



GARLAND

INTERNAL AUDIT

Fire Permits & Inspections

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Report 201806

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Executive Summary

The Fire Marshal's Office (FMO) provides a multitude of services that are critical to life and safety for Garland's community. The Permit and Inspection Program is an important element in the success of fire prevention efforts. According to section 116.1 of the National Fire Prevention Association (NFPA), "structures or existing equipment that become unsafe, or deficient because of inadequate means of egress or which constitute a fire hazard, or are otherwise dangerous to human life or the public welfare, or which involves illegal or improper occupancy or inadequate maintenance, shall be deemed an unsafe condition."

Beginning in calendar year (CY) 2017, the FMO has made significant strides in conducting annual inspections. However, the following areas for improvement were identified during this audit:

- Inspections and/or re-inspections are not conducted timely. Occupants may be operating in unsafe conditions thus creating life safety hazards.
- Fees are not consistently assessed for inspections in accordance with the City Ordinance. The FMO has lost revenue due to inconsistencies with fee assessments.
- Occupancy classifications and square footage for occupants are inaccurate which has generated incorrect fee assessments.
- As of Feb, 2018, the City has an outstanding receivables balance of approximately \$94K in inspection fees.
- Annual operational permits are not monitored or renewed timely.
- Supporting documentation for permits considered high risk such as Hazardous Materials and High Piled Combustible Storage is not maintained.
- There are no policies or procedures exist enforce and measure the timeliness of re-inspections.
- Not all permit applications and/or plan reviews are retained. Without evidence of applications and plans, incorrect fees could be assessed.
- Several internal control weaknesses related to cash handling were identified, including (but not limited to): cash is not secured and multiple employees have access to the safe, deposits are not timely, and duties are not segregated.

Management was also provided with additional opportunities for improvement to enhance internal controls. These were not considered significant to the objectives of the audit, but warrant the attention of Management. Consequently, they do not appear in this report.

Internal Audit (IA) would like to express our appreciation to the management and staff of FMO for their time, assistance and cooperation during the course of the audit.

Authorization

This audit was conducted under the authority of Article IV, Section 8 of the Garland City Charter and in accordance with the Annual Audit Plan approved by the Garland City Council.

Objective(s)

The Objectives of this audit are to:

A. Verify the Fire Inspections (A) and Permits Issuance (B) are conducted in accordance with City's Code of Ordinances.

B. Ensure proper accounting of all the funds.

Scope and Methodology

IA 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 conclusions 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 scope of this audit is from October 1, 2015 to January 31, 2018 with some additional analysis dating forward to February 2018.

To adequately address the audit objectives and to describe the scope of our work on internal controls, IA:

- Performed a surprise cash count. (Obj. B)
- Obtained and reviewed City Ordinances pertaining to the Fire Permit and Inspection process. (Obj. A&B)
- Ran reports from City's Finance system to ensure deposits were made accurately and timely in accordance with City Directives. (Obj. B)
- Acquired and reviewed the adopted 2015 International Fire Code. (Obj. A)
- Conducted walkthroughs with employees who are responsible for permit issuance, performing inspections and invoicing to determine effectiveness and efficiency of process. (Obj. A)
- Conducted walkthroughs with other City departments such as Planning and Information Technology to evaluate the Geographical Information Systems and CRM interface. (Obj. A)
- Ran reports from City's Permit and Inspection systems to perform various data analysis. (Obj. A)
- Examined Texas Commission on Environmental Quality (TCEQ) guidelines and requirements as it relates to Hazmat Fire Permits. (Obj. A)
- Analyzed fee payments to ensure they were properly assessed. (Obj. A)
- Reviewed inspection reports and distinguished the timeliness and frequency of inspections performed. (Obj. A)
- Evaluated timeliness of re-inspections for violations identified in the original inspection. (Obj. A)

- Obtained and reviewed Fire citations from Court Systems. (Obj. A)
- Performed trend analysis based on types of violations in order to identify the effectiveness of enforcement efforts. (Obj. A)
- Examined and determined if exemptions were assessed in accordance with policies. (Obj. A)
- Evaluated expired permits and inquired about monitoring and reviewing process. (Obj. A)
- Obtained external confirmation that inspections were performed on documented date and proper fees were assessed and collected. (Obj. A)

To assess the reliability of reports obtained from the Permits and Inspection Systems, IA compared the reports to the data entered into the applicable systems. For the permits, IA traced transactions to source documents. In addition, IA validated information from inspection and permit reports with third parties and/or online information. As a result of our testing, we determined that the data provided and available was sufficiently reliable for the purpose of this report.

Background

The mission of the Garland Fire Department is to serve and protect the citizens and business community of Garland through Fire Prevention, Emergency Medical Response and Public Education, as well as quick and effective response for fire suppression and disaster management. We respond immediately when any member of our community needs help with professional, effective and compassionate service ⁽¹⁾.

The Bureau of Fire Prevention operates under the supervision of the Fire Chief and is responsible for the enforcement of the provisions of the International Fire Code (“the Fire Code” or IFC). The Fire Code Official is the Fire Marshal in charge of the Bureau of Fire Prevention. The Bureau of Fire Prevention is authorized to inspect all businesses (occupants) annually ⁽²⁾. The FMO is responsible for fire permits, fire safety, public education, station tours, fire engine visits, fire code enforcement and plans submittal ⁽¹⁾.

Construction Permits ^(2, 3)

New Garland businesses are required to obtain construction permits from the FMO. A pre-submittal meeting is held for new occupants to gain knowledge about the construction permit requirements prior to acquiring a Certificate of Occupancy. Inspectors are involved in the plan review process of new occupants to ensure that the design and construction of new structures, or additions/changes of existing structures comply with the Fire Code. Occupants must submit a permit application along with blue prints of the building plans so that the FMO can verify if the proper amount of fire suppression systems (fire alarms, sprinklers, and access control) are identified. Examples of other construction permits that are required but do not require plan reviews include (but not limited to) fire pumps, automatic fire extinguishing systems, and emergency responder radio coverage.

Occupancy Classification (4)

During the planning and pre-submittal phase of a new occupancy, the structure is to be classified with respect to Fire Code's occupational classification which states the following:

A room or space that is intended to be occupied at different times for different purposes shall comply with all the requirements that are applicable to each of the purposes for which the room or space will be occupied.

Section 302 Classification IFC are defined as follows (*See Exhibit B for Detailed Description*):

1. Assembly (Groups A-1, A-2, A-3, A-4, A-5)
2. Business (Group B)
3. Educational (Group E)
4. Factory and Industrial (Group F-1 and F-2)
5. High Hazard (Group H-1, H-2, H-3, H-4, H-5)
6. Institutional (Group I-1, I-2, I-3, I-4)
7. Mercantile (Group M)
8. Residential (Group R-1, R-2, R-3, R-4, R-5)
9. Storage (Group S-1 and S-2)
10. Utility (Group U)

Operational Permits (1,2) (Exhibit C)

The FMO is also responsible for issuing operational permits. These permits include temporary and required annual permits. Some examples of temporary permits include amusement buildings, carnivals, fairs, tents, open burning, and hot work operations. Annual permits are required for operations that are considered high risk such as auto repair garages, explosives, cryogenic fluids, flammable and combustible liquids, fruit and crop ripening, hazardous materials and high piled storage. Permits for civic or charitable events or functions may be waived with the approval of the Fire Chief or the Fire Marshal.

The three most common annual required operational permits issued by the FMO include:

- *Auto Repair Garages*: Occupants that service or repair motor vehicles which can include minor repair, modification and servicing of motor vehicles for items such as lube changes, inspections, windshield repair or replacement, shocks, minor part replacement, and other such repairs.
- *Hazardous Materials*: Occupants that store, transport on site, dispense, use or handle hazardous materials in excess of the amounts based on the weight criteria. These occupants are required by the state to file a Tier II report with the Texas Commission on Environmental Quality (TCEQ). A Tier II report includes the chemical inventory stored at a facility.
- *High-Piled Combustible Storage*: Storage of combustible materials in closely packed piles or combustible materials on pallets, in racks or on shelves where the top of storage is greater than 12 feet (3658 mm) in height. Where required by the fire code official, high-piled combustible storage also includes certain high-hazard

commodities, such as rubber tires, Group A plastics, flammable liquids, idle pallets and similar commodities, where the top of storage is greater than 6 feet (1829 mm) in height. An operational permit is required to use a building or portion thereof as a high-piled storage area exceeding 500 square feet (46 m²).

