

EXECUTIVE DIGEST

BUREAU OF CONSTRUCTION CODES

INTRODUCTION

This report contains the results of our performance* and financial* audit of the Bureau of Construction Codes, Department of Consumer and Industry Services. The financial portion of our audit covered the period October 1, 1998 through September 30, 2000.

AUDIT PURPOSE

This performance and financial audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency*. Financial audits are conducted at various intervals to provide for enhanced financial reporting of significant State programs and/or activities and to complement the annual audit of the State's financial statements. Also, this audit complements the Departmentwide financial audit.

BACKGROUND

The Bureau administers laws governing the construction of buildings, including electrical, plumbing, and mechanical laws; barrier free designs; building officials' and inspectors' registration; boiler installation and operation; and elevator safety. Bureau staff review plans for proposed construction and conduct inspections to determine compliance with the various construction codes. In addition, the Bureau receives permit and fee revenue related to these activities. The financial transactions for

the Bureau's boiler and elevator programs are accounted for in the State's General Fund. The financial transactions for the rest of the Bureau's programs and operations are accounted for in the State Construction Code Fund.

For fiscal year 1999-2000, the Bureau reported General Fund expenditures and operating transfers out totaling approximately \$3.9 million and State Construction Code Fund expenditures and operating transfers out totaling approximately \$9.7 million. As of September 30, 2000, the Bureau had 161 employees, including student interns and temporary inspectors.

AUDIT OBJECTIVES,
CONCLUSIONS, AND
NOTEWORTHY
ACCOMPLISHMENTS

Audit Objective: To assess the Bureau's effectiveness in meeting its program responsibilities and goals*.

Conclusion: We determined that the Bureau was generally effective in meeting its program responsibilities and goals. However, our assessment disclosed one material condition*:

- The Bureau needs to improve its controls over the monitoring of inspections to ensure that inspection fees are properly invoiced and collected. The Bureau also needs to develop procedures to ensure that violations identified during inspections are corrected in a timely manner. (Finding 1)

The Bureau agreed with the corresponding recommendations and informed us that procedures will be developed to ensure that all payments for the inspection of boilers and elevating equipment are received and that correction orders are followed up and violations corrected. The Bureau emphasized that the correction orders and violations that have not

been corrected are minor in nature and do not endanger the users of the equipment. The Bureau added that all major violations that have an impact on customer safety are followed up in a timely manner and that the hand-held computer system has been corrected to properly generate invoices for all inspection activity of premanufactured housing units.

Our assessment also disclosed reportable conditions* related to permit monitoring, boiler inspections, and elevating equipment inspections (Findings 2 through 4).

Noteworthy Accomplishments: The Bureau converted to new hand-held computers for inspectors, which the Bureau reported increased productivity and enabled the Bureau to be year 2000 compliant. Also, the Bureau increased the speed in issuing permits so that 97% of permits were issued within two days of receipt. In addition, the Bureau staggered renewal dates of the plumbing and mechanical licenses to improve the effectiveness of processing licenses.

Audit Objective: To assess and report on the Bureau's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the financial statements, and on its internal control* over financial reporting, based on our audit of the financial statements.

Conclusion: Our assessment of compliance did not disclose any instances of noncompliance that could have a direct and material effect on the financial statements. Also, our assessment of internal control over financial reporting did not disclose any material weaknesses*. However, our assessment identified

reportable conditions related to the recording of revenues and accounts receivable and the reconciliation of Permits Plus (Findings 5 and 6).

Audit Objective: To audit the State Construction Code Fund financial statements as of and for the fiscal years ended September 30, 2000 and September 30, 1999.

Conclusion: We expressed an unqualified opinion* on the State Construction Code Fund financial statements.

AUDIT SCOPE AND
METHODOLOGY

Our audit scope was to examine the program and other records of the Bureau of Construction Codes. Also, our audit scope was to examine the financial records for the period October 1, 1998 through September 30, 2000. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our audit procedures included examination of the Bureau's programs and operations primarily for the period October 1, 1997 through September 30, 2000. Based on our preliminary review, we selected program and other records for review to assess the Bureau's effectiveness in meeting its program responsibilities and goals. Also, we analyzed financial records and tested records related to licenses and permits.

AGENCY RESPONSES
AND PRIOR AUDIT
FOLLOW-UP

Our audit report includes 6 findings and 7 corresponding recommendations. The Bureau's preliminary response

indicated that it agreed with all of the recommendations and that it had or will implement them.

The Bureau complied with 6 of the 12 prior audit recommendations. We repeated 3 prior audit recommendations and the other 3 prior audit recommendations were rewritten for inclusion in this audit report.