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**DEPARTMENT OF LABOR AND EMPLOYMENT**  
DIVISION OF OIL AND PUBLIC SAFETY

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August 8, 2007

Senator Stephanie Takis  
Chairman  
Legislative Audit Committee  
200 E. Colfax  
Denver, CO 80203

Dear Senator Takis:

Attached is our status update of the legislative audit which was released on June 11, 2007 for the Public Safety Section of the Division of Oil and Public Safety. Since the release of the audit we believe we have made significant progress in addressing the auditor's issues and recommendations regarding the Public School Construction Program. Our progress has been in the areas of employing experienced personnel, quality control review of building plans, re-inspecting over 150 sites and developing a long term plan for the successful implementation of the program.

We look forward to presenting our update on all of the public safety programs within the Division of Oil and Public Safety to the Legislative Audit Committee at your meeting on August 20<sup>th</sup>. In the meantime if you have any questions please don't hesitate to contact me at 303.318.8502.

Sincerely,

Richard O. Piper  
Division Director

pc: Don Mares, Executive Director  
Gary Estenson, Deputy Executive Director  
Kara Miller Tupa, Legislative Liaison  
Marilyn Hajicek, Deputy Division Director

# **Progress Report on Audit Recommendations as of August 1, 2007**

## **Public School Construction Program**

### **Recommendation No. 1:**

The Division of Oil and Public Safety should improve its process for conducting plan reviews for public school construction projects by ensuring staff are experienced and receive adequate training for conducting plan reviews, developing and implementing standard comprehensive checklists to use as a guide to ensure all components of the plan review are addressed, and resolving any deficiencies identified during the review prior to approving the project plan. The Division should review the life-safety issues identified for the schools in our sample and, as necessary, notify and work with the districts to develop the appropriate remedies.

Implementation Date: January 2008.

### **Progress Update:**

Partially Implemented/In Progress. On May 31, 2007 we hired a new program manager, Joe Montoya, who has over 25 years experience in school construction inspections, plan reviews, and management.

The school construction plans identified in the audit will be re-reviewed in time for presentation to a stakeholder group on August 15, 2007. The stakeholder group which has been working with the Division since October 2006 consists of public school construction officials, fire marshals, architects, contractors, local building officials, and representatives of the Division of Fire Safety. At that meeting we will present our findings from these re-reviews and discuss with the group issues of building code interpretation. After that individual deficiencies will be addressed.

After the audit report was issued, the Division committed to re-inspecting 150 sites and plan reviews that had been conducted during the audit period. At the same time normal workload has increased substantially. It was determined we had to have a short term plan that would deal with our commitment for re-inspections and responding to increased workload. We also decided we had to develop a long term plan for the future implementation of the program. The short term plan involves making an emergency supplemental request from the JBC at their August 2007 meeting. The request will include spending authority for temporary FTEs and for contractors to perform necessary plan reviews and inspections.

Since July 1, 2007 we have hired three temporary employees and a contractor to assist us in our re-inspection commitment. The plan reviewer, inspector, and contractor bring to us the multiple number of years of experience that we have not had before. We have completed 144 of the inspections and the remaining will be completed at weeks end. The plans for these sites will be re-reviewed by August 31, 2007.

Of the 144 sites that we have re-inspected we have found deficiencies that have to be corrected immediately at 49 of the locations. Those deficiencies included the following: missing site plans, missing emergency lights/alarms, proper drainage, tie downs, penetration through rated walls, dampers installed improperly, missing exit signs and area separation wall incomplete. These deficiencies are not life-safety issues and should be easily corrected within a brief period.

The longer term plan will include new legislation and an additional supplemental request for permanent FTEs. This plan has been discussed extensively with our stakeholder group and we are at a point of reaching consensus. The plan will be discussed more under Recommendation No. 9.