The FMO collected \$134,339 and \$176,890 in permit fees during CY2016 and CY2017, respectively.

Inspections

The FMO divides occupancies by high, moderate and low hazard. The FMO strives to inspect high and moderate hazards annually, and low hazards biennially ⁽³⁾. Most of the high and moderate hazard inspections are derived from the annual required operational permits. Business owners are responsible for correcting any issues that arise from an inspection ⁽³⁾.

Inspection fees are assessed based on the square footage of a building as outlined in the Ordinance. There are no inspection fees for operational permits, as those inspection fees are included when obtaining the permit ⁽²⁾.

An occupant that does not meet the Fire Code requirements at the initial inspection is required to obtain re-inspections. Fees for re-inspections are as follows ⁽²⁾:

- 1st re-inspection – Free
- 2nd re-inspection - \$35.00
- 3rd and subsequent re-inspections - \$50.00

According to the Fire Marshal, exemptions for inspection fees are only given to governmental entities.

The FMO collected \$58,255 and \$98,797 in inspection fees during CY2016 and CY2017, respectively.

Enforcement ⁽²⁾

The Fire Chief and members of the Fire Prevention Bureau shall have the power to issue citations for violations of the Fire Code. When requested to do so by the Fire Chief, the Chief of Police is authorized to assign such available police officers as necessary to assist the Fire Department in enforcing the provisions of this Code.

Sources:

- 1) Garland Fire Department website:
<https://www.garlandtx.gov/gov/lq/safety/fire/default.asp>
- 2) City of Garland Code of Ordinance (Chapter 21 Fire Prevention and Protection)
- 3) Interviews with the FMO
- 4) The International Fire Code (“the Fire Code”), 2015 edition

Management Accomplishments*

In 2015, the Fire Marshal's Office began inspecting the commercial occupancies. At that time we were using FireRMS as our inspection program. This program was not robust enough to handle the complexities of inspection tracking/ assignment, fee assessment/collecting, permit renewal/expiration notifications.

On February 2018, the Fire Marshal's Office went live with a new CRM inspection program that addresses many of the findings listed in the Opportunities for Improvement section. November 2018 we will be integrating the permitting process into the CRM program. In January 2019, the CRM plan review and approval process will provide online electronic plan submittals, applications, and fee payments. The CRM program will bring all of our inspections, annual and operations permits, testing, plan review, payments, and record retentions under one platform.

*Please note that "Management Accomplishments" are written by the audited entity and that Internal Audit did not audit or verify its accuracy.

Opportunities for Improvement

During our audit we identified certain areas for improvement. Our audit was not designed or intended to be a detailed study of every relevant system, procedure, and transaction. Accordingly, the Opportunities for Improvement section presented in this report may not be all-inclusive of areas where improvement might be needed.

FINDING # ISS.1 Inspections Are Not Timely (Obj A)

**CONDITION
(THE WAY IT IS)**

The current FMO policy requires an annual inspection for certain occupancy classifications which are A, E, I, H, R and S-1 Auto. The remaining classifications only require a biennial inspection (see Exhibit B). According to the Fire Marshal, this requirement was not in effect until CY2018.

The following chart displays the number of inspections (annually and biennially) that were conducted in CY2016 and CY2017.

Annual Inspection			
Year	Number of Occupants *	Completed	% Completed
CY2016	1,997	437	22%
CY2017	1,997	992	50%
Biennial Inspection			
Year	Number of Occupants *	Completed	% Completed
CY2016	3,121	1,464	47%
CY2017	3,121	2,700	87%

Source: FMO and Inspection System.

Note: Completed inspections exclude re-inspections and vacant properties.

* IA was unable to obtain the average total number of occupancies in Garland during CY2016 and CY2017. For that reason we used the most current data (total occupancy as of June 4th, 2018) obtained from the FMO.

The chart above shows that there has been a progression from CY2016 to CY2017, however further improvement needs to be made to ensure that all required occupants are inspected on an annual or biennial basis.

<p>CRITERIA (THE WAY IT SHOULD BE)</p>	<p>In the City of Garland 2017-2018 Annual Operating Budget Book, the FMO stated that their goal for 2017-2018 was to, "Inspect 100% of the commercial occupancies in the city."</p> <p>The NFPA states in Section 116.1: "Structures or existing equipment that are or hereafter become unsafe, insanitary or deficient because of inadequate means of egress or which constitute a fire hazard, or are otherwise dangerous to human life or the public welfare, or which involves illegal or improper occupancy or inadequate maintenance, shall be deemed an unsafe condition..."</p>
<p>CAUSE (DIFFERENCE BETWEEN CONDITION & CRITERIA)</p>	<ul style="list-style-type: none"> • In 2015, Texas Commission on Fire Protection required that all personnel conducting Fire inspections become certified. During this time frame, fire inspections in Garland were conducted by firefighters (not certified) from various Fire Stations. To be in compliance with the requirement, the Fire department reorganized the program and put all fire inspectors under the Fire Marshal's office. However, the implementation of this centralized program took several months, thus delayed conducting many inspections. • Performance metrics are not developed and evaluated continuously
<p>EFFECT (SO WHAT?)</p>	<p>If inspections are not completed in a timely manner then the City may be unable to educate businesses and help to identify unsafe or deficient conditions that may exist.</p>
<p>RECOMMENDATION</p>	<p>FMO Management should:</p> <ul style="list-style-type: none"> • Develop a comprehensive program to ensure that all required annual and biennial inspections are conducted; priority should be given to occupants with higher risk. • Implement a process to monitor and evaluate the program in a continuous manner.
<p>MANAGEMENT RESPONSE</p>	<p>Concur</p>
<p>ACTION PLAN</p>	<p>As of February 2018, occupancies classified as higher risk (A, E, I, R, S-1 Autos, and H) are now required to have annual inspections. The remaining occupancies are inspected biennial.</p> <p>1. Through the new CRM inspection program, we have implemented workflows to ensure the required annual and biennial inspections are conducted.</p>

	2. Monthly crystal reports will be developed and reviewed by the lieutenant over the commercial inspection program to monitor the progress of the inspections and evaluate the program's effectiveness.
IMPLEMENTATION DATE	1. The program has been implemented. The inspections are ongoing. 2. October 2018

FINDING # ISS.2 Fee Assessment Discrepancies (Obj A & B)

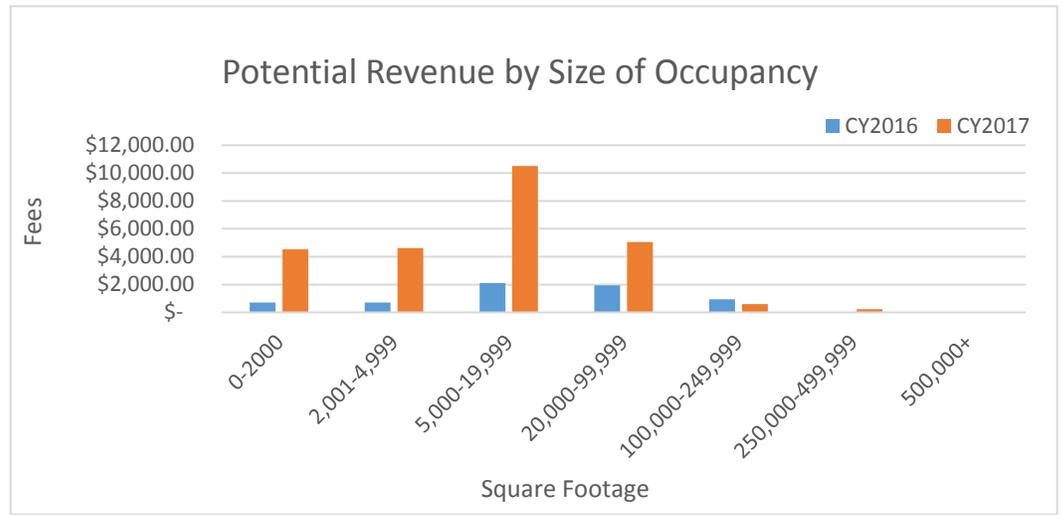
**CONDITION
(THE WAY IT IS)**

1. IA’s comparison of the fee schedule listed in the City Ordinance with the FMO Inspection Fee Schedule identified 5 out of 9 discrepancies (highlighted below):

