

Department of General Services

Strengthening the Division of the State Architect's
Workload Management and Performance
Measurements Could Help It Avoid Delays in
Processing Future Increases in Workload

May 2012 Report 2011-116.2



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May 31, 2012

2011-116.2

The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly
State Capitol
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As requested by the Joint Legislative Audit Committee, the California State Auditor (state auditor) presents this audit report concerning the Department of General Services, Division of the State Architect's (division) processes related to reviewing and approving plans for school construction.

This report concludes that the division has been able to keep the amount of time plans wait for review—bin time—under six weeks primarily due to a decrease in workload. Should the division's workload return to previous levels, it will likely struggle to maintain this goal. Recently, the division was prevented from contracting for plan review and instead drew on staff from its construction oversight activities. Further, although the division has a goal for keeping bin time below six weeks, it does not have goals for how long it should take to review plans. Without a plan review time goal, the division has less assurance that it is reviewing plans efficiently and school districts' design professionals have little certainty about how long they should expect to wait for the division to return plans to them for correction.

Also, the division's monthly performance reports on the length of each phase of the plan approval process do not report clear or accurate information. For example, the division includes in its reports some projects for which no plan review activity has occurred because the applications were incomplete, counting the length of time it took to complete each phase as zero days. Finally, the division cannot provide assurance that it has received and approved all plan changes before the start of related construction. After the division approves plans, districts must submit changes to the division for review and approval before undertaking related construction. However, the division does not have a process to ensure that it has received and approved all relevant plan changes. If the division does not approve plan changes before construction, construction may not comply with building standards and risks being unsafe.

Respectfully submitted,



ELAINE M. HOWLE, CPA
State Auditor

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Summary

Results in Brief

As mandated by a state law known as the Field Act (act), the Division of the State Architect (division), part of the Department of General Services (department), supervises the design and construction of K–12 schools and community colleges. The act requires the department—which delegates its responsibilities to the division—to review plans for school construction projects and to ensure that they comply with requirements in Title 24 of the California Code of Regulations (building standards). When the division is satisfied that a set of plans meets legal requirements, it issues an approval letter, which the school district must obtain before beginning construction.

The division and the school districts' licensed architects and structural engineers (design professionals) share responsibility for the time it will take the division to approve construction plans. Once the division receives a complete application for a project, the plan approval timeline moves into three sequential phases: *bin time* and *plan review time*, for which the division is primarily responsible, and *client time*, which is the time it takes the design professionals to make corrections based on the division's comments. The division has a goal of managing its workload to keep bin time—the time between the division's receipt of a complete application and the start of its plan review—below six weeks. Although the division has kept average bin times under six weeks since early 2010, it has done so with a workload that is significantly lower than the level of work it faced in late 2008 and early 2009. From July 2008 through June 2009, the division received an average of 858 new projects each quarter; however, from October 2010 through September 2011, the division received an average of 638 projects each quarter. If the division's workload were to return to previous levels, it would likely again have difficulty meeting its bin time goal and it would risk an increase in the total time it takes to approve plans.

Although the division has a goal for keeping bin time below six weeks, it does not have goals for how long the plan review phase should last. After bin time, projects enter plan review, during which the division ensures that plans meet the minimum requirements of law and of building standards. The division notes any issues it has with the plans and returns them to the design professionals for correction. Without a plan review time goal, the division has less assurance that it is reviewing plans efficiently. Further, without such a goal, design professionals have little certainty about how long they should expect to wait for the division to return the plans.

Audit Highlights . . .

Our audit of the Department of General Services (department), Division of State Architect's (division) processes related to the review of plans for school construction highlighted the following:

- » *Although the division has kept the average time between the division's receipt of a complete application and the start of its plan review (bin time) under six weeks since early 2010, its workload is significantly lower than the level of work it faced in late 2008 and early 2009.*
- » *The division does not have goals for how long the plan review phase should last and thus has less assurance that it is reviewing plans efficiently.*
- » *To help it manage any future increases in workload without negative consequences to its other activities, the division will need to use the retainer contracts it has available, an option it was prohibited from using in the recent past.*
- » *The division's performance reports that relate to the length of each phase of the plan approval process do not report clear or accurate information to stakeholders and division management.*
- » *The division cannot assure that it has received and approved all plan changes before the start of related construction because it lacks processes to ensure that it has received all relevant plan changes and recorded and managed all changes to plans that it must review.*

To help it manage any future increases in workload without negative consequences to its other activities, the division will need to use the retainer contracts it has available. State law allows the division to issue contracts whenever the division deems it necessary to expedite plan review. The division must maintain a list of qualified plan review firms that have signed retainer contracts for plan review work. In the recent past, however, the division was prohibited from using contractors to address high bin times. Instead of contracting, the division shifted staff away from its construction oversight responsibilities. We noted that the division's regional managers believed that the shift affected construction oversight, although they could not quantify the impact. Because the division is likely to need contractors in the future, we believe the division risks lengthening plan approval times if it does not develop a formal policy that defines when it will expedite plan review by using its contracting authority.

Furthermore, the division's performance reports that relate to the length of each phase of the plan approval process do not report clear or accurate information to stakeholders and division management. Instead of reporting information that reflects a snapshot of its current performance, the division reports only on projects that have fully concluded the plan approval process. Because the plan approval process can be long, this means that the division's monthly reports reflect some activities that occurred significantly earlier than the report date, in one case over a year earlier. Further, the division includes data in its reports that cause reported averages for the different phases of the plan approval process to be understated or overstated. For example, the division has included some projects for which no plan review activity occurred because the applications were incomplete, counting the length of time it took to complete each phase as "zero days."

Finally, the division cannot provide assurance that it has received and approved all plan changes before the start of related construction. After the division approves plans, districts must submit plan changes to the division for review and approval before undertaking related construction. However, the division does not have a process to ensure that it has received all relevant plan changes. It also does not have a process for recording and managing all changes to plans that it must review. If the division does not approve plan changes before construction, construction may not comply with building standards and risks being unsafe. According to the former acting state architect, the division is making changes to improve its management of plan changes, which it intends to complete by the end of 2012.

Recommendations

To better gauge the timeliness of its plan review and better communicate with design professionals, the division should develop goals for the time spent on the plan review phase, and measure and report its success at meeting these goals.

In order to avoid delays in plan review, the division should develop a policy that defines when it will expedite plan review using its statutory authority to contract for additional plan review resources.

To more accurately report on its plan review activities to stakeholders and provide relevant information to management, the division should:

- Provide current information on its performance, by phase, at the time of the reporting period.
- Exclude values from its calculations related to projects that cause the average time for a particular phase to be understated or overstated.

To appropriately oversee changes to approved plans, the division should develop policies and procedures to ensure that it:

- Receives all relevant plan changes.
- Reviews and approves all relevant plan changes before the start of related construction.
- Documents its approval of all relevant plan changes.

Agency Comments

The department agreed with our recommendations and outlined steps to implement them.

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Introduction

Background

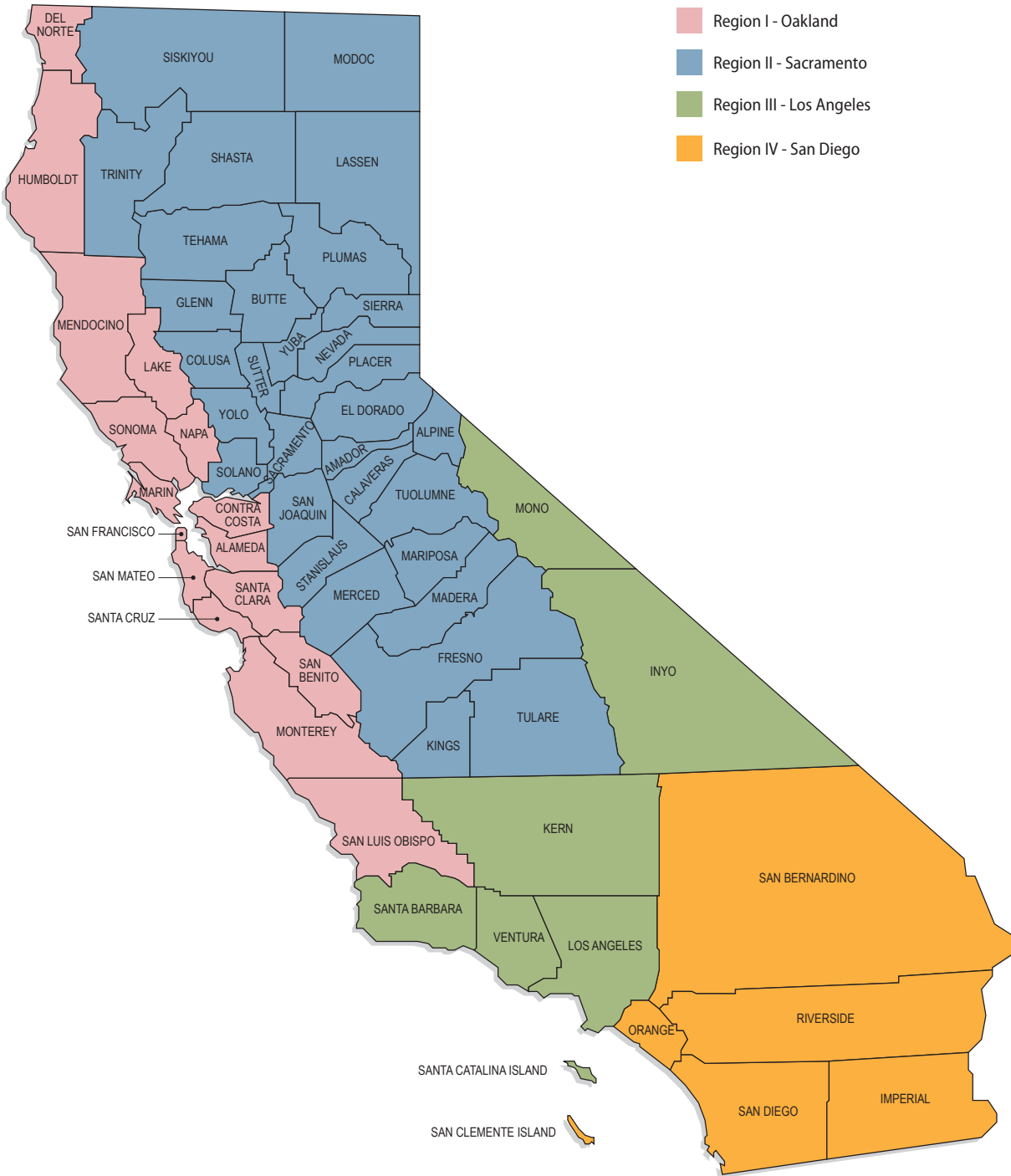
On March 10, 1933, a magnitude 6.3 earthquake hit Long Beach, California. According to the Department of General Services (department), that earthquake destroyed 70 schools and inflicted major structural damage on another 120 schools. The earthquake struck when the buildings were unoccupied; otherwise, according to the department, hundreds of children might have died. On April 10, 1933—only one month after the earthquake—the Field Act (act) became law to protect the safety of pupils, teachers, and the public. The act requires that the department supervise the design and construction of any school building or the reconstruction or alteration of any school building to ensure that plans and specifications comply with the act and the building standards published in Title 24 of the California Code of Regulations (building standards).

