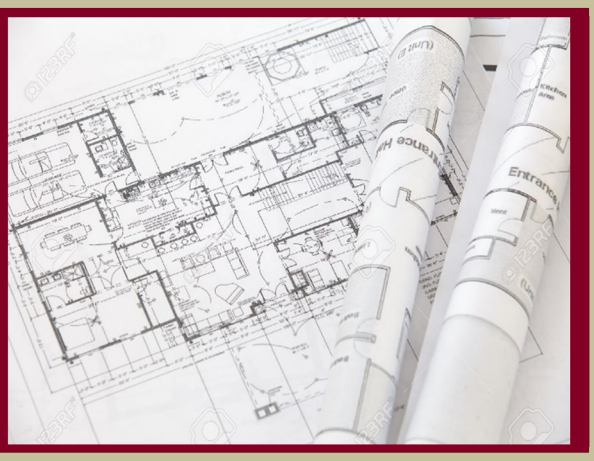
DIVISION OF INSPECTOR GENERAL
Ken Burke, CPA
Clerk of the Circuit Court and Comptroller
Pinellas County, Florida

AUDIT OF BUILDING & DEVELOPMENT REVIEW SERVICES – PHASE I BUILDING CODE INSPECTORS



Hector Collazo Jr. - Inspector General/Chief Audit Executive
Melissa Dondero, CPA, CIA, CIG, CIGA, CIGI, CITP, CRMA, CFS, CECFE, CGI - Assistant Inspector General

Audit Team
Ava Sadowska, MS, CIA, CFE, CIG, CIGA, CIGI, CCA, CECFE, CFS, CGI – Assistant Inspector General
Darcy Eckert, CIGA, CIGI, CCA, CECFE, CFS, CGI – Senior Inspector General
James Nassiri, CIGI, CGI – Inspector General I
Allan Weistock, CPA, CIGA, CGI – Inspector General I

REPORT NO. 2020-10
JUNE 29, 2020

Ken Burke, CPA
CLERK OF THE CIRCUIT COURT AND COMPTROLLER
PINELLAS COUNTY, FLORIDA

Division of Inspector General
510 Bay Avenue
Clearwater, FL 33756
Telephone: (727) 464-8371
Fax: (727) 464-8386
Fraud Hotline: (727) 45FRAUD (453-7283)
Clerk's website: www.mypinellasclerk.org

Clerk of the County Court
Recorder of Deeds
Clerk and Accountant of the Board of County Commissioners
Custodian of County Funds
County Auditor

June 29, 2020

Blake Lyon, Department Director

We have conducted an audit of the Building & Development Review Services Department based on our annual risk assessment.

The scope of the audit included reviewing the permit and inspection processes, as well as enforcement of building violations, accounting practices, and employee retention within the inspection function.

During the audit, we identified opportunities for improvement related to employee retention that we believe need to be addressed immediately. Therefore, this audit report covers Phase I – Building Code Inspectors, and contains associated opportunities for improvement. A forthcoming report for Phase II of the audit will cover the remaining three areas listed below:

- The permitting and inspection process, including fee collection
- The impact of building enforcement court appearances on staff productivity and overall department operations
- Accounting and purchasing practices

We appreciate the cooperation shown by the staff of the Building & Development Review Services Department during the course of this review.

Respectfully Submitted,

Hector Collazo Jr.
Inspector General/Chief Audit Executive

An Accredited Office of Inspector General

Approved:

Ken Burke, CPA*
Clerk of the Circuit Court and Comptroller
Ex Officio County Auditor
*Regulated by the State of Florida

cc: Melissa Dondero, Assistant Inspector General
The Honorable Chairman and Members of the Board of County Commissioners
Barry Burton, County Administrator
Tom Almonte, Assistant County Administrator
Evelyn Spencer, Building Services Division Manager, Building & Development Review Services

TABLE OF CONTENTS

INTRODUCTION **5**

Abbreviations *5*
Background *6*

SCOPE AND METHODOLOGY **10**

OBJECTIVES AND OUTCOMES **11**

OPPORTUNITIES FOR IMPROVEMENT **12**

1. *BDRS Does Not Pay Building Code Inspectors The Market Rate.* *12*
2. *BDRS Does Not Employ A Sufficient Number Of Inspectors To Meet Demand.* *19*
3. *BDRS Does Not Have A Retention Program For Building Code Inspectors.* *24*
4. *Controls Over Inspections Contractor Invoice Processing Are Insufficient.* *26*
5. *Building Code Inspectors Are Not Always Afforded A Lunch Break And Are Not Compensated Overtime.* *27*
6. *Building Code Inspectors Do Not Receive Performance Evaluations.* *28*

INTRODUCTION

Abbreviations

Accela	Accela Civic Platform
Act	Fair Labor Standards Act
BCAIB	Building Code Administrators and Inspectors Board
BCC	Board of County Commissioners
BDRS	Building & Development Review Services
Building	Building Services Division
CDC	Centers for Disease Control
County	Pinellas County
DBPR	Department of Business & Professional Regulation
DRS	Development Review Services Division
FBC	Florida Building Code
Finance	County's Finance Division
FLSA	Fair Labor Standards Act
FY	Fiscal Year
Herzberg	Fredrick Herzberg
Inspectors	Building Code Inspectors
JPI	Joe Payne, Inc.
NEJM	New England Journal of Medicine
OFI	Opportunity for Improvement
President Trump	President Donald Trump
SHRM	Society for Human Resource Management
WHO	World Health Organization

Background

The Building & Development Review Services Department (BDRS or department) is comprised of three divisions:

- Building Services
- Development Review Services
- Code Enforcement

Our audit scope included the Building Services (Building) and Development Review Services (DRS) Divisions. During our audit, while assessing the staff retention component, we identified opportunities for improvement, which resulted in recommendations that will affect the department's budget. Therefore, we decided to issue this report, which will focus on staff retention within Building to provide the department an opportunity to amend its budget. As noted below in the Scope and Methodology section of this report, we will address the remaining components of the audit in a forthcoming report.

Since the recommendations in this report affect the inspection function within Building, the remainder of this report will address Building activities. Building maintains its revenues in a special revenue fund (Building Fund) in order to be compliant with Florida Statutes, which require local governments to use its revenues only for enforcing the Florida Building Code (FBC). This is in contrast to Development Review Services and Code Enforcement, which Pinellas County (County) accounts for in the General Fund.

