

State of Arizona
Office
of the
Auditor General

PERFORMANCE AUDIT

**DEPARTMENT
OF
BUILDING AND
FIRE SAFETY**

**Report to the Arizona Legislature
By Debra K. Davenport
Acting Auditor General
September 1999
Report No. 99-16**

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DEBRA K. DAVENPORT, CPA
ACTING AUDITOR GENERAL

**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

September 10, 1999

Members of the Arizona Legislature

The Honorable Jane Dee Hull, Governor

Mr. N. Eric Borg, Director
Department of Building and Fire Safety

Transmitted herewith is a report of the Auditor General, A Performance Audit of the Department of Building and Fire Safety. This report is in response to a May 27, 1997, resolution of the Joint Legislative Audit Committee. The performance audit was conducted as part of the Sunset review set forth in A.R.S. §§41-2951 through 41-2957.

The report addresses the inadequate fire safety inspection program conducted by the Department's Office of the State Fire Marshal, which places state-, county- and university-owned buildings and public schools at risk of fire and damage. In fact, while 91 percent of all school district campuses have a least one fire safety inspection on record, almost half of all charter school campuses and a majority of buildings owned by the State, and Maricopa and Pinal Counties, have no recorded fire safety inspection.

The report also notes that the Department is frequently forced to re-inspect the installation of manufactured homes because of licensed installers' improper and inadequate work. Home installations sometimes require three or four inspections before receiving Department approval. These extra inspections increase the Department's workload and delay homeowners from occupying their homes. To improve the work of licensed installers, the Department should require initial and continuing licensee training. Also, the Department should ensure that licensees personally supervise each installation their crews conduct.

September 10, 1999

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Finally, the report reviews the Mobile Home Relocation Fund. This fund, which assists homeowners with relocation costs when they are forced to move, has accrued a large balance and is infrequently used. Specifically, the fund expended only about \$75,000 in fiscal year 1999, while it reached a balance of nearly \$5.2 million at fiscal year-end. Even though recent legislation has expanded the fund's potential users, the Legislature and the Department should consider additional steps to increase its use, including allowing more time for homeowners to file for fund monies and better publicizing the fund to home and park owners.

As outlined in its response, the agency disagrees with the finding related to the inadequate fire safety inspection coverage, but has agreed to implement all of the recommendations contained in the report.

My staff and I will be pleased to discuss or clarify items in the report.

This report will be released to the public on September 13, 1999.

Sincerely,

A handwritten signature in black ink that reads "Debbie Davenport". The signature is written in a cursive style with a prominent loop at the end of the last name.

Debbie Davenport
Acting Auditor General

Enclosure

SUMMARY

The Office of the Auditor General has conducted a performance audit and Sunset review of the Department of Building and Fire Safety, pursuant to a May 27, 1997, resolution of the Joint Legislative Audit Committee. This audit was conducted as part of the Sunset review set forth in A.R.S. §§41-2951 through 41-2957.

The Department of Building and Fire Safety (Department) maintains relevant standards and codes for fire safety and manufactured housing. Within the Department, the Office of the State Fire Marshal promotes fire safety by conducting fire safety inspections for certain public and private buildings in Arizona, approving building construction and renovation plans, providing and coordinating fire fighting and prevention training to local fire departments, and providing statewide fire reporting and protection. The Department's manufactured housing responsibilities include enforcing federal and state standards in manufactured home construction and installation, and handling consumer complaints about these structures. The Department carries out these responsibilities by inspecting each home that is manufactured and installed in the State to ensure that it follows the appropriate guidelines.

State at Risk Due to Inadequate Fire Safety Inspection Coverage (See pages 11 through 22)

The fire safety inspections that the Department's Office of the State Fire Marshal carries out may not cover many of Arizona's public buildings, placing these buildings at risk for fire and damage. A.R.S. §41-2163(A)(4) requires the Fire Marshal to establish a regularly scheduled fire safety inspection program for all state- and county-owned buildings, and all public and private school buildings, except for private school buildings in cities with a population of 100,000 or more. While regular fire

Nine percent of all school districts' campuses have no record of a fire safety inspection.

safety inspections reduce the risk of fire, a review of 444 locations shows that the State Fire Marshal has no record of conducting fire safety inspections for many of the buildings owned by the State, the universities, and the two counties sampled within its jurisdiction. Further, despite a Department of Education requirement that public schools have a fire safety inspection before they can open, 42 percent of all charter schools and 9 percent of all school district campuses within the Fire Marshal's jurisdiction have no record of a fire safety inspection, and are potentially operating without fire safety clearance from the Fire Marshal. In addition, when fire safety inspections reveal violations, inspection records did not indicate that inspectors always followed up on these violations, even in cases of serious violations.

Three main problems contribute to the ineffective inspection process. First, the Fire Marshal does not have an accurate and complete inventory of buildings that require inspection, despite the availability of such building inventories from state and county governments. Second, the State Fire Marshal has also not developed firm policies and practices regarding its inspection process. For instance, the Fire Marshal has not assessed the fire risk for each building within its jurisdiction to determine how often buildings should receive a fire safety inspection. Third, the central filing system is poorly maintained and does not contain complete records of all inspection activities.

To improve its management of the inspection process and increase inspection and follow-up coverage, the Department should improve its inventory of buildings and develop a priority system to ensure all buildings are inspected according to their fire risk. To govern this process, the Fire Marshal should formally develop policies and procedures for inspections and follow-up efforts. Finally, the Fire Marshal's Office should incorporate these improvements into a computer database system to help it better manage the inspection process.

**Manufactured Home Installers’
Inadequate Performance Requires
the Department to Make
Multiple Inspections
(See pages 23 through 31)**

*Many installations
must be re-inspected
because the homes are
improperly installed.*

Inadequate compliance with standards requires the Department’s Office of Manufactured Housing to re-inspect many home installation sites. A review of 43 mobile home installation permits issued in fiscal year 1997-98 found that 18 of these permits required at least 2 inspections because the homes were improperly installed. Four required 3 or more inspections. When inspectors must re-inspect a site, the Department incurs additional costs for employee time and travel. Additionally, homeowners may face delays in occupying their homes. Installation problems are occurring mainly because the State lacks education and training requirements for licensed installers, because licensed installers hire workers to install homes without supervision from the licensee, and because installers must have knowledge of several different standards to properly install homes.

To improve the performance of installers, and thereby reduce the number of re-inspections, the Department should make a number of improvements to its licensing and installation processes. The Department should use its licensing authority to add initial training and continuing education requirements for licensure, and it should take steps to ensure that licensed staff are present at each installation. The Department should also continue to study and seek industry support for a single installation standard to be used for all mobile home installations in the State. Finally, once the Department has instituted these improvements, it should limit the number of inspections for each home by allowing only one inspection per permit, with additional inspections incurring an additional fee.

**Limited Use of Relocation Fund
Results in Large Balance
(See pages 33 through 41)**

The fund expended \$239,402 while generating revenues of over \$3 million.

Few owners of mobile homes have used the Department-administered Mobile Home Relocation Fund, resulting in a fund balance of over \$5 million. The fund helps homeowners relocate when they move because of a change in land use or a significant rent increase, or when low-income owners bring older mobile homes into compliance with current construction codes. Funded through assessments on certain owners of mobile homes and park owner fees, it provides up to \$3,000 or \$6,000 to move a home (depending on the home's size), and up to \$1,000 to bring the home into compliance with current construction codes. From fiscal years 1995 to 1999, the fund has expended only \$239,402, while generating revenues of over \$3 million. While use is low in part because few mobile home parks are relocating their tenants, some homeowners who would be eligible may not receive assistance because they do not know about the fund and because park owners have not notified homeowners or the Department in time for them to apply for fund assistance.

The Legislature and the Department should consider a number of steps to improve the fund's use. First, the Legislature should consider extending the filing limit by allowing homeowners to request reimbursement from the fund up to 60 days after relocating, provided they offer sufficient documentation of their moving costs. This would allow homeowners to apply if they do not learn about the fund until after they have relocated. Currently, homeowners can receive help only if they apply at least 15 days before they relocate. The Department should also take action against park owners who do not give their tenants and the Department sufficient notice of the relocation and allow tenants to apply for reimbursement even if park owners do not notify the Department of a change in land use. Department policy does not allow homeowners to receive assistance if park owners do not notify the Department of such a change. The Department should also undertake various efforts to educate park owners and homeowners regarding their rights and responsibilities related to the fund.

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INTRODUCTION AND BACKGROUND

The Office of the Auditor General has conducted a performance audit of the Arizona Department of Building and Fire Safety pursuant to a May 27, 1997, resolution of the Joint Legislative Audit Committee. This audit was conducted as part of the Sunset review set forth in A.R.S. §§41-2951 through 41-2957.

Building and Fire Safety History and Purpose

The Department of Building and Fire Safety (Department) was established in 1986 through a merger of the Office of the Fire Marshal and the Office of Manufactured Housing. Under A.R.S. §41-2141(A), the Department is responsible for furthering public safety and welfare by maintaining relevant standards and codes for manufactured housing and fire safety. These standards are enforced by the Office of the State Fire Marshal and the Office of Manufactured Housing. As such, the Office of the State Fire Marshal is charged with promoting public health and safety and reducing hazards to life, limb, and property by providing fire safety protection to the State. Additionally, the Office of Manufactured Housing maintains quality and safety standards for five kinds of manufactured structures, enforces federal and state standards in manufactured home construction, and handles consumer complaints about these structures. Specifically, the Department regulates the following structures:

- **Manufactured homes**—Dwelling units built at a factory based on 1976 federal housing standards.
- **Mobile homes**—Manufactured homes built prior to the adoption of the 1976 federal housing standards.
- **Recreational vehicles**—Portable camping trailers, motor home or travel trailers designed for temporary living, or park “trailer homes” designed to be connected to utilities.

- **Factory-built buildings**—Pre-constructed buildings, usually commercial, that are built according to state-specified construction standards.
- **Accessory structures**—Additions to mobile or manufactured homes such as porches or garages.

