

REPORT BY THE
AUDITOR GENERAL
OF CALIFORNIA

**THE STATE DOES NOT ENSURE THAT
HEALTH FACILITIES ARE CONSTRUCTED
IN ACCORDANCE WITH BUILDING STANDARDS**

REPORT BY THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

P-415

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HEALTH FACILITIES ARE CONSTRUCTED
IN ACCORDANCE WITH BUILDING STANDARDS

MAY 1984



Telephone:
(916) 445-0255

Thomas W. Hayes
Auditor General

STATE OF CALIFORNIA
Office of the Auditor General
660 J STREET, SUITE 300
SACRAMENTO, CALIFORNIA 95814

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Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
State Capitol, Room 3151
Sacramento, California 95814

Dear Mr. Chairman and Members:

The Office of the Auditor General presents its report concerning the State's implementation of the Hospital Seismic Safety Act of 1982. The report concludes that the State does not ensure that health facilities are constructed in accordance with building standards.

Respectfully submitted,


THOMAS W. HAYES
Auditor General

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SUMMARY

The State of California is having significant problems in implementing the Hospital Seismic Safety Act of 1982 (act). The State's Office of Statewide Health Planning and Development (OSHPD), which is a part of the Health and Welfare Agency, administers the provisions of this act. To help assure that occupants of health facilities are safe from the forces of earthquakes, gravity, and winds, the act requires the OSHPD to review the construction plans of health facilities and to conduct inspections of construction projects. Although the OSHPD should review construction plans for health facilities within an average of 4 weeks, the OSHPD has been taking up to an average of 23 weeks to review construction plans. Officials at health facilities report that, as a result of delays in the OSHPD's review process, facilities are incurring increased construction costs. In addition, the OSHPD estimates that it has not conducted approximately 3,000 needed inspections of construction projects, the OSHPD has not ascertained that resident inspectors for health facilities are performing competent and adequate inspections, and officials at health facilities are starting construction before they obtain approval from the OSHPD. Thus the public has limited assurance that the construction of health facilities complies with building codes and that the facilities are not endangering the health and safety of their occupants. The OSHPD has not had sufficient staff to correct its deficiencies and to implement the act effectively. However, the director of the OSHPD said that, because the Department of Finance recently approved additional positions and also approved money for the OSHPD to contract with other agencies for assistance, the OSHPD should have sufficient resources to administer the act during fiscal year 1984-85.

Delays In Reviewing Construction Plans

Although OSHPD officials state that their agency should review construction plans for health facilities within an average of 4 weeks, the OSHPD's Sacramento and Los Angeles offices were taking an average of 16 and 23 weeks, respectively, as of March 1984. Officials at health facilities report that, as a result of the delays, they are incurring increased construction costs.

Missed Inspections of Construction Projects

The OSHPD estimates that it has not performed approximately 3,000 needed inspections of projects' nonstructural elements, which include mechanical, architectural, electrical, and plumbing systems. Therefore, the OSHPD cannot assure proper and safe construction of health facilities.

Resident Inspectors May Not Be Qualified

The OSHPD cannot be certain that the resident inspector who is retained by a health facility is qualified to review the nonstructural elements of a construction project. The OSHPD neither evaluates the resident inspector's qualifications adequately, nor tests the inspector's knowledge of health facility construction. As a result, the OSHPD has no assurance that the resident inspector is able to identify construction deficiencies.

Construction Without OSHPD Approval

The OSHPD has identified approximately 300 projects that were being constructed before the OSHPD had approved them. Thus the construction projects may be faulty and may pose a threat to the safety

of patients. For example, officials at one facility repaired leaks in a roof without obtaining approval from the OSHPD. After a moderate rainfall, the roof was in danger of collapsing, and toxic fumes had filtered into the building because builders had used improper construction materials to repair the leaks. Most of the patients at this facility had to be evacuated.

Problems With Staffing and Contracting

Lack of sufficient staff has been the chief cause of the OSHPD's failure to carry out all of its responsibilities under the act. Two factors have contributed to the shortage of staff at the OSHPD. First, the Department of Finance was slow to approve the additional staff positions that the OSHPD had requested. Second, OSHPD officials said that the OSHPD has not always been able to hire staff to fill its approved positions primarily because the State's hiring lists have contained few entries for individuals who are knowledgeable about the construction of health facilities.

The OSHPD has not contracted with local governments for assistance because it concluded that the cost of contracting would be excessive and because some local governments do not have personnel with expertise in health facility construction. Further, some local governments have not been willing to contract with the OSHPD because of their own heavy workload. However, the director of the OSHPD said that the Department of Finance has recently approved some new positions and has also approved money for the OSHPD to contract with other agencies for assistance with its responsibilities. The director therefore believes that the OSHPD should have sufficient resources to administer the act during fiscal year 1984-85.

INTRODUCTION

The Hospital Seismic Safety Act of 1982 (act) makes the State of California responsible for ensuring that hospitals are designed and constructed to resist, insofar as practical, the forces of earthquakes, gravity, and winds. The act designates the Office of Statewide Health Planning and Development (OSHPD), which is a part of the Health and Welfare Agency, to carry out the requirements of the act.

Under the act, which became effective on January 1, 1983, the OSHPD is to enforce the hospital building standards that are contained in the State Building Standards Code. This code consists of all model building codes, including the Uniform Building Code, the Uniform Plumbing Code, the National Electric Code, and the Uniform Mechanical Code. To fulfill this responsibility, the OSHPD must review hospitals' construction plans, issue building permits, and inspect the hospitals' projects during the various phases of construction. The act also requires the OSHPD to enforce local building standards whenever these standards are more restrictive than those contained in the State Building Standards Code.