**Recommendation No. 2:**

The Division of Oil and Public Safety should ensure building plans for public schools are adequately reviewed and approved with regard to special inspections, mechanical systems, and energy efficiency by requiring architects and engineers to submit all required information with the building plans, reviewing the information for sufficiency and compliance with the building code, resolving any deficiencies, and documenting its approval on the final building plan. The Division should review the exceptions identified by the audit involving life-safety issues and, as necessary, notify and work with the districts to develop the appropriate remedies.

Implementation Date: January 2008.

**Progress Update:**

Partially Implemented/In Progress. In mid-June 2007 we implemented a procedure that requires the public schools to submit with their permit applications what mechanical systems, special inspections, and energy efficiency inspections that will be done and by whom. Documentation of the actual inspections must be submitted prior to the issuance of a certificate of occupancy (CO).

Many of the exceptions identified by the auditor's contractor have been reviewed and the remaining reviews will be completed within the next couple of weeks.

**Recommendation No. 3:**

The Division of Oil and Public Safety should ensure that its Public School Construction Program complies with the building code and industry practice by:

- a. Implementing a process for ensuring that final building plans are stamped "reviewed for compliance" and a copy is sent back to the architect. This could include adjusting plan review fees to cover mailing costs or requiring architects to provide a postage-paid tube for shipping the plans.
- b. Verifying that the approved plans are on-site and referring to them during its inspections. If plans are not on-site, the Division should follow up with enforcement actions for noncompliance.

Implementation Date: January 2008.

**Progress Update:**

Implemented/Ongoing. On June 1, 2007 the Division implemented a process of stamping building plans and requiring the architect to pick them up at our office and taking them to the project site. So far that is working well. The requirement to have approved plans on-site was adopted into rule on July 20, 2007.

**Recommendation No. 4:**

The Division of Oil and Public Safety should evaluate controls for ensuring that building permits and certificates of occupancy for public school construction projects are issued appropriately. Options include requiring management to review all building permits and certificates of occupancy before issuance, and changing the appearance of the permits and the certificates so that they can be clearly distinguished.

Implementation Date: August 2007.

**Progress Update:**

Implemented. The appearance of the building permits and certificates of occupancy were changed on June 1, 2007. The purpose was to eliminate any confusion by the similarity in the documents.

**Recommendation No. 5:**

The Division of Oil and Public Safety should ensure that public schools receive all required building inspections prior to issuing a certificate of occupancy and allowing a school to be occupied. To determine its workload and the resources needed for completing all required inspections, the Division should track and analyze its past and current construction projects to estimate the number of inspections that need to be conducted, the time required to conduct those inspections, and requirements for follow-up. The Division should use this information when assessing options for addressing resource issues as discussed in Recommendation No. 9.

Implementation Date: January 2008.

**Progress Update:**

Partially Implemented/In Progress. The Division has analyzed many projects and has estimated a number of inspections that need to be conducted at school construction projects. According to the building code there are about nine basic inspections that should be performed for each new construction. The key variable is the number of times each one of these inspections must be performed. The requirement varies greatly depending on the type and size of the project. A brand new school could require as many as 200 inspections, but we believe that would be rare. The average, however, could be around 125 including re-inspections. The amount of time needed for these inspections and resources available to perform them have been considered for resource requirements discussed in Recommendation No. 9.

Currently we are not ensuring that all required inspections are being performed. We are ensuring that certificate of occupancy, health, fire, plumbing, electrical, mechanical, energy efficiency and special inspections are being performed. Upon implementation of the long term plan as described in Recommendation No. 9 we will ensure that all required inspections will be performed.

**Recommendation No. 6:**

The Division of Oil and Public Safety should improve its process for conducting inspections of public schools by ensuring staff have experience and are adequately trained and by developing standard checklists to use when conducting inspections. The Division should review the exceptions identified by our contractor related to life-safety issues and, as necessary, notify and work with the districts to develop the appropriate remedies.

Implementation Date: January 2008.