Department Organization and Staffing

The Department of Building and Fire Safety is headed by a Governor-appointed Director and has 71.5 FTEs. While General Fund appropriations support 68.5 FTEs, an additional position is funded by the Mobile Home Relocation Fund, a fund consisting of a tax on owners of mobile homes and used to reimburse relocation costs when landlords force a tenant to move because they change the use of their land or excessively raise a tenant's lease rate. The Arizona Department of Environmental Quality pays for two additional Fire Marshal positions to inspect the removal of underground storage tanks. The Legislature organized these positions into three Offices to fulfill its statutory obligations for regulating manufactured housing and fire safety. Specifically,

- **The Office of the State Fire Marshal (22 FTEs)**—The Fire Marshal is charged with conducting fire safety inspections for certain buildings in Arizona, along with a number of other fire safety duties. Statute requires the Office to establish a regular fire safety inspection program for all state- and county-owned buildings, and all school district (that is, traditional public schools), charter, and private schools throughout the State, except for private schools in cities with a population of 100,000 or greater.¹

Additionally, the Office can enter into agreements with local fire departments to conduct these fire safety inspections for the State. Twenty-three cities or fire districts have

¹ Cities with a population of 100,000 or more can adopt and enforce their own fire codes, and conduct fire safety inspections for private schools.

elected to enter into these agreements and inspect public buildings within their jurisdiction.

The Fire Marshal has several other duties besides fire inspections. The Fire Marshal approves building construction and remodeling and alterations and additions to state, county, and public school buildings in Arizona. The Fire Marshal also assists local fire departments with arson investigations and provides and coordinates training in fire fighting and fire prevention. Finally, the Fire Marshal supports a statewide fire reporting system and enforces compliance with the state fire code throughout Arizona, except in cities with a population of 100,000 or more that have adopted their own fire codes.

Photo 1 — Construction at the Capitol Building



The State Fire Marshal reviews construction plans to ensure that new construction meets the fire code. To identify fire safety hazards, the Fire Marshal is required to regularly inspect state and county buildings such as this one, as well as school district, charter, and some private schools.

- **The Office of Manufactured Housing (24 FTEs)**—The Office of Manufactured Housing regulates the manufactured housing industry in the State. It inspects each manufactured home, and randomly inspects factory-built buildings and recreational vehicles constructed in manu-

Introduction and Background

facturing plants in Arizona to ensure that their construction adheres to federal- or state-approved design plans. The Office also requires that every manufactured or mobile home installed in the State is inspected to ensure proper utility connections and that the home is securely set on its lot. While the Office conducts thousands of installation inspections each year, it also has agreements with 66 cities or counties that inspect installations within their jurisdiction. The Office is required to monitor each jurisdiction to

Photo 2: Installation Inspection



A manufactured house awaiting inspection in Tucson. The Office of Manufactured Housing must approve utility connections and how the home is set on its lot before the owner can occupy this home.

ensure the inspections are consistent with state standards. Additionally, the Department carries out an agreement with the federal government to enforce the Federal Manufactured Home Construction and Safety Standards for the construction of new manufactured homes and to investigate and resolve consumer complaints concerning these homes.

- **The Office of Administration (22.5 FTEs)**—The Office of Administration provides the administrative services necessary to operate the Office of Manufactured Housing and the Office of the State Fire Marshal. It provides personnel, clerical, accounting, and fiscal and budget support for the Department; licenses manufactured housing manufacturers, dealers, installers, and salespersons; issues manufactured housing installation permits; and assists the Office of Manufactured Housing in investigating consumer complaints. Further, the Office administers the Mobile Home Relocation Fund.

Two boards with responsibility for developing and administering the state fire code and the manufactured housing code also operate within the Department. Both are composed of Governor-appointed members serving three-year terms. The seven-member State Fire Safety Committee, which is responsible for developing the state fire code, is currently inactive and has no appointed members. However, the Department plans to revise the state fire code and is currently seeking appointments to reconstitute the Committee. The Board of Manufactured Housing consists of 9 members and is currently rewriting the rules that govern the Office of Manufactured Housing's operations.

Budget

As illustrated in Table 1 (see page 6), the Department generated approximately \$2.4 million annually in revenues for fiscal years 1997, 1998, and 1999 from manufactured housing industry licensing fees, and charges for services, fines, and intergovernmental agreements, and remitted approximately \$2 million of these revenues to the State General Fund each year. The Department retains the remainder of this revenue to provide and coordinate fire-fighting and prevention training for local fire departments and to conduct safety inspections for underground storage tank removals. The Department also received approximately \$3 million annually in General Fund appropriations to finance its operations.

Table 1

**Arizona Department of Building and Fire Safety
Statement of Revenues, Expenditures, and Changes in Fund Balance
Years Ended June 30, 1997, 1998, and 1999
(Unaudited)**

	1997	1998	1999
Revenues:			
State General Fund appropriations	\$2,873,000	\$3,010,200	\$3,115,200
Licenses and fees	1,412,669	1,270,260	1,228,960
Personal property taxes ¹	452,573	445,913	527,274
Fines and forfeits	16,362	14,097	22,741
Intergovernmental	344,873	328,628	320,138
Sales and charges for services	629,420	712,280	742,838
Interest on investments	183,144	223,481	240,663
Other		1,020	1,901
Total revenues	<u>5,912,041</u>	<u>6,005,879</u>	<u>6,199,715</u>
Expenditures: ²			
Personal services	1,821,500	1,848,449	1,880,517
Employee related	458,574	477,167	488,213
Professional and outside services	158,183	218,138	237,225
Travel, in-state	199,932	208,118	208,574
Travel, out-of-state	2,934	2,043	3,121
Aid to individuals and organizations ³	64,671	24,515	38,234
Other operating	530,597	630,743	642,627
Capital outlay	18,660	17,797	28,304
Total expenditures	<u>3,255,051</u>	<u>3,426,970</u>	<u>3,526,815</u>
Excess of revenues over expenditures	<u>2,656,990</u>	<u>2,578,909</u>	<u>2,672,900</u>
Other financing uses:			
Reversions to the State General Fund	47,156	25,960	94,788
Remittances to the State General Fund	<u>2,044,399</u>	<u>1,948,750</u>	<u>2,011,850</u>
Total other financing uses	<u>2,091,555</u>	<u>1,974,710</u>	<u>2,106,638</u>
Excess of revenues over expenditures and other financing uses	565,435	604,199	566,262
Fund balance, beginning of year	<u>3,909,898</u>	<u>4,475,333</u>	<u>5,079,532</u>
Fund balance, end of year ⁴	<u>\$4,475,333</u>	<u>\$5,079,532</u>	<u>\$5,645,794</u>

¹ Assessed on owners of mobile homes who rent the land their homes are located on. These taxes are deposited in the Mobile Home Relocation Fund.

² Includes prior-year administrative adjustments.

³ Owners of mobile home parks are required to pay statutorily determined amounts to the Mobile Home Relocation Fund for each relocation claim made. Amounts collected for 1997, 1998, and 1999 were \$12,500, \$12,600, and \$5,000, respectively. Claims paid during the same period were \$77,171, \$37,115, and \$43,234. Amounts paid for claims in excess of amounts collected from park owners are reported as expenditures.

⁴ Includes balances of \$3,890,195, \$4,498,310, and \$5,171,945 in the Mobile Home Relocation Fund for 1997, 1998, and 1999, respectively. See Finding III (pages 33 through 41) for further information.

Source: The Arizona Financial Information System Accounting Event Transaction File, Revenues and Expenditures by Fund, Program, Organization, and Object and Trial Balance by Fund reports; and the State of Arizona Appropriations Report for the years ended June 30, 1997, 1998, and 1999.

Additionally, the Department manages the Mobile Home Relocation Fund (fund). Revenues to the fund accrue from a tax on owners of manufactured homes who rent or lease land for their homes, and fees levied upon owners of manufactured housing parks. In fiscal years 1998 and 1999, the homeowner's tax generated \$445,913 and \$527,274 in revenues for the fund, respectively; while interest revenues amounted to approximately \$200,000 in each year. Fund expenditures, including administrative costs, amounted to \$41,258 and \$75,598 in fiscal years 1998 and 1999, respectively. As of June 30, 1999, the fund's balance is \$5,171,945 (see Finding III, pages 33 through 41).

Recent Investigations

During the period September 1998 through January 1999, public money processed by the Office of Administration totaling \$71,332 was embezzled from the Department of Building and Fire Safety's receipts. Findings relevant to this theft of public money are included in the Auditor General's Report on Special Investigation that has been submitted to the State of Arizona, Office of the Attorney General for review. A summary of that report is available in the Auditor General's Special Investigation Management Letter dated June 18, 1999.

Audit Scope and Methodology

This audit focuses on the Department's efforts to fulfill its responsibilities regarding fire safety inspections at public buildings, and manufactured housing installation inspections, and its obligations to administer the Mobile Home Relocation Fund. Several methods were used to study the issues addressed in this audit:

- Auditors developed a complete inventory of all state-owned buildings, county-owned buildings from a sample of two counties in the State, and school district and charter schools in the State. This inventory was obtained from Arizona's three universities, the Arizona Department of Trans-

portation, the Arizona Department of Administration, the Arizona Department of Education, and Pinal and Maricopa Counties.

- Auditors analyzed inspection histories for a stratified random sample of 444 Fire Marshal inspection files, consisting of 243 school district campus, 53 charter school campus, 47 state building, 52 county building, and 49 university inspection files to assess the frequency of Fire Marshal fire safety inspections, the extent of follow-up efforts, and the completeness of inspection records;¹ and
- Auditors randomly sampled 50 (43 performed by installers, 7 by homeowners) of 1,893 manufactured home installation permits issued in fiscal year 1998 to determine the number of inspections conducted for each home and to review the results of the installation inspections.

