

State of Rhode Island and Providence Plantations

Department of Administration  
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February 3, 2016

Marshal John Chartier  
State Fire Marshal  
Division of the State Fire Marshal  
Department of Public Safety  
One Capitol Hill  
Providence, RI 02908

Dear Marshal Chartier:

The Bureau of Audits has completed its audit of The Division of the State Fire Marshal. The audit was conducted in accordance with Rhode Island General Laws (RIGL) §35-7-3. The recommendations included herein have been discussed with members of management, and we considered their comments in the preparation of this report.

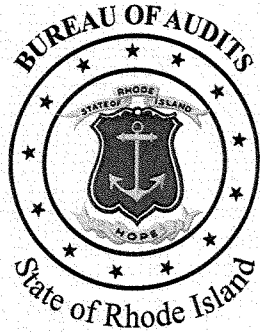
RIGL §35-7-3(b), entitled *Audits performed by bureau of audits*, states that, "Within twenty (20) days following the date of issuance of the final audit report, the head of the department, agency or private entity audited shall respond in writing to each recommendation made in the final audit report." Accordingly, management submitted its response to the audit findings and recommendations on January 25, 2016, and such response is included in this report. Pursuant to this statute, the Bureau may follow up regarding recommendations included in this report within one year following the date of issuance.

We would like to express our sincere appreciation to the Division of the State Fire Marshal for the cooperation and courtesy extended to the members of our team during the course of this audit.

Respectfully yours,

Dorothy Z. Pascale, CPA, CFF  
Chief

c—Internal Audit Advisory Group  
Lt. Col. Kevin Barry, Department of Public Safety  
Honorable Daniel DaPonte, Chairperson, Senate Committee on Finance  
Honorable Raymond Gallison, Chairperson, House Finance Committee



## Audit Executive Summary

### Why the Bureau Did This Review

As a result of our risk assessment, the Bureau of Audits conducted an audit of the Rhode Island Department of Public Safety, State Fire Marshal's (SFM) practices and procedures.

The purpose of this engagement is to determine if the State Fire Marshal's Enforcement Bureau and the Fire Code Bureau follow industry best practices and adhere to State rules and regulations.

### Background Information

The office consists of seven distinct units including:

- Investigations
- Technical Services
- Central Clerical
- Inspection
- Public Education and Juvenile Program
- Plan Review
- Fire Education and Training

The FY 2016 annual budget is \$5,086,827, of which \$3,102,799 is dedicated to fund 36 full-time equivalent positions.

### Strategic Technology Initiative:

#### E-Permitting

SFM is currently in the process of developing an automated, web-based permitting information system. The e-permitting initiative will create an easily accessible system used by the State and municipalities which will enable uniform, statewide electronic plan review, permitting and inspection.

### To Strengthen Controls and Mitigate Risks, the Bureau of Audits Recommends:

- Improve inspection and resource management by:
  - Creating an inventory of buildings subject to inspection
  - Performing a risk assessment of required inspections
  - Implementing an annual inspection plan and measure performance
  - Establishing and enforcing standard operating procedures and practices
  
- Improve timeliness of building plan reviews by deploying project management processes
  
- Monitor outsourced fire alarm testing and review results

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## Organizational Tone

The culture observed during the course of the audit does not place a priority on planning and administrative functions. There exists a passive management style that allows staff members to operate with limited guidance and oversight. Management does not proactively plan for operational goals and strategies but, rather, reactively responds to situations as they occur. The Division of the State Fire Marshal has not established written policies or standard operating procedures. Management has relied on informal procedures to manage their work.

Formally written policies and procedures are an integral part of the controls necessary to successfully manage an organization and operate using a risk-based methodology. Standard operating procedures (SOP) provide a basis for organized, consistent and standardized operations by:

- ✓ Defining responsibilities
- ✓ Establishing standardized work processes
- ✓ Informing staff about operations and priorities

The development of documented policies and standard operating procedures are essential to a successful deployment of the e-permitting strategic initiative discussed below. Ramifications of this informal management style are further discussed in the sections below.

