxx78	Building Residential	Residential Construction	RIVERFIELD RD	BLD - Tie Beam	04/26/22	Partial
B21-xxx77	Building Residential	Residential Construction	RIVERFIELD RD	BLD - Tie Beam	04/26/22	Partial
B21-xxx00	Building Residential	Residential Construction	RIVERFIELD RD	BLD - Tie Beam	04/26/22	Partial
B21-xxx79	Building Residential	Residential Construction	RIVERFIELD RD	BLD - Tie Beam	04/26/22	Partial
B21-xxx00	Building Residential	Residential Construction	RIVERFIELD RD	BLD - Tie Beam	04/26/22	Pass
B21-xxx79	Building Residential	Residential Construction	RIVERFIELD RD	BLD - Tie Beam	04/26/22	Pass
B21-xxx78	Building Residential	Residential Construction	RIVERFIELD RD	BLD - Tie Beam	04/26/22	Pass
B21-xxx77	Building Residential	Residential Construction	RIVERFIELD RD	BLD - Tie Beam	04/26/22	Pass
B21-xxx62	Building Residential	Residential Construction	RIVERFIELD RD	BLD - Tie Beam	04/26/22	Pass
B21-xxx94	Building Residential	Residential Construction	RIVERFIELD RD	BLD - Tie Beam	04/26/22	Pass
B21-xxx50	Building Residential	Residential Construction	RIVERFIELD RD	BLD - Tie Beam	04/26/22	Pass

In order to receive an exemplary rating of one by the ISO, the maximum number of inspections per day should be 10. ISO guidance is vague. To relate the inspections in ISO guidance to actual City practices, we polled current DSD inspectors and based on the discussion, we determined 20 to 25 inspections a day was reasonable, given current and projected permit and inspection data, as well as time and staffing constraints. To gain an understanding of the volume of inspections performed pre and post Hurricane Ian, we reviewed the number of inspections per inspector per day for March and April 2022 (pre-Hurricane Ian) and March and April 2023 (post-Hurricane Ian). The results are as follows:

Number of Inspections	March 2022	March 2023	YoY Change	YoY % Change	April 2022	April 2023	YoY Change	YoY % Change
1-20	125	116	-9	-7%	126	130	4	3%
21-25	144	210	66	46%	152	192	40	26%
26-30	136	105	-31	-23%	110	83	-27	-25%
30-35	46	67	21	46%	30	36	6	20%
36 or more	34	57	23	68%	29	50	21	72%
Total	485	555	70	14%	447	491	44	10%

In general, City Inspectors complete more inspections per day after Hurricane Ian than before the hurricane, with the largest percentage increase being 36 or more inspections per day for April 2023, which saw a 72% increase.

Criteria:

- ISO BCEGS program

Cause:

- Insufficient staff
- High demand for inspections

Effect:

- Potential overworked inspectors
- Potential liability increase
- Potential incomplete inspections

RECOMMENDATION:

2023-06: Develop and document a strategy to decrease number of daily inspections per City inspector to a level comparable to ISO standards.

Management Response and Corrective Action Plan:

2023-06 Select one of these boxes: ☒ **Agree** ☐ **Partially agree*** ☐ **Disagree***
***For partially agree or disagree a reason must be provided as part of your response:**

2023-06 *Steps have already been taken to limit inspector's to no more than 20 inspections per day. This is one of several reduction of inspector workloads to get them to the inspection/day range of 16-18, this will allow for employees to also attend training activities. This will be documented in the DSD Administrative Policies & Procedures. Our new Building Official has also expressed the importance of using Third Party Vendors to conduct more inspections, allowing us to reduce our employee inspector's inspections per day.*

2023-06 **Management Action Plan Coordinator:** Interim Development Services Director

2023-06 **Anticipated Completion Date:** 11/30/2023

FINDING 2023-07: Noncompliance with City and State Record Retention Polices
Rank: Medium

Condition:

DSD utilizes inspectors from TPVs to assist with the increased demand for building permit inspections. These inspectors are required to submit daily inspection results to the City. Next, a DSD employee manually enters the inspection data into the software.