Square Feet	City Ordinance Fees	FMO Fee Schedule
0–2,000	\$50.00	\$25.00
2,001–4,999	\$75.00	\$50.00
5,000–19,999	\$100.00	\$75.00
20,000–99,999	\$125.00	\$100.00
100,000–249,000	\$150.00	\$150.00
250,000–499,999	\$200.00	\$200.00
500,000 +	\$250.00	\$250.00
Additional tenant spaces per building	\$25.00 per tenant	\$25 per tenant
Maximum fee per building	\$350.00	\$250.00

- IA observed a square footage gap in the City Ordinance. There is no fee required for occupants that have between 249,001 and 249,999 square feet. IA believes this was a typographical error.
 - Upon further inquiry with the FMO, it was revealed the FMO schedule was updated in 2015 however the Ordinance was not.
2. To ensure that the City charged inspection fees in accordance to the FMO Fee Schedule, IA judgmentally sampled (See Exhibit A) 30 inspections. IA identified that 9 out of 30 inspection fees (30%) assessed were not in accordance with the FMO Fee Schedule.
 3. Also, further analysis of all fees assessed revealed that at least 91 and 474 inspections were not charged any fees in CY2016 and CY2017, respectively. According to the FMO, only governmental entities are exempt from inspection fees. IA reviewed a random sample (Exhibit A) of 25 inspections with \$0.00 assessed fees and identified that none of these occupants qualify for exemptions per FMO’s policy.

Furthermore, IA analyzed the total potential revenue that the City may have generated in CY2016 and CY2017 if fees were assessed. The combined amount totaled \$31,930 (\$6,385 & \$25,545, respectively) in accordance to the FMO Fee Schedule:



**CRITERIA
(THE WAY IT
SHOULD BE)**

City Ordinance should be updated to reflect the most current fee schedule.

The Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States, states in: Principle 12.03 "Management documents in policies for each unit its responsibility for an operational process's objectives and related risks, and control activity design, implementation, and operating effectiveness."

Principle 12.04 "Those in key roles for the unit may further define policies through day-to-day procedures, depending on the rate of change in the operating environment and complexity of the operational process. Procedures may include the timing of when a control activity occurs and any follow-up corrective actions to be performed by competent personnel if deficiencies are identified. Each unit, with guidance from management, determines the policies necessary to operate the process based on the objectives and related risks for the operational process. Each unit also documents policies in the appropriate level of detail to allow management to effectively monitor the control activity. Management communicates to personnel the policies and procedures so that personnel can implement the control activities for their assigned responsibilities."

Principle 16.04 "Management monitors the internal control system through ongoing monitoring and separate evaluations. Ongoing monitoring is built into the entity's operations, performed continually, and responsive to change. Separate evaluations are used periodically and may provide feedback on the effectiveness of ongoing monitoring."

According to the Fire Marshal, exemptions for inspection fees are only given to governmental entities.

CAUSE (DIFFERENCE BETWEEN CONDITION & CRITERIA)	<ul style="list-style-type: none"> • In 2015, the FMO reduced inspection fees to be more economical for the businesses of Garland. • There is no monitoring in place to verify if fees were assessed correctly or exemptions were made properly. • Inspectors had access rights to change fees in the system.
EFFECT (SO WHAT?)	<ul style="list-style-type: none"> • Potential loss of revenue due to inaccurate fee assessment. • Inconsistencies with fee assessments may impact the City's reputation in an unjust manner.
RECOMMENDATION	<p>FMO management should:</p> <ul style="list-style-type: none"> • Consider transitioning inspection fees to operational permit fees, and propose an Ordinance change for City Council's approval. This will enable the City to invoice and collect fees prior to inspections. <p style="text-align: center;">OR</p> <p>Propose an update to the current City Ordinance to align with the FMO Fee Schedule and request for approval from the City Council. As part of this proposal, the square footage typographical error as mentioned above should also be corrected.</p> <ul style="list-style-type: none"> • Evaluate roles/access rights within the system to ensure they are properly segregated. • Segregate duties between assessing fees/invoicing, inspections and collections. • Develop a process to continuously monitor permit/inspection fees to ensure they are assessed in accordance with the City Ordinance and that exemptions are appropriate. • Consider back-billing inspections from 2017.
MANAGEMENT RESPONSE	<p>Concur</p>
ACTION PLAN	<ol style="list-style-type: none"> 1. The Fire Marshal's Office will develop a program to transition inspection fees to annual operational permits and propose an Ordinance change for City Council's approval. This will enable the City to invoice and collect fees prior to inspections. 2. The FMO will evaluate roles/access rights within the new CRM system to ensure they are properly segregated and that the duties between assessing fees/invoicing, inspections and collections is also segregated.

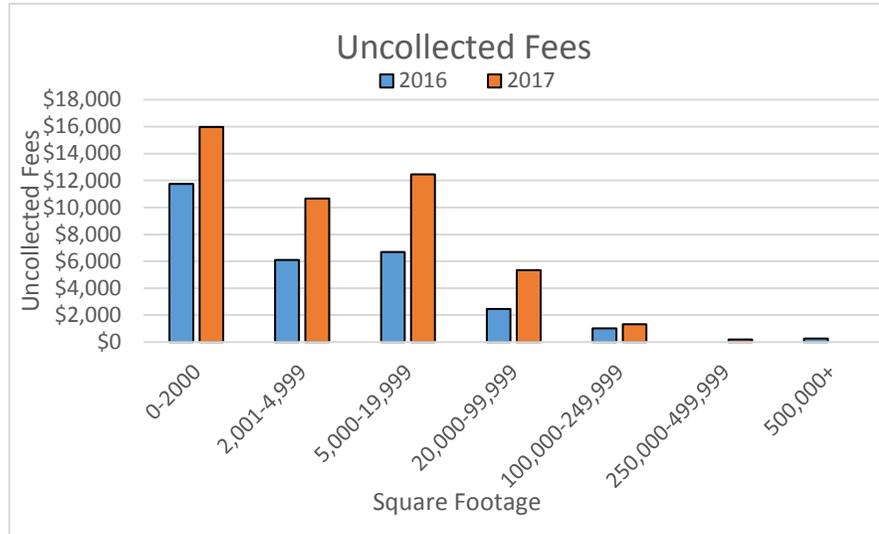
	<p>3. The FMO will develop a process to continuously monitor permit/inspection fees to ensure they are assessed in accordance with the City Ordinance and that exemptions are appropriate.</p> <p>4. The Commercial Inspection Coordinator will print and mail the 2017-2018 unpaid invoices in FireRMS.</p>
IMPLEMENTATION DATE	<p>1. December 2018</p> <p>2. December 2018</p> <p>3. December 2018</p> <p>4. September 2018</p>

FINDING # ISS.3 Uncollected Fees (Obj A&B)

**CONDITION
(THE WAY IT IS)**

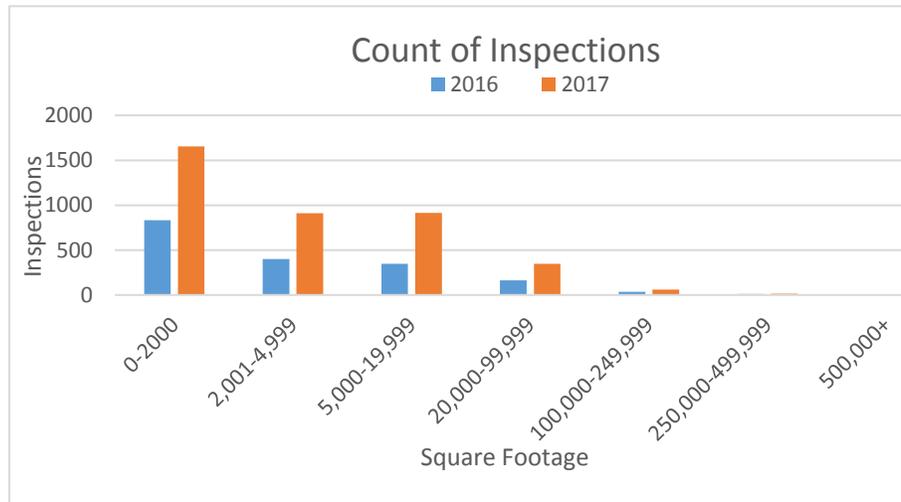
1. The FMO is invoicing occupants for completed inspections, however not all fees are collected by the City.

