



Audit of Building Services

Division of Inspector General **Neil Kelly, Clerk of the Circuit and County Courts** **Audit Report**

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Board of County Commissioners

We have conducted our audit of the Building Services Division of the Board of County Commissioners' Economic Growth Department, as scheduled per the Clerk's Annual Inspector General Audit Plan.

We appreciate the cooperation and assistance provided by the Building Services Division and also other local county and governmental entities contacted during the course of our audit.

Respectfully submitted,

Bob Melton

Bob Melton
Inspector General

cc: The Honorable Neil Kelly, Clerk of Circuit & County Courts
David Heath, County Manager
Robert Chandler, Economic Growth Department Director

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EXECUTIVE SUMMARY

We conducted an audit of the Building Services Division of the Board of County Commissioners' Economic Growth Department. Building Services is a self-supporting program that administers and enforces all building and licensing laws, rules and regulations, as well as performs building inspection activities. Enforcement and inspection activities are supported by a variety of fees for services.

Failed inspections are not always re-inspected. A list of permits with an application date between October 1, 2013 and June 4, 2015 showed that 911 permits had inspections that failed and then did not receive final approval. These included roofs, residential additions, and electrical services. Without proper final approval, the permit holder and property owner, or a future property owner, cannot be assured of the project meeting the provisions of the Florida Building Code, whether a re-roof, an HVAC installation, a single family residence, or other type of project. It is crucial that management takes every reasonable action to ensure that building codes are followed for those areas in which permits are issued.

In 10 of the 11 re-roofing permits sampled where the certificate of occupancy had been issued, adequate documentation as required under the re-roofing policy was not located in the database. The documentation was missing re-roofing affidavits, identification numbers in the photographs, and sufficient photographs as detailed in the policy. It is essential that proper controls be in place to help ensure re-roofs are completed in accordance with Code requirements.

Unpermitted work procedures should be improved. The work schedules of the Licensing Investigators do not provide for night or weekend coverage to detect and deter possible unpermitted work. Unpermitted work can occur at any time of day. When a Licensing Investigator responds to a complaint, the Licensing Investigator surveys the immediate area for any other unpermitted activity. Otherwise, no pro-active activity is conducted due to time constraints. If unpermitted work is occurring, a Stop Work Order (SWO) is issued. The SWO is not added to a log; no log exists. No listing of the open SWOs can be printed from the software system. The SWO and related information are paper-clipped together and placed in a paper file with other open SWOs.

Our report contains a total of 51 recommendations for improvement. Management agreed with all of the recommendations.

INTRODUCTION

Scope and Methodology

We conducted an audit of the Building Services Division of the Board of County Commissioners' Economic Growth Department as scheduled per the Clerk's Annual Inspector General Audit Plan. Our audit objectives were to:

1. Determine the adequacy of controls in the Building Services operations.
2. Determine that fees are charged and collected in accordance with the approved schedules and controls over the payments are adequate.
3. Determine the adequate and timely enforcement of the building codes.

To determine the adequacy of controls in the Building Services operations, we selected a sample of permits and reviewed the permits for various characteristics, including presence of zoning review, plan review approval, presence and timely filing of a notice of commencement, if applicable, and timely inspection. We also reviewed permits which were older than six months, and sent out audit confirmations, to determine the permit holder's status. We contacted another county for reference and reviewed inspections in the field. We also contacted other counties to determine the process for unsafe structures and condemnations and reviewed the county's current process. We discussed with management and reviewed the feasibility of periodic rotation of areas for inspectors. We discussed with management the possibility of conflicts of interest. We reviewed the hours of work performed by contracted inspectors and evaluated the cost compared to that of a staff inspector.

To determine if fees are charged and collected in accordance with the approved schedules and controls over the payments are adequate, we selected a sample of permits and reviewed the permits for the types of fees assessed and the amount of the fees. We reviewed the controls over cash, credit card payments, and debit accounts. To determine whether there are sufficient internal controls over cash, credit cards, and debit accounts, we confirmed with County Finance the related funds and the amount of those funds. We also observed the cash out procedures to verify segregation of duties, ensure overages and shortages are investigated, and determine whether the deposits match receipts. We performed a surprise verification of the cash funds and reviewed previous deposits to determine how often funds are deposited and that deposits match receipts. We observed the processing of credit card payments and interviewed management to learn of the controls over credit card refunds and reversals.

To determine if there are adequate physical controls over cash funds and credit cards, we interviewed management to learn of the controls, observed the security of area, and observed the location of the safe.

To determine if the proper amount of cash is present and accounted for, we performed surprise verifications of the cash funds and verified with management and County Finance that all cash funds were present and accounted for properly. We also reviewed previous deposits and matched to the receipts to ensure the deposits were made intact.

