

REPORT BY THE
AUDITOR GENERAL
OF CALIFORNIA

**A REVIEW OF THE OFFICE OF STATEWIDE HEALTH
PLANNING AND DEVELOPMENT'S PROCEDURES FOR
ENSURING THAT HEALTH FACILITIES MEET
SEISMIC SAFETY STANDARDS**

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P-876

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ENSURING THAT HEALTH FACILITIES MEET
SEISMIC SAFETY STANDARDS

MARCH 1990



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Acting Auditor General

March 14, 1990

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Honorable Elihu M. Harris, Chairman
Members, Joint Legislative
Audit Committee
State Capitol, Room 2148
Sacramento, California 95814

Dear Mr. Chairman and Members:

The Office of the Auditor General presents its report concerning the Office of Statewide Health Planning and Development's responsibilities for ensuring that health facilities are designed and constructed so that they meet the requirements of the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Kurt Sjoberg".

KURT R. SJOBERG
Acting Auditor General

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SUMMARY

RESULTS IN BRIEF

The Office of Statewide Health Planning and Development (OSHPD) is responsible for ensuring that health facilities are constructed in accordance with the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983 (act); which is a part of the Health and Safety Code, Section 15000 et seq. The OSHPD reviews construction plans for health facilities and monitors construction so that facilities are designed and constructed in accordance with the State Building Standards Code (building standards). During our review, we noted the following conditions:

- The OSHPD still has not met its goal for completing initial reviews of construction plans. It has, however, recently implemented a number of measures to expedite its reviews;
- OSHPD staff do not always visit construction projects as often as recommended to observe construction and monitor resident inspectors;
- OSHPD staff do not ensure that resident inspectors are qualified to inspect construction; and
- The OSHPD does not consistently use its authority to deter officials of health facilities from beginning construction without approval.

BACKGROUND

The goal of the OSHPD is to ensure that health facilities are designed and constructed in compliance with the act. The act requires that health facilities be designed and constructed so that they are able to resist the forces of earthquakes, gravity, and winds. The act designates the OSHPD as the state agency responsible for implementing the provisions of the act.

The OSHPD reviews plans and specifications for construction or alteration of health facilities to ensure that the architectural, mechanical, electrical, and structural features of the projects comply with the building standards. When the OSHPD approves the plans, the OSHPD issues permits to begin construction. Finally, the OSHPD periodically inspects the construction of health facility projects to ensure that construction complies with the approved plans and specifications and with the building standards. The OSHPD charges the owners of health facilities requesting approval of plans and building permits a fee of 1.5 percent of the estimated construction costs.

PRINCIPAL FINDINGS

The OSHPD Still Has Not Met Its Goals for Reviewing Construction Plans

Staff of the OSHPD review the drawings of projects for health facilities, notifying health facility officials of any aspects of the plans that do not comply with the building standards. In 1984, we reported that the OSHPD took up to an average of 23 weeks to complete the review of construction plans.

The OSHPD has still not met its goal of completing reviews of plans in an average of four weeks. For a sample of 43 projects received from October 1, 1988, through March 31, 1989, the OSHPD took an average of five and one-half weeks to complete plan reviews. Delays in completing plan reviews may cause facilities to incur additional costs.

The OSHPD has implemented measures to reduce the time needed to complete reviews. For example, it has established guidelines for expediting reviews for uncomplicated projects. However, the OSHPD still does not estimate the time it should take to review plans for each project and monitor the time each plan review is taking.

Construction Projects May
Not Be Adequately Inspected

Staff of the OSHPD are required to visit construction projects to ensure that construction is done in accordance with the approved plans and that resident inspectors are adequately inspecting the work. For a sample of 31 projects, staff failed to visit 9 projects on an average of every four or five weeks, as recommended by OSHPD management. In addition, for the 31 projects we reviewed, resident inspectors for 14 of the projects failed to keep daily records of inspections. Further, resident inspectors failed to file 55 percent of the required monthly reports and 35 percent of the quarterly verified reports. If staff of the OSHPD do not visit construction projects and resident inspectors do not keep records and file reports, the OSHPD lacks assurance that the resident inspectors are performing the required inspections and that the inspections are adequate.

Resident Inspectors May
Not Be Qualified

The OSHPD does not always ensure that resident inspectors are qualified. The OSHPD has implemented a certification program to test resident inspectors' qualifications. However, the OSHPD has certified resident inspectors who have not passed the test, and it does not periodically retest certified inspectors. In addition, the OSHPD lacks written policies for approving resident inspectors for individual construction projects. Consequently, for the 31 projects we reviewed, the OSHPD approved 14 inspectors it had not certified. Three of the inspectors had taken but had not passed the examination. In addition, the OSHPD did not formally evaluate the performance of 23 of the inspectors who inspected projects in our sample of 31 projects. When the OSHPD approves resident inspectors who are not certified and does not evaluate resident inspectors, it lacks assurance that they have sufficient knowledge of the building standards, and it may approve inspectors who performed poorly on previous projects.

Health Facilities Are Being
Constructed Without
Approval and Inspection

The act prohibits administrators of health facilities from beginning new construction or modifying their facilities without the OSHPD's approval of plans. However, officials of at least 103 health facilities began work from July 1, 1988, through June 16, 1989, without applying for approval. The OSHPD lacks authority to levy fines when staff identify unauthorized construction, and it does not consistently enforce its authority to prohibit unauthorized construction by issuing written orders to stop work. Staff issued written stop work orders to officials of only one of the 14 facilities where construction advisors found unauthorized work that was unsatisfactory. If officials begin construction work before receiving approval, the OSHPD cannot ensure that work has been done so that the facility is safe.

RECOMMENDATIONS

To ensure that health facilities' construction plans are reviewed promptly and that construction work complies with the building standards, the OSHPD should:

- Replace goals based on averages with specific goals for completing plan reviews;
- Establish deadlines for each project so that reviews are completed within the established goal, and advise applicants of when the OSHPD intends to complete the reviews;
- Develop and implement a system for tracking plans through the review process;
- Specify the frequency of visits to projects by staff;
- Establish formal policies for approving resident inspectors;

- Require OSHPD staff to formally evaluate resident inspectors after the completion of each project; and
- Promptly issue orders to stop work when staff identify unauthorized construction except in emergencies.

AGENCY COMMENTS

The OSHPD believes that our findings are accurate and agrees with most of our recommendations although it intends to study the issues in our recommendations for recertifying, approving and evaluating resident inspectors. In addition, the OSHPD does not believe that orders to stop work are always the most productive means to obtain compliance with requirements that officials of health facilities apply for approval of construction projects.

INTRODUCTION

The goal of the Office of Statewide Health Planning and Development (OSHPD) is to ensure the accessibility of needed, appropriate, and affordable health services. To accomplish this goal, the OSHPD is responsible for ensuring that health facilities are designed and constructed in compliance with the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983 (act).

The act requires health facilities to be designed and constructed so that they resist, insofar as practical, the forces of earthquakes, gravity, and winds. The act designates the OSHPD as the state agency responsible for implementing the provisions of the act and for ensuring that health facilities are constructed in compliance with the State Building Standards Code (building standards). The act specifies that the OSHPD's enforcement of the building standards and the other provisions of the act preempts the local jurisdictions.

To ensure that health facilities are designed in compliance with the building standards, staff of the OSHPD's Division of Facilities Development and Financing review plans for the construction of facilities. Staff review the details of the architectural, mechanical, electrical, and structural design and approve the plans if they comply with the building standards. If staff of the division find that the plans do not comply with the requirements, they notify the

health facility officials of the plan's specific deficiencies and return the plans for revision and additional reviews known as backchecks. The OSHPD may require more than one backcheck to complete the review of some plans. The act permits the OSHPD to enter into contracts with qualified entities when necessary to assist the OSHPD in the prompt performance of its plan review and construction inspection duties.

