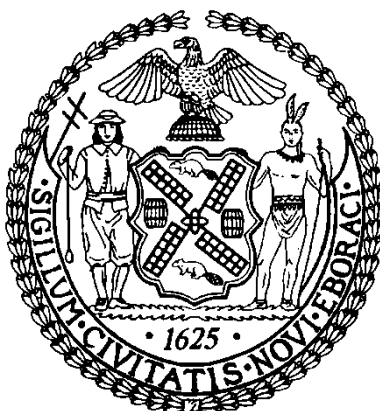


**CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER**

**John C. Liu  
COMPTROLLER**

**FINANCIAL AUDIT**

**Tina Kim  
Deputy Comptroller for Audit**



**Audit Report on the Department of  
Buildings's Audit of Professionally Certified  
Building Applications**

*7E11-056A*

**June 7, 2011**



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

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John C. Liu  
COMPTROLLER

June 7, 2011

**To the Residents of the City of New York:**

My office has audited whether the Department of Buildings (DOB) is complying with its policies and procedures for auditing professionally certified building applications. We audit programs such as professional certification as a means of ensuring that DOB is reviewing a sufficient number of applications for compliance with regulations that are meant to safeguard the public.

The audit found that DOB did not comply with its policies and procedures for auditing 20 percent of professionally certified building applications. Moreover, the data about professionally certified applications was unreliable. In addition, DOB did not always comply with its regulations governing the commencement of audits and the resolution of audit objections. Finally, DOB did not provide accurate statistics for reporting the auditing of professionally certified applications for the Mayor's Management Report.

The audit recommends that DOB should: ensure that all selected professionally certified building applications are audited and comply with regulations governing the timeframes for auditing applications; develop adequate controls so that information contained in Department data records is complete and accurate as required by Comptroller Directive #18 and; provide accurate, reliable data for reporting in the Mayor's Management Report about the actual numbers of audits conducted of professionally certified building applications.

The results of the audit have been discussed with DOB officials, and their comments have been considered in preparing this report. Their 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](mailto:audit@comptroller.nyc.gov).

Sincerely,

A handwritten signature in black ink that reads "JCL".

John C. Liu

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*The City of New York  
Office of the Comptroller  
Financial Audit*

**Audit Report on the  
Department of Buildings's Audit of  
Professionally Certified Building Applications**

**7E11-056A**

**AUDIT REPORT IN BRIEF**

The Department of Buildings (Department) is responsible for granting building permits to property owners who want to alter, build an addition to, or erect a structure. To obtain a building permit, a property owner must submit to the Department plans prepared by a licensed professional engineer or registered architect, which are examined by the Department to ensure compliance with building code and zoning requirements. Alternatively, since 1995, property owners can obtain a building permit by having their permit applications 'professionally certified' by the licensed engineer or architect who affirms that the plans comply with all applicable laws and codes. Approximately 45 percent of permit applications in Fiscal Year 2010 were professionally certified.

**Audit Findings and Conclusions**

The Department did not comply with its policies and procedures for auditing professionally certified building applications. Department policy required that 20 percent of professionally certified applications be audited within 10 days after a building permit is obtained; however, our review indicated that the Department audited only 55 percent of the required number of applications.

Audits ensure that professionally certified applications comply with regulations meant to safeguard the public, such as zoning, fire safety requirements, and access for persons with disabilities. In many cases, Department audits have uncovered substantive problems with professionally certified applications. Therefore, by falling short of the requirement to audit 20 percent of professionally certified applications, the Department may be neglecting to uncover serious problems pertaining to public safety.

Moreover, the data about professionally certified applications that we obtained from the Department was unreliable. Consequently, we could not ascertain an accurate population of applications that were subject to audit.

Furthermore, in two Department borough offices—Brooklyn and Queens—the Department did not audit a representative sample of application types. In addition, the

Department did not always comply with its regulations governing the commencement of audits and the resolution of audit objections. Finally, the Department is not providing to the Mayor's Management Report accurate statistics for reporting the auditing of professionally certified applications as required by Department policy.

### **Audit Recommendations**

This report makes a total of eight recommendations, including that the Department:

- Ensure that all selected professionally certified building applications are audited and comply with regulations governing the timeframes for auditing applications.
- Take immediate steps to resolve any outstanding problems pertaining to audits of professionally certified applications discussed in this report.
- Develop adequate controls so that information contained in Department data records is complete and accurate as required by Comptroller Directive #18.
- Provide accurate, reliable data for reporting in the Mayor's Management Report about the actual numbers of audits conducted of professionally certified building applications.