Although the act directs the department to approve plans and supervise construction of school buildings for the protection of life and property, the department assigned this responsibility to the Division of the State Architect (division). The division consists of a headquarters in Sacramento and four regional offices located in Oakland, Sacramento, Los Angeles, and San Diego. The headquarters includes the office of the state architect, a branch dedicated to codes and standards, and sections or units dedicated to human resources, inspector certification, fiscal services, contracts, training, performance metrics, and information technology. The state architect is appointed by the governor and heads the division; the current state architect has held the position since December 2011. In each regional office, a principal structural engineer serves as a regional manager, planning, organizing, and directing the plan review and field oversight activities for that office. The regional offices serve the counties assigned to them, as shown in Figure 1 on the following page. For fiscal year 2011–12, the division had a total of 345 authorized positions and a budget of \$53.8 million. The division receives its revenue from fees it charges for its services.¹

This report focuses on the division's process for reviewing and approving school district plans, although the division is also responsible for overseeing and certifying construction. We discussed construction oversight in our December 2011 report titled *Department of General Services: The Division of the State Architect Lacks Enforcement Authority and Has Weak Oversight Procedures, Increasing the Risk That School Construction Projects May Be Unsafe*, Report 2011-116.1.

¹ Two of those fees in particular come from activities related to the act. One fee supports structural safety and fire and life safety plan reviews and construction oversight, while the other supports access compliance reviews.

Figure 1
Territories of the Division of the State Architect's Regional Offices



Source: The Division of the State Architect's Web site.

In order to apply for state funds for school construction projects, school districts must first receive approval from the division for all construction projects that are subject to the act.² Figure 2 on the following page illustrates the division's role in the school construction process. Between July 2008 and September 2011, the division received applications for 9,339 projects, with a total estimated cost of \$22.2 billion. In each region, under the direction of the regional manager, supervising structural engineers and supervising architects oversee technical staff who review plans for school projects. The division has 142 authorized plan review positions—over 40 percent of its workforce—to process and approve school districts' plans for construction. The division divides plan review staff into three disciplines, described in the text box. While there are 83 positions in the structural safety discipline, there are only 32 in the fire and life safety discipline and only 27 in the access compliance discipline.

Plan Review Disciplines

Structural Safety—Ensures construction safety regarding resistance to the forces of gravity, wind, and earthquake.

Fire and Life Safety—Ensures construction safety regarding fire-resistive building materials, fire alarms, and fire suppression equipment; allows occupants to safely exit a facility; and allows firefighting equipment to access a facility.

Access Compliance—Ensures construction compliance with laws and regulations requiring that buildings be accessible by persons with disabilities.

Sources: Title 24 of the California Code of Regulations and the Division of the State Architect's Web site.

The Division's Process for Approving Project Plans

When the division first receives an application for a project, an engineer or architect performs a preliminary review to ensure that the application is complete. Generally, a complete application includes a number of documents such as an application form, a project submittal checklist, and three sets of plans and specifications. If the division deems the application incomplete, the division sends a letter requesting the missing items to the school district and the licensed architect or structural engineer (design professional) responsible for the project.

The division reviews plans for both school and nonschool projects. Between July 2008 and September 2011, the division received at least 7,869 applications for school projects, representing 84 percent of all projects received, with an estimated value of \$17 billion.³

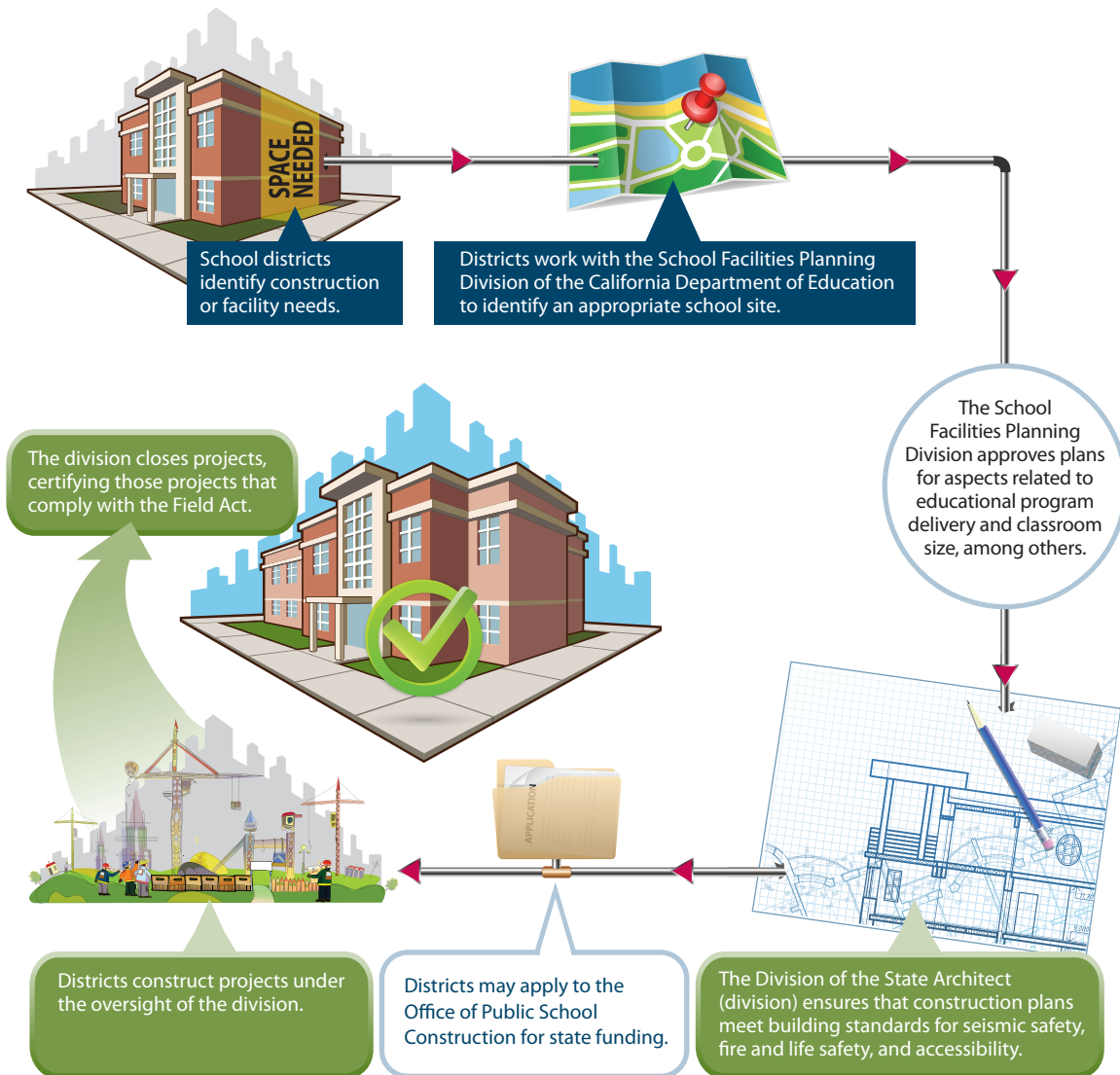
Once the division deems a project application complete, its process for approving plans encompasses three sequential parts: bin time, plan review time, and client time, as shown in Figure 3 on page 9. The first phase of the process, bin time, is the time between the division's receipt

² The act, building standards, and the division's Interpretation of Regulations use several terms, including *school district*, *school board*, and *governing board of a school district*, to refer to local entities with responsibilities under the act. In our report, we use the term school district(s) or district(s) when referring to those entities.

³ The division is also responsible for reviewing plans for some construction not covered by the act. For example, the division reviews plans for some state-owned buildings. This report focuses on school construction projects, but in our analysis we included all projects undergoing plan review because they all go through the division's review process.

of the complete application and the start of its plan review. During bin time, projects are on hold until assigned to a reviewer. The division generally ensures that it moves projects from the bin into plan review in the order in which the projects were received. However, it gives priority to projects with funding deadlines and those that are “shovel ready”—projects that are fully funded, will not use state bond funds, and will begin construction within 90 days of the division’s approval of their plans.

Figure 2
A General Overview of the Division of the State Architect’s Involvement in the Public School Construction Process

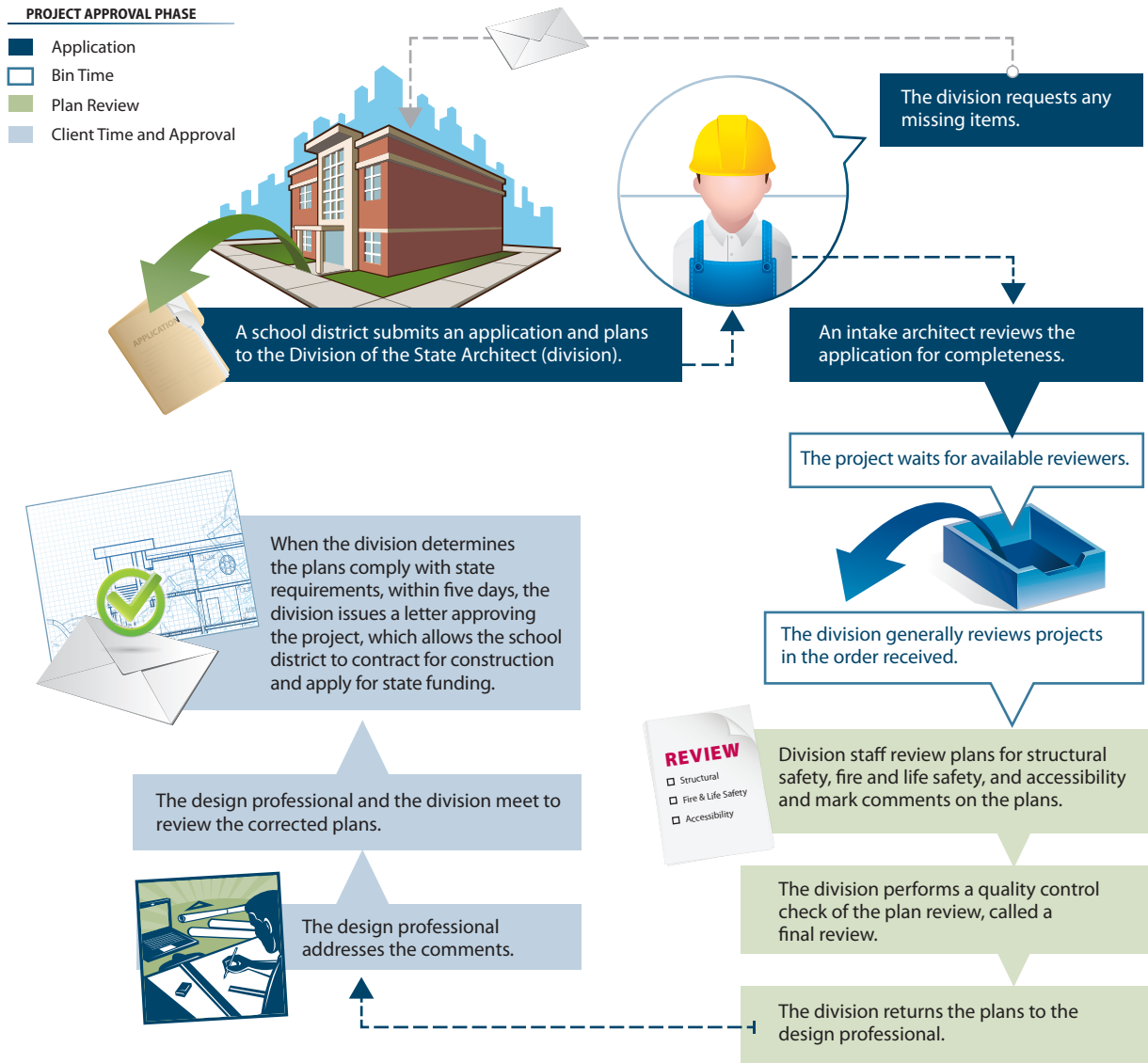


Sources: *School Facility Program Handbook* and Public School Construction Process Web site.