Staff of the Office of the State Architect are responsible for reviewing the details of structural systems such as foundations, columns, beams, and walls. Staff of the Office of the State Fire Marshal review details of the design related to fire safety. After approval of the plans and specifications of the design, the OSHPD issues permits for the construction work.

The OSHPD maintains offices staffed with architects and engineers to review construction plans for health facilities in Sacramento and Los Angeles. In addition, the OSHPD maintains five sub-area offices throughout the State, which are staffed on a part-time basis. In fiscal year 1988-89, the OSHPD received more than 2,800 applications from facilities for reviews of construction plans.

The act prohibits officials of health facilities from beginning construction without the OSHPD's written approval of their construction plans. Staff of the Division of Facilities Development and Financing visit construction projects to observe that work is

performed according to the approved plans and building standards. In addition, staff approve resident inspectors hired by officials of health facilities to inspect the construction work, and they monitor work of resident inspectors to ensure that inspections are performed competently and adequately.

The OSHPD collects fees of 1.5 percent of the estimated cost of construction projects from officials of health facilities planning to build or modify their facilities. The fees collected support the OSHPD in its activities of reviewing plans and monitoring construction. In fiscal year 1990-91, the OSHPD's budget for these activities is approximately \$21.5 million.

SCOPE AND METHODOLOGY

To determine whether the OSHPD is fulfilling its responsibilities under the act, we reviewed laws, regulations, and policies that relate to the act. We reviewed documents in the OSHPD's files, and we interviewed officials of the OSHPD, the Office of the State Architect, and the Office of the State Fire Marshal.

To determine if the OSHPD was meeting its goal for reviewing plans, we selected a random sample of 100 projects from 1,479 projects for which health facility officials submitted plans during the period from October 1, 1988, through March 31, 1989. We reviewed the project files for each project and relied on the information contained on the

documents in the files. We reviewed the files for each project to determine when the OSHPD received the plans and when staff dated letters notifying facilities either that the OSHPD had approved the plans or that the plans did not comply with the building standards and would need to be revised.

To determine how often construction advisors visited projects, and whether they monitored the work of resident inspectors, we selected a random sample of 31 projects from 2,549 projects that the OSHPD indicated were complete in June 1989 or were at least half complete by that time. We reviewed the OSHPD's files for the projects, analyzing documents to determine when construction began and when it was completed. Finally, we reviewed the reports filed by construction advisors to determine the frequency of the reports and, therefore, the frequency of the construction advisors' visits.

To determine if resident inspectors maintained daily records for the 31 projects in our sample, we met with resident inspectors to review their daily diaries and to determine if the diaries contained the required information. We also counted the number of monthly and quarterly reports that inspectors should have filed while construction was in progress.

To determine if the OSHPD ensures that resident inspectors are qualified, we reviewed OSHPD files to ascertain whether each of the inspectors in our random sample of 31 projects was certified. We also

reviewed OSHPD files for evaluations of these resident inspectors' work. In addition, we analyzed a sample of ten OSHPD certification test files to determine whether the OSHPD correctly scores the certification examinations.

To determine whether staff ensured that officials of health facilities filed applications for approval of plans, we reviewed reports that staff filed when they identified construction projects begun without the approval of the OSHPD. We also reviewed files and logs to determine whether the OSHPD complied with its policy for issuing written orders to stop work when staff identified unauthorized construction or work that was unsatisfactory.

Finally, we reviewed the OSHPD's policies for waiving the requirements of the act for state hospitals, for authorizing alternative construction procedures, and for prohibiting conflicts of interest. We found few weaknesses in those areas.

AUDIT RESULTS I

THE OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT HAS REDUCED THE TIME NEEDED TO REVIEW CONSTRUCTION PLANS BUT STILL HAS NOT MET ITS GOALS

In May 1984, the Office of the Auditor General reported that the Office of Statewide Health Planning and Development (OSHPD) did not promptly review construction plans submitted by health facilities. In that report, we noted that the OSHPD took up to an average of 23 weeks to complete the initial review of plans. While the OSHPD has significantly decreased the time it takes to review plans by adding more staff to perform reviews, it still has not met its goals for completing initial plan reviews in an average of four weeks. For 43 project applications for plan approval that the OSHPD received from October 1, 1988, through March 31, 1989, the OSHPD took an average of five and one-half weeks to complete the initial reviews. Delays in the plan review process may cause health facilities to incur increased costs and to lose income.

Since July 1, 1989, the OSHPD has implemented a number of additional measures to help reduce the time it needs to complete reviews, including establishing guidelines for expediting the reviews of plans for some projects. However, it has continued to base its goals for completing reviews on averages rather than establishing specific time periods within which it will complete individual reviews, as recently required. Without setting a specific goal for each plan,

the OSHPD cannot effectively monitor the progress of plans through the review process, nor can health facility officials know when they can expect to begin construction.

THE OSHPD HAS NOT MET ITS GOAL
FOR COMPLETING REVIEWS OF PLANS

Section 15041 of the Health and Safety Code requires the governing boards of health facilities to submit plans for construction or alteration of facilities to the OSHPD for approval. Staff of the OSHPD perform initial reviews of plans and subsequent reviews known as backchecks of revised construction plans.

In our report, "The State Does Not Ensure That Health Facilities Are Constructed in Accordance With Building Standards," Report P-415, May 1984, we reported that the OSHPD failed to meet its goal for completing the reviews of construction plans for health facilities within an average of four weeks. As of March 1984, the OSHPD's Sacramento office was taking an average of 16 weeks, and the Los Angeles office was taking an average of 23 weeks to complete the reviews of plans. The OSHPD did not meet its goal primarily because it did not have sufficient staff.

Since our previous report, the OSHPD has taken action that may have helped reduce the average time it takes to review plans. Specifically, the OSHPD has added about 30 plan reviewers to the

division (an increase of about 116 percent). Also, it has continued reviewing plans for some projects "over the counter" in one day.

We reviewed 100 projects randomly selected from 1,479 projects for which health facility officials submitted plans during the period October 1, 1988, through March 31, 1989. Notations by OSHPD staff on the applications for 49 of the projects indicated that they were reviewed over the counter. Files for 43 of the remaining 51 projects contained sufficient data for us to calculate how long the reviews took. Reviews for those 43 projects took an average of five and one-half weeks. Staff of the OSHPD's Sacramento office took an average of approximately five weeks to review plans for 31 of the 43 projects while staff of the OSHPD's office in Los Angeles reviewed plans for 12 of the 43 projects in an average of about seven weeks. The OSHPD took as little as four days to review plans for one project to over eleven weeks for 2 others. However, for 13 (30 percent) of the 43 projects, the OSHPD took more than eight weeks to complete reviews of plans. In contrast, the OSHPD was able to complete 14 backcheck reviews of the 43 projects within its goal of an average of four weeks.

The OSHPD's failure to promptly complete the review of construction plans may create various problems for health facilities. The OSHPD's chief deputy director acknowledges that health facilities may incur additional costs and may lose revenues and that users of the facilities may pay higher costs for health care. Finally, the chief deputy director said that the health care industry may have the

impression that the OSHPD is not diligent in carrying out its responsibilities and that, therefore, industry facilities need not comply with the requirements of the act.

The OSHPD Has Implemented Measures
To Expedite Plan Reviews

Revisions to Section 15071 of the Health and Safety Code require the OSHPD to either establish and implement criteria to exempt from the plan review process skilled nursing or intermediate care facilities or to expedite the process for these facilities. The revisions also required the OSHPD to establish procedures for approving, at the project site, plans for some types of construction projects and for pre-approving projects that comply with the standards that the OSHPD has developed for architectural and engineering detail.