### **Department Response**

The Department appears to have agreed or partially agreed with seven recommendations and disagreed with one recommendation. The Department noted in its response that it has revised its policies and procedures by drafting a "new Operations Policy and Procedure Notice that supersedes the current OPPN #1/04."

## **INTRODUCTION**

### **Background**

The Department of Buildings (Department) enforces the New York City building and electrical codes, zoning resolution, and other applicable regulations for more than 975,000 City buildings and properties. Property owners who want to alter, build an addition to, or erect a structure must first obtain from the Department a building permit, which signifies that construction will comply with all applicable regulations. To obtain a permit, a property owner must employ a New York State-licensed professional engineer or registered architect to prepare plans and submit them to the Department. Department examiners review the plans to ensure they comply with applicable requirements.

Alternatively, since 1995, property owners can obtain a building permit by having their permit applications ‘professionally-certified’ by the licensed engineer or architect who affirms that the plans comply with all applicable laws and codes. Professional certification eliminates the Department’s plan review, thereby expediting the processing of permit applications. For Fiscal Year 2010, the Mayor’s Management Report disclosed that the Department received 60,235 applications for building permits; of these applications, 45.1 percent (or 27,166) were professionally certified.

Applications that can be professionally certified include the following: New Building (NB) for construction of new buildings; Alteration Type 1 (A-1) for alterations that involve a change of use or occupancy requiring new or amended certificates-of-occupancy; Alteration type 2 (A-2) for alterations in which the use or occupancy does not change; and Alteration Type 3 (A-3) for minor projects. Other application types that can be professionally certified include SG (signage), SC and SI (subdivisions), PA (Place of Assembly), and DM (Demolition).

The professional certification program is governed by the Department’s Operations Policy and Procedure Notice (OPPN) #1/04, dated January 16, 2004,<sup>1</sup> which requires that a minimum of 20 percent of all professionally certified applications be subject to an internal Department audit review and be randomly selected.<sup>2</sup> Audits of professionally certified applications are conducted in each Department borough office by a Technical Compliance Unit (TCU) consisting of auditors who are licensed architects and engineers, reporting to the Chief Plan Examiner in their respective borough offices. Information about audits of professionally certified applications is contained in the Department’s Building Information System (BIS) database and tracked in the Citywide Audit Tracking (CAT) database.

Audits of professionally certified applications cover the following: zoning regulations and accuracy of calculations; fire protection and occupant safety; egress requirements; Local Law 58 (access for persons with disabilities); and appropriateness of application fees. If an auditor discovers problems or errors in the application, these objections must be resolved.

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<sup>1</sup> OPPN #1/04 has been amended by Article 105.10.1 of Title 28 of the Administrative Code and Local law #4/07.

<sup>2</sup> Except for SC and SI subdivision applications of which 100 percent must be reviewed.

Applicants are granted 15 days to meet with the auditor and may further appeal to the chief plan examiner. If an applicant does not resolve the objections, the Department may revoke the permit. Applicants who consistently submit applications that fail audit reviews may have their professional certification privileges suspended or revoked.

### **Objective**

The objective of this audit was to determine whether the Department of Buildings is complying with its policies and procedures for auditing professionally certified building applications.

### **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 objectives. 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. This audit was conducted by staff that included auditors with engineering backgrounds.

The scope of this audit covers professionally certified building applications that were reportedly audited for which building permits were granted in Fiscal Year 2010. The audit scope included an evaluation of the Department's process for conducting audits of professionally certified applications. The scope did not include an assessment of the proficiency of the actual audits conducted by the Department.

To understand the policies and procedures governing the professional certification program, we reviewed information about the program and the Department's OPPN #1/04. We documented our understanding of the processes and created a flowchart of the steps involved in auditing professionally certified applications based on the Department's Policies and Procedures.

To understand the controls that are relevant to our audit and to the professional certification program, we interviewed Department personnel including the Manhattan Borough Commissioner and Chief Plan Examiner. We conducted interviews with Borough Operations officials to determine how professionally certified applications are selected for audit and to obtain other information about the audit process.

To understand the audit selection process, we conducted a walk-through of the Department's CAT computer system, which included an observation of the weekly process by which professionally certified building applications are selected to undergo audit. Additionally, to obtain an understanding of the information system controls, we observed the responsible Department official perform an actual and complete weekly selection process of professionally certified applications that were to be audited.

We reviewed the Comptroller's prior audit reports *Audit Report on the Internal Audit Review of Professionally Certified Building Applications by the Department of Buildings*, Audit #EW01-177A, issued April 30, 2003, and *Audit Report on the Building Information System of Department of Buildings*, Audit #7A04-101, issued September 27, 2004, to identify any previous issues that might be relevant to the current audit.

