

**Post-Audit Review 12-02:
Fire Inspections**

July 2013

City Auditor

Stan Sewell, CPA, CGFM, CFE

Internal Auditor

Meghan Petty, CIA, GGAP





OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

July 23, 2012

To: Mayor Andy Berke
City Council Members

Subject: Post- Audit Review of Fire Inspections (Report #12-02)

Dear Mayor Berke and City Council Members:

Attached is a summary report on the status of audit recommendations in our 2012 Fire Inspections report. The purpose of this report is to confirm whether, and to what degree, management has implemented the recommendations made in the original audit.

The original audit concluded:

1. Better performance information is needed to evaluate the effectiveness of fire inspections at enhancing public safety;
2. Opportunities exist to streamline the fire inspections process and increase efficiency; and,
3. Costs to provide fire inspections exceed current revenues due, in part, to the Fire Department's failure to collect all approved fees. Additional fees should be considered in order to cover the cost of the fire inspection services as well as to provide enhanced enforcement of fire codes.

The audit had 14 recommendations to improve efficiency and effectiveness of the inspections process as well as address internal control deficiencies observed in collections processes at the Fire Department. At the time of this Post-Audit Review, nine recommendations were not implemented, one was partially implemented, and four were implemented. Recommendations partially implemented and not implemented are herein reported to the Audit Committee for follow-up, as appropriate.

This Post-Audit Review consisted principally of inquiries of City personnel and examinations of various supporting documentation. It was substantially less in scope than an

audit in accordance with generally accepted government auditing standards. The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been performed, other matters might have come to our attention that would have been reported to you and our conclusions may have been modified.

Sincerely,

Stan Sewell, CPA, CGFM, CFE
City Auditor

Attachment

cc: Travis McDonough, Chief of Staff
Andrew Kean, Chief Operating Officer
Audit Committee Members
Daisy Madison, Chief Financial Officer
Larry Flint, Fire Chief
Bo Matlock, Fire Marshal

RECOMMENDATIONS NOT IMPLEMENTED (9)

Recommendation	Actions Taken
1 We recommended the Fire Marshal, in conjunction with the Fire Chief, establish a periodic inspections schedule for properties within the City limits. Such a schedule should be based on a risk assessment of facilities' susceptibility to fire and extent of potential loss of life or property due to fire in each type of occupancy (e.g., industry, hospitals).	A risk assessment has not been performed to determine whether all properties in City limits should be a priority every year. The Fire Marshal institutionalized the process for focusing on certain properties in certain months (e.g., January's focus is hotels, February is daycares, and March is schools) by posting the calendar in the inspections unit area.
2 We recommended the Fire Marshal revise performance measures related to fire inspections in order to provide decision makers with reliable and accurate measures of program outcomes and impacts. Such measures should be relevant to the Department's stated mission, goals, and objectives.	Fire inspections performance reporting is limited to the number of inspections performed and complaints received. No additional performance measures have been adopted since the audit.
3 We recommended the Fire Marshal develop policies and procedures to standardize data entry for all staff accessing the Fire Data Management System (FDM) property and inspection records. In particular, policies and procedures should require each new entry to verify prior entries and ensure data is still correct for the property.	No written policies and procedures exist for the fire inspections staff. The Fire Marshal verbally requested inspectors input prior entries and ensure all data is correct for properties in the information system.
4 We recommended the Fire Marshal systematically review property information stored in FDM for completeness and accuracy. In doing so, the Fire Marshal should ensure all Places of Assembly have associated occupancy loads entered into FDM.	The Fire Marshal verbally requested inspectors complete an occupancy load for any Places of Assembly inspected that did not have posted limits. We reviewed automatic controls over data entry in the information system and noted fields such as business name, occupancy type, property use, and approved occupancy loads are not required fields. We also reviewed the most recent inspections for Places of Assembly and noted 53 places of assembly were inspected or checked from October 2012- April 2013. Of those, over half (28 of 53) did not have occupancy limits entered into FDM. The Fire Marshal indicated not all of these properties would be a priority for entering the occupancy load data. No written standards exist for identifying which properties should have documented occupancy loads.