According to the chief deputy director, since July 1, 1989, the OSHPD has implemented measures to meet the requirements of the revisions to Section 15071 of the Health and Safety Code. It has prepared and adopted a Field Review, Exempt, Expedite Review Manual (manual), which contains procedures for implementing these requirements. The manual specifies that there is no requirement to apply for a building permit, submit plans for approval, or pay fees for work the OSHPD identifies as exempt. In addition, the manual establishes conditions for expediting the reviews of some projects.

The chief deputy director stated that the procedures developed to implement the requirements of the revisions, with the exception of the provisions requiring some approvals at the project site, apply to all plans reviewed by the OSHPD, including plans for hospitals as well as for skilled nursing and intermediate care facilities. He also said that the OSHPD will begin applying the provision for plan approval at the project site to hospitals in July 1990.

In another action to reduce review time for plans, the department has established the "triage process," which requires that staff check to see that applications submitted for plan reviews are complete before they are assigned to the plan review staff. If the applications are incomplete, staff send them back to the applicant. Staff also review the applications to determine if the plans should be expedited, or taken ahead of other plans, for review.

Before the development of the manual and the implementation of the triage process, staff expedited the reviews of plans for some projects. However, according to the chief deputy director, the OSHPD had no specific policy stating which types of reviews could be expedited, nor did it require that the reasons for expediting reviews be documented. During our review, we found at least four instances during 1988 and 1989 when the supervising architect reported that staff had been told by the director or the former deputy director to expedite the reviews of project plans. However, we could not determine why the

reviews were to be expedited because the memoranda directing that the reviews be expedited did not specify the reasons for doing so.

The chief deputy director said that staff now expedite reviews of plans only for projects that are specified in the manual or classified as expedited projects through the triage process; however, they do not always document the reasons for expediting the reviews. If staff do not document the reason for expediting reviews, management cannot be assured that staff expedite only those reviews that meet the OSHPD's criteria.

Measures That Could Help Reduce Review Time

While the OSHPD has taken some actions to reduce the time needed to complete plan reviews, other factors may have contributed to the OSHPD's failure to meet its goal. In our previous report, we recommended that the OSHPD establish procedures to ensure that supervisors estimate the length of each review. We also recommended that supervisors record the date on which the reviewer begins a review and compare the estimate with the actual time the reviewers take so that supervisors could manage the plan reviewer's efficiency. Even though the OSHPD, at that time, concurred with these recommendations, it has not implemented them.

Other entities, such as the U.S Army Corps of Engineers and the City of Sacramento, which review construction plans, differ from

the OSHPD in the way they set their goals for completing reviews. For example, they estimate specific dates by which the reviews should be completed and have systems for providing management with information about the progress of reviews and for alerting management if it appears that reviews will not be completed within the estimated time. As a result, management can take actions to ensure that reviews are completed on time.

The chief deputy director stated that, during the period we reviewed, the OSHPD did not estimate the length of reviews. Therefore, we believe the OSHPD could not accurately determine whether reviewers were performing reviews efficiently. Further, the chief deputy director stated that the OSHPD lacked a system to track the progress of projects through the review process. Therefore, we believe management could not determine if some reviews were taking too long. The time needed to complete reviews of some projects may have been reduced if the OSHPD's management had been aware that the plans were stalled somewhere in the process.

This can be illustrated by an example of a project that took the OSHPD about nine weeks to complete. Staff in the Los Angeles office did not begin the review until three weeks after receiving the application. The architect who supervised the review stated that the delay in beginning work was due to a high backlog of plans waiting for review in the Los Angeles office. If the supervisor of the office had estimated the time that the review should take and had tracked the

progress of the review, the OSHPD could have taken action to expedite the review. For example, the OSHPD could have contracted with another agency or a private firm to review the plans.

Delays in Typing, Reviewing,
and Mailing Letters

In addition to lacking procedures for estimating the length of reviews and for tracking plans through the review system to ensure efficiency, the OSHPD does not promptly notify health facility officials of review results. Staff of the OSHPD did not promptly type, review, and mail to health facilities letters informing officials that their plans were either approved or deficient and needed revision to comply with the code.

For the projects we reviewed, OSHPD staff in the Sacramento office took over four work days from the date that supervisors prepared the draft letters to the date on the final letters that were mailed; staff in the Los Angeles office took over ten days.

Further, the dates on the final letters do not always represent the dates when the OSHPD actually mails the letters. We could not determine specifically how much time had elapsed between the dates on the final letters and the dates when the OSHPD mailed the letters for the projects in our sample because the OSHPD has no record of the dates when it actually mails the letters. Therefore, we estimated the time by sampling the letters staff mailed one day during

our visits to both the Sacramento and Los Angeles offices. Staff took approximately two days to mail the letters in the Sacramento office and four days for those in the Los Angeles office.

The deputy director agreed that the OSHPD took too much time to prepare and mail the letters and that the OSHPD needs to establish controls to avoid delays. He also said that the OSHPD is planning to implement an automated system to track projects through the plan review process, including the process of preparing the approval and deficiency letters. The Department of Finance has approved the feasibility study for this new system.

THE OSHPD NEEDS TO REVISE ITS GOAL

Because the OSHPD has used average time periods as goals for completing both initial reviews and backchecks, it has not designated specific time periods within which staff will complete individual reviews. As a result, officials of the health facilities do not know when they can expect the reviews of their plans to be completed. A goal specifying the actual time officials would need to wait for approval of their plans would enable officials to plan better for construction of facilities.

Section 15049.5 of the Health and Safety Code, which became law on January 1, 1990, requires the OSHPD to comply with the Permit Reform Act of 1981 (Section 15374 et seq. of the California Government

Code). The Permit Reform Act of 1981 requires the state agencies that issue permits and other forms of authorization to create regulations specifying deadlines and procedures for ensuring prompt and efficient handling of permit applications. Section 15376 of the California Government Code requires agencies covered by the Permit Reform Act of 1981 to adopt regulations specifying a period, dating from the receipt of completed applications, within which the agencies must reach decisions on the applications. In its budget for fiscal year 1990-91, the OSHPD has requested funds to implement the provisions of the Permit Reform Act of 1981. The OSHPD has proposed a schedule that includes adopting criteria by January 1991 for compliance with the Permit Reform Act of 1981. These criteria include specific standards for completing reviews.

CONCLUSION

The Office of Statewide Health Planning and Development reduced the time it takes to complete reviews of construction plans since 1984 but still did not meet its goal for informing officials of health facilities within an average of four weeks that their plans have been approved or need revisions. For a sample of 43 projects for which health facility officials submitted plans for approval from October 1, 1988, through March 31, 1989, the OSHPD took an average of over five weeks to complete the initial reviews of plans. Furthermore, the initial reviews of some plans took over eight weeks. A number

of factors may have contributed to the OSHPD's failure to meet its goals. For example, the OSHPD did not estimate how long each review would take, and it did not track the plans through the review process to ensure that they were completed without delay. Furthermore, staff did not promptly type and mail letters to officials of health facilities informing them that their plans were approved or needed revision.

RECOMMENDATIONS

To help reduce the time staff take to complete reviews of construction plans for health facilities, the Office of Statewide Health Planning and Development should take the following actions:

- Develop and implement a system for tracking plans through each step in the review process, including the drafting, typing, and mailing of approval and deficiency letters;
- Replace goals based on average processing times with specific goals for completing each plan review; and
- Establish deadlines for each project so that reviews are completed within the established goal, and advise applicants of when the OSHPD intends to complete the reviews.