Notes: Seven other state agencies can become involved under certain conditions, which can increase the complexity and duration of the process of building or remodeling a school.

The text in the green boxes highlights the division's involvement in the public school construction process.

Figure 3
 The Division of the State Architect's Process for Reviewing and Approving a Project, by Phase



Sources: Title 24 of the California Code of Regulations, the division's plan review guidelines and policies, reports on bin time and plan review workload, and the division's Web site.

During the second phase, plan review time, the division performs concurrent reviews in the three disciplines described in the text box on page 7. According to the former acting state architect, the structural safety review is the critical review path because this part of the review generally takes the longest to complete. Consequently, as noted on page 7, the division dedicates significantly more staff to structural safety than to either fire and life safety or access compliance reviews. Plan reviewers generally work on one project at a time, although regional managers

stated that they will sometimes assign multiple similar projects to the same plan reviewer to gain efficiency. Reviewers mark corrections and note errors or omissions onto the plans. As discussed in more detail below, the division's plan review supervisors or other technical experts conduct quality control checks of the comments on the plans to ensure that the review has been done appropriately before returning the plans for needed corrections to the design professionals who prepared them for the districts.

The division has provided guidance for reviewers in each discipline on how to review plans and comment on potential design problems. The division has produced guidelines for its structural safety plan reviews, and makes several documents from different sources—including the State Fire Marshal—available on its Web site to describe fire and life safety aspects of construction. Further, the division has a reference manual for access compliance.

The final phase, client time, occurs between the end of plan review and plan approval. After plan review is complete, the division returns the plans, with the division's comments, to the design professionals. When the design professionals have addressed these comments, they make an appointment for what is called a "back check," during which the design professionals and the division's plan reviewers meet to compare the corrected plans with the division's comments on the original plans. When the division is satisfied that the corrected plans meet legal requirements, it places its stamp on the plans and issues a letter to the school district, signed by the regional manager, approving the plans and specifications.⁴

The division has a shorter process for two types of applications. Specifically, the division has an "over-the-counter process" to handle reviews of schools and state-funded structures that are primarily for single-story, relocatable buildings and other simple projects that use preapproved designs; these reviews typically take two hours or less to complete. Between July 2008 and September 2011, the division received 2,928 over-the-counter projects—31 percent of all projects it received—which had a total estimated cost of \$1.2 billion. The division took an average of 13 days to approve this type of project once the client provided a complete application. Second, because the division is responsible for ensuring that public schools and state-funded buildings are accessible to persons with disabilities, the division has a separate "access-only" process for projects that require only access compliance review. This requirement is outside of the purview of the act and can include both school and nonschool projects. Between July 2008 and September 2011, the division received 1,230 access-only projects.

⁴ According to division performance reports, the process of stamping and approving the plans generally takes one or two days. Thus, we have not separated it from the rest of client time in our analysis.

These represented 13 percent of all projects received, for a total estimated cost of \$5 billion. The division took an average of 63 days to approve this type of project once the client provided a complete application.

Construction plans may change after the division has approved them. According to the building standards, several different documents can be submitted to the division for review and approval of plan changes. For example, the division may learn of changes to plans that happen before the award of a construction contract through revisions and addenda. Once a school district awards a construction contract, it communicates changes to plans to the division via “change orders” or “field change documents.” The division uses these documents to review and approve changes made to plans that the division has already approved.⁵ We discuss change orders and field change documents in the Audit Results.

Projects do not always complete the approval process. The division will cancel a project when cancellation is requested by the district. Also, in some instances the division may void a project. For example, if the design professional does not submit corrected plans for a back check within six months from the date the division returned the plans, division policy is to void the project. However, the school district may request a six-month extension. Second, if the back check is not complete within two months, the division’s policy is to void the project. According to the division’s database, school districts cancelled 282 projects between July 2008 and June 2011, and the division voided 1,034 projects during that same time.

The Division’s Processes for Ensuring Consistent Review Practices Throughout the State

The division uses a number of mechanisms to ensure that its four regional offices implement plan review policies and procedures consistently. One example involves the use of final reviews. The division expects its plan reviewers to exercise independent judgment in verifying the work of the design professionals. To ensure that plans are reviewed consistently, supervising engineers or other qualified experts perform a final review after the division’s plan reviewers complete their work. According to the division’s *Structural Final Review Guidelines*, final review is a critical step intended to ensure a thorough quality plan check, with uniform application of codes and standards and consistency among staff.

Additionally, the division has statewide teams that help ensure that reviewers apply the code consistently and that they address concerns raised by clients and staff by providing a forum for the discussion and resolution

⁵ In some cases, the division may also defer approval of a portion of the plans when, according to building standards, a portion of the construction cannot yet be adequately detailed because of variations in product design or manufacturer. For example, the division states that it is not efficient to design elevator guide rails until after an elevator supplier has been chosen.

of issues as they arise. The division's statewide teams include teams that focus on each of the three review disciplines. Each team includes members representing each regional office and headquarters, and one member of each team is designated the team lead. Decisions from the statewide teams can be specific to a single project or have a broader impact. The division disseminates the decisions of statewide teams to the different parties within the division so that all staff are aware of agreed-upon approaches to technical and administrative questions. Team members serve as their discipline's resource person for regional office staff. A team's decision on an issue becomes the official policy of the division.

Finally, the division has a process in place to handle disputes over the application of building standards. According to the former acting state architect, when disputes between the division and a design professional arise over the application of building standards, the division attempts to address them informally through discussions between the design professional and the plan reviewer, the review supervisor, and the regional manager. Should the division not be able to resolve such disputes informally, the design professional may make use of the division's Code Appeal Process (appeal process). A design professional wishing to invoke the appeal process writes out a complaint and submits it to the division. The division routes the complaint first to the plan reviewer, then to the discipline lead, then the supervisor, then the regional manager, and finally the statewide team. Before elevating the appeal to the next level, the design professional and the relevant division staff discuss the issue. If at any point the design professional and division reach agreement, the process ends. Otherwise, the statewide team will make a decision.

According to division records, between July 2008 and September 2011, the division issued 32 decisions through the appeal process. The division communicates appeal process decisions to its staff through e-mail and by making the decisions available through the division's appeal process database. Similar to statewide team decisions, some appeal process decisions are specific to an individual project, while others have a broader application.

Other Recent Audits and Evaluations

The Department of Finance, Office of State Audits and Evaluations (OSAE), conducted two recent reviews of the division. One review, released in April 2010, focused on the division's revolving fund and its fees.⁶ The other, released in March 2011, focused on the division's plan review and construction oversight processes. OSAE made a

⁶ Fees collected from applicants submitting plans for the construction or alteration of school buildings are deposited to the Public School Planning, Design, and Construction Review Revolving Fund. Money from this fund is used to cover the expenses involved in the review and approval of plans and construction oversight.

total of 41 recommendations in the two reports, and we reviewed the division’s implementation of 35 of those recommendations. The Appendix lists the recommendations we reviewed and the status of their implementation.

Scope and Methodology

The Joint Legislative Audit Committee (audit committee) directed the California State Auditor (state auditor) to review the division’s implementation of the act, which we describe in the Introduction. The audit committee’s request divided the audit into two phases: Phase one focused on the division’s construction oversight and project closeout functions. The state auditor released a report on phase one in December 2011. This report covers phase two of the audit request, focusing on the division’s plan review function. Table 1 outlines the audit committee’s objectives for phase two and our methodology for addressing each objective.

Table 1
Methods of Addressing Audit Objectives

AUDIT OBJECTIVE	METHODOLOGY
1 Review and evaluate the laws, rules, and regulations significant to the audit objectives.	We reviewed relevant laws, rules, and regulations.
2 Review and evaluate the management, control, and operational structure of the Division of the State Architect’s (division) construction plan review process. Determine whether the existing structure provides for efficient service delivery.	We reviewed laws and regulations that govern plan review, reviewed division policies and guidelines related to plan review, and interviewed division staff responsible for plan review. We determined that the management, control, and operational structure, as discussed in the Introduction, is adequate for plan review and appears to provide for efficient service delivery except as further discussed in the Audit Results.
3 Describe the policies, procedures, and practices currently used in the plan review process.	We reviewed laws and regulations that govern plan review, reviewed division policies and guidelines related to plan review, and interviewed division staff responsible for plan review. We describe the policies, procedures, and practices currently in use in the plan review process in the Introduction. In determining the average length of time a project spends in the bin and in plan review, we followed the division’s convention of focusing on structural review for nonaccess-only projects and on the access compliance review for access-only projects. Although fire and life safety and access reviews may start earlier or end later, the division considers the structural review to be the critical path.
4 Determine what processes the division uses to ensure its policies and practices for plan review functions are consistently applied in all its offices. Assess whether such processes are effective.	We interviewed regional managers and headquarters staff about processes they use to ensure consistency and reviewed documents that describe and result from those processes. We reviewed the division’s processes for communicating policy changes to its staff and checked for the completion of the final reviews of plans, which help ensure consistent plan review. We determined that the division’s processes and practices, as described in the Introduction, provide reasonable assurance that the division consistently applies its policies and practices for plan review.
5 Assess whether, and to what extent, the division has backlogs in its project plan review functions. If the division has a backlog, review and evaluate the division’s actions to reduce the backlog.	We analyzed information from the division’s database and performance reports and assessed whether the division’s bin times exceeded six weeks, the division’s stated bin time goal. We reviewed division records and interviewed division staff related to its efforts to manage plan review workload.