In addition, auditors interviewed officials and obtained documentation from a variety of sources. Specifically, auditors contacted and obtained documentation from officials in various city and state fire safety and manufactured housing organizations to evaluate their practices.² Further, four years of federal audits of the Office of Manufactured Housing's inspection program were reviewed to confirm that the Office conforms to federal standards. Finally, auditors interviewed Department officials and obtained documentation relevant to the operation of the fire safety, manufactured housing, and manufactured housing relocation fund programs.

¹ The school district campus is statistically significant at 95 percent confidence with a sample precision at ± 4 percent. All other sample strata are significant at 95 percent confidence with a sample of ± 10 percent.

² The following six states and one city were contacted because all have a fire safety inspection process similar to Arizona's: Illinois, Kansas, Louisiana, Maine, Nevada, and Wyoming, and the City of Boulder, Colorado. Further, the following nine states were contacted because, like Arizona, they have been approved as State Administrative Agencies (SAA) by the federal government to administer and oversee the Federal Manufactured Housing Program in their respective states: Alabama, Arkansas, California, Colorado, Florida, Nevada, New Mexico, Oregon, and Virginia.

Introduction and Background

The report presents findings and recommendations in three areas:

- The need for the Department to conduct regular fire safety inspections and follow up on identified violations.
- The need for the Department to improve its oversight of licensed installers and reduce the number of installation inspections conducted for manufactured homes; and
- The need for the Legislature and the Department to consider a number of steps to foster greater use of the Manufactured Housing Relocation Fund and reduce the fund's current \$5 million balance.

This audit was conducted in accordance with government auditing standards.

The Auditor General and staff express appreciation to the Director and staff of the Department of Building and Fire Safety for their cooperation and assistance throughout the audit.

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FINDING I

STATE AT RISK DUE TO INADEQUATE FIRE SAFETY INSPECTION COVERAGE

The Office of the State Fire Marshal's inadequate fire safety inspection coverage for many Arizona public buildings places the State at risk for fires and damage at these buildings. The Fire Marshal is entrusted to conduct regular fire safety inspections for state-, county-, and university-owned buildings; and school district, charter, and certain private schools. However, the Fire Marshal's failure to regularly conduct these inspections places uninspected buildings at risk for fire and damage. Three main problems affect the Fire Marshal's ability to conduct regular inspections: an incomplete inventory of buildings, ill-defined inspection policies, and incomplete inspection records. To improve its inspection coverage, the Fire Marshal should identify and prioritize all buildings requiring fire safety inspections within its jurisdiction, develop formal inspection policies, and improve its oversight of the inspection process.

1988 Report Noted Deficiencies

A 1988 Auditor General report (see Report No. 88-4) noted that the Department's Office of the State Fire Marshal (Fire Marshal) was not inspecting state and county buildings as required by statute. A.R.S. §41-2163(A)(4) requires the Fire Marshal to establish a regularly scheduled fire safety inspection program for all state- and county-owned buildings, and all public and private school buildings, except for private school buildings in cities with a population of 100,000 or more. These inspections identify and correct fire hazards, and educate the building management about fire safety and prevention. However, the 1988 audit found the Fire Marshal was behind in its annual inspection requirements for school district schools, and did not regularly inspect many state and county buildings. Further, the

Auditor General noted that while fire safety inspections generally resulted in violations, the Fire Marshal rarely followed up on these violations to ensure they were corrected.

The Fire Marshal, in response to the 1988 audit, has implemented some of the recommendations from the earlier report. Specifically, the report recommended that the Fire Marshal seek additional inspection staff, enter into agreements with local jurisdictions to conduct inspections on the Fire Marshal's behalf, and institute a regular inspection schedule. As a result, the Legislature added 5 Deputy Fire Marshal positions, increasing the inspection staff to 14. Further, the Fire Marshal entered into agreements giving 23 city fire departments and rural fire districts responsibility for conducting fire safety inspections for public buildings within their jurisdictions.

Research indicates that fire safety inspections reduce fire rates. However, the Department does not regularly inspect buildings within its jurisdiction.

Lack of Regular Building Inspections Persists

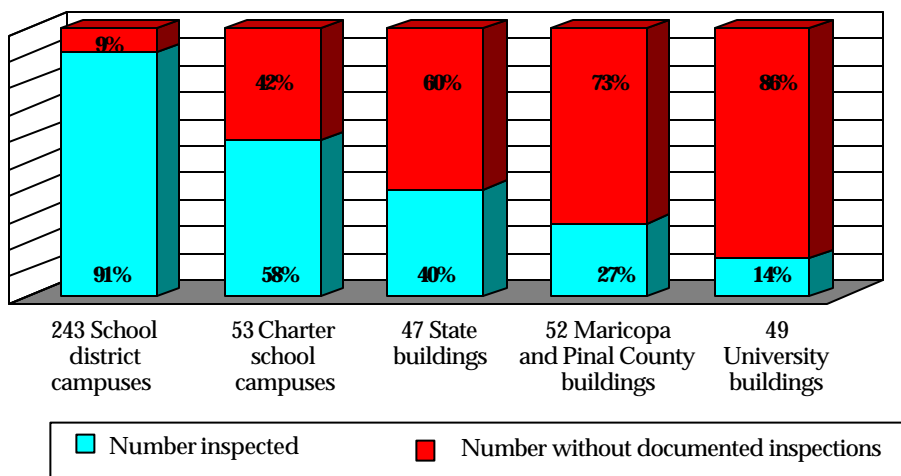
Despite the addition of new staff and these inspection agreements, the Fire Marshal still does not regularly inspect many state, county, charter, and school district schools as required by law. Regular fire safety inspections play a role in reducing the incidence of fires, and therefore decreasing the risk of loss due to death, injury, or damage. However, for many buildings within its jurisdiction the Fire Marshal does not have records indicating that these buildings have received regular inspections. For those buildings that were inspected, follow-up was not necessarily conducted when safety violations were found, even when the violations were serious.

Inspections reduce fire risk—Regular fire safety inspections are important to minimize the frequency of fires. According to the National Fire Protection Association (NFPA), cities that do not annually inspect public buildings have fire rates as much as 50 percent higher than cities that inspect public buildings annually. This higher fire rate could result in loss of life, injury, or damage to public buildings. The State can reduce the fire risk at buildings within its jurisdiction by conducting regular fire safety inspections.

Buildings not inspected—Despite the importance of regular fire safety inspections, the State Fire Marshal does not regularly inspect many state, county, university, and school buildings for which it is responsible. As shown in Figure 1, and based on a stratified random sample of 444 public buildings reviewed,

Figure 1

**Arizona Department of Building and Fire Safety
Office of the State Fire Marshal
Fire Safety Inspections of Schools and Other Public Buildings
As of February 28, 1999**



Source: Auditor General staff analysis of inspection records for 444 buildings or campuses.

many of these buildings had not received a fire inspection. While 91 percent of all school district campuses within the Fire Marshal’s jurisdiction have at least one fire safety inspection from the Fire Marshal on record, almost half of all charter school campuses, and a majority of buildings owned by the State, Maricopa and Pinal Counties, and the University of Arizona have no recorded fire safety inspection.¹ School district and charter schools should not operate without a fire safety

¹ The sample did not include buildings that, under agreement, had become the inspection responsibility of other agencies. For example, buildings at Northern Arizona University and the Arizona State University main campuses are inspected by university fire marshals and were not included in this analysis. For school district and charter schools included in this sample, the number represents entire campuses rather than single buildings.

Finding I

inspection. Under Department of Education policy, schools cannot open without receiving an inspection that includes a fire safety component. However, as Figure 1 (see page 13) indicates, 42 percent of all charter school and 9 percent of all school district campuses within the Fire Marshal's jurisdiction have no fire safety inspection on file, and may therefore be operating without fire safety clearance from the Fire Marshal.

For those buildings that have received a fire safety inspection, many are not inspected on a regular basis. For example, while Fire Marshal records show the majority of school district campuses in the sample were inspected in 1998, only 38 percent of the charter schools were inspected in 1998. For the state, county, and university buildings reviewed, less than a quarter were inspected in 1998.

Photo 3 – A High-Priority Inspection



The Fire Marshal places a high priority on inspections of heavily occupied state and county buildings and schools such as this one. However, the Fire Marshal has no adequate inventory of all its buildings. As a result, some buildings that need inspection are not regularly inspected for fire safety.

Inspection violations not followed up—When an inspection identifies a violation, the Fire Marshal's files indicate that inspectors often do not follow up on identified violations, even in cases where the violations are serious. Following up on identified violations is an important step in ensuring that fire safety

problems are corrected and buildings are kept free from fire code violations. However, in only a few instances do records indicate the Fire Marshal took follow-up measures. As Table 2 indicates, in the 444 building files reviewed the Fire Marshal conducted re-inspections, or obtained documentation that the violations were corrected for 55 of the 272 (20 percent) inspection reports in which violations were noted.¹ For example, for the 243 school district campuses selected, auditors reviewed 213 reports with at least one fire code violation. However, in only 37 instances did these reports show evidence that the violations were corrected, or that inspectors followed up on the deficiencies.

Table 2

**Arizona Department of Building and Fire Safety
Office of the State Fire Marshal
Follow-up Efforts for Schools and Other Public Buildings
As of December 31, 1998**

Building Type	Number of Reports with Violations	Number of Reports with Evidence of Follow-up	Percentage of Reports Followed Up
School district campuses	213	37	17%
Charter school campuses	29	11	38
University buildings	6	1	17
State buildings	9	4	44
Maricopa and Pinal County buildings	<u>15</u>	<u>2</u>	13
Total	<u>272</u>	<u>55</u>	

Source: Auditor General sample of 272 State Fire Marshal inspection reports with violations.