The OSHPD Must Approve Construction Plans

The Hospital Seismic Safety Act of 1982 requires officials at hospitals to submit to the OSHPD all plans for the construction or alteration of their hospitals, and it requires the OSHPD to conduct

inspections in order to ascertain that the actual constructions match the approved plans.* Between January 1, 1983, and April 30, 1984, officials at health facilities submitted to the OSHPD construction plans for 1,766 projects that contained structural elements, nonstructural elements, or both types of elements. The structural elements of a construction project include floor and roof systems, walls, foundations, and connections between such systems. The nonstructural elements are the architectural, mechanical, plumbing, and electrical systems of a project. The OSHPD labels all projects containing structural elements as "structural projects," while it calls all projects that do not contain any structural elements "nonstructural projects." The act requires the OSHPD to review the nonstructural elements of a health facility's construction plans and to perform inspections of the nonstructural elements during project construction. The act also requires the OSHPD to contract with the Office of the State Architect to review the structural elements that are included in a health facility's construction plans and to conduct inspections of the structural elements during the construction process. Further, the act requires the OSHPD to contract with the Office of the State Fire Marshal to review the construction plans for the elements that will help prevent fire and panic. The Office of the State Fire Marshal is also to conduct inspections of these elements during a project's construction. The OSHPD is responsible to coordinate the functions of the three agencies.

*The word "hospitals" designates all health care facilities, including skilled nursing and intermediate care facilities, with some exceptions. Within this report, we refer to hospitals as "health facilities," and we use "construction" to indicate both new construction and alterations of existing structures.

Within two days from the date that the OSHPD receives construction plans for review, it is the OSHPD's stated practice to send a copy of the plans to the Office of the State Fire Marshal, and, if the plans are for a structural project, to the Office of the State Architect. The OSHPD issues a building permit to the health facility after the OSHPD approves the nonstructural elements of the construction plans, after the Office of the State Fire Marshal approves the fire safety elements of the constructions plans, and after the Office of the State Architect approves any structural elements contained in the plans. Officials at the health facility may start construction only after the OSHPD issues this building permit. Because the three state agencies review all of the plans' structural and nonstructural elements, not just those related to seismic safety, officials at a health facility do not need to obtain a local building permit unless a local ordinance requires them to do so.

Resident and State Inspectors
Must Monitor Construction

The act requires the health facility to retain a resident inspector at the construction site. The act also requires the resident inspector, who is responsible to the health facility, to observe all stages of construction to ensure that the construction work and the materials that the builders use are in accordance with the approved construction plans. At critical points during the construction, the OSHPD's policy requires the resident inspector to call the OSHPD, the Office of the State Architect, if applicable, and the Office of the State Fire Marshal to request state inspectors to observe the construction

work. Critical points of construction include the pouring of concrete, the testing of water or gas pipes, and the permanent covering of electrical, plumbing, and mechanical systems by walls, floors, ceilings, and roofing. A policy of the OSHPD also requires the resident inspector to maintain records of all construction work and to submit progress reports to the OSHPD. It is the policy of the OSHPD that the state inspectors from the OSHPD, the Office of the State Fire Marshal, and the Office of the State Architect inspect critical points of the construction within 48 hours after the resident inspector calls the state inspector. The resident inspector is primarily responsible for inspecting the construction work, and the state inspectors only observe the work at certain stages to ensure that the construction meets the requirements of the act. The act authorizes the OSHPD to issue written orders to stop construction at a health facility that is not meeting the requirements of the act. For each construction project, the state inspectors also perform a final inspection.

The OSHPD Had Different
Responsibilities Before the
Hospital Seismic Safety Act of 1982

Before January 1, 1983, local governments reviewed certain nonstructural elements of construction plans for their compliance with the Uniform Building Code and with local building codes. Local governments also performed inspections of all nonstructural elements, including some fire safety elements. The OSHPD reviewed only the remaining nonstructural elements of construction plans, while the Office of the State Architect reviewed the structural elements and the Office of

the State Fire Marshal reviewed the fire safety elements. In addition, the Office of the State Architect performed inspections of the project's structural elements. The OSHPD was responsible for coordinating the functions of all agencies, and it only conducted a final inspection of a construction project.

The OSHPD Administers the Provisions of the Act

The OSHPD's Division of Facilities Development administers the Hospital Seismic Safety Act of 1982; the division maintains two offices, its headquarters in Sacramento and a district office in Los Angeles. The division's Plan Review Section and its Construction Advisory Section employ architects and engineers who review the construction plans of health facilities and who inspect construction projects.

The act authorizes the OSHPD's Building Safety Board to advise the OSHPD on matters related to the seismic safety of health facilities. The Director of the OSHPD appoints the board's 21 members, who include architects and engineers. The Building Safety Board also acts as a board of appeals for the health facilities. Further, the board may establish subcommittees to review special issues that relate to the seismic safety of health facilities.

Health Facilities
Pay Fees to the OSHPD

The OSHPD supports the administration of the Hospital Seismic Safety Act of 1982 with fees that it charges health facilities for each construction project. The OSHPD charges each facility a fee of 1.5 percent of a project's construction costs; the OSHPD deposits this fee in the Hospital Building Account, which is a special, separate account within the Architecture Public Building Fund. For fiscal year 1983-84, the OSHPD estimates that it will collect \$6 million in fees, while its expenditures to support the act will be \$4.3 million.

SCOPE AND METHODOLOGY

To determine whether the OSHPD is fulfilling its responsibilities under the Hospital Seismic Safety Act of 1982, we reviewed laws, regulations, and policies that relate to the act. We also reviewed a sample of structural and nonstructural construction projects to ascertain how long the OSHPD was taking to review construction plans and whether it performed all needed inspections of construction projects. In addition, we interviewed OSHPD officials at both the Sacramento and Los Angeles offices, and we interviewed officials from the Office of the State Architect, the Office of the State Fire Marshal, the City of Los Angeles, and a health facility.

Furthermore, we determined whether the OSHPD has properly deposited the fees that it has collected from health facilities and whether all expenditures that the OSHPD charged to the Hospital Building Account have related to the administration of the Hospital Seismic Safety Act of 1982. To accomplish our objective, we reviewed the fees that the OSHPD collected from health facilities between January 1, 1983, and February 29, 1984, and we reviewed the OSHPD's expenditures related to its administration of the act for the same period.

