



**Council Auditor's Office**

**Follow-Up on Building Inspection Division Audit**

**Report #805A**

**Released on:** March 24, 2021

**OFFICE OF THE COUNCIL AUDITOR**  
Suite 200, St. James Building



March 24, 2021

Report #805A

Honorable Members of the City Council  
City of Jacksonville

The purpose of this report is to document our follow-up review of our past report #805, Building Inspection Division Audit, and to determine whether corrective action has been taken in response to our findings and recommendations. We are providing this special written report in accordance with Ordinance Code Section 102.102. This report does not represent an audit or attestation conducted pursuant to Government Auditing Standards. The initial audit report can be found on our website.

We sent a follow-up letter to the Chief Administrative Officer on July 7, 2020 inquiring as to the status of the original audit report recommendations. We reviewed the recommendations from our audit report, the auditees' responses to the recommendations, and the auditees' responses to our follow-up letter. We then performed limited testing to verify the City's responses. Based on the responses received and our follow-up testing, a table detailing the original number of issues noted and the number of issues resolved as of this follow-up is included below.

<b>Types of Issues</b>	<b>Original Number of Issues</b>	<b>Issues Cleared</b>	<b>Remaining Issues</b>
Internal Control Weaknesses	7	2	5
Findings	9	3	6
Opportunities for Improvement	6	1	5
<b>Total</b>	<b>22</b>	<b>6</b>	<b>16</b>

The following is a brief summary of the remaining issues with responses from the Building Inspection Division that we received on March 18, 2021.

**Overall Internal Control Weakness - 1 \*Access Rights Documentation\***

The audit disclosed an overall lack of documentation related to system access rights to the Building Inspection Division (BID) Permitting System. Users were assigned to one or more of the system's 118 user groups; however, there was no documentation that identified the specific capabilities of each user group and the capabilities had been programmed into the system's code language instead of an information system table. The audit also found that certain users had been granted inappropriate access rights. Examples included:

1. users with read only access could cancel fees,

2. users from other City divisions with a valid need to sign off on certain requirements could also change BID inspector assignments and inspection or plan review status, and
3. division inspectors could remove holds that had been placed on a permit because outstanding documentation was required before the permit should be finalized.

We recommended that the City ensure that proper documentation of access rights is maintained for any future information systems and correct any excessive access rights. At that time, the Division indicated corrections would be made in the current system where possible; however, the other items would be addressed when the new system that was approved in the FY 2017/18 budget was implemented.

In our follow-up we were able to confirm that users with read only access could no longer cancel fees; however, the remaining access rights and the overall documentation issues remained since the new system had not been fully developed and implemented.

We recommend that the Division continue their efforts to develop the future system in a way that will include proper documentation of access rights and correct the remaining instances of inappropriate access rights.

***Division Response to the Follow-Up of Overall Internal Control Weakness - 1***

Agree                       Disagree                       Partially Agree

*The new Enterprise Permitting/Land Use solution (Tyler Technologies EnerGov system) will provide improved security and role designations for user profiles resolving the issues identified in Building Inspection Division Audit Report.*

**Overall Opportunity for Improvement - 1 \*Information System Efficiency\***

The audit disclosed that the Division would benefit from a more reliable and efficient audit log and method of updating components such as access rights and fees. Examples of issues included:

1. The system audit logs were set up as a series of comment fields, and we observed issues where the comment fields were inaccurate and others where the comments didn't provide detail on the changes.
2. There was a feature in the system to double fees that were tied to a code enforcement violation and connect the permit to the specific violation. However, due to issues with the accuracy of the calculation the feature was not used and resulted in there not being documentation as to which permits and violations were related.
3. Transaction details were not always available. Examples included when voids and suspensions were processed.
4. Most fees were maintained in the programming language instead of a table. This meant any time changes were needed developers had to review the language to find where changes were needed.
5. The access rights were also maintained in the programming language as noted in overall internal control weakness #1. Additionally, it was noted that users who were not City employees were provided remote access to City servers because it was the only way for them to access the system.