AUDIT OBJECTIVE	METHODOLOGY
<p>6 Review studies performed in the past year by the division and the Department of Finance's Office of State Audits and Evaluations (OSAE) on the division's operations and determine the extent to which the division made any changes as a result of these reviews to improve its operations, including recommendations related to the division's fee structure.</p>	<p>We interviewed division staff and reviewed documents related to the division's progress in addressing OSAE's recommendations. We limited our review to those recommendations relevant to plan review and the division's fee structure and present the status of the division's implementation of those recommendations in the Appendix. Additionally, we determined that neither the division nor the Department of General Services (department) have conducted studies related to plan review since January 2010.</p>
<p>7 If the division has not done so, determine how changes in key policies and practices since January 2010 at the division have measurably impacted operations (e.g., more efficient management of caseload, timely communication with school districts and other stakeholders, and ensuring effective operations throughout the State).</p>	<p>We interviewed division staff and reviewed policy documents to identify changes the division made to its plan review policies and practices since January 2010. We determined that the division has not completed its own analysis of the effect of these changes. We determined that a division management practice focusing on bin time was a change to a key practice; however, the effect of the change was obscured by a bin time reduction effort the division undertook in early 2010 that involved shifting staff from other responsibilities to plan review, and a general drop in workload.</p>
<p>8 Review and evaluate existing division performance measures for plan review processes and, to the extent possible, determine whether those performance measures align with industry standards or best practices.</p>	<p>We reviewed the division's performance metrics reports and interviewed division staff. We identified other local and state plan review entities to determine what industry standards exist and determined that the Facilities Development Division of the Office of Statewide Health Planning and Development (OSHDP) was most similar to the division. We interviewed the deputy director of OSHDP's Facility Development Division and compared OSHDP's practices and goals to those of the division.</p>
<p>9 Determine if the division has any plans to modify key policies and practices and what its justification and projected outcomes are for these modifications.</p>	<p>We interviewed division and department staff and determined that neither had plans for future changes to policy or practices related to plan review as of March 2012.</p>
<p>10 Review and assess any other issues that are significant to the division's plan review function.</p> <p>In phase one of this audit, we identified elements related to contracting in four objectives which, because the division contracts primarily for plan review services, we chose to address in this phase. The specific objectives from phase one addressed in this phase relate to the division's processes for evaluating, training, and monitoring its contractors.</p> <p>We also chose to review plan changes in phase two, rather than phase one, because of their relationship to approved plans; for example, the division stated it sometimes uses contractors to review changes to approved plans as well as to perform plan reviews.</p>	<p>To provide context for the division's role in the State's school construction process, we reviewed general information on the department's Web site about school construction and related state funding.</p> <p>We reviewed the division's contracting and contract amendment processes by testing a selection of contracts and amendments against requirements in state law and the division's internal policies. We noted no exceptions in this testing. We interviewed the division's contracting staff and regional managers regarding the division's methods for evaluating the competency of contractors, training requirements for contractors, and the division's evaluation of contractors' work.</p> <p>We reviewed laws and regulations that govern changes made to plans after division approval and reviewed division policies related to such changes. We also interviewed division staff about the process for approving changes. Using data from phase one of our audit, we assessed the division's process for approving changes that are made to division-approved plans.</p>

To support its work, the division uses a database called Tracker (database), which it developed in 1997 to manage projects. This database tracks project applications, key dates—such as plan approval and construction start and end dates, and the types of project closure. The database also generates invoices and calculates the fees owed to the division for certain aspects of its work. The database links to scanned copies of documents, when available. To address several of the audit committee's objectives, we relied on data the division provided. We adhere to the standards of

the U.S. Government Accountability Office, which require us to assess the sufficiency and appropriateness of computer-processed information. Table 2 shows the results of this analysis.

Table 2
Methods of Assessing Data Reliability

INFORMATION SYSTEM	PURPOSE	METHOD AND RESULT	CONCLUSION
Department of General Services: Division of the State Architect (division) Tracker database Data as of June 30, 2011	For the purpose of identifying the following for the period between July 1, 2008, and June 30, 2011: <ul style="list-style-type: none"> • The percentage of projects closed that had a plan change document submitted after construction ended. • The number of plan change documents that were submitted after construction ended, and the percentage of these documents that were change orders. • The number of projects voided or canceled. 	<ul style="list-style-type: none"> • We performed data-set verification procedures and electronic testing of key data elements. We identified no issues when performing data-set verification procedures, but we found errors in our electronic testing, some of which we were able to correct. • We performed completeness testing by selecting 29 projects from regional files and verifying that these projects existed in the database; we found no errors in this testing. • We also tested the accuracy of the database by testing key data elements for a random sample of 29 projects and tracing the selected elements to the project files. In this sample, we found one error, so we continued testing until we had tested a total of 47 randomly selected projects and found no additional errors. However, because the division did not have a consistent method for identifying the date construction ended, we were unable to test the accuracy of this field. • Our review of existing information identified two data limitations: The division's database does not track information on any projects submitted to the division before November 1997. Further, the database does not identify which projects are reopened regardless of whether the project was initially recorded in the database. Because some applicants are required to pay a fee when they reopen projects, we were able to identify a portion of the reopened projects using the fee information. Although we were not able to identify all of the reopened projects, we included those we did identify in our analysis. 	Undetermined reliability for the purposes of this audit
Department of General Services: Division of the State Architect Tracker database Data as of September 30, 2011	For the purpose of calculating the following for the period between July 1, 2008, and September 30, 2011: <ul style="list-style-type: none"> • The number and total estimated dollar value of projects the division received by region and quarter. • The average time between application receipt date and plan approval date (total plan approval time) for approved projects. • The number of projects and average amount of total plan approval time for over-the-counter and access-only projects. • The average bin time, plan review time, and client time for projects completing these phases of the plan review process. • The number and total estimated dollar value of over-the-counter and access-only projects. 	<ul style="list-style-type: none"> • We performed data-set verification procedures and electronic testing of key data elements. The results of electronic testing identified minor errors in a few key data elements. • We performed completeness testing by tracing a haphazardly selected sample of projects from regional files to the database and testing the sequential numbering of the projects in the database, and found no errors in this testing. • We performed accuracy testing by testing key data elements for a random sample of 29 projects with plan review activity and tracing the selected elements to the project files. In addition, we selected a supplemental sample of 10 randomly selected projects with no plan review activity. We found no errors in the fields we were able to test. However, we were not able to verify the accuracy of the project receipt and plan review dates because the documentation needed to verify this information is not consistently documented or retained by the division. 	Undetermined reliability for the purposes of this audit

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Audit Results

Increases in Future Workload and a Lack of Plan Review Goals May Jeopardize the Division's Ability to Promptly Process Plans

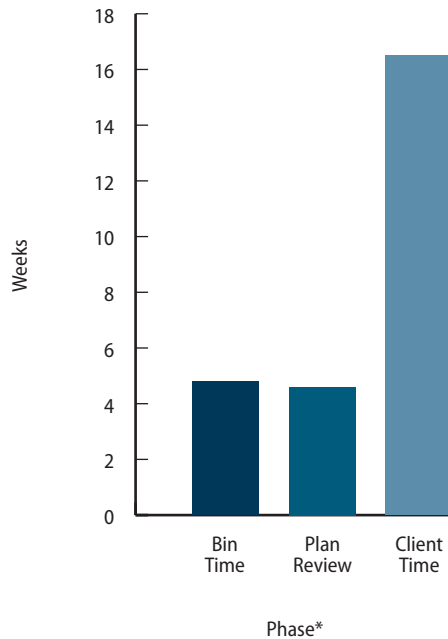
The Division of the State Architect (division) is responsible for two phases of the plan approval process, as described in the Introduction, but it has a goal for the length of only one of these phases. The division has established a goal to keep bin time—which once averaged over seven weeks and exceeded 12 weeks for some projects—to under six weeks. Largely due to a reduced workload, it has been successful at meeting this goal. If workload were to increase, however, the division would likely have difficulty maintaining bin times below six weeks using only its existing plan review staff. Further, the division has no goals for how long its staff should take to finish the plan review phase. Consequently, the division is less able to gauge whether it is reviewing plans and returning them to the school districts' design professionals as quickly as possible. Together, bin time and plan review time comprise the portion of the total plan approval process that is under the division's control. How long the division takes to complete its part of the process is significant because school districts must obtain plan approval before receiving state funding for projects or before beginning construction. When the division determines it needs to speed up plan review, it has the authority to obtain additional plan review assistance by contracting with plan review firms. However, in the recent past the division has been prevented from using this resource.

If Workload Increases to Past Levels, the Division Risks Lengthening the Plan Approval Process

Although the division maintained average bin times below its goal of six weeks between January 2010 and September 2011, it could have trouble continuing to meet this goal if its workload were to return to past levels or to fluctuate significantly, thus risking delays in plan approval. The division's success in meeting its goal has coincided with a downturn in workload. In the past, during periods of heavier workload, the division had difficulty maintaining average bin times of six weeks. Therefore, without the use of additional resources, an increase in the number of applications for plan review would likely cause bin times to exceed the division's current goal. As a significant part of the plan approval process, the division's bin time affects overall plan approval time. Plan approval is also part of a larger process that school districts must navigate before constructing a building project; for example, without division approval, school districts cannot apply for state funding for projects or contract for construction.

The average amount of time it took the division to approve construction plans trended down between July 2008 and September 2011. As discussed in the Introduction, the plan approval process consists of three parts: bin time, plan review time, and client time. The division is primarily responsible for how long the bin and plan review phases of the plan approval process last, while the design professionals who work for the school districts are primarily responsible for the length of time spent in the client phase. Figure 4 shows the average duration of each phase in the plan approval process during the third quarter of 2011. Plan approval time took 28.6 weeks on average between July 2008 and June 2009; however, between October 2010 and September 2011 approval time took 26.1 weeks on average.

Figure 4
Average Time in Weeks Spent in Each Phase of the Plan Approval Process
Third Quarter of 2011



Source: California State Auditor's analysis of data obtained from the Division of the State Architect's Tracker database.

* We calculated bin time, plan review time, and client time for projects that completed each phase during the third quarter of 2011. Because some projects may not have finished all three phases or may have completed multiple phases during this quarter, the sum of the averages shown above does not represent the average total plan approval time for the quarter.

To avoid delays in plan approval, the division established a goal to begin the structural safety review of projects within six weeks of receiving complete applications.⁷ According to the division's former acting state architect, since early 2010 the division has actively managed its workload to keep structural safety bin time for projects under six weeks. He stated that the division developed this goal with the Department of General Services (department) and the State and Consumer Services Agency (agency) in early 2010. At that time, according to the manager of the division's performance metrics unit, the division had some projects that had been in the bin for between 11 and 13 weeks. He explained that currently, to assist in managing to the bin time goal, regional managers receive weekly updates from headquarters about projects in their region that are nearing the six-week mark. The regional managers stated that they use these updates to assign projects for plan review as the submitted projects approach six weeks in the bin.

In early 2010 the division had some projects that had been in the bin between 11 and 13 weeks. In order to meet its six-week goal, the division shifted staff from other responsibilities to plan review, temporarily increasing the resources focused on plan review.

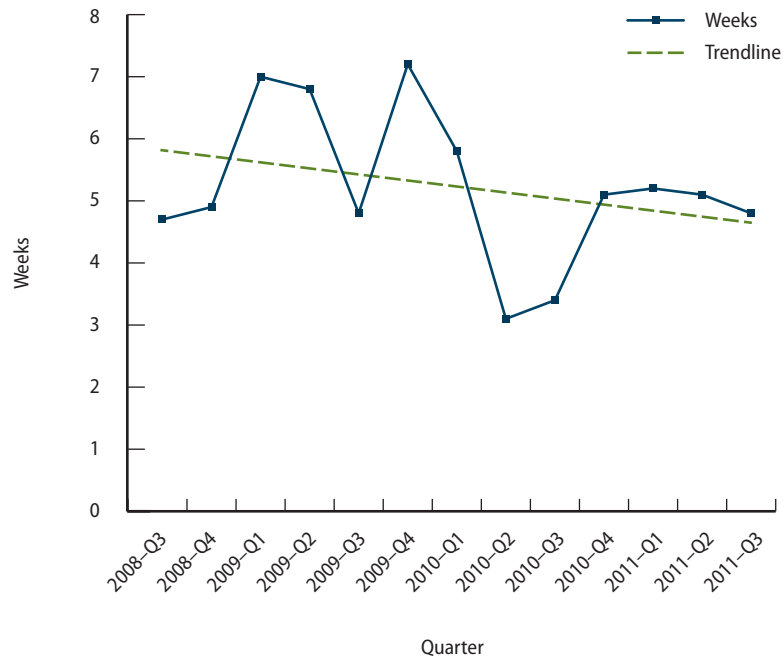
As shown in Figure 5 on the following page, the division had average bin times at or near seven weeks in three quarters of 2009. Figure 5 also shows a dramatic decrease in bin times in the first and second quarters of 2010. During this time, in order to meet its six-week goal, the division shifted staff from other responsibilities to plan review, temporarily increasing the resources focused on plan review. We discuss this effort further on page 24. Since the summer of 2010, when the former acting state architect says the division stopped shifting staff, average quarterly bin times have remained below six weeks through the third quarter of 2011.