AUDIT RESULTS

I

THE STATE DOES NOT PROMPTLY REVIEW CONSTRUCTION PLANS FOR HEALTH FACILITIES

The Office of Statewide Health Planning and Development (OSHPD) is not prompt in reviewing the construction plans submitted by health facilities. The OSHPD should review construction plans within an average of 4 weeks; however, as of March 1984, the OSHPD's Sacramento and Los Angeles offices were taking an average of 16 and 23 weeks, respectively, to review the plans. Insufficient staffing is the primary reason that the OSHPD's review of construction plans is taking so long. Officials at health facilities report that, as a result of delays at the OSHPD, facilities are incurring increased construction costs. In addition, delays in the OSHPD's review of construction plans may have frustrated some officials at health facilities to the point that they have started their construction projects without obtaining a building permit from the OSHPD.

According to the Director of the OSHPD and the Chairman of the OSHPD's Building Safety Board, the OSHPD should review construction plans within an average of four weeks. The review period is the time that elapses between the date that the OSHPD receives the facility's construction plans and the date that the OSHPD notifies health facility officials that the plans need changes or that the plans have been approved; thus this period includes the time that the plans are simply

waiting for review. The supervisor of the Plan Review Section said that the section seldom approves plans at this point and that officials at health facilities need to resubmit their plans after the officials make the necessary changes. As of March 1984, the OSHPD's Sacramento office was taking an average of 16 weeks to review construction plans, and its Los Angeles office was taking an average of 23 weeks. In contrast, as of January 1983, the month that the act went into effect and the OSHPD received new responsibilities, the Sacramento office took an average of 5 weeks to review the construction plans. Since January 1983, the OSHPD has not had enough staff to review all of the plans that facilities submit each month, so it has acquired a large backlog of plans awaiting review. This backlog has caused a considerable increase in the average time that the OSHPD has taken to review construction plans.

To determine the amount of time that the OSHPD was taking to review construction plans, we selected a total of 30 structural and nonstructural construction projects for which health facilities had requested approval. The facilities had submitted their requests to the OSHPD between July 1, 1983, and September 30, 1983. We reviewed the project files to determine the average number of weeks that the OSHPD took to review these construction plans. We found that the Sacramento office took an average of 13 weeks, while the Los Angeles office took an average of 14 weeks. We did not evaluate the time taken by the Office of the State Architect and by the Office of the State Fire Marshal to review the construction plans for these projects. We did, however, confirm that these two agencies approved the plans whenever their approval was required.

We also counted the number of construction plans currently awaiting review at the Los Angeles and Sacramento offices. At the time of our review, during April 1984, the Los Angeles office had 195 construction plans waiting for review, while the Sacramento office had 135 construction plans awaiting review. These plans would take the Los Angeles office approximately five months to review and the Sacramento office two and one-half months to review because of the number of staff at each of these offices. We base this estimate on the OSHPD's workload data for the Sacramento office; the data indicate that each plan reviewer can review approximately 5 construction plans per month. During April 1984, the Los Angeles office had 8 plan reviewers, and the Sacramento office had 11 plan reviewers.

The OSHPD was unable to review construction plans within an average of four weeks chiefly because the office had insufficient staff for the review process. The number of staff available to review construction plans did not increase at a rate sufficient for the OSHPD to process all plans that needed review. Thus, during April 1983, the OSHPD had seven available staff persons who could review 35 construction plans, assuming that each person could review 5 plans per month. Yet, during the same month, health facilities submitted 121 plans for review. (Appendix A compares the number of construction plans that the OSHPD could have reviewed each month, considering available staff, with the number of construction plans that the OSHPD received for review from January 1983 through April 1984; the appendix also shows how long the OSHPD took to review construction plans.) In Section IV of this report, we discuss why the OSHPD could not obtain adequate staff.

In addition to limited staffing, some of the OSHPD's procedures for reviewing construction plans may have contributed to delays in the review process. The Sacramento office may be delaying construction plan reviews by spending too much time developing detailed letters that list the changes that the health facilities need to make to their construction plans. However, the supervisor of the Plan Review Section in Sacramento said that the office prepares the detailed letters so that it will have a record of the changes that it requires in the event that the contractor calls to discuss the changes or in case the construction plans are lost in the mail. In contrast, officials from the Office of the State Architect, the Office of the State Fire Marshal, and the Los Angeles office of the OSHPD state that they shorten their review time by entering needed changes directly on the construction plans and returning the plans to the health facility. The chief of the OSHPD's Los Angeles office said that entering comments directly on the construction plans saves the Los Angeles office up to a week in the review process. Nonetheless, the OSHPD should determine whether the method that the Los Angeles office uses to critique plans is more efficient than the method used by the Sacramento office.

Further, the OSHPD has not implemented management procedures to assure that the plan reviewers are using their time efficiently. Neither the supervisor of the Sacramento office nor the supervisor of the Los Angeles office estimates how long the review should take so that he or she can gauge the reviewers' efficiency. Further, plan reviewers do not record on a control log the dates that they start their reviews; they only record the completion dates. On the other hand, we found that plan

review supervisors for both the Office of the State Architect and the City of Los Angeles determine how long the review of a construction plan should take and then compare it to the time that the reviewer actually takes so that they can manage the plan reviewer's efficiency. If the OSHPD were to estimate the time that it needs for a plan review, the OSHPD could tell the officials at a health facility when to expect the results of the review.

Officials at health facilities report that the OSHPD's delays in reviewing plans have, because of inflation and additional administrative costs, resulted in increased construction costs. The officials also state that the facilities may have to pass these costs on to patients by charging more for health care. However, we are unsure whether delays at the OSHPD are causing any increases in the overall cost of construction. The facilities may also be delaying their borrowing of money for projects, or they may be delaying the sale of income-earning investments to pay for their projects.

Officials at health facilities also report that they cannot provide necessary medical services to the public because of delays in the OSHPD's review of construction plans. For example, an official at one facility reported that a construction project must be completed by a specific date so that it can continue treating Medicare patients in its Rehabilitation Unit. The official reported that this facility is the only one in South Orange County with licensed rehabilitation beds. However, because our time was limited, we were not able to confirm this

and other reports that facilities cannot provide certain necessary services to patients because of delays at the OSHPD.

Further, the supervisor of the OSHPD's Plan Review Section said that delayed plan reviews may have caused officials at health facilities to lose patience and to start constructing their projects before they have obtained a building permit from the OSHPD. Section III of our report discusses this problem in greater detail.

II

THE STATE DOES NOT PERFORM ALL NEEDED INSPECTIONS AND LACKS ASSURANCE THAT RESIDENT INSPECTORS ARE QUALIFIED

The Office of Statewide Health Planning and Development is not performing all of the inspections that it believes are necessary for it to comply with the provisions of the Hospital Seismic Safety Act of 1982. The OSHPD estimates that, between January 1, 1983, and April 1, 1984, it missed approximately 3,000 inspections of the nonstructural elements of construction projects at health facilities. The OSHPD thus cannot be certain that nonstructural elements, such as electrical, mechanical, architectural, and plumbing systems, have been installed in accordance with building standards and that they will not endanger the buildings' occupants.

Further, the OSHPD lacks assurance that the resident inspector for a health facility is qualified and can identify deficiencies in construction projects. The OSHPD does not adequately evaluate the resident inspector's qualifications, does not test the inspector's knowledge of the State Building Standards Code, and does not adequately monitor the inspector's performance during the construction process. The OSHPD has not had enough staff to conduct many needed inspections and to establish adequate procedures for approving resident inspectors.

The OSHPD Does Not Conduct
All Needed Inspections
of Construction Projects

The Hospital Seismic Safety Act of 1982 requires the OSHPD to perform inspections of the nonstructural elements of health facility construction projects. The supervisor of the Construction Advisory Section said that inspections consist of preconstruction meetings, interim inspections, and final inspections. OSHPD policy requires the OSHPD to conduct a preconstruction meeting for construction projects that will cost an estimated \$1 million or more. The preconstruction meeting is to include a representative from the Office of the State Architect, a representative from the Office of the State Fire Marshal, the resident inspector, and the contractor for the health facility. At this meeting, the OSHPD is to discuss the OSHPD's inspection procedures, the requirements of the State Building Standards Code, and the health facility contractor's responsibilities. To assure that the construction work is conforming to the State Building Standards Code, an OSHPD policy requires the OSHPD to conduct interim inspections of every project at critical points in the construction process, such as before the builders permanently cover electrical or plumbing systems. The policy also requires the OSHPD to observe the resident inspector during these interim inspections. Yet another OSHPD policy calls for a final inspection by the OSHPD. During this inspection, state inspectors are to assure that the completed construction complies with the approved construction plans and with the State Building Standards Code.

Since the Hospital Seismic Safety Act of 1982 became effective, the OSHPD has conducted approximately half of all the inspections that the OSHPD believes are necessary for it to enforce the provisions of the act. The supervisor of the Construction Advisory Section said that the frequency of interim inspections depends on the type and size of the construction project. He also said that, although the number of needed inspections varies, the OSHPD should perform an inspection of each project an average of about once every four weeks during the project's construction. Using this general rule to estimate the number of inspections that it should have made, the OSHPD estimates that it has missed approximately 3,000 inspections since January 1983. The OSHPD does not keep summary records of missed inspections; therefore, it must estimate the number of inspections it has missed.

The table below shows both the number of inspections that the OSHPD estimates it should have performed and the number of inspections that the OSHPD estimates it actually performed between January 1, 1983, and April 1, 1984.

**ESTIMATES FOR THE NUMBER OF INSPECTIONS
THAT THE OSHPD MISSED BETWEEN
JANUARY 1, 1983 AND APRIL 1, 1984**

	Number of Inspections		
	Los Angeles Office	Sacramento Office	Total
Needed Inspections	3,859	1,446	5,305
Inspections Made	1,471	849	2,320
Inspections Missed	2,388	597	2,985
Percent of Inspections Made	38%	59%	44%

Source: OSHPD

The table shows that the OSHPD estimates that it is performing only 44 percent of all needed inspections of the nonstructural elements of health facility constructions.

For our sample of 30 construction projects, we requested the OSHPD to determine the actual number of inspections that it had missed. The OSHPD determined that, for the 12 completed projects in our sample, the OSHPD performed 26 of 50, or 52 percent, of the needed inspections. Furthermore, in 5 of the 12 completed projects, the OSHPD did not perform inspections until the construction was completed. Thus our sample results approximate the OSHPD's estimates for the total number of inspections that the OSHPD missed from January 1983 through March 1984. The OSHPD has not established a formal system to record when inspections should be performed, so we were not able to verify the number of inspections the OSHPD actually missed.

Because the OSHPD is responsible for ensuring that the Office of the State Architect and the Office of the State Fire Marshal perform inspections, we also attempted to determine whether these two agencies conducted needed inspections for the projects in our sample. We found that the Office of the State Architect is making its inspections in accordance with its policy that an inspection be performed on an average of once every four weeks. However, we found that the Office of the State Fire Marshal did not always conduct inspections in accordance with its policy that at least four inspections be conducted during the construction process. The inspections that the Office of the State Fire Marshal did conduct were primarily final inspections. Officials from the Office of the State Fire Marshal said that their office has not performed all needed inspections because the resident inspector does not always notify them when an inspection for fire safety should be performed. To compensate for this problem, the Office of the State Fire Marshal recently started preparing and distributing an inspection data sheet that indicates at what points during the construction process the resident inspector should request the Office of the State Fire Marshal to conduct an inspection.

Because it misses inspections, the OSHPD cannot assure proper construction of the nonstructural elements at health facilities. In our sample of 30 construction projects, 11 health facilities completed certain phases of construction without being inspected by the OSHPD. At 6 of the 11 construction projects, builders had sealed various walls and ceilings before the OSHPD conducted an inspection of the project's nonstructural elements. Yet a deficiency in such areas as electrical and

plumbing installations could jeopardize the safety of the buildings and their occupants. For example, if an electrical system is not installed properly, a fire could start. If water pipes are not installed properly, the water pipes might burst, and there is the possibility that subsequent flooding might cause electrocution or bacterial growth. The supervisor of the OSHPD's Construction Advisory Section affirmed that missed inspections may allow construction errors to go undetected.

Furthermore, the supervisor of the Construction Advisory Section stated that, because the OSHPD consistently misses inspections, the OSHPD inadvertently encourages officials at health facilities to begin their construction projects without a building permit. He also stated that increasing the number of OSHPD inspections throughout the State would help to identify and deter projects without permits. In Section III of this report, we discuss in further detail the problems that occur when officials at health facilities begin construction before the OSHPD issues a building permit.

The OSHPD has not conducted all needed inspections because it had insufficient staff to perform the inspections. Before January 1, 1983, when the Hospital Seismic Safety Act of 1982 became effective, the OSHPD used its engineers and architects to conduct final inspections. Between January 1, 1983, and July 1, 1983, the OSHPD did not have any staff available to conduct inspections because it used all available staff to review construction plans. On July 1, 1983, the OSHPD contracted with the Office of the State Architect for seven inspectors. However, these seven inspectors could not possibly perform all the needed

inspections of health facilities throughout the State. The supervisor of the Construction Advisory Section said that, ideally, each inspector can perform approximately 65 inspections per month. Thus seven inspectors could conduct approximately 455 inspections per month. However, according to the supervisor of the Construction Advisory Section, the OSHPD was responsible to perform inspections of approximately 1,000 construction projects during March 1984. After January 1984, the OSHPD had only six inspectors because one of the seven inspectors returned to the Office of the State Architect. In Section IV of this report, we discuss why the OSHPD was unable to obtain additional staff.

Despite its shortage of staff, the OSHPD could have reduced the number of inspections that it missed by managing the inspection process more effectively. The OSHPD has not implemented management procedures to assure that inspectors are making needed inspections. For example, the supervisor of the Construction Advisory Section does not compare the number of the inspections that should have been performed for each project with the number of inspections that actually were performed. The OSHPD also does not have a system to identify all the construction projects at a single health facility; the OSHPD merely lists projects by individual project number. According to the supervisor of the Construction Advisory Section, state inspectors are missing inspections because they are not aware of every construction project at each health facility. Furthermore, because the OSHPD lacks information on the status of construction at each facility, state inspectors frequently do not know about critical stages of construction that require inspection. Moreover,

the OSHPD has no assurance that the resident inspector will notify the OSHPD before the critical stages of construction.

The OSHPD Cannot Be Sure That
Resident Inspectors Are Performing
Competent and Adequate Inspections

The OSHPD does not adequately evaluate the resident inspector's qualifications or test the resident inspector's knowledge of building materials and construction procedures. Also, the OSHPD does not have an adequate program for monitoring the resident inspector's performance. As a result, the OSHPD cannot be sure that the resident inspector can identify deficiencies in the construction of a health facility. Further, the OSHPD cannot assure that the resident inspector is working at the construction site and observing the construction.

The Hospital Seismic Safety Act of 1982 requires health facilities to obtain a resident inspector who will conduct competent and adequate inspections during the construction. The OSHPD's inspection manual states that the inspector should have a thorough knowledge of building materials and construction procedures and that he or she should also have the ability to read and understand all construction plans. The manual also states that the OSHPD must approve a health facility's resident inspector before construction begins.

Although the OSHPD reviews the application of the prospective resident inspector for a given health facility, the OSHPD does not adequately evaluate the prospective resident inspector's qualifications.

The application, which was designed by the OSHPD, describes the inspector's work experience and education. The supervisor of the Construction Advisory Section reviews the application to determine if the applicant had at least five years of experience in the construction field and to judge whether that experience is sufficient for the applicant to conduct competent inspections of construction at a health facility. The OSHPD generally does not interview any applicants unless it has specific questions about an applicant's work experience. The OSHPD also does not require the applicant to take a written or oral exam that would test the applicant's knowledge of building materials and construction procedures or the applicant's ability to read and interpret construction plans. After the supervisor reviews the application, the OSHPD sends a letter to the health facility's officials stating whether the OSHPD has accepted or rejected the facility's applicant. The OSHPD keeps a file for all resident inspectors that it approves; this file contains each inspector's name and project number.

Other state and local government agencies have more thorough procedures for evaluating the qualifications of prospective resident inspectors than does the OSHPD. For example, the Office of the State Architect interviews each prospective resident inspector for structural projects so that it can determine if the applicant is familiar with the State Building Standards Code, which includes standards for building materials and for construction procedures. The Office of the State Architect also requires most applicants to take a written exam that focuses on the type of structural project for which a prospective inspector is applying. For instance, the Office of the State Architect

has developed a standard exam to test applicants about wood structures; another standard exam tests applicants about concrete structures. If the applicant passes the exam, the Office of the State Architect sends a letter of approval to the applicant.

According to its city building codes, the City of Los Angeles also requires prospective resident inspectors to pass an examination, and it certifies those who do. The certification expires three years from the date it is issued. If an inspector is found to be incompetent, the City of Los Angeles may revoke, suspend, or refuse to renew any certification.

Unlike other agencies, the OSHPD does not adequately review and test resident inspectors' knowledge of building standards, so it lacks assurances that health facilities have qualified and competent resident inspectors who can detect deficiencies in construction. One resident inspector we interviewed said that he was not familiar with the State Building Standards Code and that he did not feel comfortable with his responsibility for ensuring that all construction at his facility complies with approved construction plans. Also, the supervisor of the OSHPD's Construction Advisory Section said that, in many cases, the resident inspector for nonstructural projects is a plant engineer or maintenance person who already works for the health facility and who has little knowledge of the State Building Standards Code.

In addition, the OSHPD lacks an adequate program for monitoring the performance of resident inspectors during the construction process.

The OSHPD's inspectors monitor the resident inspector's performance during the construction by observing whether the resident inspector is working at the site and by reviewing the resident inspector's records of construction. They also observe whether the construction and the building materials comply with the facility's approved plans and with the State Building Standards Code. However, state inspectors are not observing the resident inspector sufficiently because, as we discussed earlier in the report, the OSHPD is only conducting approximately half of all needed inspections. Furthermore, the OSHPD does not have procedures to monitor and to evaluate the resident inspector's overall performance similar to procedures used by the Office of the State Architect. At the end of a construction project, the Office of the State Architect evaluates the resident inspector's performance for the entire job. If the inspector receives a low rating, the Office of the State Architect may not approve the inspector for future projects and thus may prevent faulty or hazardous construction.

Because the OSHPD does not sufficiently monitor and evaluate the resident inspector's performance to ensure that he or she is working at the construction site and observing construction, the OSHPD cannot assure that the health facility's construction work and the materials used and installed are in accordance with the approved construction plans. As a result, the OSHPD cannot be certain that the health facility will be safe for its occupants.

The OSHPD has not been able to manage an effective program for approving and monitoring resident inspectors because of its staffing

shortage. The supervisor of the OSHPD's Construction Advisory Section said that the OSHPD lacks sufficient staff to develop procedures for interviewing and testing applicants or to evaluate the performance of resident inspectors. In Section IV of this report, we discuss why the OSHPD has not had sufficient staff to accomplish these tasks.

III

HEALTH FACILITIES ARE BEING CONSTRUCTED WITHOUT APPROVAL FROM THE STATE

Officials at health facilities began constructing about 300 projects before obtaining the approval from the Office of Statewide Health Planning and Development. Because the OSHPD neither approved the construction plans nor inspected the work for these projects, the constructions could be faulty and thus pose a threat to the safety of the facilities' patients and employees. The director of the OSHPD said that the OSHPD lacks sufficient staff to monitor health facilities for their compliance with the Hospital Seismic Safety Act of 1982.

The OSHPD reviews and approves construction plans and subsequently authorizes officials at a health facility to start the construction or alteration of a structure. Under the Hospital Seismic Safety Act of 1982, officials at health facilities cannot begin constructing projects until they receive approval from the OSHPD. If health facility officials do not comply with the requirements of the act, the act authorizes the OSHPD to take administrative action, such as issuing written orders to the health facility officials to stop construction or to vacate the building. Also, any person who violates any provision of the act is guilty of a misdemeanor.

Officials at the OSHPD believe that despite the requirements of the act, many structures are being built or remodeled without OSHPD

approval. The OSHPD has identified approximately 300 construction projects, structural and nonstructural, that officials of health facilities started before they had obtained a building permit from the OSHPD. The supervisor of the Plan Review Section stated that many of these projects were detected by the OSHPD, the Office of the State Architect, the Office of the State Fire Marshal, and the Department of Health Services' Licensing and Certification Division. For 92 of these projects, the OSHPD did receive an application for a building permit; however, officials at health facilities began constructing these projects before the OSHPD issued building permits. Of the 92 projects, 50 projects were nearly complete or were completed before the OSHPD had approved them.

Further, many health facility officials are building or remodeling structures without ever applying for a building permit. The supervisor of the OSHPD's Construction Advisory Section estimates that there are approximately 200 projects under construction for which officials have not applied to the OSHPD for a building permit. However, according to the director of the OSHPD, officials at health facilities were starting construction without obtaining a permit even before the OSHPD began implementing the act.

The supervisor of the Plan Review Section said that there are various reasons why construction is beginning without approval from the OSHPD. For example, some officials of health facilities feel that they need to provide services to patients immediately, and the officials are

unwilling to wait for the OSHPD to approve their construction plans or to issue a building permit because, as we discussed earlier, the OSHPD is not reviewing plans and issuing building permits promptly. Officials at one health facility told us that they started their construction project before obtaining the OSHPD's approval simply because the OSHPD was taking too long to review their construction plans.

Officials are also likely to proceed with construction at their facilities before they have obtained OSHPD approval because the OSHPD does not have an effective program to enforce its authority and to discourage officials at facilities from building without a permit. Despite its authority under the Hospital Seismic Safety Act of 1982, the OSHPD has not routinely issued written orders to health facilities to stop their construction of unapproved projects. From January 1, 1983, through April 30, 1984, the OSHPD issued written orders to stop construction to only four of the facilities that were constructing projects that the OSHPD had not approved. The supervisor of the Plan Review Section said that, instead of issuing written orders when it hears of or identifies an unapproved project, the OSHPD usually contacts the officials at the facility and asks them to stop any construction until the OSHPD approves all plans, approves the facility's resident inspector, collects the appropriate fee from the facility, and issues a building permit. The supervisor of the Plan Review Section said that, for those projects that are already completed or partially completed, the OSHPD can require officials at the facility to tear out part of the construction, which may include walls, roofs, and floors, so that the OSHPD can perform

a needed inspection. Furthermore, if the OSHPD identifies deficiencies while reviewing construction plans or inspecting the health facility's construction project, it requires officials at the health facility to repair the construction. Nonetheless, the OSHPD may not deter health facility officials from building without a permit because it does not issue written orders to the officials to stop construction.

Because the OSHPD cannot assure that projects at each facility comply with the required construction standards of the State Building Standards Code, the structural, nonstructural, and fire safety elements of a structure may be faulty and may endanger the safety of the patients and employees at the facility. For example, an OSHPD engineer inspected the structure of a health facility that had not obtained approval from the OSHPD for the repair of its roof. The engineer concluded that the repaired roof was not structurally safe and that it posed a threat to the facility's patients and staff. According to this state engineer, the roof was leaking for several months before the facility's contractor used a chemical with toxic components to repair the leaks. Later, a moderate rainfall caused extensive damage to the health facility's ceilings, walls, floors, and roof frame. Officials at the health facility had to evacuate most of the patients because the roof was in danger of collapsing and because toxic fumes had filtered into the building. After his inspection, the engineer requested that officials at the facility submit to the OSHPD for approval the construction plans for the second repair of the facility's roof.

In another example that illustrates the necessity of the OSHPD's approval of construction plans, an official for a health facility applied to the OSHPD in April 1983 to build a new 80-bed facility at an estimated cost of \$1,238,000. In May 1983, the OSHPD sent a letter to the official listing the deficiencies in the construction plans. A structural engineer with the OSHPD said that the facility's plan to use trusses with glue joints was unacceptable to the OSHPD because the trusses might not support a tile roof. A truss is a wooden framework, often arranged in triangles, that supports a roof. Even though the OSHPD had not approved the construction plans and had not issued a building permit for the new facility, the officials began constructing its facility. In August 1983, the OSHPD issued an order to the facility to stop construction, but officials for the health facility continued with construction for several months thereafter. The OSHPD inspected the construction and found that the facility's contractor had already installed approximately 90 percent of the trusses. According to the supervisor of the OSHPD's Construction Advisory Section, the facility's roof structure was unsafe and would have collapsed if a severe earthquake had occurred. The OSHPD has requested officials at the health facility to correct all improper construction work.

The OSHPD has not routinely used its authority under the act. The supervisor of the Construction Advisory Section said that the OSHPD has not taken a stronger role in monitoring construction because the OSHPD lacks state inspectors to identify all unapproved projects at health facilities. As we discussed earlier in the report, the OSHPD did

not hire any inspectors until July 1, 1983, and the number of inspectors that the OSHPD did hire was not sufficient for it to conduct all needed inspections and to check health facilities for unapproved projects. However, in our opinion, if the OSHPD does not take a stronger role in enforcing the provisions of the act, officials at health facilities will continue to build projects that the OSHPD has not approved and that do not comply with the State Building Standards Code.

IV

WHY THE STATE'S OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT COULD NOT OBTAIN STAFF AND WHY IT DID NOT CONTRACT WITH LOCAL GOVERNMENTS

The primary reason why the Office of Statewide Health Planning and Development has not been able to fulfill some of its basic responsibilities under the Hospital Seismic Safety Act of 1982 and why it has not established effective systems for managing its duties has been insufficient staffing. Two factors have contributed to the shortage of staff at the OSHPD. First, the Department of Finance (department) was slow to approve the additional staff positions that the OSHPD requested. Second, even after the department approved additional positions, the OSHPD had difficulty in finding suitable individuals to fill its positions. Instead of hiring additional staff, the OSHPD could have contracted with local governments to review plans and conduct inspections. The OSHPD concluded, however, that contracting with local governments was not feasible because the costs to do so would probably be excessive, because many local governments did not have people with appropriate expertise, and because some local governments were not interested in contracting with the OSHPD. However, the director of the OSHPD said that the department recently approved additional positions and also approved funds for the OSHPD to contract with other agencies, so the OSHPD should have sufficient resources to administer the act effectively during fiscal year 1984-85.

The Department of Finance Was Slow
To Approve Additional Positions

The Department of Finance is responsible for reviewing and coordinating budget requests from each state agency and for deciding whether the requests are within established budget guidelines. The department's approval for a staff position gives a state agency the authority to hire an individual to perform the duties required for that specific job classification. The department repeatedly denied the OSHPD's requests for additional staff, citing inadequate workload data.

In November 1982, the OSHPD submitted a request for 25 additional staff positions for fiscal years 1982-83 and 1983-84 so that it could fulfill its new responsibilities under the Hospital Seismic Safety Act of 1982. However, the department approved only 14 of the 25 positions that the OSHPD requested; 7 were to be effective on January 1, 1983, and 7 more positions were to become effective on July 1, 1983. The department's program budget manager stated that the department did not approve the 11 other positions because the OSHPD had not developed sufficient data on its workload and staffing needs to support its request. The OSHPD attempted to determine its anticipated workload and staffing needs by sending a questionnaire to local governments and by interviewing several local officials concerning the local governments' workloads and staffing needs when they reviewed and inspected construction projects. However, the OSHPD could not obtain the information that it needed because local governments did not maintain time records that indicated the number of hours that employees spent on

each project. Consequently, the OSHPD had to estimate its anticipated workload without using any historical workload data except for its documentation of its own work experience before the act became effective.

By July 1, 1983, the OSHPD reported that, because of its new responsibilities since January, the time it was taking to review construction plans had increased from an average of 8 weeks to an average of 21 weeks in the Los Angeles office and from an average of 5 to an average of 10 weeks in the Sacramento office. Additionally, the OSHPD reported that its two offices had missed almost 1,400 inspections of construction projects during the same period. Because of its increased workload under the act, the OSHPD entered into an interagency agreement with the Office of the State Architect, which sent the OSHPD seven staff who could perform inspections of the nonstructural elements of construction projects. Further, to eliminate delays in its review of construction plans and to help prevent missed inspections, the OSHPD, in August 1983, again requested the additional 11 positions that the department previously denied. However, the department denied this second request, again citing the need for better workload and staffing data.

The OSHPD projected that it would need a total of 67 staff for fiscal year 1984-85. This projection appeared in the workload and staffing report that the OSHPD submitted to the Legislature in January 1984 to comply with the Supplemental Report of the 1983 Budget Act. The OSHPD also reported in a memo that, as of January 1, 1984, its Los Angeles office was taking an average of 20 weeks to review

construction plans and its Sacramento office was taking an average of 16 weeks. Additionally, the memo stated that the OSHPD had missed over 2,300 inspections of construction projects since the previous January.