We recommended that the City carefully consider the audit log features of any information systems that are considered for any future operations, that fees and access rights should be maintained in tables, and that ITD should avoid giving external users access to the City's remote access server.

In our follow-up we confirmed these items had not been implemented because the new system had not been fully developed and implemented.

We recommend that the Division continue their efforts to develop the new system in a way that will provide an effective audit log, as well as a properly designed fee and access rights tables, and that the City will have a more secure way for external users to access the system.

***Division Response to the Follow-Up of Overall Opportunity for Improvement - 1***

Agree                       Disagree                       Partially Agree

*The new Enterprise Permitting/Land Use solution (Tyler Technologies EnerGov system) will provide improved audit features resolving the issues identified in Building Inspection Division Audit Report.*

**Overall Opportunity for Improvement - 2 \*Better Organization for Bulletins\***

The audit disclosed inefficiencies in the methodology used to provide citizens and Division employees with access to the comprehensive set of technical guidance and other relevant information that had been issued over the years (i.e., bulletins). We recommended that the Division develop a clear referencing methodology that included an index and search function that would allow for easy and effective updates and searches.

BID responded that the original corrective action plan, to request assistance from the City's Information Technologies Division to develop the referencing methodology, had been implemented. However, at the time of our follow-up two bulletins were located on the website. In response to our inquiries the Division explained that all documents had been removed from the website as they worked to ensure compliance with accessibility requirements and that a new method of providing the comprehensive set of bulletins to the public was in the process of being developed.

We recommend that the Division continue their efforts to develop a method that will provide the bulletins to the public in an effective manner. In the meantime, the Division should update the website to inform the public that the bulletins exist, provide an explanation for why they are not readily available on the Division's website, and offer an alternative method for how inquiring parties can obtain the necessary information.

***Division Response to the Follow-Up of Overall Opportunity for Improvement - 2***

Agree                       Disagree                       Partially Agree

*The Building Inspection Division (BID) is working to provide improved access to our Bulletin catalog by moving from PDF documents that require additional work to ensure ADA compliance to an HTML format. This change will also improve searchability of the Bulletins by utilizing features*

built into most internet browsers. BID is currently reviewing our catalog of Bulletins to remove all obsolete and/or outdated Bulletins prior to converting to HTML.

**Overall Opportunity for Improvement - 3 \*Update SOPs for Building Code Operations\***

The audit disclosed that the Division’s written standard operating procedures for building code enforcement operations, including permitting, had not been updated for over ten years and were outdated in places as a result. We recommended that BID review the written SOPs for accuracy and revise as needed to reflect the current policies and procedures.

While there were indications this had been completed, we were provided no evidence of updated SOPs. As a result we continue to recommend that BID review SOPs for accuracy and revise as needed. Once complete, the updated SOPs need to be provided to all staff and available for new hires.

***Division Response to the Follow-Up of Overall Opportunity for Improvement - 3***

Agree                       Disagree                       Partially Agree

*ITD, through the evaluation of Building Inspection Division processes in preparation of the move to Tyler Technologies EnerGov system, produced comprehensive workflow documents that the Building Inspection will utilize to develop updates SOPs. Current permitting volume has been the Division focus, but we are aware of the need to update the SOPs. Upon the completion of updating the Bulletin catalog to HTML, we will be updating the SOPs.*

**Finding 1 - 1 \*Inspectors Waived Re-Inspection Fees\***

The audit included a test which disclosed that re-inspection fees had not been charged for 11 of the 17 permits in our sample that required a re-inspection (or 65%). We recommended that the Division take steps to ensure that the re-inspection fees required by Section 320.408(d) of the City Ordinance are properly charged in the appropriate circumstances.

BID responded that the original corrective action plan, to provide training to inspectors on when to pass, fail, or cancel an inspection in the system (and thereby apply the re-inspection fees properly), was implemented. However, the Division was unable to provide evidence that such training occurred and as noted above, the written SOPs had not been updated to include this either.

We recommend that the Division update the written SOPs to include details outlining the respective circumstances that correspond to each inspection status of pass, fail, or cancel and clarify how this relates to compliance with Section 320.408(d) of the City Ordinance.

