



Follow-up Review Report



Construction Plan Review, Permitting, and Inspection Processes



**Management has implemented most
recommendations in the prior audit report.**

March 2010

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

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Mr. Alberto M. Carvalho
Superintendent of Schools

Mr. Jose F. Montes de Oca, CPA
Chief Auditor
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Superintendent of Schools
Alberto M. Carvalho

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March 9, 2010

Members of the School Board of Miami-Dade County, Florida
Members of the School Board Audit Committee
Mr. Alberto M. Carvalho, Superintendent of Schools

Ladies and Gentlemen:

In accordance with School Board Rule 6Gx13-2C-1.142, Section IV and the approved audit plan for FY2008-09, we have reviewed the actions taken by management to implement the recommendations included in our prior internal audit report Construction Plan Review, Permitting, and Inspection Processes. That report was issued January 31, 2006. The audit objectives were to determine whether the construction plan review, permitting, and inspection processes administered by the Department of Educational Facilities Code Compliance (the Department) allowed for efficient plan reviewing, permitting, and inspecting of scheduled facilities projects; complied with applicable State of Florida Building Code and District's policies and procedures; and compared favorably with other school districts and with the two firms the District had contracted to perform similar services.

EXECUTIVE SUMMARY AND CONCLUSIONS

In our audit report, we concluded that the Department's operations were adequately controlled, complied with applicable laws and regulations, and that the Department and the contracted Building Code Consultants performed their reviews of construction plans in a thorough manner. However, we found delays in completing inspections within certain disciplines, as well as delays in issuing building permits and completing plan reviews.

We made 10 recommendations to improve the conditions noted. Management was in general agreement with our recommendations and provided responses indicating the findings would be addressed. Our follow-up review concludes that

of the 10 recommendations, management fully implemented six (6) and partially implemented two (2). The remaining two (2) recommendations continue unresolved.

Our follow-up review further disclosed that the Department, managed by the Building Official, now reports to the Chief Facilities Officer. At the time of the audit, the Building Official reported directly to the Deputy Superintendent of Business Operations. While the current reporting structure might on the surface appear to present proper alignment, that is, keeping all facilities functions under the Chief Facilities Officer, that reporting structure could potentially compromise the reporting responsibility of the Building Official, thereby reducing internal control. The basis for this assessment is because the functions performed by the Department are of a regulatory and compliance nature; whereas, the other major functions under the Chief Facilities Officer are production oriented. These two different functions may and will at times have opposing priorities. Not having the Building Official reporting to the Chief Facilities Officer provides a good system of checks and balances, and maintains his independence to carry out his regulatory and compliance function.

Our audit report included two recommendations addressing the Department's need to complete plan reviews in a timely manner. One of these recommendations was to develop management reports to track due dates for plan review. The other was to avoid starting construction before a permit was issued. Currently, the Department uses a manual log to track plan review activity. However, subsequent to the audit, in some cases, construction was still allowed to commence prior to Phase III approval and permits being issued. We are also aware that the Office of School Facilities' management has recently committed to adhering to district policy of proceeding with construction on projects only after Phase III construction documents are approved. Compliance with this commitment will be determined through future audit efforts.

As reported in our audit, the permit application process contained certain structural defects and there were delays in issuing permits. To its credit, the Department has cured the defects in the permit application process via certain manual processes. Also, an automated solution was undertaken wherein the Department developed aging reports of permits applied for and permits approved through its newly implemented "INSPECT" information system. However, these aging reports were found to contain errors and are not being used in daily operations.

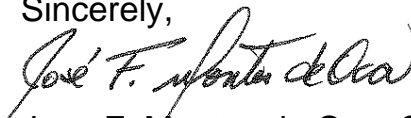
In 2006, we reported that the timeliness of performing inspections in certain disciplines and the accuracy of reporting inspections results needed to be addressed. We recommended that there be better alignment of the staff to the

Department's workload; assigning additional work to the Building Code Consultant (BCC) firms; and resolving the differences between the two databases used in the inspection plan and review process. Currently, the Department is unable to achieve the desired re-alignment of in-house staff among the various disciplines for two reasons. First, State Statute requires inspectors to possess the appropriate qualification and license in the specific discipline they inspect. Second, continued hiring freezes have not allowed the Department to hire qualified and licensed inspectors for disciplines where there is a need. These two conditions continue to limit the Department's ability to resolve backlogs in some disciplines. In fact, the Department has experienced decreases in the number of inspectors in some already understaffed disciplines. On the other hand, the District has increased the number of firms under contract to perform BCC services, from two at the time of our original audit, to four at the present time. The Building Official currently assigns the majority of new projects for in-house plan review and inspection, in response to the reduction in new construction activity and the financial crisis faced by the District. In addition, during implementation, the Department ensured that the deficiencies germane to the two systems being replaced were not programmed into the "INSPECT" system.

