



**DEVELOPMENT AND PERMITS
DEPARTMENT**

PERFORMANCE AUDIT

JUNE 1, 2015 THROUGH MAY 31, 2017

**CITY OF CHESAPEAKE, VIRGINIA
AUDIT SERVICES DEPARTMENT**

July 12, 2017

The Honorable Alan P. Krasnoff and
Members of the City Council
City of Chesapeake
City Hall – 6th Floor
Chesapeake, Virginia 23322

Dear Mayor Krasnoff and Members of the City Council,

We have completed our review of the Chesapeake Development and Permits Department (Department) for the period June 1, 2015 to May 31, 2017. Our review was conducted for the purpose of determining whether the Department was providing services in an economical, efficient, and effective manner, whether its goals and objectives were being achieved, and whether it was complying with applicable City and Department procedures related to permit issuance, inspections, management oversight, contract management, cash and payment processing, safety, security, information technology, and facility operations.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Department provided essential services for the City of Chesapeake (City) that improved the quality of life and protected the health, safety and welfare of the community. Its primary purpose was to enforce code compliance, zoning regulations, issue building permits and certificates of occupancy, and cause corrective action to be taken to remove debris, weeds, grass, and abandoned structures. The Department ensured that developments were in compliance with all Federal, State laws, regulations and City Ordinances. Development Engineering's primary function was to approve all site and subdivision plans including Roads, Drainage (Quality & Quantity), Water, Sewer, Erosion & Sediment Control, Franchise Utilities in Public Right-of Way. Additionally, the Development Construction Division's primary function was to ensure all site and subdivision improvements were constructed according to approved plans.

For Fiscal Year (FY) 2017, the Department had an operating budget of slightly under \$7 million (\$6,774,834). This accounted for 0.695% of the City's operating budget. Of this amount 84% (\$5,693,224) was for employee salaries, wages, and benefits. The authorized compliment for the Department was approximately 75 personnel, split over five operational areas: Development Engineering, Development Construction, Code

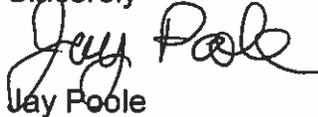
Compliance, Zoning, and Administration. The Department occupied offices on the second and third floors of the City Hall Municipal Building with public access on the second floor.

To conduct this audit, we reviewed and evaluated City and Department policies and procedures and operations documents and reports, both internal and external. We also reviewed applicable Federal and State laws, regulations and City Ordinances. We conducted tours of the various divisions within the Department. We discussed these audit areas and conducted interviews with the Director, Fiscal Administrator, other Department administrators, accounting staff, and various employees.

Based on our review, we determined the Department had accomplished its overall mission of providing essential services for the City of Chesapeake (City) that improved the quality of life and protect the health, safety and welfare of the community. However, we did identify several areas of concern that needed to be addressed. Those areas included the Accela Project, proffers, elevator inspections, building inspections, cash settlement, and staffing.

This report, in draft, was provided to the Department officials for review and response. Their comments have been considered in the preparation of this report. These comments have been included in the Managerial Summary, the Audit Report, and Appendix A. The Department Director, Fiscal Administrator, and staff were very helpful throughout the course of this audit. We appreciated their courtesy and cooperation on this assignment.

Sincerely



Jay Poole

City Auditor

City of Chesapeake, Virginia

C: James E. Baker, City Manager

Robert N. Geis, Deputy City Manager

Jay B. Tate, Director of Development and Permits

Managerial Summary

A. Objectives, Scope and Methodology

We have completed our review of the Chesapeake Development and Permits Department (Department) for the period June 1, 2015 to May 31, 2017. Our review was conducted for the purpose of determining whether the Department was providing services in an economical, efficient, and effective manner, whether its goals and objectives were being achieved, and whether it was complying with applicable City and Department procedures related to permit issuance, inspections, management oversight, contract management, cash and payment processing, safety, security, information technology, and facility operations.

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Major Observations and Conclusions

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B. Performance Information

Did you ever want to build a new house or maybe an entire neighborhood of new houses? Did the remodeling craze make you feel the need to add a garage or a hot tub? Did all your gardening efforts make you want to complain about your neighbor's high grass? Chances are if you did any of these things you came into contact with the Department of Development and Permits. This department provided oversight for keeping and maintaining the high property standards that the City aspired to.

The Department reviewed and approved commercial and residential building plans submitted for single houses and entire subdivisions, ensuring that the proposed projects followed the various building codes and zoning uses. Inspectors ensured that the houses, commercial buildings, and additions were built in accordance to the correct standards. After construction, the Department continued to monitor the neighborhoods to enforce the various City and Zoning Codes used to keep residents safe and protect their health, safety and welfare.

1. Creation of the Department of Development and Permits

In February 2009, the Department of Development and Permits was created, with parts taken from the Neighborhood Services and Public Works Departments. The reorganization was carried out in an effort to reduce wait times for approval of businesses' construction projects by bringing key elements of the plan review process under one organizational grouping with improved customer service. The new Department commenced operations on July 1, 2009.

The changes reduced the initial plan review time for businesses' construction projects, allowed cable and phone companies to be able to obtain utility permits more quickly and smoothly, and gave churches and other groups more time to put together major projects after approval of a conditional use permit. Bringing the subdivision review process and the Public Works' development review process together created a more cohesive approach to getting projects approved, permitted, and onto the tax rolls as quickly and as efficiently as possible.

2. Organization

The Department had two primary functions. The first function was to coordinate all phases of development, design, and construction from undeveloped land to the Certificate of Occupancy. The second function was to monitor property maintenance, carry out rental inspections, and the enforcement of zoning ordinances.

To effectively carry out these functions the Department was subdivided into five functional divisions: Development Engineering; Development Construction; Code Compliance; Zoning/Property Maintenance; and Administration. Each division was responsible for providing essential services to citizens of the City and providing a quicker, more coordinated plan review and permitting process for developers.

3. Development Engineering Division

The Development Engineering Division's function was to approve all site and subdivision plans. Their work included all aspects of the site plan: water, sewer, roads, drainage, and rights-of-way among others.

The division averaged 1,200 plan reviews per year with more during periods of positive economic growth. They reviewed developments to determine that there was no detrimental effect to the City, that the design of the facilities were adequate, and that the development conformed with state mandated requirements. Other functions included maintaining the permanent file copy for the project, investigation of customer service request related to development, and maintaining the Public Facilities Manual.

4. Development Construction Division

The Development Construction Division's function was to ensure that all site and subdivisions were constructed according to the plans approved. This function included ensuring that all permits were issued, adequate traffic control was maintained, and construction site drainage was provided for and controlled. Also, this division ensured that the contractors were bonded and insured.

The division inspected approximately \$30 million in public facilities development each year and ensured that the level of construction was adequate in quality for City accepted facilities to insure against future City expense. Other functions included monitoring and inspecting borrow pits and landfills within the City, assisting Public Works with enforcement of the Erosion and Sediment Control standards, and inspection and investigation of customer service requests related to construction activity. One function, unique to the City, was to inspect and administer nearly all new utility activations.

5. Code Compliance Division

The primary function of the Code Compliance Division was to enforce the Virginia Uniform Statewide Building Code and City Code. This enforcement was done through the use of inspections on new construction projects (existing structures review was shifted to Zoning/Property Maintenance in 2015). These inspections ensured that a building's gas, electrical, mechanical, structural, plumbing, and other work were performed to code..

6. Zoning/Property Maintenance Division

The primary function of the Zoning/Property Maintenance Division was to enforce various City Code Regulations and Zoning Ordinances, as well as enforce codes for existing structures. These ordinances were established to provide for the public health, safety, and welfare. Their duties were far reaching in enforcing health and safety requirements. Graffiti removal, weed and debris control, demolitions, board ups were all enforced by this unit. Various zoning regulations such as flag pole and sign heights, garage sales, skate board ramps, and home occupations were also enforced. They also coordinated with other City departments responsible for mowing and maintenance of City property to ensure the City complied with the same Codes as citizens were required to follow.

7. Administration Division

The Administration Division was responsible for providing overall departmental leadership and necessary supporting functions, such as payroll and accounting, for the Department and the operational divisions. This Division was responsible for coordinating

the Department's operations, preparing the operating and capital improvement budgets, and preparation of all necessary financial reports.

8. Accela eBuild

In November 2015, the Department implemented Accela eBuild, which stood for "electronic Building Utilities Inspections Land use & Development, software. This software was intended to allow contractors to obtain permits through a web enabled and mobile-friendly single gateway system.

The system was intended to give users twenty-four hour a day access to a wide range of services that before were available only during office hours. These services included building (commercial and residential), trade, and elevator permits; development site and subdivision plan reviews and associated construction permits; outdoor special event permits or event-related operational fire code permits; rezoning, conditional use or preliminary site or subdivision plan reviews; utilities for applications related to utility activation or connection fees for new construction; and zoning permits governed by the Chesapeake Zoning Ordinance such as signs, tents, fences or sheds. The system could also process on-line payments for several fees.

C. Operational Issues

Based on our review, we determined the Department had accomplished its overall mission of ensuring that developments were in compliance with applicable laws and protecting the health, safety and welfare services of citizens. However, we did identify several areas of concern that needed to be addressed. Those areas included the Accela Project, proffers, elevator inspections, building inspections, re-inspections, cash settlement, and staffing.