We asked the Department to provide us with the overall population of professionally certified applications that were subject to being audited under OPPN #1/04 in Fiscal Year 2010. The overall population that we received on January 24, 2011, consisted of applications for which an initial building permit was issued as well as post-approval amendments (PAAs).<sup>3</sup> We assessed the population data that we received from the Department, but could not determine whether it was complete or readily identified the applications for which an initial building permit was issued or those that were PAAs.

Consequently, we obtained two other lists from the Department: 1) 10,094 applications that represented—according to the Department—the 20 percent of applications that were randomly selected for auditing in Fiscal Year 2010,<sup>4</sup> and 2) the 5,543 applications that represented—according to the Department—the applications that were actually audited. We used these figures to determine whether the Department complied with the audit requirements in OPPN#1/04. We also selected a random sample of 50 of the 5,543 applications that had reportedly been audited to determine whether the Department complied with the audit timeframes noted in OPPN #1/04.<sup>5</sup> We examined the data in the CAT system for the 50 sampled applications to determine if it was consistent with the information contained in BIS and the corresponding application files.

For the sampled applications, we also performed testing to verify whether the reported audits were actually conducted, whether information was being accurately reported in the CAT and BIS systems, and whether the Department conducted audits in the required timeframes.

Once the file review was complete, we tested to verify if the results of the audits were properly recorded in the CAT and BIS computer systems. As a further test, we compared the information contained in both the CAT and BIS systems to each other to verify if the same information was being reported in both systems.

We also conducted tests to verify that the Department complied with its written audit procedures and that results were consistently reported in the CAT and BIS systems for the 50 applications.

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<sup>3</sup> After a building permit has been issued for an application, certain revisions to modify the scope of work described in the initial application must be filed as a post-approval amendment (PAA).

<sup>4</sup> The Department's audit selection program randomly selects 20 percent of initially permitted applications and PAAs for audit. The actual percentage may vary between 20 to 22 percent as a result of rounding.

<sup>5</sup> The sample was randomly chosen from each of the five boroughs in proportion to the number of audits reportedly conducted by the Department. The sample consisted of: 24 applications from Manhattan; nine applications from the Bronx; five applications from Brooklyn; eight applications from Queens; and four applications from Staten Island.



## **Discussion of Audit Results**

The matters covered in this report were discussed with Department officials during and at the conclusion of this audit. A preliminary draft report was sent to Department officials on April 8, 2011, and discussed at an exit conference held on April 21, 2010. On April 26, 2011, we submitted a draft report to Department officials with a request for comments. We received written comments from the Department on May 10, 2011.

The Department stated in its response that “Zoning Reviews Program, Professional Certification Audits and Inspection Program and special audits are the Department’s additional effort to the randomly selected audits based on OPPN #1/04.” Additionally, “A new Operations Policy and Procedure Notice that supersedes the current OPPN #1/04 have been drafted to consolidate all the above mention audit types and are awaiting release, pending final review.”

The Department appears to have agreed or partially agreed with seven recommendations and disagreed with one recommendation.

## **FINDINGS AND RECOMMENDATIONS**

The Department did not comply with its policies and procedures for auditing professionally certified building applications. Although Department policy requires audits of 20 percent of professionally certified applications for which a building permit was issued, our review indicated that a significantly lower number of applications were actually audited. Audits ensure that professionally certified applications comply with regulations that are meant to safeguard the public such as zoning, fire safety requirements, and access for persons with disabilities. In many cases, Department audits have uncovered substantive problems with professionally certified applications. Therefore, by falling short of the requirement to audit 20 percent of professionally certified applications, the Department may be neglecting to uncover serious problems pertaining to public safety.

Additionally, the data about professionally certified applications that we obtained from the Department was unreliable. Consequently, we could not ascertain an accurate population of applications that were subject to audit. Furthermore, in two Department borough offices—Brooklyn and Queens—the Department did not audit a representative sample of application types. In addition, the Department did not always comply with regulations governing the commencement of audits and the resolution of audit objections. Finally, the Department is not providing accurate statistics for reporting the auditing of professionally certified applications in the Mayor’s Management Report.

These matters are discussed in detail in the following sections of this report.

### **Applications Not Audited**

The Department did not audit an adequate number of professionally certified building applications in accordance with OPPN #1/04. According to the Department, 10,094 professionally certified building applications were randomly selected for audit in Fiscal Year 2010. While the Department deemed this selection to be the required 20 percent of all applications, information provided by the Department indicated that it actually audited only 5,543 (54.9 percent) of these applications. In other words, the Department audited 45 percent fewer applications than required.

Moreover, as we deemed the Department’s statistics and data provided about the professionally certified application program to be unreliable, we were unable to ascertain whether the Department audited all required subdivision applications as well as 20 percent of post-approval amendments.