The division's success in maintaining its average bin time below six weeks after its 2010 effort concluded appears to be largely related to decreased workload. The division's workload—the number of new project applications it received—decreased substantially during the period we reviewed. As shown in Figure 6 on page 21, from July 2008 through June 2009, the division received an average of 858 projects each quarter. In contrast, from October 2010 through September 2011, the division received an average of 638 projects each quarter, approximately 25 percent less. Further, the dollar value of projects the division received dropped even more over the same period, indicating that the division has been receiving smaller projects on average. The total estimated cost of projects received from July 2008 through June 2009 was nearly \$8.5 billion, but the estimated cost of projects received from October 2010 through September 2011 was nearly \$5.3 billion, approximately 38 percent less. The former acting state architect stated that although it is difficult to

⁷ According to the manager of the division's performance metrics unit, the division measures bin time from the date it receives an application unless it determines the application to be incomplete. In that case, it measures bin time from the date it receives the additional documentation that makes the application complete.

pinpoint reasons for the decline in workload, the economic recession, the slowdown in the housing market, demographic changes, and a lack of state bond funding seem to be contributing factors.

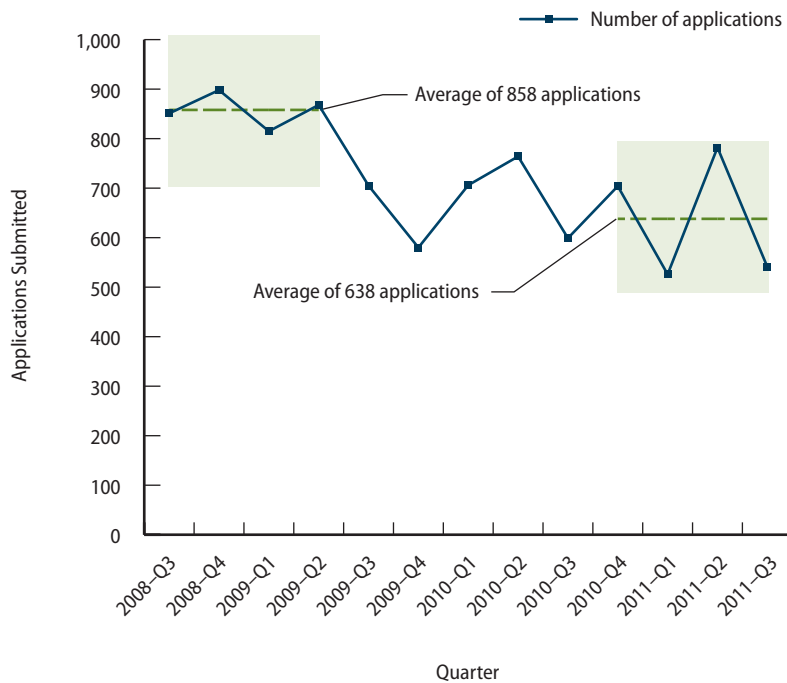
Figure 5
Average Bin Time for Structural Plans in Weeks
July 2008 Through September 2011



Source: California State Auditor's analysis of data obtained from the Division of the State Architect's Tracker database.

Aside from adopting a bin time goal and more closely monitoring projects in the bin, since January 2010 the division has not made changes to its policies that would significantly affect plan approval time. The changes that were made by the division either affected only certain portions of its plan review or had no relationship to the amount of time the division takes to approve plans. According to the division's former acting state architect, these policy changes included requiring clients to submit a checklist of required items along with their project applications, requiring plans for automatic fire sprinkler systems to be submitted as part of the initial project application, suspending a requirement that clients electronically submit plans for projects with estimated costs up to \$400,000, and increasing the division's access compliance-related fee in January 2010. According to the manager of the division's performance metrics unit, the division has not measured the effect any of these changes have had on the division's plan review operations.

Figure 6
Applications for Plan Review Received by the Division of the State Architect
by Quarter
July 2008 Through September 2011



Source: California State Auditor's analysis of data obtained from the Division of the State Architect's Tracker database.

If the Division Set Goals for Plan Review Time, It Could Better Assess Its Efficiency and Better Communicate With Design Professionals

Although the division has set a goal for bin time, it has not set a goal for plan review time. As discussed in the Introduction, plan review time is the amount of time the division spends reviewing plans, commenting on design problems, and returning comments to design professionals. Just as with bin time, the time the division spends on this phase has an impact on the total approval time and thus affects a school district's ability to obtain funding and begin construction. As Figure 4 on page 18 shows, plan review lasted approximately four and a half weeks on average in the quarter ending September 2011.

The division does not have goals or standards for how long projects should take to move through the plan review phase. According to the manager of the division's performance metrics unit, regional managers and supervisors budget time for plan review based on the project's size and complexity. In other words, estimates vary

The division's lack of plan review goals leaves design professionals with little certainty about how long they should expect to wait for the division to return plans.

depending on project characteristics. He further stated, however, that the division does not currently have standards for completing plan reviews within a set amount of time for a given project category, and it cannot globally determine its success in meeting an expected length of plan review, owing to other factors, such as the quality or complexity of plans. Without such goals, however, the division has less assurance that it is conducting plan reviews efficiently. For example, once a week the division currently identifies all plans that have remained in the bin for longer than six weeks. The division cannot perform a similar assessment for projects in the plan review phase without goals for plan review. Establishing a set of plan review goals based on general project characteristics would better allow the division to determine if it is completing this phase of the plan approval process in a timely manner and to take action as necessary.

The division's lack of plan review goals also leaves design professionals with little certainty about how long they should expect to wait for the division to return plans. On its Web site, the division provides a tool to help design professionals estimate when they will receive plans back for correction. However, the tool is imprecise and relies on the user to determine the expected timeline. For example, a design professional using the division's tool must gauge the complexity of the project and determine whether the buildings included on the plans are large or small. According to the tool, such determinations should be used to adjust the division's timeline. In the case of complexity, the division states that review time can increase by "up to 50 percent," while several small buildings can add "up to 20 percent." The tool directs design professionals to add or subtract these amounts of time from a baseline number of days that is set by the dollar value and type of project, whether new construction or modernization.

In contrast, the Office of Statewide Health Planning and Development (OSHPD) does set goals for the time it will take to review plans. Similar to the division, OSHPD's Facilities Development Division is responsible for reviewing plans for new construction of, alterations to, additions to, or renovations of health facilities in the State. Its goals for the amount of time it needs to review plans are specific to project categories that are based on the project's size and complexity. For example, OSHPD's goal for small projects that do not contain major structural work is to complete plan review within 60 days.⁸ According to the deputy director of its Facilities Development Division, OSHPD based these goals on historical information on how long OSHPD took to review

⁸ OSHPD's plan review period starts when it receives a submittal and ends when it returns the submittal for corrections. This period is thus equivalent to a combination of the division's bin time and plan review time.

plans. OSHPD uses its goals to clearly communicate on its Web site how many days it expects to take to complete its review. For example, new hospital building projects have a review turnaround goal of 100 days.

The state architect stated that it would be difficult for the division to develop plan review goals similar to OSHPD's because of the wide variety in the types of projects that the division reviews. He also cited the quality of plans as another issue. The manager of the division's performance metrics unit also stated that the quality of plans is one reason why the division cannot determine if plan review is meeting expectations for time to completion. He noted that plans requiring a larger number of comments take longer to review than those that are more in agreement with Title 24 of the California Code of Regulations (building standards). However, OSHPD also reviews diverse projects, setting different goals for different projects, ranging from small, nonstructural projects to new hospital buildings. OSHPD also may face situations where plans require a large number of comments. In fact, in a report to the Legislature, OSHPD stated that poorly designed submittals require higher review efforts and may cause turnaround times to exceed goals.

Additionally, the division already captures certain project details that could help it create goals for plan review time. The division records a project's estimated cost, which, according to the former acting state architect, is generally associated with the size and type of a project and the quality of construction materials used. Also, the division categorizes projects into different classes, generally according to the size of the project and the type of construction materials used, such as a class for wood-frame projects and a class for single-story relocatable buildings.

The division already captures certain project details that could help it create goals for plan review time.

The Division Has Authority to Ensure the Timely Return of Plans to Design Professionals if Its Workload Increases

When the division determines that it needs to speed up plan review, state law allows it to take specific actions that include temporarily employing additional staff, having existing staff work overtime, and contracting for plan review services. The manager of the division's performance metrics unit said that the division's preferred method for addressing surges in workload is the use of contractors. However, the division has not always been able to use this tool to address high workload.

As required by state law, the division maintains a list of qualified plan review firms that have signed retainer contracts for plan review work. When the division identifies the need for additional

During recent periods of increased workload and high bin times, the division was kept from contracting for review work.

plan review resources, it amends one of these contracts and assigns work to a plan review firm. The division chooses firms for plan review on a rotating basis, contacting firms in the order in which they appear on the division's randomly ordered contractor list. Before amending a contract, the division's policy is to negotiate a maximum amendment cost and a timeline for completing plan review. If the division and the contractor cannot reach agreement on the amendment cost and timeline, state law requires the division to contact the next contractor on the list.

However, during recent periods of increased workload and high bin times, the division was unable to contract for plan review work. During most of 2009, the division had average quarterly bin times at or near seven weeks, and the manager of the division's performance metrics unit said that in January 2010 the division had some projects that had been in the bin for up to 13 weeks. A July 2009 e-mail from the state architect to the division's regional managers stated that the State and Consumer Services Agency had directed the division to stop using plan review contractors and staff overtime. Additionally, according to the manager of the division's performance metrics unit, the department informally discouraged contracting for plan review. He noted that an executive order prohibited contracting to make up for the loss of staff time related to a furlough program that started in early 2009, making it difficult to justify contracting for plan review services. Instead of contracting to address long bin times, in January 2010 the division required regional managers and construction oversight staff to shift up to 50 percent of their time to plan review tasks. In our December 2011 report on the division, we noted that regional managers believed that the shift affected construction oversight, though they could not quantify the impact.