Building Fund	FY 2018 Actual	FY 2019 Actual	FY 2020 Budget
Revenues	$7,017,370	$6,756,115	$7,034,040
Expenditures	$9,095,613	$8,134,746	$7,665,850
Variance	($2,078,243)	($1,378,631)	($631,810)

Building evaluates development projects and construction plans for properties within the County's unincorporated areas, and provides municipal building services through interlocal agreements for several local communities:

- City of Belleair Beach
- City of Belleair Bluffs
- Town of Belleair Shore
- City of Dunedin
- City of Gulfport
- City of Indian Rocks Beach
- City of Madeira Beach
- City of Oldsmar
- City of Pinellas Park
- City of Safety Harbor
- City of Seminole

The interlocal agreements vary in services provided. The County acts as the building official, issues building permits, and provides plans review and inspection services for the City of Belleair Beach, the City of Belleair Bluffs, the City of Indian Rocks Beach, and the Town of Belleair Shore. The County has a similar agreement with the City of Oldsmar; however, the City of Oldsmar issues its own permits and the County performs plans review services onsite at the City of Oldsmar. The other interlocal agreements require the County to provide limited services, such as inspections, plans review, or both.

For the unincorporated portions of the County, Building staff is responsible for reviewing plans, issuing associated permits, performing inspections, issuing certifications of occupancy, and when necessary, pursuing and enforcing code compliance. As part of the permitting process, homeowners and contractors can apply for a permit in the following methods:

- Homeowners
  - In person

- Contractors
  - In person
  - Online

Building can issue specific permits to contractors online. These permits either do not require plans review or have plans that the County previously reviewed under a master building permit. For customers that apply in person, the specific steps involved vary depending on the type of project (commercial or residential) and the scope of work. Customers are assigned a number and routed through various permit stations until all necessary staff has reviewed their permit application. Many projects also require plans review in the following trades:

- Building
- Electrical
- Mechanical
- Plumbing

Building has seven building plans examiners, who review all residential and commercial plans related to the building trade (structure, accessibility, etc.). Florida Statutes require commercial plans to be reviewed for electrical, plumbing, and mechanical code compliance, but residential plans are only reviewed for building code compliance. Building's lead inspectors in each of these trades perform commercial plans review in the trade in which they are specialized.

After the plans examiners review and approve the plans, and Building issues a permit, customers can begin work on their project. There are multiple required inspections at various intervals of a project. The County employs 23 building code inspectors (inspectors) in the four trades listed above, who perform field inspections in the trade in which they are licensed. The County also uses contract inspectors to augment its inspection function.

The inspectors' primary responsibility is to ensure that construction projects are completed in a safe manner consistent with the FBC. This includes provisions related to building, electrical, gas,

mechanical, plumbing, and energy codes. Inspectors also ensure work was performed according to approved plans, and any applicable manufacturers' instruction manuals.

From 2017 through 2019, six inspectors left Building to accept comparable inspector positions earning a higher salary from other local municipalities. According to exit interviews, many of the inspectors did not want to leave the County but felt they did not have a financial choice. Due to the high turnover of inspectors, we interviewed current inspectors and management, and performed "ride-alongs" with inspectors in order to gauge morale. Our report contains six opportunities for improvement (OFIs).

Investigation

During the audit, we received allegations that three inspectors (respondents) were misusing County time by engaging in non-work related activities after finishing their inspections. We conducted an investigation in conjunction with the audit and concluded that although the allegations were unfounded, there were opportunities for improvement, which directly correlated with employee retention. We included the investigative activities in OFI #2 below.

COVID-19

As the world is adapting to alternative operational activities during the COVID-19 global pandemic, we understand it may not be feasible to implement our recommendations immediately. However, as soon as reasonably possible after operations return to normal, the department should implement our recommendations.

Per the New England Journal of Medicine (NEJM):

> *"On December 31, 2019, China reported a cluster of cases of pneumonia in people associated with the Huanan Seafood Wholesale Market in Wuhan, Hubei Province. On January 7, 2020, Chinese health authorities confirmed that this cluster was associated with a novel coronavirus, 2019-nCoV."*

On January 20, 2020, the United States confirmed its first case of 2019-nCoV infection. On February 11, 2020, the World Health Organization (WHO) announced a name for the disease, COVID-19, which derives from "coronavirus disease 2019." Per the Centers for Disease Control (CDC), on March 11, 2020, the WHO characterized the COVID-19 outbreak as a pandemic. As a result, the County took steps to limit interaction as much as possible by allowing employees to work from home and by limiting in-person citizen services. On March 13, 2020, the Pinellas County Board of County Commissioners (BCC) declared a local state of emergency.

On March 16, 2020, President Donald Trump (President Trump) recommended Americans stay home for 15 days to slow the spread of COVID-19. On March 25, 2020, the BCC issued resolution 20-20, a “Safer at Home” order, requiring residents to follow CDC guidelines and stay home as much as possible. In addition, non-essential businesses were required to close if they could not follow CDC guidelines and places of public assembly were closed. On March 29, 2020, President Trump extended guidance for Americans to stay at home through April 30, 2020.

On April 1, 2020, the Governor of the State of Florida issued Executive Order 20-91, effective April 3 – 30, 2020, which orders senior citizens to stay at home, and all persons in Florida to

limit their movements and personal interactions outside of their home to only those essential activities. On April 2, 2020, the BCC issued resolution 20-23, an order temporarily closing all nonessential businesses, which became effective April 3, 2020.

On May 4, 2020, the BCC issued guidance aligned with the Governor's Executive Order 20-112 Phase 1: Safe. Smart. Step-by-Step. Plan for Florida's Recovery, which allowed some businesses to reopen at limited capacity. On June 5, 2020, the Governor issued Executive Order 20-139 Phase 2: Safe. Smart. Step-by-Step. Plan for Florida's Recovery, allowing additional businesses to open and expanding the capacity at which certain businesses can open. As of the date of this report, the County continues to be under a local state of emergency and County employees are practicing social distancing, with many employees working remotely.