1. Accela Project

Finding - There were 101 remaining Accela change requests that needed to be resolved and implemented for the Department and 30 for Public Utilities, Planning, and Parks and Recreation. These change requests were related to system enhancements, modifications, creating various system reports, and business process enhancements.

Recommendation - The Department should obtain additional resources to hire third-party vendors to resolve and implement the 131 outstanding change requests that have not been completed. It should also consult with IT to develop a program to automate the invoice and payment process for fee revenue to the Accela interface. In addition, all revenue fee accounts should be reconciled each month.

Response – The Department agrees with the assessment. This relatively new system had many unknowns when it was procured, particularly the long term resource needs to maintain the system. At this point we know we have three categories of needs for operating Accela; 1) A need to finish the project implementation consistent with the original scope (unfinished components/functions), 2) There is an operating component with trouble shooting system failures, customer assistance (internal and external), and implementation of frequent Accela updates, 3) Development of applications for other key development and permitting functions still done manually, like hauling permits, elevator inspections, capital project review to name a few. This category will continue to be a demand as the City changes policies and procedures as well as seek to improve customer service. The current Business Applications Specialist II staff member spends a significant portion of their time on category 2, which was not anticipated when the project was developed. (Note: The full text of the response is included in the report)

2. Voluntary Developers Proffers

Finding - A review of the proffers offered by developers identified several areas of concern. The Department did not have a means to verify that they were receiving all the approved proffers; the naming and numbering nomenclature was not consistent with other users; and Accela was not used as the primary accounting platform to track the proffers.

Recommendation - The Department should lead other departments in developing a citywide process to ensure that all proffers were tracked through each department and that none had been misplaced.

Response – The Department agrees that there are potential improvements in the proffer tracking process. We do not believe that there is an unreasonable risk in missing the collection of cash proffers because of existing system redundancy within this Department and the proffer affiliated departments. There have been short term errors in the past, caused in part by proffer complexity and inefficient tracking methods; but each time there was system redundancy that discovered the miss. The single biggest efficiency gain would be the completion of the proffer functions within Accela. There are clearly far too many different disconnected tools/systems used for proffer tracking.

The Department will continue to make Accela completion a priority effort as resources permit. This matter will also be added to the agenda for the Development Coordination work group (departments involved with development) to address.

3. Elevator Inspection Process

Finding – The elevator inspection process needed improvement

Recommendation – The Department should continue to review, analyze and reengineer the elevator inspection process so that it ensures that all commercial and City elevators and other people/equipment moving devices are identified and inspected in accordance with State and City Codes.

Response – This audit identified some written procedures that were not being followed consistently, in addition to the need for enhanced procedures. The zoning/property maintenance division has already started making some changes to address the issues.

The Department will do a comprehensive review of the process used for reviewing and tracking elevator inspections. This will include an effort to modify Accela to address not just billing, but also the tracking and notifications to owners.

4. Permit Inspection Process

Finding – The permit inspection process needed to be improved.

Recommendation – The Department should review, analyze and reengineer the inspection process so that it ensures that all inspections of commercial and residential projects are properly documented and reviewed.

Response – The Department agrees that quality control should be reviewed and enhanced to insure accuracy and timeliness. The Department's ongoing review of inspector field devices will facilitate resolution of some of the identified concerns.

The Department is also making completion of the Accela scheduling functions a priority.

5. Re-inspection Fees

Finding – The process for collecting re-inspection fees was not consistent.

Recommendation – The Department should develop a minimum standard that ensures consistent assessment of the above re-inspection fees.

Response – The Department’s current written policy will be modified to provide more consistency of application. It should be noted that this fee has been applied as a deterrent to inadequate construction as opposed to a revenue generation tool. As such some degree of flexibility should remain for appropriate customer service reasons.

6. Cash settlement Process

Finding - The cash settlement process in place for the Department’s customer service area was not efficient and was not designed to promote good customer service. In addition, internal controls and the safeguards over assets could be enhanced.

Recommendation – The Department should enhance their cash settlement and verification processes to ensure that customers are serviced in a timely manner and that internal controls are strengthened.

Response – The Department agrees with this recommendation. Steps have already begun to secure additional registers that will allow us to maintain full cashier functions during operating hours (no shutdowns). The Department’s new fiscal administrator will develop an action plan to address the remaining identified issues.

7. Staffing Concerns

Finding - The Department was losing code compliance staff to other localities, most notably Virginia Beach.

Recommendation – The City should evaluate the compensation and staffing levels of the various inspectors and adjust as required

Response – The Department completely agrees with the assessment. The Property Maintenance/Zoning inspectors that share the same classification (Code Compliance Inspector) have a frequency of turnover that effects both the quality and quantity of enforcement, drastically impacting customer service. The current pool of 10 inspector positions has an average tenure of 9 months on the job. The Department loses staff not only to other Cities, but also other departments with higher grade positions for similar experience. The Department has had discussions with Human Resources about this issue, however changes were not included in previous citywide classification range adjustments. The Department has also started doing our, position specific, exit survey to identify potential factors.

We are also considering modifying some administrative job functions that would make the inspectors more efficient. This was one factor identified in the Department exit survey, in addition to the uncompetitive salaries.

DEVELOPMENT AND PERMITS

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A. Objectives, Scope and Methodology

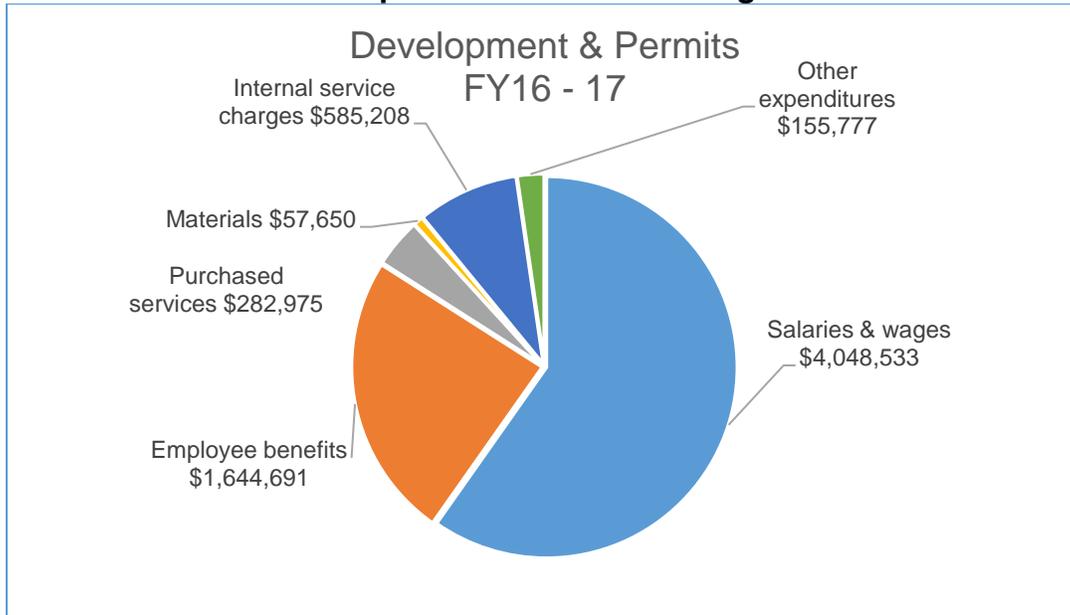
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Exhibit A: Development and Permits Budget for FY 16/17



To conduct this audit, we reviewed and evaluated City and Department policies and procedures and operations documents and reports, both internal and external. We also reviewed applicable Federal and State laws, regulations and City Ordinances. We conducted tours of the various divisions within the Department. We discussed these audit areas and conducted interviews with the Director, Fiscal Administrator, other Department administrators, accounting staff, and various employees.

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Methodology

To conduct this audit, we reviewed and evaluated City and Department policies and procedures, operations, documents, and reports, both internal and external. This review included testing and evaluation of the Department's Accela system, proffers, elevator inspections, permit inspections, payment of re-inspection fees, cash settlements, and staffing concerns.

We did extensive analysis of the implementation issues related to the Accela project. This review included an extensive analysis of project management, vendor non-compliance, and implementation delays. We reviewed State and local inspection standards, cash handling and settlement procedures, PeopleSoft system data, and HR staffing and wage information. We also visited various elevators located throughout the City.

In addition to these items, we reviewed compliance with selected City and State policies and procedures. We reviewed related prior audits. We also reviewed various other municipalities' performance audits of their public works departments. We conducted interviews with the Director of Development and Permits, division heads, engineers, IT staff, Fiscal Administrator, accounting, and other staff.

B. Performance Information

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The Department also was involved when it came time to add a garage or a pool to the property. Should there be a need to change from a single family house to a duplex, the Department stepped in to review and take action on any zoning variance requests submitted as necessary.

The Department was involved with property from before it was even built, through modifications and additions, and handled all the mundane things that kept neighborhoods appealing like cut grass and debris and graffiti removal. The Department ensured that ordinances related to these areas were appropriately enforced.

