

AUDIT REPORT

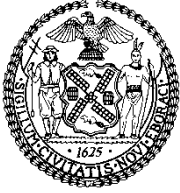


CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BUREAU OF MANAGEMENT AUDIT
WILLIAM C. THOMPSON, JR., COMPTROLLER

Audit Report on Fire Department Controls over the Professional Certification Process of the Fire Alarm Inspection Unit

MH09-086A

July 16, 2009



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 conducted an audit of Fire Department (FDNY) controls over the professional certification process of the Fire Alarm Inspection Unit (Alarm Unit).

The Alarm Unit conducts initial inspections of fire alarm systems of commercial buildings and high-rise residential buildings and issues Letters of Approval or Letters of Defect. Building owners who receive certain Letters of Defect are permitted to have a registered architect, a professional engineer, or a licensed electrical contractor attest to the proper operation of the fire alarm system, a process known as a "self" or "professional" certification, which is administered by the Alarm Unit. We audit programs such as these as a means of ensuring that they are operating in a manner to help promote public safety.

The results of our audit, which are presented in this report, have been discussed with FDNY officials, and their comments have been considered in the preparation of this report. Their complete written response is attached to this report.

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/ec

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

**Audit Report on
Fire Department Controls over the
Professional Certification Process of the
Fire Alarm Inspection Unit**

MH09-086A

AUDIT REPORT IN BRIEF

The Fire Department's (FDNY's) Bureau of Fire Prevention (the Bureau) is responsible for conducting public safety activities, such as inspections of bulk fuel, hazardous cargo, range hoods, sprinklers and standpipes, and fire alarm systems. The Bureau's Fire Alarm Inspection Unit (Alarm Unit) is responsible for conducting initial inspections of fire alarm systems of commercial buildings (e.g., schools, hotels, factories, office buildings, department stores, hospitals) and high-rise residential buildings and issuing Letters of Approval or Letters of Defect. When it finds more severe problems, the unit immediately issues Violation Orders.

To ensure compliance with a Letter of Defect, an inspector is to follow up by either going to the premises or by allowing the building owner to have a registered architect, a professional engineer, or a licensed electrical contractor attest to the proper operation of the fire alarm system (known as a "self" or "professional" certification). Throughout the year, the Alarm Unit selects approved professional certifications for audit. The Alarm Unit reported that it met its five percent audit goal by auditing 57 (5 percent) of the 1,139 professional certifications that it approved during Fiscal Year 2008. Our audit determined whether FDNY has adequate controls over the Alarm Unit's professional certification process to ensure that certifications are timely and legitimate.

Audit Findings and Conclusions

FDNY does not have adequate controls over the professional certification process of the Alarm Unit to ensure that certifications are timely and legitimate. Collectively, these inadequate controls create an environment in which the likelihood of corruption or the abuse of authority is increased and the risk of danger to the public is heightened.

The following include the areas of concern: 1) property owners for 49 percent of the 51 audited professional certifications that we reviewed failed their inspections, 2) an unreliable system for tracking professional certifications, 3) inadequate procedures for the timeliness of the professional certification process, 4) inadequate procedures for categorizing fire alarm system deficiencies based on their seriousness and for selecting audits, 5) missing hard-copy inspection

files, 6) inadequate goal for the audit of professional certifications, 7) lack of an annual rotation program for inspectors and supervisors, and 8) inaccurate billings for audit inspections.

In addition, there were questionable matters that further illustrate the need for FDNY to strengthen its controls, such as inspection files containing all four copies of the official FDNY Letter of Defect, including the building owner's copy, and a file lacking evidence of an audit inspection that was reported as performed in the Professional Certification Audit Results Report.

Audit Recommendations

Based on our findings, we make 21 recommendations, including:

- Until the new computer system that is in the process of being developed is fully operational by the Alarm Unit, FDNY should ensure that Alarm Unit officials effectively use whichever application (the Fire Prevention Information Management System or Self-Certification Database) is selected to monitor the professional certification process from the receipt of the certifications to their audit and any subsequent enforcement inspections.
- FDNY should develop and implement adequate written procedures that are sufficiently detailed for the Alarm Unit to follow for its professional certification process. The procedures should include time frames for reviewing professional certifications and conducting audit inspections of professional certifications. In addition, the procedures should include fire alarm system deficiencies categorized by their seriousness, the circumstances in which the Alarm Unit would not allow a Letter of Defect to be professionally certified, and the factors that should contribute to the Audit Supervisor's decision to select a professional certification for audit.
- FDNY should comply with its established time frame and cease accepting professional certifications that are submitted later than 90 days of the issuance of a Letter of Defect.
- FDNY should investigate the 10 professional certifications identified in this report for which the building owners may have either been incorrectly billed for inspections that did not occur, not billed at all, or inaccurately billed for inspections that did occur. If warranted, revised bills should be sent to the owners.

FDNY Response

In their response, FDNY officials generally agreed with 16 of the 21 recommendations and disagreed with 4. In addition, the remaining recommendation was no longer applicable because FDNY changed the relevant practice.

INTRODUCTION

Background

The Fire Department (FDNY) responds to fires, medical emergencies, disasters, and terrorist acts to protect lives and property in New York City (City). In addition, the FDNY promotes fire safety through its fire prevention, investigation, and education programs. FDNY's Bureau of Fire Prevention (the Bureau) is responsible for identifying and monitoring conditions or equipment that pose a hazard to life or property within the City. Accordingly, the Bureau conducts public safety activities, such as inspections of bulk fuel, hazardous cargo, range hoods, sprinklers and standpipes, and fire alarm systems. The Bureau uses a centralized computer system, the Fire Prevention Information Management System (FPIMS), to manage the inspections and the subsequent billing of inspection fees. This audit focuses only on FDNY controls over the professional certification process of the Bureau's Fire Alarm Inspection Unit (Alarm Unit).

The Alarm Unit is responsible for, among other things, conducting inspections of fire alarm systems of commercial buildings (e.g., schools, hotels, factories, office buildings, department stores, hospitals) and high-rise residential buildings. After the Alarm Unit conducts an initial inspection, it issues a Letter of Approval or a Letter of Defect. When it finds more severe problems during an initial inspection, the unit immediately issues a Violation Order. A building owner who receives a Letter of Defect must correct the problems cited within 90 days of the letter's issuance. If the issues cited in a Letter of Defect are not corrected, the Alarm Unit issues a Violation Order. A building owner who receives a Violation Order must correct problems within 30 days of issuance. If the building owner does not correct the problems cited in a Violation Order, the Alarm Unit issues a criminal summons to the owner.

To ensure compliance with a Letter of Defect, an inspector is to follow up by either going to the premises or by allowing the building owner to have a registered architect, a professional engineer, or a licensed electrical contractor attest to the proper operation of the fire alarm system (known as a "self" or "professional" certification). However, the correction of problems cited in a Violation Order must be inspected by the Alarm Unit to ensure compliance.

Professional certifications are not allowed for all Letters of Defect. The decision to allow a professional certification is based on an inspector's judgment. Additionally, an owner has the option of submitting a professional certification or having a follow-up inspection conducted by the Alarm Unit.

If a building owner chooses to have professional certification of the correction of deficiencies cited in a Letter of Defect, the owner must obtain a Certification of Correction of Electrical Defects Form (Correction Form) directly from FDNY or from its Web site and must complete and submit it within 90 days of the issuance of the Letter of Defect to the Alarm Unit's self-certification team for review. The self-certification team consists of the Self-Certification Reviewer (Reviewer), the Self-Certification Supervisor, and the Self-Certification Audit Supervisor (Audit Supervisor). The Reviewer is responsible for ensuring that the Correction

Form is dated when received, contains the signature and seal of the professional certifier, is notarized, and is inclusive of all the problems cited in the Letter of Defect.¹

If the Reviewer approves the professional certification, the Reviewer fills out an Inspection Report A-324 Form (FPIMS Inspection Report) and submits it to an Alarm Unit clerk. The clerk enters data from this report in FPIMS. Providing the building owner's account with FDNY has no outstanding inspection fees, FPIMS generates a Letter of Approval. If a professional certification is rejected, a letter is sent to the building owner listing the reasons for the rejection. The owner can submit a revised Correction Form providing that there is ample time before the 90-day period expires. Once a professional certification is either approved or rejected, the Reviewer is responsible for entering data pertaining to it in a Microsoft Access database (Self-Certification Database), which was created and is accessed by the self-certification team only.

Throughout the year, any of the Alarm Unit's inspectors can conduct an audit of an approved professional certification. The initial determination to audit a professional certification is judgmentally made by the Self-Certification Supervisor in conjunction with the Reviewer and is based on numerous factors (e.g., certification contains severe defects or was submitted too quickly considering the severity of defects). The final decision to audit a professional certification is made by the Audit Supervisor, who coordinates with the Scheduling Supervisor to schedule an audit inspection.

Once an audit inspection has been assigned, the inspector visits the property on the scheduled date and completes an Audit Report of Self-Certified Letter of Defect (Audit Report), which indicates the deficiencies inspected and whether they were corrected, and also an FPIMS Inspection Report, which includes the amount of time the inspector spent conducting the inspection. FPIMS then generates a bill for the inspection. If a property owner fails the audit, then a Violation Order will be issued. The result of the audit is recorded in the Self-Certification Database. While a property owner is not billed for the time the Reviewer spends reviewing a professional certification, the owner is billed for the time that an inspector spends conducting an audit inspection of a professional certification and any subsequent enforcement inspections.

According to the Alarm Unit's *Fiscal Year 2008 Auditing Results Pertaining to the Self-Certification of Letters of Defect* (Professional Certification Audit Results Report), the Alarm Unit reported that it met its five percent audit goal by auditing 57 (5 percent) of the 1,139 professional certifications that it approved during Fiscal Year 2008. Reportedly, property owners for 30 (53 percent) of the audits passed their inspections, and property owners for 27 (47 percent) of the audits failed their inspections and were subsequently issued Violation Orders.

Objective

The objective of this audit was to determine whether FDNY has adequate controls over the professional certification process of the Alarm Unit to ensure that certifications are timely and legitimate.

¹The deficiencies cited in a Letter of Defect could be certified as corrected by more than one professional.