SCOPE AND METHODOLOGY

We have conducted a Phase I audit (audit) of BDRS. Our planned audit scope included the following:

- The permitting and inspection process, including fee collection
- The impact of building enforcement court appearances on staff productivity and overall department operations
- Staff retention
- Accounting and purchasing practices

However, during the audit, our conclusions related to staff retention and the associated recommendations required timely reporting to the BCC. Therefore, we are issuing this report as Phase I of the audit. The scope of Phase I covered employee retention, specifically related to inspectors. The audit period was July 1, 2019, to March 31, 2020. Phase II of the audit will cover the remaining three areas listed below.

- The permitting and inspection process, including fee collection
- The impact of building enforcement court appearances on staff productivity and overall department operations
- Accounting and purchasing practices

During the audit, we performed the following:

1. Interviewed staff and management to obtain an understanding of the inspection function.
2. Performed a ride-along with a sample of inspectors to gain an understanding of daily activities performed, and observe field inspections.
3. Reviewed the current contract for inspection services and related invoices.
4. Conducted a competitive benchmarking study, comparing the County's inspectors' and plans examiners' positions with other local jurisdictions.
5. Reviewed Florida Statutes, Human Resources records, and budget documents.

OBJECTIVES AND OUTCOMES

The objective of our audit included assessing employee turnover to determine the root causes and potential solutions. As a result of the audit, we determined that inspectors have left the County in order to obtain a higher salary, and the County's salaries for inspectors are below the market rate.

Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and the *Principles and Standards for Offices of Inspector General,* and accordingly, included such tests of records and other auditing procedures, as we considered necessary in the circumstances.

OPPORTUNITIES FOR IMPROVEMENT

Our audit disclosed certain policies, procedures, and practices that could be improved. Our audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. Accordingly, the Opportunities for Improvement presented in this report may not be all-inclusive of areas where improvement may be needed.

1. BDRS Does Not Pay Building Code Inspectors The Market Rate.

We compared the County's pay structure with other municipalities and determined the County's salary is not comparable to market demands. We reviewed the other jurisdictions' positions and obtained the minimum salary for the position most comparable to the County's Inspector 1 and Inspector 2 positions. As illustrated below, with the exception of the City of Clearwater, the County's salary is lower than neighboring jurisdictions.

Pinellas County		City of Clearwater	City of St. Petersburg	City of Tampa	Hillsborough County	Average Amount Above Pinellas County
Inspector 1 Minimum Salary	$38,750	$37,354	$58,739	$54,912	$48,235	$11,060
Inspector 2 Minimum Salary	$52,000	$52,000	$60,000	$61,714	$70,814	$9,132

Building has three levels of inspectors with the following distinctions in inspection responsibilities:

Position	Inspection Responsibilities
Inspector 1	Provisional building code inspector license holder; has one year to obtain a license; performs inspections independently upon completing training.
Inspector 2	Building code inspector license holder; performs inspections independently.
Inspector 3	Leads inspectors 1 and 2; provides customer service to citizens; performs commercial plan review for the trade in which they are licensed (does not perform field inspections).

Building does not pay its field inspectors the market rate, primarily due to departmental budget constraints. Contributing factors to its budget position include the recent purchase of Accela Civic Platform (Accela), the Department's future permitting software, and the lack of sufficient permit fee increases from FY 2012 to FY 2019. Additionally, the Great Recession, which occurred from December 2007 to June 2009, caused the County to reduce its workforce and suspend merit increases in FY 2010. As other local jurisdictions have increased their inspectors' salaries to meet market demand, the County's salaries have not increased proportionately.

Building Fund

The Building Fund is a special revenue fund, which the County created in FY 2010 to meet statutory requirements. Section 553.80 Enforcement.–, Florida Statutes, states the following:

> *"(7) The governing bodies of local governments may provide a schedule of reasonable fees, as authorized by s. 125.56(2) or s. 166.222 and this section, for enforcing this part. These fees, and any fines or investment earnings related to the fees, shall be used solely for carrying out the local government's responsibilities in enforcing the Florida Building Code."*

At the beginning of FY 2018, the Building Fund had reserves of $5,593,068. However, the purchase of Accela required approximately $2.7 million in FY 2018, and approximately $1.5 million in FY 2019, for implementation costs, which depleted much of the reserves.

Building Special Revenue Fund 1030	
FY 2018 Beginning Balance	$5,593,068
FY 2018 Revenues	7,017,370
FY 2018 Expenditures	9,095,613[1]
FY 2018 Ending Balance	3,514,825
FY 2019 Beginning Balance	3,514,825
FY 2019 Revenues	6,756,115
FY 2019 Expenditures	8,134,746[2]
FY 2019 Ending Balance	$2,136,194

1 Includes $2.7 million for Accela implementation.
2 Includes $1.5 million for Accela implementation.

Accela will replace the County's current permitting system, Permits Plus, which the County implemented in 2005.

Permit Fees

Prior to FY 2012, the County historically raised permit fees annually by 5% - 10% each year in most years. However, there were either no or minimal increases from FY 2012 to FY 2019. In FY 2018, before merging with DRS, Building hired a consultant, Santec Consulting Services, Inc. (Santec), to conduct a financial sustainability analysis (FSA). The purpose of the FSA was to assess the Building Fund's financial position due to the purchase of Accela, which was rapidly depleting its fund balance, along with the department's goal of implementing a compensation increase for its staff.

Santec concluded in its report dated September 28, 2018, that if no action was taken, the fund balance would be depleted to zero at the beginning of FY 2020 due to the Accela purchase. Santec also concluded that permit fee increases were necessary to sustain the department financially. The results included various scenarios, which involved raising permit fees substantially in FY 2019 or in FY 2020, splitting the large fee increases between FY 2019 and FY 2020, and obtaining an interfund loan. Building did not take action at that time.

When the Building Department and Development Review Services Department merged in January 2019, BDRS formed with Building and DRS being distinct divisions. Funding remained separate, as the Building Fund remained statutorily required. At that time, the DRS Department Director became responsible for Building operations and hired a Building Official to fill the vacant position. Building's new management quickly identified the need to increase revenues.

In FY 2019, management requested from Santec an updated FSA, as well as a permit fee analysis comparing the County's fees to 11 neighboring jurisdictions. The FSA dated July 16, 2019, concluded again that projected revenues would be insufficient to meet budget requirements beginning in FY 2020. Therefore, Santec again recommended an increase in permit fees.