1. Creation of the Department of Development and Permits

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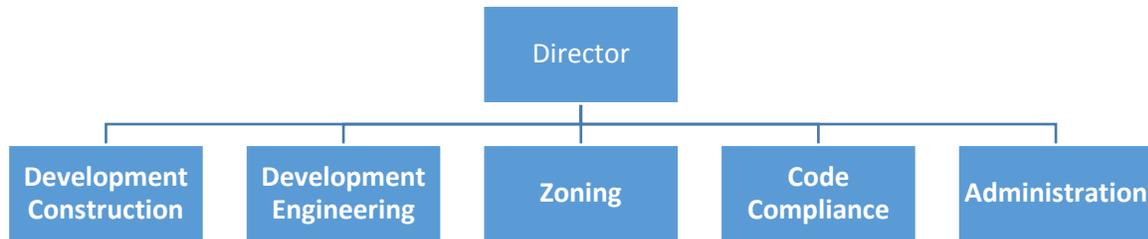
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Exhibit B: Development and Permits Organization



3. Development Engineering Division

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The division averaged 1,200 plan reviews per year with more during periods of positive economic growth. They reviewed developments to determine that there was no detrimental effect to the City, that the design of the facilities were adequate, and that the development conformed with state mandated requirements. Other functions included maintaining the permanent file copy for the project, investigation of customer service request related to development, and maintaining the Public Facilities Manual.



Plan Review for a new Subdivision

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Plumbing Inspection Issues

The New Construction section was responsible for inspecting and ensuring that all new construction was built to all relevant building codes. In this section, Plan Examiners were responsible for reviewing all residential and commercial building plans submitted for approval. Here, the Plan Examiners worked with architects and contractors to ensure that all plans submitted met existing codes and ordinances prior to beginning the permit process.

6. Zoning/Property Maintenance Division

The primary function of the Zoning/Property Maintenance Division was to enforce various City Code Regulations and Zoning Ordinances, as well as enforce codes for existing structures. These ordinances were established to provide for the public health, safety, and welfare. Their duties were far reaching in enforcing health and safety requirements. Graffiti removal, weed and debris control, demolitions, board ups were all enforced by this unit. Various zoning regulations such as flag pole and sign heights, garage sales, skate board ramps, and home occupations were also enforced. They also coordinated with other City departments responsible for mowing and maintenance of City property to ensure the City complied with the same Codes as citizens were required to follow.

The Existing Structures section was responsible for inspecting the facilities and buildings already built and ensuring that they stayed in compliance with all relevant building codes. During the period of November 2015 through May 2017, the building and trade inspectors conducted over 58,000 inspections.



Properties with Code Violations

The Zoning Inspectors assigned to field responsibilities and office duties were supported by the Zoning Administrator, a Code Enforcement Administrator, and one Office Coordinator. This division responded to complaints, conducted inspections, and processed applications for building permits. The Zoning Division was responsible for ensuring elevator inspections occurred at required intervals. The division was also responsible for tracking the progress of and receiving payment for voluntary proffers and stipulations on zoning variances. It also functioned as a conduit to bring suggested changes and improvements to the Zoning Ordinance to the City Manager. This division also provided necessary staff support to the Board of Zoning Appeals.

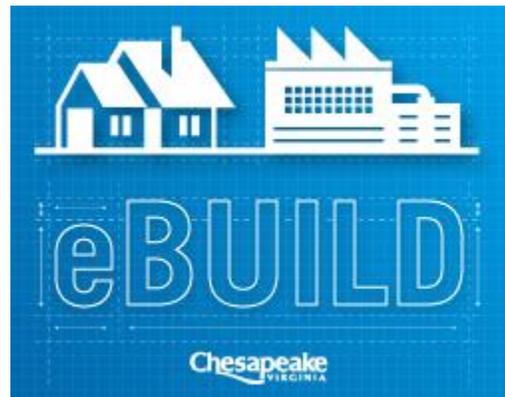
7. Administration Division

The Administration Division was responsible for providing overall departmental leadership and necessary supporting functions, such as payroll and accounting, for the Department and the operational divisions. This Division was responsible for coordinating the Department's operations, preparing the operating and capital improvement budgets, and preparation of all necessary financial reports.

8. Accela eBuild

In November 2015, the Department implemented Accela eBuild, which stood for "electronic Building Utilities Inspections Land use & Development, software. This software was intended to allow contractors to obtain permits through a web enabled and mobile-friendly single gateway system.

The system was intended to give users twenty-four hour a day access to a wide range of services that before were available only during office hours. These services included building (commercial and residential), trade, and elevator permits; development site and subdivision plan reviews and associated construction permits; outdoor special event permits or event-related operational fire code permits; rezoning, conditional use or preliminary site or subdivision plan reviews; utilities for applications related to utility activation or connection fees for new construction; and zoning permits governed by the Chesapeake Zoning Ordinance such as signs, tents, fences or sheds. The system could also process on-line payments for several fees.



The system was expected to increase transparency in the development and permitting process. The system enhanced customer service by allowing the contractors and other users the ability to monitor the progress of their plans and where they were at in the process.

C. Operational Issues

Based on our review, we determined the Department had accomplished its overall mission of ensuring that developments were in compliance with applicable laws and protecting the health, safety and welfare services of citizens. However, we did identify several areas of concern that needed to be addressed. Those areas included the Accela Project, proffers, elevator inspections, building inspections, re-inspections, cash settlement, and staffing.

1. Accela Project

Finding - There were 101 remaining Accela change requests that needed to be resolved and implemented for the Department and 30 for Public Utilities, Planning, and Parks and Recreation. These change requests were related to system enhancements, modifications, creating various system reports, and business process enhancements.

Project management best practices should include the following:

- Assignment of a project manager
- Assignment of a vendor project consultant
- Project team selection (should be stakeholders in the project)
- Development of an Approach document
- Development of a Design document
- **Identification, monitoring and communication of key project dates and milestones**
- Planning and management of testing activities
- **Development of project training requirements**
- **Performing a minimum of three dress rehearsals prior to implementation**
- **Determining operational readiness (go, no go decision)**
- Planning and management of implementation and post implementation support

The Accela Project had a budget of \$3.2 million and began in November 2013. Implementation of the project was scheduled to include:

- Major releases every 12 to 18 months
- Minor releases every 3 to 4 months
- Hot and bug fix releases every 6 to 8 weeks
- All releases and hot fixes had to be tested before they were moved to production
- Releases to production were determined by the vendor

The project lead and vendor determined that the design and implementation phase of the project would take fifteen months to complete and set an initial go-live date on January 5, 2015. However, the project was plagued by operational challenges from its inception in 2013. Therefore, the go-live date was changed to November 16, 2015. The

following challenges adversely impacted the implementation of the Accela system:

- The project team initially went two months without an Accela lead implementation consultant
- Six months into the project, that lead implementation consultant resigned
- Vendor had not met their agreed upon milestones; therefore, the City had to issue a Cure Notice to Accela
- Vendor took two months to replace the Accela lead implementation consultant
- The new lead consultant found numerous recommended system changes that needed to be made to work that had already been completed
- User acceptance testing identified 600 issues that needed to be addressed seven weeks before the original go-live date of January 5, 2015
- A new City project manager joined the team two months before the original project manager retired
- The implementation date for go-live was changed three times during the course of the project
- Vendor released a major system update three weeks before the November 16, 2015 implementation date
- There were 60 change requests that had to wait until after go-live to be implemented
- There were various contract disputes that required City Attorney and Purchasing involvement, and it took over a year to get support to resolve the identified change requests right after implementation in November 2015
- The IT Accela System Analyst left the City's employ, and it took seven months to hire a System Analyst and another six months for the new hire to learn the Accela system.
- In February 2017, the vendor stopped working on change requests because they changed their billing process. Again, the City Attorney and Purchasing had to get involved to resolve the issue. (At the time, the City was attempting to outsource some of the work to a third-party vendor).

The Accela system was functioning, but was not being used to its fullest potential. Accela had been beneficial for the customers, but it created workflow issues and work-arounds for employees because of the backlog of change request issues that had not been addressed and resolved since the go live date. The following change request issues had not been addressed and resolved:

Testing Issues

- Test environment did not match production. There was a high risk that a change might work in test but might cause issues when moved to actual production.
- Test scripts had not been written for all components of the Accela system; therefore, some components were not being tested.
- Test scripts had not been updated since go-live to account for changes made to

revised business processes and/or system enhancements.

Laserfiche Adapter Issues

- The Laserfiche adapter had problems with sending and receiving documentation from customers since go live.
- Documents could not be opened
- Documents uploaded through the citizens portal were not getting to Laserfiche
- Excessive time delays occurred when retrieving large documents
- The Laserfiche issues slowed down and/or halted business activity

Training Issues

- Four-hour hands-on end user training classes showing use/navigation of the software had not been provided to employees since November 2015.
- Dozens of new users had been added to the system that never went through any formal training.
- Training was needed for the Ad Hoc reporting tool.
- Training was needed for the Accela citizen access (ACA) portal to ensure that customers were using the system to its fullest potential.

Daily Maintenance and Response Issues

- Need to respond to Accela-related Help Desk tickets (password resets, account creations)
- Need to monitor emails and update contact information
- Clearing out of duplicate contacts in the reference database
- Linking contractor eBuild accounts to their reference professional entry in Accela

Implementation Project Issues

- Public Utilities (DPU) Pro Rata – DPU wanted to use GIS to help/track projects that fell within a DPU pro rata service area, so that DPU would know when connection fees were collected in Accela.
- New User Interface (UI) – Accela recommended that updates be made to any existing workflows that were developed using the “Classic” workflow tool. These updates required creation of new reference documentation and additional training for all Accela users. (The older UI still worked, so it wasn’t an urgent issue).
- Master Scripts – Reformatting was recommended for all of City scripts, though it can be done in phases. Existing scripts worked but Accela recommended updating them in order to take advantage of the benefits of using a more industry-standard scripting format. (Also not urgent).
- New System Features – Accela rolled out system updates multiple times a year and most included some new features that may or may not be useful to the system configuration. The Application Specialist was so busy “putting out fires” and working on staff change requests that he had not taken time to research the new features and see which ones the City might want to implement.