## Background

### Organizational Structure

The State Fire Marshal Office (SFM) is a division of the Department of Public Safety (DPS). In order to accomplish the responsibilities discussed below, the office has been divided into seven distinct units:

- Investigations
- Technical Services
- Central Clerical
- Inspection
- Public Education and Juvenile Program
- Plan Review
- Fire Education and Training

The total operating budget for FY 2016 is \$5,086,827, of which \$3,102,799 is dedicated to fund 36 full-time equivalent positions.

### Legislative Authority

The SFM is charged with statewide enforcement of the State Fire Safety Code. Effective January 1, 2013, the State of Rhode Island adopted the 2012 National Fire Protection Association (NFPA) Fire Safety Code.

Rhode Island General Law §23-28.2-14 requires the State Fire Marshal to:

*... Implement a system of enforcement to achieve compliance with the Fire Safety Code, which shall include inspections.*

This system of enforcement is comprised of both mandatory and discretionary inspections defined through: The Fire Safety Code,<sup>1</sup> State Agency Licensing requirements and Rhode Island Statutes. The system includes duties related to fire prevention, protection, investigation and education, including but not limited to:

- Enforcing laws relating to the storage, use, handling and disposition of explosives and inflammable materials;
- conducting and supervising fire safety inspections of buildings regulated by the code;
- certifying building compliance with the Fire Safety Code to any state or federal agency;
- planning for and overseeing the comprehensive and consistent enforcement of the Fire Safety Code;
- appointing Deputy State Fire Marshals and Assistant Deputy State Fire Marshals; and
- coordinating education and training programs for firefighting, fire prevention, inspection and investigation.

Rhode Island General Law §23-28.2-20 provides the legal foundation for inspections by granting the State Fire Marshal the:

*... Authority to enter at any reasonable hour, any building, structure, or premises in the state to enforce the provisions of the Fire Safety Code.*

This broad authority permits the inspection of buildings which are not specifically mentioned in the Fire Code or state departments/agencies licensure regulations. The State Fire Marshal exercises this authority to inspect specific categories of buildings, including but not limited to:

- Hospitals and nursing homes
- State-owned and leased buildings
- Certain industrial and mercantile buildings

#### *Assignment of Code Enforcement*

The State Fire Code identifies four categories of buildings which have mandatory periodic inspections. Buildings in this category include:

- Educational Institutions<sup>2</sup>
- Night Clubs
- Bed and Breakfasts
- Elderly Housing

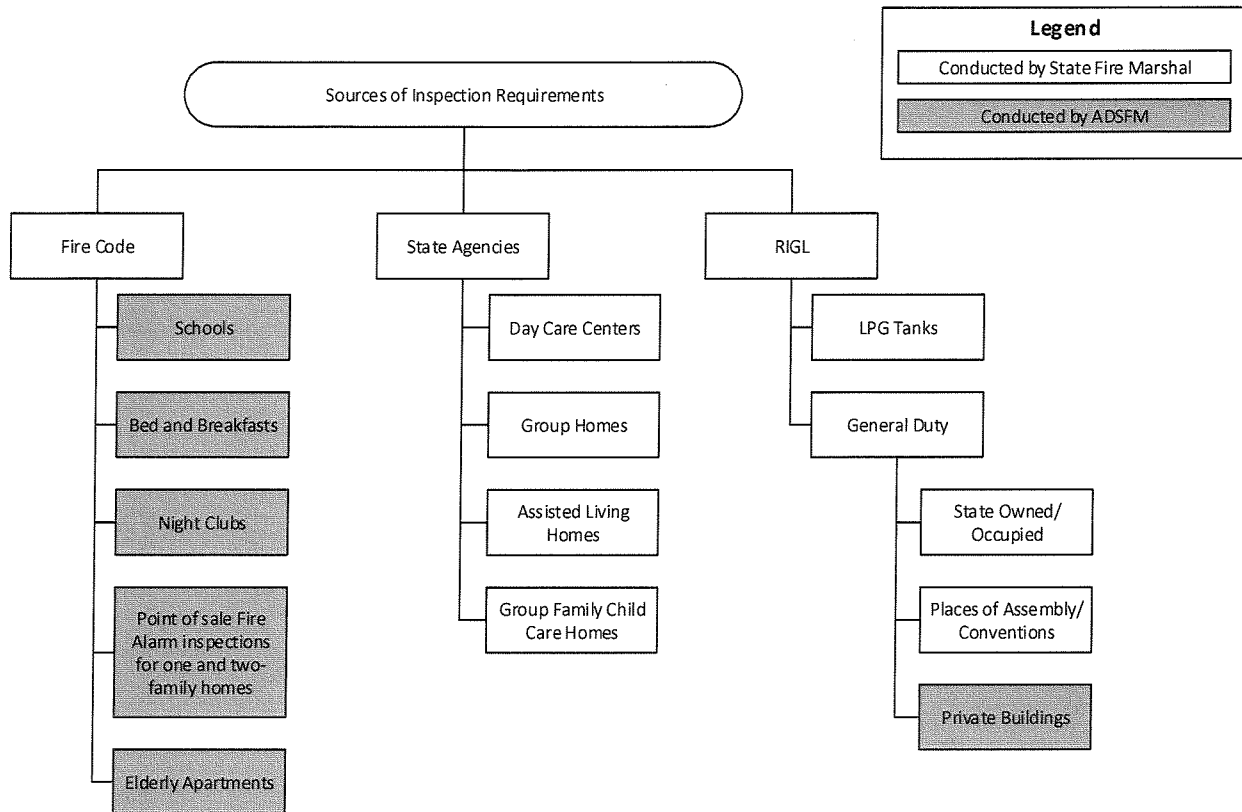
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<sup>1</sup> Decisions rendered by the Rhode Island Fire Safety Code Board of Appeal are included in this category as their pronouncements serve as State Fire Code.