***Division Response to the Follow-Up of Finding 1 - 1***

Agree                       Disagree                       Partially Agree

*The concerns identified in the Building Inspection Division Audit Report have been addressed through meetings with staff and will be incorporated into the SOPs when updated. The Building*

*Inspection Division still reserves the right to Cancel an inspection to avoid "penalizing" a customer when it best serves our pursuit of exceptional customer service.*

**Finding 1 - 2 \*Fees Adjusted to Zero\***

The audit disclosed the lack of documentation related to permits that did not generate revenue. We recommended that the Division clearly document for retention purposes why it was necessary to adjust, cancel, or void the fees for any permit.

BID responded that the original corrective action plan, to include documentation in the new permitting system, was not implemented because that system is pending development.

We recommend that the Division continue their efforts to develop the future system in a way that will ensure properly documented explanations for any fees that deviate from the established fee schedule. In the meantime, the documentation should be created and retained within or outside of the existing system to document deviations from the established fee schedule.

***Division Response to the Follow-Up of Finding 1 - 2***

Agree                       Disagree                       Partially Agree

*The new Enterprise Permitting/Land Use solution (Tyler Technologies EnerGov system) will provide improved audit features resolving the issues identified in Building Inspection Division Audit Report.*

**Finding 1 - 3 \*Permit Fees Were Not Doubled For Violators\***

The audit disclosed that the Division did not always comply with Section 320.408(c) of the City Ordinance which requires that they double the permit fees for projects that were in violation for work that was started before obtaining the required permit. We recommended that the Division comply with Section 320.408(c).

BID responded that the original corrective action plan, to update the SOPs as needed to ensure compliance with the intent of the City Ordinance and provide appropriate training to staff, had been implemented. However, we reviewed the records for a sample of five citations that resulted in a permit and those test results disclosed that none of the corresponding permit fees had been doubled and that they all lacked a documented explanation for why. Additionally, we found no evidence that there was an update to the SOPs related to the doubling of fees.

We recommend that the Division continue their efforts to develop the new system in a way that will ensure that fees are properly doubled. In the meantime, we recommend that the Division update the written SOPs to include a description of the relevant policies and procedures related to this issue and periodically complete a documented review of Division records to ensure that the fees are properly being doubled.

***Division Response to the Follow-Up of Finding 1 - 3***

Agree

Disagree

Partially Agree

*The concerns identified in the Building Inspection Division Audit Report have been addressed through meetings with staff and will be incorporated into the SOPs when updated.*

**Finding 1 - 5 \*System Errors for Coding Revenue\***

The audit disclosed issues with how certain revenues were coded in the BID system which impacted where the funds were deposited and created inaccuracies. Examples included:

1. Portions of plan review fees above the initial minimum amount were coded as covering costs of the Division's inspectors instead of the plan reviewers.
2. Permit fees that were doubled based on Code Enforcement violations were tied to the cost of the Division's inspectors instead of the Code Enforcement officers.
3. When escrow transactions were refunded back to the escrow, the system credited the refund against plumbing revenue regardless as to whether it was plumbing related or not.

We recommended that the Division perform a cost/benefit analysis to determine whether the system errors should and could be corrected and, for as long as the errors remained, use care when preparing estimates or processing refunds.

BID responded that the original corrective action plan to ensure that refunds were correctly issued had been implemented and the coding errors were being addressed through implementation of the new system. Specifically, they referred to a new policy that required all refunds to be reviewed by two staff members. We could not find a description of the new refund policy in the written SOPs and there was no other evidence of how the new policy had been communicated to the relevant staff.

We recommend that the Division continue their efforts to develop the future system in a way that will correct the existing inaccuracies and prevent others. We also recommend that the Division enhance the refund review policy by establishing it in writing in the Division's set of written SOPs.