**Progress Update:**

In Progress. We started using an inspection checklist developed by the International Code Council (ICC), but we found it to be more related to residential construction than to schools. We are in the process of developing our own checklist which will be based on the ICC forms plus our own experience. When completed, it will be included in our existing inspection form.

**Recommendation No. 7:**

The Division of Oil and Public Safety should ensure inspections are complete by:

- a. Working with the school district contractors to ensure that all areas to be inspected are accessible at the time of inspection and, if not, that a follow-up inspection is conducted.
- b. Inspecting buildings to ensure they comply with energy efficiency requirements.
- c. Working with the other inspection agencies to determine what areas are being inspected, identifying any gaps, and ensuring that an assigned agency is completing all required inspections.

Implementation Date: October 2008.

**Progress Update:**

Partially Implemented/In Progress. The areas that had not been accessible to us at the time of our original inspections have not been completely re-inspected but will be by October 2007.

Regarding energy efficiency requirements a new procedure was developed that requires the schools document for us at our final inspection a certificate of installation of insulation. This document will show a calculation of the requirements for energy efficiency.

We have worked very closely with the Division of Fire Safety and local fire departments to create communications on all required inspections. The rule promulgated on July 20, 2007 outlines the procedures for schools to submit permit applications, which facilitates communication among the regulatory agencies.

**Recommendation No. 8:**

The Division of Oil and Public Safety should ensure plan reviews and inspections are adequately documented by:

- a. Developing a systematic method for documenting plan reviews and inspections, using examples from local building departments.
- b. Providing copies of inspection reports to the school district and building contractor.
- c. Ensuring copies of all inspections conducted by either the Division or other state agencies are maintained in the Division's files and periodically reviewing files to ensure they include all of the appropriate documentation. The Division should also follow up with agencies to obtain copies of missing inspection reports for the five projects in our sample.

Implementation Date: January 2008.

**Progress Update:**

Partially Implemented/In Progress. So far we have developed a building inspection report card to be posted at each construction site. On this form will be recorded all inspections performed to date by all regulatory agencies, school district personnel, third party inspectors and fire departments. This form will be signed and dated by the individual inspector. This process was recommended to us by the state's architect office.

Copies of inspection reports have been distributed to contractors but to date not to school officials. That distribution will be implemented within the next couple of weeks.

The file review of those projects from the auditor's sample has not yet been completed. As soon as that project is completed we will follow up with the respective agencies to obtain the copies of the missing reports.

**Recommendation No. 9:**

The Division of Oil and Public Safety should conduct a comprehensive evaluation of its resources and determine the resources needed to adequately conduct all plan reviews and inspections for public school construction projects. This should include working with the General Assembly to evaluate the State's role in overseeing public school construction projects and pursuing statutory change as necessary. This should also include considering options for ensuring that all required and necessary plan reviews and inspections occur. Among the options the Division should consider are:

- a. Contracting with a qualified third-party inspection agency to conduct plan reviews and building inspections.
- b. Requiring schools to obtain plan reviews and inspections from approved independent third-party contractors and submit them to the Division for review and approval. This option may require statutory authority.
- c. Delegating plan reviews and inspections to local building departments, where possible.

Implementation Date: July 2008.

**Progress Update:**

Partially Implemented/In Progress. For several months the Division has been conducting a comprehensive evaluation of the best way to perform the necessary plan reviews and inspections for public school construction sites. This evaluation has included significant input from the stakeholder group mentioned in Recommendation No. 1. Included in the evaluation is not only a determination of types of plan reviews and inspections but also an examination of the total cost to the State and the school districts.

After much consideration it was determined that it would be impractical for the State to maintain sufficient staff to perform all of these duties. It was found and agreed upon by the majority of the stakeholders that it is permissible in the building code for schools to hire inspectors who are certified by the State to perform the majority of the necessary inspections. This provision is also allowable in the State Architect's rules. These inspections will be completed on state forms and will be submitted to the Division of Oil and Public Safety for our review. The Division inspectors will conduct all final inspections required for issuance of a certificate of occupancy. Additionally, Division inspectors will perform quality control oversight of inspections performed by either school district employees or third party contractors. Division inspectors will also

perform all inspections at schools where the local district does not have qualified staff to perform these inspections. Division inspectors will also perform quality control inspections in those local jurisdictions that have been delegated authority by the State.