OPPN #1/04 Section 3(a)(1) requires that “All professionally certified subdivision applications will be audited.” Section 3(a)(2) requires that “Approximately 20% of all other professionally certified applications will be audited within 10 business days of permit. A representative sample of application types will be randomly selected for review.” Finally, Section 3(b) requires that “Within 10 business days of post-permit PAAs on professionally certified applications, approximately 20% will be audited based upon random selection.”

Conducting required audits is an important measure for substantiating the reliability of the professional certification program. Moreover, audits ensure that professionally certified applications comply with regulations that are meant to safeguard the public such as zoning, fire safety requirements, and access for persons with disabilities. Indeed, audits have in many cases uncovered deficiencies in professionally certified applications. Thus, according to the Mayor's Management Report for Fiscal Year 2010, 20.1 percent of the audited applications had substantive problems that resulted in the issuance of a revocation notice to the applicant. In these cases, the Department can rescind a building permit if audit objections that were raised in a revocation notice are not resolved by an applicant within a specified timeframe.

However, as noted above, the Department does not ensure that the 20 percent audit requirement is being met and that all selected applications are indeed audited. Department officials told us that auditors may not conduct all assigned audits if workloads become excessive or if auditors are directed to concentrate on other critical tasks. Given these deficiencies, certain applicants or applications may not be audited, thereby presenting a possible risk to public safety.

### **Recommendation**

1. The Department should ensure that all selected applications are audited in accordance with OPPN #1/04. In that regard, implement controls to ensure that all applications selected for audit are actually audited.

**Department Response:** "The Department is committed to audit the target number of professionally certified applications even though we have a reduction in staff in that area. In addition to the TCU audits, the agency has also focused its efforts on additional audits through Zoning Reviews Program, Professional Certification Audits and Inspection Program and special audits. These initiatives are effective, particularly concerning high-risk projects such as NB and Alt-1 applications to ensure compliant construction."

**Auditor Comment:** We acknowledge the Department's commitment despite its staffing concerns and reiterate that it should audit the required numbers of professionally certified applications, regardless of any other type of audits that may have been conducted.

### **Audits Not Conducted in Brooklyn and Queens**

OPPN #1/04 requires that the Department select a representative sample of application types to be audited. We found that the Department did not select New Building and Alteration Type 1 applications for audit for Brooklyn and Queens. In these boroughs, NB and A-1 applications are reviewed prior to permit for conformance with zoning regulations only. As a result, the Department has neglected to conduct audit reviews that cover critical matters such as fire safety, egress, and disability act compliance.

OPPN #1/04 Section 3(c)(2) states that audit reviews "will focus on, but not necessarily be limited to, the following five areas: 1) zoning regulations and accuracy of calculations, 2) fire protection and occupant safety, 3) egress requirements, 4) Local Law 58 of 1987 regarding access for persons with disabilities, and 5) appropriateness of fees."

Withholding the selection of NB and A-1 applications in Brooklyn and Queens circumvents meaningful audits that are meant to ensure the safety of the general public. Department officials contended that the Brooklyn and Queens borough offices adhere to a “modified method of the original OPPN #1/04” for selecting building applications to audit, which permits the offices to exclude NB and A-1 applications. However, Department officials were unable to explain why the procedures were modified.

This is not the first time that we identified problems with the application selection process. A previous audit (*Audit Report on the Internal Audit Review of Professionally Certified Building Applications by the Department of Buildings*, Audit #EW01-177A, issued April 30, 2003) found that only one borough office—Manhattan—selected applications randomly and that the Department lacked formal procedures for selecting applications for audit.

### **Recommendation**

2. The Department should conduct audits of New Building and Alteration Type 1 building applications in all boroughs to ensure that audit reviews for NB and A-1 cover, at a minimum, zoning regulations and accuracy of calculations, fire protection and occupant safety, egress requirements, Local Law 58 regarding access for persons with disabilities, and appropriateness of fees.

**Department Response** “The Department conducts zoning reviews on all New Building (NB) and alteration Type 1 (Alt-1) building applications in Brooklyn and Queens prior to completion of data entry and the issuance of permits. The zoning review is prioritized over other audit items because zoning issues such as bulk, setback, and height are extremely hard to cure once construction progresses. The other audit items though critical are not as pertinent to these applications and even if uncovered, are much easier to resolve prior to sign-off and issuance of a Certificate of Occupancy. However, if any deficiency in the egress requirements, fire protection and occupant safety or other building issues is found during the audit, the auditors will note their objections in the comment box provided in the objection sheet and take actions accordingly.”