***Division Response to the Follow-Up of Finding 1 - 5***

Agree

Disagree

Partially Agree

*The new Enterprise Permitting/Land Use solution (Tyler Technologies EnerGov system) will provide improved features that involve fees resolving the issues identified in Building Inspection Division Audit Report.*

**Internal Control Weakness 1 - 1 \*Cash Handling Policy\***

The audit disclosed non-compliance with the City's standard operating procedures related to how cash receipts (payments received) should be handled. We recommended that the Division ensure compliance with the City's SOPs and properly document cash receipts, including checks, in addition

to safeguarding the assets until they can be deposited with the Tax Collector. Specific violations that we encountered included:

1. Not providing receipts to customers when payment was accepted.
2. Logs not being utilized to track custody of payments.
3. Instructions were not always provided to customers on who to make checks out to.
4. Checks were not restrictively endorsed upon receipt.
5. There is not a log maintained to document each time a safe was accessed.

During our follow-up we did find evidence that receipts were being provided, a payment tracking log was in use, and the City's standard template for a safe log had been adopted. However, there were no instructions to customers to clarify that payments should be handled through the Tax Collector's Office and we were not able to confirm checks were restrictively endorsed upon receipt.

Our review of the safe log disclosed that the location of the safe was not in compliance with the City's SOPs since it was not in a secured room. Our review of the tracking log disclosed that it failed to identify which individuals had custody of the payments, and when we compared the dates from the tracking log to the dates on the safe log it appeared that 12 of the 14 checks that were apparently held overnight had not actually been stored in the safe or were not entered on the log. Further, information on the tracking log and safe log was not detailed in a way that could facilitate a periodic reconciliation as required in the City's SOPs.

We recommend that the Division enhance their efforts to comply with the City's SOP and include the relevant information in the Division's written SOPs.

***Division Response to the Follow-Up of Internal Control Weakness 1 - 1***

Agree                       Disagree                       Partially Agree

*The Building Inspection Division is working with the Tax Collector to develop procedures that will ensure customers direct all payments to the Tax Collector eliminating the need for Building Inspection Staff from handling checks.*

**Internal Control Weakness 1 - 2 \*Lack of Accountability Over Citation Tickets\***

The audit disclosed accountability issues related to the Division's citation booklets. We recommended that the Division (1) assign the citation books in sequential order; (2) document any transfer of possession of a used book in a way that identified which specific tickets the previous holder was responsible for; (3) periodically reconcile the log with the issued citations to identify unused tickets; and (4) clearly document any tickets that were not used for a valid reason (including evidence that the ticket was voided).

During the follow-up, our review of the log disclosed that the books have continued to be issued out of order and identified gaps which indicated that certain books could be missing, including one for a complete book of 25 paying citation tickets that we confirmed was missing.

In addition, the Division was not able to provide documentation (e.g., copies of the voided citation) for one of the three paying citations (33%) or for five of the seven warning citations (71%) that



represented gaps in the data file of actual citations that were issued. The explanation given was that those six tickets (1+5) which lacked documentation had been shredded by the respective inspectors due to reasons such as the inspector writing the wrong name on the ticket.

In response to our inquiries the Division stated that the new system, which is currently being developed, will replace hard copy citation books because all citations will be issued electronically.

We recommend that the Division continue their efforts to develop the new system in a way that will ensure proper accountability for citations. In the meantime, our original recommendation stands. We also recommend that the Division update their written SOPs to include the relevant policies and procedures related to citation accountability.

***Division Response to the Follow-Up of Internal Control Weakness 1 - 2***

Agree                       Disagree                       Partially Agree

*The new Enterprise Permitting/Land Use solution (Tyler Technologies EnerGov system) will provide an improved citation process resolving the issues identified in Building Inspection Division Audit Report. Until implementation of EnerGov, the process for logging citation books has been improved and will be captured in updates to the SOPs.*

**Opportunity for Improvement 1 - 1 \*Fee Schedule Improvements\***

The audit disclosed that there was not a comprehensive document that included all fees that were being charged by the Division. Additionally, certain fees listed in the Municipal Code may have had an outdated basis. Examples included:

1. Fees associated with third party providers were designed around previous fee structure that no longer existed.
2. Minimum permit fees for buildings were based on the number of minimum inspections including landscape inspections even though there was a separate landscape fee.
3. The Division had adjusted fees for certain permits that they believed were more reasonable; however, the fee schedule had not been updated.