While the Fire Marshal noted that many violations may be minor or easily correctable, the review showed that serious fire safety violations were present in some of the instances in which no recorded follow-up occurred. Office of the Fire Marshal

¹ These reports include all types of inspections carried out by the Fire Marshal, including regular fire safety, and fire alarm and sprinkler installation inspections.

management indicates that follow-up efforts may not be necessary when the violations can be corrected immediately, or when violations are minor, such as when a building lacks signs specifying the maximum number of occupants. Further, management notes that building officials are sometimes unwilling or unable to carry out expensive corrections to meet code requirements, primarily due to budget constraints. In these cases, the Fire Marshal tries to work with building officials to agree to long-term plans to correct serious violations, such as an agreement the Department negotiated with university officials to install sprinklers in campus fraternities. Auditors' file review found little evidence of these plans. Further, in some instances serious code violations occurred with no evidence of any corrective action. More significantly, the review showed that the Fire Marshal did not have evidence of followup on 79 percent of the reports that recorded serious or potentially serious violations requiring follow-up efforts. For example,

- In January 1998, an inspection found 45 violations of the state fire code in an Arizona high school. The school padlocked and chained exit doors, blocked fire exits, and improperly used space heaters. The inspector also found an insufficient number of fire extinguishers and improperly secured compressed gas cylinders. Despite these serious violations, the Fire Marshal has no record of its follow-up efforts ensuring that the school ceased committing these violations.
- In March 1998, an inspector found 41 fire code violations at one elementary school. The school improperly stored gasoline and old chemicals. The school also violated the fire code by closing its gates, and lacked sufficient emergency equipment such as lights, exit signs, and smoke detectors. Despite the large number and serious nature of these violations, there was no evidence the Fire Marshal conducted any followup.
- In September 1998, an inspector found that a charter school that regularly houses 37 students, staff, and faculty needed more fire pull-alarm devices, fire extinguishers, and fire alarms. While the inspector required the school to have staff maintain a 24-hour fire watch until the situation was cor-

rected, the Fire Marshal has no record that the watch was maintained, or that these fire safety devices were ever installed.

Inadequate Management of Inspection Process

The Fire Marshal's inspection program is inadequately managed in several respects. Inspection efforts are hampered by an inaccurate inventory of buildings needing inspection and by ill-defined policies governing inspections and re-inspections. An inadequately maintained records system further hinders the inspection process, as well as management's ability to identify buildings requiring inspection and to enforce effective inspection and re-inspection procedures.

The Fire Marshal's inspection coverage is limited because it does not have an accurate inventory of public buildings.

Coverage limited by incomplete inventory of buildings—The Fire Marshal's inventory of buildings requiring inspection is incomplete and inaccurate. As a result, the Fire Marshal is unaware of the true number of buildings that need inspection. For example, the Fire Marshal obtained a list from the Department of Education in July 1998 of 289 Arizona charter schools requiring inspection. An updated list from December 1998 obtained by auditors indicates that 49 of the charter schools went out of business and 43 new schools were added. Since the Fire Marshal did not update its July list, unless an inspector independently identified one of these schools or the school contacted the Office, the Fire Marshal might not be aware of new schools needing inspection or remove closed schools from its building inventory.

Lack of policies governing inspection priorities limits the Fire Marshal's effectiveness—The Fire Marshal's inspections are also limited by a lack of firm policies that govern when inspections and re-inspections should occur. First, some buildings may not receive inspections because the Fire Marshal has not formally set inspection priorities or frequencies. Specifically, the Fire Marshal focuses its inspections on high-occupancy buildings, such as schools and high-traffic state and county buildings. Buildings with lower occupancies receive an inspection only when someone files a complaint about the building. How-

ever, the Fire Marshal has not formally defined a “high-occupancy” building, as opposed to a low-occupancy building. Further, the Fire Marshal has not developed written policies regarding how often high-occupancy buildings should receive a fire safety inspection, nor a proactive policy for inspecting low-occupancy buildings. As a result, fire safety inspection managers have differing ideas concerning how often high-occupancy building inspections should occur.

Further, management does not support policies governing how inspectors follow up on identified violations. The Fire Marshal’s manual indicates that when violations are identified, the Fire Marshal should “*Conduct a follow-up inspection ensuring the violation was corrected.*” However, management has not ensured that inspectors follow these procedures. Specifically, according to one Office of the Fire Marshal manager, not all inspectors are informed of the follow-up requirements and as a result, they do not consistently ensure that building management corrected fire code violations. Additionally, while Fire Marshal management indicates that following up on every violation is unrealistic, the Fire Marshal has no policy or definition specifying realistic efforts.

Incomplete records exacerbate difficulties in inspection process—Finally, the Fire Marshal has difficulty managing its inspection process because its central filing system is not maintained and may not contain complete records of all activities. The Fire Marshal stores many reports using filing systems that require knowledge of state and county organizations or building construction, but it assigns the task of maintaining these systems to temporary workers who have little expertise in these areas. Fire Marshal managers have acknowledged that these workers are unfamiliar with the complicated filing systems, resulting in misfiled and missing inspection reports and other important documentation. Additionally, inspectors may not consistently send inspection reports for filing in the central filing system. Currently, the Fire Marshal has inspectors based in Phoenix, Tucson, Bullhead City, St. Johns, and the Village of Oak Creek. Based on auditors’ review of 444 inspection files, 9 percent of the Fire Marshal’s inspection documents were misfiled, missing, or had never been forwarded to the Fire Marshal’s main files.

Improved Policies and Records Needed

Several steps need to be taken to improve the inspection process and protect the State from risk. First, the Fire Marshal should work to improve its inventory of buildings and develop priorities that ensure all buildings are inspected according to their risk. At the same time, the Fire Marshal should formally develop its policies and procedures for inspections and follow-up efforts. Finally, the Fire Marshal should incorporate these improvements into a computer database system that can help it to better manage the inspection process.

Maintain inventory of buildings and assess their risk—To maintain a complete and up-to-date building inventory, the Fire Marshal needs to obtain information from several state and county agencies. Each state agency reports the number and location of the state-owned buildings it occupies to either the Board of Regents, the Department of Administration, or the Department of Transportation. These agencies use the lists to insure their buildings or calculate building renewal budget requests from the Legislature. A fourth state agency, the Department of Education, has lists of every school district and charter school in the State. Some counties also keep building lists. Specifically, Maricopa County keeps track of its buildings for budgeting purposes, and Pinal County tracks its facilities in order to insure them. As a result, both counties maintain central building lists. The Fire Marshal should regularly contact these organizations to develop and maintain a complete and accurate inventory.

Once the Fire Marshal has an accurate list of buildings within its jurisdiction, it needs to accurately assess the risk for each of these buildings. For example, the City of Boulder, Colorado, identified each building in its jurisdiction, then used a survey instrument to score the fire risk for each building based on factors such as the number of occupants, the occupants' ability to escape the building, and the building's fire-fighting systems. The city uses this score to determine a building's inspection priority. According to the city's fire marshal, this ranking process objectively prioritizes buildings, targeting those that pose the highest safety threat.

Adopt inspection and re-inspection policies—After the Fire Marshal has a complete list of buildings and has assigned a fire risk to each of them, the Fire Marshal should develop formal policies governing how often buildings require inspection and when violations require re-inspection. These policies should:

- **Define how often buildings should be inspected.** The Fire Marshal should determine how often each building requires a fire safety inspection based on the building's fire risk. For example, after the City of Boulder identified all buildings under its jurisdiction, it decided how often they should be inspected based on their assigned priority. Buildings with the greatest fire and safety risk are inspected annually, while low-risk buildings are reviewed every three years.
- **Guide inspectors on proper follow-up procedures.** The Fire Marshal needs to determine when violations are severe enough to require a re-inspection, or when other follow-up efforts, such as documentary or verbal confirmation, are sufficient. The NFPA recommends that fire agencies develop a program for issuing fire code citations, and that this program specify appropriate follow-up procedures. The NFPA further recommends documenting this process in the fire agency's policies.

Improve its management information system—Finally, the Fire Marshal should complete and implement an inspection database that would make inspection and re-inspection processes more efficient. Currently, the Fire Marshal is developing a computer database that records data on buildings, including when they were inspected and when they should be inspected next. However, the Fire Marshal has not determined how the database will be used. To ensure that the database has maximum value, the Fire Marshal should include the full building inventory and the inspection frequency for these buildings. Inspectors should continue to update the database with current inspection and re-inspection information.

Additionally, the database should include a number of automated techniques used by other organizations to make the inspection process more efficient. The system should produce

reports prompting staff when inspections and re-inspections are due. The Louisiana State Fire Marshal uses this feature to manage its inspection of approximately 106,000 locations. Ninety days before each location comes due for inspection, their automated system prints an inspection list for its deputy fire marshals. The system also notifies inspectors of needed follow-up efforts. According to one official, automating the inspection process creates efficiencies because deputies can combine inspections at locations that are near each other. The system could also produce reports that managers can use to allocate manpower and monitor inspectors' progress on inspections.

Finally, the Fire Marshal should adopt policies and procedures ensuring its records and database accurately and completely document all inspection information. While the Fire Marshal has taken steps to simplify its filing system, it should do more to ensure its records are accurate and complete. First, the Fire Marshal should use permanent rather than temporary staff to update and maintain its building records to help ensure documents are accurately processed, filed, and recorded in its database. Second, the Fire Marshal should ensure that inspectors forward fire safety inspections, re-inspections, correction documentation, and any verbal confirmation to the Phoenix office. Proper filing and documentation of inspection and re-inspection records will allow Fire Marshal management to ensure inspectors are carrying out their assigned fire safety inspections and appropriately following up on identified violations.

Recommendations

1. The Department should develop and maintain an accurate inventory of buildings within its jurisdiction by contacting the appropriate county or state agency, obtaining current building inventories, and periodically contacting the agencies to identify new buildings that require inspection or remove locations no longer needing inspections.
2. The Department should score and assign a fire risk for each building in its jurisdiction and use this fire safety risk to determine inspection priority for these buildings.
3. The Department should adopt and enforce formal policies governing its regular fire safety inspection process. These policies should define:
 - a. How often buildings should be inspected based on their fire risk.
 - b. When re-inspections are necessary, or when written or verbal documentation that violations have been corrected is sufficient.
4. The Department should incorporate the building inventory it develops into its current computer database and use the database to:
 - a. Assign inspection priorities based on the risk associated with each building.
 - b. Implement the inspection and re-inspection policies developed above, and generate inspection and re-inspection lists for each fire safety inspector.
5. The Department should better manage its recordkeeping system to accurately document the steps taken to inspect and re-inspect buildings within its jurisdiction. The Department can accomplish this by:
 - a. Assigning permanent staff with the responsibility for updating and maintaining its files and database to ensure records are appropriately recorded and maintained.
 - b. Requiring all inspectors to forward all inspection and re-inspection documentation to the central filing system maintained in Phoenix.