System Performance Issues

- There were regular reports of system slowness and/or web browser issues
- Online payments were not always posted to Accela

Other Challenges

- There was a continued strained relationship with vendor
- ACA portal was available 24 hours for citizens, but there was no 24-hour vendor support
- System reports for meaningful and measurable performance metrics for the various divisions within Department had not been developed.
- Inability to use Accela performance metrics to make sound management decisions
- Establishing an analyst position for each department using the Accela system
- No standards had been created for all user departments on documenting the status of outstanding items within Accela
- The project lacked capability to address evolving City challenges/needs.

In addition, we found that elevator and franchise utility permit fees were being invoiced through Accela, but were not being transmitted to the Treasurer's Invoice system. Also, payments that were received by the Treasurer system were not processed to Accela. Also, Official Pay posted duplicate payments when only one payment was made by the customer (a work-around was in place to flag this).

Similarly, we found that an IT Systems Analyst II had not written the program to transmit fee revenue and payments to the Accela automated interface. Instead, the System Analyst II had been manually processing these fees to the Accela system since go-live (November 16, 2015). This analyst retired from the City on December 31, 2016, but did not tell or train anyone on how to process the revenue fees and payments to Accela; therefore, 476 invoices were not sent to customers, and revenue fees in the amount of \$38,560 were not collected (these customer invoices were identified and mailed to customers during our audit). Further, we found that general ledger revenue fee accounts were not being reconciled periodically.

These issues arose because of the decision to go live on November 16, 2015, when there were still 60 identified outstanding change requests that had not been resolved, user training that needed to be refreshed due to the number of revisions made to the go-live date, and low confidence in the Accela system by the project team. There was a continued strained relationship with the vendor that resulted in an eleven-month work stoppage in resolving the outstanding change requests after implementation. After contracting with Accela to resume work on the outstanding change requests, another contract issue arose and work stopped again on the change requests. There was only one Application Specialist in the Department to research and resolve the numerous change requests initiated during system implementation, and there was no backup person

in the event the Application Specialist was unable to work for an extended period of time. Furthermore, invoices and payments for fees were not being transmitted from Accela to the Treasurer and vice versa through the automated interface.

The resolution of major change requests was at a critical stage and needed to be addressed as soon as possible. The Department and IT estimated that it would require in excess of 2500 staff hours to resolve and implement all the change requests needed for Accela. However, if these issues are not addressed timely, employees may become frustrated with the system, and instead revert to spreadsheets/other systems to do their work. There was also a high risk that the testing environment might create major problems when testing of minor and major system releases did not duplicate production. Finally, these challenges meant that the system was not being utilized to its fullest potential.

Recommendation - The Department should obtain additional resources to hire third-party vendors to resolve and implement the 131 outstanding change requests that have not been completed. It should also consult with IT to develop a program to automate the invoice and payment process for fee revenue to the Accela interface. In addition, all revenue fee accounts should be reconciled each month.

The following issues should be addressed:

- Ensure that the test environment matches the production before any new minor and major releases by the vendor
- Test scripts should be written for all components of the Accela system
- Test scripts should be updated to ensure that changes made to revised business processes and/or system enhancements are tested
- Upgrade the Laserfiche adapter to resolve the Laserfiche issues.
- Improve training efforts for the dozens of new users added to the system that never went through any formal training. In addition, provide the four-hour hands-on end user training class showing use/navigation of the software that had not been provided to employees since November 2015
- Implementation projects for New User Interface, Master Scripts, and New System Features should be evaluated to determine the urgency for their implementation, as the vendor may discontinue the use of the existing functionality
- Address recurring staff reports of system slowness and/or web browser issues.
- Ensure that online payments were posted to Accela. Department should determine the root cause of the problem
- Establish documentation standards for all user departments on how to document the status of outstanding items in Accela and the importance of timely follow up.
- Ensure that the ACA portal was accessible to citizens 24 hours a day with 24-hour support for our product in the event of a problem
- Ensure that a backup is provided for the Application Specialist
- Create system reports to develop meaning performance metrics for all of the divisions in the Department

- Develop a long-range plan to establish an analyst's position (Business Application Specialist) in each department using the Accela system. This will become an important issue as more departments use the Accela system
- Attempt to address the continued strained relationship with the vendor. (The IT Department was working to improve this situation)

Response – The Department agrees with the assessment. This relatively new system had many unknowns when it was procured, particularly the long term resource needs to maintain the system. At this point we know we have three categories of needs for operating Accela; 1) A need to finish the project implementation consistent with the original scope (unfinished components/functions), 2) There is an operating component with trouble shooting system failures, customer assistance (internal and external), and implementation of frequent Accela updates, 3) Development of applications for other key development and permitting functions still done manually, like hauling permits, elevator inspections, capital project review to name a few. This category will continue to be a demand as the City changes policies and procedures as well as seek to improve customer service. The current Business Applications Specialist II staff member spends a significant portion of their time on category 2, which was not anticipated when the project was developed.

The FY-18 Budget included funding for a special projects Business Applications Specialist I (1-year duration). This position potentially could assist with some aspects of completing the project, depending on the quality of hire and the speed with which they can become familiar with Accela. The Department will request that the City add a second permanent Business Applications Specialist II to address both short term and long term needs of the Accela system.

2. Voluntary Developers Proffers

Finding - A review of the proffers offered by developers identified several areas of concern. The Department did not have a means to verify that they were receiving all the approved proffers; the naming and numbering nomenclature was not consistent with other users; and Accela was not used as the primary accounting platform to track the proffers.

A cash proffer was any money voluntarily proffered in a writing signed by the owner of property subject to rezoning, submitted as part of a rezoning application and accepted by a locality pursuant to the authority granted by Virginia Code Annotated Sections 15.2-2298 and Section 15.2-2303.

Section 15.2-2298 stated,

“Reasonable conditions may include the payment of cash for any off-site road improvement or any off-site transportation improvement that is adopted as an amendment to the required comprehensive plan and incorporated into the capital improvements program, provided that nothing herein shall prevent a locality from accepting proffered conditions which are not normally included in a capital improvement program.”

Section 15.2-2303 stated

“B. In the event proffered conditions include a requirement for the dedication of real property of substantial value, or substantial cash payments for or construction of substantial public improvements, the need for which is not generated solely by the rezoning itself, then no amendment to the zoning map for the property subject to such conditions, nor the conditions themselves, nor any amendments to the text of the zoning ordinance with respect to the zoning district applicable thereto initiated by the governing body, which eliminate, or materially restrict, reduce, or modify the uses, the floor area ratio, or the density of use permitted in the zoning district applicable to such property, shall be effective with respect to such property unless there has been mistake, fraud, or a change in circumstances substantially affecting the public health, safety, or welfare.”

The proffers were pledges made by the developer related to a rezoning application. The rezoning application went from Zoning Administration to Planning for approval and then to the City Council. If favorable action was taken by the City Council, the City Clerk sent out a letter to the affected departments notifying them that the proffers had been approved. The proffers were then set up in PeopleSoft by Finance.

We noted that there was no process in place to monitor the proffers as they moved from department to department to ensure that the City tracked them through each area. The approved proffer letters did not always get to affected departments in a timely fashion. The Department’s Fiscal Administrator stated that “Ideally, the City would have an official location for the final approved proffer statements, instead of each department having to track down the Clerk’s official letter.” Also, the Zoning Administrator indicated that he was not sure that the approved proffers were all received and that he has had to track down documentation relating to the approved proffers.

There was no standard nomenclature for naming and numbering the proffer projects placed in the system, with each area using its own method. Each area also had a different proffer tracking method:

- The City Clerk recorded and filed them by council meeting date.

- PeopleSoft (Finance) used a project ID number
- Development and Permit's Fiscal Administrator used the PeopleSoft project ID number but the folders were filed by project name
- Accela used a self-generated number.

To verify a proffer amount, the address was searched in Accela and then the project name was obtained and then cross-indexed by project name to the Department spreadsheet. We took a sample of 10 projects from the PeopleSoft system and compared to the Department's proffer folder filing system. Eight (80%) of the items selected were found, but two (20%) folders were not able to be located. Of these, one project had a name change and was located under a different name than the PeopleSoft system had. The other file was removed because the Department deemed the project completed, but it was still considered active in PeopleSoft. Similar results were found when comparing Accela and PeopleSoft, especially the project name differences. There was no process in place to monitor and maintain the consistency of project names and identifying numbers across all platforms.

The Accela system was implemented in November 2015 and was intended to be the tracking system for proffers from inception to collection. The system was not functioning as required, and the Department continued to use an Excel spreadsheet and PeopleSoft to track the proffer projects, amounts of the proffers, and payment status. An additional Excel spreadsheet was maintained to tabulate proffers being considered but not yet approved. Department staff told us "You should also be aware that we do not consider the data in Accela to be fully accurate with regards to Proffers. For reconciliation & reporting purposes, the Fiscal Admin team still uses PeopleSoft."