In our 2006 audit, we offered two specific recommendations calling for the development of performance measures and standards, and a re-evaluation of the Department's ratio of technical to administrative and support staff. No official study or analysis to measure and compare the Department's performance to similar organizations was presented for review. On the other hand, the Department's ratio of technical to administrative and support staff markedly improved from 2.6 to 3.7 (42%).

We acknowledge the efforts the Department has made to implement our audit recommendations and improve its operations, and that conditions beyond its control have impacted management's ability to fulfill the solutions that were planned in response to our audit. We commend management for its responsiveness and the high measure of accountability accepted in addressing our audit findings and recommendations. However, we recommend that the Department continue to work towards fully implementing the audit recommendations that remain unresolved.

Sincerely,



Jose F. Montes de Oca, CPA, Chief Auditor
Office of Management and Compliance Audits

BACKGROUND

The Department of Educational Facilities Code Compliance is responsible for performing technical reviews of construction plans, issuing building permits and performing inspections for the acceptance and occupancy of construction projects. Four professional architectural and engineering (A/E) firms designated as Building Code Consultants (BCCs) are engaged to provide similar services on behalf of the school district.

During Fiscal Year 2003-04, the Department was staffed by 38 employees and its operating budget was \$2.8 million compared to actual expenditures of \$2.5 million. The corresponding budget and expenditure amounts increased to \$4.2 million and \$3.2 million, respectively for fiscal year 2008-09, when the staff was reduced to 33 employees. The increase was due entirely to employee raises and associated benefit costs, which increased by 38.25% and 52.71%, respectively, during the five fiscal years in question. Moreover, although the number of firms providing BCC services for the District increased from two firms in 2005, to four firms in 2009, the total payments for these services (\$2.3 million in 2005, compared to \$2.5 million in 2009) remained consistent.

OBJECTIVE, SCOPE AND METHODOLOGY

The objective of this follow-up review was to determine the progress and extent of the implementation of management's plans of action for addressing the 10 recommendations in our 2006 audit report. The review covered actions taken by management subsequent to issuing that audit report, through December 2009.

We performed the following procedures to satisfy our objective:

- Interviewed district staff
- Reviewed the organizational structure, policies, procedures, applicable regulations, statutes, and School Board rules
- Examined, on a sample basis, reports, checklists, correspondences and supporting documentation used by the Department of Educational Facilities Code Compliance in connection with activities related to our audit recommendations
- Performed various other procedures deemed necessary

This performance audit follow-up review is not an audit, and is intended to provide a current status on audit findings and recommendations. However, we believe that the evidence obtained and reviewed provides a reasonable basis for our conclusions on the status of those audit findings and recommendations. This follow-up review did not include a specific assessment of the overall internal controls.

CURRENT STATUS OF AUDIT FINDINGS AND RECOMMENDATIONS			
Audit Committee Meeting Presented – March 16, 2010			
Audit Findings	Recommendations	Corrective Action By Management	Auditors' Comment
1. Complete Plan Reviews In A Timely Manner	1.1 Develop management reports that track due dates for plan review completion.	<p>“Plan Review Location Log” and “Plan Review Aging” Reports have been specified as a requirement for implementation in the INSPECT System.</p>	<p>Fully Implemented. At present, the Department uses a manual log to track the plan review activity. An attempt was made to automate this process by creating reports for plan review aging and location log in the “INSPECT” management information system; however, those specific features planned for inclusion in “INSPECT” have not been implemented.</p>
	1.2 Require (and cite) District staff to adhere to DOE rules and Florida Statutes by not proceeding with construction prior to the approval of Phase III construction document approval.	<p>The Building Official’s Office continues to notify District staff as to the requirements of Law in obtaining a Permit before the commencement of construction.</p> <p>Addition to the previously submitted Corrective Action Plan:</p> <p>While Phase III approval is one of the items required before properly commencing</p>	<p>Not Implemented. During the period of the review, there were reported cases where construction began before permits were received. Recently, Facilities’ management committed to not proceeding with construction on projects prior to Phase III and permit approval. Adherence to this policy is to be determined.</p>