As of February 2018, the City has an outstanding receivables balance of \$93,580 in inspection fees. To identify which type of occupants are not paying inspection fees, IA analyzed the amount of fees that were uncollected in CY2016 and CY2017 as well as the count of occupants based on square footage:



Source: Inspection System

Note: Uncollected fees exclude 1st re-inspections, New Certificate of Occupancies, vacant properties, and GISD.



Source: Inspection System

To further understand the percentage of unpaid occupants based on inspections completed in CY2016 and CY2017, IA conducted the following analysis:

2016 Collectible Count			
Square Feet	Inspections Completed	Uncollected	% of Unpaid Occupants
0-2000	832	385	46%
2,001-4,999	401	194	48%
5,000-19,999	347	168	48%
20,000-99,999	164	55	34%
100,000-249,999	35	19	54%
250,000-499,999	9	0	0%
500,000+	3	1	33%
Total	1,791	822	46%

2017 Collectible Count			
Square Feet	Inspections Completed	Uncollected	% of Unpaid Occupants
0-2000	1,655	842	51%
2,001-4,999	911	444	49%
5,000-19,999	915	447	49%
20,000-99,999	347	146	42%
100,000-249,999	59	20	34%
250,000-499,999	16	5	31%
500,000+	4	0	0%
Total	3,907	1,904	49%

Source: The tables are from the Inspection System

Note: Square Footage is not assessed accurately, see Finding ISS. 3.

2. The FMO does not currently exercise any enforcement efforts to collect past due inspection fees.

**CRITERIA
(THE WAY IT
SHOULD BE)**

- The City Ordinance, Chapter 21 Section Article 1, 105.2.5, states: "Exception: Permit fees for civic or charitable events or functions may be waived with the approval of the Fire Chief or the Fire Marshal."
- The Government Finance Officers Association states: "State and local governments use charges and fees to help fund services. When certain services provided especially benefit a particular group, then governments should

	<p>consider charges and fees on the direct recipients of those that receive benefits from such services.”</p> <ul style="list-style-type: none"> • The Ordinance Chapter 21 Article 1, Section 104.12 states: "Fire prevention bureau personnel and police. The Fire Chief and members of the Fire Prevention Bureau shall have the power to issue citations for violations of this Code. When requested to do so by the Fire Chief, the Chief of Police is authorized to assign such available police officers as necessary to assist the Fire Department in enforcing the provisions of this Code."
CAUSE (DIFFERENCE BETWEEN CONDITION & CRITERIA)	<ul style="list-style-type: none"> • The FMO does not always update addresses in their system to keep records current. IA observed that 88 invoices were returned (some unopened) and sitting on the desk of the Commercial Inspections Coordinator. IA randomly sampled (See Exhibit A) 20 of the 88 returned invoices, and observed 18 out of 20 (90%) returned invoices were either permanently closed or had incorrect addresses. Additionally, IA generally observed some returned invoices were sent to "Responsible Party" and "Vacant" occupants. See Exhibit D for examples of returned invoices. • The FMO conducts inspections before collecting fees. • The FMO does not issue citations for outstanding inspection fees.
EFFECT (SO WHAT?)	Loss of revenue
RECOMMENDATION	<p>FMO management should:</p> <ul style="list-style-type: none"> • Consider transitioning inspection fees to operational permits fees. This will enable the City to invoice and collect fees prior to the inspections. • Provide continuous oversight of fees assessed and collected. • Ensure inspectors verify the mailing address and responsible party information during their inspections and update records accordingly. • Ensure all returned mails are reviewed daily in order to obtain accurate information from Occupants. • Evaluate City's enforcement options and utilize them in a timely manner.
MANAGEMENT RESPONSE	Concur

<p>ACTION PLAN</p>	<ol style="list-style-type: none"> 1. As part of the response to finding 2, we will propose transitioning inspection fees to operational permits enabling the City to invoice and collect fees prior to the inspections. 2. As part of the new permit program, we will work with revenue recovery to assist with the billing and collection of the permitting fee. This will provide continuous oversight of fees assessed and collected. 3. Additional training will be provided to inspectors to ensure they are obtaining the correct information and entering the information into the CRM inspection program. This information would include verifying the mailing address and responsible party information. Random audits by the Lieutenant will be conducted to verify compliance. 4. All returned mail will be opened and given to the inspector responsible for that business in order to obtain accurate information from Occupants. 5. Recommendations for enforcement options and present those options to City Council for approval.
<p>IMPLEMENTATION DATE</p>	<ol style="list-style-type: none"> 1. December 2018 2. January 2019 3. September 2018 4. Immediate and ongoing 5. January 2019

FINDING # ISS.4 Occupancy Class and Square Footage Inaccuracies (Obj A)

**CONDITION
(THE WAY IT IS)**

Occupancy Classification

While reviewing inspection data, IA immediately observed discrepancies in 3 categories which are auto-repairs, donut shops and U classification. IA randomly selected (See Exhibit A) 40 inspections from those 3 categories to further analyze occupancy classification.

IA's analysis revealed that 26 out of the 40 occupancy classifications were not in accordance with IFC:

Occupancy Classification	Count	Correctly Classified	Incorrectly Classified
A-2	7	0	7
B	15	12	3
F-1	4	0	4
F-2	1	0	1
M	1	1	0
S-1	1	0	1
U	8	0	8
S-1 auto	1	1	0
Unclassified	2	0	2
Total	40	14	26

Source: Inspection System

*See Exhibit B for classification descriptions.

Furthermore, IA randomly selected (See Exhibit A) 25 inspections and excluded the categories mentioned above to examine occupancy classification. IA identified all but one of the occupancy classifications that was not in accordance with the IFC.

Occupancy Class	Count	Classified Correctly	Classified Incorrectly
A-2	8	8	0
B	11	11	0
F-1	1	1	0
H-3	1	1	0
M	3	2	1
S-1	1	1	0
Total	25	24	1

Source: Inspection System

*See Exhibit B for classification descriptions.

Square Footage

Furthermore, IA observed that inaccurate square footage was entered into the Inspection System. IA examined all 189 occupants which were documented as 0-101 square feet, of which 158 occupants had 0 square feet buildings and 31 were entered as 1 to 101 square feet.

Square Feet	Count of Sq. Feet
0	158
1	3
2	1
25	1
40	1
42	2
48	1
50	2
60	1
74	1
80	2
99	1
100	14
101	1
Total	189
Source: Inspection System	

**CRITERIA
(THE WAY IT SHOULD
BE)**

- The International Fire Code sets specific guidelines for each type of occupancy classification. Refer to Exhibit B for Occupancy Classifications.
- According to the Texas Commission on Fire Protect Certification Curriculum Manual for Fire Inspector I, Chapter 4 states: Section 401-4.3.1: “Identify the occupancy classification of a single-use occupancy, given a description of the occupancy and its use, so that the classification is made according to the applicable codes and standards. Requisite Knowledge:
 1. Occupancy classification types
 2. Applicable codes, regulations and standards adopted by the jurisdiction
 3. Operational features
 4. Fire hazards presented by various occupanciesRequisite Skills: The ability to make observations and correct decisions.”