<sup>2</sup> The State Fire Marshal has retained duties to inspect State-owned and operated educational institutions, including the State colleges and universities.

The State Fire Marshal trains and appoints Assistant Deputy State Fire Marshals (ADSFM) within some municipal fire departments<sup>3</sup> to assist in carrying out this mission.

The chart below provides an illustration of the inspection categories and the interrelationships between the State Fire Marshal and the local authorities to comply with the statutory mandates.



### Strategic Technology Initiative: E-Permitting

The Office of Regulatory Reform (ORR), in cooperation with the Office of Digital Excellence, State Building Commissioner and State Fire Marshal are currently in the process of developing an automated, web-based permitting information system. The e-permitting initiative will create an easily accessible system used by the State and municipalities which will enable uniform, statewide electronic plan review, permitting and inspection. This streamlined system is intended to enhance customer service, information flow and result in a lean, efficient process.

The system, scheduled for implementation by close of FY 2016, will alter the operations of the State Fire Marshal Plan Review Unit. Future submittals of building plans are intended to be reviewed in electronic format resulting in an accountable, streamlined process.

<sup>3</sup> Responsibility for certain small cities and towns without necessary resources or expertise to complete the inspections has been retained by the State Fire Marshal.

## Recommendations for Improved Controls to Mitigate Risks

### Improve Inspection Management

Proactive management of staff resources and consideration of risk would improve controls over the administration and management of resources and mitigate reputational and safety risks. This methodology requires a proactive approach to inspection planning and staff assignments, which are not applied at the Division of the State Fire Marshall. The five components to successfully mitigate these risks are:

1. Complete inventory of buildings subject to inspection
2. Annual risk assessments
3. On-going evaluation of staffing resources
4. Annual inspection plan
5. Annual inspection plan updated quarterly

The recommendations discussed below incorporate this methodology.

#### Create an inventory of buildings subject to inspection

Due to the size of the population subject to fire code inspection, maintaining an effective system of enforcement and mitigating code non-compliance requires:

- An organized and complete record of inspection sites
- Consistent and timely communications between all interested parties
- Proactive inspection planning

Review of the current inspection site inventory and methodology deployed to conduct inspections revealed:

- The database does not include all buildings the SFM determined to be subject to inspection.
- Manual gathering of information from State agencies of applicable licensed facilities required.
- No SOP's exist.
- An overall lack of communication amongst interested parties.
- Reactive inspection scheduling.

No formal procedure or process has been implemented to ensure communication between the SFM and the information owners is timely or consistent. This increases the safety and reputational risks; the SFM may not be made aware of some buildings' inspection status.