Scope and Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). 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 conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the City Charter.

The audit scope period was July 2007 through April 2009.

To obtain an understanding of the responsibilities, goals, and regulations governing FDNY with respect to the professional certification process, we reviewed and used as audit criteria:

- Titles 15, 27, and 29 of the City Administrative Code,
- Chapter 19, §481, §§487-488, and §§490-492, of the City Charter,
- Title 3 of the Rules of the City of New York,
- FDNY, *Bureau of Fire Prevention D.O. 34 Fire Alarm Inspection Unit Procedural Manual*,
- Building Code of the City of New York,
- FDNY, *Fire Prevention Information Management System Inquiry Guide*, and
- City Comptroller's Directive #1, "Principles of Internal Control," as well as Directive #1's required Agency Financial Integrity Statement and Checklist, completed by FDNY for calendar year 2007.

A prior audit conducted by the Comptroller's Office, *Audit Report on Fire Department Controls over the Inspection of Fire Alarm Systems*, issued on June 29, 2007, (Audit # MH07-063A) was also reviewed to determine whether there were any recurring issues.

To further our understanding of the professional certification process, we interviewed FDNY officials, including the Assistant Chief of Fire Prevention, the Legal Counsel, the Director of the Alarm Unit, the Computer Specialist-FPIMS Programmer, the Self-Certification Supervisor-Deputy Chief Inspector, the Self-Certification Audit Supervisor, the Self-Certification Reviewer, the Scheduling Supervisor, several clerks, and several inspectors.

On October 23, 2008, and November 13 and 14, 2008, we accompanied three Alarm Unit inspectors on their audit inspections to obtain an understanding of how they conduct audits of professional certifications and follow up Violation Orders issued as a result of failed audit inspections. On February 10, 2009, we attended a public oversight hearing that was conducted by the City Council's Committee on Fire and Criminal Justice Services to review the Alarm Unit. The public hearing addressed whether the weaknesses that were identified by the prior audit issued by the Comptroller's Office had been rectified.

Reliability of Professional Certification Data

FDNY provided us with various data in electronic format containing 1,657 professional certifications—1,237 professional certifications that were received from July 1, 2007, through June 30, 2008, and 420 professional certifications that were received from July 1, 2008, through October 24, 2008. Additional data FDNY provided to us reportedly contained the 57 professional certifications that the Alarm Unit audited from July 1, 2007, through June 30, 2008.

The data for each professional certification during both periods included 21 fields, such as the identification number assigned by the Reviewer, Department of Building's (DOB's) Plan/Work-1 (PW-1) Application number, property address and borough, date of submission, approval or disapproval status and date, name of the Reviewer, and date of the Letter of Defect (and corresponding account and Letter of Defect numbers). All data provided to us was reportedly extracted from the Self-Certification Database.

To test the reliability of the data, we performed the following tests:

- Sorted the data and determined whether any identification numbers, DOB's PW-1 numbers, or account numbers appeared more than once. In addition, we determined whether any cells within various fields (i.e., approval or disapproval status, and name of the Reviewer) were blank or contained irrelevant information.
- Compared the submission dates of the professional certifications to the sorted identification numbers to determine whether the identification numbers were assigned in chronological order as the professional certifications were received.
- Compared the fields containing the dates of the Letters of Defect, the dates of submission of the professional certifications, and the dates of approval of the professional certifications to determine whether the dates were in chronological order consistent with the professional certification process.
- Selected the 16 hard-copy files found in the Alarm Unit's cabinet labeled "Self-Certification Audit Files" that contained audit inspections of professional certifications from July 1, 2007, through June 30, 2008. Our purpose was to determine whether these audit inspections were recorded in the Self-Certification Database as well as in the Professional Certification Audit Results Report.

Review of Audited Professional Certifications

We requested to review the hard-copy inspection files for the 57 professional certifications that the Alarm Unit reportedly audited from July 1, 2007, through June 30, 2008, but obtained only 52, because FDNY was unable to find 5 of the files. We then conducted the tests detailed below for each of the 52 professional certifications that were audited.

Adequacy of Documentation in Files

We reviewed each of the files to determine whether the required Correction Forms were present, and if so, whether they contained the required information. In addition, we determined whether the files for each of the professional certifications contained the original Letter of Defect (FDNY white copy), and if so, whether any Letters of Defect contained notes from inspectors stating that they should not be professionally certified. We also determined whether an FPIMS Inspection Report was appropriately filled out by the Reviewer for each professional certification that was approved. For any Correction Forms that were rejected, we determined whether letters were sent to the building owners listing the reasons for the rejection and whether these owners subsequently submitted revised Correction Forms.

We also reviewed each of the files to ascertain whether the required Audit Reports were completed by the inspectors while conducting their audit inspections, and if so, whether they contained evidence that all of the deficiencies cited in the Letters of Defect were inspected and were either corrected or not corrected.

Timeliness of Submission, Review, and Audit of Professional Certifications

To determine whether the professional certifications were submitted to the self-certification team within 90 days of issuance of the Letters of Defect, we calculated the number of days between the dates of the Letters of Defect and the receipt dates that were indicated on the Correction Forms.

To ascertain whether the self-certification team reviewed the professional certifications in a timely manner, we calculated the number of days between the dates that the Correction Forms were received and the dates that the Correction Forms were either approved or rejected. If there were any building owners who submitted revised Correction Forms, we determined whether the submission was made before the 90-day period expired by calculating the number of days between the dates that the revised Correction Forms were received and the dates of the Letters of Defect. We also determined whether the self-certification team reviewed the revised Correction Forms in a timely manner.

To determine whether the professional certifications were audited in a timely manner, we calculated the number of days between the dates that the Correction Forms were received and the audit inspection dates. We also calculated the number of days between the dates that the Correction Forms were approved and the audit inspection dates.

We assessed whether the Alarm Unit followed up on the Violation Orders that were issued, and if so, whether it took place after 30 days of the issuance of the Violation Orders. To do so, we calculated the number of days between the dates that the Violation Orders were issued and the dates that the inspectors conducted their follow-up inspections. We also determined whether the Alarm Unit issued criminal summonses to building owners who did not correct the deficiencies cited in those Violation Orders.

Accuracy of Billing of Audit Inspections

We determined whether the Alarm Unit accurately billed the property owners in our sample for the time that the inspectors spent conducting audit inspections and any subsequent enforcement inspections. To do so, we reviewed FPIMS Inspection Reports for each of these inspections and determined the number of regular or overtime hours each of the inspections lasted. Next, we multiplied these hours by the appropriate hourly rate and determined the inspection fees that should have been charged. We then obtained read-only access to FPIMS and determined whether the property owners were, in fact, billed for these amounts.

Review of Audit and Subsequent Enforcement Inspections Recorded on Field Activity Reports

Based on our review of the inspection files, we determined that there were 12 inspectors who conducted 81 audit inspections and subsequent enforcement inspections for the professional certifications that were reportedly audited in our sample. To assess whether these inspectors legitimately conducted these inspections, we obtained the Field Activity Reports for each of these inspectors corresponding to the dates that the inspections reportedly were conducted. The Field Activity Reports reflect time spent and dispositions of field activity that has been completed per day, per inspector. They are maintained in files separate from the inspection files. We determined whether the information (i.e., address of property inspected and time spent conducting the inspection) contained in the inspection files for the 81 inspections matched information contained in the Field Activity Reports.

Survey of Inspectors

We developed a list of 30 deficiencies that we obtained from three Letters of Defect in our sample and conducted a survey on March 20, 2009, of 17 inspectors from the Alarm Unit, including three supervisors and one Deputy Chief Inspector. We determined whether the inspectors were consistent in their judgments as to the seriousness of the deficiencies and whether they would allow the deficiencies to be professionally certified.

Rotation of Inspectors

We determined whether the Alarm Unit has an annual program in place whereby the locations of the assignments of inspectors are rotated to prevent inspectors from conducting inspections in the same community for more than a year, as required by its procedures. To do so, we requested the Alarm Unit's annual rotation roster for the past three years and assessed whether each of the inspectors conducted inspections each year in different boroughs.

The results of our various samples, while not projected to their respective populations, provided a reasonable basis for us to determine whether FDNY has adequate controls over the professional certification process of the Alarm Unit.

Discussion of Audit Results

The matters covered in this report were discussed with FDNY officials during and at the conclusion of this audit. A preliminary draft report was sent to FDNY officials and discussed at an exit conference held on June 1, 2009. On June 9, 2009, we submitted a draft report to FDNY officials with a request for comments. We received a written response from FDNY officials on June 23, 2009. In their response, officials generally agreed with 16 of the 21 recommendations. One recommendation is no longer applicable as FDNY has changed its practice and no longer posts professional certification information on its Web site. FDNY officials disagreed with the remaining 4 recommendations: to discuss whether FPIMS could be used for tracking professional certification data; to comply with its established time frame for accepting professional certifications; to devise an annual program for the rotation of assignments and locations; and to increase the inspection fee.

The full text of the FDNY response is included as an addendum to this report.

FINDINGS AND RECOMMENDATIONS

FDNY does not have adequate controls over the professional certification process of the Alarm Unit to ensure that certifications are timely and legitimate. Collectively, these inadequate controls create an environment in which the likelihood of corruption or the abuse of authority is increased and the risk of danger to the public is heightened.

The following include the areas of concern we identified:

- property owners for 49 percent of the 51 audited professional certifications that we reviewed failed their inspections,
- an unreliable system for tracking professional certifications,
- inadequate procedures for the timeliness of the professional certification process,
- inadequate procedures for categorizing fire alarm system deficiencies based on their seriousness and for selecting audits,
- missing hard-copy inspection files,
- inadequate goal for the audit of professional certifications,
- lack of an annual rotation program for inspectors and supervisors, and
- inaccurate billings for audit inspections.

In addition, there were questionable matters that further illustrate the need for FDNY to strengthen its controls, such as inspection files containing all four copies of the official FDNY Letter of Defect, including the building owner's copy, and a file lacking evidence of an audit inspection that was reported as performed in the Professional Certification Audit Results Report.