The lack of a method to ensure that all proffers were tracked across the City resulted from no one department being responsible for the proffers. Also, it had become normal to just "track down" missing documentation. The proffer numbering and project naming issues were an outgrowth of each department or area not recognizing the impact on other areas or departments. In addition, the use of system generated default numbers resulted in each system using its own nomenclature. Finally, as noted previously, the Accela issues resulted from implementation issues that have plagued the project since inception.

Although the issues associated with proffers had not resulted in any loss of City funds, a failure to account for all proffers could allow proffers to fall through the cracks and be lost. The lack of a common naming method, names and numbers, made it hard to locate specific proffers. This resulted in files not being found, lost time searching files trying to locate the proffer, and could result in possible misidentification of the proffers. The failure to use Accela because of accuracy issues kept it from achieving its designed goals, and could result in errors in proffer payments.

Recommendation - The Department should lead other departments in developing a citywide process to ensure that all proffers were tracked through each department and that none had been misplaced.

The Department should coordinate with other departments to standardize the nomenclature used to track proffers to ensure that they can be more easily located. The Department should also develop a process to compare the PeopleSoft system with the Excel spreadsheets kept in the department to ensure that they were complete, accurate, and consistent. Finally, as noted previously, the Department should work to correct the implementation issues, accuracy issues and data errors that were in Accela.

Response – The Department agrees that there are potential improvements in the proffer tracking process. We do not believe that there is an unreasonable risk in missing the collection of cash proffers because of existing system redundancy within this Department and the proffer affiliated departments. There have been short term errors in the past, caused in part by proffer complexity and inefficient tracking methods; but each time there was system redundancy that discovered the miss. The single biggest efficiency gain would be the completion of the proffer functions within Accela. There are clearly far too many different disconnected tools/systems used for proffer tracking.

The Department will continue to make Accela completion a priority effort as resources permit. This matter will also be added to the agenda for the Development Coordination work group (departments involved with development) to address.

3. Elevator Inspection Process

Finding – The elevator inspection process needed improvement

The Department was responsible for ensuring that all public elevators, dumbwaiters, escalators, moving walks, and special hoisting and conveying equipment were maintained, operated, and inspected, and that the inspections were performed in compliance with the Virginia Uniform Statewide Building Code. City Code §14-87 and §14-33 defined Departmental responsibilities and fees for this service.

In addition, State Code allowed the City to use approved third-party elevator inspectors to perform required inspections. Documented policies and procedures should have been created for the tracking, monitoring and maintenance of records for City and commercial elevators when the City used these third party inspectors.

We reviewed and tested the elevator inspection process in place within

Department and noted the following:

- Policies and procedures (effective 2013) had not been updated to ensure that elevator inspections were performed as required by State and City Codes, and that elevator records were properly maintained and kept current. In addition, the City did not track new City and commercial elevators at the point permits were issued. Also, the Departmental regulations did not address inspections noted as “passed” but with deficiencies, or inspections with recurring deficiencies.
- There was a process for making entries to the locally generated Access file used to track elevator inspections. However, this Access file was not used to track deficiencies. Instead, the Department relied on the third-party inspectors to track them.
- Due to a lack of written procedures on how to manage files and where files were stored, the employee responsible for the tracking, monitoring, and maintenance of elevator records for the department did not have adequate inspection history information. Therefore, historical information recorded on LaserFiche had not been reviewed. Also, records and reports were being scanned and placed on the shared drive. This practice wasted computer resources.
- Not all inspections were performed as required and the tracking, monitoring and maintenance of elevator records were not always kept current.
- Elevator fees were not always collected prior to issuing certificates. Instead, once the Department received a passed inspection report, a certificate was issued and the fee was billed by the Treasurer. The General Ledger account was not reconciled to ensure follow up on billed payments.

Our review and testing of actual elevator inspection records revealed the following:

- Some elevator inspections reports received by Department were marked passed but contained noted deficiencies. Some deficiencies were recurring.
- The employee responsible for receiving inspection reports was an Office Specialist who was not an Engineer or Certified Elevator Inspector. This employee reviewed the inspection reports and, as long as the report was marked passed, would issue a certificate, even if the report contained some deficiencies. In some instances, however, the noted deficiencies or the recurrence of previously noted deficiencies should have precluded certificate issuance. (Note: This process was corrected during the audit. An Engineer reviewed all inspection reports with noted deficiencies. If the deficiencies were not corrected after notification of the owner, the Department could take action, including locking the elevator).
- Elevator inspection notices were not always sent out timely to elevator owners; therefore, inspections were not completed on their anniversary month as required. Also, elevator full load inspections, which were required to be performed every five years, were not being tracked on the elevator records.
- Wheelchair lifts and dumbwaiters were being tracked on the elevator records but no inspections were being performed.

- Notifications of elevator violation letters sent to elevator owners requiring elevator re-inspections were not always followed-up on.

We also reviewed and tested the third-party elevator inspections process and noted the following procedural deficiencies:

- Documented policies and procedures had not been developed for the use of third party elevator inspectors, and performance requirements for elevator inspections by third party elevator inspectors needed to be improved.
- Signed letters of agreement between the City and approved third party elevator inspectors were not on file, and there was no signed approval document on file for each third-party elevator inspector/company being used to perform inspections for the City.
- A monitoring process had not been established to ensure that credentials, licenses, and insurance requirements for approved third party elevator inspectors remained current. When third party elevator inspectors were used, their State-issued elevator inspector cards were not always verified. Of the 121 elevator inspections that occurred between January and April 2017, only 25 inspections were performed by third party inspectors where the Department had a copy of the inspector State-issued qualified elevator inspector certificate.
- The reports received in the Department were not date/time stamped, and completed elevator reports were not reviewed to ensure that the Department received report results in a timely manner. (Some reports were received via email which created a date/time stamp).

This situation occurred because the Department did not review, continuously monitor, and adjust documented procedures addressing the tracking process for elevator inspections, maintenance of elevator records, and the use of third party elevator inspectors. In addition, no procedure was in place to identify new commercial and City elevators at the point when permits were issued. Also, the Department had not established a periodic monitoring process to ensure all commercial and City elevators were being tracked and inspected as required by State and City Code.

If steps are not taken to improve the elevator inspection process, all commercial and City elevators and other people/equipment moving devices will not be inspected in the time frame required by State and City Code. In addition, this situation could pose a public safety risk to customers, and could expose the City to possible liability concerns if an accident occurs as a result of improper inspection and/or if inspections were not performed as required.

Recommendation – The Department should continue to review, analyze and reengineer the elevator inspection process so that it ensures that all commercial and City elevators and other people/equipment moving devices are identified and inspected in accordance with State and City Codes.

The Department should consider the following suggestions to enhance the existing elevator inspection process:

- Require payment of elevator certification placard fees prior to certificate issuance.
- Develop and document policies and procedures for the tracking, monitoring and maintenance of records for City, School, and commercial elevators and for the use of third party elevator inspectors.
- Review the elevator database to ensure that all elevators and other people/equipment moving devices are listed in the database that require annual inspections. In addition, corrective action should be taken for all discrepancies found during this review. The Department should also explore the possibility of incorporating the review process into Accela.
- Ensure inspections of wheelchair lifts and dumbwaiters occur on the required periodicity.
- Create a report that will allow the Department the ability to list all new elevators and other people/equipment moving devices that require inspections from the permit system. This report should be printed at least monthly and agreed to the database to ensure the database is accurate.
- Develop monitoring review processes and perform periodic reviews at least monthly to ensure inspection records are properly maintained and the database that contains City, School, and commercial elevators is kept current.
- Develop a written letter of agreement between the City and the approved third party elevator inspectors.
- Develop a list of requirements for the performance of third-party elevator inspections. These requirements should be incorporated in the letter of agreement. The requirements should include items such as: compliance with all applicable City and Virginia Statewide Building Codes, frequency of inspections, required credentials, liability insurance, business licenses and documentation of inspection results.
- Establish a monitoring process that tracks credentials, licenses, and insurance so that they remain current.
- Have elevator inspection report results reviewed by an Engineer or qualified elevator inspector.
- Place scanned files in their appropriate folder in LaserFiche to reduce computer costs.

Response – This audit identified some written procedures that were not being followed consistently, in addition to the need for enhanced procedures. The zoning/property maintenance division has already started making some changes to address the issues.

The Department will do a comprehensive review of the process used for reviewing and tracking elevator inspections. This will include an effort to modify Accela to address not just billing, but also the tracking and notifications to owners.

4. Permit Inspection Process

Finding – The permit inspection process needed to be improved.

The Department's permit inspection process should include documented policies and procedures that address the following areas:

- Defined roles and responsibilities for inspectors, supervisors, and managers.
- Reviews of inspection forms to ensure they met the Department's needs.
- Documented instructions and established standards for how various inspection forms were to be completed, such as time, permit type, address, comments and various codes.
- Established and defined codes that indicated the actual conditions of the inspection findings.
- Established rotation processes for inspectors.
- Established follow-up processes for rejected inspections and stop work orders.
- Established automated inspection scheduling processes.
- Established quality control processes that monitor the performance of inspections.