Recommendation	Actions Taken
7 We recommended the Fire Marshal develop goals for inspector productivity and a system for monitoring whether the goals are being met by each inspector.	The Fire Marshal continues to utilize the Inspector Activity Report for productivity measurement. The report is designed to account for all hours in a day, but it does not report time in training or taken as personal leave.
8 We recommended the Fire Department create and issue operational permits required by the 2006 International Fire Code. The Department should determine its costs to provide the permit and seek Council approval to adopt associated permit fees.	The original audit found the Fire Department did not issue 43 of the 46 operational permits and none of the construction permits required by the 2006 International Fire Code. No additional permits have been implemented since the audit and the 2012 Fire Code does not ease the requirements. While the Fire Marshall identified required permits that may be beneficial to adopt, the overriding concern was implementing the permits would be more costly than revenues from the permits. However, many of the tests are already performed and administrative implementation requires a simple form and collection of the fees. Adoption of a form is imminent. The Fire Marshal will use discretion allowed in Section 104.8 to modify the letter of the code where compliance is impractical. According to this section, the Fire Marshal must issue modifications in writing and file them with the Fire Prevention Bureau.
12 We recommended the Fire Department develop an invoicing system to notify external parties of amounts due and allow for tracking of amounts due and paid.	None.
13 We also recommended the Fire Department adopt policies and procedures for its fee collection process and ensure all relevant employees are trained on when certain fees are applicable.	None.
14 We recommended the Fire Department seek approval from City Council to implement additional fees to cover the costs of periodic inspections and re-inspections and as a method to reduce repeat fire code violations.	The Fire Marshal did not seek Council approval for implementation of additional fees. According to the Fire Marshal, future implementation will be pursued only with interest from the new Council and Mayor.

RECOMMENDATION PARTIALLY IMPLEMENTED (1)

Recommendation	Actions Taken
5 We recommended the Fire Marshal retain paper inspection forms for the recommended three year period. This requirement should be included in policies and procedures for inspectors.	As noted above, the Fire Marshal has not adopted written policies and procedures. The Fire Marshal verbally reminded inspectors to provide paper inspection reports to the Administrative Assistant for filing. We selected a random sample of 10 inspections performed in the past six months to determine whether paper forms were filed. Of the 10, five were in the property address file and four others required reinspection prior to completion. One completed inspection report was not filed with the Administrative Assistant.

RECOMMENDATIONS FULLY IMPLEMENTED (4)

Recommendation	Actions Taken
6 We recommended the Fire Department re-examine its current process for fire inspections and consider options for increasing efficiency.	The Fire Marshal has taken the following steps to optimize the efficiency of the fire inspections process: <i>1. Revised Inspection Form</i> - The Fire Marshal adopted a new inspection form with input of inspectors. <i>2. Implemented Field Reporting</i> - The Fire Marshal purchased aircards and laptops for full-time inspectors. Inspectors are no longer required to return to the Fire Department in order to input findings from their inspections or to check in and out. Laptops and aircards allow inspectors to complete data entry for the inspection just after observed violations. The department is still considering a shift to a tablet-based reporting option to reduce paperwork and increase efficiency. <i>3. Improved Cell Phones</i> - Free phones previously used by inspectors are no longer supported by the vendor. Fire inspectors do not currently have phones provided. As a result, many inspectors routinely return to the office at the end of the day to check office voicemail. The Fire Marshal included requests for smartphones in the FY2014 departmental budget request. It appears the request has been denied by City Administration. <i>4. Public Education Officer</i> - The Fire Marshal also included a request for a dedicated Public Education Officer position in the FY2014 budget. It appears the request has been denied by City Administration.

Recommendation**Actions Taken**

- 9 We recommended the Finance and Administration Department update its procedures to ensure permits expire the last day of December as required by City Code.
- 10 We recommended the Police Chief determine if a review of moral character of the hotel applicants is necessary to ensure public safety at these facilities. If not, the Police Department should seek appropriate changes to the City Code to remove such a requirement.
- 11 We recommended the Fire Marshal determine if fire inspections should be required prior to approval of a hotel permit, based on an assessment of the City's risk of property damage and loss of life due to fire in such establishments. After such a determination, the Fire Marshal should seek changes to the City Code to reflect its involvement in the hotel permitting process and update any relevant fees.

Business Permits now expire on the last day of December.

Per Ordinance # 12620, the Police Department is not required to perform review of hotel applicants for moral character.

Effective as of June 28, 2012, Ordinance #12620 provided for the Fire Marshal's involvement in inspection of hotels prior to issuing Hotel/ Motel Operating Permits. Section 11-188 requires the Fire Marshal "inspect and approve or disapprove any hotel or rooming house for continuing operations pursuant to the Fire Codes adopted by the City of Chattanooga within sixty (60) days following the date of any renewal of such permit by the City Treasury." Section 11-188 also allows the Fire Marshal to collect a \$50 reinspection fee if properties do not meet Fire Codes. According to the Fire Marshal, instituting reinspection fees has decreased the number of reinspections required of these properties.

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