	<ul style="list-style-type: none"> FMO Fee Schedule is as follows: <table border="1" data-bbox="695 233 1404 871"> <tr> <td>0-2,000 square feet</td> <td>\$25.00</td> </tr> <tr> <td>2,001-4,999 square feet</td> <td>\$50.00</td> </tr> <tr> <td>5,000-19,999 square feet</td> <td>\$75.00</td> </tr> <tr> <td>20,000-99,999 square feet</td> <td>\$100.00</td> </tr> <tr> <td>100,000-250,000 square feet</td> <td>\$150.00</td> </tr> <tr> <td>250,001-499,999 square feet</td> <td>\$200.00</td> </tr> <tr> <td>500,000 + square feet</td> <td>\$250.00</td> </tr> <tr> <td>Additional tenant spaces per building</td> <td>\$25.00 per tenant</td> </tr> <tr> <td>Maximum fee per building</td> <td>\$250.00</td> </tr> </table> <p>A facility that does not meet applicable requirements at the first inspection shall be re-inspected and the following fees shall apply:</p> <p>1st re-inspection: Free 2nd re-inspection: \$35.00 3rd and subsequent re-inspections: \$50.00</p> 	0-2,000 square feet	\$25.00	2,001-4,999 square feet	\$50.00	5,000-19,999 square feet	\$75.00	20,000-99,999 square feet	\$100.00	100,000-250,000 square feet	\$150.00	250,001-499,999 square feet	\$200.00	500,000 + square feet	\$250.00	Additional tenant spaces per building	\$25.00 per tenant	Maximum fee per building	\$250.00
0-2,000 square feet	\$25.00																		
2,001-4,999 square feet	\$50.00																		
5,000-19,999 square feet	\$75.00																		
20,000-99,999 square feet	\$100.00																		
100,000-250,000 square feet	\$150.00																		
250,001-499,999 square feet	\$200.00																		
500,000 + square feet	\$250.00																		
Additional tenant spaces per building	\$25.00 per tenant																		
Maximum fee per building	\$250.00																		
<p>CAUSE (DIFFERENCE BETWEEN CONDITION & CRITERIA)</p>	<ul style="list-style-type: none"> There are no written policies and procedures in place to enforce the verification and documentation of occupancy class and/or square footage of occupants. During the approval of plan review documentation, the FMO does not verify occupancy classifications or square footage. Inspectors do not have a reference guide present during inspections to verify occupancy class. Inspectors do not update the Inspection System when they encounter incorrect occupancy classifications or square footage. 																		
<p>EFFECT (SO WHAT?)</p>	<ul style="list-style-type: none"> The FMO is not in compliance with the City Ordinance nor the IFC due to the incorrect occupancy classifications. Occupants may be operating in unsafe conditions, thus creating a life safety hazard. 																		

	<ul style="list-style-type: none"> • Occupancy and square footage misclassifications may result in potential loss of revenue.
RECOMMENDATION	<p>FMO management should:</p> <ul style="list-style-type: none"> • Review all occupant records and update any incorrect occupancy classifications and square footage to ensure they are accurate. • Ensure that all occupants are classified in accordance to the FMO occupancy classifications and the building square footage is accurately documented during the process of plan review. • Create a reference guide for the inspectors to use when conducting inspections to verify the occupancy classification. • Develop written policies and procedures so all Inspectors verify occupancy classification and square footage and update the Inspection System on an ongoing basis.
MANAGEMENT RESPONSE	Concur
ACTION PLAN	<ol style="list-style-type: none"> 1. Additional training will be provided to inspectors to ensure they are obtaining the correct information and entering the information into the CRM inspection program. This information would include verifying the occupancy classification and square footage. 2. The current database will be updated as the inspectors perform inspections within their districts, they will review the occupant records and update any incorrect occupancy classifications and square footage to ensure they are accurate. Random audits by the Inspections Lieutenant will be conducted to verify compliance. 3. The Inspection Lieutenant will ensure that all occupants are classified in accordance to the International Building and Fire Codes occupancy classifications and the building square footage is accurate 4. The FMO will develop procedures to ensure the occupancy classification and square footage are verified during the plan review process, and the field inspectors to update the occupancy classification and square footage each time they perform an inspection.

	5. Training will be provided to ensure the field inspectors are aware of the location and have access to the 2015 Inspector's Guidebook.
IMPLEMENTATION DATE	<ol style="list-style-type: none">1. September 20182. Immediate and ongoing3. January 20194. September 20185. August 2018

FINDING # ISS.5 Expired Permits Are Not Tracked (Obj A)

**CONDITION
(THE WAY IT IS)**

The FMO does not have an effective and timely process in place to proactively track and/or send renewal notifications to occupants regarding annual required operational permits. The most common operational annual permits (see Exhibit C) issued include auto repair garages, hazardous materials and high piled combustible storage.

Auto Repair Garage

IA judgmentally selected a sample (See Exhibit A) of 42 repair garage permits from the Permits System during the scope of the audit and found that 22 of them were not renewed annually.

IA further verified the 22 repair garages in the Permits System and identified that 15 of them are currently operating without a permit as of July 9, 2018.

Hazardous Materials (Hazmat)

IA obtained the TCEQ Tier II Report as of May 16, 2018 which contained 111 Garland Occupants. IA selected a random sample (See Exhibit A) of 70 from the 111 occupants and reviewed them in the Inspection System to determine whether they were designated as hazmat. IA identified 39 out of 70 were classified as hazmat permits and the remaining 31 did not have documentation to properly evaluate whether it should be classified as hazmat.

Out of the 39 classified as hazmat, IA further analyzed in the Permits System to verify whether occupants are operating with a permit. IA identified the following:

- 25 out of 39 occupants never obtained a hazmat permit.
- 11 out of 39 occupants are operating with an expired permit.

High-Piled Combustible Storage

IA was unable to verify high piled storage permit classifications and conduct analysis on the permits due to lack of documentation.

<p>CRITERIA (THE WAY IT SHOULD BE)</p>	<p>According to the City Ordinance the following permits are required on an annual basis:</p> <table border="1" data-bbox="610 306 1403 634"> <thead> <tr> <th></th> <th>Required Operational Permit</th> <th>Fee</th> </tr> </thead> <tbody> <tr> <td>105.6.21</td> <td>Hazardous materials (annual)</td> <td>\$100.00</td> </tr> <tr> <td>105.6.23</td> <td>High-piled storage (annual)</td> <td>\$100.00</td> </tr> <tr> <td>105.6.41</td> <td>Repair garages (annual)</td> <td>\$100.00</td> </tr> </tbody> </table> <p>The Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States, Principle 10.03 states, "Management should clearly document internal controls and all transactions and other significant events in a manner that allows the documentation to be readily available for examination..."</p>		Required Operational Permit	Fee	105.6.21	Hazardous materials (annual)	\$100.00	105.6.23	High-piled storage (annual)	\$100.00	105.6.41	Repair garages (annual)	\$100.00
	Required Operational Permit	Fee											
105.6.21	Hazardous materials (annual)	\$100.00											
105.6.23	High-piled storage (annual)	\$100.00											
105.6.41	Repair garages (annual)	\$100.00											
<p>CAUSE (DIFFERENCE BETWEEN CONDITION & CRITERIA)</p>	<ul style="list-style-type: none"> • The FMO does not utilize a tracking system to monitor annual operational permits. • Inspectors are responsible for identifying expired permits or determining whether occupants require permits during the inspection process. • The Permits System does not interface with the Inspection System and there is no communication between divisions regarding the expired permits. 												
<p>EFFECT (SO WHAT?)</p>	<ul style="list-style-type: none"> • The City is unaware of how many occupancies are operating without permit. • Occupants may be operating in unsafe conditions, thus creating a life safety hazard. • Not permitting and/or renewing permits on time result in potential loss of revenue. 												
<p>RECOMMENDATION</p>	<p>FMO management should:</p> <ul style="list-style-type: none"> • Consider invoicing upfront for permit renewals • Identify all expired operational permits and initiate permit renewal process and inspections immediately • Update Hazmat permit records to include information on the permit, such as the: <ul style="list-style-type: none"> ○ Reasons why it does not require a hazmat permit, although it is considered Tier II by the State. 												