We reviewed and tested permit inspection process in place within Department and noted the following:

- Standards had not been established and communicated to inspectors to ensure that inspection forms were completed timely among all disciplines within the Department.
- Management relied on State Code, which placed responsibility for requesting inspections on the permit holder rather than proactively monitoring progress on permits.
 - During the period November 15, 2015 through May 26, 2017, there were 48,647 building and trade permits (22,430 separate projects) on which inspectors took action. Inspectors conducted 58,759 inspections.
 - Department did not consistently review permits at six months without action to verify status, especially those which did not require a certificate of occupancy.
 - Inspections that were rejected were not always followed up to ensure re-inspections were performed. We observed several permits where the last action had been a rejection.
- Completed inspection reports were not always reviewed by supervisors or managers in a timely manner. This resulted in several entries having blank fields. These blank fields could delay issuing Certificates of Occupancy. Additionally, in some reports, metrics such as bringbacks (those assigned inspections carried to the next day) would be overwritten with acceptance or rejection of permits.
- Inspection forms were not consistently reviewed by supervisors at the end of each

day to ensure that the forms were properly completed and recorded in Accela.

- Inspection results were entered into Accela by the inspector using an unsponsored cell phone app rather than the laptop provided with the Accela program. The authorized use of cell phone apps by management were a “workaround” because the inspectors’ laptop did not consistently have an adequate signal to communicate. The Accela software on laptops allowed offline entry that would be transmitted once a signal was acquired, but inspectors did not consistently record inspection results at the site.
- The Department had not established an ongoing periodic rotation process for inspectors.

This situation occurred because the Department did not have documented procedures that sufficiently defined the roles and responsibilities of inspectors, supervisors and managers within the inspection process. Standards for the completion of inspection forms had not been created to ensure forms were completed consistently among all disciplines. Inspection results were not being adequately reviewed. Inspectors were not periodically rotated, and a quality control program was not fully operational. In addition, the inspection scheduling process was labor intensive and inefficient.

Without steps to document inspection procedures, the risk existed that inspection forms and results might not be documented consistently, inspection quality could be compromised, and supervisory review of inspection documentation may take longer to perform. Further, without an inspector rotation process, there was a potential risk of preferential contractor treatment and reduction of quality control. Also, combination inspectors may lose their skills if not allowed to perform inspections outside their field of expertise.

Additionally, title companies reviewed permit histories of properties for sale and required owner to obtain approved permits. The Department’s lack of permit status review potentially caused difficulties when property was sold or insured due to lack of information on its permit status.

Recommendation – The Department should review, analyze and reengineer the inspection process so that it ensures that all inspections of commercial and residential projects are properly documented and reviewed.

The Department should consider the following suggestions to enhance the existing permit inspection process:

- Have inspectors input inspection results into the Accela system timely, regardless of signal, instead of by batch.
- Develop a permit inspection process with documented policies and procedures that includes the following:

- Defined roles and responsibilities for inspectors, supervisors, and managers.
- Established standards for how various inspection forms are to be completed, such as, time, permit type, address, comments and various codes.
- Reporting that identifies code sections applicable to the inspection result.
- Established rotation processes for inspectors.
- Established processes to follow-up on rejected inspections and stop work orders.
- Established quality control processes that monitor the performance of inspections.
- Defined minimum accepted standard for imposing re-inspection fees and established review processes that verifies re-inspection fees as properly assessed and collected.
- Established review processes for inspection results documentation.
- Conduct permit process lifecycle education at various locations in City.

Response – The Department agrees that quality control should be reviewed and enhanced to insure accuracy and timeliness. The Department’s ongoing review of inspector field devices will facilitate resolution of some of the identified concerns.

The Department is also making completion of the Accela scheduling functions a priority.

5. Re-inspection Fees

Finding – The process for collecting re-inspection fees was not consistent.

The process for collecting fees should ensure that payment of fees was received before re-inspection. When an inspector rejected an inspection, the permit holder was advised to correct the deficiency and then schedule a follow-up inspection.

We reviewed information provided from Accela of inspection reports covering the period from November 15, 2015 through May 26, 2017. There were 58,759 inspections, of which 10,277 (17.49%) were rejections. Of those, over 1,900 were rejected at least one additional time. We noted that, once an inspection had been scheduled, Accela did not notify inspector of a previous rejection, nor did it bill the permit holder unless specifically authorized. Exhibit C below shows re-inspection fees collected from FY 2014 to FY 2016.

Exhibit C
Re-inspection fees and numbers

Account	Description	2016	2015	2014	Total of three FYs
1413030900	Re-inspection Fees	\$1,365	\$2,310	\$1,680	\$5,355
	Number @\$35	39	66	48	153

Re-inspection fees or late fees were not collected consistently because, for certain types of projects, the permit holder did not have to obtain a Certificate of Occupancy from the Department. For these permits, a review of the project inspection history was not required. The assignment of re-inspection fees was based upon a Department decision to provide customer service instead of a possible punitive measure.

Without policies, procedures or consistent practices in place for determination of re-inspection fee criteria, the City risked loss of fee revenue. Additionally, customers may not be treated equally on assignment of re-inspection fee.

Recommendation – The Department should develop a minimum standard that ensures consistent assessment of the above re-inspection fees.

This standard should include:

- Additional in-house training of Inspectors on the importance of planning scheduled inspections and reviewing permit history.
- Additional training of permit holders of re-inspection fee criteria.
- A process that includes follow-ups and notifies the permit holder of final acceptance.

Response – The Department’s current written policy will be modified to provide more consistency of application. It should be noted that this fee has been applied as a deterrent to inadequate construction as opposed to a revenue generation tool. As such some degree of flexibility should remain for appropriate customer service reasons.

6. Cash settlement Process

Finding - The cash settlement process in place for the Department’s customer service area was not efficient and was not designed to promote good customer service. In addition, internal controls and the safeguards over assets could be enhanced.

An effective cash control process should incorporate the following attributes:

- Documented cash handling, settlement, and control procedures
- Safeguarded cash funds within the department
- Controlled duplicate keys and combinations to cash funds and safes
- System control totals for settlement of cash
- Defined and detailed daily settlement processes including settlement time(s), use of count sheets with signatures and dates, counts of the entire cash fund, processing of overage and shortages, and periodic surprise cash counts
- Defined cash exchange processes
- Receipts utilized when funds were issued and returned
- Receipts for purchases were on hand and documented the use of funds
- Reconciliation forms reviewed by supervisor's and cash on hand verified
- Training for cashiers

Our review and observation of the settlement process revealed that settlement for cashiers took between one and a half to two hours to complete each day, and that the cashiers waiting on customers could not accept customer credit card payments until all cashiers and credit card processors were settled. Therefore, when customers wanted to make payments by credit card they would have to wait one hour and half to two hours before they could make a credit card payment. This situation created an inconvenience to the customer.

Also, we found the following cash related practices that could be enhanced:

- Surprise cash counts were performed once a quarter, but all cashiers were counted on the same day this practice diminishes the surprise element and the purpose for performing surprise cash counts. In addition, the individual who performed the surprise cash count did not balance the fund to system control totals.
- The verifier was counting all the cash except the change fund amount (\$50/\$100)
- When cashiers were not present and the cashier's tamper evident bag was removed from the safe its contents needed to be verified in the presents of two individuals from the time the bag was opened until the funds were counted.
- Fiscal Administrator had two change funds which were rarely used.
- Observed that, at the end of the day, cashiers left the keys to their work station cash drawer in the lock overnight.
- Vault log was not reviewed at the end of the day to ensure that all change funds were placed in the safe. Document that the review was performed on the vault log.
- Panic alarms were not installed at each work station.
- Cashiers who had panic alarms were unaware that you had to hold the alarm button down at least for 30 seconds before the alarm would be activated and sent to the police.

- Panic alarms were not affixed in a location so that they could be set off unobtrusively.

Overall, the cash handling, settlement and internal controls were very good. The above suggestions will enhance the Department's internal controls.

These conditions existed because the Department did not realize the impact their settlement process effected customer service. In addition, management had not identified the suggested internal control improvements. If the settlement process and suggested internal control improvements are not implemented the risk exists that cash and revenues could be lost.

Recommendation – The Department should enhance their cash settlement and verification processes to ensure that customers are serviced in a timely manner and that internal controls are strengthened.

Internal controls related to cash and security could be strengthened in the following areas:

- Surprise cash counts should be performed at least quarterly on each cashier and the counts should be staggered throughout the quarter. In addition, cash count totals should be reconciled to system cash totals.
- All cash should be counted by the verifier including the starting change fund amount (\$50/\$100).
- When cashiers are absent funds should be verified in the presents of two individuals from the time it is removed from the safe.
- The Fiscal Administrator was assigned two change funds which were rarely used, therefore, we suggest that the funds be returned to Finance if not needed. If the funds are kept by the Department they need to be counted more frequently.
- Vault log should be checked at the end of each day to ensure all cash funds were placed in the safe. This process should be documented on the vault log.
- Panic alarms should be installed at every work station that cash is located.
- Panic buttons should be affixed in a place that they can be set off obtrusively.
- Cashiers should be instructed that they have to hold down the panic button 30 seconds before the alarm will be activated. If the button is not held for 30 seconds no alarm will be sent to police.

Response – The Department agrees with this recommendation. Steps have already begun to secure additional registers that will allow us to maintain full cashier functions during operating hours (no shutdowns). The Department's new fiscal administrator will develop an action plan to address the remaining identified issues.

7. Staffing Concerns

Finding - The Department was losing code compliance staff to other localities, most notably Virginia Beach.