FDNY officials stated that as a result of the new Fire Code, which was implemented on July 1, 2008, there will be changes to the professional certification process that have to date not been established.² Based on our findings, we believe that FDNY needs to overhaul the entire professional certification process so that it could be adequately tracked and monitored to prevent the possibility of corruption and minimize potential risks to public safety.

These findings are discussed in greater detail in the following sections of the report.

²Under the new Fire Code, only additions and modifications to existing core fire alarm systems that were approved by FDNY may be professionally certified. The new Fire Code will also give more enforcement power to FDNY so that it can take legal action not only against building owners but also against professional certifiers.

Unreliable System for Tracking Professional Certifications

The Alarm Unit does not use a reliable system for tracking professional certifications. As a result, FDNY management cannot adequately monitor the professional certification process to ensure that it is efficiently and effectively performed and that the information reported is accurate and complete.

While the Bureau uses FPIMS to manage inspections, Alarm Unit officials informed us that they do not use FPIMS for tracking professional certifications that are submitted since they believe that the system is not designed to capture such data for their purposes. We spoke with FDNY's Computer Specialist-FPIMS Programmer (Programmer) and asked him whether FPIMS could be used for tracking professional certifications, especially since it performs on-line editing and validation of all entered transactions. Contrary to what Alarm Unit officials told us, the Programmer stated that FPIMS could, in fact, be used to record professional certification data and can be used for their purposes. He believes that Alarm Unit officials are not, but should be, aware of the capabilities of FPIMS.

Since professional certifications are not tracked in FPIMS, in 2003 the self-certification team independently created the Self-Certification Database for tracking professional certifications. In addition, some of the information from the database is made available on FDNY's Web site so that building owners may view the status of their professional certifications and learn whether they have been approved or denied.

During the exit conference, officials stated that FPIMS is outdated and will eventually be "phased out." They stated that FDNY has entered into a four-year, \$25 million contract with International Business Machines Corporation (IBM) to develop a new computer system to track building inspection information, including professional certifications, and improve the sharing of inspection data within FDNY and with other City agencies that have inspection responsibilities, such as DOB. Nevertheless, until a new computer system is developed and fully operational by the Alarm Unit, FDNY needs a reliable system for tracking professional certifications so that management can adequately monitor the process to ensure that it is efficient and effective and that the information reported is accurate and complete.

Incomplete and Inaccurate Information in the Self-Certification Database

Based upon our review of the data pertaining to the 1,657 professional certifications that were recorded in the Self-Certification Database as being received from July 1, 2007, through October 24, 2008, we found that this database is incomplete and inaccurate. Thus, we cannot be assured that we identified the entire population of professional certifications received by FDNY during this period. Consequently, we are unable to determine whether the FDNY actually met its annual five percent goal of auditing approved professional certifications. In addition, we question the effectiveness of FDNY in monitoring and evaluating the performance of the Alarm Unit's professional certification process since FDNY relies on the data in this database.

We found, among other things, that:

- 1,254 cells within 11 fields were blank.³ These fields included the identification number assigned by the Reviewer, the approval or disapproval status of the professional certification, and the date that the professional certification was approved or rejected.
- 12 cells within 3 fields contained duplicate data. The fields included the identification number assigned by the Reviewer, the Letter of Defect number, and the account number.
- 189 cells within 12 fields contained erroneous or contradictory information. For example, one of the cells contained an approval date for a professional certification of January 8, 2009. We received the database on November 14, 2008—the year 2009 had not yet occurred. In another example, one of the cells contained an approval date for a professional certification of January 11, 2007—11 months prior to the date that the professional certification was reportedly submitted.
- There were sequential gaps in the listing of 144 identification numbers, which indicated that an additional 4,301 identification numbers should have been listed in the database but were not.
- There were 225 instances in which the identification numbers were not assigned in the chronological order the professional certifications were received.

When we spoke with the Audit Supervisor regarding these discrepancies, he agreed that the information in the database is not totally reliable. He also stated that to save time, the data for some fields is no longer recorded in the Self-Certification Database. In addition, the Audit Supervisor told us that identification numbers are manually assigned in the database, which he believes may be the cause of the gaps and incorrect sequential numbering in the data. We do not understand why FDNY officials would allow professional certification information from the database to be made available on its public Web site since they have acknowledged that it is not “totally reliable.”

When we asked the Audit Supervisor to provide us with data in electronic format containing the 1,139 professional certifications that were approved from July 1, 2007, through June 30, 2008, as reported in the Professional Certification Audit Results Report, he was unable to find the file containing this data. To replicate the files, he sorted the information in the database for us and arrived at a total of 1,189 professional certifications that were approved from July 1, 2007, through June 30, 2008—50 more than what was reported. The Audit Supervisor attributed this discrepancy to Correction Forms submitted by professional certifiers that were originally rejected but subsequently approved. In such cases, he stated, the rejected status would be changed to an approved status. However, we could not corroborate his explanation as there is no field in the Self-Certification Database to record and document status changes.

³A field refers to a column of data, while a cell refers to an area within the field in which a single piece of data is entered.

In addition, to the above matters, we found that the individual responsible for reviewing professional certifications is also responsible for recording the certification data in the Self-Certification Database. This practice is contrary to §5.0 of Comptroller's Directive #1, which states that "key duties and responsibilities need to be divided or segregated among different staff members to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, and reviewing the transactions. No one individual should control all key aspects of a transaction or event." Segregating the responsibilities of reviewing professional certifications and the recording of that data should be an integral part of the agency's internal control process to ensure that all professional certifications received are properly accounted for in the Self-Certification Database, and that the data is recorded accurately and in a timely manner.

Data Pertaining to the Scheduling or Cancelling of Audit Inspections Not Always Provided to the Audit Supervisor for Tracking

We found instances in which data pertaining to the scheduling or cancelling of audit inspections was not provided to the Audit Supervisor by the Scheduling Supervisor for inclusion in the Self-Certification Database. The lack of communication between these two individuals resulted in inaccurate and incomplete data for audits of professional certifications.

The Audit Supervisor maintains data in the Self-Certification Database of all professional certifications that he selects for audit inspections. Once the audits have been scheduled by the Scheduling Supervisor, he notifies the Audit Supervisor so that the dates of the scheduled audits along with the names of the inspectors who will be conducting the audits may be entered in the database for tracking purposes. Accordingly, the Audit Supervisor should be notified of changes in the scheduled audit dates or scheduled inspectors so that he can note them in the database. However, this is not always done.

For example, on October 20, 2008, the Audit Supervisor provided us with a hard-copy listing (Audit Schedule Listing) from the database of all professional certifications that he selected for audit during the period July 2007 through May 2008 and that were scheduled by the Scheduling Supervisor. Upon review, we noted that there was an audit scheduled for October 24, 2008, that we wanted to observe. However, when the Scheduling Supervisor reviewed his scheduling book to provide us with the time of the scheduled inspection, he told us that the inspection had been canceled. The Audit Supervisor was not notified, as he should have been, of the cancellation and therefore had not updated the database.

We believe that the lack of communication between the Audit Supervisor and the Scheduling Supervisor could be avoided if an electronic method of scheduling inspections were used. Currently, the scheduling of inspections is manually recorded by the Scheduling Supervisor in a scheduling book rather than being recorded in electronic format. Electronically recording information would eliminate much of the potential for human error and would simplify and improve data collection. The data, including updates, could readily be shared among all parties (i.e., inspectors and Audit Supervisor) involved in the professional certification process.

Recommendations

Until the new computer system that is in the process of being developed is fully operational by the Alarm Unit, FDNY should:

1. Coordinate a meeting between Alarm Unit and FPIMS officials to discuss whether FPIMS could be used for tracking professional certification data.

FDNY Response: FDNY disagreed and stated, “FDNY is currently working with IBM on a four year, \$25 million Department-wide technology enhancement project that includes the phasing out of the FPIMS legacy system during 2010. In the interim, FAIU [Fire Alarm Inspection Unit, i.e., the Alarm Unit] has developed an Access database to track professional certification data. The Access program was modified to eliminate the blank ‘cells’ reported in Audit MH09-086A.”

Auditor Comment: We are pleased that FDNY is currently working with IBM on a four year enhancement project that includes the phasing out of FPIMS. However, FDNY has not established a time frame in which a new computer system for the Alarm Unit will be fully operational. Until then, FDNY needs a reliable system for tracking professional certifications so that management can adequately monitor the process to ensure that it is efficient and effective and that the information reported is accurate and complete.

Based on FDNY’s response, it does not appear that FDNY has acknowledged how unreliable the Self-Certification Database is. Besides “blank” cells, there were other problems, such as sequential gaps in the listing of identification numbers, identification numbers not assigned in chronological order, cells within fields containing duplicate data, and cells within fields containing erroneous or contradictory information. It also does not appear that FDNY has made a good faith effort in contacting FPIMS officials to determine the capabilities of FPIMS in relation to the Alarm Unit’s professional certification needs. FDNY should evaluate all available application options to ensure that the one that it ultimately chooses is in fact the best choice. Accordingly, we reaffirm our recommendation.

2. Ensure that Alarm Unit officials effectively use whichever application (FPIMS or Self-Certification Database) is selected to monitor the professional certification process from the receipt of the certifications to their audit and any subsequent enforcement inspections.

FDNY Response: “FDNY has replaced the FAIU Professional-Certification Supervisor and Professional-Certification Review in place at the time of the audit. Using the Access database, the new supervisor and reviewer have improved the efficiency and productivity of this function in FY 2009, and will continue to do so in FY 2010.”

3. Create an electronic method for scheduling inspections and making the information available to all Alarm Unit inspectors as well as the Audit Supervisor. In the interim, a procedure should be devised by the Audit Supervisor and Scheduling Supervisor so

that all scheduled inspection data, including updates, is readily shared for inclusion in the Self-Certification Database for tracking purposes.

FDNY Response: “FDNY has included this technology upgrade as part of the multi-year FARR [Field Activity Routing and Reporting] and CBIDAS [Coordinated Building Inspection and Data Analysis System] projects to upgrade inspection scheduling and tracking Department-wide.”

In addition, FDNY should:

4. Segregate the duties of reviewing professional certifications and of recording data pertaining to professional certifications among different staff members.