FINDING II

MANUFACTURED HOME INSTALLERS' INADEQUATE PERFORMANCE REQUIRES THE DEPARTMENT TO MAKE MULTIPLE INSPECTIONS

The Department of Building and Fire Safety (Department) should modify its manufactured home installation licensing and inspection process to reduce unnecessary inspections. The Department's licensed installers frequently violate installation standards, which results in multiple Department inspections to ensure the home is properly installed, and thus increases the burden on both the Department and homeowners. Several factors, including insufficient licensure requirements for installers and multiple installation standards, influence the number of inspections required to approve home installations. To improve installer performance and reduce the number of Department inspections, the Department should ensure licensed installers are present at every installation, enhance licensing requirements, and continue to explore the feasibility of establishing a single installation standard.

Department Inspects Home Installations

According to A.R.S. §41-2141 and the rules adopted pursuant to A.R.S. §§41-2144(A)(15) and (18), the Department issues installation permits and inspects every new and used manufactured home installed in Arizona. The purpose of the inspection is to guarantee the home is properly set on its lot, and to ensure the home's electric, gas, water, and sewer are safely connected. Each \$90 installation permit entitles the home to have up to three inspections over a period of six months, with any additional inspections costing \$30 each.

Photo 4: An Installation Inspection



This Department employee is conducting an inspection to ensure the home is set properly on these piers.

Numerous Installation Violations Result in Multiple Inspections

The failure of licensed installers to consistently follow installation codes results in excessive inspections of manufactured home installations. Many homes fail their installation inspections because of licensed installers' inadequate performance. As a result, the Department has to conduct an average of two inspections per permit to approve a home for occupancy, increasing the Department's costs in inspector time and travel, and delaying occupancy of the home for the homeowner.

The Department frequently conducts extra inspections because installers fail to follow installation standards and requirements.

Installers' failure to follow installation codes adds to inspections—Inadequate performance by Department-licensed installers causes a number of installations to fail their inspections. Based on a review of 43 installation permits issued in fiscal year 1997-98, 18 home installations required multiple Department inspections because installers violated installation requirements and standards. For example:

- One multi-unit manufactured home installed in Yavapai County failed its initial inspection because it lacked basic supports that keep sections of the home securely joined, level, and firmly set on the ground. Supports under the home's center and perimeter were missing, and the home had improper footing around the center line. As a result, an additional inspection was required to view and approve these basic installation procedures.

- In another Yavapai County installation, the installer needed four installation inspections before the Department approved the home's installation. While the first inspection approved the home's electrical connections, inspectors found an exposed water line, and damage to the home's drainage system. The second inspection noted that the soil under the home had not been adequately prepared and supports for the home had not been properly set. The third inspection found an additional problem with the sewer connections. The home was not approved until a fourth inspection was conducted.

Multiple installation inspections per permit—As a result of these installer deficiencies, the Department conducts an excessive number of inspections per permit, increasing the Department's workload. On average, installations require two inspections before the home is approved. During 1997 the Department issued 4,405 installation permits, but conducted 8,705 inspections. Similarly, during 1998 the Department issued 4,423 permits, but performed 8,610 installation inspections.

Each additional inspection increases the amount of time and travel required of the Department's inspectors. Only 6 of the 18 home installations that required multiple inspections by the Department were located in Maricopa County. The other 12 installations required the Department's inspectors to travel several times to manufactured home installation locations in Navajo, Yavapai, and Yuma Counties. While the Department maintains three inspectors in Pima, two in Mojave and one in Yavapai County, multiple inspections increase the amount of time it takes the Department to approve an installation, and they also increase unproductive travel time.

Homeowners burdened by multiple inspections—In addition to inefficiencies created for the Department, homeowners may wait longer to occupy their homes and pay more in permitting fees than is necessary as a result of inadequate installer performance. Specifically, the Department must approve each mobile home installation before the utility companies will offer power or gas service to the home. As a result, if the installer does not install the home correctly, homeowners may be delayed in occupying their homes.

These extra inspections add to the Department's work and travel load, and can cost homeowners extra time and money.

Further, the Department's current \$90 permit fee places an unnecessary burden on homeowners. In 1998, the Department issued 4,423 installation permits, at a cost to homeowners of approximately \$400,000. However, this permit fee is based on the Department's policy of providing three installation inspections per home. Currently, inadequate installer performance makes it difficult to adjust this policy. Based on auditors' review of 43 installation permits, installers can require as many as 6 inspections before the Department approves the home installation. Therefore, until installers' performance improves, it may not be feasible for the Department to reduce the number of inspections provided per permit and the permit fee.

Insufficient Licensing Requirements and Multiple Installation Standards Contribute to Inadequate Performance

Several factors contribute to the inadequate installations performed by installers, including the lack of adequate requirements for licensure, unlicensed installers installing homes, and the existence of many different installation standards. Specifically,

- **Minimal licensure requirements may not yield qualified installers**—The installation violations committed by installers may result, in part, from the minimum standards currently required to become and remain a licensed installer. Currently, the Department does not require any combination of experience and/or training to become a licensed installer. Other than submission of an application, a requisite fee, and a bond, the Department requires only that

individuals successfully pass a written examination prior to obtaining a license. Additionally, the Department does not mandate any continuing education or training to remain licensed. As a result, the Department has no assurance that installers have received practical or continuing training in installing manufactured homes.

Some other states have implemented minimum training and experience requirements for their licensed manufactured home installers. For instance, Oregon requires any combination of education or manufactured home experience totaling 3,200 hours and attendance at an approved program for manufactured dwelling installers. The course curriculum for Oregon installers includes training for items such as foundation and anchoring systems, and utility and structural connections. Similarly, Alabama requires each applicant to satisfactorily complete an installer's course conducted by its commission within six months from the date they submit their license application. Additionally, Nevada mandates that installers receive eight hours of training every two years.

- **Licensed installers not always present at installations—**Multiple inspections can occur because licensed installers do not actually install every mobile or manufactured home. Specifically, A.R.S. §41-2194 requires that anyone engaged in the business of installing manufactured or mobile homes or their accessory structures be licensed as an installer by the Department. However, Department officials indicate that licensed installers hire workers to install homes and that homes can be installed by workers without the licensee ever visiting or supervising the installation. While statute may not require that all home installations be conducted entirely by licensed installers, the Department does not ensure that licensed installers supervise each installation.

- **Numerous installation standards complicate performance—**The lack of training standards and the use of unlicensed staff is compounded by multiple installation standards for the homes they install. Currently, manufactured homes are installed in Arizona to either a manufacturer's installation requirement, if available, or to state standards. Because there are numerous manufacturers in

Arizona with their own installation requirements, installations become more complex as installers must learn the nuances associated with each manufactured home model, in addition to the state code. As a result, these numerous standards make it more difficult for installers to correctly connect utilities and set the home.

Department Should Take Steps to Reduce Inspections Required to Approve Homes

The Department can take several steps to reduce the number of inspections required to approve each installation. First, the Department should improve the efficiency and performance of its licensed installers by adding training and experience requirements to obtain and renew their licenses, and ensuring that licensed installers are present at each installation. The Department should also reduce the number of optional installation inspections it allows per permit. Finally, the Department should continue exploring the feasibility of simplifying the installation process by introducing a single installation standard.

Department should improve licensee standards—To improve the expertise of licensed installers and reduce the number of inspections allowed with each permit, the Department needs to implement procedures to improve the expertise of installers and those conducting installations. Specifically, the Department should:

- **Enhance licensing standards and implement mandatory continuing education requirements for installers**—The Department should enhance its license requirements to ensure installers meet specific qualifications for obtaining and renewing a license. The Department should supplement its current licensing test and adopt minimum training and/or experience standards for new licensees. Requiring training and/or experience should ensure that licensees have sufficient expertise to install manufactured homes without relying on multiple inspections to correctly install homes. Further, the Department should require mandatory

continuing education for all licensed installers. By mandating continuing education for licensed installers, the Department could require training on installation practices or procedures needing special attention and training on the latest installation procedures and techniques.

- **Skilled installers should supervise each installation**—In addition to increasing licensed installer training requirements, the Department should ensure licensees play a greater role in manufactured home installations. As such, the Department should require that each installation be supervised by a licensed installer.

Department should reduce number of inspections inherent with each permit—Once the Department has introduced new licensing and installation standards and noted an improvement in installer performance, the Department should work toward decreasing the number of inspections allowed per installation permit from three to one. If more than one inspection is needed, installers would need to pay an additional fee. By reducing the number of inspections allowed per permit, the Department would provide an incentive for installers to do the job correctly the first time. In doing so, the reduced number of inspections would help the Department increase the inspection program’s efficiency, reduce nonproductive travel time, and also allow homeowners to occupy their homes earlier.

To reduce unnecessary inspections, the Department should improve the expertise of Department-licensed installers.

While the Department should reduce the number of inspections provided per permit where possible, certain types of installations, by their nature, may require the Department to conduct more than one inspection. For instance, if an installer constructs a permanent foundation system to set a home, the Department requires an examination of the footers and rebar before the installer can pour the cement foundation. In such instances, multiple installation inspections by the Department might be warranted.

Reducing the number of inspections provided per installation permit might result in a lower permit fee for homeowners. While working toward reducing the number of inspections allowed per permit, the Department should also consider revising its \$90 permit fee. Since this fee provides for three in-

spections, the Department should study and adopt an appropriate permit fee that would reflect the costs of providing one inspection per permit. Should additional inspections be required, the Department could charge separate fees for these inspections.