To determine the adequate and timely enforcement of the building codes, we discussed the adoption of building codes with management and reviewed documentation related to the current code.

Our audit included such tests of records and other auditing procedures, as we considered necessary in the circumstances. The audit period was October 1, 2014 through April 30, 2015. However, transactions, processes, and situations reviewed were not limited by the audit period.

Overall Conclusion

Except as noted in this report, we conclude that the controls over operations are adequate. We conclude that the fees charged and collected are in accordance with the approved schedules. Except as noted in this report, we conclude that controls over the payments are adequate. Except as noted in this report, we conclude that the enforcement of the building codes is adequate and timely. Opportunities for Improvement are included in this report.

Background

Building Services is a division of the Economic Growth Department and is a self-supporting program that administers and enforces all building and licensing laws, rules and regulations, as well as performs building inspection activities. Enforcement and inspection activities are supported by a variety of fees for services. Projected revenues include building permit fees, protective inspection fees, administrative service fees, contractor license fees, other revenues and fund balance.

The Building Services Division is responsible for building construction plan review, permitting and inspection in unincorporated Lake County and the Town of Montverde to ensure compliance with the Florida Building Code, the Florida Fire Prevention Code and to protect the public safety through the administration and enforcement of the technical codes and other pertinent laws or ordinances. The Building Services Division also performs inspections on existing buildings during a change of occupancy to determine whether any life safety issues exist. Another major function of the Building Services Division is administering contractor licensing and to reduce un-licensed contractor activity. Local city jurisdictions look to the County Building division to verify licensing requirements have been met prior to issuing permits within their agency. The Building Services Division assists in the mediation process

of complaints between citizens and contractors. Additionally the Division acts on complaints of unlicensed contractor activity in the unincorporated Lake County and within the local city limits through inter-local agreements.

The Division has performance measurements of customers served, inspections plan review, permits issued, and contractor and unlicensed contractor complaints.

The county budget shows that Building Services has a special revenue fund, meaning the division is self-funded or self-supported. The adopted 2015 revenues and expenses were \$3,883,320. Three employees are expected to be added in 2015, for a total of 22 employees.

OPPORTUNITIES FOR IMPROVEMENT

Our audit disclosed certain policies, procedures and practices that could be improved. Our audit was neither designed nor intended to be a detailed study of every relevant system, procedure or transaction. Accordingly, the Opportunities for Improvement presented in this report may not be all-inclusive of areas where improvement may be needed.

1. Final Inspections Should Be Performed And Appropriate Fees Charged On All Permits.

During a review of permits with an application date of October 1, 2013 through June 5, 2015, we noted the following concerns:

- A. The renewal fee was paid but the permit was showing expired status. When a permit expires, it can be renewed after paying a renewal fee. One permit for a detached garage and another for an in-ground swimming pool each showed an “Expired” status. Although the permits had expired, the appropriate renewal fees had been paid. The system did not reflect the renewed status. The system should reset the status once the renewal fees have been paid.
- B. Re-inspection fees were still pending in the system. When an inspection is disapproved, a re-inspection fee may be assessed. Generally, a contractor will pay the fee and schedule the re-inspection. However, in some instances, the permit will expire with the fee still pending and no approved inspection. A notation on one such permit stated that the permit was in reference to a contractor complaint and to “make sure this inspection is done on 12-20-13.” The inspection was performed that day. However, the inspection was disapproved and a re-inspection fee was required. No further inspections were made. The status of the permit was “Expired” and the fees were pending.
- C. The re-inspection fee was not entered in the system even though it was marked “required” by the inspector. When an inspection is disapproved, the inspector issues a Notice of Correction. The inspector marks the notice as to whether or not re-inspection fees are due. The approved re-inspection fee is \$66. One permit received a Notice of Correction showing that re-inspection fees of \$66 were due. However, the fees were not entered in the system as being due and were not collected. Another permit received two Notices of Correction where the inspector marked on each that re-inspection fees were due; however, the fees were not entered in the system or collected. This reduced the amount of revenue to the division as allowed under the fee schedule approved by the Board of County Commissioners.
- D. A portion of the Early Start Fee was credited. A project was granted an “Early Start,” which means that construction can start but no inspections can be requested until the permit is issued.

An “Early Start” non-refundable fee of \$100 was collected. However, \$84.50 of the fee was later credited. This reduced the amount of revenue to the division as allowed under the fee schedule. The system should have controls that prevent the credit of the “Early Start” fee.

As the Building Services division is self-funded, controls should be in place to ensure that all approved fees are collected to support its programs.