**Auditor Comment:** The Department’s emphasis on conducting zoning reviews should not preclude the Department from conducting audit reviews that cover critical items such as fire safety, egress, and disability act compliance. These items would have been audited had the Department chosen a representative sample of application types as required by OPPN #1/04.

### **Problems Complying with Audit Timelines**

We identified problems with the timeliness by which Department auditors commenced audits and resolved audit objections. OPPN #1/04 requires that audits commence within 10 business days after the Department issues a building permit for an application. Notwithstanding this timeframe, our review indicated that audits were commenced late for 12 of 50 (24 percent)

sampled applications. While most of the commencements were only slightly delayed, four of the 12 audits did not commence until 24 to 157 days after the required timeframe.<sup>6</sup>

In addition, OPPN #1/04 sets forth an audit timeframe of approximately 45 days after a permit has been issued to complete the audit process, including resolving any objections that were raised. Our review indicated that the timeframe was exceeded by up to a maximum of 337 days in the case of 12 of 50 (24 percent) sampled applications. Moreover, in three additional cases, application problems have not been resolved even though between 283 and 445 days have elapsed since the end of the 45-day timeframe.<sup>7</sup>

Moreover, OPPN #1/04 (as amended by the Administrative Code) requires that an applicant meet with the auditor to resolve objections within 15 calendar days of the “posting of notice by mail.” Applicants were required to meet with auditors in the case of 19 of 50 sampled applications. While nine of the meetings were held slightly beyond the timeline, meetings in two of the 19 (10 percent) cases were not held until 69 and 349 days after the required timeframe.<sup>8</sup> Furthermore, in two of the unresolved cases mentioned previously, applicants have never met with the auditors at all.

Untimely audits of professionally certified applications are a disservice to the public as an applicant may have commenced construction work long before objections are discovered by Department auditors. Consequently, an applicant may incur additional costs to remedy any audit deficiencies that need to be ultimately resolved. Furthermore—although the objections that were not resolved timely or remain unresolved were not significant—public safety can be jeopardized if audits are not concluded in a timely manner and objections that involve hazardous conditions are not resolved promptly.

### **Recommendations**

The Department should:

3. Comply with regulations governing the auditing of professionally certified building applications. In that regard, the Department should ensure that:
  - audits commence within 10 business days after a permit is issued;
  - audits are concluded and objections resolved within 45 days; and,
  - appointments with applicants to resolve objections are scheduled and held within 15 days.

**Department Response:** “A technical Buildings Bulletin, which supersedes the current OPPN #1/04, has been drafted to consolidate all the above mentioned audit programs

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<sup>6</sup> The audits pertained to application nos. 120296768 Doc 1, 320033423 Doc 1, 310292448 Doc 1, and 401094506 Doc 1.

<sup>7</sup> For application nos. 120203029 Doc 1, Job No. 220025559 Doc 2, and Job No. 420174466 Doc 1.

<sup>8</sup> For application nos. 104901377 Doc 2 and 120248972 Doc 1.

and stipulates more streamlined timelines and stringent enforcement policies is awaiting release, pending final review.”

4. Take immediate steps to resolve any outstanding problems pertaining to audits of application numbers 120203029 Doc 1, 220025559 Doc 2, and 420174466 Doc 1.

**Department Response:** “The Department has taken steps to follow up on these applications . . . ”

### **Problems with Inconsistent Data**

We identified numerous instances of inconsistent data in the data submissions we received from the Department. The submissions lacked applicant names, license numbers, property owners’ names, action status, and plan examiner information, and contained duplicate records and unexplained gaps in job numbering. Although the Department certified that the information provided was complete and accurate, our review found that the data was unreliable because it contained inconsistencies in the overall populations, duplicate entries, and included or excluded certain application types (i.e., SI, SC) and application types that were not subject to OPPN #1/04 audit requirements (i.e., PA, DM). After we brought this matter to the Department’s attention, we received a revised database on January 24, 2011, that still lacked required information. Consequently, we could not determine the overall population subject to audit by the Department.

Comptroller’s Directive 18 requires adequate controls to ensure that “every transaction . . . is authorized, recorded and processed completely and accurately . . . ” Given the inconsistent information obtained, we were unable to identify with assurance a complete and accurate population of professionally certified applications (consisting of initially permitted applications and PAAs) that were subject to audit in Fiscal Year 2010.

Furthermore, our comparison of the actual audit job files with the information contained in the BIS and CAT systems identified problems. For 17 of 50 (34 percent) sampled applications, we found inconsistencies in the information contained in the BIS and CAT systems and the actual job files. (See Table 1 on page 12). Department officials informed us that the BIS and CAT systems are not linked. Consequently, Department auditors must separately and manually record audit results in each system, a deficiency which could contribute to the information inconsistencies.