Santec concluded the County's permit fees were generally comparable with other jurisdictions' fees, although some of the County's fees were lower and some were higher. Santec provided recommendations that included increasing permit fees over future years, from 6% to 57% in FY 2020 and from 4% to 12% in future years. BDRS performed its own fee analysis with the assistance of the Office of Management and Budget, which resulted in an average fee increase of 10% for all permits effective in FY 2020. This fee increase allowed BDRS to remain financially stable. However, it did not allow for salary increases as initially desired.

Inspectors' Salaries

As noted above, during the Great Recession, the County suspended merit increases and reduced its workforce. Building was required to eliminate several inspector positions.

Fiscal Year	Inspector Positions Eliminated
2008	3
2009	2
2010	10
2011	1
Total	**16**

As the economy recovered, Building hired additional inspectors to meet demand. In FY 2014, the County began providing a 3% general increase to all County employees. However, the increases did not create equity in the inspectors' salaries compared to the market. Since the County's compensation plan for inspectors is not comparable to neighboring jurisdictions, and the County has been unable to reinstate merit increases, inspectors have left the County in pursuit of higher salaries.

From 2017 to early 2019, five inspectors left Building to accept positions with other municipalities earning a higher salary. Building management recognized this risk to continuing operations and in 2019, determined it would provide a salary increase to employees who were in an inspector 2 position and earning less than $54,000, in order to bring their salaries up to $54,000 annually.

In April 2019, Building consulted Human Resources with the plans to raise the inspectors' salaries and requested they assess the inspectors' pay rates in relation to their years of service. Human Resources performed a study related to inspector 2 positions, which resulted in recommendations to increase the salaries of all inspector 2 positions at that time.

Inspector 2 annual salaries ranged from $45,000 - $63,000 prior to the study (see column 3 in the chart below), and the recommended adjustments would have resulted in salaries being increased to a range of $53,000 - $68,000 (see column 4 in the chart below). However, Building increased those salaries to a range of $52,000 to $54,000, as initially planned (see column 5 in the chart below). While this did not close the wage gap completely, Building was hopeful it would help retain inspectors over the short term. Numbers 1-8 in the chart below did not receive a raise since their salaries were already above the $54,000 threshold management identified.

No.	Years of Service	Annual Salary as of 4/26/2019	Proposed Annual Salary by HR 4/29/2019	Annual Salary After Increase June/July 2019	Deficit Between HR Proposed and Actual Increase
1	15.6	$62,379	$67,669	N/A	$5,290
2	18.1	$61,194	$68,871	N/A	$7,677
3	8.3	$59,488	$62,165	N/A	$2,677
4	13.4	$58,552	$65,073	N/A	$6,521
5	14.7	$58,178	$65,806	N/A	$7,628
6	8.2	$57,262	$61,426	N/A	$4,164
7	4.1	$56,410	$58,630	N/A	$2,220
8	3.6	$54,891	$57,814	N/A	$2,923
9	4.4	$52,478	$57,634	$53,997	$3,637
10	4.2	$52,104	$57,366	$53,997	$3,369
11	3.4	$50,627	$56,451	$53,747	$2,704
12	2.9	$50,627	$56,088	$53,747	$2,341
13	4.4	$49,712	$56,755	$53,997	$2,758
14	1.4	$47,050	$54,098	$53,248	$850
15	2.0	$46,280	$54,215	$53,498	$717
16	1.9	$46,280	$54,203	$53,498	$705
17	6.1	$46,176	$56,817	$53,498	$3,319
18	1.4	$46,176	$53,799	$53,248	$551
19 [1]	0.5	$45,302	$53,029	$52,250	$779

1 This employee resigned effective 10/18/2019, after the County applied a general increase to his salary, which resulted in the employee earning $54,038 annually. The employee resigned to accept an offer from the City of Tampa to earn $59,960.

However, as noted in footnote 1 in the chart above, one of the inspectors resigned in October 2019, in order to receive still higher pay from another municipality. In addition, while drafting this report, two inspectors indicated to management that they were leaving the County to work for Hillsborough County to obtain a higher salary.

According to Psychologist Fredrick Herzberg (Herzberg), salary is a hygiene factor. Per an article by Human Business titled, "Herzberg's Two-Factor Theory of Motivation":

> *"Hygiene factors have no positive impact on work satisfaction. However, their absence causes great dissatisfaction. … The Hygiene factors are basically extrinsic prerequisites to achieve a basic level of job satisfaction that needs to be reinforced constantly."*

Paying employees the market rate meets a basic need, which results in employee retention, a benefit to the employee and the County.

Inspectors are required to remain knowledgeable of the FBC and enforce it as necessary. In FY 2019, each inspector performed an average of 17 inspections per day, which varied in nature substantially. For example, a building inspector may inspect the framing of a building on one inspection and child safety on a pool on the next inspection. An electrical inspector may inspect a garage door or the entire electrical system in a building. Each trade has a range of inspections they are required to perform to ensure the work was completed according to the FBC, to approved plans, and/or to equipment manuals.

During the audit, we accompanied several inspectors to their field inspections to understand their responsibilities. Inspectors interact with homeowners and contractors, and each has different needs. For example, contractors need the inspection completed to move to the next phase of their project. A homeowner may not be familiar with building requirements, and the inspector may spend additional time educating them on their options to perform work in compliance with regulations. In all instances, the inspectors seemed to have consistent professional training. They were willing to spend the time needed to help a homeowner understand the relevant FBC regulations. They were also focused on the contractor's goal of keeping their project moving forward. The auditors were impressed with the inspectors' professionalism, responsiveness, courtesy, and consideration for the County's citizens.

The lack of adequate pay for inspectors has resulted in the County losing inspectors who take job opportunities with other municipalities. It has also significantly affected staff morale. During interviews with inspectors, many indicated they continue working for the County because they feel they are working for the most respected building department and enjoy being a part of an important function; however, for some of them, a higher salary will eventually outweigh other employment factors.

In addition to financial losses associated with employee turnover, Building is at risk of losing intellectual capital. There are 23 field inspectors with an average of 5.4 years of service as of March 2020. Of the 23 inspectors, 74% have less than six years of experience, and 43% have less than three years of experience with the County. The six inspectors who left the County in recent years had worked for Building from a range of four months to three years. If Building does not make changes to retain the existing workforce, the inspection function is at risk of losing its investment in its staff, which will be compounded when the longer-tenured employees retire.