To ensure that health facilities are notified promptly of the status of their plans, the OSHPD should establish procedures for ensuring that letters approving plans or describing deficiencies are prepared and mailed as soon as possible after the completion of plan reviews.

To ensure that staff do not inappropriately expedite the reviews of plans, the OSHPD should take the following actions:

- Establish procedures specifying that all of the provisions of the Field Review, Exempt, Expedite Review Manual for plan reviews apply to all facilities; and
- Establish procedures for ensuring that staff document the reasons for expediting plan reviews.

II

THE OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT CANNOT BE SURE THAT CONSTRUCTION PROJECTS ARE ADEQUATELY INSPECTED

The Office of Statewide Health Planning and Development (OSHPD) needs to improve its oversight of construction projects at health facilities to ensure that the construction has been done in accordance with the approved plans. OSHPD staff have not been visiting construction sites as frequently as OSHPD policy recommends. For a sample of 31 construction projects, staff of the OSHPD failed to visit 9 projects on an average of about every four or five weeks, as recommended by OSHPD policy. The OSHPD also has not ensured that resident inspectors assigned to monitor construction at health facilities always maintain records and file reports on the results of their inspections. For the 31 projects we reviewed, resident inspectors for 14 of the projects (45 percent) failed to maintain daily records of their inspections. Further, resident inspectors for the 31 projects failed to prepare and submit 55 percent of their required monthly reports of inspections and 35 percent of their required quarterly reports, which certify that the construction work has been done in accordance with the plans approved by the OSHPD.

Because staff of the OSHPD have not always regularly visited the construction projects and resident inspectors do not always make all of their required reports, the OSHPD lacks assurance that the

resident inspectors are on-site during construction and that they are adequately determining whether the construction work conforms to the plans approved by the OSHPD.

STAFF OF THE OSHPD DO NOT ALWAYS
REGULARLY VISIT CONSTRUCTION PROJECTS

Section 15040 of the Health and Safety Code requires the OSHPD to observe the construction or alteration of hospital buildings as it deems necessary to ensure that the construction work has been done in compliance with the plans the OSHPD has approved and with the State Building Standards Code (building standards). After issuing permits to begin construction, the OSHPD assigns construction advisors to visit construction projects to ensure compliance with the act. Construction advisors are responsible for observing work on architectural, mechanical, plumbing, and electrical systems of projects.¹

While the OSHPD has no formal written policy for the frequency with which construction advisors should visit projects to observe the work, the chief deputy director said that OSHPD management recommends that construction advisors visit each project to which they are assigned on the average of every four or five weeks. He stated further that the actual number and frequency of the visits depends on the size

¹Staff of the Office of the State Architect are responsible for observing work on structural systems of health facilities.

and type of the project; the quality of construction-related documents the contractor and inspector keep; the experience of the designer and contractor; the number and occupation of the workers on the job; and the inspector's requests for visits. Finally, he said that construction advisors must use their judgement, based on their experience, to determine how frequently to visit projects.

OSHPD procedures require construction advisors to prepare reports of each visit for the management of the construction advisory section. The reports document the visits and describe the progress of the work and any deficiencies the construction advisor observes.

To determine how often construction advisors visited projects, we selected a random sample of 31 projects from 2,549 projects that the OSHPD indicated were completed in June 1989 or that were at least half complete by that time. For 21 of the 31 projects in our sample, the construction work took longer than two months to complete, yet construction advisors assigned to 9 of the 21 projects failed to visit each of the projects on the average of every four or five weeks. The frequency of visits for these projects ranged from about one visit every five and one-half weeks to about two visits per year.

If construction advisors do not visit projects as often as they should, they will have fewer opportunities to detect construction work that does not comply with the building standards. Also, with less frequent visits, construction advisors may not be aware of the

deficiencies until long after they occur. Deficiencies detected after they occur may cost more to correct than they might had they been detected earlier. For example, for one project in our sample, a facility was being modified to add a movable partition system in office space. The OSHPD's files indicate that the construction advisor did not visit the project on the average of every four or five weeks during construction. The files also indicate that construction began before August 1987. However, the construction advisor did not make his first visit to the project until October 1987 when the work was about 95 percent completed. When the construction advisor did visit the project, he noted in his report that the partition system needed to be adequately supported to meet seismic requirements. If the construction advisor had visited the project more frequently, he may have noted the deficiencies in the supports for the partitions while the partitions were under construction.

According to the chief deputy director, construction advisors did not visit their projects on an average of every four or five weeks because the OSHPD has had no policy specifying how often each construction advisor should visit projects. In addition, he said that, at the time, the construction advisory section was not sufficiently staffed.

SOME CONSTRUCTION ADVISORS ARE NOT
REQUIRING RESIDENT INSPECTORS TO COMPLY
WITH THEIR REPORTING RESPONSIBILITIES

In addition to visiting construction projects regularly to observe the work, OSHPD procedures require construction advisors to monitor the work of resident inspectors provided by governing authorities of health facilities and to advise resident inspectors regarding the compliance of work with the approved construction plans.

Section 15051 of the Health and Safety Code requires governing boards of health facilities to provide competent and adequate inspection during the construction or alteration of their facilities. The section also requires the OSHPD, in consultation with the Department of General Services, to approve the inspectors designated by the governing boards. To ensure that inspections are adequate, construction advisors monitor the work of the resident inspectors by visiting construction sites and reviewing records and reports of inspections that resident inspectors prepare.

As part of the process for obtaining the OSHPD's approval to begin construction, governing boards of health facilities submit to the OSHPD the names of the resident inspectors they designate. To ensure that resident inspectors provide adequate inspection of construction work, the OSHPD requires that they observe all stages of construction. The OSHPD specifies the responsibilities of resident inspectors in its Reference Manual for Hospital Construction Inspectors. These

responsibilities include maintaining daily records of inspections (daily diaries), filing quarterly reports of inspections, and maintaining files containing reports of special tests performed on materials such as steel and concrete and on their placement. The OSHPD also requires resident inspectors to file monthly reports of inspections. Through these reports, resident inspectors assure the OSHPD that they have adequately inspected the construction work and that the work has been performed in accordance with the plans approved by the OSHPD.

The daily diaries should contain information regarding the results of the resident inspector's work each day. Specifically, they should describe the approximate number of workers in each craft or trade; any interpretations of the building standards the resident inspector or the project's architect made regarding the design's implementation; the weather; the progress of work; and any other pertinent information.

The monthly inspection reports should include the following: the percentage of construction completed; the dates that work was started or completed during the period; any unusual circumstances relating to the work during the period; and a statement that the work is in accordance with the plans approved by the OSHPD.

Finally, Section 15052 of the Health and Safety Code requires resident inspectors to file reports verifying, to the best of their

knowledge, that the construction work of health facilities and the materials used are in accordance with the plans approved by the OSHPD. Section 94071 of Title 22 of the California Code of Regulations requires resident inspectors to file these verified reports every three months during construction. The verified reports require resident inspectors to provide the OSHPD with assurance, under penalty of perjury, that the work done during the quarter is in accordance with the approved plans.

Resident inspectors for 14 (45 percent) of the 31 projects we reviewed did not maintain daily diaries. Resident inspectors for 8 of the 31 projects kept diaries, but the inspector for only one of those projects recorded all of the information required by the OSHPD. For the remaining 9 projects, we could not verify whether inspectors kept daily diaries.

Furthermore, resident inspectors failed to file at least 167 (55 percent) of the 302 required monthly reports for the 31 projects in our sample. For 4 of the projects, resident inspectors filed some of the required reports during the period of construction but did not file a report for each month. Resident inspectors for 15 of the projects filed none of the required reports.