FDNY Response: “FDNY does not have sufficient staff to implement this recommendation. A request for additional staff is being prepared by FAIU for submission to OMB [City’s Office of Management and Budget] in the fall of 2009.”

Auditor Comment: According to the Alarm Unit’s organization chart for Fiscal Year 2009, the clerical support staff comprises approximately four clerks. That being the case, the function of recording professional certification data could either be assigned to one of the four clerks or equally divided among all of the clerks until the request to OMB for additional staff has been approved. This would ensure that the duties of reviewing professional certifications and of recording data pertaining to professional certifications are suitably segregated among different staff members.

5. Ensure that information made available on its Web site regarding professional certifications is accurate and complete.

FDNY Response: This recommendation is no longer applicable. FDNY stated, “The information on the Web site regarding professional certifications is no longer posted. It was installed at a time when a significant backlog in processing of certifications was generating a significant volume of applicant inquiries. Since the backlog has been eliminated, this information is no longer posted on our Web site by FAIU.”

Hard-Copy Inspection Files Not Found

FDNY could not find the hard-copy inspection files for 5 (9 percent) of the 57 professional certifications in our sample that were reportedly audited from July 1, 2007, through June 30, 2008. Consequently, there is no evidence to indicate whether building owners submitted the professional certifications within 90 days of the issuance of the Letters of Defect, the Alarm Unit reviewed and audited these certifications in a timely manner, or the Alarm Unit conducted enforcement inspections in a timely manner for those properties in which the owners failed their audit inspections. The absence of these inspection files is of great concern to us since the audits of these professional certifications were current (conducted during Fiscal Year 2008) and should have been readily available.

The Director of the Alarm Unit stated the missing hard-copy inspection files may have been misfiled by FDNY's Record Unit officials. (When fire alarm systems for properties have been approved and building owners have paid all inspection fees, the hard-copy inspection files for these accounts are sent to the Record Unit for filing.) However, the Alarm Unit does not have a system in place to track the hard-copy inspection files that have been sent to and received by the Record Unit. Consequently, we were unable to corroborate the explanation given by the Director for the absent files.

Recommendations

FDNY should:

6. Ensure that all hard-copy inspection files of the Alarm Unit are maintained in an organized manner.

FDNY Response: "FDNY is exploring the use of scanning technology in order to create virtual files that are easier to maintain and access."

7. Develop a system to track hard-copy inspection files that have been sent to and received by the Record Unit for filing.

FDNY Response: "FAIU has implemented check out procedures for inactive files similar to the procedures already in use for active files. This system now ensures that the chain of custody for all records is maintained."

Inadequate Procedures for the Professional Certification Process

The Alarm Unit does not have adequate procedures to follow for its professional certification process. According to officials, the procedures they follow are contained in the *Bureau of Fire Prevention D.O. 34 Fire Alarm Inspection Unit Procedural Manual* (Alarm Unit Manual). However, the Alarm Unit Manual is not sufficiently detailed and contains merely general guidelines for handling professional certifications. The lack of comprehensive formal procedures prevents FDNY management from ensuring that Alarm Unit officials understand, consistently follow, and accomplish all the tasks necessary to carry out their responsibilities as they relate to the professional certification process and to do so in a timely manner.

The following are examples that illustrate the need for comprehensive procedures.

Inadequate Procedures for Timeliness

The Alarm Unit has not developed formal procedures governing the length of time it should take to review professional certifications and conduct audit inspections of professional certifications. In addition, while the Alarm Unit does have a procedure in place stating that a Letter of Defect cannot be eligible for professional certification after 90 days of its issuance, the Alarm Unit is not enforcing this procedure. As a result, the Alarm Unit is unable to ensure that

the majority of professional certifications are submitted timely (within 90 days) and do not put public safety at risk.

We found that 20 (38 percent) of the 52 professional certifications in our sample were received and accepted for review by the Alarm Unit after the period of 90 days had elapsed, with periods ranging from 92 days (three months) to 1,588 days (more than four years). (See column B in the following Table I for details.)

For each of the 52 professional certifications, we calculated the number of days between the dates that the Correction Forms were received and the dates that the Correction Forms were approved and found that the number of days ranged from the same day to 251 days (more than 8 months). Since there were no written guidelines regarding the length of time it should take to approve professional certifications, for testing purposes, we used seven days as the standard—this is the period that the Director of the Alarm Unit stated would be reasonable since if achieved, it would be “an incentive for clients to self-certify.” Forty-three (83 percent) of the 52 professional certifications reviewed exceeded the informal seven-day standard. (See column C in the following Table I for details.)

In addition, for each of the 51 professional certifications⁴ in which files contained audit inspection documentation, we calculated the number of days between the dates that the Correction Forms were approved and the audit inspection dates and found that the number of days ranged from 87 days (almost three months) to 328 days (almost 11 months). Again, since there were no written guidelines regarding the length of time it should take to audit professional certifications, for testing purposes, we used 68 days as the standard—this is the period that the Director of the Alarm Unit stated would be reasonable “based on the manpower limitations.” All of the 51 professional certifications reviewed exceeded the informal 68 day standard. (See Column D in the following Table I for details.)

Table I, following, summarizes the range of days it took the Alarm Unit to conduct various steps of the professional certification process for our sampled certifications.

⁴For one of the 52 professional certifications in our sample, we did not have supporting documentation indicating that it was audited. Therefore, for this timeliness test, we reduced our sample to 51.

Table I

Range of Days It Took the Alarm Unit to Receive, Review, and Conduct
Audit Inspections of Professional Certifications in Our Sample

(A) Range of Days	(B) # of Professional Certifications (From Letter of Defect Date to Receipt Date)	(C) # of Professional Certifications (From Receipt Date to Approval Date)	(D) # of Professional Certifications (From Approval Date to Audit Inspection Date)
Same day through 7 days	3	9	0
8 days through 30 days	5	4 *	0
31 days through 68 days**	11	34 *	0
69 days through 90 days	13	2 *	3*
91 days through 120 days	7 *	2 *	15*
121 days through 180 days	8 *	0	13*
181 days through 300 days	2 *	1 *	17*
301 days or more	3 *	0	3*
Total	52	52	51*
	(* 20 received after 90 days)	(*43 exceeded informal 7 day standard)	(*51 exceeded informal 68 day standard)

**The Alarm Unit's informal standard for auditing professional certifications.

Furthermore, while the Alarm Unit has a procedure stating that a Violation Order must be corrected by a building owner within 30 days of its issuance, the Alarm Unit has not established a time frame within which the Alarm Unit should follow up. A prior audit performed by the Comptroller's Office, *Audit Report on Fire Department Controls over the Inspection of Fire Alarm Systems*, issued on June 29, 2007, also reported this issue. Upon review of the audit inspection documentation for the 51 professional certifications, we determined that 25 (49 percent) of the building owners failed their audits and were all issued Violation Orders. In all 25 instances, the Alarm Unit followed up to ensure that problems were corrected as follows:

- For 10 instances, the problems were corrected and the Violation Orders were dismissed.
- For 13 instances, the problems were not corrected and owners were issued criminal summonses.
- For one instance, the Alarm Unit followed up and "progress" was noted by the inspector.
- For one instance, two Noncompliance Memos were issued for a City-owned building.

Although we found that the Alarm Unit followed up on Violation Orders, there was a wide range of time in which the follow-up inspections took place. We calculated the number of days between the dates that the Violation Orders were issued and the dates that the inspectors

conducted their follow-up inspections and found that the number of days ranged from 42 days (more than one month) to 329 days (almost 11 months).

In addition, the receipt dates of Correction Forms are indicated either by a rubber stamp or by an electronic timeclock stamp, but the approval dates of professional certifications and the dates that professional certifications are selected for audit are always rubber stamped. By using a rubber stamp rather than a timeclock stamp, the potential for human error is increased, since the date must be manually changed on the hand stamp but the date on the electronic timeclock is automatically changed. For example, in one instance we found that the professional certification was approved one day prior to receipt. Since rubber-stamped dates are unreliable, the tracking of the timeliness of the professional certification process may also be affected, opening potential for abuse.

The fact that property owners for 49 percent of the audited professional certifications failed their inspections is disconcerting to us. Throughout the audit, FDNY officials have stated that they believe this high failure percentage is largely due to the judgmental audit selection of professional certifications. They stated that the Self-Certification Supervisor in conjunction with the Reviewer attempts to detect the potential falsifiers by judgmentally selecting professional certifications to audit based on numerous factors (e.g., certification contains severe defects or was submitted too quickly considering the severity of defects). Officials believe that if the selection were done on a random basis the percentage would be lower. Nevertheless, until professional certifications are selected randomly, we cannot corroborate their explanation.

Currently, when a professional certification has been found to be falsified the only enforcement action that the Alarm Unit takes is against the property owners—a Violation Order is issued, and if the problems cited are not corrected, a criminal summons will then be issued—and not the professional certifiers. The new Fire Code, which went into effect July 1, 2008, gives more enforcement power to FDNY so that it could also take legal action against the professional certifiers. Specifically, the new Fire Code states “The commissioner may adopt rules setting forth the penalty for submission of false or fraudulent documents certifying compliance Penalties may include disqualification from submission of professionally certified applications.” To date, however, these rules have not been finalized.

Inadequate Procedures for Categorizing Fire Alarm System Deficiencies by Their Seriousness and for Selecting Audits

The Alarm Unit has not developed procedures for categorizing problems with fire alarm systems by their seriousness. There are also no guidelines governing the circumstances in which the Alarm Unit would not allow a Letter of Defect to be professionally certified, or the factors contributing to the Audit Supervisor’s decision in selecting a professional certification for audit. The lack of these procedures could lead to inconsistencies among Alarm Unit officials in evaluating problems discovered during inspections, in assessing whether problems should be professionally certified, and in selecting audits of professional certifications.

According to the Director of the Alarm Unit, inspectors use their “professional judgment” in deciding which problems cited on a Letter of Defect should not be professionally certified. The Director stated that an inspector might not allow professional certification “if an important

fire alarm system component was not code compliant (i.e., sprinkler water flow or elevator recall).” Similarly, he stated that the Audit Supervisor uses his “professional judgment” in deciding whether a professional certification that has been submitted will be selected for audit.