Consistent and timely communication would enable the State Fire Marshal to proactively manage the risks noted above by updating the inspection site inventory to reflect the most accurate site status and building information.

*Recommendation*

1. Implement a process to communicate regularly with information owners to compile and maintain an inventory of all facilities subject to fire safety inspection.

*Management's Corrective Action:* This office is currently working with State agencies to compile a list of all state controlled property for which an inspection is required. Currently the state does not have this list in place. This fact contributes to the sometimes reactionary response from this office. While the responsibility to develop and maintain an accurate list of state controlled property is clearly with DOA, we will continue to work with DOA to put this list in place. The advent of the E-Permitting process which is scheduled to begin this spring will assist the division in the creation of a list of all properties which require state inspection but are not state owned. This information will be forthcoming from local jurisdictions as part of that process.

*Anticipated Completion Date:* 1-1-17

*Responsible Party:* DOA and Local jurisdictions with assistance from this office.

*Auditor's Response:* As discussed in the legislative authority section above, the State Fire Marshal is granted authority and responsibility to inspect specific categories of buildings, including but not limited to State properties.

The responsibility for inspections of these facilities, and the administration and management of the inspections, are the responsibility of the State Fire Marshall Office. Therefore, it is the position of the Bureau of Audits that the responsible party to determine a complete inventory of facilities subject to inspections (in addition to State-owned facilities) remains with the Fire Marshal. Follow up regarding the status of implementation of the recommendation will be with the Fire Marshall.

*Perform a risk assessment*

Planning is critical to ensure that the Division's inspections goals and objectives are met. The SFM does not utilize a risk assessment methodology, as noted above, to plan for and prioritize the scheduling of inspections or to manage the assignment of staff time.

SFM deploys informal guidelines for the performance of discretionary inspections. This methodology is oftentimes reactive and does not account for Life Safety Code enforcement inspections or procedures performed by federal oversight bodies. For certain health facilities<sup>4</sup> the Life Safety Code is enforced by federal agencies, including the Centers for Medicare and Medicaid Services and the Joint Commission on the Accreditation of Healthcare Organizations.

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<sup>4</sup> Health Care establishments eligible for federal funding including hospitals, nursing homes, ambulatory and surgical centers, etc.



Conducting a formal risk assessment would provide a mechanism for identifying the most high-risk sites by considering:

- Duration since last inspection, including federal agency oversight
- Vulnerability of the population served by the facility
- Oversight by other regulating bodies
- Additional criteria deemed relevant by the State Fire Marshal

By focusing on the highest risk facilities, the SFM can improve operational efficiency by becoming more proactive and manage resource time between mandatory and non-mandatory inspections.

*Recommendation*

2. Document and implement a process for risk assessment to prioritize inspection work.

*Management's Corrective Actions:* The division will identify risk using criteria outlined in NFPA 101, Chapter 6, Classification of Occupancy and Hazard of Contents. This work is ongoing and used in determining the prioritization of inspection work.

*Anticipated Completion Date:* July 1, 2016

*Responsible Party:* Chief Deputy – Inspections Bureau

*Implement Annual Inspection Operating Plan and Measure Performance*

The federal Government Accountability Office highlights the importance of effective scheduling by stating:

*A well-planned schedule is a fundamental management tool that can help government programs use public funds effectively by specifying when work will be performed in the future and measuring program performance against an approved plan.*

The development of an annual operating plan would enable the SFM to develop strategies to complete the required and discretionary inspections identified through the risk assessment process. Effective scheduling would provide the unit with the ability to measure progress towards completion of the annual operating plan, and to manage the safety and reputational risks.

As previously stated, the SFM does not develop an annual operating plan which considers the mandatory and discretionary workloads. Staff members reactively schedule facilities licensing inspections upon requests from the building owners. Staff manage their own time, workloads and inspection schedules with minimal coordination, communication or management oversight. As a result, management is unable to effectively manage and monitor the staff's progress towards completing the strategic goals of the unit.

*Recommendations*

3. Develop and implement an annual operating plan and update quarterly.

4. Manage staff schedules to meet the objectives set forth in the annual and updated operating plans.
5. Measure performance against percent of plan achieved.