Lastly, a required state surcharge was not applied to re-inspection fees even though re-inspection fees are coded as permit fees in the City's general ledger and the State's uniform account code for financial reporting.

We recommended that the Division consider whether updating the current fees could better align the revenues with the Division's current level of services and associated costs. In addition, the Division should retain a comprehensive list of all applicable fees and make that list available to the public, as well as make a determination as to whether re-inspection fees are permit fees and either adjust the general ledger coding or apply the State surcharge accordingly.

During the follow-up we confirmed that the comprehensive list of fees was publicly available on the City's website and that the previous coding for re-inspection fees had been addressed. However, we noted that some of the fees on the City's website remained uncorrected. Specifically, the sign fee was inaccurate on the fee schedule and although one other fee disclosed during the audit which appeared

to be applied in two separate ways (duplicated) was accurately reflected on the new fee schedule, it was still being charged the same way.

We recommend that the Division update the sign fee on the fee listing to reflect the adopted fee that is being charged. We also recommend that the Division consider whether the fee that appears to be charged twice should be adjusted and, if so, update the fee listing appropriately after the adjustment has been made.

***Division Response to the Follow-Up of Opportunity for Improvement 1 - 1***

Agree                       Disagree                       Partially Agree

*The new Enterprise Permitting/Land Use solution (Tyler Technologies EnerGov system) will provide improved fee assignment features resolving the issues identified in Building Inspection Division Audit Report. Recently, an audit of the fees listed on [www.coj.net/fees](http://www.coj.net/fees) for the Building Inspection Division provided an opportunity to improve how the fees were displayed for the Landscape Section.*

**Internal Control Weakness 2 - 1 \*Flaws with Escrow Account Applications\***

The audit disclosed various discrepancies related to the Division’s escrow account applications. The escrow accounts are utilized as a convenient way for contractors to remit their payments for permit-related fees. There was an escrow application that was created with the assistance of the Office of General Counsel to protect the City and contractor. We recommended that the Division consistently apply the escrow account agreement requirements and work with the Tax Collector’s office to ensure that agreements are completed before any deposits are accepted. We also recommended that in the meantime the Division should notate why deposits were made prior to an application being completed and what actions were taken to address the issue.

During the follow-up we reviewed five escrow accounts that were opened in FY 2019/20 and noted that one did not comply with the minimum \$300 deposit and when we requested the completed applications for three of the accounts only one could be provided.

We recommend that the Division enhance their review of new escrow accounts to more effectively detect discrepancies related to the minimum deposit and ensure compliance with the \$50 administrative fee and application requirements. We also recommend that the Division continue their efforts to develop the new system in a way that will prevent transactions from occurring prior to having a completed agreement on file and enforce the established \$50 administrative fee.

***Division Response to the Follow-Up of Internal Control Weakness 2 - 1***

Agree                       Disagree                       Partially Agree

*The Building Inspection Division is working with the Tax Collector to ensure the creation of new Escrow accounts have all required applications and minimum deposits. Limitations of the software require the solution to be a product of training and information sharing between the Building Inspection Division and the Tax Collector's office.*

## **Internal Control Weakness 2 - 2 \*Flaws with Escrow Account Reconciliations\***

The audit disclosed various discrepancies and issues related to the Division's reconciliation of the escrow accounts within the BID system to the escrow accounts within the City's general ledger to ensure they are in balance. Examples included:

1. The reconciliations were not signed and dated by the preparer.
2. The person that completed the reconciliations was also responsible for the day-to-day escrow activities and there was no review.
3. The supporting documentation did not include what the ending balances were for the Permitting and general ledger systems.
4. While there were sometimes notes about discrepancies, there was not always notes as to whether the issues were resolved.

We recommended that the Division consult with City Accounting to develop their reconciliation process in a way that ensures completeness and proper documentation to facilitate an effective secondary review that includes evidence of who was accountable for the reconciliations and any resulting adjustments.

BID responded that the original corrective action plan, to implement the recommendation, was implemented. However, the City implemented a new general ledger system in April 2020 and the Division stated that as of the date of the responses they were still working on a method of reconciling the BID system to the new general ledger system. As such, our original recommendation still remains.