Finally, resident inspectors for the projects we reviewed did not file all of the required quarterly verified reports. They failed to file 38 (35 percent) of the 108 required reports.

If resident inspectors do not maintain daily diaries and file reports as required by the OSHPD, the OSHPD cannot be assured that they are at the project site, that the work is inspected, and that it meets the building standards. In a list of duties, responsibilities, and limitations of the authority of resident inspectors, the OSHPD has stated that some work, such as concrete and brick work, requires constant inspection by the resident inspector while the work is being done. If such work is not inspected constantly, the resident inspector and, therefore, the staff of the OSHPD are not assured that it was done in accordance with the building code.

According to the chief deputy director of the OSHPD, resident inspectors do not always keep daily diaries and file required reports because the OSHPD has not assigned to the construction advisors a priority for ensuring that inspectors comply with the requirements. He also stated that the lack of a written policy requiring construction advisors to ensure that resident inspectors comply with reporting requirements contributed to the problem.

CONCLUSION

Staff of the Office of Statewide Health Planning and Development do not always visit construction projects at health facilities as often as they should. For a sample of 31 construction projects, construction advisors failed to visit 9 of the projects on an average of about every four or five

weeks. Construction advisors failed to ensure that resident inspectors maintained daily records of inspections and filed required monthly and quarterly reports of inspections. If construction advisors do not regularly visit projects under construction they cannot be assured that the work is performed in accordance with the approved plans. Further, if construction advisors do not ensure that resident inspectors maintain daily records of inspections and file required reports of inspections, they cannot be assured that resident inspectors are adequately inspecting construction.

RECOMMENDATIONS

To ensure that construction advisors observe construction of health facilities, the Office of Statewide Health Planning and Development should establish a formal policy for the frequency of visits to projects by construction advisors and monitor the construction advisors' compliance with this policy.

To ensure that resident inspectors conduct adequate inspections, the OSHPD should develop a policy requiring construction advisors to ensure that resident inspectors keep accurate and complete daily records and promptly file all required reports of inspections.

III

THE OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT DOES NOT ENSURE THAT RESIDENT INSPECTORS ARE QUALIFIED TO PROVIDE ADEQUATE AND COMPETENT INSPECTION

The Office of Statewide Health Planning and Development (OSHDP) does not always ensure that resident inspectors for construction projects of health facilities are qualified. While the OSHDP has implemented a program to test resident inspectors to certify their qualifications, it has certified resident inspectors who have not passed the test, and it does not periodically retest certified resident inspectors. In addition, the OSHDP lacks written policies for approving resident inspectors for individual construction projects. Consequently, for 31 projects we reviewed, the OSHDP approved 14 resident inspectors that it had not certified. Three of these 14 inspectors had taken but had not passed the OSHDP's examination. In addition, the OSHDP did not evaluate the performance of 23 resident inspectors who inspected projects in our sample of 31 projects. When the OSHDP approves resident inspectors who are not certified and does not evaluate inspectors, it lacks assurance that they have sufficient knowledge of building standards and inspection techniques, and it may approve inspectors who performed poorly on previous projects.

WEAKNESSES IN THE OSHPD'S
CERTIFICATION PROGRAM FOR INSPECTORS

As we noted in our previous report, "The State Does Not Ensure That Health Facilities Are Constructed in Accordance With Building Standards," Report P-415, May 1984, the OSHPD did not adequately evaluate the qualifications of resident inspectors and did not test their knowledge of building materials and construction procedures. Furthermore, the OSHPD did not have an adequate program for evaluating the resident inspector's performance in monitoring the construction of health facilities. The OSHPD did not test or sufficiently evaluate the qualifications and performance of resident inspectors because it had only six staff in March 1984 to observe construction of health facilities and to monitor the performance of resident inspectors.

Since March 1984, the OSHPD has increased the staff of the construction advisory section. As of July 1, 1989, staff of the construction advisory section totaled 36 construction advisors, including 6 at the supervisory level. In addition, the OSHPD has taken other actions to carry out its responsibilities under the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983. In response to the recommendations in our previous report, in August 1984, the OSHPD initiated a testing program to certify resident inspectors who pass an examination that tests their knowledge of construction materials and procedures and their knowledge of the State Building Standards Code (building standards).

To be eligible for certification, prospective resident inspectors must demonstrate to the OSHPD five years of experience in performing technical inspections or in supervising construction, and they must pass an examination. Applicants apply to take an examination for one of two certification levels: the "A" or "B" level. The examination for the "A" level certification tests the applicants' knowledge of structural concrete, steel, and wood, and certification at this level permits them to inspect major hospital construction projects. Certification at the "B" level certifies applicants to inspect alterations or modifications to existing health care facilities not involving structural components, such as foundations, columns, beams, and walls. Examinations for both levels test the applicants' knowledge of the building standards and their ability to read and understand construction plans. After applicants show they have the required experience and have passed the examination, they are certified as resident inspectors at the level for which they were tested, and their names are placed on the OSHPD's list of certified inspectors.

Certification Examinations Are
Not Always Scored Correctly

Although the OSHPD now has a certification program for evaluating its resident inspectors, it has not always certified only those applicants who achieved passing scores on the written examination. We reviewed the list of 74 resident inspectors whom the OSHPD had certified at the "B" level as of July 10, 1989, analyzing the scores that 10 of the applicants had received. One of the 10 applicants

took the examination and achieved 74 percent, a failing score. However, the staff member who computed the score calculated the results incorrectly and awarded the applicant a passing score of 75 percent. In another case, an applicant scored 70 percent on the examination. Staff added 5 percent to the applicant's score, giving the applicant a passing score. A note on the applicant's score sheet said that he was awarded the additional points because he was short of time.

No Process To Retest Resident Inspectors

In addition to certifying inspectors who did not achieve passing scores on the examination, the OSHPD also does not periodically retest the knowledge of resident inspectors it has certified. The OSHPD advises candidates for "A" level certification that it has the option of retesting certified inspectors every three years to ensure that they maintain current knowledge of building standards and inspection techniques. The building standards are revised every three years. However, according to the chief deputy director, the OSHPD does not have a program to periodically retest resident inspectors' knowledge of the current building standards.

As of January 8, 1990, there were 471 resident inspectors certified at the "A" level; at least 288 (61 percent) of them had been certified for more than three years but had not been retested. Two hundred and twenty-seven of those had been certified for four or more years.

The chief deputy director of the OSHPD told us that the OSHPD intends to develop a program to retest resident inspectors every three years but has taken no action yet to develop the program. He said the OSHPD currently relies on evaluations of resident inspectors' field performance to determine if the resident inspectors maintain current knowledge of building standards and inspection techniques. However, as we point out later in this chapter, staff do not consistently evaluate resident inspectors.

THE OSHPD APPROVES RESIDENT INSPECTORS IT HAS NOT CERTIFIED

Health facility officials may not begin a construction project until they retain a resident inspector approved by the OSHPD. The staff of the OSHPD who approve resident inspectors are responsible for reviewing the qualifications of resident inspectors and for ensuring that they are able to provide competent and adequate inspection. However, according to the chief deputy director, the OSHPD lacks written policies to guide construction advisors in approving resident inspectors. It has no written policies specifying whether resident inspectors should be certified or what types of projects "A" and "B" level resident inspectors may inspect; it does not specify when construction advisors should require prospective resident inspectors to appear for an interview; nor does it require that construction advisors review prior evaluations of resident inspectors before approving them for work on new projects.

