

# Audit Highlights



Highlights of Legislative Auditor report on the Department of Public Safety, State Fire Marshal Division, issued on April 9, 2007. Report # LA08-01.

## Background

The mission of the State Fire Marshal Division is to provide citizens, visitors, and the fire services of Nevada a safe environment in which to live, visit, and work. The primary responsibilities of the Division include: providing fire protection engineering services, conducting fire investigations and regulatory enforcement, permitting hazardous material facilities, licensing fire protection companies, maintaining Nevada's National Fire Incident Reporting System, and establishing fire service training and certification standards.

For fiscal year 2006, the Division had 38 authorized positions at offices in Carson City, Elko, Las Vegas, Pahrump, and Reno. In fiscal year 2006, the Division received funds totaling approximately \$3.9 million. The Division's funding included a General Fund appropriation and fees from plan review, license, and hazardous material permit activities.

## Purpose of Audit

The purpose of this audit was to evaluate the Division's processes for identifying hazardous material facilities, performing building inspections, and issuing licenses; including whether these activities were carried out in accordance with applicable laws, regulations, and policies. This audit focused on activities for fiscal year 2006, and through October 2006 for certain issues.

## Audit Recommendations

This report contains nine recommendations to improve the Division's processes for identifying and permitting hazardous material facilities, performing building inspections, and issuing licenses. Two recommendations address improving processes to identify facilities and renew hazardous material permits. One recommendation relates to developing an efficient process to inspect state buildings. Four recommendations address coordinating and monitoring staff work activities, and ensuring employee performance evaluations are conducted. We also made one recommendation to improve the identification and licensing of fire protection companies and interior designers. Finally, one recommendation addresses separation of duties for fee collections.

The Division accepted all nine audit recommendations.

## Status of Recommendations

The Division's 60-day plan for corrective action is due on July 3, 2007. In addition, the six-month report on the status of audit recommendations is due on January 3, 2008.

# State Fire Marshal Division

## Department of Public Safety

### Results in Brief

The Division has not established efficient and effective processes to carry out certain programs important for protecting emergency responders and the public. Specifically, the Division has not resolved long-standing weaknesses in identifying and permitting hazardous material facilities, and following up on businesses that do not renew their permit. In addition, many annual fire safety inspections of state buildings were not performed, and the Division's licensing programs can be improved. Furthermore, more than \$100,000 was not collected because of weaknesses in permitting and licensing businesses. Most problems stem from a lack of management controls to guide agency operations and to ensure adequate supervision of staff.

### Principal Findings

The Division has not identified and permitted many businesses that store hazardous materials, including 33 of 80 facilities we tested. The importance of identifying hazardous material facilities was addressed in our 2001 audit. In addition, the 2003 Legislature provided additional staffing for this program. However, the Division has not sustained its efforts to identify businesses storing hazardous materials. As a result, the safety risk to emergency responders and the public has not been minimized to the extent possible. In addition, we estimate the Division does not collect at least \$4,950 annually by not permitting the 33 facilities identified.

Facilities storing hazardous materials did not always renew their permits annually. As of September 2006, over 300 of approximately 5,300 facilities listed in the Division's database did not have a current hazardous material permit. Some facilities had not renewed their permits for more than 4 years. Because the Division did not have a process to track permit renewals, it was not aware many permits were expired. As a result, information on hazardous material quantities was not current. Furthermore, an estimated \$80,000 in fees was not collected.

The Division did not perform annual fire safety inspections on 56 of 60 state buildings we tested. We considered a building to be inspected annually if two documented inspections occurred in the last 2 years, as of October 2006. In addition, staff could not provide any records that an inspection had ever been performed for over half of these buildings. These inspections help ensure exits are not blocked, alarms work, and fire-extinguishing systems are properly maintained. Annual fire safety inspections have been required for many years. However, the Division did not have a process to ensure inspections were performed and documented. As a result, the safety of the public, state employees, and state property was at risk.

The Division does not coordinate its work activities to ensure efficient and effective use of staff. Officers and inspectors frequently traveled long distances, often to the same areas, but performed only a few inspections each trip. These employees also traveled to other regions in the State to inspect facilities when employees stationed in those regions could have performed the work. As a result, employees often spent more time driving than conducting inspections. Coordination of work activities could eliminate many long distance trips and increase the number of inspections performed.

The Division did not adequately monitor the work activities of officers and inspectors. Although monthly reports and forms have been developed to track employee time and work activities, management has not used these tools to monitor the productivity of staff. For example, we identified two inspectors that spent less than 20% of their available work hours performing inspections. One inspector recorded most work hours to administrative activities and travel. The other inspector did not report hours for work and administrative activities. Therefore, we estimated inspection hours by reviewing inspection reports and other documents.

The Division did not conduct annual performance evaluations for officers and inspectors. All eight officers and inspectors we tested did not receive an annual evaluation. Furthermore, six of these employees had not received a performance evaluation in over 4 years.

The Division has not licensed fire protection companies and interior designers as required by state law. Seven of 60 fire protection companies and all 18 interior designers tested were not licensed by the Division. Despite the requirement to license these entities, the Division does not have a process to identify businesses needing a license. Not licensing these businesses results in increased risk to the public. For example, licensing interior designers helps ensure they have knowledge of fire rated materials in commercial establishments. We estimate that \$17,300 in license fees were not collected from the unlicensed businesses we identified.