The Alarm Unit Manual provides guidance for inspectors in a number of areas, such as how they are to issue Letters of Defect in the field immediately following an inspection and how they are to use the official FDNY color-coded, four-page Letter of Defect document, rather than a computer-generated Letter of Defect. In addition, the section in the Alarm Unit Manual, “Fire Alarm Inspection Unit Standard Form of Defects,” lists the various types of defects that could be found upon inspection of a fire alarm system. However, the list does not categorize them based on their seriousness, and does not indicate the circumstances in which a Violation Order should be issued rather than a Letter of Defect.

We developed a list of 30 defects that we obtained from three Letters of Defect in our sample and conducted a survey of 17 inspectors from the Alarm Unit to determine if they considered the deficiencies serious, very serious, or not serious, and whether they would allow the defects to be professionally certified. Our survey revealed that for each one of the 30 deficiencies there was a disparity of opinion among the inspectors as to whether they considered them serious and whether they would allow their correction to be professionally certified. (See Appendix for the summary of the results received for the survey.)

For example, 11 (65 percent) of the 17 inspectors responded that the deficiency to “Label all power supplies and fuse cutouts as to its function as required by code” was not serious, while the remaining 6 (35 percent) inspectors responded that it was serious. In addition, as part of the survey, we asked each inspector whether the deficiencies cited on each of the three Letters of Defect would warrant a Violation Order to be issued rather than a Letter of Defect. Again, the responses were varied. Some inspectors indicated that they would not issue a Violation Order, while others indicated they would issue a Violation Order and provided reasons such as the public safety is at risk or it “carries more clout.”

Overall, the absence of comprehensive formal procedures for categorizing defects based on their seriousness and for selecting professional certifications for audit provides inspectors with too much leeway and increases the risk of corruption or the abuse of authority.

To determine whether the deficiencies cited by the Alarm Unit could in fact be classified into categories according to their seriousness, we obtained the assistance of the Comptroller’s Engineering Audit Unit. Based upon its review and expertise, the unit determined that the deficiencies could be generally classified into three main possible categories with the first being the most critical and the third being the least critical but important nevertheless: (1) Fire Safety Devices (i.e., suppression and notification systems such as speakers, strobe lights, smoke detectors, fan shutdowns, and sprinklers), (2) Electrical Systems (i.e., wiring and protection to strengthen existing electrical systems), and (3) Labeling and Notification (i.e., labeling or painting system components certain colors). The Alarm Unit should likewise review the list of the various types of defects that could be found upon inspection of a fire alarm system and develop categories to assist the unit in performing initial inspections, selecting audits of professional certifications, and conducting audit inspections.

FDNY Response: FDNY disagreed with this finding and stated, “Contrary to findings of the auditors, all items on a ‘Letter of Defect’ are self-certifiable. There is no hierarchy of seriousness concerning Letters of Defect. The Fire Department has directed that a defect should only be issued in circumstances when public safety is not compromised. When an essential system component is not installed, or not working in compliance with the code, a Violation Order is issued. . . . Violation Orders result in criminal court action if the violating conditions are not corrected. FAIU’s standard operating procedures . . . clearly state the type of infractions that require the issuance of a violation.”

Auditor Comment: FDNY’s response that a Letter of Defect should only be issued in circumstances when public safety is not compromised is contrary to a May 30, 2007 memo in the Alarm Unit Manual which infers that there are indeed Letters of Defect for serious items. The memo states that the Self-Certification Supervisor reviews Letters of Defect “that were self-certified for *serious life safety infractions* and forwards select letters” to the Audit Supervisor. It further states that the Audit Supervisor then makes a selection “of self-certifications for audit in the context of *particularly serious Letters of Defect.*” (Emphasis added). It is apparent that some Letters of Defect are issued for serious items and are judged for audit according to what is effectively a “hierarchy of seriousness” contrary to FDNY’s claim.

In addition, FDNY’s response that all items on a Letter of Defect are self-certifiable is contrary to an email on October 29, 2008 sent to us by the Director of the Alarm Unit who stated that inspectors use their “professional judgment” in deciding which problems cited on a Letter of Defect should not be professionally certified due to their seriousness. The Director in his e-mail further stated that an inspector might not allow professional certification of a Letter of Defect “if an important fire alarm system component was not code compliant (i.e., sprinkler water flow or elevator recall).” Nonetheless, FDNY’s response states to the contrary, that if an essential system component is not installed or not working in compliance with the code, a Violation Order is issued rather than a Letter of Defect.

Recommendations

FDNY should:

8. Develop and implement adequate written procedures that are sufficiently detailed for the Alarm Unit to follow for its professional certification process. The procedures should include time frames for reviewing professional certifications and conducting audit inspections of professional certifications. In addition, the procedures should include fire alarm system deficiencies categorized by their seriousness, the circumstances in which the Alarm Unit would not allow a Letter of Defect to be professionally certified, and the factors that should contribute to the Audit Supervisor’s decision to select a professional certification for audit.

FDNY Response: “FAIU is working with FDNY Compliance to identify personnel outside of the Bureau of Fire Prevention to select Fire Alarm Inspection Unit accounts for random audit.”

Auditor Comment: FDNY’s response to this recommendation does not address whether FDNY intends to develop formal procedures regarding time frames for reviewing professional certifications and conducting audit inspections of professional certifications. The Alarm Unit Manual specifically states that agencies are to develop progress indicators for each major step in the inspection process to ensure that all actions are performed in a timely manner. However, FDNY has not established any such time frames. Accordingly, we reaffirm our recommendation.

9. Comply with its established time frame and cease accepting professional certifications that are submitted later than 90 days of the issuance of a Letter of Defect.

FDNY Response: FDNY disagreed and stated, “There is no legal or regulatory requirement that FDNY cease accepting professional certifications that are submitted later than 90 days after the issuance of a Letter of Defect. FDNY created the 90 day period as a guideline for a Letter of Defect and is applied at the discretion of senior management of FDNY Fire Prevention, based on professional analysis and experience.”

Auditor Comment: FDNY’s statement contradicts its own Alarm Unit Manual, which specifically states that after a Letter of Defect has been issued, building owners must either “submit a Certification of Correction of Electrical Defects or schedule a reinspection after 90 days prior to obtaining a Letter of Approval.” It further states that a Letter of Defect is “no longer eligible for self-certification after 90 days. This policy began 1/1/04.” It appears that FDNY established the 90-day requirement because it was considered to be an appropriate part of an orderly and efficient process. If FDNY’s intent is to now make the 90-day period a guideline rather than a requirement, it should revise the Alarm Unit Manual accordingly.

10. Ensure that the Alarm Unit’s tracking system of professional certifications is set up to identify whether it is adhering to established time frames.

FDNY Response: “This cannot be accomplished at the present time but will be implemented in the future when the necessary technology and staffing is in place. We are reviewing staffing levels with Budget and if warranted we will request additional personnel be considered by OMB.”

11. Ensure that the Alarm Unit uses an electronic timeclock for stamping the receipt dates of Correction Forms, the approval dates of professional certifications, and the dates that the professional certifications are selected for audit.

FDNY Response: “We will immediately implement the use of an electronic time clock for stamping the receipt dates of correction forms and the approval dates of professional certifications.”

12. Establish rules in accordance with the new Fire Code which set forth the penalties against professional certifiers for the submission of false professional certifications. FDNY should then develop and implement procedures to follow to put those rules into effect.

FDNY Response: “FDNY’s Legal Bureau is in the process of implementing all enforcement procedures under the new Fire Code.”

Auditor Comment: We are pleased that FDNY officials plan to implement all enforcement procedures under the new Fire Code. However, we do not believe that the process is being carried out in a timely manner. The new Fire Code, which was implemented on July 1, 2008, among other things, gives more enforcement power to FDNY so that it can also take legal action against professional certifiers. However, it has been almost a year since the implementation date of the code. Since FDNY has not yet established rules in accordance with the code, it has not yet enforced the new Fire Code and is still operating under the former code, FDNY officials must work together to ensure that the new Fire Code is enforced immediately.

Inadequate Goal for the Audit of Professional Certifications

The Alarm Unit does not have an adequate goal for the number of audits of approved professional certifications that it performs. According to the Professional Certification Audit Results Report, the Alarm Unit met its goal by auditing five percent of the 1,139 professional certifications that were approved during Fiscal Year 2008. Further, property owners for 49 percent of the 51 audited professional certifications that we reviewed failed their audit inspections and were subsequently issued Violation Orders.

FDNY officials stated that they strived to increase the percentage of audits that they were conducting from the two percent that was reported in the prior audit performed by the Comptroller’s Office. However, they were able to increase the audit goal to only five percent because they did not think achieving a higher goal was possible due to a lack of manpower for audit inspections.

Given the fact that property owners for 49 percent of the audited professional certifications failed their inspections, we do not believe that a goal of auditing five percent of the approved professional certifications is adequate. We also found that of the 51 professional certifications in our sample that were audited, 18 (35 percent) were audited toward the end of the fiscal year, in June 2008. Further, there were no audit inspections conducted during the months of July 2007 and March and April 2008. The high percentage of audit inspections conducted at the end of the fiscal year suggests that FDNY was not adequately monitoring achievement of the audit goal during the fiscal year, but realized at the end of the year that more audit inspections were needed to meet the audit goal.

Considering the risk that false professional certifications represent and that many of the professional certifications submitted to FDNY are for properties that accommodate large numbers of people, such as office buildings, high-rise residential buildings, schools, hospitals, retail stores, and day care centers, FDNY must ensure its audit goal is adequate for assessing the accuracy, completeness, and legitimacy of professional certifications.

Recommendation

13. FDNY should establish a goal higher than five percent for the audit of professional certifications. It should consider establishing different audit goals based on the seriousness of the deficiencies being certified. A higher audit goal should be established for deficiencies deemed most critical and lower goals established for deficiencies deemed less critical. Further, when selecting audits, there should be an element of randomness.

FDNY Response: “FDNY is not staffed to conduct more than a five percent audit of professional certifications. The audit does not present any evidence that the five percent level is inadequate nor does it indicate any reason why more than five percent is necessary. . . . Audits will be selected at random by the FDNY Compliance and Internal Audit Unit.”