In August 1984, the OSHPD began administering the "A" level examination and, according to the chief deputy director, in January 1985, it implemented an unwritten policy of approving as resident inspectors for projects with structural components only those applicants who have passed the written "A" level examination. The chief deputy director stated that the OSHPD's unwritten policy requires that construction advisors check the list of certified resident inspectors to see if the inspectors designated by officials of health facilities have been certified before approving them. However, in 1986, the OSHPD approved as a resident inspector for one of the 11 projects involving structural components in our sample of 31 projects an inspector whom it had not certified for such work. In fact, the resident inspector had taken the "A" level examination three times without earning a passing score.

The construction advisor who approved the resident inspector told us he did so because another construction advisor said he was familiar with the resident inspector's work and believed the inspector was qualified. However, if the construction advisor had checked the list of certified inspectors, he would have known that the resident inspector was not certified to inspect projects with structural components. Furthermore, the chief deputy director told us that the OSHPD did not maintain a list of applicants who had taken but failed to pass the certification examination. If the OSHPD had maintained such a list, the construction advisor could have checked in more detail the qualifications of the resident inspector.

Similarly, the OSHPD approved uncertified resident inspectors for 13 of the remaining 20 construction projects in our sample not involving structural components. For two of the projects, staff approved the resident inspectors even though both had failed the "B" level examination.

The chief deputy director said that the OSHPD approved uncertified resident inspectors for the projects because there were too few resident inspectors certified at the "B" level to approve only certified resident inspectors for all projects not involving structural components.

The OSHPD continues to approve uncertified resident inspectors for construction projects although, in early July 1989, the statewide construction chief told officials of health facilities that, even projects without structural components would require certified resident inspectors. The OSHPD's chief deputy director told us that this policy became effective on July 1, 1989. However, for a sample of 60 projects for which the OSHPD approved resident inspectors after July 1, 1989, staff approved uncertified resident inspectors for 11 (18 percent) of the projects.

The OSHPD's chief deputy director stated that staff may have continued to approve uncertified resident inspectors because the pool of certified resident inspectors may still not be large enough to provide inspectors for all projects.

THE OSHPD DOES NOT ALWAYS EVALUATE
THE PERFORMANCE OF RESIDENT INSPECTORS

In our previous report, we noted that the OSHPD lacked procedures to evaluate the overall performance of resident inspectors upon completion of a construction project. We recommended that the OSHPD develop and implement specific procedures for evaluating, in writing, resident inspectors' on-the-job performance. In response to our report, the director of the OSHPD stated that staff were developing and testing an evaluation form and that the OSHPD would fully implement the evaluation program by January 1, 1986. Furthermore, the chief deputy director said that the OSHPD's unwritten policy currently requires construction advisors to evaluate resident inspectors in writing after the completion of each project and to review prior evaluations before approving resident inspectors for new projects.

To determine if the OSHPD evaluates resident inspectors, we reviewed the files for the 31 projects in our sample. For 5 of the 36 inspectors who inspected these projects, we could not determine if they had inspected projects that had been completed and, therefore, if the inspectors should have been evaluated. OSHPD staff did not evaluate 23 of the remaining 31 resident inspectors even though they had inspected projects that were completed.

Furthermore, staff of the Office of the State Architect (OSA) had evaluated three of the resident inspectors that the OSHPD had not evaluated because the projects involved structural components. In the

absence of the OSHPD's own evaluations, it could have reviewed the OSA's evaluations for information concerning the inspectors' performance, according to the OSA chief responsible for such evaluations. However, the chief deputy director acknowledged that OSHPD staff did not ask to review those evaluations.

The chief deputy director told us that staff of the OSHPD do not always evaluate the performance of resident inspectors who have inspected projects that are complete because the OSHPD has no written policy for requiring them to do so and the OSHPD takes no disciplinary action against those construction advisors who do not evaluate resident inspectors. If the OSHPD does not consistently evaluate the performance of resident inspectors, the OSHPD may approve inspectors who performed poorly on previous projects for the OSHPD. The statewide construction chief stated that the OSHPD uses information from evaluations to assess resident inspectors for future projects and to inform them of areas in which they are weak.

CONCLUSION

The Office of Statewide Health Planning and Development does not always ensure that resident inspectors hired by officials of health facilities are qualified. The OSHPD incorrectly awarded passing scores to two resident inspectors who took the certification examination. In addition, for 31 projects we reviewed, construction advisors approved 14 resident inspectors

who had not taken the written examination and were not certified. Furthermore, of the 31 resident inspectors in our review who had inspected completed projects, construction advisors had not prepared written evaluations of the performance of 23. Staff of the OSHPD approved uncertified resident inspectors because there were too few certified resident inspectors to approve only certified inspectors for all projects. Further, the OSHPD lacks written policies requiring staff to approve only certified resident inspectors for all projects. Finally, staff fail to evaluate resident inspectors in writing after inspectors completed projects because the OSHPD lacks a written policy requiring them to do so and takes no disciplinary action against construction advisors who fail to write evaluations.

RECOMMENDATIONS

To ensure that it approves qualified resident inspectors for construction projects, the Office of Statewide Health Planning and Development should take the following actions:

- Establish procedures to ensure that certification examinations are scored accurately;

- Establish a program to administer to certified resident inspectors, every three years, a written test of their knowledge of the State Building Standards Code and of inspection procedures;

- Establish formal policies for approving resident inspectors. Such policies should state what type of projects may be appropriately inspected by resident inspectors at the "A" and "B" levels; require that construction advisors review inspectors' prior evaluations; state when construction advisors should interview prospective inspectors; and allow approval only of resident inspectors who are certified. These policies should designate who has the authority to make any exceptions to the stated policy; and

- Establish a formal policy requiring construction advisors to evaluate resident inspectors in writing after the completion of each project. This policy should include provisions for ensuring that construction advisors comply with the policy.

IV

HEALTH FACILITIES ARE BEING CONSTRUCTED WITHOUT THE OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT'S APPROVAL AND INSPECTION

Although prohibited by law, officials of many health facilities began construction work before receiving approval from the Office of Statewide Health Planning and Development (OSHPD). From July 1, 1988, through June 16, 1989, officials of at least 103 health facilities began work on construction projects without applying to the OSHPD for approval of the construction plans. Contributing to this situation is the OSHPD's lack of authority to levy fines for unapproved construction. Moreover, the OSHPD is not consistently using the primary sanction that it has, the order to stop construction. Staff of the OSHPD issued orders to stop work to officials of only one of the 14 facilities where construction advisors found unauthorized work that was unsatisfactory even though, in response to our previous report, the OSHPD stated that it would issue stop work orders in all instances of unauthorized construction. If officials begin construction work before receiving approval, the OSHPD cannot ensure that the work has been done so that the facility is safe.

**OFFICIALS OF HEALTH FACILITIES
CONTINUE TO BUILD SOME FACILITIES
WITHOUT THE APPROVAL OF THE STATE**

In our 1984 report, we noted that the OSHPD did not routinely issue written orders to officials at health facilities to stop

construction of unapproved projects. In response, the director of the OSHPD said that procedures would be implemented to ensure that officials of health facilities apply for building permits before beginning construction. However, many facility officials still begin construction before obtaining approval of plans. In our review of reports filed by construction advisors after visiting health facilities, we found that, from July 1, 1988, through June 16, 1989, construction advisors filed reports indicating that work had begun on at least 103 construction projects for which officials had not applied for OSHPD plan approval.

Officials of some health facilities continue to begin construction before obtaining OSHPD approval because, according to OSHPD's chief deputy director, they believe that some types of projects do not require approval. In other cases, officials begin construction when they believe an emergency situation requires that they do so.