CURRENT STATUS OF AUDIT FINDINGS AND RECOMMENDATIONS

Audit Committee Meeting Presented – March 16, 2010

Audit Findings	Recommendations	Corrective Action By Management	Auditors' Comment
		<p>construction, the primary requirement of Law is to obtain a Building Permit. Although the Department currently has no ability under Statute to levy fines, the Chief Facilities Officer will pursue administrative sanctions against parties that engage in this practice. In fact, the current administration immediately stopped the prior practice of contracting construction work with incomplete plans. Further, the Chief Facilities Officer has directed the Building Official to report to him any occurrences of construction or maintenance work commencing without the issuance of the appropriate Permit, for immediate attention.</p>	
<p>2. The Permit Application / Issuance Process Needs Enhancements</p>	<p>2.1 Implement a follow-up system that includes the aging of permit applications so that project managers and contractors can be timely notified on the status of</p>	<p>“Permit Applications Aging Report”, “Permit Aging Report”, and automatic notification via “Dunning Letters”, have been specified as a requirement for implementation in the INSPECT System.</p>	<p>Partially Implemented - Ongoing. The “INSPECT” requirements document addressed the need for aging reports for permits and permit applications, as well as dunning letters for</p>

CURRENT STATUS OF AUDIT FINDINGS AND RECOMMENDATIONS			
Audit Committee Meeting Presented – March 16, 2010			
Audit Findings	Recommendations	Corrective Action By Management	Auditors' Comment
	pending and approved permit applications.	<p>Addition to the previously submitted Corrective Action Plan:</p> <p>As noted above, a limited version of the INSPECT has been delivered and staff is making every effort to put it to use where possible. However, due to the lack of several key components and features that are necessary for proper operation of INSPECT, its full capability will not be realized until the application is completed. It is anticipated that Phase II of INSPECT will be implemented in the near future, once ITS resources can more fully be reallocated from other District priorities.</p>	incomplete and expired permits. However, the aging reports that were developed and are now available from "INSPECT" contain errors, and are not used for daily operations.
	2.2 Enhance the permit application documentation checklist to include space for documenting the dates required documents were	All appropriate dates and times are being noted on the "Checklist" for proper documentation.	Fully Implemented. The same checklist from the time of our audit remains in use. However, pertinent dates are now recorded in the checklist. Similarly, an attempt was made to create,

CURRENT STATUS OF AUDIT FINDINGS AND RECOMMENDATIONS			
Audit Committee Meeting Presented – March 16, 2010			
Audit Findings	Recommendations	Corrective Action By Management	Auditors' Comment
	received and when the required actions were taken.		in "INSPECT," an automated permit application checklist that provides spaces to record the dates each document in the permitting process is received; however, those specific features planned for inclusion in "INSPECT" have not been implemented.
	2.3 Consider re-assigning the permit application review function to clerical and support staff and provide them adequate supervision and training to properly execute this function.	Trained and reassigned staff to now execute this task.	Fully Implemented The permit application review function was successfully re-assigned to an Executive Secretary I, who forwards the application to the Director for final review and approval.
3. Improvements Needed On The Timeliness Of Inspections And The Accuracy Of Reporting	3.1 Align the composition of staff to fit the department's workload.	Unable to comply with recommendation due to statutory regulations (FSS 468), which delineate a specific category/discipline per inspector, and Hiring Freeze. Addition to the previously	Partially Implemented - Ongoing Instead of obtaining hiring freeze waivers and filling those new critical positions by March, 2006, as was contemplated in the Solution Plan provided by the