Department should simplify installation process—To facilitate the installation of manufactured homes, the Department should continue discussions with Arizona manufacturers to establish a single method for installing manufactured homes. The Department’s director states that preliminary discussions have occurred between the Department and Arizona manufacturers regarding the possibility of moving toward a single method for installing homes. While one manufacturer indicates that a single method could increase installation costs, a single method has improved the quality of installations in Oregon. Oregon, in conjunction with its manufacturers, developed one standard for installing all manufactured homes to improve the quality of installations and inspections, and to bridge the gap between federal standards and the state’s specialty codes. While it took two years for Oregon to get manufacturers to subscribe to one standard, one Oregon official specifically noted that the quality of installation has improved since the state adopted a single method for installing homes in 1996.

Recommendations

1. The Department should improve the performance of licensed manufactured home installers by:
 - a. Revising its minimum licensing standards to include minimum education and experience requirements; and
 - b. Implementing mandatory continuing education for licensed installers.
2. The Department should ensure licensed installers supervise each home installation.
3. The Department should reduce the number of installation inspections it provides for each permit issued from three to one, except in instances where the specific installations require more than one inspection to safely install the home.
4. The Department should study and adopt an appropriate permit fee that reflects the costs of providing one inspection per permit issued.
5. The Department should continue to study and work with the industry to simplify the installation process by adopting a single method for installing manufactured homes.

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FINDING III

LIMITED USE OF RELOCATION FUND RESULTS IN LARGE BALANCE

The Mobile Home Relocation Fund, a 12-year-old fund created to help homeowners when they must relocate because all or a portion of their mobile home park closes, is seldom used. In fiscal years 1995-99, the fund expended about \$239,000, while the fund balance rose to nearly \$5.2 million. Usage was low partly because few parks closed, but claims against the fund were also limited by inadequacies in the way the fund is operated and publicized. Homeowners who are eligible for assistance may not be informed about the fund or given sufficient opportunity to apply. The Legislature should consider easing statutory restrictions on the fund, and the Department should ensure that park owners appropriately notify the Department and their tenants of park closures, and work to improve public awareness of the fund.

Mobile Home Relocation Fund

The Mobile Home Relocation Fund (fund) was established in 1987 to assist owners of mobile homes who must relocate their home under certain circumstances. Currently, the fund gives any owner who has paid into the fund up to \$3,000 for relocating a single-wide mobile home or \$6,000 for relocating a multi-wide mobile home to another location if the park owner changes the use of the land where they reside. Owners of mobile homes who rent land for their home pay \$.50 for every \$100 assessed value of their mobile home into the fund annually. This would equate to \$25 annually for a mobile home worth \$50,000. Further, park owners who change the use of their land pay \$500 for each single-wide manufactured home and \$800 for each multi-wide manufactured home they are forced to relocate as a result of the land's changed use. The park owner must notify the Department and the homeowner of the

park's change in use, and the homeowner must supply the Department with a moving contract at least 15 days prior to relocation to be eligible for assistance.

Owners of mobile homes can also access the fund for other reasons. Since 1997, it has been available to help people who own older mobile homes and who live at or below the poverty line to bring their home into compliance with the current manufactured housing code. When owners move mobile homes constructed before 1976, statute requires that they bring the home into compliance with state standards. A.R.S. §41-2157 allows owners who live at or below the poverty line to draw up to \$1,000 from the fund to help defray the costs of bringing the home up to code. Another use was recently added by Laws 1999, Chapter 227, which extended the fund's use to people who move because their park owner raised their rent by more than 10 percent plus the increase in the Metropolitan Phoenix Consumer Price Index. However, the fund cannot be used to assist homeowners who relocate for other reasons. For example, the fund offers no assistance if the tenants must move as a result of health violations at the park or natural disasters.

Limited Use Results from Few Park Closures and Inability to Access Fund

A growing manufactured housing park industry, and limits on how the fund is publicized and managed, results in a large fund balance. Despite a large mobile home industry in the State, relatively few homeowners have used the fund. As a result, the fund's revenues from taxes and interest on investments have created a fund balance of nearly \$5.2 million. The public's limited use partly results from a strong mobile home park industry, poor public awareness, and Department policies that limit homeowners' opportunity to use the fund.

Limited use of the fund leads to excessive balance—Few homeowners out of Arizona's substantial population of persons who live in mobile homes have used the fund to help defray relocation expenses in recent years. While the number of mobile homes in the State is difficult to estimate, according to

one Maricopa County official, there are approximately 43,000 mobile homes on rental properties in Maricopa County alone. However, in fiscal years 1997 and 1998, monies from the fund helped to relocate a total of only 43 Maricopa County mobile homes. In other parts of the State, the fund partially reimbursed the moving costs for an additional 10 mobile homes in fiscal years 1997 and 1998. Although the fund has also been available to help defray the cost of bringing pre-1976 mobile homes into compliance with current standards, it has never been used for this purpose, according to Department officials.

In fiscal year 1999, the fund gained approximately \$240,000 in interest from investments of its \$5 million balance, enough to cover three years' worth of costs.

As a result of these limited expenditures, the fund has accumulated a very large balance. As seen in Table 3 (see page 36), the fund's annual expenditures in aid and administrative costs ranged from a low of \$7,768 to a high of \$75,598 during fiscal years 1995 to 1999. As of June 30, 1999, the fund's balance had reached over \$5 million, while the fund incurred total relocation costs of only \$239,402 in fiscal years 1995 through 1999. In fiscal year 1999, for example, the fund gained over \$670,000 in revenue, including approximately \$240,000 in interest, while expending only about \$76,000. Additionally, revenues to the fund should continue to increase as the number of manufactured homes in the State continues to increase.

Few mobile home parks have closed—Few parks are changing use or have closed, which has contributed to the limited number of home owners seeking relocation assistance. In the past four years, only 16 mobile home parks have filed a change in use with the Department. On average, each park dislocated six homeowners.¹ While this number reflects only those park owners who reported the change of use to the Department, industry experts indicate that homeowners should have little need for the fund's relocation assistance because few parks are closing. For example, according to Pinal County officials, the unincorporated areas of Pinal County contain 75 mobile home parks, with 5 new parks in the process of being added. Additionally, officials in the county report that no parks have closed in the last 9 years and they could not recall a park ever reporting a change of use.

¹ A change in use may involve change in use of all or merely a portion of a mobile home park.

Table 3

**Arizona Department of Building and Fire Safety
Mobile Home Relocation Fund
Mobile Home Relocation Revenues, Expenditures, and
Changes in Fund Balance
Years Ended June 30, 1995 through 1999
(Unaudited)**

	1995	1996	1997	1998	1999	Total
Revenues ¹	\$ 484,665	\$ 506,705	\$ 615,525	\$ 649,373	\$ 749,233	\$3,005,501
Expenditures ²	<u>7,768</u>	<u>50,107</u>	<u>64,671</u>	<u>41,258</u>	<u>75,598</u>	<u>239,402</u>
Excess of revenues over expenditures	476,897	456,598	550,854	608,115	673,635	<u>\$2,766,099</u>
Fund balance, begin- ning of year	<u>2,405,846</u>	<u>2,882,743</u>	<u>3,339,341</u>	<u>3,890,195</u>	<u>4,498,310</u>	
Fund balance, end of year	<u>\$2,882,743</u>	<u>\$3,339,341</u>	<u>\$3,890,195</u>	<u>\$4,498,310</u>	<u>\$5,171,945</u>	

¹ Includes homeowner tax assessments and earnings on investments.

² Includes administrative costs, except for 1997 expenditures, and claims paid to owners of mobile homes in excess of amounts collected from park owners.

Source: The Arizona Financial Information System *Revenues and Expenditures by Fund, Program, Organization, and Object* and *Trial Balance by Fund* reports for the years ended June 30, 1995 through 1999.

Some park owners are not notifying their tenants about the fund.

Public awareness and opportunity to use fund limited—Although relatively few homeowners have been affected by changes in park use, those homeowners who are eligible for assistance may not be informed about the fund because the park owners do not take required action to inform them or the Department of the planned change in use. Specifically,

- **Park owners do not notify homeowners about the fund**—While statute requires park owners to notify tenants about the relocation fund and its purpose when they plan to change their land’s use, homeowners have not necessarily been notified of the fund. Auditor General staff interviewed 14 homeowners who used the fund between fiscal years 1996 and 1999 and found that 5 had not been informed about the fund by the park owner. These 5 homeowners said they heard about the fund from other sources.
- **Park owners do not notify homeowners about closure far enough in advance**—Homeowners’ opportunity to apply for money from the fund is also limited because the Department does not take action against park owners who

do not give their tenants sufficient notice of the change in park use. Timely notification is important because, under A.R.S. §33-1476.01, homeowners must complete their applications for assistance 15 days before relocation takes place. Statute requires that owners notify tenants and the Department of the planned change in park use at least 180 days before the tenants must move. While the Department has the authority to penalize park owners either \$500 or \$800 per home for failing to provide the required notification, the Department has never taken action against owners, nor does it have a process for identifying park owners who do not provide proper notification. For example, out of 14 homeowners who used the fund between 1996 and 1999, 4 reported that they received less than the statutorily mandated 180-day change-in-use notice. The Department took no action against these park owners.

- **Park owners do not notify the Department about the closure**—Finally, the Department’s dependence on park owner notification unnecessarily limits the public’s ability to use the fund. Currently, if park owners do not notify the Department about the planned change in use, the Department’s policies do not allow any of the park’s tenants to draw from the fund. However, A.R.S. §33-1476.01, which governs the fund application process, does not require the park owner to contact the Department before tenants can be eligible for the fund.

Changes to the Fund Are Needed

The Legislature and the Department should consider a number of steps to improve the fund’s use. First, the Legislature should consider statutory changes designed to make it easier for homeowners to draw upon the fund. Second, the Department should encourage increased use of the fund by enforcing tenant notification requirements and revising application procedures. At the same time, the Department should work to enhance park manager and homeowner awareness of the fund. Further, to ensure the fund is kept at an appropriate funding level and to limit the tax assessment on owners of mobile homes, the

Department should monitor the fund's use, and recommend an appropriate fund cap to the Legislature.