We agree that the OSHPD's policies exempt some types of projects from approval before construction begins and that emergency situations may require immediate construction. However, the OSHPD's written policies do not specify how soon after construction begins that officials must notify the OSHPD of the emergency work. The policies also do not specify how soon after notifying the OSHPD that officials must file applications for approval for work that is not exempt under the OSHPD's policies. The City of Sacramento has a policy requiring

officials who begin any construction without permits to notify the city immediately and to file applications for plan approval within 24 hours.

OSHPD's chief deputy director also believes that some officials of health facilities begin construction without the OSHPD's approval because they perceive that the OSHPD's processes are too cumbersome and that it takes too long to approve construction plans. Finally, he believes some officials do not feel threatened by the sanctions currently available to the OSHPD. Some agencies that must also approve plans and monitor construction, such as the City of Sacramento, impose additional fees or penalties when they identify unauthorized construction. Currently, the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983 does not authorize the OSHPD to impose additional fees or penalties when officials begin construction without approval. In addition, health facilities may not be deterred from beginning construction without a permit if the OSHPD does not consistently enforce the provisions of the act and use the sanctions that it has.

THE OSHPD DOES NOT ALWAYS DIRECT FACILITIES TO FILE APPLICATIONS

Construction advisors visit health facilities in their assigned areas regardless of whether the facilities are undergoing construction of approved projects. The visits enable construction advisors to identify cases of construction work not authorized by the OSHPD.

Construction advisors are required to file written reports to the Construction Advisory Section when they have identified unauthorized construction. Further, construction advisors are to notify facility officials that they must file with the OSHPD applications for building permits.

However, during our review, we found that the OSHPD's construction advisors do not always direct officials of health facilities to file applications for approval of construction plans when construction advisors identify unauthorized work. Construction advisors identified at least 103 instances of unauthorized construction at health facilities as of October 1, 1989, and had directed officials in 88 (85 percent) instances to file applications. However, for 15 of the instances of unauthorized construction, construction advisors did not direct officials to file applications although the OSHPD's files indicate that officials of 4 of the 15 facilities filed applications.

In addition to construction advisors sometimes not notifying health facilities that they need to file applications for building permits, the OSHPD has not always ensured that officials file applications promptly when directed to do so. As of October 1, 1989, officials of 50 (57 percent) of the 88 facilities directed to file applications for plan approval had not filed for that approval. Although officials of the remaining 38 (43 percent) facilities had filed applications by October 1, 1989, not all had filed promptly. Officials of two facilities filed applications within one week of being directed

to do so. However, officials of the remaining 36 facilities took an average of more than 18 weeks to file applications. One of these took almost a year to file.

The OSHPD assigns construction advisors and approves resident inspectors only after it issues permits to begin construction. If officials of health facilities do not file applications before beginning construction, or if they do not file applications promptly after the OSHPD identifies unauthorized work, the OSHPD does not have an opportunity to review the construction plans. Furthermore, the OSHPD is not assured that officials of the facilities have retained resident inspectors to monitor the work or that the resident inspectors they have hired are qualified.

For example, for one of the 103 projects we reviewed, a construction advisor identified the unauthorized installation of a new roof. In his report dated February 15, 1989, the construction advisor noted that, because the work being done on the project needed OSHPD approval, the officials of the facility were required to file a complete set of application papers. He also noted that the work was nearly complete when he identified it. Nevertheless, facility officials did not file an application for approval of the plans until three weeks after the construction advisor had identified the unauthorized work. Since the OSHPD had not approved the plans and issued a building permit, it had neither assigned a construction advisor nor approved a resident inspector. Therefore, the work was not inspected during the

construction. Further, as of October 10, 1989, the OSHPD still had not issued a permit to perform the work. As a result, it is uncertain whether the work has ever been inspected, and the State cannot be assured that the construction complies with the building standards.

Health facility officials did not always file applications for approval of construction plans after construction advisors identified unauthorized work because, according to the chief deputy director, following up on projects where they found unauthorized work was, at the time, not a high priority for construction advisors.

THE OSHPD STILL DOES NOT ENFORCE
ITS AUTHORITY TO PROHIBIT
UNAUTHORIZED CONSTRUCTION

When the OSHPD identifies instances of unauthorized construction at health facilities, Section 15091 of the Health and Safety Code authorizes the OSHPD to issue written notices to the facilities to stop construction. Section 15095 of the Health and Safety Code specifies that anyone who violates any provision of the act is guilty of a misdemeanor.

In our previous report, we noted that officials of health facilities are likely to proceed with construction before they have obtained OSHPD approval because the OSHPD does not have an effective enforcement program that would discourage officials from building without a permit. We also noted that, from January 1, 1983, through

April 30, 1984, the OSHPD issued only four written orders to facilities to stop construction. We recommended that the OSHPD develop a policy for issuing documents that order officials at facilities with unapproved projects to stop construction. The OSHPD has not yet developed a written policy or procedures for consistently issuing orders to stop work to facility officials when they begin work without OSHPD approval.

In the OSHPD's response to our 1984 report, the director said that he concurred with the recommendations and that the OSHPD would implement the policy when the backlog of unreviewed plans reached an acceptable level. He stated that, when the backlog was reduced, the OSHPD would issue stop work orders in all cases of unauthorized work until a building permit could be obtained. He also stated that the OSHPD's practice was to issue written orders to stop work when a facility had not yet applied for a building permit or when the construction was unsatisfactory.

In our present review, we found that the OSHPD has issued written orders to stop work to officials of only 2 of the 50 facilities that had not filed applications for approval of plans after construction advisors identified unauthorized work and told officials to file. In addition, construction advisors found unsatisfactory work in 14 of the 103 unauthorized projects. Yet the OSHPD issued written orders to stop work to officials of only one of those facilities after the construction advisor found unsatisfactory work.

OSHPD officials at the lower levels of authority have been responsible for the OSHPD not issuing appropriate stop work orders. For 10 of the 14 projects where construction advisors detected unsatisfactory work, construction advisors did not request that their supervisors issue written stop work orders.

For the remaining 4 unauthorized projects where construction advisors identified unsatisfactory work, the construction advisors recommended in their reports that orders be issued to the facility officials to stop work. However, three of the requests were disapproved by the advisors' supervisor. The other one was approved by the advisor's supervisor, the deputy director, and the chief deputy director, and it resulted in a stop work order.

If the OSHPD does not issue written orders to stop unauthorized construction until it approves the plans and the inspectors to monitor the work, uninspected construction may continue on the projects. As a result, the facilities may be unsafe and may endanger patients and staff. The OSHPD's chief deputy director explains that the OSHPD likely has not consistently issued written stop work orders to officials of other projects who begin construction without approval even though the work may be unsatisfactory because the OSHPD has not established a formal policy and procedure guiding staff as to how and when orders should be issued.

CONCLUSION

Officials of some health facilities begin construction without approval of the Office of Statewide Health Planning and Development. From July 1, 1988, through June 16, 1989, construction advisors identified 103 construction projects for which facility officials had not received approval. Construction advisors directed officials of 88 of the projects to file applications for approval of plans, but as of October 1, 1989, facility officials of 50 projects had not filed applications, and the OSHPD had issued written stop work orders to officials of only 2 of the 50 facilities. Furthermore, construction advisors identified unsatisfactory work at 14 facilities where work began without approval, but the OSHPD issued written stop work orders to only one facility. Although officials of some facilities begin work without OSHPD approval because of emergencies or because they believe the work does not require approval, officials of other facilities do so because the OSHPD does not exercise sufficient authority to deter them. As a result, uninspected facilities are constructed that may be unsafe.