Further analysis was then conducted through a statistical sample of 117 audit confirmations sent to permit holders. Fifty-seven responses were received. The responses to the question of “was this project completed?” in the audit confirmation were as follows:

Audit Confirmation Responses	Was This Project Completed?
Yes	44
No	11
Blank	2
Total	57

Of the 44 projects the permit holders believed to be completed, 15 projects had no inspections showing in the system and 21 projects showed that although some inspections had been performed, the final inspection had not been performed. The 15 projects that had no inspections were the following permit types:

Type of Permit	Number of Projects
Roof-Reroof (RF)	8
Windows and Doors (WD)	3
Mechanical (MC)	2
Gas – LP or Natural (GS)	1
Structures Other Buildings (SB)	1
Total	15

Based on our statistical sample, we conclude that over 77% of the permit holders believed that the project has received a final inspection when, in fact, it had not.

The provisions of the Florida Building Code apply to the construction, erection, alteration, modification, repair, equipment, use and occupancy, location, maintenance, removal and demolition of every public and private building. Projects that do not meet the Florida Building Code put owners and future owners at risk.

We Recommend management ensure final inspections are performed for all open permits and take other necessary corrective actions.

Management Response:

- A. Building Services concurs with this finding and has already enacted policies and procedure to correct this finding.
- B. Building Services concurs with this finding and will work with management to identify resources to address this finding. As permits approach expired status applicants currently receive email notices 30, 20 and 10 days prior to expiration date and then on the permit expiration date. If applicant does not renew the permit, (effective April 2015) the permit would be referred to a Licensing Investigator for review. Due to staffing levels at this time, the two investigators' time is consumed with complaint driven cases (unlicensed individuals, unsafe structures, and work without permit).
- C. Building Services concurs with this finding and has already enacted policies and procedure to correct this finding.
- D. Building Services concurs with this finding and has already enacted policies and procedure to correct this finding.

2. Inspection Process Related To Failed Inspections Needs Improvement.

Failed inspections are not always re-inspected. A list of permits with an application date between October 1, 2013 and June 4, 2015 showed that 911 permits (or 6% of the total 14,109 permits) had inspections that failed and then did not receive final approval. The primary permit types in the 911 permits that were not re-inspected are the following:

Type of Permit	Count of Permits
Mechanical (MC) – includes air conditioning system, or HVAC	216
Roof-Reroof (RF)	124
Residential Additions (RD)	93
Single Family Residence (SF/SFW)	68
Electrical Services (EL)	51
Residential Pool (RP)	39
Windows and Doors (WD)	38
Other Nonresidential Building (NR)	26
Gas – LP or Natural (GS)	23
Public Works/Utilities (PW)	23
Alarm Systems (AL)	20
Plumbing (PL)	20
Structures Other Buildings (SB)	19
Mobile Home Additions (AM)	16

Single Family Residence Attached (SA)	16
Others (Tent, Demolition, Signs, Fire Sprinklers, Garages/Carports, etc.)	119
Total Permits	911

The provisions of the Florida Building Code apply to the construction, erection, alteration, modification, repair, equipment, use and occupancy, location, maintenance, removal and demolition of every public and private building. Without proper final approval, the permit holder and property owner, or a future property owner, cannot be assured of the project meeting the provisions of the Florida Building Code, whether a re-roof, an HVAC installation, a single family residence, or other type of project. It is crucial that management takes every reasonable action to ensure that building codes are followed for those areas in which permits are issued.

We Recommend management put controls in place to ensure that failed inspections are followed to conclusion so that the permit holder and/or contractor seeks and receives final approval of the project.

Management Response:

Building Services concurs with this finding and will work with management to identify resources to address this finding. When inspections fail to meet required standards, a disapproved disposition is entered into the permitting computer software system. Applicant is required to correct outstanding matter and call for an additional inspection. If applicants do not call for a re-inspection in a timely manner, the permits will expire. As permits approach expired status applicants receive email notices 30, 20 and 10 days prior to expiration date and then on the permit expiration date. If applicant does not renew the permit, (effective April 2015) the permit would be referred to a Licensing Investigator for review. Due to staffing levels at this time, the two investigators' time is consumed with complaint driven cases (unlicensed individuals, unsafe structures, and work without permit).

3. Permit Processing Needs Improvement.

Our review indicated that some permits were processed properly while others were not. We noted the following concerns:

- A. In two instances, the plan review fees charged were less than the proper amount, or \$19.34 lower and \$184.43 lower. In another instance, no plan review fee was charged although it appears it should have been in the amount of \$37.50.
- B. The correct amount of permit fees was not charged in one instance. In that instance, the minimum fee was charged when it should have been based on the higher square footage calculation, which would have resulted in an increase of \$10.22 or \$18.52 depending on the appropriate square footage.
- C. In 10 of the 11 re-roofing permits where the certificate of occupancy had been issued, adequate documentation as required under the re-roofing policy was not located in the database. The documentation was missing re-roofing affidavits, identification numbers in the photographs, and sufficient photographs as detailed in the policy. It is essential that proper

controls be in place to help ensure re-roofs are completed in accordance with Code requirements.