### ***Division Response to the Follow-Up of Internal Control Weakness 2 - 2***

Agree                       Disagree                       Partially Agree

*The adoption of the ICloud general accounting system did not sufficiently capture the features necessary for the Building Inspection Division to properly audit Escrow accounts and work to resolve the issues identified in the Building Inspection Division Audit Report. CL Googe and GAD are working to resolve these issues and address all items identified in the Audit. The upcoming adoption of EnerGov will help to improve communication between the two systems, as well as with the Tax Collector's TaxTalk.*

## **Supplemental Finding 1 \*Licensed Violators Not Sent to the Appropriate Board\***

The audit disclosed that the Division was not referring violators who held a contractor's certification or license to the Construction Trades Qualifying Board and/or the appropriate State licensing board in all instances for further enforcement, as required by Section 320.703(5) of the City Ordinance. We recommended that the Division seek guidance from the City's Office of General Counsel regarding the intent of Section 320.703(5) and determine whether the wording needed to be revised and, in the meantime, establish procedures to ensure compliance with the requirement.

The Division obtained a written explanation from the General Counsel which indicated they were authorized to decide which violations to refer to the Construction Trades Qualifying Board, with an exception being that the basis of their decision could not be discriminatory.

We recommend that the Division implement procedures that will help ensure each decision is non-discriminatory and that this process is evidenced by some form of reasonable documentation.

***Division Response to the Follow-Up of Supplemental Finding 1***

Agree                       Disagree                       Partially Agree

*The Building Inspection Division is working with the Office of General Counsel to ensure our Code Enforcement procedures comply with state and local laws and ordinances. The results of these meetings and training sessions will be integrated in the future SOPs.*

**Supplemental Finding 3 \*Wrong Forms Used for Private Providers\***

The audit disclosed that the Division was utilizing an in-house form to document inspections that were completed by private providers instead of the form prescribed by the Florida Administrative Code in accordance with the Florida Statutes. We recommended that the Division either require private providers to submit the Florida Building Commission (FBC) form or obtain written consent from FBC for the in-house form. Additionally, if the in-house form is used, the Division needed to establish an alternative method for regularly verifying that the providers are properly credentialed.

Our follow-up review disclosed that the Division was using a modified in-house form and had not obtained authorization from the FBC. The form included a field to document the relevant credentials and was required to be submitted for each relevant permit; therefore, that piece was corrected. However, they still need to get approval to utilize a different form.

***Division Response to the Follow-Up of Supplemental Finding 3***

Agree                       Disagree                       Partially Agree

*The Building Inspection Division is working to move to the use of the state forms by May 1, 2021. The team that manages Building Inspection Division and Private Provider interaction is updating our Private Provider SOP and will be notifying the Private Providers in the Jacksonville area of the changes in coming weeks.*

**Supplemental Opportunity for Improvement - 1 \*Monitor Fuel Charges By Inspector\***

The audit disclosed that the Division lacked a process for reviewing fuel reports by vehicle which could aid in identifying anomalies such as unreasonable expenses related to City fueling station costs. We recommended that the Division periodically review fuel reports by inspector and follow-up on unreasonable expenses.

BID responded that the original corrective action plan, to contact City Fleet Management to obtain such reports, was implemented and cited a new policy that required the supervisors of the inspectors to review the fuel costs on a quarterly basis. However, there was not any information in the written SOPs about the policy and the Division was unable to provide evidence that the quarterly reviews had been communicated to the supervisors or that the reviews were actually being completed.

We recommend that the Division update the written SOPs to include a description of the reporting requirements related to individual inspector fuel charges.

***Division Response to the Follow-Up of Supplemental Opportunity for Improvement - 1***

Agree

Disagree

Partially Agree

*The Building Inspection Division supervisors periodically review reports provided by Motor Pool/Fleet Services to ensure compliant monitoring of fuel charges of the inspectors that report to them. This process will be captured in updates to the SOPs.*

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We would like to thank the Building Inspection Division for their cooperation in conducting this follow-up review.

Respectfully submitted,

*Kim Taylor*

Kim Taylor, CPA  
Council Auditor