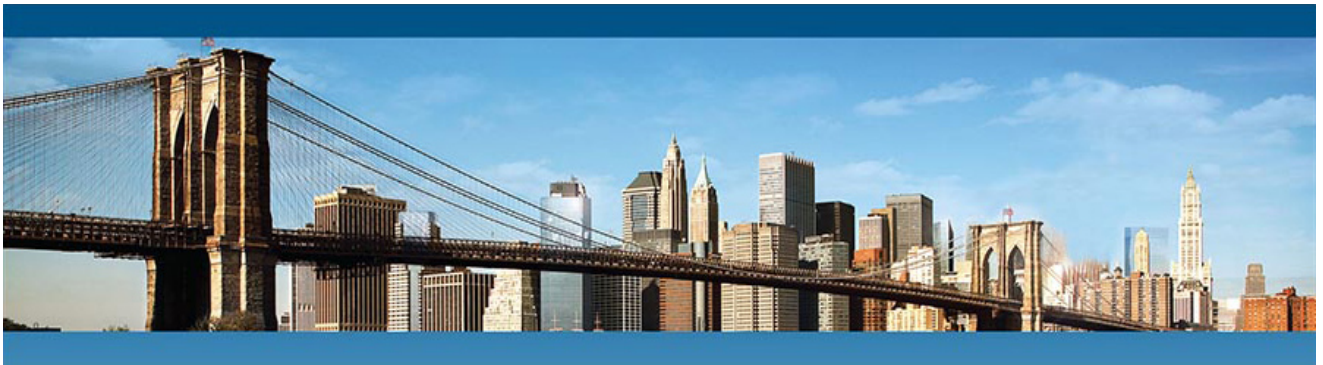




City of New York

OFFICE OF THE COMPTROLLER

Scott M. Stringer
COMPTROLLER



MANAGEMENT AUDIT

Marjorie Landa

Deputy Comptroller for Audit

Audit Report on the New York City
Department of Buildings' Controls over
Field Inspectors

MD18-078A

December 21, 2018

<http://comptroller.nyc.gov>



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
SCOTT M. STRINGER

December 21, 2018

To the Residents of the City of New York:

My office has audited the Department of Buildings (DOB) to determine whether it has sufficient controls over field inspectors to be reasonably assured that inspections are appropriately performed and results are properly reported and recorded. We audit City operations such as this as a means to increase accountability and to ensure that agencies have established and implemented adequate controls over the enforcement of laws and policies relating to public safety.

The audit found that DOB has insufficient controls over field inspectors to reasonably ensure that inspections are performed in an appropriate manner and that the results are properly reported and recorded. Although DOB has established an Inspections Oversight procedure intended to provide oversight of inspectors in the field, the audit identified significant deficiencies in the agency's implementation of that procedure. Specifically, the audit found that DOB lacked evidence that many of the required Quality Assurance (QA) Trainings and Reviews were conducted. Further, the audit found that for those that were conducted, a significant percentage were not conducted in accordance with DOB's stated protocols. DOB also lacked evidence that most of the required reviews to track inspectors' whereabouts were ever performed. Further, DOB also provided no evidence that QA In-House reviews of supervisors were conducted. Lastly, the audit found that DOB's inspection management tool allows the results for certain types of inspections to be finalized automatically by the system, without supervisory review.

The audit made 13 recommendations, including that DOB should ensure that: (1) required QA Trainings and Reviews are performed bi-monthly for all inspectors; (2) its requirement that there is a minimum of five days between QA Trainings and Reviews for the same inspector is adhered to; (3) QA GPS tracking reviews are conducted bi-monthly for all inspectors; (4) required QA In-House reviews of supervisors are performed and documented; and (5) inspection results receive the required supervisory review before they are auto-finalized in DOB's inspection management tool.

The results of the audit have been discussed with DOB officials, and their comments have been considered in preparing this report. DOB's complete written response is attached to this report.

If you have any questions concerning this report, please e-mail my Audit Bureau at audit@comptroller.nyc.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Scott M. Stringer".

Scott M. Stringer

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**CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
MANAGEMENT AUDIT**

**Audit Report on the New York City Department of
Buildings' Controls over Field Inspectors**

MD18-078A

EXECUTIVE SUMMARY

The objective of this audit was to determine whether the Department of Buildings (DOB) has sufficient controls over field inspectors to be reasonably assured that inspections are being performed in an appropriate manner and that the results are properly reported and recorded.

DOB's mission includes working to ensure the safe and lawful use of more than 1,000,000 buildings and 40,000 active construction sites by enforcing the New York City (City) Building Code, Construction Codes and Zoning Resolution, as well as the New York State Multiple Dwelling Law. DOB is responsible for enforcing compliance with these regulations and promoting public safety through its reviews and approvals of building plans, its permitting and licensing functions, and its inspections and enforcement activities.

With regard to inspections and enforcement, the New York City Administrative Code § 28-103.16 grants DOB inspectors the authority to conduct inspections to assess whether construction contractors are protecting the public and property by complying with all laws, rules and regulations while conducting building and construction work. Failure to operate within the guidelines set by the Building and Construction Codes and the Zoning Resolution could result in violations, monetary penalties, and/or criminal charges for the responsible parties. The New York City Administrative Code grants DOB inspectors the authority to issue summonses, appearance tickets and notices of violations.

The focus of this audit was DOB's oversight of inspectors working in the following six units: the Building Enforcement Safety Unit (BEST); Special Operations Unit (Sp-Ops); Borough Construction Development's (Construction Development) Brooklyn and Queens units; and Borough Construction Enforcement's (Construction Enforcement) Brooklyn and Queens units. Together, they performed the majority (59 percent) of the construction field inspections during Fiscal Year 2017.

Audit Findings and Conclusion

DOB has insufficient controls over field inspectors to reasonably ensure that inspections are performed in an appropriate manner and that the results are properly reported and recorded. Although DOB has established an Inspections Oversight procedure intended to provide oversight of inspectors in the field, we identified significant deficiencies in the agency's implementation of that procedure. Specifically, we found that DOB lacked evidence that many of the required QA Trainings and Reviews were conducted. Further, we found that for those that were conducted, a significant percentage were not conducted in accordance with DOB's stated protocols. In addition, DOB had limited evidence that follow-ups of inspections determined to be unsatisfactory were conducted. DOB also lacked evidence that most of the required reviews to track inspectors' whereabouts were ever performed. Further, DOB also provided no evidence that QA In-House reviews of supervisors were conducted.

We also found that many of the fields in *DOB NOW: Inspections* (DOB NOW) that provide critical information relating to the QA inspections were not initially mapped in DOB's reporting tool which rendered it useless in generating meaningful reports on QA inspections. DOB's ability to monitor and enforce the Inspections Oversight procedure was thereby significantly impeded. Lastly, we found that DOB NOW allows the results for certain types of inspections to be finalized automatically by the system, without supervisory review. This weakness in oversight increases the risk that unsafe work practices or work sites will not be identified.

As a result of these deficiencies, DOB is unable to reasonably ensure that inspectors are adequately performing inspections and following their assigned routes. In particular, it diminishes the agency's ability to identify weaknesses or non-conformance with DOB policies and to take appropriate measures when issues or concerns are identified. Consequently, DOB has less assurance in the accuracy, reliability and integrity of the work of inspectors who are responsible for ensuring that construction work is being performed in compliance with building and construction codes, thereby increasing the risk to public safety.

Audit Recommendations

Based on the audit, we make 13 recommendations, including:

- DOB should ensure that required QA Trainings and Reviews are performed bi-monthly for all inspectors by reviewing and monitoring the QA Inspection database.
- DOB should ensure that its requirement that there is a minimum of five days between QA Trainings and Reviews for the same inspector is adhered to.
- DOB should ensure that QA GPS tracking reviews are conducted bi-monthly for all inspectors in accordance with DOB procedures.
- DOB should ensure that required QA In-House reviews of supervisors are performed and documented.
- DOB should ensure that required follow-ups of QA inspections rated as "unsatisfactory" and "needs improvement" are conducted, adequately documented and appropriately indicated as follow-ups in the database.
- DOB should ensure that inspection results receive the required supervisory review before they are auto-finalized in DOB NOW.

- DOB should ensure that the DOB NOW QA inspection reporting tool captures all relevant information for QA inspections so that it can be used to adequately and timely monitor compliance with the Inspections Oversight procedure.

Agency Response

In its response, DOB agreed with one recommendation (#1) and partially agreed with nine recommendations (#2, #3, #4, #5, #7, #8, #10, #11 and #13). DOB disagreed with the remaining three recommendations, that it: modify the QA inspections database and QA inspection forms so that follow-up QA inspections can be tracked (#6); ensure that QA inspection forms are maintained by units that are not using DOB NOW (#9); and ensure that inspection results receive the required supervisory review before being auto-finalized in DOB NOW (#12).

AUDIT REPORT

Background

DOB endeavors to ensure the safe and lawful use of more than 1,000,000 buildings and 40,000 active construction sites by enforcing the City Building Code, Construction Codes and Zoning Resolution, as well as the New York State Multiple Dwelling Law. DOB is responsible for enforcing compliance with these regulations and promoting public safety through its reviews and approvals of building plans, its permitting and licensing functions, and its inspections and enforcement activities.

With regard to inspections and enforcement, the New York City Administrative Code § 28-103.16 grants DOB inspectors the authority to conduct inspections to assess whether construction contractors are protecting the public and property by complying with all laws, rules and regulations while conducting building and construction work. Failure to operate within the guidelines set by the Building and Construction Codes and the Zoning Resolution could result in violations, monetary penalties, and/or criminal charges for the responsible parties. The New York City Administrative Code grants DOB inspectors the authority to issue summonses, appearance tickets and notices of violations.

DOB has a number of units that perform inspections of ongoing work (field inspections) including: the BEST Unit, the Construction Enforcement Unit, the Construction Development Unit, and the Sp-Ops Unit.

- BEST helps to ensure that contractors protect the public and property while work is being done, and that all work is being done safely and is code compliant. The unit focuses primarily on new buildings, construction work on high rise buildings (10+ stories) and low rise buildings (4-9 stories), high rise façade renovation (15+ stories), and all full demolitions.
- Construction Enforcement responds to public complaints and inter-agency referrals regarding illegal construction, structural stability and use of City buildings. Field personnel inspect the construction of new buildings and major alterations to existing structures for conformity with approved plans, applicable legislation and current safety standards.
- Construction Development performs inspections of construction job completion and provides sign-offs based on requests from the public, including new building applications and Certificates of Occupancy.¹
- Sp-Ops protects the public and property and safeguards quality of life by performing proactive, safety inspections and enforcing the City Building Code and Zoning Resolution. While Sp-Ops also performs special situation inspections at the request of senior management, most of its inspections are mandated. These include: annual public school inspections; hazardous re-inspections (class 1 violations); parking garage inspections; padlock/signs; Unsafe Building Surveys; Certificate of Correction Audits; joint Inspections with the New York City Fire Department; and Universal Pre-Kindergarten (UPK) inspections.

¹A Certificate of Occupancy (CO) states a building's legal use and/or type of permitted occupancy. New buildings must have a CO, and existing buildings must have a current or amended CO when there is a change in use, egress or type of occupancy.

BEST and Sp-Ops each have one Citywide office, while the Construction Development and Construction Enforcement units have offices in all five boroughs.

The focus of this audit was DOB's oversight of inspectors working in the following six units: BEST; Sp-Ops; Construction Development's Brooklyn and Queens offices; and Construction Enforcement's Brooklyn and Queens offices. Together, they performed the majority (59 percent) of the construction field inspections during Fiscal Year 2017. DOB reported the number of inspections performed by these units in Fiscal Years 2016 and 2017 to be as follows.

Unit	Fiscal Year 2016	Fiscal Year 2017
Brooklyn Construction*	24,240	24,920
Queens Construction*	18,444**	22,160**
BEST	14,562	14,891
Sp-Ops	31,587	29,797
Totals	88,833	91,768

*The figures listed represent both Construction and Development inspections for these boroughs.

**These figures include Quality of Life inspections (as of February 2016) that were not part of this audit.

According to the Fiscal Year 2017 Mayor's Management Report (MMR), DOB has continued to rely on DOB NOW, a computer-based management tool that enables online inspection scheduling, tracking and notification. Launched in December 2015, DOB NOW allows DOB's customers to make inspection requests and check the status of their requests. It was most recently expanded in July 2016, to include more job types. Construction Development and Construction Enforcement inspectors record inspection results directly into DOB NOW. DOB's Buildings Information System (BIS) and DOB NOW communicate regularly to exchange information about complaints and their associated inspections. All new complaints opened in BIS are communicated to DOB NOW and inspection results and violation information recorded in DOB NOW are communicated to BIS. BEST and Sp-Ops inspectors did not use DOB NOW during the audit scope period because the system is being rolled out in phases.² Instead, they used hardcopy checklists to conduct inspections and the results for those inspections were entered by clerical staff into individual databases maintained by each unit.

Employees of DOB's inspectional services have been the subject of charges of corruption over the years. For example, in February 2015, a joint operation between the Department of Investigation (DOI), Manhattan District Attorney's (DA) office and the New York Police Department resulted in the indictment of 11 DOB employees among a total of 50 defendants alleged to have participated in widespread construction and housing inspection bribery schemes in Manhattan, Brooklyn and Queens. DOB employees involved in the scheme were accused of clearing complaints, Stop Work Orders and violations, and expediting DOB inspections.

In addition, in October 2017, the Commissioner of DOI, in partnership with the Acting Brooklyn DA, announced charges against 14 individuals two of whom were DOB Inspectors. The two DOB Inspectors were charged with receiving bribes in exchange for improperly passing property inspections. According to the criminal complaints, one of those DOB Inspectors issued favorable construction inspections to multiple property owners and managers in exchange for cash payoffs

² According to DOB officials, BEST and Sp-Ops began using DOB NOW for QA inspections on April 30, 2018.

and various home renovations, including the construction of a brand new kitchen in his home. The investigation also exposed misconduct by another DOB Inspector who took free jewelry from a property manager, who owned a jewelry store, in return for passing the property manager's inspection.

Objective

The objective of this audit was to determine whether DOB has sufficient controls over field inspectors to be reasonably assured that inspections are being performed in an appropriate manner and that the results are properly reported and recorded.

Scope and Methodology Statement

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 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 objective. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The audit scope was July 1, 2016, through December 31, 2017. Please refer to the Detailed Scope and Methodology at the end of this report for specific procedures and tests that were conducted.

Discussion of Audit Results with DOB

The matters covered in this report were discussed with DOB officials during and at the conclusion of this audit. A preliminary draft report was sent to DOB and discussed at an exit conference held October 9, 2018. On October 30, 2018, we submitted a draft report to DOB with a request for comments. We received a written response from DOB on November 15, 2018.

In its response, DOB agreed with one recommendation (#1) and partially agreed with nine recommendations (#2, #3, #4, #5, #7, #8, #10, #11 and #13). DOB's basis for its partial agreement with many of the recommendations—which are based on the QA policies that were in effect at DOB during the scope period of the audit—is that it plans to modify those policies. DOB disagreed with the remaining three recommendations, that it: modify the QA inspections database and QA inspection forms so that follow-up QA inspections can be tracked (#6); ensure that QA inspection forms are maintained by units that are not using DOB NOW (#9); and ensure that inspection results receive the required supervisory review before being auto-finalized in DOB NOW (#12).

Preliminarily, DOB contends in its response that: “[m]any of the actions that the report recommended are current practice or are already being addressed through our new DOB NOW: *Inspections* system.” Further, DOB asserts that “the QA process examined by this audit is obsolete and being phased out.” However, DOB never identifies the specific actions it refers to as “current practice” and when any of them were implemented. By contrast, our recommendations are based on the practices and procedures that DOB informed us were in existence during the audit period. Additionally, we note that during the audit, up to and including

our final meeting with DOB officials, DOB never informed us that the QA process was “obsolete and being phased out.” The only change we were informed of was that the agency had begun to record QA inspection results directly into its DOB NOW system rather than on hardcopy forms that were later manually entered into the QA Inspection database. Thus, we find DOB’s claims regarding its current practices unpersuasive.

In addition to these overarching arguments, in its written audit response DOB also took issue with some of the content and findings in the report, stating,

The audit report makes sweeping statements and claims about corruption. However, the audit found no corruption, much less problems that should have been addressed through the QA process or the other processes examined. . . .

The audit report made statements suggesting that reported deficiencies in QA inspections and other processes prevent us from properly enforcing the building code. These statements are inaccurate. The audit demonstrated no link between its findings and deficient field inspections, inaccurate inspection results, reduced construction compliance, risk to the public, or any other negative outcome impacting safety.

However, these statements by DOB overstate and mischaracterize the audit’s content and findings and then declare them “inaccurate.” In fact, the report makes no “claims” about corruption. Rather, its reference to two recent instances in which multiple DOB inspectors were charged with corruption is in the report’s background section to provide context for DOB’s need to establish and enforce effective controls over the conduct of its inspectors in the field. DOB instituted its Inspection Oversight procedure expressly “to assess accuracy, reliability and integrity of the work of inspectors.” These goals are supposed to be accomplished through the conduct of QA Trainings, QA Reviews and QA GPS tracking reviews—the activities we audited. Based on the significant deficiencies identified with DOB’s implementation of these procedures, it follows that DOB is *hindered* in adequately assessing the work of its inspectors, which *increases the risk* that deficient field inspections may occur without detection.

In arguing that adequate controls are in place, DOB further states,

DOB in fact has a variety of stringent controls specifically to ensure that inspections are performed appropriately and results are properly recorded. These include supervisory review of summonses, vacate and stop work orders issuance and rescissions, site plans, construction signoffs, and photo evidence of violating conditions, and extensive real-time communication between supervisors and field staff during the course of inspections.

However, we note that while DOB claims to have a variety of stringent controls in place to ensure that inspections are performed appropriately, the controls identified by DOB above primarily address the risk that an inspector may inappropriately *take* certain corrective actions (e.g., issue summonses, vacate and stop work orders and rescissions) that are not warranted. None of the measures recited by DOB in its audit response address the risk that an inspector may inappropriately *neglect to take* corrective actions where they are warranted. The controls cited by DOB would also be ineffective in identifying instances where an inspector falsifies an inspection report to indicate that an inspection was performed when it was not.

The full text of DOB’s response is included as an addendum to this report.

FINDINGS AND RECOMMENDATIONS

DOB has insufficient controls over field inspectors to reasonably ensure that inspections are performed in an appropriate manner and that the results are properly reported and recorded. Although DOB has established an Inspections Oversight procedure intended to provide oversight of inspectors in the field, we identified significant deficiencies in the agency's implementation of that procedure. Specifically, we found that DOB lacked evidence that many of the required QA Trainings and Reviews were conducted. Further, we found that for those that were conducted, a significant percentage were not conducted in accordance with DOB's stated protocols. In addition, DOB had limited evidence that follow-ups of inspections determined to be unsatisfactory were conducted. DOB also lacked evidence that most of the required reviews to track inspectors' whereabouts were ever performed. Further, DOB also provided no evidence that QA In-House reviews of supervisors were conducted.

We also found that many of the fields in DOB NOW that provide critical information relating to the QA inspections were not initially mapped in DOB's reporting tool which rendered it useless in generating meaningful reports on QA inspections. DOB's ability to monitor and enforce the Inspections Oversight procedure was thereby impeded. Lastly, we found that DOB NOW allows the results for certain types of inspections to be finalized automatically by the system, without supervisory review. This weakness in oversight increases the risk that unsafe work practices or work sites will not be identified.

As a result of these deficiencies, DOB is unable to reasonably ensure that inspectors are adequately performing inspections and following their assigned routes. In particular, it diminishes the agency's ability to identify weaknesses or non-conformance with DOB policies and to take appropriate measures when issues or concerns are identified. Consequently, DOB and the public have less assurance in the accuracy, reliability, and integrity of the work of inspectors who are responsible for ensuring that construction work is being performed in compliance with building and construction codes, thereby increasing the risk to public safety.

Non-compliance with the Inspections Oversight Procedure

We identified significant deficiencies in DOB's oversight of building inspectors as a result of weaknesses in its implementation of the Inspections Oversight procedure as described in more detail below.

To assess the performance of inspectors and supervisory staff, DOB implemented the Inspections Oversight Program (Inspections Oversight procedure). This procedure outlines the following reviews:

- **QA Trainings:** A supervisor accompanies an inspector to train or observe the inspector during a field inspection. QA Training inspections serve as a tool for supervisors to provide feedback to employees to help improve their performance and identify their training needs.
- **QA Reviews:** A supervisor follows up on a field inspection that was completed earlier in the day to review the quality of the inspector's work. QA Review inspections are done to evaluate work completed in the field, to check for compliance with guidelines and standards and to provide supervisors an opportunity to obtain customer feedback.

- QA Global Positioning System (GPS) tracking reviews: A supervisory review conducted by Chiefs for inspectors in all units. GPS technology is used to help ensure inspector accountability and routing verification to ensure that they are working according to their assignments. The Unit Chief is responsible for ensuring that Field Force Manager (FFM) is active on each inspectors' smartphone.³ The QA GPS is used to generate a detailed report for the work locations of each inspectorial staff in order to compare the inspector's route sheet to the GPS tracking for one entire day in a two month period. If there is no valid explanation for a discrepancy, the Chief will report findings to DOB's Internal Affairs and Discipline unit for further investigation.
- In-House supervisory reviews: A supervisory bi-monthly review performed by Chiefs and Assistant Chiefs to assess the administrative performance of all inspectorial supervisory staff.

The Inspections Oversight procedure states that supervisory staff must regularly share QA inspection findings with inspectors and management. Inspectors are also required to sign the QA forms that are produced as part of the QA Reviews.

DOB maintains a QA Inspection database that identifies each inspector whose work is being reviewed, the reviewer, the addresses where the reviews took place and the results of QA inspections, including any findings. DOB upper management is able to use the QA Inspection database for monitoring and reporting purposes to better ensure that all units are meeting their QA inspection bimonthly mandates set by DOB. The Inspections Oversight procedure states that the results of the QA inspections must be recorded on a QA Inspection form and in the QA Inspection database so that they can be tracked and analyzed for further operational and management improvement. According to the QA inspection data provided by DOB, all six of the units reviewed in this audit used the QA Inspection database to record QA reviews until December 7, 2017 when the Construction Development and Construction Enforcement units started recording QA inspections directly into DOB NOW.

As discussed below, we found that DOB lacks evidence to show that controls outlined in the Inspections Oversight procedure are utilized regularly.

DOB Lacks Evidence to Demonstrate That Most of the Required QA Training and Review Inspections Were Conducted

According to DOB's Inspections Oversight procedure, "All inspection units shall implement [the] Inspections Oversight Program, comply with its requirements and meet its target." It requires that "For every 2-month period, one Training and one Review Inspection must be completed for each active Inspector in the unit. These are mandatory supervisory inspections and must be met for each bi-monthly period by ALL inspection units." [Emphasis in original.] It also states, "Unit heads must ensure that ALL Inspectors are covered and have one Review and one Training inspection for each reporting period. Each month one of each shall be conducted. If one of the two mandated inspections is missed, the mandate would be reported as unmet." [Emphasis in original.]

³ Field Force Manager is a location-based mobile resource management tool that provides businesses with the ability to locate and communicate with their mobile field workers.

We reviewed a copy of DOB's QA Inspection database for the period of July 6, 2016 through December 27, 2017. We determined that 1,058 QA Review and Training inspections should have been conducted during the period.⁴ However, we found that:

- Only 324 (31 percent) of the 1,058 inspections were conducted;
- Of the 86 inspectors in the 6 sampled units, none received all required QA inspections; and
- 33 inspectors (38 percent) received no QA inspections at all.

Based on information reported in the QA Inspection database that reflects a limited number of reviews conducted overall, and that more than a third of the inspectors did not receive any QA inspections in the audit scope period, it appears that DOB is not reviewing the QA Inspection database or adequately enforcing the Inspections Oversight procedure. In addition, during interviews with inspectorial staff, a number stated that supervisors do not perform QA Reviews. Further, two of the four supervisors we interviewed were unaware of how frequently they were required to perform QA Trainings and Reviews.

According to DOB, due to the volume of work that its Borough Enforcement Inspection unit is responsible for, it is extremely burdensome to perform traditional QA Training and Review inspections. As an alternative, supervisory personnel meet with their staff periodically in regular staff meetings to discuss performance competency and/or inspection discrepancies. However, the Inspections Oversight procedure does not provide that staff meetings are an acceptable alternative to performing QA inspections and DOB provided no evidence that this alternative was approved by senior management or even that these meetings ever took place.

DOB officials stated that they have had a decline in QA inspections and that a full complement of supervisory staff is needed to meet internal targets for these inspections. They added that during the review period, DOB faced an inability to fill supervisory level vacancies.

On-site QA Trainings and Reviews would help supervisors identify shortcomings or training needs that may not be identified by simply meeting with inspectors to discuss performance. Meetings with staff are inadequate substitutes for these inspections because they do not enable supervisors to identify instances where inspectors either fail to conduct inspections or inappropriately fail to cite violations when conducting inspections.

DOB's failure to perform QA Training and Review inspections decreases its ability to identify staff and operational weaknesses and as a result, potentially increases the risk to public safety. In addition, without QA inspections there is an increased risk that inspectors who inappropriately pass inspections, do not perform their assigned inspections, or who inappropriately carry out inspections may not be identified. Moreover, when QA Training and Review inspections are not being performed, DOB is hindered in assessing the integrity of the inspectors' work.

⁴ We calculated the total number of inspections by determining the number of months that each inspector worked in the unit between the period of July 7, 2016 and December 7, 2017, taking into consideration their start and end dates, if applicable. We divided the total number of months worked by each inspector by two to determine the bi-monthly requirement for each inspector. For example, if an inspector worked 12 months during the period, we determined that he should have received 6 QA Trainings and 6 QA Reviews. We then totaled the number of QA Reviews and Trainings each inspector should have received.

QA Trainings and Reviews Inappropriately Conducted on Same Day

According to DOB's Inspections Oversight procedure, "[a] QA Training Inspection shall not be performed on the same day with the QA Review Inspection for the same Inspector; there shall be a minimum of 5 working days between." It also states, "Based on a daily route sheet, the Supervisor must select a stop and meet the Inspector unannounced, to provide training and/or observe the Inspector completing a field inspection." DOB officials stated this requirement is designed to ensure that supervisors get more exposure to the inspectors in the field and prevent supervisors from going out one day and doing both types of inspections.

We determined that between July 2016 and December 2017 a significant number of QA Trainings were inappropriately performed for inspectors on the same day that the inspectors received QA Reviews. Of the 333 QA inspections that were recorded in the QA Inspection database for the sampled inspectors, 159 were QA Trainings. Of the 159 QA Trainings, 71 (45 percent) were performed on the same day that the inspectors received a QA Review. Of these 71 QA Trainings, 10 were even performed at the same location as the QA Review. According to DOB officials, it is not uncommon for an inspector to receive two QA inspections on the same day—one as a training visit and the other as a performance review. However, this is in conflict with the Inspections Oversight procedure.

Based on interviews with inspectors, supervisors and Assistant Chiefs, we found that the staff does not have a clear understanding of the Inspections Oversight procedure. One of the four Assistant Chiefs we interviewed did not know the frequency for which QA inspections should be performed. Thirteen of the 17 staff we interviewed indicated that QA Training inspections are performed in their units, but none stated that they are unannounced. In addition, based on the significant percentage of QA Trainings performed on the same day as QA Reviews, it appears that DOB is not ensuring that the QA Inspections are being performed in compliance with the Inspections Oversight procedure.

As noted above, DOB officials explained the rationale behind requiring a minimum of five working days between QA Trainings and Reviews as helping to ensure that supervisors get more exposure to the inspectors' work. Moreover, in the instances where QA Trainings and Reviews are performed at the same location on the same day, DOB inspectors could potentially be conducting a review of the inspection they just provided training on, which undermines the utility of the reviews. Instances where QA Trainings and Reviews are performed on the same day would not enable supervisors to fairly evaluate the inspectors' retention of the training received. In addition, inspectors may anticipate that both the training and reviews will be performed on the same day and as a result, the element of surprise may be lost for QA Trainings that are supposed to be unannounced if the Review is done before the Training.⁵

DOB Lacked Evidence That QA GPS Tracking Reviews Were Conducted

The Inspections Oversight procedure states that the target of QA GPS is a minimum of one route sheet verification per inspector bi-monthly. However, DOB lacked evidence to show that QA GPS tracking reviews were conducted for inspectors bi-monthly, if at all.

⁵ QA Trainings are also intended to monitor whether inspectors are in full uniform, have their badges, and have the proper equipment.

If all required QA GPS tracking reviews were conducted for the 86 inspectors there should have been 427 reviews. However, a review of the QA Inspection database for the sampled units, for the period of July 2016 to December 2017, found evidence of only five QA GPS tracking reviews having been conducted, for three inspectors. After we shared the list of inspectors for which there was no evidence of QA GPS tracking reviews, DOB provided a copy of a QA Inspection form for a QA GPS review for a fourth inspector that was not recorded in the QA Inspection database. All six QA GPS tracking reviews for the four inspectors were conducted by the same Assistant Chief from the Queens Construction Development unit. There was no evidence that QA GPS tracking reviews were done for the remaining 82 (95 percent) inspectors.

Our interviews with two of the three Chiefs revealed that they were not aware of the QA GPS review bi-monthly requirement. In addition, based on the very low number of GPS tracking reviews conducted, it is clear that DOB is not reviewing the QA Inspection database or enforcing the Inspections Oversight procedure for QA GPS tracking reviews. In fact, one of the three Chiefs and three of the four Assistant Chiefs interviewed indicated that they do not even have access to Field Force Manager, which is needed to conduct the reviews.

DOB's failure to conduct QA GPS tracking reviews, reduces its assurance that inspectors are making all required inspection stops and spending a sufficient amount of time at the locations to properly perform those inspections. According to DOB's *Building News 2009 Year-in-Review*, DOB began using GPS technology to track on-duty locations of all inspectors to better ensure the integrity of inspections. Failures to conduct inspections can increase risks to public health and safety.

DOB Lacked Evidence That QA In-House Reviews Are Conducted for Supervisors

Chiefs and Assistant Chiefs are not enforcing the requirement that QA In-House reviews be conducted for supervisors bi-monthly. According to the Inspections Oversight procedure, QA In-House reviews are supervisory bi-monthly reviews, performed by Chiefs and Assistant Chiefs, to assess the administrative performance of all inspectorial supervisory staff. DOB lacked evidence that QA In-House reviews are being conducted for the supervisors in the sampled units.

We determined that during the period July 7, 2016 to December 7, 2017, there should have been a total of 190 QA In-House Reviews performed for the 18 supervisors in the sampled units.⁶ However, there was no evidence that QA In-House reviews were conducted for any of the supervisors. Instead, according to a response received from DOB's Borough Enforcement Inspections unit, supervisors meet with their Assistant Chiefs on a regular basis to review performance competency. However, the Inspections Oversight procedure does not identify these meetings as an alternative to performing QA In-House reviews, DOB provided no evidence that this alternative was approved by senior management, or that these meetings ever took place. When QA In-House reviews are not performed, DOB limits its ability to assess supervisors' performance and identify areas where improvement is needed, such as ensuring that supervisors perform QA inspections of inspectors as required.

⁶ We calculated the total number of QA In-House Reviews by determining the number of months that each supervisor worked in the supervisor title between the period of July 7, 2016 and December 7, 2017, taking into consideration their start and end dates, if applicable. Then we divided the total number of months worked by each supervisor by two to determine the bi-monthly requirement for each inspector. We then totaled the number of QA In-House Reviews each supervisor should have received.

DOB Lacks a Mechanism to Track Follow-ups of Unsatisfactory QA Inspections

The Inspections Oversight procedure requires that all QA Trainings, Reviews and In-House reviews rated as “Needs Improvement” or “Unsatisfactory” must be followed up. DOB lacked a mechanism to track follow-ups and was unable to provide evidence that the required follow-ups were conducted.

Between July 2016 and December 2017, 14 QA inspections were rated as “Needs Improvement” and 3 were rated as “Unsatisfactory.” However, DOB provided no evidence that follow-ups were conducted for any of these 17 QA inspections.

According to DOB, follow up for these 17 QA inspections was done via additional QA inspections and one on one training with staff. However, the QA Inspection database and the hardcopy QA Inspection forms are not designed to indicate whether an inspection is a follow-up. As a result, DOB is hindered in identifying and tracking whether the required follow-ups were conducted.

Without a mechanism to track follow-ups, DOB has limited assurance that inspectors needing additional training and guidance receive it and inspectors may continue to improperly conduct inspections.

Recommendations

1. DOB should ensure that all inspectorial and supervisory staff are trained and well informed of the QA inspection requirements as outlined in the Inspections Oversight procedure.

DOB Response: “DOB agrees with this recommendation, and will take steps to ensure that inspectorial staff are well informed of QA requirements.”

2. DOB should ensure that required QA Trainings and Reviews are performed bi-monthly for all inspectors by reviewing and monitoring the QA Inspection database.

DOB Response: “DOB partially agrees with this recommendation. Since its initial rollout in 2015, nearly 750,000 inspections have been entered into the DOB NOW: *Inspections* system, providing an unprecedented level of transparency into inspection transactions and revolutionizing how inspections are performed and recorded. In tandem, the Department is modernizing our QA inspection procedures, which were based on now obsolete processes and an obsolete system.

As part of the continued rollout of DOB NOW, the Department is assessing, updating, and strengthening our QA policies so that they match the opportunities and operational requirements of our new modern system.”

Auditor Comment: DOB does not identify the specific processes that are reportedly obsolete and being modernized. We did find, however, that the procedure in place during the conduct of the audit fieldwork—and upon which this recommendation is based—was not enforced. If DOB changes the procedure pertaining to the conduct of QA Trainings and Reviews, we urge the agency to ensure that it is also enforced accordingly.

3. DOB should ensure that its requirement that there is a minimum of five days between QA Trainings and Reviews for the same inspector is adhered to.

DOB Response: “DOB partially agrees with this recommendation. As part of the continued rollout of DOB NOW, the Department is assessing, updating, and strengthening our QA policies so that they match the opportunities and operational requirements of our new modern system.”

Auditor Comment: With regard to any changes DOB makes to its policy, it should ensure that the policy in place is enforced.

4. DOB should ensure that QA GPS tracking reviews are conducted bi-monthly for all inspectors in accordance with DOB procedures.

DOB Response: “DOB partially agrees with this recommendation. As part of the continued rollout of DOB NOW, the Department is assessing, updating, and strengthening our QA policies so that they match the opportunities and operational requirements of our new modern system.”

Auditor Comment: With regard to any changes DOB makes to its policy, it should ensure that the policy in place is enforced.

5. DOB should ensure that required QA In-House reviews of supervisors are performed and documented.

DOB Response: “DOB partially agrees with this recommendation. As part of the continued rollout of DOB NOW, the Department is assessing, updating, and strengthening our QA policies so that they match the opportunities and operational requirements of our new modern system.”

Auditor Comment: With regard to any changes DOB makes to its policy, it should ensure that the policy in place is enforced.

6. DOB should modify the QA Inspection database and the QA Inspection forms so that required follow-up QA inspections are identified and can be tracked.

DOB Response: “DOB disagrees with this recommendation. All QA inspections results are recorded electronically in DOB NOW: *Inspections*.”

Auditor Comment: Although DOB states that all the sampled units are currently recording the results of QA inspections in DOB NOW, we did not find this to be the case during the audit scope period. Regardless, in instances where follow-up action on unsatisfactory QA inspections is required, DOB has no mechanism to track whether the required follow-up action was taken. We therefore urge DOB to reconsider its response and implement this recommendation.

7. DOB should ensure that required follow-ups of QA inspections rated as “unsatisfactory” and “needs improvement” are conducted, adequately documented and appropriately indicated as follow-ups in the database.

DOB Response: “DOB partially agrees with this recommendation. As part of the continued rollout of DOB NOW, the Department is assessing, updating, and strengthening our QA policies so that they match the opportunities and operational requirements of our new modern system.”

Auditor Comment: With regard to any changes DOB makes to its policy, it should ensure that the policy in place is enforced, especially since unsatisfactory QA GPS tracking reviews are required to be reported to DOB's IAD unit.

QA Inspection Reporting Systems Are Incomplete and Inaccurate

QA Inspection Database Weaknesses

According to the Inspections Oversight procedure, QA inspection results must be entered into the central QA Inspection database which is used for monitoring oversight activity and in particular to ensure that all units are meeting their mandate to conduct bi-monthly inspections. However, the QA Inspection database has incomplete QA inspection information and results, and we found discrepancies between the information on the hardcopy QA inspection reports and the information entered in the QA Inspection database.

According to DOB officials, QA inspections for all BEST, Sp-Ops, Construction Development and Construction Enforcement units were recorded in the QA Inspection database until October 2017. Starting in November 2017, QA inspections for Construction Development and Construction Enforcement started to be recorded directly by supervisors using their laptops into DOB NOW, while QA inspections for BEST and Sp-Ops continued to be recorded on hardcopy forms and data entered in the QA Inspection database.

Incomplete Inspection Results

A review of the 365 QA inspections recorded in the QA Inspection database, for the period of July 7, 2016 through December 7, 2017, indicated that multiple fields were left blank. According to DOB officials the overall rating and Building Identification number (BIN) fields are critical. Nonetheless, the missing information included:

- 32 instances where no overall rating was listed; and
- 184 instances where the BIN was not listed.⁷

Our review also identified the following inaccuracies:

- 16 instances in which an inspection was listed two times in the QA Inspection database. According to DOB, these were a system error where records were duplicated in the Access database.
- 7 QA In-House reviews were incorrectly recorded for inspectors. The wrong inspection type was entered into the database in these instances because inspectors are not subject to QA In-House reviews. DOB confirmed that in most of these instances data entry errors were made and the QA inspections were incorrectly recorded as QA In-House reviews.
- 10 QA inspections were incorrectly recorded in the database as having been done for supervisors. However supervisors are not subject to QA inspections.

⁷ There were an additional 12 instances where the BIN was not listed but in 5 instances the address could not be found in BIS and in 7 instances the BIS records listed a BIN but stated that it was an obsolete BIN retained for historical purposes.

In addition, a review of 20 QA Inspection forms pulled from DOB's files indicated that 5 (25 percent) of the QA inspections we had hard copy records of were not recorded in the database. We also randomly selected 20 QA inspections recorded in the database and were able to locate the hard copy records for only 8 of them. Further, our review of these 8 forms identified 5 instances where there were discrepancies between the information on the QA inspection forms and information in the QA database, including instances where GPS Reviews were recorded as QA Trainings or In-House reviews.

We found no evidence that anyone reviews the information in the QA Inspection database for accuracy. Moreover, DOB personnel stated that the information was not reviewed. Specifically, we asked one of the administrative staff responsible for entering QA inspections into the database whether anyone reviews the entries and she did not indicate that anyone reviews them. We also asked some Chiefs and Assistant Chiefs whether anyone reviews the entries and we received responses from three. One Chief stated that he was not sure if the entries are reviewed, one Chief stated that there is not a full review process and one Assistant Chief stated that they do not review the data. Without complete and accurate QA inspection information, DOB's ability to use this information to monitor and enforce the Inspections Oversight procedure is significantly limited. Among other things, DOB is less able to identify inspectors that require additional training and reviews.

Missing QA Inspection Reports

According to the Inspections Oversight procedure, copies of all QA Inspection forms and reports must be maintained for a period of two years. However, the units do not retain the QA Inspection forms, as required. As stated above, we were able to locate hard copy forms for only 8 out of 20 randomly selected QA inspections recorded in the QA inspection database.

When hardcopies of QA Inspection forms are not retained, the units that are not recording QA inspections directly in DOB NOW are limited in their ability to verify the accuracy and completeness of information entered into the QA Inspection database.

Missing Inspection Reports/Checklists

Inspectors in the BEST and Sp-Ops units use hardcopy inspection reports/checklists to record inspection results. DOB's retention policy for these inspection records is 10 years. However, we found that these units do not maintain the inspection reports/checklists as required. We were unable to locate 29 (58 percent) of 50 sampled inspection reports/checklists, selected from the respective inspection units' databases, in DOB's records—all 25 selected from the BEST unit and 4 of the 25 selected from the Sp-Ops unit. According to a BEST official, inspection reports are saved in an email box, but they could not be retrieved so they were going to request the assistance of their Information Technology Department. DOB later provided documentation that officials claimed related to 22 of the cited BEST inspections. However, our review of the documents revealed that one was an inspection report for a different address; two were stop work orders, not inspection reports; and 19 inspection reports related to the sampled inspections were without evidence of supervisory review and approval.

Inspection reports are required to be reviewed and signed by supervisors before the results are entered into the QA Inspection database. Without inspection reports, DOB has no evidence that inspection results were reviewed and approved by supervisors and limited assurance that inspection results were accurately entered into the inspection databases maintained by the units.

Weaknesses with the DOB NOW QA Inspection Database

The data layout of the DOB NOW QA Inspection Database revealed that many of the fields that provide critical information relating to QA inspections, such as the inspection type and the reviewer's findings, were not initially mapped in DOB's reporting tool rendering it useless in generating meaningful reports on QA inspections for monitoring purposes.⁸ It was not until approximately six months after DOB's introduction of QA inspections into DOB NOW that the agency added these fields in B-SMART, DOB's reporting tool, to make them available to DOB management for reporting and monitoring purposes.

Our review of the DOB NOW QA inspection data for the period covering October 31, 2017 to December 29, 2017, found that much of the information relating to the QA inspections was not included. For example, the data provided by DOB did not include:

- Type of QA inspection performed (Review, Training, In-House or GPS);
- Name and title of the individual for whom the QA inspection was performed;
- Date when the QA inspection was performed;
- What was reviewed during the QA inspection along with their outcomes; and
- The overall QA inspection rating (satisfactory, needs improvement or unsatisfactory).

After discussing this issue with officials, DOB acknowledged that these fields were not available in B-SMART at the time the initial report was provided to us in December 2017. Officials responded, "Additional fields were mapped in April 2018; and therefore, were not captured on the January 5, 2018 spreadsheet." They further explained that in order to use DOB's reporting tool (B-SMART) to extract the inspection-related data, the layout of the fields had to be linked to another computer system. By failing to facilitate the means to aggregate review this inspection information, DOB was hindered in determining whether the Inspections Oversight procedure was being enforced and in tracking and analyzing the information for operational and management improvement.

Recommendations

8. DOB should ensure that the inspection data entered into the QA Inspection database is periodically reviewed for completeness and accuracy.

DOB Response: "DOB partially agrees with this recommendation. This is current practice. Use of a modern technology tool like DOB NOW: *Inspections*, which has a number of system validations that improve data accuracy and integrity and minimize errors, reduces reliance on manual review of data for accuracy. By recording and maintaining all QA inspections records in that system, the Department currently ensures that data is complete and accurate."

Auditor Comment: Based on the incomplete and inaccurate information we identified in the database during our tests, we question the degree to which DOB reviewed the inspection data entered in the system during the period audited. System validations, while useful, are not sufficient on their own to catch all errors,

⁸ According to DOB officials, mapping is the programming or laying out of fields to link to another computer system and in this case was done to use DOB's reporting tool (B-SMART) to extract data from DOB NOW.

so we urge DOB to reconsider its response and fully implement this recommendation.

9. DOB should ensure that all QA Inspection forms are maintained by the units that are not using DOB NOW and that all inspections are recorded in the QA Inspection database, in accordance with its procedures.

DOB Response: “DOB disagrees with this recommendation. As of April 30, 2018, all DOB inspection units are recording QA inspection results in DOB NOW: *Inspections*.”

Auditor Comment: During the course of our audit, a number of units were not recording QA inspection results in DOB NOW. However, at the exit conference, DOB claimed for the first time that *all* units were recording QA inspections in DOB NOW as of April 2018. Since DOB provided no evidence to support its claim, we are unable to confirm its validity. DOB does not dispute that it should maintain an original record, either hard copy or electronic (via DOB NOW), of the QA inspection results. Accordingly, in the event that there are any remaining units that are not using DOB NOW to record such inspections, we urge DOB to follow this recommendation with those units.

10. DOB should ensure that hardcopy inspection reports/checklists are maintained for all inspections in accordance with its procedures.

DOB Response: “DOB partially agrees with this recommendation. Inspection results for the majority of DOB inspectorial units are entered directly into DOB NOW: *Inspections*. There are, therefore, no paper records maintained for those inspections.

For those few units that are not currently entering inspection results in DOB NOW: *Inspections*, the Department maintains hard copy inspection records in accordance with record retention policies and procedures.”

Auditor Comment: As stated in this report, the BEST and Sp-Ops units were unable to locate the majority of inspection reports/checklists that we requested from our sample and, contrary to DOB’s statements in its written audit response, they were not maintained as per DOB’s retention policies.

11. DOB should ensure that the DOB NOW QA inspection reporting tool captures all relevant information for QA inspections so that it can be used to adequately and timely monitor compliance with the Inspections Oversight procedure.

DOB Response: “DOB partially agrees with this recommendation. This is current practice. All relevant QA inspection data from DOB NOW: *Inspections* was made available in the Department’s data warehouse reporting tool prior to the conclusion of the audit; that information is, therefore, readily available for management review.”

Auditor Comment: Although DOB made all QA inspection data from DOB NOW available in DOB’s reporting tool, the information was not available during the audit fieldwork. We found that many of the critical QA inspection fields were not mapped in DOB’s reporting tool. As a result, DOB was hindered in determining whether the Inspections Oversight procedure was being enforced and in tracking and analyzing QA inspection information for operational and management improvement.

DOB Now Has Inadequate Processing Controls

Processing controls ensure that data processing is complete, accurate and authorized. In addition, according to the United States Government Accountability Office's (GAO's) *Federal Information System Controls Audit Manual (FISCAM)*, controls provide reasonable assurance that transactions are properly recorded and properly approved.

DOB NOW has inadequate processing controls because the system allows the inspection results for certain types of inspections to be finalized without supervisory review and approval. Of the units covered by the audit, only Construction Development and Construction Enforcement enter inspections into DOB NOW. Supervisors are required to review inspection result submissions and mark the inspection as "Complete – Final" or "Under Review." If "Under Review" is selected, the inspection will be sent back to the inspector for updates and resubmission.

According to the DOB NOW: Inspections Mobile User Manual, if a supervisor takes no action within the time allotted for review, the inspection result submission will be automatically marked as "Complete Final" by the system. If a result is submitted before noon, it will be auto-finalized the next business day at noon, and if after noon, it will be auto-finalized two business days later at noon. This was also confirmed by the Chiefs of the two units that used DOB NOW during the audit scope. According to information provided by DOB, the construction inspections that can be auto-finalized include Certificate of Occupancy alterations; alteration 1 (major change to Certificate of Occupancy); alteration 2 (does not change use or occupancy); alteration 3 (minor alteration); Certificate of Occupancy for new buildings; equipment work; and complaint re-inspections. By auto-finalizing an inspection result, deficiencies in how the inspection was conducted or its result that would ordinarily be identified during a supervisory review and addressed will most likely remain undetected.

The inspection outcome is then posted using the inspector's results and the public can review the results in BIS. According to the *Inspection Ready – Phase 1B Operational and Technical Policies*, if the supervisor is not available, the review of the inspection result submissions must be done by the Chief or Assistant Chief. The supervisory review is to verify that:

- The inspector used the correct checklist;
- The checklist is complete and all required fields have been addressed;
- Comments in the "Use for Public Comments Only" section are appropriate and accurate for posting to BIS; and
- The content of the checklist is accurate based on a review of the work packet or other sources.

Supervisors, Assistant Chiefs and Chiefs within the Construction Enforcement unit are not ensuring that inspection results are reviewed timely, before they are automatically finalized by the system. We requested a report from DOB on inspections that were automatically finalized and found that out of the 48,815 Construction Enforcement inspections conducted during the period of July 1, 2016 through December 9, 2017, 6,023 (12 percent) were auto-finalized in DOB NOW; while only a little over one percent of Construction Development inspections were auto-finalized.

According to DOB officials, the auto-finalization feature exists out of consideration for customer service and reduces turnaround time in order to prevent excessive delays in providing results for completed field inspections. DOB officials stated that a full complement of supervisors is needed

to review inspections and that their “inability to fill supervisor lines hampered . . . performance on auto-finalization.” However, in the absence of evidence of supervisory reviews, DOB has limited assurance that auto-finalized inspections were accurate and that all required objections were included, when necessary. This weakness in oversight increases the risk that unsafe work practices or work sites will not be identified. This concern was raised by DOB itself in an internal audit report of the Quality of Life Unit. As stated in that report, this lack of oversight can pose a significant risk to the public.

Recommendations

12. DOB should ensure that inspection results receive the required supervisory review before they are auto-finalized in DOB NOW.

DOB Response: “DOB disagrees with this recommendation. By definition, inspection results that are auto finalized are not reviewed by supervisors. As previously noted, inspection results are auto finalized in a small minority of cases. This ensures that action can be taken on those inspection results without undue delay. However, DOB will continue efforts to ensure that supervisors review submitted inspection results in a timely manner.”

Auditor Comment: It appears that DOB misunderstands this recommendation. We are recommending that DOB require supervisors to review inspection results within the time allotted so that they are not auto-finalized. Lack of oversight can pose a significant risk to the public; consequently, supervisory review is essential. We therefore urge DOB to reconsider its response and implement this recommendation.

13. DOB should track and monitor the number of auto-finalized inspections to see whether there are any patterns, such as certain supervisors with high numbers of inspections that are not being reviewed.

DOB Response: “DOB partially agrees with this recommendation. This is current practice.”

Auditor Comment: DOB provided no evidence that it is tracking and monitoring auto-finalized inspections, so we are unable to corroborate its claim.

DETAILED SCOPE AND METHODOLOGY

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 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 objective. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The audit scope was July 1, 2016, through December 31, 2017.

In order to obtain an understanding of the organizational structure and operations within DOB, we requested a list of DOB's units that perform field inspections including the names of the units; the number of Inspectors; the type of inspections conducted by each unit; and the number of inspections performed in Fiscal Years 2015, 2016 and 2017. Based on the information received from DOB and the on-line research we performed on the DOB's units, we judgmentally selected the six construction inspection units with the greatest number of inspections—BEST, Sp-Ops and Brooklyn and Queens Construction Development and Construction Enforcement.

In addition, to obtain an understanding of the operations within these six DOB inspection units and the responsibilities of DOB's inspectorial personnel of different levels, we conducted interviews with Chiefs, Assistant Chiefs, Supervisors, and field inspectors from these units. Next, we obtained written confirmations of key information obtained during the interviews.

Further, to obtain an understanding of DOB's information systems used for recording and tracking of field and Quality Assurance (QA) inspections, we conducted walkthroughs and observations of BIS, DOB NOW and the QA Inspection database. We met with a Chief, an Assistant Chief, two supervisors, two inspectors, and four supervisory administrative/clerical personnel including a BEST Data Entry/Customer Service Supervisor, a Brooklyn Construction Enforcement Construction Clerk Supervisor, a Sp-Ops Clerical Support Supervisor, and a Brooklyn Construction Development Construction Clerk. To further understand the DOB's field inspection process, we observed a Construction Development Inspector during an inspection while he was using DOB NOW. Next, to further understand the controls DOB designed and implemented over field inspectors, we interviewed the Executive Director and Assistant Chief Inspector from the Office of Internal Affairs and Discipline (IAD) which is the unit within DOB dedicated to identifying, investigating and disciplining employees who engage in misconduct related to their duties and providing mandatory integrity training to newly-hired Buildings employees.

To determine DOB's responsibilities with regard to inspections, we reviewed the following: (1) 2014 Construction Codes and Updates; (2) Rules of the City of New York: Chapter 100: Subchapter A Administration; *Special Inspectors and Special Inspection Agencies* (1 RCNY §101-06); (3) *DOB NOW: Inspections Operational and Technical Policies*; (4) *Inspection Ready – Phase 1B: Operational and Technical Policies: Inspection Checklist and Mobile Device Usage*; (5) NYC DOB Inspections Oversight Program: SOP No.: 20160301; (6) *DOB NOW: Inspections Mobile User Manual*; (7) Code of Conduct: Standards for Department of Buildings Employees as of 2014; (8) the Fiscal Year 2017 Mayor's Management Report; (9) the New York City Administrative Code § 28-103.16; and (10) any additional relevant documentation provided to us by DOB. In addition, we reviewed DOB's Fiscal Year 2018, Quarter 2 Development and Enforcement Organizational

Charts that highlighted DOB direct personnel and their Supervisors. Where applicable, the cited rules, regulations, and procedures were used as audit criteria.

In order to assess the reliability of the computer-processed data received from DOB, we examined a report called QA Inspections 20171228 generated for us by DOB in Excel format. The report contained two tabs: QA InspectionsDB and Accela. Next, using Audit Command Language (ACL) audit program, we tested the QA InspectionsDB tab from the QA Inspections 20171228 report for blank records in such column fields as Rating, Inspection Checklist, Personal Protective Equipment, Legible Accurate, Demeanor and Appearance, and Inspector on Time and blanks and duplicate values in the Job Ref No column field. Furthermore, we tested the QA Inspections 20171228 report for appropriate time bounds in ACL. Then, we analyzed the Accela tab from the QA Inspections 20171228 report and determined that it cannot be utilized in further testing since it did not include critical QA inspection information.

In order to assess the reliability of the computer-processed data contained in the report received that contained hire dates and unit start dates for DOB inspectors, employee's office titles, civil service title, employee ID numbers, promotion dates, agency start dates, pay status, bureau, bureau manager, termination dates, last date worked, and agency separation date, we tested the report in the ACL audit program for duplicate Employee ID Numbers. Further, we combined this data with the QA inspection data in ACL to determine whether there were any DOB personnel that were found in one report but not in the other.

To further test whether DOB accurately records QA inspection results in the QA Inspection database; whether DOB's Inspectors, Supervisors and their Reviewers sign QA inspection reports; and whether DOB maintains hard-copy QA inspection reports for QA inspections that are recorded in the QA Inspection database, we randomly selected five QA inspections for each unit; BEST, Sp-Ops and Brooklyn and Queens Construction Enforcement and Construction Development units. In addition, we haphazardly selected five QA inspections from each unit to determine if the QA information is entered accurately in the QA Inspection database.

To determine whether DOB accurately records its BEST and Sp-Ops field inspection information in appropriate databases and maintains hard-copy field inspection reports and other supporting documentation such as route sheets and notices of violation where required, we randomly selected a sample of 25 field inspections from the inspection data provided for BEST and Sp-Ops, from the populations of BEST and Sp-Ops field inspections performed by the units during the selected period of June 1, 2017 through June 7, 2017. We judgmentally selected June 2017 because it was just prior to our audit initiation and we divided the month into four weeks and randomly selected one week.

In addition, to determine how many field inspections were auto-finalized by the DOB NOW system, we requested a list of all field inspections that were auto-finalized by DOB NOW during the period of July 1, 2016 through May 5, 2018 (the cut-off date when the data was obtained from DOB).

To test whether DOB complies with its internal standard operating procedures and performs all types of QA inspections (Review, Training and GPS for Inspectors and In-House for Supervisors) for each inspectorial personnel in a timely manner and on a periodic basis, and records and tracks the QA inspections in the QA Inspection Database, we tested the entire population of QA inspections obtained from the QA Inspection database for the sampled units. Using the entire population of the QA inspections, we also tested whether DOB performs QA Reviews and Trainings on different dates that are at a minimum five working days apart.

We documented our understanding of DOB internal controls and procedures through flowcharts and narrative memoranda. We also recorded and evaluated results of our preliminary analysis, and determined which areas required further testing. Based on the evaluation of the flowcharts, interviews, reviews of DOB documentation and analysis, we determined whether DOB has adequate internal controls in place.

Although the results of our sampling tests were not statistically projected to their respective populations, these results, together with the results of our other audit procedures and tests, provide a reasonable basis for us to assess DOB's controls over field inspectors.



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November 15, 2018

Ms. Marjorie Landa
Deputy Comptroller for Audit
NYC Office of the Comptroller
One Centre Street, Room 1100N
New York, NY 10007

Re: Audit Report on the New York City Department of Buildings' Controls over Field Inspectors MD18-078A

Dear Ms. Landa:

Thank you for the opportunity to respond to the recommendations in the above-captioned draft audit report.

Many of the actions that the report recommended are current practice or are already being addressed through our new DOB NOW: *Inspections* system. We agree, however, that our processes can always be improved, and we will continue working to strengthen them.

However, as we noted in multiple prior communications with your office, several of the conclusions that were drawn in the audit report, particularly regarding the purported impact of control deficiencies on DOB's ability to promote safety and maintain integrity, are substantively inaccurate and do not follow from the audit findings. We strongly object to these claims, which grossly misconstrue the quality of the Department's work and DOB's effectiveness in protecting the public with honor and integrity.

Below are clarifying comments and the Department's responses to the thirteen (13) audit recommendations:

Clarifying Comments

The audit report makes sweeping statements and claims about corruption. However, the audit found no corruption, much less problems that should have been addressed through the QA process or the other processes examined.

The QA process examined by this audit is obsolete and being phased out. Our new DOB NOW system, into which our previous QA process is



being incorporated, already gives unprecedented transparency into all phases of a project, making oversight easier and more effective.

The audit report made statements suggesting that reported deficiencies in QA inspections and other processes prevent us from properly enforcing the building code. These statements are inaccurate. The audit demonstrated no link between its findings and deficient field inspections, inaccurate inspection results, reduced construction compliance, risk to the public, or any other negative outcome impacting safety.

In this historic construction boom, DOB is performing more inspections and taking more enforcement actions than ever before. Further, DOB has many processes to ensure code compliance and enforce safety, not just QA inspections or the other processes reviewed. DOB also has myriad other processes and controls in place -- plan examinations, complaint inspections, safety sweeps, Certificate of Occupancy inspections, and more -- to enforce compliance with construction codes, including safety provisions.

The audit report suggested that DOB had inadequate controls to ensure that inspections are being performed properly, that inspection results are accurately recorded, and that safety violations are identified. DOB in fact has a variety of stringent controls specifically to ensure that inspections are performed appropriately and results are properly recorded. These include supervisory review of summonses, vacate and stop work orders issuance and rescissions, site plans, construction signoffs, and photo evidence of violating conditions, and extensive real-time communication between supervisors and field staff during the course of inspections. Additional controls include review of summons documentation and evidence by OATH.

The audit report further suggested that auto finalization prevents DOB from ensuring that its inspections are complete and accurate, and from ensuring that unsafe work practices will be identified. Beyond providing no evidence to support that assertion, the audit report ignored the fact that the majority of the small subset of inspection results that the audit focused on did in fact receive supervisory review (99% of Construction Development inspections and 88% of Construction Enforcement inspections), that not all inspection types can be auto finalized, and that DOB NOW: *Inspections* includes validations that prevent records from being submitted with errors.

Finally, the audit report suggested that DOB's QA data was inaccurate and not available for review to monitor compliance and outcomes. As previously noted, the audit was performed on a system that no longer exists and is obsolete. Further, the data from the new system, DOB NOW: *Inspections*, is available and regularly reviewed by DOB management. That assertion, therefore, is inaccurate.



Response to Recommendations

Recommendation 1: “DOB should ensure that all inspectorial staff are trained and well informed of the QA Inspection requirements as outlined in the Inspections Oversight procedure.”

DOB’s Response: DOB agrees with this recommendation, and will take steps to ensure that inspectorial staff are well informed of QA requirements.

Recommendation 2: “DOB should ensure that required QA Trainings and Reviews are performed bi-monthly for all inspectors by reviewing and monitoring the QA Inspection database.”

DOB’s Response: DOB partially agrees with this recommendation. Since its initial rollout in 2015, nearly 750,000 inspections have been entered into the DOB NOW: *Inspections* system, providing an unprecedented level of transparency into inspection transactions and revolutionizing how inspections are performed and recorded. In tandem, the Department is modernizing our QA inspection procedures, which were based on now obsolete processes and an obsolete system.

As part of the continued rollout of DOB NOW, the Department is assessing, updating, and strengthening our QA policies so that they match the opportunities and operational requirements of our new modern system.

Recommendation 3: “DOB should ensure that its requirement that there is a minimum of five days between QA Trainings and Reviews for the same inspector is adhered to.”

DOB’s Response: DOB partially agrees with this recommendation. As part of the continued rollout of DOB NOW, the Department is assessing, updating, and strengthening our QA policies so that they match the opportunities and operational requirements of our new modern system.

Recommendation 4: “DOB should ensure that QA GPS tracking reviews are conducted bi-monthly for all inspectors in accordance with DOB procedures.”

DOB’s Response: DOB partially agrees with this recommendation. As part of the continued rollout of DOB NOW, the Department is assessing, updating, and strengthening our QA policies so that they match the opportunities and operational requirements of our new modern system.

Recommendation 5: “DOB should ensure that required QA In-House reviews of supervisors are performed and documented.”

DOB’s Response: DOB partially agrees with this recommendation. As part of the continued rollout of DOB NOW, the Department is assessing, updating, and strengthening our QA policies so that they match the opportunities and operational requirements of our new modern system.



Recommendation 6: “DOB should modify the QA Inspections database and the QA Inspection forms so that required follow up QA inspections are identified and can be tracked.”

DOB’s Response: DOB disagrees with this recommendation. All QA inspections results are recorded electronically in DOB NOW: *Inspections*.

Recommendation 7: “DOB should ensure that required follow-ups of QA inspections rated as “unsatisfactory” and “needs improvement” are conducted, adequately documented and appropriately indicated as follow-ups in the database.”

DOB’s Response: DOB partially agrees with this recommendation. As part of the continued rollout of DOB NOW, the Department is assessing, updating, and strengthening our QA policies so that they match the opportunities and operational requirements of our new modern system.

Recommendation 8: “DOB should ensure that the inspection data entered into the QA Inspection database is periodically reviewed for completeness and accuracy.”

DOB’s Response: DOB partially agrees with this recommendation. This is current practice. Use of a modern technology tool like DOB NOW: *Inspections*, which has a number of system validations that improve data accuracy and integrity and minimize errors, reduces reliance on manual review of data for accuracy. By recording and maintaining all QA inspections records in that system, the Department currently ensures that data is complete and accurate.

Recommendation 9: “DOB should ensure that all QA Inspection forms are maintained by the units that are not using DOB NOW and that all inspections are recorded in the QA Inspection database, in accordance with its procedures.”

DOB’s Response: DOB disagrees with this recommendation. As of April 30, 2018, all DOB inspection units are recording QA inspection results in DOB NOW: *Inspections*.

Recommendation 10: “DOB should ensure that hardcopy inspection reports/checklists are maintained for all inspections in accordance with its procedures.”

DOB’s Response: DOB partially agrees with this recommendation. Inspection results for the majority of DOB inspectorial units are entered directly into DOB NOW: *Inspections*. There are, therefore, no paper records maintained for those inspections.

For those few units that are not currently entering inspection results in DOB NOW: *Inspections*, the Department maintains hard copy inspection records in accordance with record retention policies and procedures.



Recommendation 11: “DOB should ensure that the DOB NOW QA inspection reporting tool captures all relevant information for QA inspections so that it can be used to adequately and timely monitor compliance with the inspections Oversight procedure.”

DOB’s Response: DOB partially agrees with this recommendation. This is current practice. All relevant QA inspection data from DOB NOW: *Inspections* was made available in the Department’s data warehouse reporting tool prior to the conclusion of the audit; that information is, therefore, readily available for management review.

Recommendation 12: “DOB should ensure that inspection results receive the required supervisory review before they are auto finalized in DOB NOW.”

DOB’s Response: DOB disagrees with this recommendation. By definition, inspection results that are auto finalized are not reviewed by supervisors. As previously noted, inspection results are auto finalized in a small minority of cases. This ensures that action can be taken on those inspection results without undue delay. However, DOB will continue efforts to ensure that supervisors review submitted inspection results in a timely manner.

Recommendation 13: “DOB should track and monitor the number of auto finalized inspections to see whether there are any patterns, such as certain supervisors with high numbers of inspections that are not being reviewed.”

DOB’s Response: DOB partially agrees with this recommendation. This is current practice.

Thank you, once again, for giving us the opportunity to respond to your audit.

Sincerely,

A handwritten signature in black ink that reads "Rick Chandler".

Rick D. Chandler, P.E.
Commissioner

cc: George Davis, III
Archana Jayaram
Timothy Hogan
Thomas Fariello
Germain Difo
Frank Torres
Kerry Castro