According to the City’s Mission Statement “The employees of the City of Chesapeake are committed to providing quality service to all Citizens equitably, in a responsive and caring manner”. To provide such service, staffing had to be adequate for frontline services, such as code compliance inspections

Trade inspectors in all localities received the same certifications through training conducted by the State. The Department indicated that they were frequently losing Code Compliance Inspectors (which included these trade inspectors) due to competing pay and benefits, most notably to Virginia Beach. A comparison of equivalent positions in the two cities indicated a difference of \$3,579, or 10.14 percent, in the minimum pay for the position.

**Exhibit D
FY 2017 City of Chesapeake Inspector**

Position	Pay Grade	Minimum	Median
Code Compliance Inspector I	117	\$35,303	\$46,777

FY 2017 City of Virginia Beach inspector

Position	Pay Grade	Minimum	Median
Code Inspector I	626	\$38,882	\$48,293

Both job descriptions required four years’ experience for skilled trades:

Chesapeake - Code Compliance Inspector I Job Description

EDUCATION, EXPERIENCE AND SPECIAL REQUIREMENTS	
Vocational/Educational Requirement	Requires high school diploma or GED and any combination of education and experience equivalent to satisfactory completion of one year of college education in urban planning, environmental health/studies, engineering, or a closely related field.
Experience	In addition to satisfying the vocational/education standards, this class requires a minimum of one year of related, full-time equivalent experience.
Special Certifications and Licenses	Requires a valid driver’s license with a driving record that is in compliance with the City’s Driving Standards. Special skills or equipment certification may be required.

NOTE: Position advertisements for open positions within the specific trades for “Code Compliance Inspector I included a Journeyman’s license for that particular trade. State licensing requirements for a licensed Journeyman included four years of practical trade experience and 240 hours of vocational training.

Virginia Beach - Code Inspector I – New Construction Job Description

EDUCATION, EXPERIENCE AND SPECIAL REQUIREMENTS	
Minimum Qualifications	High school or GED, plus four (4) years experience in fields that provide the knowledge, skills, and abilities, such as commercial and residential construction and associated with such positions as carpenter or builder; or any equivalent combination of experience and training providing the required knowledge, skills, and abilities. (Depending on trade of building, electrical, mechanical, or plumbing, these additional requirements were included.) Must possess a State Master Electrician’s Certificate. Must possess a State of Virginia Master Mechanic’s Certificate. Must possess a State Master Plumber’s Certificate.

As noted previously, between November 15, 2015 and May 26, 2017, there were 58,759 inspections conducted by a total of 19 inspectors. The FY 2016 Budget had 12 Combination Inspectors (a previously used title which was eliminated on September 15, 2016). Thus, there were at least seven instances where more than one person served in the position. These inspections included below slab, insulation, final, footing, framing, and pressure (plumbing) inspections.

The Department had prepared an internal analysis (Exhibit E) that illustrated the impact of the staffing turnover. As it indicates, as of June 30, 2017, only one of the seven filled code enforcement inspector positions had someone with more than one year experience, and the average length of service was only 1.06 years. Also, three of the ten inspector positions were vacant.

**Exhibit E
Average Length of Service – Code Enforcement
(As of 6/30/17)**

Name		Hire Date	Years of Service
Code Enforcement Admin			
Code Enforcement Admin #1		8/1/2016	0.92
Supervisors			
Supervisor #1		9/14/2015	1.80
Supervisor #2		1/31/2009	8.42
Supervisor #3	CDBG	2/27/2017	0.33
Inspectors			
Inspector #1		11/18/2013	3.62
Inspector #2		8/29/2016	0.83
Inspector #3	CDBG	5/16/2017	0.12
Vacant	CDBG		
Vacant	CDBG		
Vacant	CDBG/PT		
Inspector #4		12/1/2016	0.58
Inspector #5		6/20/2016	1.00
Inspector #6		2/13/2017	0.38
Inspector #7		7/25/2016	0.92
Total Years of Service (Inspectors Only)			7.45
Average Years of Service (Inspectors Only)			1.06

Source: Development and Permits

This situation existed for several reasons:

- The Department attempted to identify reasons for interdepartmental transfers and terminations, but the City did not have a consistent centralized collection of exit interviews. Human Resources collected exit interviews on a voluntary basis.
- Staffing levels had remained nearly the same despite an increased number of permits and zoning concerns.

If these conditions continued, there was an increased risk that the Department would be unable to keep up with the volume of required inspections.

Recommendation – The City should evaluate the compensation and staffing levels of the various inspectors and adjust as required

The City should evaluate whether a compensation adjustment is required for this position. If a compensation adjustment is deemed necessary, the city should implement it as quickly as possible. If no adjustment is deemed necessary, the human resources and the Department should explore whether other factors can be identified to reduce potential turnover.

Response – The Department completely agrees with the assessment. The Property Maintenance/Zoning inspectors that share the same classification (Code Compliance Inspector) have a frequency of turnover that effects both the quality and quantity of enforcement, drastically impacting customer service. The current pool of 10 inspector positions has an average tenure of 9 months on the job. The Department loses staff not only to other Cities, but also other departments with higher grade positions for similar experience. The Department has had discussions with Human Resources about this issue, however changes were not included in previous citywide classification range adjustments. The Department has also started doing our, position specific, exit survey to identify potential factors.

We are also considering modifying some administrative job functions that would make the inspectors more efficient. This was one factor identified in the Department exit survey, in addition to the uncompetitive salaries.

APPENDIX A

RESPONSE FROM DEVELOPMENT AND PERMITS OFFICIALS

MEMORANDUM

TO: Jay Poole, City Auditor

FROM: J.B. Tate, P. E., Director of Development and Permits 

DATE: July 12, 2017

RE: Internal Audit Report- Development & Permits

The Department of Development & Permits has reviewed the findings of the internal audit conducted by you and your staff. We have provided responses to the recommendations contained within the audit.

As indicated in our responses, the Department generally agrees with the conclusions. We have already begun efforts to implement some of the recommendations and are pursuing an action plan for others. We consider this outside input as an opportunity to improve service as well as increase efficiency. A number of the recommendations require resources beyond the Departments control, however we will be making additional requests in an effort to implement them.

The Department sincerely appreciates the Audit Department's approach to performing this audit. Your staff took care in both interviewing key employees, analyzing processes, and making recommendations. During this whole process, staff felt their input was carefully considered. This type of customer service by an internal Department has facilitated open communication, and will result in a more enthusiastic implementation of changes.

If you have any questions, please call me at 382-6263.

JBT

CC: Robert Geis, Deputy City Manager

C. Operational Issues

Based on our review, we determined the Department had accomplished its overall mission of ensuring that developments were in compliance with applicable laws and protecting the health, safety and welfare services of citizens. However, we did identify several areas of concern that needed to be addressed. Those areas included the Accela Project, proffers, elevator inspections, building inspections, re-inspections, cash settlement, and staffing.

1. Accela Project

Finding - There were 101 remaining Accela change requests that needed to be resolved and implemented for the Department and 30 for Public Utilities, Planning, and Parks and Recreation. These change requests were related to system enhancements, modifications, creating various system reports, and business process enhancements.

Recommendation - The Department should obtain additional resources to hire third-party vendors to resolve and implement the 131 outstanding change requests that have not been completed. It should also consult with IT to develop a program to automate the invoice and payment process for fee revenue to the Accela interface. In addition, all revenue fee accounts should be reconciled each month.

Response – The Department agrees with the assessment. This relatively new system had many unknowns when it was procured, particularly the long term resource needs to maintain the system. At this point we know we have three categories of needs for operating Accela; 1) A need to finish the project implementation consistent with the original scope (unfinished components/functions), 2) There is an operating component with trouble shooting system failures, customer assistance (internal and external), and implementation of frequent Accela updates, 3) Development of applications for other key development and permitting functions still done manually, like hauling permits, elevator inspections, capital project review to name a few. This category will continue to be a demand as the City changes policies and procedures as well as seek to improve customer service. The current Business Applications Specialist II staff member spends a significant portion of their time on category 2, which was not anticipated when the project was developed.

The FY-18 Budget included funding for a special projects Business Applications Specialist I (1-year duration). This position potentially could assist with some aspects of completing the project, depending on the quality of hire and the speed with which they can become familiar with Accela. The Department will request that the City add a second permanent Business Applications Specialist II to address both short term and long term needs of the Accela system.

2. Voluntary Developers Proffers

Finding - A review of the proffers offered by developers found several areas of concern. The Department did not have a means to verify that they were receiving all the approved proffers; the naming and numbering nomenclature was not consistent with other users; and Accela was not used as the primary accounting platform to track the proffers.

Recommendation - The Department should lead other departments in developing a citywide process to ensure that all proffers were accounted for in each department and that none had been mislaid.

Response: The Department agrees that there are potential improvements in the proffer tracking process. We do not believe that there is an unreasonable risk in missing the collection of cash proffers because of existing system redundancy within this Department and the proffer affiliated departments. There have been short term errors in the past, caused in part by proffer complexity and inefficient tracking methods; but each time there was system redundancy that discovered the miss. The single biggest efficiency gain would be the completion of the proffer functions within Accela. There are clearly far too many different disconnected tools/systems used for proffer tracking. The Department will continue to make Accela completion a priority effort as resources permit. This matter will also be added to the agenda for the Development Coordination work group (departments involved with development) to address.

3. Elevator Inspection Process

Finding – The elevator inspection process needed improvement.

Recommendation – The Department should continue to review, analyze and reengineer the elevator inspection process so that it ensures that all commercial and City elevators and other people/equipment moving devices are identified and inspected in accordance with current State and City Codes.