This was considered the most cost effective way to comply with the building code, audit report, and protection of students. Alternatives were utilizing state contractors and/or schools employing certified third party contractors. The cost to individual projects would be less by using the combination of Division inspectors and the use of certified inspectors employed by school districts. Even though the stakeholder group believes this is the best way to implement this program, this plan is still under analysis by the Department.

Delegation of the program to local jurisdictions is also a viable strategy. Many school districts are opposed to that concept but some are willing to try it. We will work to promote the concept with the school districts willing to participate and with local jurisdictions who have the capability of implementing the complete program.

**Recommendation No. 10:**

The Division of Oil and Public Safety should reevaluate its fees to ensure they comply with the statute and sufficiently cover the costs of the option(s) the Division selects for overseeing public school construction projects, as discussed in Recommendation No. 9. The Division should also work with the General Assembly to amend the statute to allow the Division to establish all fees by rule.

Implementation Date: July 2008.

**Progress Update:**

In Progress. We will propose legislation to adjust language regarding inspection fees that allows us to collect a fee but not mandate that we collect \$200.00 per inspection.

## **Carnivals and Amusement Parks**

**Recommendation No. 11:**

The Division of Oil and Public Safety should ensure that all carnivals and amusement parks operating in Colorado are registered with the Division by:

- a. Working with county fair boards to provide information about the Division's registration requirements and to identify unregistered carnivals. In addition, the Division should use resources, such as the Web, to identify unregistered amusement parks.
- b. Sending follow-up letters to carnivals and amusement parks when their permits expire and taking enforcement action when needed, particularly for carnivals and amusement parks that repeatedly operate without registering with the Division.
- c. Revising Division rules to require amusement parks to register annually by a specific date and carnivals to register at least 30 days prior to operation. The Division should also consider issuing permits to carnivals that are valid only for the specific dates of operation listed in the application, not for an entire year.

Implementation Date: July 2008.

**Progress Update:**

Partially Implemented/In Progress. The Division has contacted The Colorado Association of Fairs & Shows and asked to be notified of their meeting schedule so that the Division may attend and participate. The Division also has obtained the contact information for all of the county fairs in the state. OPS will contact them by the end of September to identify all carnivals operating in the state and verify their current registration. In addition, all field inspectors in the Division continue to notify the carnival program of locations of carnivals in operation so that we can verify registration and proper notification of schedule.

The Division currently sends letters to all carnivals and amusement parks 90 days prior to the expiration date of their current permit, reminding them to complete a new application. We have added a second notification at 60 days prior to their expiration when a new application hasn't been received. We are asking them to notify us of their intent whether or not they plan to operate in Colorado that year.

The Division is assembling a stakeholder group and is planning the first meeting during the week of August 13-17, 2007. The stakeholder group will be asked to evaluate a common registration date for all amusement parks and a deadline of 30 days prior to operation for carnivals. The group will also evaluate limiting the permits for carnivals to specific dates rather than an entire year.

**Recommendation No. 12:**

The Division of Oil and Public Safety should ensure that permits are issued to only those carnivals and amusement parks satisfying the Division's registration requirements by:

- a. Improving the process for tracking documentation received with registration applications by using a review template or checklist and improving file organization so that missing information can be easily identified.
- b. Establishing formal follow-up procedures for requesting missing documentation and taking enforcement action against those carnivals and amusement parks that do not provide complete information in accordance with the Division's registration requirements.
- c. Revising its application to require that carnivals and amusement parks attest to whether they had any accidents, checking the accuracy and completeness of reported accident histories through independent sources, using a risk-based approach to follow-up and independently verify accident histories when indicated, and taking enforcement action for failure to disclose all accidents.