	<ul style="list-style-type: none"> ○ Material type that classifies the occupant as Hazmat. • Create and implement an effective process to document all permit types (including High-Piled storage) and proactively track and monitor operational permit expirations.
MANAGEMENT RESPONSE	Concur
ACTION PLAN	<ol style="list-style-type: none"> 1. With the implementation of the new CRM permitting system in January 2019, the process to document all permit types (including High-Piled storage) and proactively track and monitor operational permit expirations will be accomplished. 2. Move to calendar year operational permits that must be renewed January 1st of each year. Permits would then be invoiced on January 1st of each year. 3. Identify all expired operational permits and initiate permit renewal process with the new calendar year cycle. 4. Update Hazmat permit records to include hazardous materials information on the permit. 5. Work with IT to add to the CRM Inspection program the ability to note when the FMO has received an occupancy's Tier II report and if an occupancy is required to obtain a hazardous materials permit from the FMO as a result of the Tier II reported quantities and materials.
IMPLEMENTATION DATE	<ol style="list-style-type: none"> 1. January 2019 2. January 2019 3. January 2019 4. November 2018 5. November 2018

FINDING # ISS.6 Re-inspections Are Not Timely (Obj A)

CONDITION (THE WAY IT IS)	If an occupant does not pass the initial inspection, then re-inspections are required. IA randomly selected a sample (See Exhibit A) size of 32 re-inspections based on various occupants. IA identified 14 out of 32 (44%) instances where the re-inspections occurred more than 21 days after the last inspection. On average, these 14 re-inspections took place 44 days after the last inspection. IA also observed that occupant records in the Inspections System do not contain documentation to support if the occupant requested an extension.
CRITERIA (THE WAY IT SHOULD BE)	According to FMO, occupants are normally given 14 calendar days to remediate any violations identified, unless an extension is requested. All re-inspections should be done timely based on the seriousness of the violations identified.
CAUSE (DIFFERENCE BETWEEN CONDITION & CRITERIA)	There are no formal policies or procedures in place to enforce or measure the timeliness of re-inspections.
EFFECT (SO WHAT?)	The following risks are associated with not conducting inspections timely: <ul style="list-style-type: none">• Occupants may be operating in unsafe conditions, thus creating a life safety hazard.• Occupants can incur fees for not being in compliance with various regulatory bodies.• The City could acquire a negative reputation from business owners and citizens.
RECOMMENDATION	FMO Management should: <ul style="list-style-type: none">• Develop written policies and procedures regarding the timeliness of re-inspections based on seriousness of violations identified.• Monitor the re-inspection timeframe to ensure re-inspections are completed within the allowed time frame.• Document the need for extensions in the Inspection System when requested by occupants.
MANAGEMENT RESPONSE	Concur
ACTION PLAN	1. The FMO will develop written policies and procedures regarding the timeliness of re-inspections based on

	<p>seriousness of violations, develop a violation matrix, and explore the possibility of using an occupant violation correction affidavit.</p> <p>2. The Inspection Lieutenant will develop a program to monitor the re-inspection timeframe to ensure re-inspections are completed within the allowed time frame. If not, ensure proper documentation is included to explain the need for extensions.</p>
<p>IMPLEMENTATION DATE</p>	<p>1. November 2018</p> <p>2. December 2018</p>

FINDING # ISS.7 Plan Reviews and Applications are not Maintained (Obj A)	
CONDITION (THE WAY IT IS)	<p>The FMO maintains electronic records of applications and blueprints for operational and construction permits. All operational and construction permits require an application.</p> <p>Blueprints are only required if a fire alarm, sprinkler, and/or control access system is installed.</p> <p>IA selected a random sample (See Exhibit A) and identified 5 out of 31 permits (16%) that did not have applications and/or blueprints on file with the FMO. As such, IA was unable to verify if fees were assessed in accordance with the City Ordinance.</p>
CRITERIA (THE WAY IT SHOULD BE)	<p>The Texas State and Library Commission’s Retention Schedule For Records of Public Safety Agencies states:</p> <ul style="list-style-type: none"> • PS4475-01b – “Applications for fire detection, fire alarm, and automatic sprinkler system permits and copies of permits or other documentation evidencing issuance shall be retained until the application is expired, cancelled, revoked or denied plus 2 years.” • PW5250-01 – “For commercial and non-residential building permits or certificates of occupancy shall be retained for the life of the structure plus 3 years.” <p>The Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States, Principle 10.03 states, “Management should clearly document internal controls and all transactions and other significant events in a manner that allows the documentation to be readily available for examination...”</p>
CAUSE (DIFFERENCE BETWEEN CONDITION & CRITERIA)	<p>The FMO does not have a process in place to track and scan in blue prints and applications upon receipt. In addition, there is no management oversight of the process.</p>
EFFECT (SO WHAT?)	<p>In the event of a fire at the occupant’s address, the City would not have supporting evidence to demonstrate review of applications and blueprints.</p> <p>Without evidence of applications and blueprints, incorrect fees could be assessed, resulting in potential revenue loss.</p>
RECOMMENDATION	<p>FMO Management should:</p>

	<ul style="list-style-type: none"> • Develop a policy and procedure to track and scan blueprints and applications upon receipt. • Provide oversight of blueprints and applications to ensure proper retention and accurate fee assessment. • Meet with the City Secretary to evaluate their records to ensure compliance with the Texas State and Library Commission’s Retention Schedule.
MANAGEMENT RESPONSE	Concur
ACTION PLAN	<ol style="list-style-type: none"> 1. The FMO will develop and implement a policies and procedures to track and scan hard copy submittals and applications as required by State retention laws. 2. With the new CRM permitting and electronic plan review system, electronic submission of submittals and applications will provide workflow tracking and ensure proper record retention. 3. The FMO will implement procedures to ensure accurate fees are being assessed with oversight provided by the FMO plan reviewers. 4. Custodian of Records will schedule a meeting with the City Secretary to evaluate our records to ensure compliance with the Texas State and Library Commission’s Retention Schedule.
IMPLEMENTATION DATE	<ol style="list-style-type: none"> 1. September 2018 2. January 2019 3. January 2019 4. September 2018

FINDING # ISS. 8 Cash Handling Control Weaknesses (Obj B)

**CONDITION
(THE WAY IT IS)**

IA performed a surprise cash count during the audit and no overages or shortages were discovered. However, through analysis, walkthroughs, and interviews, IA identified the following internal control weaknesses related to cash handling:

Inspections/Permits Processing:

1. The Commercial Inspections Coordinator is responsible for processing inspection fees. During the absence of the Coordinator, inspection fees are left on his/her desk by front desk personnel for payment processing.
2. The safe used for inspection payments is portable and the key to the safe is located in a nearby drawer.
3. Multiple people have access to the safe that stores permit payments.
4. FMO Inspection transactions are not pre-numbered, thus making it difficult to identify gaps. Also, according to the Commercial Inspections Coordinator, when corrections need to be made, changes can be made to the original transaction. There is no audit trail in the system to track changes.
5. IA observed that the new Inspection System did not reconcile with the amount of cash counted during the surprise cash count.
6. Checks are not endorsed immediately upon receipt for inspections.
7. The FMO does not have a designated backup for personnel that processes inspections, permits and deposits.
8. Segregation of Duties:
 - a. For both the Department Coordinator and the Commercial Inspections Coordinator, there is no segregation of duties when processing payments for either permits or inspections. Their duties include custody, authorization, recordkeeping and making any necessary changes to the transactions (including voids for permits). Also, there is no management review of the transactions nor is a reconciliation performed.

	<p>b. Any inspector can receive and process permit payments.</p> <p>c. The Department Coordinator and the Commercial Inspections Coordinator tally cash independently.</p> <p>d. Incoming mail is opened without witnesses.</p> <p>9. On some occasions, Inspectors collected money in the field pertaining to:</p> <p>a. Failed Test inspections</p> <p>b. After hour permits</p> <p>10. There are no cameras located in areas where payments are processed for inspections and permits.</p> <p><u>Deposits:</u></p> <p>11. On a few occasions, one Inspector kept payments in his/her office up to 6 months prior to giving the payments to the Commercial Inspections Coordinator for processing. The payments were not kept in a secured area.</p> <p>12. Once payments are processed for both inspections and permits, they are given to the Financial Coordinator to post to the general ledger and take to Finance. However, IA observed that this person does not have a safe to secure the deposits.</p> <p>13. Deposits are not processed by the next business day.</p>
<p>CRITERIA (THE WAY IT SHOULD BE)</p>	<p>The City's Cash Handling Directive states:</p> <ul style="list-style-type: none"> • Section 8: "Each day's receipts will be deposited to the City's bank no later than the next business day. Each day's deposit must be sealed in a tamper proof plastic bag along with completed bank deposit ticket. Deposits held overnight must be stored in a locked and secured location". Applicable to condition 1, 2, 3, 11, 12 and 13. • Section 7: "Upon receipt, all checks must be endorsed..." Applicable to condition 6. <p>The Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States, states in:</p> <ul style="list-style-type: none"> • Section 16.05: "Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing

	<p>monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions. Ongoing monitoring may include automated tools, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions”. Applicable to condition 4, 5, 9, 10.</p> <ul style="list-style-type: none"> • Section 10.03: “Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event”. Applicable to condition 8. • Section 4.06: “Management defines succession and contingency plans for key roles to help the entity continue achieving its objectives. Succession plans address the entity’s need to replace competent personnel over the long term, whereas contingency plans address the entity’s need to respond to sudden personnel changes that could compromise the internal control system”. Applicable to condition 7.
<p>CAUSE (DIFFERENCE BETWEEN CONDITION & CRITERIA)</p>	<p>IA noted that the conditions related to cash handling occurred mainly due to processes that were not always evaluated to mitigate risks and/or implement effective controls over cash handling.</p>
<p>EFFECT (SO WHAT?)</p>	<p>Internal control weaknesses over cash handling will increase the potential risk for:</p> <ul style="list-style-type: none"> • Lost or stolen cash. • Unavailability of funds for immediate use. • Timely detection for inappropriate activities. • Negative impact on customer satisfaction, and the City’s reputation.
<p>RECOMMENDATION</p>	<p>FMO Management should:</p> <ol style="list-style-type: none"> 1. Develop a policy and procedure to safeguard inspection payments to ensure they are secured until they are processed. 2. Secure the portable safe by locking it in a drawer and placing the key in a more discreet location.

	<ol style="list-style-type: none"> 3. Obtain a drop-safe for permit payments in order to limit who accesses the safe. 4. Provide oversight of the payment and deposit processes. This would include reconciling the Inspection and Permit System transactions to the Cash Report (Permits) and FMO Inspection Fees Paid Report (Inspections) to the general ledger. 5. Perform a 3-way reconciliation, as described in Recommendation #4. 6. Endorse checks with the City's appropriate bank information upon receipt. 7. Provide cross-training to other personnel to ensure the Coordinators have a back-up in the event that they are vacated or unable to perform their duties. 8. Evaluate roles/access rights, and segregate duties that involve custody, authorization, and recordkeeping to reduce the risk of error or misuse. 9. Discontinue taking payments in the field for inspections and permits. Instead, consider accepting payments through an online portal. 10. Consider installing cameras in areas where permits and inspection payments are processed. 11. Refer to recommendation 1 above. 12. Obtain a safe to secure deposits for inspections and permits until they are transferred to Finance for deposit. Also, consider scheduling an armored car service to pick up daily deposits. 13. Provide oversight to ensure deposits are taken to Finance by the next business day.
MANAGEMENT RESPONSE	Concur
ACTION PLAN	<ol style="list-style-type: none"> 1. The FMO will develop a policies and procedures to discontinue taking payments in the field for inspections and permits, and to ensure payments are secured until they are processed and endorse upon receipt. 2. Install a safe in the Commercial Inspections Coordinator's office with a combination safe and limit access to the Inspection Coordinator, Inspection Lieutenant, and the Fire Marshal. 3. Install a drop-safe in the permit office for permit payments and limit access to the Department Coordinator, Inspection Lieutenant, and the Fire Marshal.

	<p>4. The FMO will develop a policy and procedure with input from the Finance Department to provide oversight of the payment and deposit processes. This would include reconciling the Inspection and Permit System transactions to the Cash Report (Permits) and FMO Inspection Fees Paid Report (Inspections) to the general ledger.</p> <p>5. Provide cross-training to the Department Coordinator and the Commercial Inspections Coordinator to ensure the Coordinators have a back-up in the event that they are vacated or unable to perform their duties.</p> <p>6. The FMO will evaluate roles/access rights, and segregate duties that involve custody, authorization, and recordkeeping to reduce the risk of error or misuse.</p> <p>7. Install a safe in the Accounting Representative's office and limit access to the Accounting Representative and authorized individual. Meet with Finance to explore available options to utilize the armored car service to pick up deposits.</p> <p>8. The FMO will work with Finance/City Manager's Office to develop a policy to provide oversight to ensure deposits are taken to Finance on an agreed upon schedule.</p>
<p>IMPLEMENTATION DATE</p>	<p>1. October 2018 2. Completed 3. Completed 4. November 2018 5. January 2019 6. October 2018 7. Completed (safe installation) and November 2018 8. November 2018</p>

Exhibit A – Sampling Methodology

Finding ISS.2 FMO Fee Schedule and Ordinance Discrepancy

IA created a Crystal Report from the Inspection System of all inspections that were conducted during the audit scope. IA judgmentally selected 30 inspections out of a population of 7,086 in order to include various occupant types based on square footage. The results can be projected to the entire population.

IA randomly selected 25 occupants out of a population of 1,447 of \$0.00 assessed fees during the audit scope from the Inspection System, to evenly distribute the chance of a sample selection. The results can be projected to the entire population.

Finding ISS.3 Uncollected Fees

IA obtained a stack of returned invoices from the FMO office. The total population of the stack included 88 returned invoices. IA randomly selected 20 returned invoices from the population to evenly distribute the chance of a sample selection. The results can be projected to the entire population.

Finding ISS.4 Occupancy Classifications and Square Footage Inaccuracies

IA created a Crystal Report from the Inspection System of all inspections that were conducted during the audit scope. While reviewing the inspection data, IA immediately observed discrepancies in 3 categories which are auto repairs, donut shops, and U classification. IA randomly selected 40 inspections from the 3 categories out of a population of 6,244 occupants to evenly distribute the chance of a sample selection. The results can be projected to the appropriate categories.

In addition, IA randomly selected 25 occupants out of a population of 6,244 occupants to evenly distribute the chance of a sample selection, and excluded the 3 occupant categories, as mentioned above. The results can be projected to the appropriate categories.

Finding ISS.5 Expired Permits Are Not Tracked

Auto Repair Garages: IA created a Crystal Report from the Permits System of all permits that were issued during the audit scope. IA randomly select a sample of 42 auto repair garage permits from a population of 625 permits to evenly distribute the chance of a sample selection. The results can be projected to the entire population.

Hazardous Materials: IA obtained the TCEQ State Required Tier II Report as of May 16, 2018. From the population of 111 Garland occupants, IA randomly selected a sample of 70 occupants to evenly distribute the chance of a sample selection. The results can be projected to the entire population.

Finding ISS.6 Re-Inspections Are Not Timely

IA created a Crystal Report from the Inspection System of all inspections that were conducted during the audit scope. IA randomly selected 32 re-inspections out of a

population of 8,083 to evenly distribute the chance of a sample selection. The results can be projected to the entire population.

Finding ISS.7 Plan Review

IA created a Crystal Report from the Permits System of all permits that were issued during the audit scope. IA randomly select a sample of 31 permits from a population of 1,587 permits to evenly distribute the chance of a sample selection. The results can be projected to the entire population.

Exhibit B- Occupational Classification

According to the International Fire Code Inspector Guide Book, the Occupancy Classification description is as follows:

A – Assembly

- A-1 Assembly with fixed seating
- A-2 Banquet Halls, Casino/gaming areas, Restaurants/Bar
- A-3 Worship, Courtrooms, dance hall (no food/drinks)
- A-4 Arenas, skating rink, swimming pool and tennis courts
- A-5 Amusement park structures, bleachers, stadiums

B – Business

- Animal hospitals, banks, beauty shops car wash, civic administration, dry cleaning, food processing establishments, commercial kitchens, print shops, radio/television stations

E - Educational

- Any place that has six or more children at one time for educational purposes excluding educational uses above 12th grade.

F - Factory and Industrial

- F-1 Moderate Hazard Occupancy
- F-2 Low Hazard Occupancy

H - High Hazardous

- H-1 Buildings which contain materials that poses a detonation/explosion hazard
- H-2 Structures which contain materials that pose a deflagration hazard or hazard from accelerated burning.
- H-3 Buildings which contain materials that readily support combustion or pose a physical hazard.
- H-4 Buildings which contain materials that readily support combustion or pose a physical hazard.
- H-5 Semiconductor fabrication facilities and comparable research and development areas in which hazardous production materials are used.