**Table 1**

		<b>Discrepancies from Department Job Files</b>			
		<b>BIS System</b>		<b>CAT System</b>	
<b>No.</b>	<b>Job No. / Doc No.</b>	<b>Incorrect Information</b>	<b>Missing Information</b>	<b>Incorrect Information</b>	<b>Missing Information</b>
1	104901377 / 05		X		
2	110255296 / 02		X		
3	120258899 / 03	X			
4	110053691 / 06	X			
5	220034549 / 01				X
6	220025559 / 02				X
7	320033423 / 01			X	
8	310117209 / 02			X	
9	420071451 / 01		X		
10	420097193 / 01	X			
11	420018885 / 03		X		
12	420174466 / 01			X	
13	420013700 / 01			X	
14	401094506 / 01			X	
15	520017865 / 06			X	
16	520026864 / 01				X
17	510065572 / 01				X
Totals =		3	4	6	4

**Recommendations**

The Department should:

5. Develop adequate controls so that information contained in Department data records is complete and accurate as required by Comptroller Directive No. 18. In that regard, correct all database inconsistencies, such as duplicate records and job numbering gaps, and ensure that all required information is provided.

**Department Response:** “BIS is the official data tracking system used in the Department. This system is widely recognized by other city agencies. There are no duplicate job/application records in BIS. Job numbering system is designed to produce unique and non-consequential job/application numbers. Each borough has separate formulas, which were created by the Information Technology Unit to generate unique job numbers and verify for their validity. The Department is looking into the details to ascertain the causes and will take appropriate corrective actions where needed.”

6. Ensure that information contained in the BIS and CAT systems is consistent. In that regard, implement controls to ensure that information is accurately recorded in both systems.

**Department Response:** “During the audit, the Department has explained that BIS is our database of record, and that CAT is an internal ‘stand-alone’ database that tracks various audits performed. The main purpose of creating CAT system was to help the Department better tracking and monitoring the status of various audits. It was clearly stated that the

two systems, BIS and CAT, are not interlinked. CAT system was designed for internal tracking, and we recognize that the data is likely to be inconsistent, given that this system tracks additional data and event information that BIS does not have. Any efforts to resolve differences among dissimilar records would require enormous effort and time from operations as well as IT, which the Department lacks and deems as non-critical. For this reason, the Department relies only on BIS for all its official use in external information, communication, and reporting. However, the Department will examine if there are any issues associated to BIS, and if found will take immediate steps to resolve them.”

**Auditor Comment:** If the Department’s purpose in creating the CAT system was to assist in “better tracking and monitoring the status of various audits,” it would be reasonable to expect that the data in the CAT system was accurate and consistent with BIS, the database of record.

### **Problems with Selecting Audit Samples**

OPPN #1/04 requires that a random selection of professionally certified applications be audited. Although the selection process is mostly computerized, certain manual steps must be performed by a limited number of Department staff. The sample is selected by using a bridge program that retrieves a weekly batch file containing the audit population from BIS, randomly selects the records to be audited, and exports the audit selections to the CAT system. The manual steps involve reviewing and “filtering” the initially selected data for various subsets of the population.

The Department has written procedures that describe these steps; however, the procedures do not provide sufficient controls to preclude the audit population and random selection process from being overridden or changed. Although there was no indication of inappropriate activity in this regard, stricter controls should be implemented. The selection process should be fully automated with appropriate application software controls to ensure the integrity of the data as required by Comptroller Directive 18.

### **Recommendation**

7. The Department should implement additional controls to prevent manipulation and/or substitution of data during the audit sample selection process.

**Department Response:** “As mentioned in Recommendation #6, the two systems are not interlinked and will require manual intervention to make the process work. However the Department will consider re-examining the process to see if any meaningful controls can be put in place.”



## Other Issues

### The Department's Method for Reporting Professionally Certified Audits is Misleading

The Mayor's Management Report (MMR) provides overall statistics for various "critical" agency performance indicators. According to the MMR for Fiscal Year 2010, the Department indicated that it audited 6,687 professionally certified building applications for an overall audit rate of 24.4 percent. However, as previously stated, we found that the Department had, in fact, audited a significantly lower percentage of applications as required by OPPN #1/04.

Department officials explained that the statistics reported in the MMR do not solely consist of audits of professionally certified building applications, but also include zoning reviews and "special" audits. However, we note that zoning reviews and special audits are unrelated to the OPPN #1/04 requirement for auditing professionally certified building applications. By including these other items, the MMR statistics do not accurately represent the professional certification program.