Based on its past performance, future increases in the division's workload will likely challenge the division's ability to meet its bin time goal using only its current level of plan review staff. In fact, the division recently used its authority to contract in order to manage long bin times in its Oakland region, which, according to the Oakland regional manager, were the result of a surge in applications at the end of 2011. The division's weekly bin time report from early February 2012 showed that some projects in the Oakland region had been in the bin for up to eight weeks. As previously discussed, the division's bin time and plan review time have an impact on the total time it takes for the division to approve plans, and plan approval is a key step in the school construction process.

The department's chief deputy stated that he was not familiar with the specific details of past directions to the division but that the division is currently able to contract for services when it determines that plan review assistance is critical to its mission and it has sufficient budgeted spending authority to cover the cost

of contracting. However, because the division is likely to require plan review assistance in the future and the division's authority to contract has been curtailed in the recent past, we believe the division risks lengthening plan approval times if it does not develop a formal policy that defines when it will expedite plan review by using its contracting authority.

The Division's Performance Reports Include Statistics That Do Not Reflect Current Activities and Are Distorted

On its Web site, the division posts monthly reports on the length of time projects spend in the bin and in plan review, but many statistics in the report do not reflect current activities. Reported statistics include the minimum, maximum, and average number of days for bin time, plan review time, and client time. We expected to find that the division's reports would reflect performance during the report period—for example, that the bin times reported for September 2011 would reflect the minimum, maximum, and average bin times of projects that exited the bin in that month. However, the division reports information only on projects that have concluded all plan review activities—after they have been approved or voided by the division, or cancelled by the school district.

As a result, the division's reports reflect activities that occurred a significant amount of time before the reporting month. For example, one project the division approved in September 2011 left the bin and finished plan review in May 2010. Because of the division's methodology, its monthly reports did not reflect activity related to this project until the plan was approved in 2011, meaning that the bin and plan review times reported for this project occurred more than a year before the report that included this project. The manager of the division's performance metrics unit stated that the division chose to report project information only after all plan review activity had concluded because it wanted to maintain consistency across all of the phases of the approval timeline. Consequently, the information the division presents on each phase is not a snapshot of how long projects have remained in a phase at the time of the report, making it difficult for stakeholders to judge the division's performance at a specific time.

In addition, the division uses data that can distort the average values presented in its reports. Specifically, the reports contain information for projects that the division's database shows never entered the bin for review. These projects had applications that the division determined were incomplete and that it eventually voided. For example, we found a project that had never entered the bin and that the division had voided in August 2011. Despite this fact, the division included the project in its report and counted the project

The division's reports reflect activities that occurred a significant amount of time before the reporting month because it reports information only on projects that have concluded all plan review activities—after they have been approved or voided by the division, or cancelled by the school district.

as having taken zero days to complete the plan review and client time phases of the plan approval process. Including zero values for projects that never experienced activity during a particular phase of the plan approval process artificially reduces the average time reported for these phases.

The division has also distorted its reported values by including information on projects that exceed the time limits defined in the division's policy. Division policy states that it will void projects that a design professional has not scheduled for back check within six months of the end of the plan review phase, unless the client requests an extension for an additional six months. Beyond this 12-month maximum, the division will void projects and clients must resubmit them as new projects, with new applications and filing fees. According to the division's policy, it voids projects because excessive elapsed time causes ineffective use of staffing resources and because comments on plans may become outdated as new codes, standards, and regulations become effective. Additionally, the same policy provides that the division will void projects that do not finish back check within two months. However, the division's monthly reports included some projects in which well over a year went by before back check began or the project was voided. For example, division records show that for a number of projects, more than 1,000 days elapsed between the end of plan review and back check. According to the former acting state architect, design professionals for large projects, such as a high school with an estimated cost of over \$80 million, may require more time to address the division's comments and schedule a back check appointment. He stated that voiding projects in these cases would result in a loss of time and resources for both the design professionals and the division, with no material gain in the safety of the project's design. Nevertheless, including these projects in its performance reporting—instead of removing them as outliers—causes the division to report longer average client times than may be typical.

We found that the division's reports overstate the average length of time spent by design professionals on the client phase.

When we adjusted for the above-mentioned issues, we found that the division's reports overstate the average length of time spent by design professionals on the client phase. For projects completing plan review activity in the third quarter of 2011, an adjusted methodology that removed zero-day counts for projects on which no activity occurred and that removed client time days for projects that exceeded time limits showed average client times that were between 17 and 26 days shorter than the client times reported by the division. According to the performance metrics analyst at the division responsible for creating the monthly report, the division reviews the data used in its reports to identify and exclude any outliers. However, we found numerous examples in the division's reports of projects that were incorrectly included even though

they had zero values and no review activity or they had spent significantly more time in the client time phase than the division's policy allows. The division's review for outliers did not exclude these projects. Including such projects distorts the average days reported for all phases of the plan approval process and appears to particularly distort reported averages for client time.

The Division Cannot Ensure That It Has Approved All Changes to Plans Before the Start of Related Construction

As discussed in the Introduction, school districts may make changes to their plans after the division has approved them. Regulations require that the school districts' design professionals submit plan changes to the division for review and approval before undertaking related construction. However, several holes in the plan change process create a situation where the division cannot demonstrate that it has approved all plan changes before the start of related construction, risking construction that does not meet building standards and that may be unsafe. In fact, the division's *Project Certification Guide* states that there have been many instances where the field change process was not followed and change orders did not receive division approval, yet construction was completed.

During project construction, design professionals communicate plan changes to the division through either "change orders" or "field change documents" (field changes). Change orders are documents school districts and design professionals use to communicate changes to the contractor and may affect construction plans, estimated project costs, or the project's schedule. According to the division, the process of developing change orders may be time-consuming because school boards must review and approve them. In order to expedite construction, regulations allow school districts to submit plan changes to the division through field changes, ahead of change orders dealing with the same issue. However, school districts can also use field changes in situations that do not require change orders, and conversely, change orders may include plan changes that were never covered by field changes.

Because both change orders and field changes may affect approved plans, we expected the division to have a process to ensure that it has reviewed all of these plan changes before construction and to maintain evidence of its review. However, this is not the case. The division's process for handling change orders is significantly more robust than its process for handling field changes. The division retains the change orders it receives, which are numbered sequentially, and logs their receipt and approval dates into its database. As part of its process for closing a project, the division

Several holes in the plan change process create a situation where the division cannot demonstrate that it has approved all plan changes before the start of related construction, risking construction that does not meet building standards and that may be unsafe.

The division does not require contractors to report the number of field changes associated with a project, nor does it have any other process to ensure that it has reviewed all relevant field changes.

also requires the construction contractor to report the total number of change orders for the project. The division uses this information to ensure that it has received all change orders. In contrast, the division does not receive all field changes—only those involving changes that are covered by building standards; the division does not receive field changes involving paint color, for example. In addition, it does not have a statewide process for recording or managing field changes. Further, the division does not require contractors to report the number of field changes associated with a project, nor does it have any other process to ensure that it has reviewed all relevant field changes. Thus, the division cannot be certain it has received and approved all relevant plan changes.

Further, the division does not require cross-references between change orders and field changes that overlap. Division policy states that change orders do not need to include approved field changes, although they may. The lack of consistent cross-referencing between change orders and field changes makes it more difficult for the division to determine whether it has approved plan changes on late-arriving change orders through field changes before construction occurred. This is a significant concern, given that division data show that out of nearly 8,800 projects that closed between July 2008 and June 2011, more than 3,000—34 percent of all closed projects—had at least one plan change document submitted after construction ended. Change orders made up nearly 95 percent of the total of 18,248 late-arriving plan changes. In addition, the lack of cross-referencing can lead to inefficient use of time when staff, unaware that the division already approved a field change, review the same change a second time when the district submits it as a change order. According to the former acting state architect, when the division receives change documents after construction is complete, the division ensures that the plan change documents complied with building standards and then gains assurance that the construction was performed appropriately. This may require additional onsite verification from the division's field engineers or possibly reconstruction, at additional cost to districts.

According to the former acting state architect, the division has made changes to its regulations to improve its management of plan changes. Specifically, regulations published in January 2012 no longer refer to “change orders” or “field changes.” Instead, they require design professionals to submit all “construction change documents” related to structural safety, fire and life safety, or access compliance portions of the project for division review and approval. This change to regulations has the potential to streamline the division's work by focusing its review on plan changes that are subject to the building standards. However, because the division has not yet revised its related policies, the issues we identified remain unresolved. Until the division develops and implements related policies to ensure, for example, that it receives all relevant changes

and that it records all relevant approvals into its database, problems will remain. According to the former acting state architect, the division will begin implementing some related policies and procedures in May and that it intends to complete implementation by the end of 2012.

The Division Could Improve Its Documentation of Final Reviews and Staff Attendance at Trainings

The division needs to improve documentation of some of its activities. Specifically, the division does not record the final review performed in the fire and life safety and access compliance disciplines. Further, the division does not maintain records demonstrating that all its plan review staff have participated in training related to recent changes to building standards.

The division cannot demonstrate that it performed final plan reviews in all three disciplines. The division has a written policy that requires a supervisor or other in-house expert to perform a final structural safety review once staff complete their initial review of plans. According to the former acting state architect, a final review of the plans is performed in each of the three disciplines before the division returns the plans to the design professional for correction. In addition, after a contracted firm completes its initial plan review, the division performs a final review of the work, in part to evaluate contractor performance. According to division policy, the extent of the final review varies with the complexity of the project. For example, an abbreviated final review may be adequate for a simple modernization project, while a more in-depth final review may be necessary for a larger, more complicated project.

We expected to find that the division maintained a record of these reviews; however, the division does not do so consistently. The division does not maintain copies of the plans with its review comments once it has accepted the design professional's corrections, but the division does record the date of the final structural safety review and the name of the reviewer in its database. Nevertheless, three of 34 projects for which contracted firms performed plan review in fiscal year 2010–11 did not have a record of final structural review by division staff. Further, the division does not capture the date and reviewer name for the final review of fire and life safety or access compliance work. Without a record of the second review in each of the three disciplines, the division cannot demonstrate that it has completed final reviews that provide an additional level of quality control and consistency and that allow the division to evaluate the performance of contracted firms.

The division does not record the final review performed in the fire and life safety and access compliance disciplines.

The division also cannot demonstrate that all of its plan review staff are current on changes to building standards. State law requires that updated building standards be published every three years and that any changes in the interim be made available through a supplement to the building standards. In order to provide an overview of revisions and to highlight amendments to building standards, the division provides training on these updates when they become effective. However, the division did not confirm that all of its plan review staff participated in the recent training on the triennial update, held in November 2010. Specifically, the division did not maintain attendance rosters, and other corroborating records are incomplete. In this case, the division relied on staff surveys as evidence of participation, but not all staff returned the survey. Without verification that all plan review staff participated in the training, the division cannot ensure that they are all familiar with the latest building standards.

Recommendations

To better gauge the timeliness of its plan review and better communicate with design professionals, the division should develop goals for the time spent on the plan review phase, in the style of those used by OSHPD, and measure and report its success at meeting these goals.

In order to avoid delays in plan review, the division should develop a policy that defines when it will expedite plan review using its statutory authority to contract for additional plan review resources.

To more accurately report on its plan review activities to stakeholders and provide relevant information to management, the division should:

- Provide current information on its performance, by phase, at the time of the reporting period.
- Exclude zero values from its calculations related to projects that did not have activity in a particular phase.
- Exclude projects from client phase calculations that were not returned to the division for back check within the division's deadlines.

