

# DDES Field Inspection Function

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## INTRODUCTION AND BACKGROUND

The management audit of the Department of Development and Environmental Services (DDES) field inspection function was approved by the King County Council in the 1992 Auditor's Office Work Program.

The Residential Inspection Section in DDES performs inspections for mobile homes and single family residences within King County. The inspections are performed in accordance with the requirements of the 1991 edition of the *Uniform Building Code* (U.B.C.), as amended and adopted by King County. The primary inspections performed by the residential inspectors are foundation, framing, energy, and final inspections.

The Site Inspection Unit in DDES performs site development inspections for commercial and subdivision projects and right-of-way use permits, as well as drainage inspections for grading permits. The construction events requiring monitoring and/or inspection by site development inspectors are specified in the 1987 King County Road Standards. These events include preconstruction conference; clearing and temporary erosion and sedimentation control; utility and storm drainage installation, backfill, and compaction; subgrade completion; curb and sidewalk forming and placement; crushed surfacing placement; paving; structural; and final construction.

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## OBJECTIVE AND SCOPE

The audit objective was to evaluate the efficiency and effectiveness of inspections performed by the residential and land use site inspectors in DDES. The audit specifically focused on inspector productivity, the number and nature of complaints received by each section, and DDES policies and procedures regarding the issuance of change orders.

Audit methodology included an analysis of the DDES timekeeping data for Residential and Site Inspection staff, a review of available policies and procedures, interviews with inspection staff, and observations of the inspection processes.

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## SUMMARY STATEMENT OF FINDINGS

The general audit conclusions were that there was a lack of valid productivity data available to monitor inspector productivity, as well as a lack of adequate procedures to ensure that complaints received were sufficiently investigated to ensure their resolution. Audit staff found that:

- deficiencies in the timekeeping system, inaccuracies in the timekeeping data reported, and significant variances among inspectors for the times recorded for similar inspection tasks limited DDES management's ability to monitor inspection staff productivity;
- the lack of a proactive final inspection process and a policy regarding the assessment of reinspection fees for residential permits may have resulted in a loss of revenue of up to \$3 million to DDES;
- the site development inspections required needed to be more clearly defined to ensure that the King County Roads Standards monitoring and inspection requirements were met; and
- the lack of an inspector evaluation system (e.g., quality assurance reviews or performance appraisals) and reliable productivity data meant that supervisors could not effectively determine the quality and quantity of inspections performed.

## MAJOR FINDINGS AND RECOMMENDATIONS

Chapter II. Timekeeping data recorded varied significantly among inspectors, procedures for initiating final inspections and investigating complaints were inadequate, and policies for assessing reinspection fees and clearly defined site development inspection requirements were lacking.

Management has limited ability to monitor productivity.

Significant variances existed among inspectors for the times recorded in the timekeeping system for similar tasks. Audit staff determined that the geographic areas to which each inspector was primarily assigned and the nature of construction occurring in those areas contributed to these variances but were unable to identify all of the specific factors contributing to the variances due to other deficiencies in the timekeeping system. These variances, combined with the timekeeping system deficiencies, limited DDES management's ability to effectively monitor inspection staff productivity.

Completion and illegal occupation of residential construction projects after permits expired may have resulted in up to \$1.6 million loss of revenue.

In Residential Inspections, final inspections were not always performed due to the lack of a proactive final inspection program for residential building permits. This deficiency resulted in an estimated 3500 residential construction projects being completed and illegally occupied after the permits expired. It also may have resulted in DDES losing up to an estimated \$1.6 million in revenue because residential permit extension and penalty fees were not collected.

Inspectors' subjective determination as to when to assess reinspection fees may have resulted in up to \$1.7 million loss of revenue.

Residential Inspections did not have a policy to implement the U.B.C. provisions for assessing reinspection fees on residential building permits. Consequently, each residential inspector subjectively determined when to assess the fees. This may have resulted in an estimated annual revenue loss of up to \$1.7 million to DDES because the inspectors generally did not assess reinspection fees on residential building permits when the U.B.C. conditions for assessing the fees were present.