Implementation Date: July 2008.

**Progress Update:**

Implemented. All applications are now reviewed with a detailed checklist for accuracy and completeness. The reviewers note comments, missing information and information gathered by telephone directly on the application. All pertinent data is attached in the file for review or audit purposes.

Formal procedures have been established to document all phone conversations (date, and source) and all mail is sent certified, return receipt requested.

The application has been revised to say “The undersigned certifies that the information provided in this application, including accident history, is true and correct to the best of his/her knowledge.” During the stakeholder meetings, we will discuss the necessity of having the application notarized, and asking for any mechanical failure reports.

**Recommendation No. 13:**

The Division of Oil and Public Safety should improve its monitoring of carnivals and amusement parks to ensure the carnivals and parks conduct daily inspections of amusement rides and maintain records of these inspections. More specifically, the Division should:

- a. Conduct periodic onsite reviews of inspection records, using a risk-based approach to determine which carnivals and amusement parks to visit or have carnival operators attest on their application forms that they maintain daily inspection records. The Division could then periodically request that carnivals and amusement parks submit copies of daily inspection records for a desk review.
- b. Taking enforcement action against carnivals and amusement parks that do not comply with the Division’s inspection and record-keeping requirements.

Implementation Date: January 2008.

**Progress Update:**

Partially Implemented/In Progress. The Division has begun conducting “unannounced” on-site inspections of daily inspection records. The Division believes that this gives a more accurate indication of the individual carnivals’ and parks’ fulfillment of this requirement. The Division has always requested inspections be sent to the office for review in the case of any type of accident and will continue to do so.

The program is in the process of developing a formal enforcement matrix in conjunction with the other Division programs to assist in consistency throughout the Division.

**Recommendation No. 14:**

The Division of Oil and Public Safety should ensure that inspectors are adequately qualified to perform inspections of amusement rides by establishing minimum standards for inspector training, education, and, experience. Additionally, the Division should consider options for ensuring that inspectors meet these minimum standards, pursuing statutory change as necessary. Options may include:

- a. Requiring carnivals and amusement parks to obtain and submit their inspector’s qualifications as part of the annual registration application. The Division could then verify these qualifications and develop a database of approved inspectors.
- b. Revising regulations to require that annual inspections be conducted by an independent third-party inspector.

Implementation Date: July 2008.

**Progress Update:**

In Progress. The Division intends to address the recommendations above with the stakeholder group. The Division also plans to request funding for a certified inspector on staff to assist in the development and operation of a certification program for all amusement device inspectors.

**Recommendation No. 15:**

The Division of Oil and Public Safety should work with the General Assembly to determine the State's role in overseeing carnivals and amusement parks. This should include evaluating whether the Carnival and Amusement Park Program should be improved by implementing a more comprehensive monitoring and enforcement function or whether the Program should be eliminated. Depending on the direction taken, the Division should seek statutory change, as appropriate.

Implementation Date: July 2008.

**Progress Update:**

In Progress. The Division will be working with the stakeholder group to develop the best course of action for the development of the program and the necessary proposals to statute. The Division will continue to advise the Legislative Audit Committee of our progress and direction, and will ask for the Committee's help with any legislation as appropriate.

**Explosives****Recommendation No. 16:**

The Division of Oil and Public Safety should work with the General Assembly to streamline the State's role in overseeing explosives. This should include working with the federal Bureau of Alcohol, Tobacco, Firearms, and Explosives to identify areas of duplication between the two programs and pursue statutory change to allow the Division to rely on the ATFE for certain regulatory functions. The Division should also establish interagency agreements with the ATFE to share information so the Division can verify that all of the necessary inspections and criminal history checks are completed. Finally, the Division should focus its efforts on areas not currently regulated by the ATFE, such as conducting explosive user education and training.

Implementation Date: July 2009.