To appropriately oversee changes to approved plans, the division should develop policies and procedures to ensure that it:

- Receives all relevant plan changes.

- Reviews and approves all relevant plan changes before the start of related construction.
- Documents its approval of all relevant plan changes.

To ensure that the division performs a final review in all disciplines, the division should require and provide a means for recording final plan review of fire and life safety and access compliance-related work in the database.

To ensure that staff are current on building standards, the division should document its staff's participation in building standards update trainings by maintaining attendance rosters.

We conducted this audit under the authority vested in the California State Auditor by Section 8543 et seq. of the California Government Code and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives specified in the scope section of the report. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Respectfully submitted,



ELAINE M. HOWLE, CPA
State Auditor

Date: May 31, 2012

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For questions regarding the contents of this report, please contact Margarita Fernández, Chief of Public Affairs, at 916.445.0255.

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Appendix

STATUS OF THE DIVISION'S EFFORTS TO ADDRESS RECOMMENDATIONS MADE IN RECENT REVIEWS

In April 2010 and March 2011, the Department of Finance's Office of State Audits and Evaluations (OSAE) issued reports that described the results of two reviews it performed of the Division of the State Architect (division). The first report included findings and recommendations related to the division's Public School Planning, Design, and Construction Review Revolving Fund.⁹ The second report included findings and recommendations about the division's plan review and construction oversight processes. As part of our audit, we reviewed OSAE recommendations related to the division's fee structure and plan review function and the division's implementation of those recommendations. The results of our review, including our determination regarding the implementation status of the recommendations, appear in Table A.

Table A

Analysis of the Division of the State Architect's Progress in Addressing Selected Recommendations From the Department of Finance

NUMBER	RECOMMENDATION	OFFICE OF STATE AUDITS AND EVALUATIONS REPORT*	SUBJECT MATTER	ANALYSIS	STATUS OF IMPLEMENTATION
1	Develop fee structures based on the cost of providing services.	April 2010, page 6	Fees	The Division of the State Architect (division) has developed an updated fee structure for access services. However, according to the manager over the division's fiscal unit, the division has not yet developed a new fee structure related to structural services. The division reported that depending on the availability of resources, the performance metrics unit is to conduct a study of this issue.	Partially implemented
2	Ensure the methodology for each fee structure is adequately supported with detailed documentation, analysis, and formal legal opinions. Furthermore, formal legal opinions should be obtained for policy decisions that significantly affect the division's costs and/or fees prior to implementation.	April 2010, page 6		The division has developed an updated fee structure for access services. However, according to the manager over the performance metrics unit, the division has not yet developed a new fee structure related to structural services. The division said it will ensure that the Office of Legal Services of the Department of General Services (department) is consulted on future policy decisions.	Partially implemented

continued on next page...

⁹ Fees collected from applicants submitting plans for the construction or alteration of school buildings are deposited in the Public School Planning, Design, and Construction Review Revolving Fund. Money from this fund is used to cover the expenses involved with the review and approval of plans and construction oversight.

NUMBER	RECOMMENDATION	OFFICE OF STATE AUDITS AND EVALUATIONS REPORT*	SUBJECT MATTER	ANALYSIS	STATUS OF IMPLEMENTATION
3	Consider revising the statute and regulations so that new fee structures can be implemented with annual adjustments to reflect changes in workload, the construction market, the division's costs, and other relevant factors.	April 2010, page 6	Fees	The division provided proposed legislation to the department that would remove its fee structure from statute. The manager over the division's fiscal unit is not aware of any further action on this item.	Partially implemented
4	Revise regulations and procedures to ensure that refund policies are equitable to both the division and clients.	April 2010, page 9		According to the division, it plans to develop proposed regulatory changes as part of the annual regulatory update cycle.	Pending
5	Revise regulations to establish a minimum dollar threshold rather than a percentage threshold for assessing further fees.	April 2010, page 9		According to the division, it plans to develop proposed regulatory changes as part of the annual regulatory update cycle.	Pending
6	Develop a cost-reporting system that accurately tracks all costs and revenue by specific program at the level of detail needed to develop appropriate fee structures.	April 2010, page 10		The division has implemented revised accounting cost centers, position control components, and planned financial adjustments. The division says that additional levels of detailed tracking will be analyzed by the performance metrics unit.	Partially implemented
7	Consider tracking revenue and expenditures for each school construction project to identify the average project cost and significant cost overruns.	April 2010, page 10		The division reported that the performance metrics unit will analyze this. The manager over that unit said that the division could currently identify the income and direct plan review costs related to particular projects, but that it does not have the ability to determine which exact functions (structural safety, fire and life safety, or access compliance) are responsible for costs.	Pending
8	Review the policy for charging hours to general assignment codes and determine if those hours can be charged to specific school construction projects.	April 2010, page 10		The division reported that its fiscal unit is currently assessing and reviewing the details of its accounting database and project accounting and leave system as part of ongoing activities related to developing a cost-reporting system.	Pending
9	Review administrative personnel duties, develop an equitable methodology to allocate administrative personnel costs to the Public School Planning, Design and Construction Review Revolving Fund and the Disability Access Account Fund, and document the methodology.	April 2010, page 11		The division has implemented revised accounting cost centers, position control components, and planned financial adjustments.	Fully implemented
10	Develop, document, and implement an equitable cost allocation for division indirect costs.	April 2010, page 11		The division has implemented revised accounting cost centers, position control components, and planned financial adjustments.	Fully implemented
11	The division and the department should review and revise the department's overhead allocation to ensure indirect costs charged to Fund 0328, the Public School Planning, Design, and Construction Review Revolving Fund, are equitable.	April 2010, page 11		The division has implemented revised accounting cost centers, position control components, and planned financial adjustments.	Fully implemented

NUMBER	RECOMMENDATION	OFFICE OF STATE AUDITS AND EVALUATIONS REPORT*	SUBJECT MATTER	ANALYSIS	STATUS OF IMPLEMENTATION
12	The division should track staff time by project and activity.	March 2011, page 12	Fees	The division reported that it has explored the feasibility of tracking hours on a project basis and found it to be inefficient and impractical because of the labor-intensive effort involved in tracking staff time spent on numerous projects.	Not implemented
13	Headquarters should more timely disseminate the statewide team's interpretation of regulations, building codes, and decisions on policy to facilitate timely and consistent implementation.	March 2011, page 9	Statewide consistency	Each regional office has a member on each of the division's statewide teams. According to the former acting state architect, it is these members' responsibility to inform their direct supervisor and the rest of the staff in their region of any statewide team decisions.	Fully implemented
14	Enhance staff accessibility to all regional offices' Code Interpretations, Reporting, and Tracking (Form 60) decisions, including the basis for decisions.	March 2011, page 9		The division's public Web site and/or its intranet feature all of the recommended items.	Fully implemented
15	When a new interpretation of regulations is issued, update the Web site immediately.	March 2011, page 9		According to the division, interpretation of regulations are posted within two days of approval and a notification e-mail is sent to stakeholders and staff.	Fully implemented
16	Ensure intake requirements are clearly communicated and available to design firms and other parties involved in project development.	March 2011, page 9		Plan review guidance is available on the division's Web site. Additionally, as of March 2010, the division requires districts to complete a plan review checklist as part of their project submittals.	Fully implemented
17	Provide periodic training to plan reviewers. To promote consistency among staff, the division should develop a periodic training curriculum for seasoned plan reviewers that covers new building code and policy changes, and serves as a reminder of plan review nuances.	March 2011, page 10		The division reported that it conducted training for plan review staff ahead of the last update of the building code. As discussed in the Audit Results section, the division did not adequately document staff attendance at this November 2010 training. The division also said that it intends to continue training efforts as significant building code or procedural changes occur.	Partially implemented
18	The statewide team for project services should develop standard intake guidelines. Training should be provided to staff performing this process to ensure consistency in the application of the intake guidelines.	March 2011, page 10	The division reported that it has tasked the project services statewide team with reviewing existing standard intake guidelines and recommending training to improve consistency.	Pending	
19	Ensure all estimates of value of services (EVS) are approved prior to contract negotiations, EVS templates are standardized, and methodology supporting contract rates is documented. EVS are developed by the division to estimate the cost of contracting plan review work with a third party.	April 2010, page 11	Operations	The division updated its procedures to verify that EVS are approved prior to contract negotiations as part of its review of contract amendment requests. The division is developing a standardized EVS.	Partially implemented

NUMBER	RECOMMENDATION	OFFICE OF STATE AUDITS AND EVALUATIONS REPORT*	SUBJECT MATTER	ANALYSIS	STATUS OF IMPLEMENTATION
20	Establish criteria that would trigger a mandatory preapplication meeting for certain projects. When possible, these preapplication meetings should involve the same intake, plan review, and field engineer staff that will eventually be assigned to the project so that agreed upon decisions can be carried forward.	March 2011, page 10	Operations	The division reported that it participates in preliminary meetings with districts on request, encourages meetings on large or complex projects, and understands that clients are satisfied with available processes. It says that it will review the feasibility of making preapplication meetings mandatory, including consideration of cost implications, staffing requirements, and regulatory changes necessary for implementation.	Pending
21	Inform school districts and design firms that preapplication meetings are required for projects meeting certain criteria, and be available on request for others. Post the established criteria on the division's Web site.	March 2011, page 10		The division reported that it participates in preliminary meetings with districts on request, encourages meetings on large or complex projects, and understands that clients are satisfied with available processes. It says that it will review the feasibility of making preapplication meetings mandatory, including consideration of cost implications, staffing requirements, and regulatory changes necessary for implementation.	Pending
22	Periodically survey school districts for upcoming projects and identify those that require or could benefit from a preapplication meeting.	March 2011, page 11		The division reported that it will determine the feasibility of developing a reporting process for large school districts to identify upcoming projects that would benefit from preapplication meetings.	Pending
23	The division should review the state budget to identify upcoming community college projects and identify those that require or could benefit from a preapplication meeting.	March 2011, page 11		The division reported that the California Community Colleges Chancellor's Office has a dedicated liaison within its facilities planning unit who works with the division to coordinate planned community college facilities projects with the division's workload. The division also noted that it participates in preliminary meetings on request.	Not implemented
24	The electronic plan review statewide team should conduct a cost/benefit analysis that compares the cost of the current manual processes with the costs of electronic plan review, including the costs to upgrade electronic plan review equipment.	March 2011, page 11		The division reported that an analysis of its electronic plan review process indicates that the process is not efficient. However, the division did not provide this analysis to the California State Auditor (state auditor).	Not implemented
25	Create a Web portal for electronic submission of division documents including applications, other division forms, and post-approval documents. If a Web portal cannot be created, the division should consider using the tracking component in Tracker, other technology such as a bar code system to track post-approval documents, or a dedicated e-mail address to submit certain documents electronically.	March 2011, page 11		The division reported that by the end of fiscal year 2011-12, it will begin piloting and studying the feasibility of a shared electronic document exchange.	Pending
26	Identify one person as the single point of contact to coordinate and monitor project progress. This individual would coordinate the various disciplines involved in the plan review and serve as a liaison.	March 2011, page 13		The division stated that maintaining a single point of contact may be impractical because of the complexity and differences in the plan review and construction oversight processes. It noted that it provides two primary contacts, one for plan review and one for construction oversight.	Not implemented