Plans Examiners

Building's structure of plans examiners is unique in that it has separate plans examiners for each of the trades. For the building trade, there are seven building plans examiners, three of which review residential plans, and four who review both commercial and residential plans. In addition, Building has inspector 3 positions in the electrical, mechanical, and plumbing trades that review commercial plans for their trade. Florida Statutes do not require review of electrical, mechanical, or plumbing work for residential properties.

We reviewed the plans examiner positions for the City of Clearwater, the City of St. Petersburg, the City of Tampa, and Hillsborough County. These jurisdictions do not separate plans examiners by trade like the County does. Any plans examiner can have a license in any trade. Therefore, the County's positions are not comparable to the other jurisdictions. However, all four of the other jurisdictions have career ladders available to their plans examiners.

The County's inspector 3 employees have inspector and plans examiner licenses. They have progressed within the County's inspectors' career ladder. However, the County's building plans examiners have varying degrees of experience and credentials, and there is no career ladder available to them. As a result, there is compression within their pay classification. Below is a comparison of the County's building plans examiner position and the other jurisdictions' career ladders.

Pinellas County		City of Clearwater		City of St. Petersburg		City of Tampa		Hillsborough County	
Position	Salary	Position	Salary	Position	Salary	Position	Salary	Position	Salary
Building Plans Examiner	$50,461	Plans Examiner	$45,404	Plans Examiner	$49,691	Professional Plans Examiner I	$59,405	Plans Examiner - Tier 1	$48,235
N/A	N/A	Senior Plans Examiner	$55,189	Senior Plans Examiner	$57,408	Professional Plans Examiner II	$62,130	Plans Examiner - Tier 2	$53,060
N/A	N/A	N/A	N/A	Plans Review Coordinator	$58,573	Professional Plans Examiner III	$65,042	Plans Examiner - Tier 3	$58,385
N/A	N/A	N/A	N/A	N/A	N/A	Professional Plans Examiner IV	$67,974	Architect/ Engineer	$61,464

Although the County does offer certification pay for employees that obtain additional certifications, it is important to maintain a career ladder to ensure there is a capacity for staff to grow professionally. It can also provide a lead staff level that can assist management with supervisory duties. Plans examiners would benefit from promotion opportunities based on experience and skill set.

The Society for Human Resource Management (SHRM) provides the following guidance on implementing career ladders in an organization:

> *"Employees usually feel more engaged when they believe that their employer is concerned about their growth and provides avenues to reach individual career goals while fulfilling the company's mission. …Managing employee perceptions of career development opportunities is a key to enhancing engagement and loyalty among employees."*

The lack of a career ladder for the building plans examiners will eventually lead to job dissatisfaction and potentially cause employees to leave the County.

We Recommend Management:

A. Assess the inspectors' salaries and increase the rates as needed to be equitable with the market.

B. Perform an annual assessment of permit fees and increase them as necessary to maintain a budget position that allows BDRS to meet market salary demands.

C. Implement a career ladder or similar progression within the Building Plans Examiner classification.

Management Response:

A. **Management Concurs**. Building has already begun this process and has committed to achieving the increases in phases. Phase one, was initiated in FY20, and all inspector 2 salaries were increased to a base market rate. All inspector 2s are at $52k or higher. An increase of up to 12.5% was executed and continues to be implemented for inspector 1s being promoted to inspector 2s. The department has been and will continue to work with the County Administrator's office, the Workforce Development Director, the Office of Management and Budget, and the Human Resources Department on opportunities to establish a pay scale that is equitable and responsive to the market.

B. **Management Concurs**. Building services started this process in association with the FY20 budget, which resulted in increased permit fees averaging 10%. Prior to this increase, fees had not been changed for 10 years. Furthermore, Building Services is in the process of assessing permit fees again for the FY21 budget cycle and will make adjustments as needed, however due to unforeseen circumstances with COVID19, revenue projections may be less than anticipated and even with permit fee increases,

budget cuts may still be needed to meet budget shortfalls. As more information unfolds, (i.e. market demands, Building Services' budget and permit fee increase) direction may be revisited or revised as necessary.

C. **Management Concurs**. The career ladder plan has been discussed at various times with the previous Assistant County Administrator and Human Resources and the idea was met with very positive response. The department is working with our new ACA and the Workforce Development Director to identify the global approach to career ladders, which will inform the department how best to develop our departmental career ladders. It is worth noting that this aligns with the County Administrator's priority to develop a career ladder framework for the whole organization.

2. BDRS Does Not Employ A Sufficient Number Of Building Code Inspectors To Meet Demand.

Building does not employ a sufficient number of inspectors to meet demand. As noted above in OFI #1, the County eliminated 16 inspector positions during the Great Recession. As the building industry has recovered, Building has hired additional inspectors, but has not been able to retain a sufficient number of inspectors. In addition, the County provides next-day inspections. Building accepts inspection requests online up until midnight each day and performs all requested inspections the following day. Building has contracted with a private firm to provide inspection services on an as needed basis for the County to augment its inspection function.

The County contracted with Joe Payne, Inc. (JPI) for inspection services, effective January 10, 2017. The contract term is five years, with an original approved amount of $1,569,900. As of January 2020, Building incurred $1,161,242 in inspection services costs. Therefore, on February 7, 2020, Building increased the contract amount to $2,354,850.

Period	Total Payments to JPI
CY 2017	$428,712
CY 2018	$368,019
CY 2019	$286,896
January 2020	$77,615
Total	$1,161,242

The current contracted rate is $52.92 per inspection hour. It is important to note that this rate is well below the market average. Upon termination of this contract in 2022, Building estimates JPI will charge approximately $100 per inspection hour.

Management indicated during interviews that they use JPI consistently for building inspections, with at least one inspector from JPI performing building inspections full-time. Building uses JPI for mechanical and plumbing inspections on an as needed basis to cover staff leaves of absence

or training. JPI does not typically provide electrical inspectors, as they do not have the capacity to do so.

During ride-alongs with inspectors, we noted even with the assistance of JPI, the inspectors were busy enough that they worked through their breaks and lunch, and took a lunch break at the end of the day, when possible. Some inspectors were not able to take a lunch break and indicated this was a regular occurrence. The electrical inspectors are significantly impacted, as JPI is not able to provide electrical inspectors to assist with the workload. The inspectors have a positive attitude about being flexible in their work schedule. However, it is common for the electrical inspectors to postpone personal responsibilities to ensure their inspections are completed.