Response: This audit identified some written procedures that were not being followed consistently, in addition to the need for enhanced procedures. The zoning/property maintenance division has already started making some changes to address the issues.

The Department will do a comprehensive review of the process used for reviewing and tracking elevator inspections. This will include an effort to modify Accela to address not just billing, but also the tracking and notifications to owners.

4. Permit Inspection Process

Finding – The permit inspection process needed to be improved.

Recommendation – The Department should review, analyze and reengineer the inspection process so that it ensures that all inspections of commercial and residential projects are properly documented and reviewed.

Response – The Department agrees that quality control should be reviewed and enhanced to insure accuracy and timeliness. The Department's ongoing review of inspector field devices will facilitate resolution of some of the identified concerns.

The Department is also making completion of the Accela scheduling functions a priority.

5. Re-inspection Fees

Finding – The process for collecting re-inspection fees was not consistent.

Recommendation – The Department should develop a minimum standard that ensures consistent assessment of the above re-inspection fees.

Response – The Department's current written policy will be modified to provide more consistency of application. It should be noted that this fee has been applied as a deterrent to inadequate construction as opposed to a revenue generation tool. As such some degree of flexibility should remain for appropriate customer service reasons.

6. Cash Settlement Process

Finding - The cash settlement process in place for the Department's customer service area was not efficient and was not designed to promote good customer service. In addition, internal controls and the safeguards over assets could be enhanced.

Recommendation – The Department should enhance their cash settlement and verification processes to ensure that customers are serviced in a timely manner and that internal controls are strengthened.

Response – The Department agrees with this recommendation. Steps have already begun to secure additional registers that will allow us to maintain full cashier functions during operating hours (no shutdowns). The Department's new fiscal administrator will develop an action plan to address the remaining identified issues.

7. Staffing Concerns

Finding - The Department was losing code compliance staff to other localities, most notably Virginia Beach.

Recommendation – The City should evaluate the compensation and staffing levels of the various inspectors and adjust as required

Response – The Department completely agrees with the assessment. The Property Maintenance/Zoning inspectors that share the same classification (Code Compliance Inspector) have a frequency of turnover that effects both the quality and quantity of

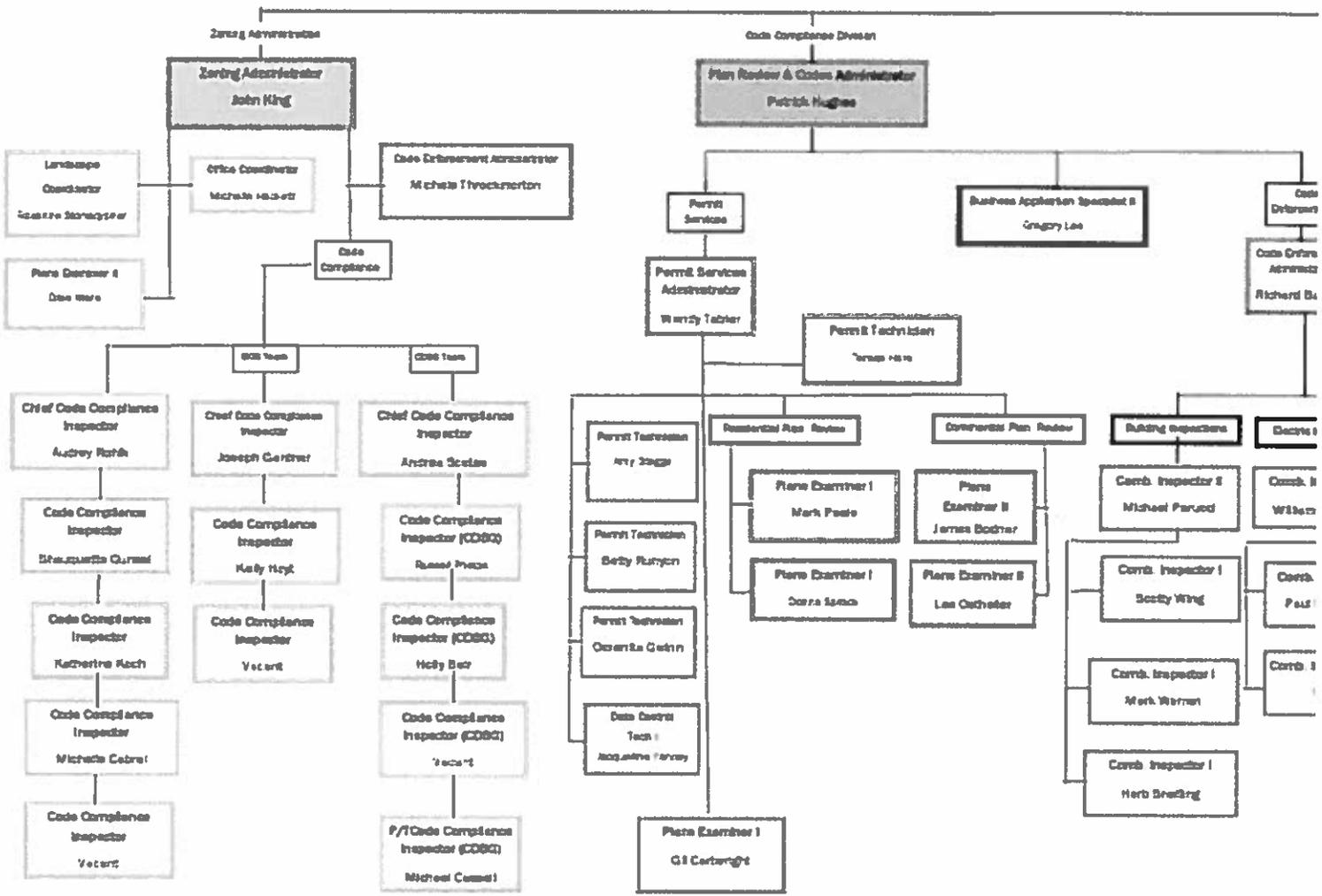
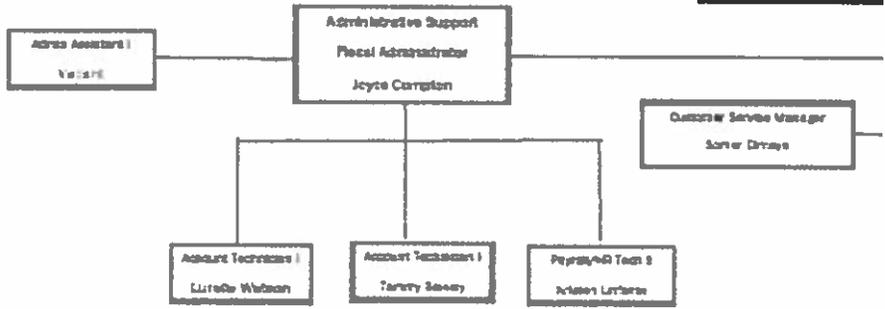
enforcement, drastically impacting customer service. The current pool of 10 inspector positions has an average tenure of 9 months on the job. The Department loses staff not only to other Cities, but also other departments with higher grade positions for similar experience. The Department has had discussions with Human Resources about this issue, however changes were not included in previous citywide classification range adjustments. The Department has also started doing our, position specific, exit survey to identify potential factors.

We are also considering modifying some administrative job functions that would make the inspectors more efficient. This was one factor identified in the Department exit survey, in addition to the uncompetitive salaries.

APPENDIX B

DEVELOPMENT AND PERMITS ORGANIZATION CHART

Developer
Dir
Jay Tot



Notes: Includes changes approved by City Council on September 22, 2015.
 Position titles have been reviewed, but adjustments are required for new
 position responsibilities.

Development & Permits
Director
Tate, P.E.

DRS Coordinator
Cheryl Becker

Development Engineering Division

Development Construction Division

Engineer IV
Mark Curry

Engineer IV
Todd Crawford

Systems Coordinator
DRS Assistant I
Cheryl Taylor

DRS Specialist I
Linda Smith

Case Management
Development Administrator
Linda Burke

Electric Inspectors

Inspection Inspector II
William Vaughan

Construction Inspector I
Paul Matthews

Inspection Inspector Tech
Vicki

Mech/Gas Inspectors

Construction Inspector I
Richard Polard

Construction Inspector II
Bill Peterson

Construction Inspector I
Robert Johnson

Plumbing Inspectors

Plumbing Inspector I
Bill Maxwell

Construction Inspector I
Kathleen Hyatt

Construction Inspector I
Peter French

Development Services
Coordinator
Arvid Lapid

Development Coordinator
Engineer III
John Garcia

Engineer II
Michael Jones

Engineer II
Wynne Manning III

Engineer II
Maven Adams

Engineer I
Gregory Howell

Civil Permit Supervisor
Dave Dornbush

Engineer Substation III
Lawrence Hester

Engineer Substation III
Glen Rob

Engineer Tech II
Anthony Archibald

Engineering Team
Supervisor I
Kurt Ludwig

Construction Inspector II
Paul Orsini

Construction Inspector III
Eric Winters

Construction Inspector III
Neil Swartz

Construction Inspector I
Sean Swanson

Construction Inspector I
Robert

Construction Inspector
Supervisor
Ricky Robertson

Construction Inspector I
Jay Koenig

Construction Inspector II
Ryan Barrow

Construction Inspector II
Michael Liddy

Construction Inspector I
Eric Daniels