I-Institutional

- I-1 Assisted Living, Halfway houses, Care Facilities
- I-2 Medical Care, Psychiatric Hospitals, Foster Homes
- I-3 Correction Centers, Detention Center, Prison, Reformatories
- I-4 Adult/Child Daycare

M - Mercantile

- Drug Stores, Department stores, markets, motor fuel dispensing facilities, retail or wholesale stores

R- Residential

- R-1 Hotels/Lodging
- R-2 Apartment, Dormitories
- R-3 Permanent residence- Boarding Houses for under sixteen people, Care facilities for five or less
- R-4 Alcohol and Drug Centers, Halfway Houses, Social Rehabilitation Facilities (Supervised Residential Environment for five to sixteen people).

S- Storage

- S-1 Moderate Hazard Storage
 - Storage uses for baskets, bags, boots, shoes, furniture, linoleum, motor vehicle repair garages, photo engravings, silks, tobacco, etc.
- S-2 Low Hazard Storage
 - Storage uses for asbestos, beverages $\leq 16\%$ alcohol in metal or glass containers, cement in bags, chalk/crayons, fresh fruits and vegetables in non-plastic trays, frozen food, metals, mirrors, stoves, washers/dryers, etc.

U – Utility and Miscellaneous

- Agricultural building, barns, carports, fences over 6' high, greenhouses, livestock shelters, private garages, retaining walls, sheds, stables, tanks, towers, etc.

Exhibit C –Operational & Construction Permit Fees

Operational Permit:

Fire Code	Required Operational Permit	Fee
105.6.2	Amusement buildings (valid for 14 days)	\$100.00
105.6.5	Carnivals and fairs (valid for 14 days)	\$100.00
105.6.9	Compressed gases (annual)	\$100.00
105.6.11	Cryogenic fluids (annual)	\$100.00
105.6.15	Explosives (annual)	\$100.00
105.6.17	Flammable and combustible liquids (annual)	\$100.00
105.6.19	Fruit and crop ripening (annual)	\$100.00
105.6.21	Hazardous materials (annual)	\$100.00
105.6.23	High-piled storage (annual)	\$100.00
105.6.24	Hot work operations (valid for 14 days)	\$100.00
105.6.27	Liquid-or gas-fueled vehicles or equipment in assembly buildings (per event)	\$100.00
105.6.28	LP-gas (annual)	\$100.00
105.6.32	Open burning (per day)	\$1,000.00
105.6.34	Open flames and candles (per event)	\$100.00
105.6.38	Pyrotechnic special effects material (per display)	\$100.00
105.6.41	Repair garages (annual)	\$100.00
105.6.45	Temporary membrane structures and tents (valid for 14 days)	\$100.00

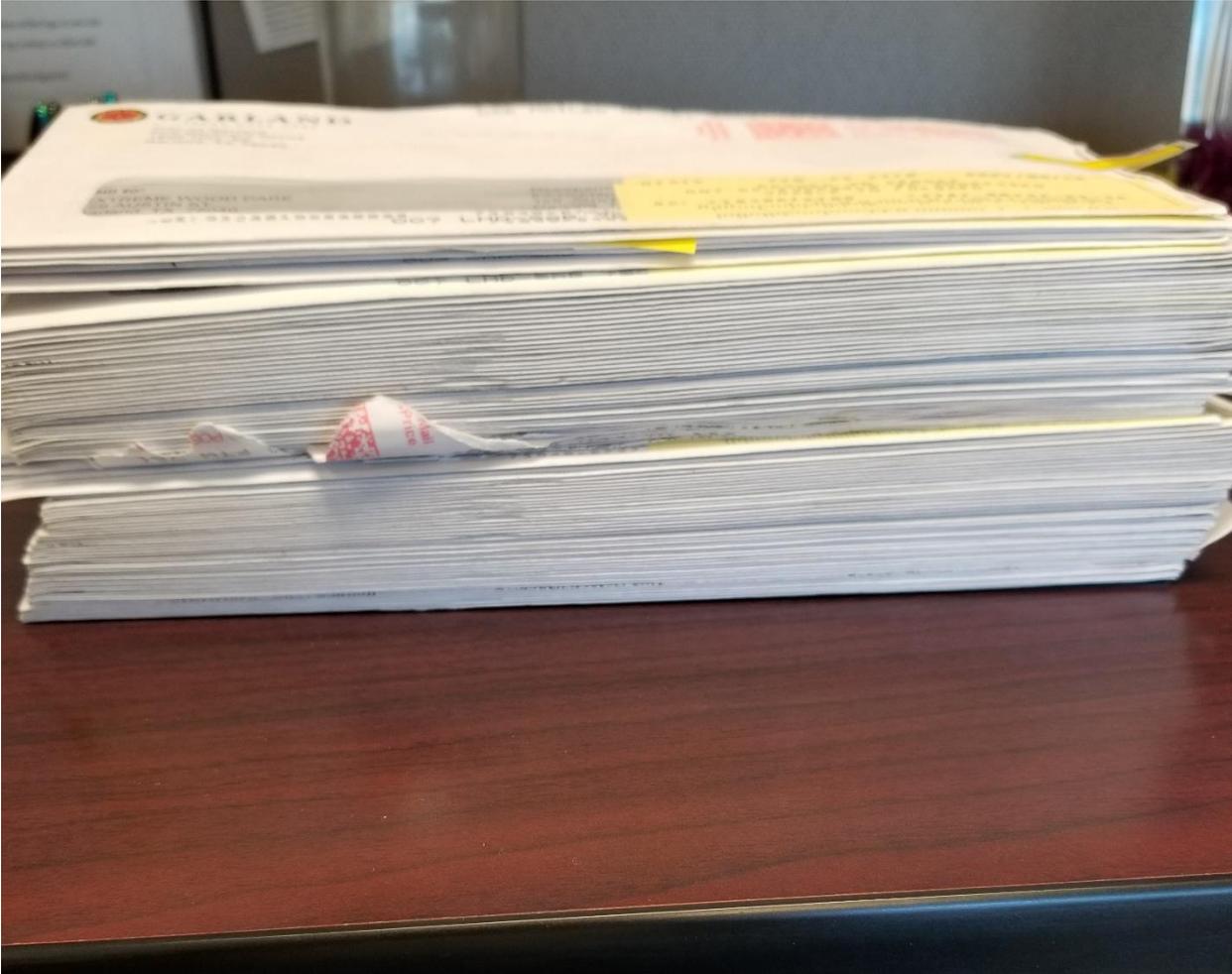
Construction permits:

Fire Code	Required Construction Permit	Fee
105.7.1	Automatic fire-extinguishing systems except fire sprinklers (per system)	\$100.00
Fire Sprinkler Systems*		

105.7.1	Fire sprinkler systems, permitted by riser (1-19 heads)	\$150.00
	Fire sprinkler systems, permitted by riser (20-100 heads)	\$200.00
	Fire sprinkler systems, permitted by riser (101-300 heads)	\$250.00
	Fire sprinkler systems, permitted by riser (301-1,000 heads)	\$300.00
	Fire sprinkler systems, permitted by riser (1,001+ heads)	\$300.00 + \$1 per head over 1,000
* Wet and dry systems must be permitted individually		
105.7.1	Fire Underground Supply line/Remote FDC	\$100.00
105.7.5	Emergency responder radio coverage system	\$50.00
Fire Alarm Systems		
105.7.6	Fire alarm and detection systems and related equipment (1-24 devices)	\$150.00
	Fire alarm and detection systems and related equipment (25-100 devices)	\$200.00
	Fire alarm and detection systems and related equipment (101-200 devices)	\$250.00
	Fire alarm and detection systems and related equipment (201+ devices)	\$300.00
105.7.7	Fire pumps and related equipment	\$100.00
105.7.8	Flammable and combustible liquids	\$100.00
105.7.9	Gates and barricades across fire apparatus access roads	\$50.00
105.7.12	LP-gas	\$100.00
105.7.14	Smoke control or smoke exhaust systems	\$100.00
105.7.15	Solar photovoltaic power systems	\$50.00
105.7.17	Standpipe systems	\$100.00
105.7.19	Electronic access control systems.	\$150.00

Exhibit D –Returned Invoices

88 Returned Invoices:



The following are examples of invoices labeled to "Responsible Party":



The following are examples of invoices mailed out to "Vacant" buildings:

