

AUDIT REPORT



CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BUREAU OF MANAGEMENT AUDIT
WILLIAM C. THOMPSON, JR., COMPTROLLER

Audit Report on the Administration of Sidewalk-Shed Permits by the Department of Buildings

MJ03-145A

June 21, 2004



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
1 CENTRE STREET
NEW YORK, N.Y. 10007-2341

WILLIAM C. THOMPSON, JR.
COMPTROLLER

To the Citizens of the City of New York

Ladies and Gentlemen:

In accordance with the Comptroller's responsibilities contained in Chapter 5, § 93, of the New York City Charter, my office has audited the Department of Buildings (DOB) to determine whether the agency properly administers permits to erect sidewalk sheds for major construction projects. DOB oversees building construction and alteration, and enforces the City building and electrical codes, the Zoning Resolution, and other laws related to construction.

Our audit resulted in the findings and recommendations that are presented in this report. The findings and recommendations were discussed with City officials; their comments were considered in the preparation of this report.

Audits such as this provide a means of ensuring that City resources are used effectively, efficiently, and in the best interest of the public.

I trust that this report contains information that is of interest to you. If you have any questions concerning this report, please e-mail my audit bureau at audit@comptroller.nyc.gov or telephone my office at 212-669-3747.

Very truly yours,

A handwritten signature in cursive script that reads "William C. Thompson, Jr.".

William C. Thompson, Jr.
WCT/fh

Report: MJ03-145A
Filed: June 21, 2004

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The City of New York
Office of the Comptroller
Bureau of Management Audit

**Audit Report on the
Administration of Sidewalk-Shed Permits
By the Department of Buildings**

MJ03-145A

AUDIT REPORT IN BRIEF

This audit determined whether the New York City Department of Buildings (DOB) properly administers permits to erect sidewalk sheds for major construction projects. DOB oversees building construction and alteration, and enforces the City building and electrical codes, the Zoning Resolution, and other laws related to construction. The audit covered the period July 1, 2002, through March 21, 2004.

Audit Findings and Conclusions

Based upon our inspections of 175 major construction sites, we are reasonably assured that DOB properly administered the issuance of permits for the initial erection of sidewalk sheds at those sites. However, DOB does not follow up on expired sidewalk-shed permits to ensure that the sheds are removed once the permits expire, nor does it have a policy to do so. Of the 125 sites we visited whose sidewalk-shed permits had expired, 34 still had sidewalk sheds. However, 15 (44%) of them lacked renewed permits.

In addition, DOB needs to strengthen controls over cash received for renewal permits. Cash receipts received with renewal applications are not deposited immediately, as recommended by Comptroller's Directive #11. During a walkthrough, we found cash receipts totaling \$35,600 for renewals and for civil penalties associated with those renewals.

Audit Recommendations

We make three recommendations to DOB. DOB should:

- Institute a tracking system to identify permits that have expired. On a periodic basis, based on resources available, the agency should randomly select sites for inspectors to visit to ensure that the sidewalk sheds are removed or permit renewals are applied for.

- Visit the addresses listed in Table II of this report to determine whether the sidewalk sheds are still there. For those addresses that have sidewalk sheds but for which permit renewals have not been requested, assess civil penalties in accordance with DOB procedures.
- Deposit all cash receipts on the day that the mail has been received or, at the latest, the next business day, as recommended by Comptroller's Directive #11.

INTRODUCTION

Background

The New York City Department of Buildings (DOB) oversees building construction and alteration, and enforces the City building and electrical codes, the Zoning Resolution, and other laws related to construction. DOB is responsible for the approval, permitting, and inspection of construction work, plumbing, and elevators. It also inspects new buildings under construction for compliance with public safety regulations. In addition, DOB issues “certificates of occupancy” (COs)¹ for new and renovated buildings.

DOB has jurisdiction over approximately 900,000 buildings and properties within the five boroughs. DOB plan examiners and inspectors perform more than 57,000 plan examinations and 350,000 building inspections per year. The agency issues approximately 71,000 building permits, 19,000 permit renewals, 9,500 COs, 10,500 licenses, and 53,000 violations per year.

Persons who wish to demolish, alter, build an addition, or erect a new structure are responsible for obtaining a building permit from DOB to ensure that the structure complies with the building code and zoning requirements. DOB building permits fall into three categories—Alteration I (new buildings and major renovations), and Alteration II and III (minor renovations). Sidewalk sheds must be erected around buildings under construction, demolition, or renovation to protect sidewalks that remain open to pedestrian traffic. Sidewalk sheds accompany major construction projects. A DOB sidewalk-shed permit is required to erect a shed. To obtain a building permit or sidewalk-shed permit, the applicant must have a New York State licensed engineer (PE) or registered architect (RA) prepare the construction or alteration plan, which is submitted to DOB for its approval. The minimum filing fee for either permit is \$100.

Audit Objective

To determine whether DOB properly administers permits to erect sidewalk sheds for major construction projects.

Scope and Methodology

The period covered by this audit is July 1, 2002, through March 31, 2004. (We conducted site visits from August 2003 through March 31, 2004.)

To gain an understanding of DOB’s permit process in regard to buildings with sidewalk sheds, we reviewed the following materials obtained from DOB:

- DOB Borough Office *Procedures for Application Processing Manual*

¹ A certificate of occupancy is authorization to use a building for a specific purpose.

- Policy and Procedure Notice #20/91, which pertains to sidewalk-shed permits
- “Work Permit Applications” form
- DOB “Notice to All Contractors Regarding Insurance Requirements”
- DOB “Instructions for Certifying Corrections”
- Copies of several kinds of permits, including sidewalk-shed permits
- “Affidavit of Registered Architects or Professional Engineers” form
- Permit Renewal Log
- Centralized Permit Checklist

We also interviewed Borough Managers, the Assistant Commissioner, Deputy Commissioner, Unit Supervisors, staff, and inspectors responsible for issuing all permits and renewals. We visited each of the five borough offices and conducted a walkthrough of their procedures and controls that each office followed in processing initial permit applications. We conducted a walkthrough of the Central office to identify the steps that it follows in processing permit renewal applications. We documented our understanding of the procedures and controls and evaluated the adequacy of the controls to determine the type of testing and extent of testing needed to ensure that DOB properly administered sidewalk shed permits.

In order to identify the population of permits that DOB issued, we obtained a computer disk generated from the DOB Building Information System (BIS) that contained the number of permits issued for Fiscal Years 2000-2003.

A test to determine the reliability of data recorded on BIS was unnecessary for this audit because such a test was performed in a recent audit conducted by our office entitled *Audit Report on the Effectiveness of the Department of Buildings in Investigating Safety-Related Complaints in a Timely Manner* (Audit #MJ03-093A). In that audit, we determined that the data recorded on BIS was reliable.

In order to identify sites where permits would be required we contacted the Department of City Planning to identify community boards (CBs) throughout City whose business districts were slated to have major construction projects during Fiscal Years 2003 and 2004. We randomly selected 20 CBs from all five boroughs and surveyed the business districts in those boards to identify ongoing major construction sites with sidewalk sheds; we identified a total of 175 sites. We visited all the sites to see whether a current sidewalk-shed permit existed and was visibly posted on-site. We also looked up those properties on BIS to determine whether a current permit existed.

In order to determine whether renewal sidewalk permits were issued as required, we reviewed sidewalk-shed permits that were scheduled to expire in December 2003. (We chose December 2003 on a random basis.) Of the 1,350 permits that expired that month, we randomly selected 125 and visited the sites to determine whether the sidewalk sheds were removed. For those sites where sidewalk sheds were still in place, we determined whether a renewal permit was visibly posted. For those where no permit was posted, we reviewed BIS to determine whether a renewal permit had been issued. The results of the above tests, while not projectable to their respective populations, provide us a reasonable basis to assess whether DOB properly administers sidewalk-shed permits.

* * * * *

This audit was conducted in accordance with generally accepted government auditing standards (GAGAS) and included tests of the records and other auditing procedures considered necessary. This audit was performed in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

Discussion of Audit Results

The matters covered in this report were discussed with DOB officials during and at the conclusion of this audit. A preliminary draft was sent to DOB officials and discussed at an exit conference on May 11, 2004. On May 19, 2004, we submitted a draft report to DOB officials with a request for comments. We received a written response from DOB officials on June 3, 2004. DOB's response contradicts itself. In the introduction of the response, officials state that they cannot agree with the audit's recommendations. Yet in the body of the response, they generally agree with two of the audit's three recommendations, and their response to the remaining one does not address the recommendation as stated. The full text of the DOB response is included as an addendum to this report.

FINDINGS AND RECOMMENDATIONS

Based upon our inspections of 175 major construction sites, we are reasonably assured that DOB properly administered the issuance of permits for the initial erection of sidewalk sheds at those sites. However, DOB does not follow up on expired sidewalk-shed permits to ensure that the sheds are removed once the permits expire, nor does it have a policy to do so. Of the 125 sites we visited whose sidewalk-shed permits had expired, 34 still had sidewalk sheds. However, 15 (44%) of them lacked renewed permits.

There is also a related issue: DOB needs to strengthen controls over cash received for permit renewals. Cash receipts received with renewal applications are not deposited immediately, as recommended by Comptroller Directive #11. During a walkthrough, we found cash receipts for renewals and for civil penalties associated with those renewals totaling \$35,600. Failure to deposit cash receipts in a timely manner increases the risk that cash may be lost. We also may lose interest on undeposited funds.

DOB Controls are Adequate for Initial Issuance of Sidewalk-Shed Permits at Major Construction Sites

DOB has adequate controls in place to provide reasonable assurance that sidewalk sheds at major construction sites have a valid permit when they are erected. Our inspection of 175 sidewalk sheds at sites throughout the City determined that each had a valid permit.

To perform construction work, a property owner must obtain from DOB a permit related to the work to be done, including a permit to erect a sidewalk shed. The initial sidewalk shed permit is obtained from the DOB office of the borough where the construction is taking place. To obtain a permit, applicants must provide the following: comprehensive plans for the project, the total project cost, RA approval of the plans, required insurance, and the name of the company erecting the shed. DOB's issuance of the permit signifies that the applicant has obtained the required insurance and RA approval. (However, a sidewalk-shed permit does not attest to the shed's structural soundness.) The fee for obtaining an initial sidewalk-shed permit is a minimum of \$100. (Additional fees, such as for copying the filing documents onto microfiche, may apply.)

Contractors are required to prominently display the permit on the front of the sidewalk shed. In addition to relying on spot-checks by DOB inspectors to ensure that construction sites have obtained the necessary permits, DOB relies on complaints received from the general public and other sources to identify construction and sidewalk sheds that may not have the necessary permits. If an inspector determines that a contractor has not obtained the required permits, the inspector will, at a minimum, issue a summons to the property owner for having work done without a permit. Depending on the severity of the violation, DOB may also shut the construction down and issue a "cease use" order.

To determine whether these controls provide reasonable assurance that sidewalk sheds have a permit, we visited 175 sites throughout the City where sidewalk sheds were erected and

determined whether a current permit was visibly posted on the shed. We also researched the site addresses on BIS to determine whether they had a valid permit for the sidewalk sheds.

Our inspection of the 175 sites throughout the City revealed that all had permits, and the permits were prominently displayed as required. Our research on BIS verified that the permits were valid.

DOB Does Not Follow Up on Expired Permits to Ensure That Contractors Renew Permits as Needed

DOB does not follow up on expired permits to verify that either the work stops or the permit is renewed—nor does it have a policy to do so. We visited 125 sites for which sidewalk-shed permits expired in December 2003 and found that 15 (12%) still had the sidewalk sheds, although the property owners had not renewed the permit. Failure to renew a permit may indicate that the contractor (or owner) does not have adequate liability insurance to protect against property damage and personal injury.

If construction work continues beyond the original permit expiration date, a contractor is required to obtain a permit renewal from DOB. For a permit to be renewed a contractor must indicate to DOB that its insurance is current. As stated in DOB Operations Policy and Procedure Notice (OPPN) #20/91:

“A sidewalk shed permit shall expire one (1) year from the date of issuance or at the expiration date of the insurance coverage of the permit holder—if less than one year.”

To renew a permit, the applicant, in addition to having adequate insurance coverage, must provide certification from a PE or RA indicating (1) the condition of the building and the amount of work completed to date and (2) an estimate of the amount of time needed to complete the work. The applicant must also certify that there are no changes to the project or, if there are changes, provide certifications that a PE or RA and DOB have approved the changes. To allow for processing time, DOB recommends that owners submit their permit renewal applications at least two weeks prior to the permits' expiration.

To determine whether contractors obtain permit renewals where necessary, we took a sample of 125 sidewalk-shed permits that expired in December 2003. We visited those site addresses in February and March 2004—at least 30 days following the expiration of the permits—to determine how many still had sidewalk sheds. If there was a sidewalk shed, we determined whether a renewed permit was prominently displayed at the site. We also reviewed BIS to determine whether a new sidewalk-shed permit was issued, regardless of whether or not a permit was displayed at the site.

Of the 125 sites, 91 (73%) no longer had sidewalk sheds. Of the remaining 34, 15 had not obtained a permit renewal. Further, we found no evidence that the property owners had requested one. A breakdown of the results of our site visits is shown in Table I.

Table I

Results of Visits to Sites Where Sidewalk-Shed Permits Had Expired

Borough	# of Sites Visited	# of Sites where Sidewalk Sheds Were Removed	# of Sites with Sidewalk Sheds	For Sites with Sidewalk Sheds:	
				# of Sites with Renewed Permit	# of Sites without Renewed Permit
Manhattan	26	21	5	5	0
Bronx	25	19	6	4	2
Brooklyn	39	21	18	8	10
Queens	22	19	3	1	2
Staten Island	13	11	2	1	1
Totals	125	91	34	19	15
Percentages	100%	72.8%	27.2%	15.2%	12.0%

As shown in Table I, most of the sites that still had sidewalk sheds were in Brooklyn; more than half—10 out of 18—of the sidewalk sheds we visited in Brooklyn had expired permits. Three of these 10 sheds were at one site (330 Jay Street).

We discussed follow-up efforts with DOB personnel. DOB does not specifically target expired permits. Inspectors may come across these sites in the course of their regular duties, but there is no concerted effort to follow up on expired permits, not even on a random basis. A DOB official stated that the Building Code does not have any provisions that require DOB to check for expired permits. As stated previously, DOB relies on complaints received from the general public and other sources to identify construction and sidewalk sheds that may not have the necessary permits or that have expired permits.

As our limited testing revealed, the projects associated with 110 (88%) of the 125 expired permits either were completed or had a renewed permit. Nevertheless, there is a risk in the remaining ones that the owners no longer have the required liability insurance to protect against injury and property damage.

A contractor who does not renew a permit but continues to work is subject to a violation either for work performed without a permit or for work performed with an expired permit. As also stated in OPPN #20/91:

"The civil penalty shall start to accrue on the thirty-first day following the expiration of the shed permit. The penalty imposed to the owner or permit holder shall be equivalent of \$100/day up to a maximum of \$10,000."

If a violation is issued related to a project, the property owner must pay the civil penalty before a permit will be issued. For the sites we visited shown in Table I, we calculate that the

property owners for these sites could have been subject to civil penalties totaling as much as \$48,200² as of the dates of our visits. This is shown in Table II below.

Table II

List of Sites with Expired Permits That Still Had Sidewalk Sheds

Permit #	Address	Borough	Date permit expired A	Date visited by auditors B	Number of days between expiration date and date visited C (B – A)	Penalty D (C-30 days) x \$100
301065941	330 Jay Street	Brooklyn	12/31/03	3/4/04	64	\$ 3,400
301065950	330 Jay Street	Brooklyn	12/31/03	3/4/04	64	\$ 3,400
301351631	330 Jay Street	Brooklyn	12/31/03	3/4/04	64	\$ 3,400
301510648	295 Atlantic Avenue	Brooklyn	12/31/03	3/4/04	64	\$ 3,400
301097578	139 Atlantic Avenue	Brooklyn	12/31/03	3/4/04	64	\$ 3,400
301476588	62 Mill Street	Brooklyn	12/31/03	3/4/04	64	\$ 3,400
301476597	16 Mill Street	Brooklyn	12/31/03	3/4/04	64	\$ 3,400
301542622	227 Fourth Avenue	Brooklyn	12/31/03	3/4/04	64	\$ 3,400
301296531	620 Atlantic Avenue	Brooklyn	12/31/03	3/4/04	64	\$ 3,400
301478595	853 Belmont Avenue	Brooklyn	12/31/03	3/4/04	64	\$ 3,400
500314885	220 Broadway	Staten Island	12/31/03	3/8/04	68	\$ 3,800
200725965	336 East 140 Street	Bronx	12/31/03	2/17/04	48	\$ 1,800
200743767	1179 Clay Avenue	Bronx	12/31/03	2/17/04	48	\$ 1,800
401627254	47-51 33rd Street	Queens	12/31/03	3/4/04	64	\$ 3,400
401591247	30-00 47th Avenue	Queens	12/31/03	3/4/04	64	\$ 3,400
Total = 15						\$ 48,200

Recommendations

DOB should:

1. Institute a tracking system to identify permits that have expired. On a periodic basis, based on resources available, the agency should randomly select sites for inspectors to visit to ensure that the sidewalk sheds are removed or permits renewals are applied for.

DOB Response: “The Department of Buildings disagrees that an untargeted inspection program should be implemented. Given that only 27% of your limited sample (9% of the

² This calculation is based on calendar days. (The procedural notice does not indicate whether calendar days or work days should be used.) If the penalties were calculated based on work days, the total penalties would be \$22,700.

permits issued) still had sheds and only 12% of the sample lacked renewed permits, it would be an inefficient use of the Department's resources to conduct non-targeted inspections. As indicated to you during the audit, the Department resources are more effectively utilized in a targeted manner. The Department conducts sidewalk shed 'sweeps' in Business Improvement Districts (BIDs), based upon BID requests. We perform a broader sweep, Citywide, based upon a run of façade work and scaffolding permits, approximately every three months. Many unpermitted sidewalk sheds are captured through those 'sweeps.' The Department already has an existing report that identifies expired permits. This program is run periodically in order to obtain a list of expired permits."

Auditor Comment: DOB's response does not address the recommendation. We do not state that DOB should implement a program to conduct untargeted inspections; rather, we state that DOB should target inspections for those sites where permits have expired, and that such inspections of randomly selected sites should be performed periodically, based on available resources. Additionally, DOB's response addresses the agency's overall efforts to identify unpermitted sidewalk sheds while this recommendation is specifically targeted to the agency's follow-up efforts for expired permits. Therefore, we urge DOB to reconsider its response to this recommendation.

2. Visit the addresses listed in Table II to determine whether the sidewalk sheds are still there. For those addresses that have sidewalk sheds but for which permit renewals have not been requested, assess civil penalties in accordance with DOB procedures.

DOB Response: "The Department does not agree that all of these sites require follow-up inspections. Of the fifteen (15) addresses listed, three (3) have had their permits renewed (including Permit # 301135631 which should appear as 301351631). The Department will investigate the remaining twelve (12) sites. A preliminary review has determined that PPN #20/91 does not properly implement the process to enforce these provisions of the Administrative Code and is under review."

Auditor Comment: We are pleased that DOB agrees to investigate those sites for which permit renewals were not obtained, as we recommend. According to its response, DOB has determined that its procedures for assessing civil penalties for expired sidewalk-shed permits are inadequate. We therefore urge the agency to develop procedures as soon as possible so that it may properly enforce the provisions of the Administrative Code in regard to expired permits.

Other Issue

Weak Controls over Cash

DOB should strengthen its controls over cash received through the mail to ensure that it is deposited in a timely fashion, in accordance with Comptroller's Directive #11. In some instances, DOB had not yet deposited checks that the agency had received approximately one-and-a-half months earlier. During a walkthrough, we identified undeposited cash receipts totaling \$35,600.

Comptroller's Internal Control and Accountability Directives establish policies for City agencies on a variety of accounting and internal control issues. Comptroller's Directive #1—City Manager Financial Integrity Statement—is an internal control checklist that primarily addresses compliance with laws and regulations, the safeguarding of City assets, and the reliability of financial reporting. The checklist addresses, among other things, controls over cash receipts, licenses, and permits.

For cash receipts, the controls should provide reasonable assurance that cash receipts will not be misappropriated or stolen. For licenses and permits, the controls should ensure that licenses and permits are appropriately issued and accurately recorded, and that fees received are deposited and accurately recorded. Directive #1 recommends that: incoming checks should be listed when received and a restrictive endorsement placed on them, and that all application and renewal fees should be promptly recorded and deposited. Directive #11 also states that “generally, cash receipts must be deposited on the same business day.”

Permit renewal applications are primarily received through the mail. The renewal application package includes, among other things, the application and the renewal fee in the form of a check or money order payable to the Department of Finance. Based on our observation, mail is opened and logged in upon receipt daily. In addition, a restrictive endorsement is immediately placed on checks. However, the check remains with the application until the application is processed. If an application is correct, personnel enter the application in BIS, print out a receipt to be mailed to the applicant, and give the cash receipts to the head cashier to be deposited. If the application is incorrect, both the application and payment are mailed back to the applicant for correction and resubmission.

However, an application may not be processed for a week or longer, depending on whether there are any outstanding violations related to the permit renewal. If there has been a violation issued on the associated property, DOB determines whether the violation is related to the matter for which a permit is being sought. If it is related, DOB investigates and determines the particulars of the violation and whether the condition has been corrected before it issues a permit.

Currently, there is a backlog of approximately seven weeks for processing applications in which violations have been issued and civil penalties assessed. Therefore, checks that DOB receives through the mail are not being deposited in a timely manner. On the day of our visit, we found cash receipts for renewals and for civil penalties associated with those renewals totaling \$35,600.

This issue was raised with DOB in a previous audit report we conducted of the agency's controls over cash receipts entitled *Audit of the New York City Department of Buildings' Internal Controls Over Cash Receipts: Preliminary Findings* (Audit #MJ01-148A, issued May 25, 2001). In that audit, we cited DOB for not properly safeguarding cash receipts received through the mail, not depositing the cash receipts immediately (i.e., within one workday), and for failing to put a restrictive endorsement on the checks as soon as they were received. DOB's controls over these receipts have improved since the prior audit. As stated previously, restrictive

endorsements are placed on checks as soon as they are received. The cash receipts are also better secured—the prior audit stated that they were kept in a file cabinet that was generally left unlocked during the day. Currently, the checks and applications are kept in a locked room where the office supplies are also kept. According to DOB personnel, two people have keys to this room. When we were there, we observed that the room was locked.

Nevertheless, DOB still does not deposit the cash receipts when they are received. As was the case in the prior audit, DOB states that the agency does not have sufficient staff to process all applications the day they are received. However, as we recommended in the prior report, and as DOB agreed in its response, the agency should deposit daily the cash received. If, at a later date, the agency determines that the application is incorrect, it can take the necessary appropriate measures, such as issuing a refund to the applicant or sending the applicant an adjusted bill. In response to the prior audit, DOB stated that it allocated additional resources and personnel to the permit renewal unit. The agency also stated that it was developing additional supervisory and management controls to ensure that future mailed cash receipts are deposited timely.

Recommendation

3. DOB should deposit all cash receipts on the day that the mail has been received or, at the latest, the next business day, as recommended by Comptroller's Directive #11.

DOB Response: “The Department will implement procedures to adhere to Directive # 11 as soon as practicable. Due to restrictions on load bearing at 280 Broadway, we are in the process of converting a storage closet into an interim secured area with a locked door and restricted access. This solution will only be used pending the completion of the necessary programming to enable the entry into BIS of cash receipts for applications that are deficient. Once this programming has been performed, cash can be acknowledged and can be deposited within twenty-four (24) hours of receipt.”



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June 3, 2004

Greg Brooks
Deputy Comptroller for
Policy, Audits, Accountancy & Contracts
The City of New York
Office of the Comptroller
1 Centre Street
New York, NY 10007-2341

Re: Draft Audit Report on the
Administration of Sidewalk-Shed
Permits by the Department of Buildings
Audit Number: MJ03-145A

Dear Mr. Brooks,

We welcome this opportunity to respond to the recommendations of your above mentioned draft audit report, as we view your input as assistance in furthering our commitment to providing quality public service while maximizing our resources. Although we understand the basis for your findings and recommendations, we cannot agree with your operational recommendations.

Responses to Recommendations

Recommendation No. 1: DOB should institute a tracking system to identify permits that have expired. On a periodic basis, based on resources available, the agency should randomly select sites for inspectors to visit to ensure that the sidewalk sheds are removed or permit renewals are applied for.

Response: The Department of Buildings disagrees that an untargeted inspection program should be implemented. Given that only 27% of your limited sample (9% of the permits issued) still had sheds and only 12% of the sample lacked renewed permits, it would be an inefficient use of the Department's resources to conduct non-targeted inspections. As indicated to you during the audit, the

Department resources are more effectively utilized in a targeted manner. The Department conducts sidewalk shed "sweeps" in Business Improvement Districts (BIDs), based upon BID requests. We perform a broader sweep, Citywide, based upon a run of façade work and scaffolding permits, approximately every three months. Many unpermitted sidewalk sheds are captured through those "sweeps." The Department already has an existing report that identifies expired permits. This program is run periodically in order to obtain a list of expired permits.

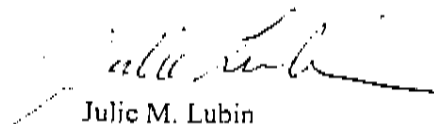
Recommendation No. 2: DOB should visit the addresses listed in Table II to determine whether the sidewalk sheds are still there. For those addresses that have sidewalk sheds but for which permit renewals have not been requested, assess civil penalties in accordance with DOB procedures.

Response: The Department does not agree that all of these sites require follow-up inspections. Of the fifteen (15) addresses listed, three (3) have had their permits renewed (including Permit # 301135631 which should have instead appeared as 301351631). The Department will investigate the remaining twelve (12) sites. A preliminary review has determined that PPN #20/91 does not properly implement the process to enforce these provisions of the Administrative Code and is under review.

Recommendation No. 3: DOB should deposit all cash receipts on the day that the mail has been received or, at the latest, the next business day, as recommended by Comptroller's Directive #11.

Response: The Department will implement procedures to adhere to Directive #11 as soon as practicable. Due to restrictions on load bearing at 280 Broadway, we are in the process of converting a storage closet into an interim secured area with a locked door and restricted access. This solution will only be used pending the completion of necessary programming to enable the entry into BIS of cash receipts for applications that are deficient. Once this programming has been performed, cash can be acknowledged and can be deposited within twenty-four (24) hours of receipt.

Sincerely yours,



Julie M. Lubin