During interviews, management and staff indicated concerns with the quality of JPI's work. Building has little control over whom JPI provides to perform inspections on a daily basis, and there have been performance inconsistencies. Management indicated they would prefer to hire and train County inspectors rather than utilize JPI full-time.

Annual Costs for Inspector 2	
Salary/Benefits (at $52K)	$83,646.40
Fuel	$1,500.00
Cell Phone Service	$600.00
Vehicle Service	$500.00
Mobile Hotspot Service	$500.00
Uniforms	$200.00
Shoe Allowance	$150.00
BOAF Membership	$90.00
Vehicle Insurance	$54.00
Hard Hat	$15.00
Total Annual Cost	$87,255.40
Hourly Cost (Total Annual Cost/2,080 workhours)	$41.95
JPI Hourly Rate	*$52.92*
*JPI Annual Rate (Hourly * 2,080)*	*$110,073.60*
Annual Variance	**$22,818.20**

One-Time Costs for Inspector 2	
Vehicle	$24,631.00
Vehicle Accessories (ladder racks, computer mounts, printer mounts & electrical)	$4,200.00
Laptop	$1,200.00
Cell Phone	$1,000.00
Code Books	$950.00
Ladders	$600.00
DBPR License & Exam	$500.00
Printer	$150.00
Cell Phone Case	$50.00
Total Cost	**$33,281.00**

Although there are one-time costs associated with hiring additional inspectors, the ongoing costs are less than the cost of using JPI. Further, the County can train its inspectors consistently. Management indicated that having at least one additional inspector in each trade would provide the inspectors with a balanced workload and allow them to spend time doing other necessary duties, such as:

- Following up on complaints
- Proactively looking for violations
- Visiting large projects to look for opportunities for improvement
- Plans review (many inspectors are certified)
- Attending refresher training/continuing education

Additionally, the inspectors could cross-train and become licensed in other trades. This is especially important for inspectors, as obtaining additional licenses is the primary way inspectors can grow their careers. Building has implemented certification pay to incentivize the inspectors. The County pays $1 - $2 per hour for each additional inspector license they obtain. In addition, inspectors who get their plans examiner license earn an additional $0.50 per hour.

Building currently has interlocal agreements with several cities to provide inspections services and recently entered into an interlocal agreement with the City of Indian Rocks Beach to serve as the City's Building Official and provide all permit issuance, inspection, and plans review services. In order to provide these services and maintain desired response times to current customers, Building will need additional inspectors. During the last holiday season, management had to send requested inspections back to various municipalities because they did not have the resources to complete them.

As mentioned in the Background section of this report, during the audit, we received allegations that three inspectors, specifically in the building trade, were abusing their time by performing non-work duties during work hours. The allegations specified that the inspectors finish their work early and spend the remaining time engaging in non-work related activities.

Concurrent with this audit, we conducted an investigation into these allegations. We installed GPS devices on the respondents' vehicles and reviewed GPS data collected. We also used information obtained from the audit. We concluded the allegations were unfounded; however, some of the evidence obtained uncovered operational procedures that warrant modification, as indicated below.

During the audit, we learned some inspectors start and end their day at the BDRS office and some report to other County offices. This allows the inspectors to complete more inspections by starting their day closer to their inspection route. We noted two of the respondents reported to the BDRS office, and one of the respondents reported to Fleet Management in the City of Largo.

When we accompanied the inspectors during their workdays, we noted they were transparent with how they conduct their work. Their workdays vary based on the inspections their supervisor assigns. Inspectors have additional duties they can perform if they finish their inspections early, such as studying building code, engaging in building enforcement activities, following up on email correspondence and phone calls, and visiting construction sites that are in progress.

All of the inspectors we accompanied, including those who were not respondents in the investigation, worked very efficiently in the early part of the day to get their inspections finished so that citizens' projects were not delayed. Most inspectors did not take a break until their inspections were finished, which could be anytime between 12:00 p.m. – 4:00 p.m. The building inspectors typically had more flexibility than the other trades due to the number of building inspectors (12) compared to each of the other trades (3-4 each). However, some days the building inspectors have inspections that take all day, and some days they finish earlier and perform other duties.

Most inspectors we accompanied during the audit indicated that during their training with the County, they learned not to return to the office until 3:30 p.m., at the earliest. When questioned why, the inspectors said if they returned earlier, management might think they are not working a full day. Therefore, the inspectors' standard practice is to stay in their vehicles in locations around the County, reviewing regulations, making phone calls, or checking email, to avoid returning to their office or remote reporting location. Some of the inspectors were also trained to park in a location for no more than 30 minutes, so concerned citizens would not file complaints, even though the inspectors are performing work while parked. This resulted in inspectors moving from location to location, which wastes time, gas, and accelerates vehicle depreciation.

Transparency is important, so management can make decisions about staffing levels. As mentioned above, Building needs additional staff in all trades to reduce the use of contractor inspectors. In the building trade, it may be possible to hire less staff to replace the contractor if management has accurate information about inspection times. Also, management can assign additional work to the inspectors on “lighter” inspection days.

If inspectors continue to spend time in various locations in the County, although they are working, the appearance to citizens may result in more complaints requiring investigation. Inspectors should report to their assigned location upon finishing their inspections, since their remaining work can be done in an office setting or their vehicle.

The County eliminated several inspector positions during the Great Recession, and after the construction industry recovered, did not hire the required number of inspectors to meet demand. As a result, Building uses a contract inspector, which results in higher costs to the County and sometimes subpar work performed by the contractor. In the electrical trade, inspectors are at risk of experiencing a lack of work-life balance. Additionally, the County cannot always provide inspection services to other jurisdictions.

We Recommend Management:

A. Hire additional inspectors in each trade to offset the use of contract inspectors. This should be done in conjunction with recommendation A in OFI #1, to pay the market rate to inspectors to ensure the County attracts and retains quality inspectors.

B. Reduce the use of contract inspectors as much as possible. Staffing levels should be sufficient to cover regularly scheduled leaves of absence and training. However, when the workload is higher than expected or during an emergency, such as a hurricane, Building should use contract inspectors on an as-needed basis.

C. Provide training to the inspectors regarding end-of-day reporting procedures, so they do not spend unnecessary time in the field.