*Management's Corrective Actions:* The formulation of an annual operating plan is something that the office has looked at. The division has spent considerable time working with the office of Performance Management on this issue, including the evaluation of workload versus staffing that would drive the plan. Any plan must have balance between staffing, workload and expected outcomes. The plan must also address the fact that many projects come into this office from the outside business community with little or no advance notice, planning for them this extremely difficult. We are developing a plan as recommended, this plan must be flexible to and address staffing levels and fluctuation in workload. Our plan will need to be constantly revised in order produce meaningful outcomes.

*Anticipated Completion Date(s):* July 1, 2016

*Responsible Party:* Fire Marshal and Chief Deputies of each division.

#### Standardize Inspection Methodology and Documentation

There are no formal processes or procedural steps to standardize the performance of the inspection or the documentation of inspections conducted. Inspectors take notes about the building condition and note any code violations. Upon returning to the office, the inspector will enter an inspection report for compliance or a violations report will be created in the electronic reporting system. In instances where there is no code violation, the inspection report will state compliance with the code. A negative assurance methodology is used; inspectors document instances in which there is a code violation; however, positive compliance by code section is only documented by a compliance notation on the inspection report. The lack of standardized performance and documentation creates limited evidence to support the consistent enforcement of the fire code.

#### *Recommendation*

6. Develop standard operating procedures to conduct and document an inspection.

*Management's Corrective Actions:* The division uses principles and procedures which are consistent with the NFPA codes that formulate the State Fire Code. These principles form the standard procedures the members of the office use to complete inspections. The negative assurance reporting method that we use was confirmed by the Rhode Island Fire Safety Code Board of Appeal and Review. This method has served the division and local jurisdictions well. We will take the recommendation for positive reporting to the Board for consideration. If the Board agrees we will institute positive reporting for major components of an occupancies "major" life safety systems.

*Anticipated Completion Date(s):* July 1, 2016

*Responsible Party:* Chief Deputy- Inspections Bureau

*Support Mobile Work Environment*

The current information technology (IT) infrastructure creates an inefficiency within the Inspection Unit because the inspectors do not have remote access to data; staff may only access the system on desktop computers at the SFM office.

Inspectors take written notes regarding building conditions and identified violations while performing the inspection. After conducting a series of inspections, they return to the SFM office to enter their notes into the stand-alone information system. This creates a duplication of efforts--the information is written and then typed. Process efficiencies are crucial to completing the inspection workload.

*Recommendation*

7. Prioritize an IT solution which would allow inspectors to access and record inspection data remotely.

*Management's Corrective Actions:* The Division has been working with DOA and State Building Commissioners office to implement an electronic plan for inspections and "E-Permitting". The issue outlined above will be addressed by that system.

*Anticipated Completion Date(s):* 1-1-17

*Responsible Party:* DOA, State Office of Digital Excellence, State Fire Marshal and State Building Commissioner

**Improve Timeliness of Building Plan Reviews by Deploying Project Management Processes**  
The Plan Review Unit analyzes architectural drawings of certain proposed construction plans<sup>5</sup> to verify compliance with the current Fire Safety Code. These plans must be approved by the SFM before a building permit is issued.

The State Fire Marshal is required to complete plan reviews within specified time frames dictated by State law and the State Fire Code. Failure to meet the mandatory completion dates negatively impacts applicants by causing construction delays. Large building plans are reviewed in the order received, while smaller scale plans are informally grouped and completed between large projects at staff's discretion.

The SFM office provided the Bureau with summary information regarding overdue plan reviews for FY 2015. According to this data, approximately one-third of plans presented for review during FY 2015 were not completed within the mandated time frame. Management, unable to quantify the exact reason for the delays, partially attributes the time lag to difficulty overseeing workload, monitoring and system limitations. The current system does not consider time delays noted during a plan review that require client action or correction of plan by the client.

This informal method provides a basis for prioritization of larger building plan reviews; it does not address the resource requirements for smaller plan reviews. There is no formal, systematic process for managing workload, job progress or work assignments. Adoption of project management methodology and processes would improve resource planning and number of plans reviewed within the mandated time frames.

*Recommendation*

8. Implement project management methodology to track, assign and monitor the progress of building plan reviews.

*Management's Corrective Actions:* Implementation of Electronic Review process which is included in the E-Permitting project scheduled to begin this year will allow this to take place.