- D. In 11 sample items, inspections resulted in disapproval and/or Notices of Correction. The actions for substandard work were reasonable, requiring additional inspections. In six of these items, fees were required and either had been paid or were pending. Two cases stated that a fee was required but it was not charged in the division's software system. Two cases stated that no fee was required but the inspector would have to return to complete the inspections. One case stated that no fee was required and that the disapproval could be reviewed at the next inspection but there was no next inspection required except for the follow-up to the disapproved inspection.
- E. During the review of the Notices of Correction in the database, some notices had the permit number paired with a different alternate key and unrelated contractor and owner names. Information in the system should allow clear tracking of all related permit activity. The current situation could create confusion as to which permit the notice was actually related.

As the Building Services division is self-funded, controls should be in place to ensure that all approved fees are collected to support its programs. Additionally, proper controls should be in place to ensure that the division's documentation requirements, whether internal or contractor information, are followed.

We Recommend management:

- A. Ensure appropriate plan review fees are charged.
- B. Ensure the square footage information is entered in the database so that permit fee calculations are accurate.
- C. Ensure the affidavit and photograph documentation as required in the county policy for a re-roofing inspection is provided prior to the issuance of a certificate of occupancy.
- D. With re-inspections:
 - 1. Ensure the re-inspection fees noted by the inspector are charged under the permit, and
 - 2. Charge fees when an inspection disapproval results in a re-inspection which is the only reason for the additional inspection.
- E. Ensure the documentation in the database references the correct permit number, contractor, and owner.

Management Response:

- A and B. Building Services concurs with this finding and has already enacted policies and procedure to correct this finding. Building Services is also working with our software provider to determine if there are any other programing services which are available to alleviate these deficiencies.

- C. Building Services concurs with this finding and has already enacted policies and procedures to correct this finding. A staff member has been dedicated to scan and index documentation inspectors receive. An outreach workshop was also presented in July 2015, for roofers and inspectors to address acceptable documentation for successful inspection.
- D. Building Services concurs with this finding and an office procedure was written to correct this finding. Inspectors have been directed to charge re-inspection fees where the re-inspection of a failed inspection results in the return visit of an inspector and where no additional site visits would be required. In addition inspectors have been directed to charge re-inspection fees where there have been prior failed inspections on the same trade, and the deficiency is not being properly addressed.
- E. Building Services concurs with this finding and has already enacted policies and procedures to correct this finding.

4. Unpermitted Work Procedures Should Be Improved.

Effective procedures and processes are not in place to ensure compliance with obtaining building permits, which includes discovering and investigating unpermitted work. When unpermitted work occurs without discovery, a future buyer of the property can be placed at significant risk and additional expense. We noted the following areas of concern related to unpermitted work:

- A. When an initial complaint is received, a Licensing Investigator goes to the site. If unpermitted work is occurring, a Stop Work Order (SWO) is issued. The SWO is scanned and attached to the address in the software system. The SWO is entered and tracked in the calendar for follow-up in ten days. The SWO is not added to a log; no log exists. No listing of the open SWOs can be printed from the software system. The SWO and related information are paper-clipped together and placed in a paper file with other open SWOs. This informal method of tracking risks information being misplaced or lost and the related complaint not being resolved timely.
- B. When a Licensing Investigator responds to a complaint, the Licensing Investigator surveys the immediate area for any other unpermitted activity. Otherwise, no pro-active activity is conducted due to time constraints. The Licensing Investigators have conducted pro-active detection activity in the past, e.g., stings and sweeps, but have not done so recently.
- C. The work schedules of the Licensing Investigators do not provide for night or weekend coverage to detect and deter possible unpermitted work. Unpermitted work can occur at any time of day. Without schedules that provide for investigation activities at hours other than the typical work day, the opportunity for detecting these activities is diminished. Unpermitted work can put current and future owners at risk.
- D. Of the five unpermitted work cases reviewed, two of the cases have received or applied for a permit. One of the cases was opened and closed in Code Enforcement two years prior to becoming an active case in Building Services. However, each of the cases has been open longer than the 30 day time period before going to the Special Magistrate. For example, in the two

cases noted with permit activity: 1) over 100 days passed before a permit was issued, and 2) 70 days passed before a permit was applied for. The other cases reviewed have been open for over 80 days to 160 days. The Licensing Investigators expend significant time following up on cases that are not processed timely. This takes resources away from the focus on new cases or other activities that would benefit the citizens of Lake County. Additionally, a perception may exist that there is no reason to hurry to get a permit as the process will allow for long delays.