RECOMMENDATIONS

To ensure that officials construct only those facilities approved by the Office of Statewide Health Planning and Development, the OSHPD should take the following actions:

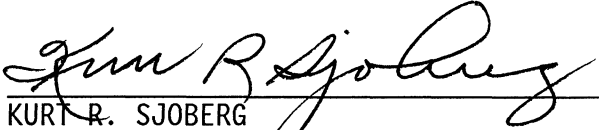
- Develop a policy that requires officials of health facilities to notify the OSHPD immediately if an emergency requires them to begin construction without approval, and require them to file applications within a specified time;
- Request legislation to authorize the OSHPD to impose penalty fees when officials of facilities begin construction without approval;
- Develop formal policies that require construction advisors to direct officials to apply for plan approval when they identify unauthorized construction;
- Develop and implement a system for ensuring that construction advisors follow up on projects where they have identified unauthorized construction to ensure that officials apply for approval of plans;

- When construction advisors identify unauthorized work, ensure that they request written orders to stop work in all instances except emergencies; and

- When construction advisors find unauthorized construction, issue stop work orders promptly in all instances except in emergencies.

We conducted this review under the authority vested in the auditor general by Section 10500 et seq. of the California Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Respectfully submitted,


KURT R. SJOBERG
Acting Auditor General

Date: March 12, 1990

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MAR 8 1990

Mr. Kurt R. Sjoberg
Acting Auditor General
Office of the Auditor General
660 J Street, Suite 300
Sacramento, CA 95814

Dear Mr. Sjoberg:

Secretary Allenby has asked me to respond to your letter of March 2, 1990 which transmitted draft copies of your report entitled, "A Review of the Office of Statewide Health Planning and Development's Procedures for Ensuring that Health Facilities Meet Seismic Safety Standards." First, I would like to thank you for the opportunity to review the draft report.

I believe the findings of your review are accurate and your recommendations will be helpful. I am pleased that you were able to document significant improvement in completing reviews of plans. However, I realize there remains considerable room for improvement.

Our comments on the specific recommendations are as follows:

RECOMMENDATIONS

To help reduce the time staff take to complete reviews of construction plans for health facilities, the Office of Statewide Health Planning and Development should take the following actions:

- Develop and implement a system for tracking plans through each step in the review process, including the drafting, typing, and mailing of approval and deficiency letters.

OSHPD's Response: We agree and intend to include these features in the proposed improvement to our Management Information System (MIS).

- Replace goals based on average processing times with specific goals for completing each plan review.

OSHPD's Response: We agree and the Governor's Budget proposes two Senior Architect positions to design and operate such a forecasting system.

- Establish deadlines for each project so that reviews are completed within the established goal, and advise applicants of when the OSHPD intends to complete the reviews.

OSHPD's Response: We agree and will include these features in our forecasting process.

To ensure that health facilities are notified promptly of the status of their plans, the OSHPD should establish procedures for ensuring that letters approving plans or describing deficiencies are prepared and mailed as soon as possible after the completion of plan reviews.

OSHPD's Response: We agree and will develop the necessary procedures.

To ensure that staff do not inappropriately expedite the reviews of plans, the OSHPD should take the following actions:

- Establish procedures specifying that all of the provisions of the Field Review, Exempt, Expedite Review Manual for plan reviews apply to all facilities.

OSHPD's Response: We agree and seven positions are proposed in the Governor's Budget to be added to the Construction Advisory Section to provide this service to hospitals.

- Establish procedures for ensuring that staff document the reasons for expediting plan reviews.

OSHPD's Response: We agree and will develop an appropriate Standard Office Policy.

RECOMMENDATIONS

To ensure that construction advisors observe construction of health facilities, the Office of Statewide Health Planning and Development should establish a formal policy for the frequency of visits to projects by construction advisors and monitor the construction advisors' compliance with this policy.

OSHPD's Response: We agree and will develop an appropriate Standard Office Policy.

To ensure that resident inspectors conduct adequate inspections, the OSHPD should develop a policy requiring construction advisors to ensure that resident inspectors keep accurate and complete daily records and promptly file all required reports of inspections.

OSHDP's Response: We agree and will develop an appropriate Standard Office Policy. We also intend to share a copy of this report with the American Construction Inspectors' Association and request their support and assistance.

RECOMMENDATIONS

To ensure that it approves qualified resident inspectors for construction projects, the Office of Statewide Health Planning and Development should take the following actions:

- Establish procedures to ensure that certification examinations are scored accurately.

OSHDP's Response: We agree and will establish procedures to more closely review scoring of examinations.

- Establish a program to administer to certified resident inspectors, every three years, a written test of their knowledge of building standards and inspection procedures.

OSHDP's Response: We intend to study the issues involving resident inspectors more. We will convene an advisory group which will include inspectors, the American Construction Inspectors Association, hospitals and nursing homes, design professionals and contractors. The issue of recertification will be addressed and some method and frequency for recertification will be adopted by the Office.

- Establish formal policies for approving resident inspectors. Such policies should state what type of projects may be appropriately inspected by resident inspectors at the "A" and "B" levels; require that construction advisors review inspectors' prior evaluations; state when construction advisors should interview prospective inspectors; and allow approval only of resident inspectors who are certified. These policies should designate who has the authority to make any exceptions to the stated policy.

OSHDP's Response: These issues will also be included for study and recommendation by the advisory group.

- Establish a formal policy requiring construction advisors to evaluate resident inspectors in writing after the completion of each project. This policy should include provisions for ensuring that construction advisors comply with the policy.

OSHDP's Response: Evaluations procedures will also be included in the review by the advisory group.

RECOMMENDATIONS

To ensure that officials construct only those facilities approved by the Office of Statewide Health Planning and Development, the OSHPD should take the following actions:

- Develop a policy that requires officials of health facilities to notify the OSHPD immediately if an emergency requires them to begin construction without approval, and require them to file applications within a specified time.

OSHDP's Response: Emergency repairs are addressed in the Field Review, Exempt, Expedite Review (FREER) manual. As the FREER manual is revised, we will include a specific time frame for filing applications.

- Request legislation to authorize the OSHPD to impose penalty fees when officials of facilities begin construction without approval.

OSHDP's Response: Such a proposal was developed and approved by the Administration. We have been unsuccessful to date in finding an author.

- Develop formal policies that require construction advisors to direct officials to apply for plan approval when they identify unauthorized construction.

OSHDP's Response: We agree and will develop an appropriate Standard Office Policy.

- Develop and implement a system for ensuring that construction advisors follow up on projects where they have identified unauthorized construction to ensure that officials apply for approval of plans.

OSHDP's Response: We agree and will develop such procedures.

- When construction advisors identify unauthorized work, ensure that they request written orders to stop work in all instances except emergencies.

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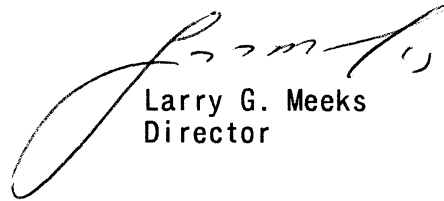
OSHPD's Response: We believe that orders to stop work are not always the most productive means to obtain compliance. However, on any unauthorized construction where an order to stop work is not proposed (or forwarded), the reasons for action or inaction should be documented. We will develop a procedure for determining when an order to stop work should not be requested and how the situation should be documented.

- When construction advisors find unauthorized construction, issue stop work orders promptly in all instances except in emergencies.

OSHPD's Response: As discussed above, an order to stop work may not always be desirable. However, prompt action of some sort is always desirable and promptness will be stressed in the procedure to be developed.

I want to thank you again for this opportunity to comment on your report. We will be reporting our progress on your recommendations at the standard intervals. In the meantime, if you or members of your staff have any questions, please do not hesitate to contact us.

Sincerely,



Larry G. Meeks
Director

cc: Clifford L. Allenby, HWA

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
State Controller
Legislative Analyst
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
Capitol Press Corps