Professional certification of building applications is a premier City program to which significant cost savings have been attributed. According to a 2008 analysis by the City's Independent Budget Office, the elimination of the professional certification program "would require the city to add 69 new positions in the buildings department and cost the city \$7.5 million on an annual basis. There would also be \$1.5 million in additional one-time costs in the first year." Based on this analysis, it appears that the program is cost effective. However, program statistics should be accurately reported, and the Department should ensure that it audits all required building applications.

#### **Recommendation**

8. The Department should provide accurate and reliable data for reporting in the MMR about the actual numbers of audits conducted under OPPN # 1/04 of professionally certified building applications.

**Department Response:** "The statistics provided for MMR contains all audits that were performed on the professionally certified applications, which includes TCU (randomly selected based on OPPN #1/04), special audits, energy and zoning audits. The definition provided in MMR Data Dictionary – Jobs Professionally Certified that were Audited (%) states as: "The percent of jobs filed that were approved and received permits without review by DOB staff and were subsequently review by DOB staff."

**Auditor Comment:** Our concern is that the statistics reported in the MMR commingle audits of professionally certified building applications with special audits, energy and zoning reviews. Consequently, the MMR is not a reliable measure of whether the Department is achieving the target auditing percentage that is required under OPPN #1/04. Therefore, the Department should report as a separate indicator the statistics about audits of professionally certified building applications.



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May 6, 2011

Ms. Tina Kim  
Deputy Comptroller  
City of New York  
Office of the Comptroller  
1 Centre Street  
New York, NY 10007-2341

**Re: Audit Report on the Department of Buildings'  
Audit of Professionally Certified Building Applications  
7E11-056A**

Dear Ms. Kim:

Thank you for the opportunity to respond to the recommendations in the above mentioned audit report. We view your input as assistance in furthering our commitment to providing quality public service while maximizing our resources.

The Department of Buildings is committed to ensure that professionally certified applications comply with program policies that are meant to safeguard the public such as zoning, fire safety requirements and access for persons with disabilities. The Department pursues the OPPN #1/04 closely; however, patterns of abuse and noncompliance of the professionally certified program and repeat offenders of zoning and code regulations were found over time. The Department reallocated its manpower and resources and took proactive steps ensuring that the program is not compromised. As a result, Zoning Reviews Program and Professional Certification Audits and Inspection Program were established to target the problematic areas. Moreover, when applications in question requested for review, special audits are initiated. Zoning Reviews Program, Professional Certification Audits and Inspection Program and special audits are the Department's additional effort to the randomly selected audits based on OPPN #1/04.

Beginning in 2006, the Department initiated Zoning Review Program that requires the borough offices to audit of all New Building and Alteration Type-1 applications submitted under the Professional Certification Program. The goal of the zoning review is to identify potential zoning problems prior to completion of data entry and the issuance of permits and to continue our effort to ensure compliant development.

Professional Certification Audits and Inspection Program (SEP) was implemented in 2007 to audit Directive-14 (Alteration Type-2 and 3) applications filed professionally certified. This program is noteworthy for its efforts to follow-up these applications with SEP field inspections after the submission of Letters of Completion. The unit audited 2,747 jobs and performed 4,406 inspections in FY 2010. Furthermore, the identified repeat offenders would be held responsible with disciplinary action by DOB. In FY 2010, the Department has brought false filing cases against 16 architects and engineers who had knowingly or negligently submitted false documents to the Department.

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The Department also undertakes special audits of professionally certified applications, which are initiated when a project under construction draw critical attention from the community, elected officials or other city agencies.

As your report indicates, the objective of the audit was to determine whether the Department is complying with its policies and procedures for auditing professionally certified building applications. A new Operations Policy and Procedure Notice that supersedes the current OPPN #1/04 have been drafted to consolidate all the above mention audit types and is awaiting release, pending final review.

Below is the Department's response to the eight (8) recommendations:

**Recommendation #1: The Department should ensure that all selected applications are audited in accordance with OPPN #1/04. In that regard, implement controls to ensure that all applications selected for audit are actually audited.**

**Agency Response:** The Department is committed to audit the target number of professionally certified applications even though we have a reduction in staff in that area. In addition to the TCU audits, the agency has also focused its efforts on additional audits through Zoning Reviews Program, Professional Certification Audits and Inspection Program and special audits. These initiatives are effective, particularly concerning high-risk projects such as NB and Alt-1 applications to ensure compliant construction.