*Anticipated Completion Date(s):* 1-1-17

*Responsible Party:* DOA, State Office of Digital Excellence, State Fire Marshal and State Building Commissioner

**Mitigate the Risks Associated with Outsourced Fire Alarm Testing by Direct Monitoring of Results**

Regulation 9.6.11 of the State Fire Code requires periodic testing of fire alarms by a qualified vendor. Test results are reported to the local authorities on a standardized form known as the Uniform Test Reports (UTR). The vendor fills out a sticker, which documents the date of the last test, and affixes it to the tested

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<sup>5</sup> The State Fire Marshal reviews plans for State-owned buildings and buildings which require a State license to operate.

alarm box. The vendor forwards a completed test form to the local authority. The SFM does not receive a copy of the completed sticker or form.

There are two ways in which fire alarm non-compliance is currently communicated to the SFM.

1. The local authorities review the dates and results of the testing reports, then notify the SFM of any issues found.
2. Fire alarm stickers are reviewed during an inspection of a facility.

The current system places a substantial amount of reliance upon outside parties to perform alarm testing, with minimal verification by the SFM. For example, the process depends upon:

- Owners scheduling testing.
- Vendors properly performing and reporting test information.
- Municipal fire departments inspecting and monitoring test reports, identifying non-compliance and notifying the SFM.

The implementation of an electronic reporting database would improve every aspect of the reporting process.<sup>6</sup> A database would provide the SFM the ability to effectively and efficiently monitor statewide compliance through a standardized reporting function. Risk of overreliance upon outside parties to monitor and enforce compliance would be minimized, because test results would be available to SFM staff.

*Recommendation*

9. Ensure that the e-permitting system provides SFM with access to municipal inspection reporting.

*Management's Corrective Actions:* Will implement as soon as "E-Permitting" project is completed.

*Anticipated Completion Date:* 1-1-17

*Responsible Party:* DOA, State Office of Digital Excellence, State Fire Marshal and State Building Commissioner

Comply with RIGL §42-46-7 by Posting Fire Education and Training Coordinating Board Meeting Minutes at Secretary of State Website

Within the Division of Fire Safety, there is a Fire Education and Training Coordinating Board that is responsible for developing training programs for fire fighters, offering State certification program for instructors and monitoring program effectiveness.

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<sup>6</sup> Refer to "Create an inventory of buildings subject to inspection" section of this report for additional information.

According to RIGL §42-46-7, all public bodies must keep written minutes of meetings, and these minutes are required to be submitted electronically to the Secretary of State where they are publicly available. The statute requires meeting minutes to be filed within 35 days of the meeting.

The most recently approved minutes provided to the Bureau were from meetings occurring from January through December of 2013. However, these minutes were not posted on the Secretary of State's web site. No meeting minutes were provided to the Bureau subsequent to December 2013.

#### *Recommendations*

10. Implement a process to electronically submit meeting minutes within the mandated 35 days.
11. Submit past-due minutes to the Secretary of State's web site.

*Management's Corrective Actions:* Made notification to the Training and Education Board of this fact. The Board has addressed the issue and has posted the required minutes.

*Anticipated Completion Date(s):* Completed prior to the release of this audit report

*Responsible Party:* Training Board

## **Objectives and Scope of Audit**

The Bureau of Audits ("Bureau") conducted an audit of the Rhode Island Division of the SFM. The purpose of this engagement was to evaluate the operational efficiency of the program and to assess its effectiveness at carrying out its mission to enforce the currently adopted State Fire Code. This scope of this audit was for activity conducted during FY 2015.

## **Methodology to Conduct Audit**

As part of our audit work, we gained an understanding of the existing controls over fire code enforcement. To address our audit objective, we performed the following:

- Identified SFM goals and objectives.
- Identified applicable State laws, regulations, policies and procedures, and reviewed academic publications in the field of fire prevention and enforcement.
- Interviewed management and staff to gain an understanding of policies, procedures and processes.
- Reviewed cash controls, collections and revenue reconciliations.
- Tested compliance with Rhode Island General Laws and Fire Code requirements.
- Prepared and analyzed flow charts of major processes.