Auditor Comment: We are pleased that audits of professional certifications will be selected at random. However, FDNY should reconsider establishing a goal higher than five percent for the audit of professional certifications since property owners for 49 percent of the audited professional certifications failed their inspections. FDNY officials have stated throughout the audit that they believe this high failure percentage is largely due to the judgmental audit selection of professional certifications. However, until professional certifications are selected randomly, neither we nor FDNY can corroborate this explanation.

Further, we disagree with FDNY’s assertion that it is not staffed to conduct more than a five percent audit of professional certifications. According to FDNY officials, when FDNY finally enforces the new Fire Code, additions and modifications to existing core fire alarm systems that were approved by FDNY may be professionally certified without FDNY inspectors having to go to the premises to conduct inspections, as has been the procedure under the prior code. As a result, more professional certifications will be submitted to FDNY. Since the inspectors will not have to conduct inspections for additions and modifications, they will have more time available to conduct audits. Thus, setting a higher audit target would seem practical as well as desirable. Accordingly, we reaffirm our recommendation.

Lack of an Annual Rotation Program

According to a memo issued on December 1, 2005, by the Bureau and included in the Alarm Unit Manual, all units conducting inspections are required to periodically rotate locations of assignments, and managers are required to implement an annual rotation program. The Alarm

Unit Manual further states that at a minimum, supervisors should be rotated every five years, examiners every three years, and inspectors every year.

When we requested the Alarm Unit's annual rotation roster for the past three years to determine whether it adheres to this procedure, the Director of the Alarm Unit provided us rotation rosters showing all of the inspectors and their supervisors but for only Fiscal Years 2004, 2006, and 2009. He stated that he tries to rotate inspectors among different supervisors every two years and that the rotation could be "subject to change on the basis of managerial discretion." Since disciplinary action was pending for a few inspectors during Fiscal Year 2008, the Director stated that he postponed the rotation he would have ordinarily instituted. He further stated that the locations of the assignments of the inspectors are not rotated since the majority of the fire alarm inspections take place in Manhattan, primarily in the "greater midtown area."

When inspectors are assigned to the same routes or locations for long periods, relationships can form between the inspectors and the building owners (or designees), creating an environment in which the risk of bribery to overlook violations is significantly increased.

Recommendation

14. FDNY should ensure that the Alarm Unit devises an annual program for the rotation of staff assignments and locations.

FDNY Response: FDNY disagreed and stated, "The Fire Alarm Inspection Unit . . . [is] different from all of the other units in the Bureau of Fire Prevention. FAIU . . . activities are not easily divided into boroughs or districts. These activities are citywide. There are no annual inspections or cyclical inspections. Most FAIU inspections are in the business districts of Manhattan. Supervisors are periodically assigned to supervise different inspectors, usually every two years. This modified rotation makes the most sense given [the] type of inspection and location of the buildings involved."

Auditor Comment: We are pleased that supervisors are periodically assigned to supervise different inspectors. However, it appears that FDNY officials are disregarding the Fire Prevention Inspector Rotation Program memo which was issued on December 1, 2005, by the Bureau and included in the Alarm Unit Manual. This memo specifically states that *all* inspection units conducting inspections are required to periodically rotate locations of assignments. The memo does not eliminate the Alarm Unit from this process.

Billing Issues

Billing for Audit and Subsequent Inspections Not Always Accurate

The Alarm Unit did not accurately bill for the time that inspectors spent conducting audit inspections and subsequent enforcement inspections for 6 (12 percent) of the 51 professional certifications in our sample. Based on our review of the FPIMS Inspection Reports found in the hard-copy inspection files of these 6 professional certifications, we calculated that the building

owners should have been charged a total of \$10,255—ranging from \$420 to \$4,305.⁵ However, according to FPIMS, the building owners were charged \$6,650—a difference of \$3,605.

For example, a building owner should have been billed \$1,960 for an audit that passed inspection and lasted eight hours. However, according to FPIMS, the owner was charged \$980—only half of the amount that should have been charged. Based on our review of the documents, we were unable to determine to what extent the inaccuracies in billing occurred as a result of errors made by the Alarm Unit clerks as opposed to the clerks never receiving the information for entering in FPIMS.

In addition, we found that according to FPIMS, the building owners for 4 of the 51 professional certifications in our sample were billed a total of \$2,030 for inspections that occurred subsequent to the receipt of the professional certifications and reportedly lasted from 60 minutes to 275 minutes. However, there was no documentation in the hard-copy inspection files indicating that these inspections actually occurred. Thus, we could not determine whether the owners were accurately billed or whether they should have been billed at all.

These billing matters need to be corrected to ensure that building owners are accurately billed for the hours inspectors spend conducting inspections.

FDNY Is Losing Revenue by Not Increasing Fees for Inspections Conducted

The fee for inspections has not been increased in more than 20 years. Title 27, §27-4027 (w) and (z), of the City Administrative Code, amended on July 11, 1988, states that the fee for an initial or follow-up inspection conducted by the Alarm Unit is \$210 per hour. This fee includes time spent waiting for a building owner or designee to show up at an inspection site, time spent conducting the inspection, and time required to complete necessary inspection documents.

Alarm Unit officials agreed that the \$210 an hour fee should be increased and that part of the additional monies generated could be used to help fund its operations. Currently, inspectors spend a significant amount of their time manually recording the results of their inspections on paper, which prevents them from conducting additional inspections. Two possible uses of increased fee income would be to hire more inspectors and to obtain laptop computers or handheld devices, which would allow the conduct of more inspections and the electronic recording of the inspection results (i.e., Letters of Defect, Violation Orders, Audit Reports, and FPIMS Inspection Reports), thereby making the inspection process more efficient and effective.

⁵For one of the six professional certifications, a building owner should have been charged a total of \$735 for a June 9, 2008 audit inspection. Since an overpayment of \$210 was made by the owner for a subsequent inspection, we reduced the amount of the audit inspection that should have been charged by \$210 and determined that a total of \$525 should be charged.

Recommendations

FDNY should:

15. Investigate the 10 professional certifications identified in this report for which the building owners may have either been incorrectly billed for inspections that did not occur, not billed at all, or inaccurately billed for inspections that did occur. If warranted, revised bills should be sent to the owners.

FDNY Response: “The FDNY has resolved 6 of the 10 instances cited. In each case the building owner prepaid their account and therefore was not improperly billed. FDNY is investigating the remaining instances to determine if any revisions are warranted.”

Auditor Comment: Based on our review of the data in FPIMS for the 6 professional certifications, we disagree with FDNY’s assertion. We found no evidence in FPIMS that the building owners had overpaid previous bills and had credit balances on their accounts. Accordingly, we reaffirm this finding and recommendation.

16. Consider increasing the \$210-per-hour inspection fee.

FDNY Response: FDNY disagreed and stated, “The hourly rate is not specific to the Fire Alarm Inspection Unit, but is applied to permit and inspection fees throughout the Bureau of Fire Prevention. On a regular basis, FDNY considers changing inspection and permit fees for the Bureau based on the expense of providing such services, as well as revenue collected. Our review continues to indicate that a cost-based modification to the fee structure cannot be justified.”

Auditor Comment: The benefit of increasing the fees would be to generate additional monies to help improve the technology of inspections conducted throughout the Bureau, thereby making the inspection process more efficient and effective.

Inconsistent Inspection Information Recorded on Field Activity Reports and FPIMS Inspection Reports

Twenty-four (30 percent) of the 81 Field Activity Reports in our sample were either missing or contained inspection information that was inconsistent with the inspection information contained in the FPIMS Inspection Reports. Five of the 24 Field Activity Reports were missing. The remaining 19 contained information that was inconsistent with the FPIMS Inspection Reports, such as the sites of the inspections or the results of the inspections. As a result, we were unable to determine whether the inspectors legitimately conducted the inspections, as indicated in the hard-copy inspection files, or whether the audit inspection information in the files was accurate.

A Field Activity Report prepared by an inspector is important as it reflects an inspector’s time use and the results of the field activity completed for the day. This report should be reviewed and approved by a supervisor and compared to audit documentation found in the

inspection files, such as FPIMS Inspection Reports, to substantiate that the inspections listed as having taken place occurred.

Recommendation

17. FDNY should ensure that inspectors complete Field Activity Reports and do so accurately to reflect time use and the results of the field activity completed for the day. In addition, supervisors should compare the Field Activity Reports to audit documentation to verify that the inspections listed actually occurred.

FDNY Response: “The Fire Alarm Inspection Unit was short of supervisors during the audit period due to a necessary termination. FAIU is now properly staffed with supervisors and has implemented this recommendation.”

Questionable Matters

Various documents in the hard-copy files for 35 (67 percent) of the 52 professional certifications in our sample appeared questionable and further illustrate the need for FDNY to strengthen its controls over the professional certification process to ensure that certifications are legitimate. The following are some examples:

- According to the Professional Certification Audit Results Report, an audit inspection of a professional certification was reportedly conducted on November 26, 2007, by inspector #097. The Field Activity Report completed by this inspector for this date indicated that an audit inspection had occurred, and according to FPIMS, the property owner was billed \$315 for an inspection conducted that day. Although there was evidence in the hard-copy file indicating that a professional certification had in fact been submitted and approved, there was no evidence indicating that it had been selected for audit. In addition, there was no FPIMS Inspection Report or Audit Report. The lack of audit evidence in the file raises the question of whether an audit inspection actually occurred.
- The files for four of the professional certifications inexplicably contained all four pages of the official FDNY color-coded Letter of Defect (including the owner’s carbon copy), raising the question of whether the letters were actually issued to the owners.
- The files for five of the professional certifications contained evidence that they were originally rejected but then after the building owners submitted the lacking documentation, they were approved. However, the files do not contain any evidence that the building owners submitted revised Correction Forms along with the required documentation, raising a question as to whether the Reviewer was in direct contact with the owners and allowed them to bypass the requirement to submit revised Correction Forms to facilitate the approval process.
- A file for one of the professional certifications included six photocopies of the Letter of Defect issued to the owner. (The original FDNY white copy of the Letter of Defect was

not in the file.) The statement, “this Letter of Defect is not subject to self-certification,” was indicated on two photocopies, but it was removed with correction fluid without explanation from the remaining four photocopies. These altered documents give the appearance that FDNY was attempting to cover up its action of incorrectly allowing a Letter of Defect to be professionally certified.