CURRENT STATUS OF AUDIT FINDINGS AND RECOMMENDATIONS

Audit Committee Meeting Presented – March 16, 2010

Audit Findings	Recommendations	Corrective Action By Management	Auditors' Comment
		<p>submitted Corrective Action Plan:</p> <p>Florida Statute precludes Inspectors from conducting inspections in the multiple disciplines under a single license and this somewhat limits the District's ability to make staff realignments. Further, due to the current financial crisis and District hiring freeze, realignment of the Department cannot be accomplished by adding appropriately licensed staff. In the interim, staff is utilizing the contracted BCC firms as needed.</p>	<p>Department of Educational Facilities Code Compliance in response to our audit finding, the Department underwent staff reductions. Moreover, because inspectors must possess the appropriate qualification and license in the specific discipline they inspect, pursuant to State Statutes, the desired re-alignment of in-house staff among the various disciplines could not occur. Accordingly, the Department continues to distribute its workload to appropriately qualified staff and to the BCC firms under contract, as needed.</p>
	<p>3.2 Consider assigning inspection work to the BCCs as needed.</p>	<p>Greater workload assigned to appropriate BCC firms. However, this practice is more costly to the taxpayer.</p>	<p>Fully Implemented. The number of architectural and engineering firms providing BCC services for the District has increased from two to four. However, due to the ebb in construction activity and the District's financial conditions,</p>

CURRENT STATUS OF AUDIT FINDINGS AND RECOMMENDATIONS			
Audit Committee Meeting Presented – March 16, 2010			
Audit Findings	Recommendations	Corrective Action By Management	Auditors' Comment
			the Department is currently trying to increase the number of inspections performed in-house, without causing delays or reducing productivity.
	3.3 Ensure that deficiencies of the two databases used in the inspection and plan review processes are resolved during the design and introduction of the planned inspection information system.	The various deficiencies and operational defects of the current systems, and their resolutions have been specified as a requirement for implementation in the INSPECT System.	Fully Implemented. As explained elsewhere in this report, the "INSPECT" requirements document addressed the District needs for managing code compliance of the District's construction projects. A limited version of the system became operational in August 2008 and currently tracks new construction projects. According to the department's staff, that version lacked a number of the requested components and will require further enhancements, as resources allow, to improve its effectiveness.

CURRENT STATUS OF AUDIT FINDINGS AND RECOMMENDATIONS			
Audit Committee Meeting Presented – March 16, 2010			
Audit Findings	Recommendations	Corrective Action By Management	Auditors' Comment
4. Performance Measures And Standards Needed	4.1 Develop performance measures and standards for plan reviews and inspections.	<p>Completed performance benchmarking study, but are unable to compare actual performance measures without the INSPECT system being completed and fully implemented for a reasonable data-gathering period.</p> <p>Addition to the previously submitted Corrective Action Plan:</p> <p>Management concurs that development of these types of performance indicators is a best practice and as soon as the INSPECT system is fully functioning this will be made a top priority.</p>	<p>Not Implemented.</p> <p>Performance measures and standards not presented for review. Moreover, while we acknowledge that obtaining the required data through "INSPECT" is potentially an efficient manner of collecting that data, benchmarking the Department's performance to appropriate standards and measures should be a priority as soon as resources become available.</p>
	4.2 Re-evaluate the ratio of technical to administrative and support staff and adjust as deemed necessary.	Reduced administrative & support staff by two (2) full-time and one (1) hourly positions.	<p>Fully Implemented.</p> <p>Staff reductions since the audit have resulted in an improved ratio (3.7 to 1) for technical staff to administrative and support staff. That ratio was 2.6 to 1 in the past.</p>

**APPENDIX
MANAGEMENT'S RESPONSE**

MEMORANDUM

March 9, 2010

TO: Mr. Jose F. Montes-de-Oca, CPA, Chief Auditor
Audit and Investigative Affairs

FROM:  Jaime G. Torrens, Chief Facilities Officer
Office of School Facilities

**SUBJECT: RESPONSE TO THE INTERNAL AUDIT FOLLOW-UP REVIEW REPORT
ON CONSTRUCTION PLAN REVIEW, PERMITTING, AND INSPECTION
PROCESSES**

First, I would like to thank you and your staff for the diligent and professional way in which the work on the above referenced audit review was conducted and completed. We especially appreciate their willingness to consider our explanations and to accept additional information in support of the initial responses to some of the audit review findings.

Following is our response to the above-subject Report:

Cover Letter - Executive Summary and Conclusions

As noted, at the time of the original Audit, the Building Official and the Department reported to the Deputy Superintendent of Business Operations; however, that position was eliminated and a subsequent reorganization led to the alignment of all facilities-related functions under the Chief Facilities Officer. It should be noted that other facilities compliance and inspection functions were already within the purview of the Office of School Facilities; nevertheless, once the current economic crisis subsides, the present alignment could be revisited.