To test the validity and accuracy of the results entered in the software system, we reviewed a sample of 60 TPV inspections performed by seven different vendors and agreed to the vendor submitted supporting documentation.

We noted 16 of 59[5] (27%) inspections did not have supporting documentation available for our review. For two TPVs, every inspection in our selected sample did not have supporting documentation available for review because DSD discarded vendor provided support. All supporting documentation records should be maintained in accordance with General Records Schedule retention times.

Criteria:

- FSS Chapter 119.011(12) Public Officers, Employees, and Records
    - "Public records" means all documents, papers, letters, maps, books, tapes, photographs, films, sound recordings, data processing software, or other material, regardless of the physical form, characteristics, or means of transmission, made or received pursuant to law or ordinance or in connection with the transaction of official business by any agency.

- General Records Schedule- State and local governments GS1-SL
    - INSPECTOR'S ROUTE SHEETS: DAILY Item #277 This record series consists of daily inspection sheets used by the inspector for recording violations and other requirements that have not met building standards or codes. NOTE: This record may also be part of the building permit records. See also "PERMITS: BUILDING." RETENTION: 3 fiscal years.

    - PERMITS: BUILDING Item #286 This record series consists of permits issued by a governing authority for performance of construction, electric, plumbing, gas, heating/ventilation/air conditioning, or mechanical work. Included in this series are the supporting documents and other permits that may be issued for construction or improvements to existing structures. See Florida Statutes Chapter 125, County Government, Chapter 166, Municipalities, regarding local government permitting authority; Section 553.79, Permits; applications; issuance; inspections; and Section 95.11(3)(c), Statute of Limitations regarding design, planning, or construction of an improvement to real property; and Florida Building Code, Section 105, Permits. RETENTION: 10 anniversary years from close or expiration of permit

Cause:

- Noncompliance with General Records Schedule retention timelines

Effect:

- Potential public records violation
- Potential inaccurate inspection data

RECOMMENDATION:

2023-07: Comply with General Records Schedule retention timelines for inspection supporting documentation.

[5] One selected inspection was for an engineering letter and did not require a physical inspection.

Management Response and Corrective Action Plan:	
2023-07	Select one of these boxes: ☒ **Agree** ☐ **Partially agree*** ☐ **Disagree***
	***For partially agree or disagree a reason must be provided as part of your response:**
2023-07	*We will ensure that we identify our retention timelines, train our staff on them, and comply with the General Records Schedule for retention timelines.*
2023-07	**Management Action Plan Coordinator:** Interim Development Services Director
2023-07	**Anticipated Completion Date**10/31/2023

SCOPE AND METHODOLOGY

Based on the work performed during the planning and the assessment of risk, the audit covers DSD - Building Division Inspection Process for the period of February 1, 2022, to April 30, 2023. To evaluate the inspection process and controls in place, we reviewed relevant laws, regulations, policies, and procedures.

To achieve our audit objectives, we conducted interviews and walkthroughs with key staff, including inspectors in the field, to gain an understanding of the inspection process and required supporting documentation. 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, we used judgmental and random sampling methodology for sample selection. We tested a sample of the 60 failed inspections, 60 emergency inspections related to Hurricane Ian, 60 TPV inspections, and nine TPV invoices. We also evaluated the number of inspections performed daily and the monitoring of inspector licensing.

To achieve the audit objectives, we evaluated and relied on information from the City's electronic permitting and inspection system as it relates to permits and inspections. We determined the data was reliable for the purpose of the stated audit objectives. Data was also used from the City's financial accounting system as it pertains to payment processing of TPV invoices. The financial information is tested by the external auditors as part of the Annual Comprehensive Financial Report. Based on the results of their procedures, no additional data reliance testing was deemed necessary.

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.