We Recommend management:

- A. Initiate a case management system that includes tracking of Stop Work Orders.
- B. Establish a pro-active detection program of unpermitted activity.
- C. Adjust the work schedules of the Licensing Investigators to provide for night and weekend coverage.
- D. Ensure unpermitted work cases adhere to the established time limits to compel unpermitted workers to comply timely.

Management Response:

- A. Building Services concurs with this finding and has already enacted policies and procedure to correct this finding. Changes have been enacted to require the Public Hearing Coordinator to assist the Investigators and Inspectors by logging all Stop Work Orders in to the computer permitting software system.
- B. Building Services concurs with this finding and will work with management to identify resources to address this finding. Current workload does not provide for staff to survey the County for unpermitted work.
- C. Building Services concurs with this finding and will work with management to identify resources to address this finding. Current workload does not provide for staff to survey the County for unpermitted work.
- D. Building Services concurs with this finding and will work with management to identify resources to address this finding. Current workload does not provide for staff to follow up on all older cases and ensure compliance.

5. Condemnation Process Should Be Improved.

During our review of a sample of unsafe structures, we noted the following concerns:

- A. Although current procedures were followed, the process is inadequate as it does not allow the County to act on the structure if the owner fails to act. Even after a fine has been assessed and recorded, the structure can still remain unchanged and unsafe.

Our review of the process in neighboring counties showed these counties have the authority to demolish buildings.

Building Services has been in discussions with the County Attorney's office to allow the county to demolish a structure or take other security measures such as boarding up or fencing off the structure; however, no changes have been made. A funding source should be determined for the security measures that are allowed.

One such structure was repeatedly reported by a citizen who was concerned for the safety of the children playing in the area of the structure. Such structure poses a threat to both children and adults and places the county at significant risk.



The citizen reporting this unsafe structure was concerned about the safety of the children at play around it.



This unsafe structure also presents a risk to the citizens of Lake County.

A Lake County goal is that the appearance of Lake County is esthetically pleasing and well designed; unsafe structures that are allowed to fall into further disrepair conflict with this goal.

- B. The Licensing Investigators were limited in their determination of the ownership of some unsafe properties. The investigators did not have direct access to a people-locating system and could not independently locate the owner of these properties. The investigators either had to rely on Code Enforcement personnel to run a search for them in their system or search general public records which do not provide adequate information. This increased the time of the Investigators' research and prevented them from moving projects forward.

We Recommend management:

- A. Work with the County Attorney's office to develop methods that Building Services can take to ensure unsafe structures are made safer, including boarding up, security fencing, and demolition, and determine a funding source for the allowed methods.
- B. Acquire access to a people-locating system for use by the Licensing Investigators.

Management Response:

- A. Building Services concurs with this finding and requested funds for structure demolition in the 2015/16 budget. Building Services is currently working on policy and procedures for use of these funds. Staff will continue to work with the County Attorney's office to improve this practice.
- B. Building Services concurs with this finding and will work with management to identify resources to address this finding. Currently Licensing Investigators use the same program as Code Enforcement Officers. Management is in the process of researching programs that will better aid in determining current property owners' names and contact addresses.

6. Controls Over Cash Receipts Should Be Improved.

During our review of the cash receipts process, we found that the receipts were not properly safeguarded, and the segregation of duties was not adequate. We noted the following concerns:

- A. Checks are not physically secured when received. When a check is received as payment, the Permitting Technician places the check in a zippered bank bag on the desk of the employee who will be processing the deposit. Throughout the day, the bag may be left unattended due to duties that take the employee away from the desk. A key to the cash drawer is stored in the bank bag, which could give someone ready access to cash on hand. Throughout the day, persons applying for a permit, renewing a license, or paying fines are coming and going throughout the area.
- B. One cash drawer services all those performing cashiering functions. The cash drawer does not have a way of securing checks in the drawer without unlocking the drawer. Some cash drawers contain slots in the drawer through which a cashier can insert a check without unlocking the drawer.
- C. Adequate safeguards, chain of custody, and segregation of duties are not present over cash. Without these controls in place, accountability is precluded, which creates unnecessary risk for misappropriation of assets. We noted several related areas needing improvement:
 - 1. At the end of the day, the cashier does not count the funds in the drawer first before the daily balance out.
 - 2. The Balance Out person retrieves the cash drawer before starting the count. The cashier does not deliver the drawer or observe the balance out process, resulting in the chain of custody being broken.
 - 3. The Balance Out person maintains a key to the cash drawer. This does not provide for adequate segregation of duties.
 - 4. Building Services uses one cash drawer. However, during the day, more than one person operates out of the drawer. A clear chain of custody is not established and accountability is precluded.