Management Response:

A. **Management Concurs**. However, implementation of this recommendation will be based on market conditions and budget availability. Building is also evaluating the pros and cons with whether to continue hiring additional inspectors in each trade or hiring multi-trade inspectors that can inspect 2 or more trades. The goal is to have inspectors that can cover whichever trade would most need coverage and be flexible and interchangeable. If the department does pursue multi-trade inspectors, it will need the budget availability to pursue these higher cost positions.

B. **Management Concurs**. Building has already reduced its dependency on contract inspectors, as of May 2020. Currently, the catalyst has been the decrease in permit volume, however, the department hopes to reevaluate the division's efficiencies and promote cross training to encourage and take full advantage of multi-trade inspection opportunities.

C. **Management Concurs**. We will review procedures and discuss with inspectors. It is anticipated that this process can begin in the near terms (i.e. within the next one to three months).

3. BDRS Does Not Have A Retention Program For Building Code Inspectors.

The County employs inspectors who specialize in one or more of the following categories:

- Building
- Electrical
- Mechanical
- Plumbing

The Department of Business & Professional Regulation (DBPR) regulates inspectors through its Building Code Administrators and Inspectors Board (BCAIB). The BCAIB is responsible for licensing and regulating inspectors and considers applications for licensure.

In order to obtain an inspector's license, applicants must pass two exams:

- International Code Council Technical Examination, one of the following:
    - 2B Commercial Building Inspector
    - 2E Commercial Electrical Inspector
    - 2M Commercial Mechanical Inspector
    - 2P Commercial Plumbing Inspector
- Building Code Administrators and Inspectors Florida Principles and Practice Licensure Examination

In order to take the examinations, an individual must be 18 years of age, of good moral character, and meet one of seven additional criteria related to work experience and training. Typically, the County employs inspectors based on the requirement the candidate "demonstrates 5 years' combined experience in the field of construction or a related field, building code inspection, or plans review corresponding to the certification category sought."

DBPR also offers provisional certificates for the categories listed above, which are valid for one year. Provisional certificate application requirements include the following:

> *"Applicants must be employed with a local government agency and must be newly hired or promoted into the position for which they are applying."*

Provisional license holders have one year to pass the inspector examinations. The County hires individuals who do not have an inspector's license, as long as they have the required work experience. Examination fees are waived for government employees, but the County pays for the individual to obtain a provisional license and for the study materials needed to prepare to take the inspector's license examinations. Additionally, the County's Building Official must attend a DBPR hearing in support of obtaining a provisional license for the applicant and getting them approval to test. Applicants can take an exam up to four times in any six-month period.

Employees with a provisional certificate have the job title of building inspector 1, electrical inspector 1, mechanical inspector 1, or plumbing inspector 1. As an inspector 1, training includes riding with each inspector 2 in their trade until they have learned the inspection procedures and management is comfortable they can perform inspections alone. On average, management indicated inspectors are in training for three months. Upon passing the building codes inspector examinations in their trade, the County promotes the employee to an inspector 2 in the applicable trade.

The minimum salary for an inspector 1 and inspector 2 is as follows:

- Inspector 1: $38,750
- Inspector 2: $52,000

As noted in OFI #1, retaining employees due to market salary rates has been difficult. However, the training program results in a more significant loss to the County as the investment in these employees is greater. Staff indicated during interviews that some employees have benefited from the training provided by the County, and then left to pursue a higher salary working for other jurisdictions.

In addition to the labor costs associated with training, Building incurs the following costs:

- Code Books $950
- DBPR License and Exam $500
- BOAF Annual Membership $130

Based on the County's total investment above of $1,580, plus the time required to train the employee, Building should implement a retention program, which requires an employee to remain working for the County for a specific amount of time.

SHRM specializes in Human Resources practices and has issued guidance on employee retention. SHRM published an article titled, "Managing for Employee Retention," which states:

> *"It is more efficient to retain a quality employee than to recruit, train and orient a replacement employee of the same quality."*

There is no required retention period after the County promotes individuals to inspector 2. By continuing to train inspectors and then subsequently not pay them the market rate, the County may continue to experience a higher than average inspector turnover rate, resulting in increased costs for hiring and training additional inspectors.

We Recommend Management:

A. Develop a plan to retain employees who earn their inspector's license through the County. This should include the following:
    - Paying inspector 2s the market rate

- Surveying all inspectors to determine other factors that will earn their loyalty

B. Consider a one-time retention agreement for inspectors who earn their license while working for the County. This could include a bonus after a pre-determined amount of time employed by the County upon earning their license.

Management Response:

A. **Management Concurs**. The Department has taken steps to pay inspectors 2 market rate. We will develop an internal survey to assess what is important to staff. This will serve as a basis to come up with a retention plan.

B. **Management Concurs**. Building will be working with the Workforce Development Director on the implementation of the newly formed "incentive pay program," which if adopted as proposed would give employees incentive increases based upon attainment of certifications and receiving training that translates into the employees performing a wider variety of work.

4. Controls Over Inspections Contractor Invoice Processing Are Insufficient.

As noted in OFI #2 above, Building augments its inspection function with private inspectors. Building entered into an agreement with JPI for inspection services, which provides inspectors to the County as needed, at an hourly rate of $52.92. Building established the purchase agreement with JPI on January 10, 2017, with an agreed amount of $1,569,900. As of January 2020, the County paid $1,161,242 to JPI, resulting in Building increasing the agreement to $2,354,850. The average monthly billing from the contract inception through January 2020 is $33,178.

JPI sends invoices to the County's Finance Division (Finance) for processing, but Building must approve the invoice before Finance issues payment. Building management reviews the invoice for accuracy and forwards it to the accountant for further processing. Building management indicated their review consists of recalling the inspectors that JPI provided during the invoice period, which is typically every two weeks. Management does not maintain records to support the hours billed.

Management indicated that in the past, the contractor provided timesheets for each inspector and was planning to start this practice again. However, we later confirmed with the accountant that the timesheets were not separate from the invoice. Instead, the contractor provided detailed documentation with the invoice indicating each inspectors' time charged per day rather than summarizing the time for the invoice period. We reviewed examples of invoices and confirmed the accountant's explanation. The accountant processes the invoices through Oracle, which is subsequently routed to the BDRS director for approval.