**Progress Update:**

In Progress. On July 20, 2007, the Division met with the ATFE staff and discussed the overlap of some inspections and permitting between the two agencies. Both agencies agreed in concept that there may be a benefit in consolidating some functions. ATFE also agreed to allow the Division to review its inspections. We are currently waiting for them to supply the requested documents. The Division participated in a joint inspection and investigation with the ATFE on July 18, 2007 in Idaho Springs. The inspector who worked with the Division on that investigation expressed interest in continuing to perform some inspections jointly. The Division will continue to pursue enhancing the relationship with the ATFE.

**Recommendation No. 17:**

For areas where the Division of Oil and Public Safety retains responsibility for regulating the Explosives Program, the Division should improve its monitoring and enforcement to ensure license renewals and inspections are timely, violations are documented, and follow up and enforcement actions occur. Additionally, the Division should seek statutory authority to assess

civil penalties, such as fines, against permittees who fail to comply with statute and Division regulations.

Implementation Date: July 2008.

**Progress Update:**

In Progress. Currently, any person who violates the provisions of §9-6-101 and §9-6-102, commits a class 6 felony and is subject to the criminal penal code. The Division will be seeking statutory authority to impose civil fines for non-compliance. The program, as part of a Division-wide effort toward consistency, is currently developing a fine matrix and establishing the procedures for the enforcement process. All applications for permits are subject to reviews performed by two individuals on staff as well as the continued background checks performed by the Division of Investigations and Criminal Enforcement. The documentation procedure for review of the applications is performed with a check list and all comments, notes, etc., are written on the application and retained as part of the permanent file.

**Boilers**

**Recommendation No. 18:**

The Division of Oil and Public Safety should reevaluate its process for conducting boiler inspections to target resources more effectively and improve the timeliness of routine inspections. Options the Division should consider include:

- a. Completing implementation of the risk-based inspection schedule recommended by the National Board and periodically evaluating the schedule to determine if further adjustments are necessary.
- b. Contracting with approved boiler inspectors to conduct inspections.
- c. Requiring boiler owners to hire a qualified inspector to conduct inspections, pursuing statutory authorization if necessary.

Implementation Date: July 2008.

**Progress Update:**

Partially Implemented/In Progress. The risk-based inspection schedule was implemented last year and the Division is beginning to experience the benefit of fewer boilers currently needing inspection. Because the Division currently has an open inspector position, there is a backlog in the vacant territory.

The Division worked with the Procurement and Contract Services division to hire contractors to perform inspections, but has been unable to find any qualified boiler inspection contractors. The Division was able to hire one temporary inspector who is a retired state inspector, but he is only available for two months. The Division will continue to pursue temporary boiler inspectors and contractors to assist with the backlog of inspections, but the Division does not believe that this option is viable on a long-term basis.

The Division agreed to consider the need for boiler owners to hire qualified independent inspectors to conduct inspections and if deemed necessary, to pursue statutory authorization.

Based on the difficulty the Division has experienced in attempting to hire contractors, this may put an undue burden on boiler owners.

The Division believes that there is an additional need for 2-3 more inspectors:

- The work load continues to increase with a growth in new installations, all of which require an initial inspection by a state inspector per statute. To be the most efficient with travel and geographic coverage, it takes time to coordinate. Additional inspectors would allow more flexibility for this type of activity.
- There is a need for oversight and training of the insurance inspectors. Currently, the state inspectors find code violations in approximately 27% of their inspections. The percentage of insurance inspections with violations is much lower, about 10%. It is critical that we audit the insurance inspections and provide additional training.
- Additional staff is needed to allow all of the inspectors to do more follow-up on violations as discussed in detail below under recommendation #19.

**Recommendation No. 19:**

The Division of Oil and Public Safety should improve its enforcement practices for violations found during boiler inspections by:

- a. Ensuring boiler owners are notified when they do not provide confirmation that violations found during an inspection have been corrected within the 45-day deadline.
- b. Ensuring inspectors update records when a follow-up inspection is conducted on a boiler that has been shut down to accurately indicate whether violations have been corrected or whether problems still exist.
- c. Seeking statutory authority to assess civil penalties, such as fines, against owners who fail to correct violations found during inspections in a timely manner.