5. Although the money is counted when opening the drawer in the morning, the cashier does not perform this function. This also prevents an adequate chain of custody.
 6. The division has written cash procedures, however the procedures do not address how to handle any overages or shortages in the cash drawer.
- D. Building Services has a combination safe. The number of employees with access to the safe appears to be higher than usual at its current level of four. The number should be reviewed to determine if it can be reduced. The safe combination has not been changed since 2008, although there has been employee turnover since then. A combination is typically changed whenever there is employee turnover and stored in a secure location that is accessible to management should the need arise.

It is essential that strong procedures and controls over cash be maintained. Otherwise, possible theft and misappropriation of assets could occur without detection.

We Recommend management:

- A. Ensure keys to the cash drawer and access to check payments are secured well.
- B. Ensure the checks are secured after they are received. Management should inquire as to whether slots could be cut in the existing cash drawer for checks to be slipped under the money tray or use another secured drop box. At a minimum, the checks should be manually placed under the money tray in the cash drawer.
- C. Implement adequate safeguards and procedures which:
 1. Ensure the cash drawer is counted first by a Permitting Technician and the counts recorded on a daily balance out sheet. This balance out sheet should then be compared to the count by the Balance Out person and any differences reconciled.
 2. Ensure the chain of custody is maintained by the cash drawer being delivered to the Balance Out person and the counting observed by the Permitting Technician. Also, the Balance Out person should not have a key to the cash drawer.
 3. Ensure the cash bag that stores the starting till overnight is a locking cash bag and the key is only assigned to a Permitting Technician; the Balance Out person should not have a key to the cash drawer.
 4. Establish a primary cash custodian for the day. When a change in custody occurs during the day, the funds should be counted and formally transferred. Additionally, when a Technician requests change from the custodian, the Technician should present documentation (e.g., customer's receipt) showing the need for the change.
 5. Ensure the Permitting Technician counts the money in the cash bag each morning when placing the money in the cash drawer.
 6. Include instructions for handling any cash overages or shortages.

D. Enhance security of the safe and:

1. Review the number of employees who have access to the safe to determine if the number can be reduced.
2. Develop a procedure for use of the safe, including access and combination change.
3. Ensure the combination to the safe is changed when there is employee turnover, and stored in a secure location accessible to management.

Management Response:

- A. Building Services concurs with this finding and enacted new check handling process. A locked check box has purchased and has been securely installed under front counter. Permitting Technicians are able to deposit check without access to other checks. An assigned Permitting Technician is responsible to collect checks at the end of the day, as part of the cash out process.
- B. Building Services concurs with this finding and enacted a new cash handling policy which limits access to cash drawer to one person.
- C. Building Services concurs with this finding and enacted a new cash handling policy which limits access to cash drawer to one person during day. Cashier counts drawer in at the beginning of the day, retains possession of cash drawer and counts funds at the end of the day. Once cash out for the night has been performed funds are turned over to "Balance Out" Person for verification and process of nightly deposit.
- D. Building Services concurs with this finding and is in the process of implementing changes for code changes and access.

7. Controls Over Credit Card Reversals and Credits Should Be Enhanced.

When Building Services needs to issue a credit or reverse a credit card payment, County Information Technology (County IT) issues the credit or reversal. When County IT receives a request from Building Services, County IT goes into the vendor system and performs the reversal. However, no record of the credits or reversals is maintained. The ability to go into the system and issue credits combined with the lack of maintaining adequate documentation is a risk that misappropriation of funds could occur without detection. Procedures should be developed to mitigate this risk as soon as possible.

We Recommend management work with County IT to develop procedures for issuing and tracking credit card payment credits and reversals.

Management Response:

Building Services has found that IT forwards documentation to Clerk's Finance Department. Building Services has requested to be included in the email notifications.