Alter statute to ease restrictions on fund's use—The Legislature should consider amending A.R.S. §33-1476.01 to make it easier for potential users of the relocation fund to apply for assistance. Specifically, the Legislature should consider changing the requirement that homeowners apply to the fund before they relocate. Currently, statutes prevent anyone drawing from the fund if they apply fewer than 15 days prior to relocating their mobile home. However, according to county and state officials, this requirement has prevented homeowners from receiving assistance when they were informed of the fund after relocating. A.R.S. §33-1476.01(H) could be modified to allow tenants to seek reimbursement from the fund for relocation costs up to 60 days after they have relocated. Additionally, the Department should develop policies and procedures for verifying homeowner relocation costs should the Legislature take this action.

The Department needs to align enforcement and application practices to statute—The Department should enforce existing statutory provisions to ensure appropriate notification by park owners and tenant access to the fund. Specifically, the Department should:

- **Enforce the Requirement That Park Owners Give Sufficient Notice**—The Department should pursue penalties against park owners who do not appropriately inform the Department or tenants about a change in land use. As mentioned earlier, the Department does not impose penalties against park owners who fail to notify the Department of a change in use for the park. The Department should work more closely with county and city officials who receive change-of-use notices and citizens who contact the Department regarding the fund to determine if park owners provide appropriate information. When park owners give insufficient or no notice, the Department should investigate and take action against owners who do not fulfill their statutory obligations.

- **Allow Tenants to Apply Without Landlord Notification—**
The Department should allow tenants to apply for money from the fund even when park owners have not notified the Department of the change in use. Currently, the Department maintains it cannot provide monetary assistance to relocating homeowners unless the park owner has notified the Department of the land's change in use. However, as noted earlier, A.R.S. §33-1476.01 does not impose this requirement. Changing this restriction would allow the Department to help homeowners who were not notified of the fund, and also identify and pursue park owners who fail to report a change of use in their parks.

The Department needs to be more active in advertising and managing the fund—In addition to altering its enforcement efforts and application policies, the Department should take a greater role in the fund's management by increasing public knowledge of the fund and recommending more appropriate funding limits. First, the Department should spend more time educating park owners about their responsibilities and rights regarding the relocation fund. For example, Laws 1999, Chapter 227, requires that park managers receive initial and continual training in the operation of a mobile home park. Currently, the Department and the mobile home industry are determining how to implement this requirement. One step the Department should take is to work with the industry to include in this training the park's responsibilities and rights regarding the relocation fund, including notification and fee requirements, and the fund's availability for relocation assistance due to change in use, rent increase, or aiding tenants in bringing older mobile homes into compliance with current manufactured housing standards. Additionally, the Department should work with the Arizona Mobile Home Association (AMHA), a mobile home park-owner association, to provide information about the fund and park owner responsibilities to its members.

The Department should also increase its efforts to enhance homeowner awareness of the fund. While the Department currently assists the Arizona Association of Manufactured Homeowners in educating homeowner members about their rights under Arizona law, including the fund, the Department should undertake additional efforts to provide information about the fund to homeowners. Currently, many county no-

mobile home tax bills refer to the fund's assessment. The Department could contact the appropriate county and state agencies involved with printing and distributing these bills and request the inclusion of information on the fund and how it can be used to help relocate their homes and bring older mobile homes into compliance with manufactured housing codes.

In addition to these efforts, the Department should monitor the fund's use and recommend a cap that more appropriately matches the demand for the fund. The fund's current statutory cap of \$8 million was increased from \$5 million as part of the 1999 change allowing homeowners to use the fund for relocation expenses if park owners raise the rent by more than 10 percent plus the increase in the Consumer Price Index for Phoenix. However, industry experts disagree about whether the new use will significantly increase the monetary assistance provided by the fund and justify the cap increase. Therefore, the Department should study the fund's use over the next two years, determine an appropriate cap for the fund, and recommend changes to A.R.S. §33-1476.03 to reflect a more appropriate cap. Determining an appropriate cap for the fund will ensure mobile home owners do not pay excessive amounts into the fund. Under state law, once the fund exceeds \$8 million, the Department is required to contact county assessors and notify them to cease the tax assessment on owners of mobile homes.

Recommendations

1. The Legislature should consider amending A.R.S. §33-1476.01 to allow tenants to apply for a reimbursement from the Mobile Home Relocation Fund up to 60 days after relocation and upon submitting valid documentation of moving costs.
2. The Department should enforce statutory provisions for park owner notification of intended change in park use by investigating and pursuing landlords who fail to notify the Department or their tenants as required by statute.
3. The Department should allow owners of mobile homes to receive assistance from the fund even if their park owner did not notify the Department of a change in park use.
4. The Department should educate park owners about their responsibilities relative to the Manufactured Home Relocation Fund through training instituted under Laws 1999, Chapter 227.
5. The Department should work with organizations involved in the mobile home industry to improve homeowner awareness of the fund. Specifically, the Department should:
 - a. Continue to assist the Arizona Association of Manufactured Homeowners in their efforts to educate homeowners about the fund.
 - b. Work with mobile home park owner associations, including the Arizona Mobile Home Association, to provide their members with information about the fund and park owner responsibilities related to the fund.
 - c. Pursue agreements with state and county tax officials to include information about the fund in county mobile home tax bills.
6. The Department should study the fund's use over the next two years to determine if the current \$8 million funding cap is appropriate or if the statutory limit needs to be adjusted. The Department should then recommend to the Legislature any necessary changes to A.R.S. §33-1476.03 to adjust the cap.

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SUNSET FACTORS

In accordance with A.R.S. §41-2954, the Legislature should consider the following 12 factors in determining whether the Department of Building and Fire Safety (Department) should be continued or terminated.

1. The objective and purpose in establishing the agency.

The Department of Building and Fire Safety was established in 1986 through a merger of the Office of the Fire Marshal and the Office of Manufactured Housing. The Department's purpose is:

“To provide consumer protection and ensure the public safety by maintaining, and enforcing standards of quality and safety for manufactured/mobile homes, factory-built buildings and recreational vehicles, and by reducing hazards to life and property through enforcement and training related to the State Fire Code.”

The Department's statutory duties include:

- Establishing a regular fire safety inspection program for all state- and county-owned buildings and all public and private school buildings wherever they are located throughout the State, except for private school buildings in cities with a population of 100,000 or more.
- Maintaining relevant standards and codes for manufactured housing safety by inspecting locations where manufactured homes, factory-built buildings, and recreational vehicles are manufactured, sold, or installed to ensure that the structures adhere to federal or state guidelines. The Department also establishes licensing and regulation procedures for manufactured home, recreational vehicle, and factory-built

- building manufacturers, and dealers, brokers, and installers.
- Overseeing the Mobile Home Relocation Fund, which assists owners of mobile homes who rent the land their home rests on and must relocate due to certain circumstances. The Fund also aids the owners of homes built before 1976 who must refurbish their homes to meet current standards.

2. The effectiveness with which the agency has met its objective and purpose and the efficiency with which it has operated.

The Department has generally met its objectives and purposes by licensing manufactured home manufacturers, dealers, and installers; conducting plant inspections; and resolving complaints against home manufacturers, dealers, and installers. The Department also inspects each manufactured home constructed in the State to ensure that it meets federal construction standards. Further, the Department aids local fire departments by supporting the annual Fire School, an event that fosters training for Arizona firefighters.

However, the audit found that the Department can more effectively meet its objectives by:

- Developing an accurate inventory of buildings within its jurisdiction and assessing the fire risk of these buildings, developing and implementing formal policies governing the priority and frequency of State Fire Marshal fire safety inspections and follow-up inspections, and automating its inspection and re-inspection process (see Finding I, pages 11 through 22).
- Reducing the number of inspections conducted for each manufactured home installation by increasing training and education requirements for mobile home installers, and exploring ways to reduce the different types of installation. (See Finding II, pages 23 through 31.)

- Working with the Legislature to reduce statutory restrictions for receiving assistance from the Mobile Home Relocation Fund, increasing its enforcement of landlord reporting requirements, improving public awareness and increasing the public's opportunity to use the fund, and monitoring the fund's use and growth in order to recommend an appropriate fund cap that limits taxpayer contributions (see Finding III, pages 33 through 41).

3. The extent to which the agency has operated within the public interest.

The Department generally operates in the public interest. With regard to manufactured housing, it inspects every manufactured home produced in Arizona to ensure it meets federal construction codes and inspects every manufactured home installation in the State. With regard to its fire safety responsibilities, it reviews construction plans for state, county, university-owned buildings, and charter and public schools to ensure the construction satisfies the requirements of the state fire code, and it is responsible for conducting regular fire safety inspections at these buildings.

However, the Fire Marshal's failure to regularly inspect buildings places the State at risk of fires and damage at buildings within the Department's jurisdiction. (see Finding I, pages 11 through 22).

4. The extent to which rules adopted by the agency are consistent with the legislative mandate.

At the request of the Office of the Auditor General, the Governor's Regulatory Review Council (GRRC) reviewed the Department's statutes and determined that the Department has fulfilled its statutory rule-making requirements in all but two areas. First, A.R.S. §41-1073 requires all agencies that issue licenses to establish a time frame during which the agency will either grant or deny the license. While the Department initiated the process to establish these rules, the time frames have not been adopted. Second, A.R.S. §41-2146(E) requires the State

Fire Safety Committee to establish rules for allocating money from the Arson Detection Reward Fund established under A.R.S. §41-2167. However, as noted earlier, the Committee currently has no members and the Department is in the process of re-establishing the Committee. As a result, there are no rules being developed for allocating money from the Arson Detection Reward Fund.

Further, at the suggestion of the Governor's Regulatory Review Council, the Department is also reviewing and revising its rules regarding the installation, construction, and licensing of the manufactured housing industry to make them clearer and more understandable.