Implementation Date: July 2008.

**Progress Update:**

Partially Implemented/In Progress. The database system used by the boiler inspection section, FOCUS, was corrected so that second notices are generated when the boiler owners have not informed the Division that they have corrected their violations. (The auditors discovered that this mechanism had been disabled by previous staff.) We are receiving responses to the second notices so the number of compliant boilers is increasing.

The program manager has established a procedure to publish a monthly report that will identify boilers that are at least 60 days past due (45 days for the first notice and an additional 15 days for the second notice) on correcting their violations. The report is distributed to the state inspectors for them to follow-up by personally contacting the boiler owner or revisiting the facility to speak to the owner in person and determine if the corrections are complete. This is a new duty added to the boiler inspectors' responsibilities. The inspectors are required to enter their findings into the data base as with all of their other inspections.

The Division will be proposing legislation across many of the programs to seek authority to assess civil penalties including the boiler program. Currently, those owners who are negligent in bringing their boilers into compliance can be ordered to cease and desist or the Division can

prosecute them in criminal court. The Division will be seeking the authority to impose civil fines in addition to our current authority.

## **Administration**

### **Recommendation No. 20:**

The Division of Oil and Public Safety should strengthen its controls over cash collection processes by:

- a. Reevaluating and streamlining its transaction processing to ensure functions related to collecting, recording, and preparing and reviewing cash reconciliations are performed by different employees. One option could be to establish one unit that processes payments for the entire Division.
- b. Logging all payments received through the mail, sending the payments directly to the Department's finance office for processing, using the check log to record payments in the FOCUS and MSACCESS databases, and periodically reconciling the check logs to cash recorded and deposited. In addition, the Division should consider using post office or bank lock boxes for receiving all payments.
- c. Requiring that reconciliation reports contain sufficient information to account for the sequence of invoices issued and payments received, contain information from two independent data sources, and be prepared and reviewed by someone who does not have responsibilities related to collecting payments.

Implementation Date: January 2008.

### **Progress Update**

Partially Implemented/In Progress. This recommendation has been partially implemented. The majority of the storage tank registration checks and boiler permit checks are sent to a bank lock box. Our finance office makes copies of those checks and submits them to one person in our Division who does all of the posting. Checks received for carnivals and amusements park registrations, explosives permits and storage tank plot plans are sent directly to the Division office, Public Records Center because included with those checks are various permit application forms. Public school officials are notified when their building plans have been approved and their fees calculated for their building permit. Their representatives come to the office to pick up their approved plans, approved permits and invoices and remit their check at that time to our representative in the Public Records Center. Our employee makes copies of those checks and takes the original to the finance office. One copy of the check goes to the person who posts payment for the other programs.

Our employee in the Public Records Center who delivers the checks to the finance office is also making an additional copy of all checks for purposes of a future implementation of reconciliation with funds received in the finance office. That portion will be implemented within the next couple of months.

**Recommendation No. 21:**

The Division of Oil and Public Safety should strengthen its controls over system access by:

- a. Establishing standard procedures for periodically reviewing user accounts to ensure only current employees and insurance inspectors are allowed access to the system, access is limited only to the functions that apply to an employee's job duties, and passwords cannot be viewed by any employee.
- b. Implementing procedures for creating, resetting, and approving system passwords.
- c. Addressing the problems related to system access identified during the audit.

Implementation Date: January 2008.

**Progress Update**

Partially Implemented/In Progress. To date we have eliminated computer access to the former employees that were identified in the audit narrative. Additionally we have eliminated access to the FOCUS database of the former employees of insurance companies identified. Procedures for periodic review of user accounts and for creating, resetting and approving system passwords are under development.