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Office of the Auditor General

Report Summary

Performance Audit Selected Activities Within the Bureau of Construction Codes (BCC) Department of Licensing and Regulatory Affairs (LARA)

**Report Number:
641-0240-20**

**Released:
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BCC's mission is to ensure Michigan's built environment and the systems within are sound, safe, and sanitary; building users' health, safety, and welfare are protected; and, through a coordinated program of code compliance, investigation, and training, consistent application of standards exists. BCC expended \$17.8 million for fiscal year 2019, and as of April 9, 2021, it had 111 employees.

Audit Objective			Conclusion
Objective 1: To assess the sufficiency of BCC's efforts to conduct inspections.			Sufficient, with exceptions
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
As of May 31, 2020, 73% of elevating devices were 26 days to over 5 years overdue for routine inspections, and 55% of elevating devices with violations were 94 days to nearly 2 years overdue for follow-up inspections (Finding 1).	X		Agrees
As of May 11, 2020, 13% of boilers were 1 day to over 19 years overdue for routine inspections, and 96% of boilers with violations were 1 day to over 7 years overdue for follow-up inspections (Finding 2).	X		Agrees
Fiscal year 2019 carnival-amusement and ski regulatory costs exceeded revenues by \$312,517 (82%) and \$367,490 (96%), respectively (Finding 3).		X	Agrees
Regarding access and security controls, we identified issues related to assigning, disabling, and removing user access and oversight of vendor-hosted system controls. Seven former State employees had access to the systems BCC uses to document data related to licenses, permits, devices, complaints, and inspections (Accela and Jurisdiction Online [JOL]) for 115 to 941 days after they terminated State employment (Finding 4).		X	Agrees
Codes and standards adopted in the <i>Michigan Administrative Code</i> for BCC-regulated activities lagged behind national standards by 3 to 16 years (Finding 5).		X	Agrees

Observations Related to This Audit Objective (Continued)	Material Condition	Reportable Condition	Agency Preliminary Response
Carnival-amusement ride inspection and permit requirements may not align with the ride operating season, increasing the risk of injury, death, and/or the State's financial liability (<u>Observation 1</u>).			Not applicable for observations.

Audit Objective			Conclusion
Objective 2: To assess the sufficiency of BCC's efforts to resolve complaints in a timely manner.			Not sufficient
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
94% of the complaint investigations we reviewed were not completed within 30 days (<u>Finding 6</u>).	X		Agrees

Audit Objective			Conclusion
Objective 3: To assess the sufficiency of BCC's efforts to process permit applications.			Sufficient
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.			Not applicable.

Audit Objective			Conclusion
Objective 4: To assess LARA's compliance with statutory reporting requirements.			Complied, with exceptions
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Required annual reports were not supported, did not include all required elements, and were not submitted timely (<u>Finding 7</u>).		X	Agrees

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