- The files for four of the professional certifications contained evidence that Violation Orders were issued as a result of audit inspections conducted that were all followed up by inspectors. The inspectors found that deficiencies cited on the Violation Orders had not been corrected, but instead of issuing criminal summonses, as required by the Alarm Unit Manual, the inspectors simply noted that “progress” has been made. The files contained no explanation of why they did not issue criminal summonses.

Subsequent to the exit conference, FDNY officials provided us with an excerpt from Chapter 4 of the *Fire Prevention Manual* which states that “in unusual cases where conditions indicate its desirability, a ‘progress’ notation on a violation order may be made, provided, that approximately 75 % of the required work has been completed at the time of the reinspection.” Officials explained that inspectors are to indicate on the back of each Violation Order which deficiencies have and have not been corrected.

We found that for three of the four professional certifications, there was no evidence in the files documenting the deficiencies that were or were not corrected. As a result, we could not determine whether 75 percent of the required work had been completed. In fact, for one of the three professional certifications in which the inspector had noted that “progress” had been made, another inspector subsequently issued a criminal summons since he found none of the deficiencies had been corrected.

Recommendations

FDNY should:

18. Investigate the questionable hard-copy file matters that we cited.

FDNY Response: “The FDNY has addressed the hard copy matters cited. There are 5 items identified in the final draft of the Comptroller’s Audit The three items . . . are answered by FDNY Response Items #1, #4, and #6. The two bullets . . . are answered by FDNY Response Items #5 and #7.”

Auditor Comment: During the audit, we provided FDNY officials with all questionable hard-copy file deficiencies we found for each of the 35 files (a file may have had more than one deficiency). For reporting purposes, we gave examples of only those problems we found for 15 of the files. While FDNY’s response clearly addresses these examples, it failed to address whether it investigated the matters we found in the remaining 20 files. Deficiencies included Letters of Defect being typed rather than handwritten, Letters of Defect being professionally certified when they were not allowed to be, and a Violation

Order that was altered. We urge FDNY to investigate the questionable hard-copy documents in these files and to take corrective actions.

19. Ensure that Alarm Unit inspectors issue to the owners the yellow carbon copies of the Letters of Defect immediately following their inspections so that the owners are aware of the deficiencies they must correct.

FDNY Response: “FDNY has taken the necessary steps to implement this recommendation.”

20. Request that when professional certifications are rejected, building owners submit revised Correction Forms along with any documentation that was lacking. The Alarm Unit should stamp the forms with the revised submission dates upon their receipt.

FDNY Response: “FDNY has taken the necessary steps to implement this recommendation.”

21. Instruct Alarm Unit inspectors that “progress” is only to be noted on a Violation Order when approximately 75 percent of the required work has been completed at the time of reinspection. In addition, the inspectors should clearly record on the back of the Violation Order the deficiencies that were or were not corrected.

FDNY Response: “FDNY has taken the necessary steps to implement this recommendation.”

Survey Responses from 17 Alarm Unit Inspectors

Deficiency	How Serious is the Deficiency?				Should Deficiency be Subject to Certification?		
	Not Serious	Serious	Very Serious	No Response	Yes	No	No Response
Label all power supplies and fuse cutouts as to its function as required by code.	11 (65%)	6 (35%)	0	0	14 (82%)	2 (12%)	1 (6%)
Provide for exposed fire alarm cable installed above 8' in every HVAC room be placed in an approved raceway as required by code.	1 (6%)	10 (59%)	6 (35%)	0	11 (65%)	5 (29%)	1 (6%)
Repair/replace defective area smoke detector in HVAC room 119 and make operable as required by code.	0	11 (65%)	6 (35%)	0	10 (59%)	6 (35%)	1 (6%)
Alternate NAC circuits/appliances as to retain partial audibility/visibility throughout entire floors covered by PW-1 # in case of loss of portion of wiring on any given floor as required by code.	0	8 (47%)	9 (53%)	0	4 (24%)	12 (70%)	1 (6%)
Relocate area smoke detector in HVAC room 309 to highest point on ceiling as required by code.	6 (35%)	8 (47%)	3 (18%)	0	12 (70%)	4 (24%)	1 (6%)
Provide/install an additional manual pull station by stair "A" or "C" wherever needed on floors covered by PW-1 # as required by code.	2 (12%)	8 (47%)	7 (41%)	0	4 (24%)	12 (70%)	1 (6%)
Complete the installation of speaker/strobes in room 410 and make operable as required by code.	3 (18%)	11 (64%)	3 (18%)	0	10 (6%)	6 (35%)	1 (6%)
Install a remote alarm indicator for all in duct smoke detectors which are located in concealed areas above 8' (room 819) as required by code.	7 (41%)	9 (53%)	1 (6%)	0	14 (82%)	2 (12%)	1 (6%)
Arrange for the magnetic door (room 418) to release upon activation of any automatic device as required by code.	1 (6%)	9 (53%)	7 (41%)	0	6 (35%)	8 (47%)	3 (18%)
Provide for all power supplies and fuse cuts to be grounded to building steel by means of an approved means as required by code.	4 (24%)	8 (47%)	5 (29%)	0	10 (59%)	6 (35%)	1 (6%)
Bond line side of neutral conductor to grounding terminal in fused cutout as required by code.	4 (24%)	6 (35%)	7 (41%)	0	10 (59%)	6 (35%)	1 (6%)
Remove wiring in flexible connections in excess of 2' in every HVAC room and place same in an approved raceway as required by code.	6 (35%)	11 (65%)	0	0	12 (70%)	4 (24%)	1 (6%)
Provide/arrange system to be individually coded as per approved plans and make operable as per code.	5 (29%)	8 (47%)	4 (24%)	0	6 (35%)	10 (59%)	1 (6%)
Provide/arrange for the ability to activate smoke purge while fire panel is in alarm as per code.	0	9 (53%)	8 (47%)	0	5 (29%)	11 (65%)	1 (6%)
Complete the installation of fire door and electromagnetic door holders and make operable as per code.	0	10 (59%)	7 (41%)	0	6 (35%)	10 (59%)	1 (6%)

APPENDIX
(Page 2 of 2)

Deficiency	How Serious is the Deficiency?				Should Deficiency be Subject to Certification?		
	Not Serious	Serious	Very Serious	No Response	Yes	No	No Response
Comply with all stipulations listed by plan examiner on form M-25-65 (Items 1 and 2).	2 (12%)	9 (53%)	4 (23%)	2 (12%)	6 (35%)	7 (41%)	4 (24%)
Provide/install smoke detectors for fire doors held open with door holders and make operable as per code.	1 (6%)	8 (47%)	8 (47%)	0	8 (47%)	8 (47%)	1 (6%)
Provide/install framed code cards by each manual pull station.	13 (76%)	3 (18%)	1 (6%)	0	12 (70%)	2 (12%)	3 (18%)
Provide/arrange for elevator to recall upon alarm of smoke detector at top of elevator shaft.	0	6 (35%)	11 (65%)	0	7 (41%)	8 (47%)	2 (12%)
Provide/arrange for a reinspection by submitting a written request Form B-45.	6 (35%)	4 (24%)	6 (35%)	1 (6%)	3 (18%)	10 (59%)	4 (23%)
Provide/install central office connection and make operable as per code.	0	2 (12%)	15 (88%)	0	3 (18%)	12 (70%)	2 (12%)
Submit updated Electrical Form A-433 indicating all fire alarm devices installed/relocated sealed/signed by Master License Electrician.	9 (53%)	8 (47%)	0	0	12 (70%)	4 (24%)	1 (6%)
Arrange/program for new RCU (EST-2 Panel) supervision at FCS for power/AC failure.	3 (18%)	11 (64%)	3 (18%)	0	11 (65%)	5 (29%)	1 (6%)
Submit approved/as-built-Riser Diagram.	7 (41%)	8 (47%)	1 (6%)	1 (6%)	10 (59%)	4 (24%)	3 (17%)
Arrange/program for new RCU (EST-2 Panel) on 8th floor not to reset/silence/acknowledge alarm conditions.	0	13 (76%)	3 (18%)	1 (6%)	6 (35%)	8 (47%)	3 (18%)
Arrange/program for strobe supervision at FCS for floors 7th, 8th, and 9th.	2 (12%)	8 (47%)	6 (35%)	1 (6%)	6 (35%)	8 (47%)	3 (18%)
Provide/install area smoke detector at the top of internal stair (9th floor) from 7th thru 9th floor.	1 (6%)	10 (59%)	6 (35%)	0	10 (59%)	5 (29%)	2 (12%)
Arrange/program for all automatic devices on 7th and 8th floor to activate alarm and fan shutdown upon activation.	0	9 (53%)	8 (47%)	0	6 (35%)	9 (53%)	2 (12%)
Repair/replace various defective speakers/strobes on 7th, 8th floors.	2 (12%)	11 (64%)	4 (24%)	0	11 (65%)	4 (23%)	2 (12%)
Make all above applicable items to be operable as per code.	2 (12%)	8 (47%)	6 (35%)	1 (6%)	6 (35%)	7 (41%)	4 (24%)
30 Deficiencies							



FIRE DEPARTMENT
9 METROTECH CENTER BROOKLYN, NY 11201-3857



NICHOLAS SCOPPETTA
Fire Commissioner

June 23, 2009

Mr. John Graham Deputy Comptroller
Audits, Accountancy & Contracts
Office of the Comptroller
1 Centre Street
New York, NY 10007

Re: **Audit Report on Fire Department Controls over the Professional
Certification Process of the Fire Alarm Inspection Unit – MH09-086A**

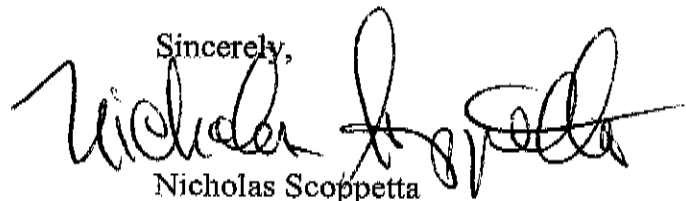
Dear Mr. Graham:

Attached is a copy of FDNY's response and Agency Implementation Plan (AIP) to the 21 recommendations made by the Office of the Comptroller in the above mentioned audit.