NUMBER	RECOMMENDATION	OFFICE OF STATE AUDITS AND EVALUATIONS REPORT*	SUBJECT MATTER	ANALYSIS	STATUS OF IMPLEMENTATION
27	Assign staff to coordinate the receipt of California Geological Survey (survey) reports. This will minimize delays in the final approval of plans due to the survey report not being received timely.	March 2011, page 13	Operations	The division reported that it has identified the senior structural engineer responsible for structural plan review—the same person identified as the single point of contact for a project—as the staff person responsible for ensuring that survey materials are obtained and retained.	Fully implemented
28	Expand cross-discipline training where applicable and allowed by unions.	March 2011, page 13		The division reported that it implemented cross-training for its fire and life safety and accessibility plan reviewers. The division said it is aware of constraints on further cross-training and is taking them into account in evaluating additional cross-training opportunities. The percentage of fire and life safety and accessibility plan review staff that have been cross-trained is relatively small, at 15 percent.	Partially implemented
29	Require a back check for plan revisions, deferred approvals, and addendums that are a certain size or complexity.	March 2011, page 13		The division's plan review guidelines allow for a back check of plan changes. According to the former acting state architect, requiring a back check is left to the discretion of the division staff or the request of the school district.	Not implemented
30	Evaluate whether the change order triage process in San Diego is successful. Determine if this would help streamline the change order process in other regions. If triaging change orders is efficient, formalize the process for all regions.	March 2011, page 13		The division reported that it revised regulations related to change orders in January 2011. It said that development of procedures to implement these regulations to streamline review and approval of construction change documents should be completed in 2012.	Pending
31	The performance metrics unit should establish performance metrics related to time frames for post-approval documents. Once performance metrics are established, monitor construction oversight staff's performance.	March 2011, page 13		The division reported that as part of its evaluation of revised regulations related to change orders, its performance metrics unit can establish guidelines for monitoring post-approval documents.	Pending
32	Research and resolve all Tracker variances and reconciling items timely.	April 2010, page 8	Tracker	The division says that it has determined that the Tracker database does not have a mechanism for capturing refund information. It estimates that this problem accounts for about 70 percent of noted variances. According to the performance metrics unit manager, however, the division has not yet implemented changes needed to reconcile system information.	Partially implemented
33	Correct Tracker system errors to ensure the system is operating properly and recording financial information accurately.	April 2010, page 8		The division says that its performance metrics unit detailed proposed solutions to Tracker issues in a September 2010 memo. However, the division did not provide this analysis to the state auditor.	Unknown

NUMBER	RECOMMENDATION	OFFICE OF STATE AUDITS AND EVALUATIONS REPORT*	SUBJECT MATTER	ANALYSIS	STATUS OF IMPLEMENTATION
34	The division should conduct periodic tests of the Tracker system to verify data integrity.	April 2010, page 8	Tracker	The division reported that this recommendation will be addressed through ongoing activities of the performance metrics unit. According to the performance metrics unit manager, the division does not currently perform any testing of the financial data in the Tracker database.	Pending
35	Continue to strengthen system controls for Tracker to improve data reliability.	March 2011, page 11		According to the division, it has identified numerous issues and solutions for Tracker database problems and is addressing them as resources allow.	Partially implemented

Sources: State auditor's analysis of the Office of State Audits and Evaluations' (OSAE) recommendations, the division's recommendations update as of December 2011, interviews with division staff, and division policies and procedures.

* The April 2010 OSAE report is titled *Department of General Services Division of the State Architect Public School Planning, Design, and Construction Review Revolving Fund*. The March 2011 OSAE report is titled *Department of General Services Division of the State Architect Plan Review and Construction Oversight*.

(Agency comments provided as text only.)

May 15, 2012

State and Consumer Services Agency
915 Capitol Mall, Suite 200
Sacramento, CA 95814

Elaine Howle*
California State Auditor
Bureau of State Audits
555 Capitol Mall, Suite 300
Sacramento, CA 95814

Re: Bureau of State Audit's Report No. 2011-116.2

Pursuant to the Bureau of State Audit's (BSA) Report No. 2011-116.2, enclosed are the Department of General Services' comments pertaining to the results of the audit.

The State and Consumer Services Agency would like to thank the BSA for its comprehensive review. The results provide us with the opportunity to better serve our clients and protect the public.

Sincerely,

(Signed by: Anna M. Caballero)

Anna M. Caballero
Secretary
State and Consumer Services Agency

Enc.

* California State Auditor's comment appears on page 45.

MEMORANDUM

Date: May 15, 2012

To: Anna M. Caballero, Secretary
State and Consumer Services Agency
915 Capitol Mall, Suite 200
Sacramento, CA 95814

From: Fred Klass, Director
Department of General Services

Subject: RESPONSE TO BUREAU OF STATE AUDITS' REPORT NO. 2011-116.2

Thank you for the opportunity to respond to the Bureau of State Audits' (BSA) Report No. 2011-116.2 which addresses recommendations to the Department of General Services' (DGS) Division of the State Architect (DSA). The audit focused on the DSA's plan review functions. The following response addresses each of the recommendations.

OVERVIEW OF THE REPORT

The DGS appreciates the BSA's in-depth and professional audit of the DSA's plan review functions. In summary, the BSA identified a number of areas for improvement with the DSA's current processes for managing workload and measuring performance. As noted below, these issues will be promptly addressed.

In addition, the BSA determined¹ that the DSA has established: (1) a management, control, and operational structure that is adequate for plan review and appears to provide for efficient service delivery, except in a few areas; (2) processes which provide reasonable assurance that it consistently applies its policies and practices for plan review; and, (3) contracting processes that ensure compliance with State law and its internal policies. The DGS is pleased that the BSA found that the DSA has established adequate and effective systems of operational control over these important functions and activities.

With the recent appointments of a State Architect and a Deputy State Architect, a new executive management team is overseeing the DSA's operations. Both the State Architect and Deputy State Architect have extensive experience in overseeing public and private building projects and are actively scrutinizing operations to ensure the efficient and effective use of DSA resources. As part of these efforts, a high priority has been placed on fully addressing issues raised during both the current BSA audit of plan review functions and its prior audit of the DSA's construction oversight and project close-out functions.

¹ See Table 1, *Methods of Addressing Audit Objectives*, contained in the report's Introduction chapter.

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Based on the results of its fieldwork, the BSA developed the following recommendations to further improve the DSA's plan review functions. In general, the BSA's recommendations have merit and will be promptly addressed.

RECOMMENDATIONS

RECOMMENDATION # 1: *To better gauge the timeliness of its plan review and better communicate with design professionals, the division should develop goals for the time spent on the plan review phase, in the style of those used by the OSHPD, and measure and report its success at meeting these goals.*

DGS RESPONSE # 1:

The DSA is in the process of developing systems, which will include a performance measurement and reporting component, to identify estimated dates for plans to be returned with division comments to design professionals. As part of this effort, OSHPD will be consulted on its methodology used for calculating the estimated time spent on the plan review phase of its plan approval process.

RECOMMENDATION # 2: *In order to avoid delays in plan review, the division should develop a policy that defines when it will expedite plan review using its statutory authority to contract for additional plan review resources.*

DGS RESPONSE # 2:

Within sixty days, the DSA will develop additional policies which specifically address the use of its contracting authority to expedite plan review. These policies will include guidelines which provide for the consideration of various issues such as budget constraints, workload demands and available staff resources in determining if contractors will be used to perform the plan review function.

RECOMMENDATION # 3: *To more accurately report on its plan review activities to stakeholders and provide relevant information to management, the division should:*

- *Provide current information on its performance by phase at the time of the reporting period.*
- *Exclude zero values from its calculations related to projects that did not have activity in a particular phase.*
- *Exclude projects from client phase calculations that were not returned to the division for back check within the division's deadlines.*

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DGS RESPONSE # 3:

The DSA is committed to providing relevant plan review information that ensures transparency to stakeholders and management. Toward this end, the division will enhance and/or revise its plan approval performance measurement and reporting process to address the three areas for improvement identified by the BSA.

RECOMMENDATION # 4: *To appropriately oversee changes to approved plans, the division should develop policies and procedures to ensure that it:*

- *Receives all relevant changes.*
- *Reviews and approves all relevant plan changes before the start of related construction.*
- *Documents its approval of all relevant plan changes.*

DGS RESPONSE # 4:

As noted in the report, the DSA recently made changes to its regulations that result in a more simplified and streamlined process for approving construction change documents. The regulations no longer refer to change orders or field changes whose tracking led to some of the concerns developed by the BSA. Instead, they require design professionals to submit all construction change documents related to the structural safety, fire and life safety, or access compliance portions of the project for division review and approval.

The DSA is committed to ensuring that the new regulations are effectively implemented. Upon completion of the implementation phase, which is currently planned by the end of 2012, the DSA will have implemented additional processes that provide further assurance that all relevant plan changes are received, reviewed, approved and documented by the division. Recently, the DSA initiated the first phase of implementing the new requirements which involved the creation of a process for K-12 school districts and community college districts to self-report the final costs of their construction projects.

RECOMMENDATION # 5: *To ensure that the division performs a final review in all disciplines, the division should require and provide a means for recording final plan review of fire and life safety and access compliance-related work in the database.*

DGS RESPONSE # 5:

Although the DSA's supervisors or other technical experts currently conduct quality-control checks (referred to as final review) in all three disciplines prior to returning plans for needed corrections to design professionals, a record of this activity is only maintained in the database for the structural safety discipline. As recommended by the BSA, the DSA will revise its processes to ensure that the final review activity for the fire and life safety and access compliance disciplines are also recorded in the project database.

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May 15, 2012

RECOMMENDATION # 6: *To ensure that staff are current on building standards, the division should document its staff's participation in building standards update trainings by maintaining attendance rosters.*

DGS RESPONSE # 6:

As recognized in the audit report, the DSA proactively provides training to staff, school employees, private architects and engineers, construction engineers, project inspectors and others on changes to building standards as they become effective. To assist in ensuring that its staff attends the required training, the DSA recently issued requirements that attendance rosters in the form of sign-in sheets be maintained for each class and that attendee information be entered into the DGS' integrated human resources and fiscal management system.

①

CONCLUSION

The DGS is firmly committed to effectively and efficiently overseeing the plan review functions performed by the DSA. As part of its continuing efforts to improve that process, the DGS will take appropriate actions to address the issues presented in the report.

If you need further information or assistance on this issue, please contact me at (916) 376-5012.

(Signed by: Fred Klass)

Fred Klass
Director

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Comment

CALIFORNIA STATE AUDITOR'S COMMENT ON THE RESPONSE FROM THE STATE AND CONSUMER SERVICES AGENCY, DEPARTMENT OF GENERAL SERVICES

To provide clarity and perspective, we are commenting on the response to our audit report from the Department of General Services (department). The number below corresponds to the number we placed in the margin of the department's response.

The department characterizes our conclusions about the Division of the State Architect's training efforts too broadly. In particular, our report does not address training related to school employees, construction engineers, or project inspectors.

①

cc: Members of the Legislature
Office of the Lieutenant Governor
Little Hoover Commission
Department of Finance
Attorney General
State Controller
State Treasurer
Legislative Analyst
Senate Office of Research
California Research Bureau
Capitol Press