8. Customer Service In The Permitting Process Could Be Improved.

The permitting process is not streamlined to the extent possible to provide the best customer service. The permitting process appears to be relatively straightforward once a customer overcomes a learning curve. A customer can walk out with a permit in a relatively short period of time, depending on the number of customers in the queue. However, opportunities do exist to streamline the process, including providing information to the customer at the start of the process so they are better informed once the process starts. This streamlining would free up Permitting staff time to assist the customer in the primary steps of the permitting process. Opportunities to streamline the process include the following:

- | |
|--|
| <ul style="list-style-type: none"> • Focusing the customer's attention on, and drawing into, the process at their arrival. |
| <ul style="list-style-type: none"> • Immediately determining whether the customer needs permitting from Lake County or a municipality. |
| <ul style="list-style-type: none"> • Shortening the wait time for returning customers with minor issues. |
| <ul style="list-style-type: none"> • Answers readily displayed to frequently asked questions. |
| <ul style="list-style-type: none"> • Consistent offering of options: <ul style="list-style-type: none"> ○ Payment by credit card with 1% convenience fee ○ Expedited permit with fee |
| <ul style="list-style-type: none"> • Station that is handicapped-accessible. |
| <ul style="list-style-type: none"> • Exceptions for refunding of permitting fee overpayments. |
| <ul style="list-style-type: none"> • Online permits allowed to be brought in-house. |
| <ul style="list-style-type: none"> • How to report problems with contractors or fraud, waste, and abuse. |
| <ul style="list-style-type: none"> • Reducing use of permitting terminology and acronyms. |
| <ul style="list-style-type: none"> • Increasing the Permitting Technicians knowledge of building inspections and terminology. |

A stated goal of Lake County is that it is a high performance organization; excellent customer service is expected and delivered. The Building Services division further states its mission is to provide the highest level of customer service by a fully trained team dedicated to serving the public. Making information available in advance would aid the customer's success in the permitting process and allow Building Services to achieve consistent excellence.

We Recommend management streamline the permitting process by considering the following:

- A.
 - 1. A volunteer/directions/video that captures a customer's attention when they exit the elevator.
 - 2. A more prominently displayed computer sign-in kiosk.
 - 3. Information/volunteers available in the lobby to explain to customers the steps in the process.
 - 4. A system that automatically assigns new customers to Zoning first as the first step in the process.
- B. Information/volunteers provided in the lobby to help customers determine whether they need permitting from the County or a municipality.
 - 1. Contact information of municipalities readily available.
- C. An "Express Lane" for customers who have minor issues, such as picking up and paying for a permit.
- D. Posted signs visible when staff are behind the counter showing general information that customers ask repeatedly.
- E. Staff consistently mentioning to customers:
 - 1. 1% convenience fee for credit card payment when stating credit cards are accepted.
 - 2. Length of time to obtain permit and option of expediting with payment of fee.
- F. Staff that refrain from using acronyms when greeting a new customer, as the customer, especially an owner, will be completely unfamiliar with the acronym.
- G. Ensure there is an ADA accessible location – which may be a low desktop at the end of the counter.
- H. Provide remedies to overpayments due to credit card fees:
 - 1. Allow a cash refund up to a determined amount. The receipt of cash form must contain permit number and be signed by recipient.
 - 2. Clearly note on permitting website that fees are credit card only and cash amount will be minus the convenience fee.
- I. Exceptions to online permits being brought in-house to finish processing should be determined and allowed.
- J. A Permit should include information at the bottom of how to report problems with contractors or fraud, waste, or abuse.
- K. Permitting Technicians should accompany Building Inspectors on a route to increase their understanding, knowledge, and skills.

Management Response:

Building Services concurs with this finding and is continuously looking for ways to improve customer service.

- A work station has been re-located to the main lobby to assist customer as soon as they exit the elevator.
- Telephone review program has been added to additional workstations for staff to be proactive in need for additional assistance with phone calls.
- Customers are encouraged to use website for reporting contractor complaints, obtain general and/or specific permits, and answers to frequently ask questions.

9. The Process Related To Debit Account Balances Should Be Improved.

Building Services allows contractors to set up deposit, or debit, accounts for use when paying for permits. These debit accounts are established according to a written county procedure. We noted the following concerns with the debit accounts:

- A. The debit account process states that an applicant can terminate at any time. However, the application states that the applicant or the county can terminate at any time. The process and the application should be identical as to termination. When conflicting information exists, it can be difficult to determine which is the correct one to follow.
- B. The debit account process does not establish a minimum ongoing balance or activity terms to keep the account open. Two of the ten debit accounts tested had been inactive for seven years or greater. A report listing all accounts showed that 12 of 81 accounts had balances less than \$50 and no recent activity. These small, inactive accounts required staff time for monitoring and tracking, making the process inefficient.
- C. To find out the current balance of a debit account, the account holder calls Building Services. The Permitting Technician must then review the system to provide the information to the account holder. This process takes the Permitting Technicians away from their primary functions. Balances such as these are usually available online, which allows the account holder to check the balance at any time, without staff assistance.

We Recommend management:

- A. Revise debit account process/written procedure to include a statement that the County may cancel the account at any time with written notice as stated on the application form.
- B. Establish a minimum debit account maintenance balance and activity terms for a debit account and close any accounts that do not meet the minimum.
- C. Develop a secured online process for the account holder to check the debit account balance.