As to instances where construction work has commenced prior to Phase III Plans approval and the issuance of a Building Permit, management concurs that this practice is unacceptable and upon assuming my current position in 2007, that practice was discontinued. Additionally, while under Statute the Department currently has no ability to levy fines, the Chief Facilities Officer will pursue administrative sanctions against parties that engage in this practice in the future.

Background

As noted, increases in budget and expenditures were due to raises and associated benefit costs resulting from District collective bargaining agreement which took place under the previous administration and were primarily for trades personnel (i.e. Building Code Inspectors and Senior Building Code Inspectors).

Findings/Comments and Management Responses:

Several of the Findings are based on the full implementation of the INSPECT Compliance Management System (INSPECT). As noted in the Report, a limited version of this system has been delivered and staff is making every effort to put it to use wherever possible. However, due to the lack of several key components and features that are necessary for proper operation of INSPECT, its full capability will not be realized until additional technology resources become available and the application is completed.

The following pertains to those findings that were partially implemented or not implemented:

- 1.2 Require (and cite) District staff to adhere to DOE rules and Florida Statutes by not proceeding with construction prior to the approval of Phase III construction document approval.

Management Response

While Phase III approval is one of the items required before properly commencing construction, the primary requirement of Law is to obtain a Building Permit. Although the Department currently has no ability under Statute to levy fines, the Chief Facilities Officer will pursue administrative sanctions against parties that engage in this practice. In fact, the current administration immediately stopped the prior practice of contracting construction work with incomplete plans. Further, the Chief Facilities Officer has directed the Building Official to report to him any occurrences of construction or maintenance work commencing without the issuance of the appropriate Permit, for immediate attention.

- 2.1 Implement a follow-up system that includes the aging of permit applications so that project managers and contractors can be timely notified on the status of pending and approved permit applications.

Management Response

As noted above, a limited version of the INSPECT has been delivered and staff is making every effort to put it to use where possible. However, due to the lack of several key components and features that are necessary for proper operation of INSPECT, its full capability will not be realized until the application is completed. It is anticipated that Phase II of INSPECT will be implemented in the near future, once ITS resources can more fully be reallocated from other District priorities.

- 3.1 Align the composition of staff to fit the department's workload.

Management Response

Florida Statute precludes Inspectors from conducting inspections in the multiple disciplines under a single license and this somewhat limits the District's ability to make staff realignments. Further, due to the current financial crisis and District hiring freeze, realignment of the Department cannot be accomplished by adding appropriately licensed staff. In the interim, staff is utilizing the contracted BCC firms as needed.

- 4.1 Develop performance measures and standards for plan reviews and inspections.

Management Response

Management concurs that development of these types of performance indicators is a best practice and as soon as the INSPECT system is fully functioning this will be made a top priority.

JGT:blp
M229

cc: Mr. Alberto M. Carvalho
Mr. Harry Muñoz
Mr. Trevor Williams
Mr. Brad L. Powell

The School Board of Miami-Dade County, Florida, adheres to a policy of nondiscrimination in employment and educational programs/activities and programs/activities receiving Federal financial assistance from the Department of Education, and strives affirmatively to provide equal opportunity for all as required by:

Title VI of the Civil Rights Act of 1964 - prohibits discrimination on the basis of race, color, religion, or national origin.

Title VII of the Civil Rights Act of 1964, as amended - prohibits discrimination in employment on the basis of race, color, religion, gender, or national origin.

Title IX of the Education Amendments of 1972 - prohibits discrimination on the basis of gender.

Age Discrimination in Employment Act of 1967 (ADEA), as amended - prohibits discrimination on the basis of age with respect to individuals who are at least 40.

The Equal Pay Act of 1963, as amended - prohibits sex discrimination in payment of wages to women and men performing substantially equal work in the same establishment.

Section 504 of the Rehabilitation Act of 1973 - prohibits discrimination against the disabled.

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Florida Civil Rights Act of 1992 - secures for all individuals within the state freedom from discrimination because of race, color, religion, sex, national origin, age, handicap, or marital status.

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Veterans are provided re-employment rights in accordance with P.L. 93-508 (Federal Law) and Section 295.07 (Florida Statutes), which stipulate categorical preferences for employment.

**INTERNAL AUDIT REPORT
FOLLOW-UP REVIEW ON CONSTRUCTION PLAN REVIEW, PERMITTING,
AND INSPECTION PROCESSES**



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