- 5. The extent to which the agency has encouraged input from the public before adopting its rules, and the extent to which it has informed the public as to its actions and their expected impact on the public.**

The Department's rules are developed and adopted through the Board of Manufactured Housing and the State Fire Safety Committee. According to the Department, the public is notified of proposed rules through the Arizona Administrative Register and through various industry- and consumer-related newsletters, speaking appearances, and mass-mailings. While the State Fire Safety Committee is currently inactive, the public is kept informed of the Board of Manufactured Housing's activities through the publication of various materials. Additionally, the public can address the Board on pending rules in open meetings.

The Department has complied with the State's open meeting laws for the most part by posting public meeting notices at least 24 hours in advance at the required location and making agendas available to the public. However, the Department does not have the required statement of where meeting notices will be posted on file with the Secretary of State.

6. The extent to which the agency has been able to investigate and resolve complaints that are within its jurisdiction.

The Fire Marshal has the authority to investigate complaints regarding fire safety at buildings within its jurisdiction, and sends investigators to evaluate these complaints. However, the Fire Marshal does not maintain a formal complaint log or separate complaint files, and complaint investigation documentation is generally incorporated with the Fire Marshal's other inspection records. The lack of a formal log identifying the number and nature of complaints makes it difficult to evaluate the Fire Marshal's efforts in investigating fire safety complaints. Therefore, the Fire Marshal should formalize its process for receiving and investigating fire safety complaints at buildings within its jurisdiction. For instance, the Department should develop and maintain a complaint log that describes the location, the nature of the complaint, when it was received, the complainant's name, and the disposition of the complaint.

The Department has effectively resolved complaints filed by purchasers of manufactured or mobile homes under A.R.S. §41-2153(B)(9) & (10) and 41-2186. These statutes allow the Department to investigate and request corrective action by any dealer, broker, salesperson, installer, or manufacturer of mobile or manufactured homes. Violators can face penalties ranging from an administrative penalty to probation, license suspension, or revocation. A review of the Office of Manufactured Housing's investigation and complaint resolution process showed that the Department investigates and resolves complaints in a timely manner.

7. The extent to which the attorney general or any other applicable agency of state government has the authority to prosecute actions under the enabling legislation.

A.R.S §41-2141(C) establishes that the attorney general shall advise the Department on all questions of law and act for the Department in all legal actions or proceedings.

These proceedings include administrative hearings and re-hearings regarding manufactured housing industry licensee penalties, as well as actions before Superior Court to cease and desist operations that constitute a fire safety hazard to life or property.

8. The extent to which the agency has addressed deficiencies in its enabling statutes which prevent it from fulfilling its statutory mandate.

According to Department officials, the Department has addressed deficiencies in enabling statutes by cooperating with various industry and consumer associations, and drafting legislation that is beneficial to all groups. For instance, in 1997 the Department supported changes to A.R.S. §34-461, which extended the Fire Marshal's fire safety inspection coverage by allowing local fire marshals a role in fire safety inspections within their jurisdictions. Further, Laws 1999, Chapter 227, altered the operation and expanded the purpose of the Mobile Home Relocation Fund (see Finding III, pages 33 through 41).

9. The extent to which changes are necessary in the laws of the agency to adequately comply with the factors listed in the Sunset Law.

Based on audit work, the Legislature should consider making a statutory change related to the Mobile Home Relocation Fund. Specifically, the Legislature should consider modifying A.R.S. §33-1476.01 to allow tenants to apply for and receive monetary assistance from the Mobile Home Relocation Fund after they have relocated (see Finding III, pages 33 through 41).

10. The extent to which termination of the agency would significantly harm the public health, safety, or welfare.

Terminating the Department would significantly harm the public's health, safety, and welfare because the Department is responsible for maintaining and enforcing standards of safety in the mobile home industry and for

ensuring that thousands of public buildings across the State are free from fire hazards. The Department inspects manufactured homes to ensure the homes follow construction guidelines and are safely installed. Additionally, the Department promotes public health and safety and reduces hazards to life, limb, and property by providing and coordinating training in firefighting and prevention with local fire departments. The Department also helps local jurisdictions by aiding in arson investigations and prescribing a uniform system for reporting fires.

- 11. The extent to which the level of regulation exercised by the agency is appropriate and whether less or more stringent levels of regulation would be appropriate.**

While the level of regulation exercised by the Department is generally appropriate, the Department should increase its regulation of licensed mobile home installers by establishing minimum education and experience requirements for new licensees, and implementing continuing education requirements for all licensed installers. Further, the Department should ensure that licensed installers, at a minimum, supervise home installations (see Finding II, pages 23 through 31).

- 12. The extent to which the agency has used private contractors in the performance of its duties and how effective use of private contractors could be accomplished.**

Because the Department is a regulatory agency, many of its functions cannot be transferred to the private sector. However, the Department has entered into intergovernmental agreements with local jurisdictions to conduct fire safety and mobile home inspections. Specifically, the Department has agreements with 23 city or rural fire departments to conduct fire safety inspections for state-, county-, and university-owned buildings, and school district, private, and charter schools within their jurisdictions. Also, the Department's Office of Manufactured

Housing has contracts with 66 cities or counties to inspect manufactured housing installations within their jurisdictions.

While these agreements with cities and counties represent the extent of the Department's efforts to use outside organizations to fulfill its responsibilities, the Office of Manufactured Housing's plant inspection duties could potentially be conducted by existing private agencies. However, the Department's management indicates that privatizing this function would reduce the efficiency of these inspections and require manufacturers to pay for the inspections.

Finally, the Department should consider following A.R.S. §33-1476.02(B) and determine if the Mobile Home Relocation Fund could be operated by private insurers instead of the Department. Specifically, the statute requires the Department to contract with a private insurer with premiums paid by the fund in exchange for insuring homeowners against relocation costs. The Department must pursue this option if a private insurer is available and the premium costs do not exceed the available money in the fund. The Department requested bids from private insurers in 1991 and 1992/1993 to provide this service, but found no suitable company. However, the Department should once again consider requesting bids from private insurers to determine the feasibility of and interest in providing insurance coverage for homeowners.

Agency Response

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Jane Dee Hull
GOVERNOR



N. ERIC BORG
DIRECTOR

DEPARTMENT OF BUILDING AND FIRE SAFETY

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OFFICE OF ADMINISTRATION • OFFICE OF MANUFACTURED HOUSING • OFFICE OF STATE FIRE MARSHAL

September 7, 1999
ADOC #99-032

Debbie Davenport
Auditor General
2910 N. 44th Street Suite 410
Phoenix, AZ 95018

Dear Ms. Davenport:

The Department of Building and Fire Safety has reviewed the revised preliminary draft of the performance audit and submits the following response.

Overall, the Department agrees with most of the audit's findings and recommendations. Many of the recommendations have already been worked on and shall be fully implemented.

The audit findings and recommendations were presented in three parts so we are responding similarly in three parts.

Finding I: State at Risk Due to Inadequate Fire Safety Inspection Coverage

The finding of the Auditor General is not agreed to by the Department, but the audit recommendations (1-5) will be implemented.

The Office of the State Fire Marshal is mandated to perform inspections on schools, state buildings and county buildings. The Auditor General's report correctly notes that the Fire Marshal does not always conduct follow-up inspections. However, whenever a serious violation involving an imminent safety hazard was found, plans of corrective action were immediately implemented and follow-up inspections were conducted where necessary.

The Office of the Fire Marshal has attempted to preempt potential violations by placing a priority on plan reviews, initial inspections, identifying violations and informing the responsible party. Schools, state and county buildings are public entities and as such the responsible parties have an obligation to insure the safety of the public as they enter public facilities. The Fire Marshal's function is to inspect and point out safety violations. It is then incumbent upon these public entities to undertake corrective actions to reduce their liabilities and provide safe environments for the public. The Fire Marshal agrees with the Auditor General's recommendation and will analyze models for assessing and assigning risk potential to occupancies and shall implement procedures for follow-ups and re-inspections based upon a building's risk assignment.

Debbie Davenport
Auditor General
September 7, 1999
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Finding II: Manufactured Home Installers' Inadequate Performance Requires the Department to Make Multiple Inspections

The finding of the Auditor General is agreed to by the Department and the audit recommendations (1-5) will be implemented.

Finding III: Limited Use of Relocation Fund Results in Large Balance

The finding of the Auditor General is agreed to by the Department and the audit recommendations (1-6) will be implemented.

In closing, the Department would like to express our appreciation to the audit team for their professionalism while conducting the audit. Please call me at (602) 255-4072 should you have further questions.

Sincerely,



N. Eric Borg, Director
DEPARTMENT OF BUILDING AND FIRE SAFETY
State of Arizona

NEB:cg

Other Performance Audit Reports Issued Within the Last 12 Months

98-12	Arizona Universities' Enrollment	99-5	Department of Gaming
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98-14	Adult Services	99-7	Arizona Drug and Gang Policy Council
98-15	Podiatry Board	99-8	Department of Water Resources
98-16	Board of Medical Examiners	99-9	Department of Health Services— Arizona State Hospital
98-17	Department of Health Services— Division of Assurance and Licensure	99-10	Residential Utility Consumer Office/Residential Utility Consumer Board
98-18	Governor's Council on Develop- mental Disabilities	99-11	Department of Economic Security— Child Support Enforcement
98-19	Personnel Board	99-12	Department of Health Services— Division of Behavioral Health Services
98-20	Department of Liquor	99-13	Board of Psychologist Examiners
98-21	Department of Insurance	99-14	Arizona Council for the Hearing Impaired
98-22	State Compensation Fund	99-15	Arizona Board of Dental Examiners
99-1	Department of Administration, Human Resources Division		
99-2	Arizona Air Pollution Control Commission		
99-3	Home Health Care Regulation		
99-4	Adult Probation		

Future Performance Audit Reports

Department of Health Services—Tobacco Education and Prevention Program
 Department of Health Services—Bureau of Epidemiology
 and Disease Control Services
 Department of Health Services—Division of Behavioral Health Services'
 Sunset Factors