Management Response:

- A. Building Services concurs with this finding and documentation was updated on May 4, 2015 to reflect this finding.
- B. Building Services concurs with this finding and documentation was updated on May 4, 2015 to reflect this finding.
- C. Building Services concurs with this finding and is currently looking at ways account holders may log on to system via website to obtain account balance.

10. Inspections Should Be Conducted Efficiently and Safely.

During our review of inspections in the field, we observed areas of the process that could be enhanced and made safer. We noted the following areas of concern related to inspections:

- A. A contractor scheduled inspections for several trades at a single family home construction site. One inspector went to the site and approved all the inspections. Inspections are conducted more efficiently when multiple inspections are performed by one inspector at any site. It is beneficial and cost-effective for Lake County when hiring inspectors to hire ones with multiple trade certifications or to provide training to inspectors on staff to acquire additional certifications.
- B. One contractor scheduled an inspection, but when the inspector arrived at the site, the inspector could not complete the inspection as the site was not ready. The contractor repeatedly scheduled the inspection, and each time the site was not ready, although the inspector disapproved the inspection and assessed the standard re-inspection fee each time. A contractor introduces inefficiency in the inspection process when a contractor calls for an inspection but the project is not ready. When this is done repeatedly by a contractor for the same inspection, it becomes wasteful and unnecessary.
- C. Under LC-01, Vehicle and Equipment Management Procedure, "Employees shall minimize activities that divert attention away from safely driving or operating vehicles/equipment. Activities that divert attention include but are not limited to dialing cell phones, typing messages or eating." In compliance with the Lake County procedure, the inspectors appeared to minimize the use of their cell phones when driving. However, phone calls are a significant part of their day. The inspectors receive calls throughout the day from other inspectors, permitting staff, permit holders, and contractors. The inspectors' phones were in their hip holsters, which were hard to remove because of seat belts. The vehicles are equipped with a hands-free phone system; use of the hands-free phone system would make it safer. In some cases the inspectors should use their emergency flashers. The vehicles are not equipped with strobe flashers or additional lighting for added safety. Although the vehicles were equipped with first aid kits, there was no process to ensure the kits were regularly restocked and expiration dates reviewed.

We Recommend management:

- A. Hire inspectors with multiple certifications or encourage and train inspectors for certification in multiple trades.
- B. Consider a graduated scale of re-inspection fees, or other methods, to encourage compliance for contractors who repeatedly fail the same inspections.
- C. Ensure the inspectors use the hands-free phone system available in the county vehicle for a safer working environment. Establish a regular review of the first aid kits for expiration dates and restocking and consider strobe flashers or additional safety lighting for the vehicles.

Management Response:

- A. Building Services concurs with this finding. Building Services understands the benefit of hiring inspectors with multiple licenses and has been hiring multi-disciplined inspectors when possible. Currently the division has nine (9) Building Inspectors. Only one (1) inspector has two state licenses, mechanical inspections and mechanical plans review. This same inspector, among others, is enrolled in the Building Officials Association of Florida's Inspector Cross Training program. All other inspectors have multiple state licenses and are encouraged to cross train and earn additional license when possible.
- B. Building Services concurs with this finding and enacted a new standard to charge reinspection fees when this situation occurs.
- C.
 - i. Building Services concurs with this finding and Bluetooth/telephone capability has been standard feature on all division vehicles purchased since 2014. As a result from the audit review, a new procedure has been enacted and distributed to current and new staff members that reminds them to use this feature when available in their county vehicle.
 - ii. Building Services concurs with this finding and has retro-fit all vehicles with additional safety flashers. Future vehicles will either be purchased with safety flashers installed or retro-fitted with this feature.

11. Contractor Costs Should Be Evaluated Against Staff Costs.

We found no documented cost-benefit analysis relating to hiring staff vs. using outside contractors. From October 2014 through June 2015, Building Services paid \$95,485 for 1,469 hours of contracted Building Inspector work. The hourly rate of \$65 for a contracted Inspector includes vehicle costs and an iPad. Outside of this rate, Lake County provides a cell phone to the contracted Inspector and the software for the iPad. The hourly rate, including benefits and operating costs, for a staff Senior Inspector is \$39.40. In comparison with the staff rate, the contracted rate is 165% of that rate. It appears to possibly be more cost-effective to add a Building Inspector on staff than to use outside contractors to perform building inspections.

We Recommend management perform periodic cost-benefit analyses to determine when to use employees versus outside contractors to perform building inspections.

Management Response:

Building Services concurs with this finding and will work with management to identify resources to address this finding.