Please thank your staff for the time and diligence that they put into this audit – the Department appreciates their efforts, and intends to utilize their recommendations wherever possible.

If you have any questions about our response or AIP, please contact our Chief Compliance Officer, Ray Saylor, at (718) 999-1728.

Sincerely,



Nicholas Scoppetta

Attachment

cc: William Eirnicke, Deputy Commissioner Strategic Planning and Policy
Michael Vecchi, Associate Commissioner of Management Initiatives
Richard Tobin, Assistant Chief of Fire Prevention
Robert Rampino, Director of Fire Alarm Inspection Unit
Ray Saylor, Chief Compliance Officer

**FDNY Response to the Audit Report on Professional Certification Controls in the Fire Alarm
Inspection Unit MH09-086A-June 9, 2009**

FDNY submits the following responses to each of the twenty one recommendations made in the Comptroller's Audit Report.

1. Coordinate a meeting between Alarm Unit and FPIMS officials to discuss whether FPIMS could be used for tracking professional certification data.

Response: We informed the Comptroller's audit team in our exit conference that this recommendation is not advisable. FDNY is currently working with IBM on a four year, \$25 million Department-wide technology enhancement project that includes the phasing out of the FPIMS legacy system during 2010. In the interim, FAIU has developed an Access database to track professional certification data. The Access program was modified to eliminate the blank "cells" reported in Audit MH-0986A.

2. Ensure that Alarm Unit officials effectively use whichever application (FPIMS or Professional-Certification Database) is selected to monitor the professional certification process from the receipt of the certifications to their audit and any subsequent audit inspections.

Response: FDNY has replaced the FAIU Professional-Certification Supervisor and Professional-Certification Reviewer in place at the time of the audit. Using the Access database, the new supervisor and reviewer have improved the efficiency and productivity of this function in FY 2009, and will continue to do so in FY 2010.

3. Create an electronic method of scheduling inspections and making the information available to all Alarm Unit inspectors as well as the Audit supervisor. In the interim, a procedure should be devised by the Audit Supervisor and Scheduling Supervisor so that all scheduled inspection data, including updates, is readily shared for inclusion in the Self-Certification Database for tracking purposes.

Response: FDNY has included this technology upgrade as part of the multi-year FARR and CBIDAS projects to upgrade inspection scheduling and tracking Department-wide.

4. Segregate the duties of reviewing professional certifications and of recording data pertaining to professional certifications among different staff members.

Response: FDNY does not have sufficient staff to implement this recommendation. A request for additional staff is being prepared by FAIU for submission to OMB in the fall of 2009.

5. Ensure that the information made available on its WEB site regarding professional certifications is accurate and complete.

Response: The information on the website regarding professional certifications is no longer posted. It was installed at a time when a significant backlog in processing of certifications was generating a significant volume of applicant inquiries. Since the backlog has been eliminated, this information is no longer posted on our website by FAIU.

6. Ensure that all hard-copy inspection files of the Alarm Unit are maintained in an organized manner.

Response: FDNY is exploring the use of scanning technology in order to create virtual files that are easier to maintain and access.

**FDNY Response to the Audit Report on Professional Certification Controls in the Fire Alarm
Inspection Unit MH09-086A-June 9, 2009**

7. Develop a system to track hard-copy inspection files that have been sent to and received by the Record Unit for filing.

Response: FAIU has implemented check out procedures for inactive files similar to the procedures already in use for active files. This system now ensures that the chain of custody for all records is maintained.

8. Develop and implement adequate written procedures that are sufficiently detailed for the Alarm Unit to follow for its professional certification process. The procedures should include time frames for reviewing professional certifications and conducting audit inspections of professional certifications. In addition, the procedures should include fire alarm system deficiencies categorized by their seriousness. The circumstances in which the Alarm Unit would not allow a Letter of Defect to be professionally certified, and the factors that should contribute to the Audit Supervisor's decision to select a professional certification for audit.

Response: Contrary to findings of the auditors, all items on a "Letter of Defect" are self-certifiable. There is no hierarchy of seriousness concerning Letters of Defect. The Fire Department has directed that a defect should only be issued in circumstances when public safety is not compromised. When an essential system component is not installed, or not working in compliance with the code, a Violation Order is issued. Any building with an outstanding violation cannot receive a Certificate of Occupancy. Violation Orders result in criminal court action if the violating conditions are not corrected. FAIU's standard operating procedures for "Canceling Inspection Appointments from the Field" clearly state the type of infractions that require the issuance of a violation. FDNY is reviewing professional certifications in a timely fashion. FAIU is working with FDNY Compliance to identify personnel outside of the Bureau of Fire Prevention to select Fire Alarm Inspection Unit accounts for random audit.

9. Comply with its established time frame and cease accepting professional certifications that are submitted later than 90 days of the issuance of the Letter of Defect.

Response: There is no legal or regulatory requirement that FDNY cease accepting professional certifications that are submitted later than 90 days after the issuance of a Letter of Defect. FDNY created the 90 day period as a guideline for a Letter of Defect and is applied at the discretion of senior management of FDNY Fire Prevention, based on professional analysis and experience.

10. Ensure that the Alarm unit's tracking system of professional certifications is set up to identify whether it is adhering to established time frames.

Response: This cannot be accomplished at the present time but will be implemented in the future when the necessary technology and staffing is in place. We are reviewing staffing levels with Budget and if warranted we will request additional personnel be considered by OMB.

11. Ensure that the Alarm Unit uses an electronic time clock for stamping the receipt dates of correction forms, the approval dates of professional certifications, and the dates that the professional certifications are selected for audit.

Response: We will immediately implement the use of an electronic time clock for stamping the receipt dates of correction forms and the approval dates of professional certifications. FAIU is working with FDNY Compliance to identify personnel outside of the Bureau of Fire Prevention to select Fire Alarm Inspection Unit accounts for random audit.

FDNY Response to the Audit Report on Professional Certification Controls in the Fire Alarm Inspection Unit MH09-086A-June 9, 2009

12. Establish rules in accordance with the new Fire Code which set forth the penalties against professional certifiers for the submission of false professional certifications. FDNY should then develop and implement procedures to follow to put those rules into effect.

Response: FDNY's Legal Bureau is in the process of implementing all enforcement procedures under the new Fire Code.

13. FDNY should establish a goal higher than five per cent for the audit of professional certifications. It should consider establishing different audit goals based on the seriousness of the deficiencies being certified. A higher audit goal should be established for deficiencies deemed most critical and lower goals established for deficiencies deemed less critical. Further, when selecting audits, there should be an element of randomness.

Response: FDNY is not staffed to conduct more than a five percent audit of professional certifications. The audit does not present any evidence that the five percent level is inadequate nor does it indicate any reason why more than five percent is necessary. The suggestion that the audit focus on the "more serious deficiencies" reflects a misunderstanding of the definition of a Letter of Defect. Letters of Defect are issued only for less serious deficiencies. Deficiencies that compromise public safety require the issuance of a violation. Violations are placed on a Criminal Court track if they are not corrected. Audits will be selected at random by the FDNY Compliance and Internal Audit Unit.

14. FDNY should ensure that the Alarm Unit devises an annual program for the rotation of staff assignments and locations.

Response: The Fire Alarm Inspection Unit and the Blasting unit are fundamentally different from all of the other units in the Bureau of Fire Prevention. FAIU and Blasting activities are not easily divided into boroughs or districts. These activities are citywide. There are no annual inspections or cyclical inspections. Most FAIU inspections are in the business districts of Manhattan. Supervisors are periodically assigned to supervise different inspectors, usually every two years. This modified rotation makes the most sense given type of inspection and location of the buildings involved.

15. Investigate the 10 professional certifications identified in this report for which the building owners may have either been inaccurately billed for inspections that did not occur, not billed at all, or inaccurately billed for inspections that did occur. If warranted, revised bills should be sent to the owners.

Response: The FDNY has resolved 6 of the 10 instances cited. In each case the building owner prepaid their account and therefore was not improperly billed. FDNY is investigating the remaining instances to determine if any revisions are warranted.

16. Consider increasing the \$210 per hour inspection fee.

Response: The hourly rate is not specific to the Fire Alarm Inspection Unit, but is applied to permit and inspection fees throughout the Bureau of Fire Prevention. On a regular basis, FDNY considers changing inspection and permit fees for the Bureau based on the expense of providing such services, as well as revenue collected. Our review continues to indicate that a cost-based modification to the fee structure cannot be justified. Therefore, FDNY disagrees with the statement in the Audit Report that "FDNY is Losing Revenue by not Increasing Fees for Inspections".

**FDNY Response to the Audit Report on Professional Certification Controls in the Fire Alarm
Inspection Unit MH09-086A-June 9, 2009**

17. FDNY should ensure that the inspectors complete Field Activity reports and do so accurately to reflect time use and the results of the field activity completed for the day. In addition, supervisors should compare Field Activity reports to audit documentation to verify that the inspections listed actually occurred.

Response: The Fire Alarm Inspection Unit was short of supervisors during the audit period due to a necessary termination. FAIU is now properly staffed with supervisors and has implemented this recommendation.

18. Investigate the questionable hard-copy file matters that we cited.

Response: The FDNY has addressed the hard copy matters cited. There are 5 items identified in the final draft of the Comptroller's Audit: 3 are listed on page 22, and two are listed on page 23. The three items on Page 22 are answered by FDNY Response Items #1, #4 and #6. The two bullets on the top of page 23 are answered by FDNY Response Items #5 and #7.

19. Ensure the Alarm Unit inspectors issue to the owners the yellow carbon copies of the "Letters of Defect" immediately following their inspections so that the owners are aware of the deficiencies they must correct.

Response: FDNY has taken the necessary steps to implement this recommendation.

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21. Instruct Alarm Unit inspectors that "Progress" is only to be noted on a Violation Order when approximately 75% of the required work has been completed at the time of reinspection. In addition, the inspectors should clearly record on the back of the Violation Order the deficiencies that were or were not corrected.

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