Lack of complaint investigation procedures resulted in penalty fees not being collected.

In both Residential and Site Inspections, there were no established procedures for investigating complaints. As a result, the complaints received by the Residential and Site Inspection staff were not always resolved, and penalty fees (e.g., for beginning construction without a permit)

generally were not collected. Since some complaints received were not related to a specific permit or were unsubstantiated, the costs of complaint investigations were absorbed by those individuals who obtained valid permits.

Inspection requirements not consistently satisfied.

Additionally, the Site Inspection Unit had not clearly defined the inspections required on site development projects. As a result, the monitoring and inspection requirements specified in the King County Road Standards were not consistently satisfied.

The audit recommended that DDES management:

- transfer responsibility for initiating final residential permit inspections from permit applicants to DDES, initiate follow-up action on expired residential permits to include performing final inspections and collecting permit extension and penalty fees as appropriate, and modify the King County Code to clarify the policy for assessing penalty fees on expired residential permits;
- develop and implement a policy which specifies the conditions under which reinspection fees must be assessed, and monitor the assessment of reinspection fees to ensure the policy is consistently implemented;
- establish an engineer position to investigate and follow up on complaints received, develop and implement procedures to ensure that sufficient investigation is performed and documented to ensure complaint resolution, develop a complaint activity in the Sierra PERMITS system to track complaints and facilitate collection of penalty fees, and determine the feasibility of establishing a separate fee or providing Current Expense Fund support for complaint investigations not related to active permits; and
- establish procedures to ensure that the inspections required by the King County Road Standards are performed during the appropriate phase of site development construction.

Chapter III. Quality assurance reviews and/or performance appraisals were not performed for residential and site inspection staff, and inspectors had limited knowledge of the elements of the public duty doctrine.

No quality assurance review program or performance appraisal system for inspectors.

There was no quality assurance review program or performance appraisal system to monitor inspector performance and productivity in either Residential or Site Inspections. Additionally, the timekeeping data tracked and reports generated from the DDES timekeeping system were limited and unreliable as a basis for determining productivity levels. As a result, DDES managers were limited in their ability to identify deficiencies in the quality of inspections performed.

Inspection staff lacked knowledge of the public duty doctrine.

Although the Residential and Site Inspection staff had some knowledge of situations that could

subject them and King County to liability, they did not have full knowledge of the concept of the public duty doctrine and its exceptions. This lack of knowledge limited inspectors' ability to avoid those situations which have the potential to create liability.

The audit recommended that DDES management:

- develop performance standards and monitor inspector productivity through quality assurance reviews and performance appraisals, and develop timekeeping reports which will be useful in monitoring employee performance; and
- coordinate with the Prosecuting Attorney's office to train all inspection staff regarding the public duty doctrine, its exceptions, and examples of situations that could create liability.

Chapter IV. Errors in the timekeeping data submitted and entered were excessive, timekeeping reports were inaccurate, and timecard data submitted were inconsistent among the inspection staff.

Audit observations of inspection staff revealed that the average percentage difference in the times recorded on timecards versus the actual time spent performing specific tasks was 29% for residential inspectors and 110% for site inspectors. These differences were compounded by a data entry error rate of almost 8% and inadequate editing features in the timekeeping system to prevent erroneous entries. Errors in the timekeeping data also resulted from inconsistent use of the task codes, missing timecards, and inconsistent recording of travel time against projects. Additionally, timekeeping reports generated contained different sets of numbers for identical periods of time (e.g., the total hours worked for a six-month period were inconsistent on three different reports). Finally, the inaccurate and incomplete timekeeping data was used for billing purposes on some permits, resulting in both overbillings and underbillings of customers.

The audit recommended that DDES management:

- provide training to DDES staff and establish procedures for supervisory review of timecards to improve the accuracy of timekeeping data submitted;
- establish procedures to monitor the data entry error rate and develop exception reports and procedures to ensure that errors identified are corrected;
- reprogram the timekeeping system to incorporate additional system editing features and correct the discrepancies among the reports generated.
- develop a policy which requires inspection staff to record travel time separately from inspection time and instruct staff on when and how to record travel time against specific projects.

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