**Recommendation #2: The Department should conduct audits of New Building and Alteration Type 1 building applications in all boroughs to ensure that audit reviews for NB and A-1 cover, at a minimum, zoning regulations and accuracy of calculations, fire protection and occupant safety, egress requirements, Local Law 58 regarding access for persons with disabilities, and appropriateness of fees.**

**Agency Response:** The Department conducts zoning reviews on all New Building (NB) and Alteration Type 1 (Alt-1) building applications in Brooklyn and Queens prior to completion of data entry and the issuance of permits. The zoning review is prioritized over other audit items because zoning issues such as bulk, setback, and height are extremely hard to cure once construction progresses. The other audit items though critical are not as pertinent to these applications and even if uncovered, are much easier to resolve prior to sign-off and issuance of a Certificate of Occupancy. However, if any deficiency in the egress requirements, fire protection and occupant safety or other building issues is found during the audit, the auditors will note their objections in the comment box provided in the objection sheet and take actions accordingly.

**Recommendation #3: Comply with regulations governing the auditing of professionally certified building applications. In that regard, the Department should ensure that:**

- Audits commence with 10 business days after a permit is issued;
- Audits are concluded and objections resolved within 45 days; and,
- Appointments with applicants to resolve objections are scheduled and held within 15 days.

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**Agency Response:** A technical Buildings Bulletin, which supersedes the current OPPN #1/04, has been drafted to consolidate all the above mentioned audit programs and stipulates more streamlined timelines and stringent enforcement policies is awaiting release, pending final review.

**Recommendation #4:** Take immediate steps to resolve any outstanding problems pertaining to audits of application numbers 120203029 Doc 1, 220025559 Doc 2, and 420174466 Doc 1.

**Agency Response:** The Department has taken steps to follow up on these applications.

- 120203029 Doc 1: The last action of the application was in 2009. The borough office contacted the applicant to come in to resolve the audit.
- 220025559 Doc 2: This application is for sidewalk shed. The borough office is sending an inspector to see if the sidewalk shed is still in place. Once the inspection report is in, the auditor will process the application.
- 420174466 Doc 1: The borough office contacted the applicant and requested to resubmit the application package to resolve audit.

**Recommendation #5:** Develop adequate controls so that information contained in Department data records is complete and accurate as required by Comptroller Directive No. 18. In that regard, correct all database inconsistencies, such as duplicate records and job numbering gaps, and ensure that all required information is provided.

**Agency Response:** BIS is the official data tracking system used in the Department. This system is widely recognized by other city agencies. There are no duplicate job/application records in BIS. Job numbering system is designed to produce unique and non-consequential job/application numbers. Each borough has separate formulas, which were created by the Information Technology Unit to generate unique job numbers and verify for their validity. The Department is looking into the details to ascertain the causes and will take appropriate corrective actions where needed.

**Recommendation #6:** Ensure that information contained in the BIS and CAT systems is consistent. In that regard, implement controls to ensure that information is accurately recorded in both systems.

**Agency Response:** During the audit, the Department has explained that BIS is our database of record, and that CAT is an internal "stand-alone" database that tracks various audits performed. The main purpose of creating CAT system was to help the Department better tracking and monitoring the status of various audits. It was clearly stated that the two systems, BIS and CAT, are not interlinked. CAT system was designed for internal tracking, and we recognize that the data is likely to be inconsistent, given that this system tracks additional data and event information that BIS does not have. Any efforts to resolve differences among dissimilar records would require enormous effort and time from operations as well as IT, which the Department lacks and deems as non-critical. For this reason, the Department relies only on BIS for all its official use in external information, communication, and reporting. However, the Department will examine if there are any issues associated to BIS, and if found will take immediate steps to resolve them.

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**Recommendation #7:** The Department should implement additional controls to prevent manipulation and/or substitution of data during the audit sample selection process.

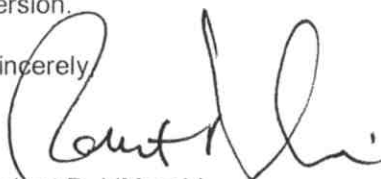
**Agency Response:** As mentioned in Recommendation #6, the two systems are not interlinked and will require manual intervention to make the process work. However the Department will consider re-examining the process to see if any meaningful controls can be put in place.

**Recommendation #8:** The Department should provide accurate and reliable data for reporting in the MMR about the actual numbers of audits conducted under OPPN # 1/04 of professionally certified building applications.

**Agency Response:** The statistics provided for MMR contains all audits that were performed on the professionally certified applications, which includes TCU (randomly selected based on OPPN #1/04), special audits, energy and zoning audits. The definition provided in MMR Data Dictionary - Jobs Professionally Certified that were Audited (%) states as: "The percent of jobs filed that were approved and received permits without review by DOB staff and were subsequently review by DOB staff".

Thank you for giving us the opportunity to respond to the draft report. We look forward to receiving your final version.

Sincerely,



Robert D. LiMandri  
Commissioner

cc: George Davis III  
Thomas Fariello  
Vincent Grippo  
Richard Bernard