Although in OFI #2 we have recommended Building reduce the use of JPI as much as possible, it is realistic to expect limited use may be necessary in a backup capacity. Controls should be in place when the need arises so Building can ensure only actual hours worked are paid.

A core payment control is the three-way match, which requires a comparison between the invoice, purchase order, and proof of receipt before authorizing payment. Finance receives invoices and validates the prices charged, but relies on departments to verify they have received invoiced goods and services before they approve an invoice. Currently, there is no documented proof of receipt of services to compare to the invoice, which would complete the three-way match. By not documenting the hours worked each day by each JPI inspector, Building cannot confirm it is paying for actual hours worked. This can lead to overbilling and a waste of the County's resources.

We Recommend Management:

A. Require the contractor to submit daily timesheets at the end of each day worked and have them signed by a Building supervisor who can validate the hours worked.

B. Develop an invoice review process that includes comparing validated timesheets with invoices for accuracy.

Management Response:

A. **Management Concurs**. A standard operating procedure will be created to make sure everyone is aware and following the office policy and will be implemented in the near term (i.e. one to three months).

B. **Management Concurs**. Building will implement these practices in the near term (i.e. one to three months).

5. Building Code Inspectors Are Not Always Afforded A Lunch Break And Are Not Compensated Overtime.

Inspectors do not always take a lunch break and do not record the time worked on their time cards. The inspectors' regular work schedule is Monday - Friday from 7:45 a.m. - 4:15 p.m. with a half-hour lunch. This is a standard eight-hour workday, which totals 40 hours for each workweek. The County accepts inspection requests up until midnight each day, and per department policy, inspectors must complete all requested inspections on the following day. Since the volume of inspections varies, there are days when the inspectors must work through their lunch break to finish their scheduled inspections for the day.

Under the Fair Labor Standards Act (FLSA or Act), the U.S. Department of Labor, Wage and Hour Division, requires employees be paid for all time worked. In regards to time worked over 40 hours, the FLSA states the following:

> *"Unless exempt, employees covered by the Act must receive overtime pay for hours worked over 40 in a workweek at a rate not less than time and one-half their regular rates of pay."*

In addition, the County's inspectors are categorized as classified employees. The County's Personnel Rule 3. Compensation, states the following:

> *"All hourly Classified Service employees…will be compensated at time and one half for any hours worked over 40 in any workweek in accordance with the Fair Labor Standards Act. Any hours worked over 40 in a workweek shall be considered overtime hours."*

Building management indicated they had directed employees to take a lunch break and work overtime when it is necessary. Some employees stated they would rather work through lunch than work overtime at the end of the day; however, they also would like to have time for a lunch break.

The FLSA requires agencies to compensate employees who work overtime, regardless of management's knowledge of the overtime worked. BDRS may be in violation of the County's Personnel Rule 3 and federal labor laws since it may not have always paid classified employees at one and one-half times their regular rate for hours worked in excess of 40 hours. In addition, employees have worked more time than management is aware, which prevents management from being able to determine if staffing levels are sufficient.

We Recommend Management:

A. Compensate all classified employees for the time necessary to complete their required work responsibilities. The County should pay classified employees who work in excess of 40 hours at one and one-half times the employee's regular rate of pay.

B. Ensure employees take prescribed breaks each day.

Management Response:

A. **Management Concurs**. The department has been complying with all county and labor laws. Approval of overtime must be requested by the employee in writing ahead of time.

B. **Management Concurs**. Building has already taken steps to inform supervisors so they have the opportunity to address directly with the inspectors. The supervisors will remind inspectors that they have the right and ability to take a lunch break.

6. Building Code Inspectors Do Not Receive Performance Evaluations.

There has not been a practice at BDRS to provide formal performance evaluations for employees. During interviews, inspectors indicated they had not received performance evaluations for several years, and they would benefit from feedback about their performance.

It is considered a best practice for supervisors to provide regular feedback to their staff. Employees should be aware of their performance expectations so they can strive to meet those expectations. Supervisors should give timely performance assessments so staff can adjust their performance if necessary. Consistent dialogue about performance creates an environment where employees can succeed. The County's Unified Personnel Board Policy #3, Employee Performance Management Program, states:

> *"The performance management program should incorporate frequent discussions and conversations between supervisors and employees on the following:*
>
> - *Setting expectations*
> - *Supporting growth and development*
> - *Observing and noting performance*
> - *Summarizing performance conversations*
>
> *Supervisors are expected to memorialize a summary of these conversations on a quarterly basis unless the Appointing Authority adopts an alternative schedule."*

Per Building management, Building stopped conducting formal performance evaluations after the recession when merit increases were no longer applicable. Management adopted a practice at that time to provide feedback during regular interactions with staff, and believed this was a sufficient method of evaluation. However, since some employees expressed the desire to receive formal feedback from management, management should consider engaging with staff in a more formal manner.

When supervisors do not provide consistent feedback, employees may be uncertain if their performance is meeting expectations, or if there are areas in which they can improve. Conversely, if supervisors do not monitor and document negative performance, it is difficult to discipline employees in the future. In addition, not conducting performance evaluations results in noncompliance with the County's Unified Personnel Board Policy #3, Employee Performance Management Program.

We Recommend Management:

A. Provide performance evaluations to all employees on a regular basis. The performance evaluations should be used to set expectations, support growth and development, and to document performance.

B. Document the performance evaluations in the County's FACE system.

Management Response:

A. **Management Concurs**. Building is working with County Administration and the Workforce Development Director to identify the global approach to performance evaluations. We will implement the standard evaluation program being adopted by the organization.

B. **Management Concurs**. The Workforce Development Director is working to obtain a new or modified performance evaluation system for 2021. The department will work with County Administration on the documentation of performance evaluations in this system as it becomes available.

Division of Inspector General

Ken Burke, CPA

Clerk of the Circuit Court
and Comptroller
Pinellas County, Florida

Services Provided

Audit Services
Investigations
Guardianship Services
Consulting
Training
County Fraud Hotline
Guardianship Fraud Hotline
PCSO PREA Hotline

An Accredited Office of
Inspector General

Call: (727) 464-8371
Fax: (727) 464-8386
Fraud: (727) 45FRAUD
(727) 453-7283

Internet: www.mypinellasclerk.org
www.twitter.com/pinellasig
www.facebook.com/igpinellas

Write:
Division of Inspector General
510 Bay Avenue
Clearwater, FL 33756