Because it recognized its deficiencies and its need for additional staff, the OSHPD requested the Department of Finance to approve 12 positions that would be effective through June 30, 1984. The OSHPD made this request in January 1984, and the department approved the request in February 1984. The OSHPD submitted yet another request in February 1984; this request asked the department to continue the 12 positions through the 1984-85 fiscal year and to approve an additional 21 positions so that the OSHPD could meet its anticipated workload.

The department's program budget manager stated that, although the department only authorized the continuation of the 12 positions for the OSHPD, the department approved funds for the OSHPD to contract with other agencies for the review of the nonstructural elements of construction plans and for the inspection of the nonstructural elements of construction projects. The OSHPD subsequently contracted with the Office of the State Architect. The program budget manager for the department also stated that the department did not authorize the additional 21 positions that the OSHPD had requested because the department decided that combining additional staffing with contracting would be more useful for the OSHPD and would give the OSHPD more flexibility. The manager stated that the department did not want to establish too many positions if the OSHPD would have to reduce staff once

it reduced some of its workload. The director of the OSHPD said that with the additional positions and the money to contract with other agencies for assistance, the OSHPD should have the resources to meet effectively the requirements of the Hospital Seismic Safety Act of 1982 during fiscal year 1984-85.

The OSHPD Has Had
Difficulties in Filling
Approved Positions

Although the Department of Finance repeatedly refused to approve many of the additional positions that the OSHPD requested, the OSHPD may not have been able to fill all of those additional positions even if the department had approved them. The OSHPD has had difficulty in finding individuals who are qualified for its available positions.

Because its responsibilities were fewer, the OSHPD had just 20 employees to review plans and make final inspections before January 1, 1983. After the act became effective, the OSHPD needed many more positions. The OSHPD received the department's approval for seven additional staff positions, effective January 1, 1983, but it was able to fill only four of these positions by June 30, 1983. Also, by June 30, 1983, the OSHPD lost 2 of the 20 employees that it had employed on January 1, 1983. On July 1, 1983, the department authorized an additional 7 positions for the OSHPD, and, by December 30, 1983, the OSHPD had filled 30 of the 34 available positions. To compensate for its difficulties in filling positions, the OSHPD hired three retirees in

January 1984 and hired two more in April 1984; these people have assisted the OSHPD in reviewing construction plans and in developing regulations and policies. Each retiree has agreed to work a maximum of 90 days. The department approved an additional 12 positions for the OSHPD in February 1984, but by April 30, 1984, the OSHPD still had not filled 7 positions. At the time of our review, the OSHPD was recruiting staff for the remaining unfilled positions. (Appendix B shows the staffing history for the OSHPD from November 1982 through April 1984.)

The supervisors for the OSHPD's Construction Advisory Section and its Plan Review Section stated that the OSHPD had difficulty in hiring staff to fill its approved positions because the State's hiring lists were obsolete. The supervisors said that, due to the State's hiring freeze, the State had not given exams and therefore did not have up-to-date hiring lists; thus the State's hiring lists contained entries for a number of individuals whom the OSHPD could not hire because they had either retired, obtained other employment, or had relocated. Also, the supervisors stated that the lists did not contain the names of individuals who were suited for the positions at the OSHPD; it had few entries for architects or engineers who were knowledgeable about health facility construction. The State Personnel Board has established no listings for construction inspectors who specialize in inspecting health facilities. The OSHPD has not requested the State Personnel Board to prepare up-to-date hiring lists to include entries for architects and engineers who specialize in health facility construction and to establish a special job classification for the OSHPD's inspectors.

In addition, the supervisors stated that the OSHPD has had difficulty in hiring staff for its Los Angeles office because the salaries paid by the State are less than those paid by the city and county of Los Angeles and by the private sector for the same positions. For example, according to data compiled by the OSHPD's Los Angeles office, the State pays a senior architect or a senior electrical or mechanical engineer approximately \$3,280 to \$3,440 per month. In contrast, the City of Los Angeles pays approximately \$3,640 per month for the same positions. To compensate for this problem, the OSHPD recently transferred two positions and a portion of the workload from the Los Angeles office to the Sacramento office. The supervisors stated that it is easier to find individuals who are interested in working for the Sacramento office than for the Los Angeles office because the cost of living is lower in Sacramento. In addition, the OSHPD just recently requested the State Personnel Board to appoint temporarily two engineers for the OSHPD and to upgrade and reclassify these engineering positions for the OSHPD's Los Angeles office. The supervisors stated that this reclassification would allow individuals filling these positions to receive salaries that are competitive with those paid by other employers.

The OSHPD Has Had Problems in Contracting With Local Governments

The act authorizes the OSHPD to contract with local governments for assistance in reviewing construction plans and in conducting inspections of health facilities. Even though the OSHPD's workload increased rapidly after January 1, 1983, it did not contract with local

governments for assistance for several reasons. First, the amount of money that certain local governments would charge for assisting the OSHPD exceeded the OSHPD's existing fee structure and could have resulted in an increase in the fee that health facilities must pay the OSHPD. For example, an official at the building department for one city stated that his department would charge the OSHPD approximately one percent of a health facility's construction costs. Currently, health facilities pay the OSHPD a fee of 1.5 percent of construction costs. However, the OSHPD reported that if it paid the local government a fee of 1.0 percent of the facilities' construction costs, the remaining portion of the fee, 0.5 percent, would not be sufficient to pay other agencies for their services. The OSHPD reported that it pays 0.6 percent of a facility's construction costs to the Office of the State Architect and that it pays 0.1 percent to the Office of the State Fire Marshal; the OSHPD's administrative costs are 0.4 percent. In addition, OSHPD management stated that they had observed that many local government agencies do not have employees with the expertise to conduct adequate plan reviews and inspections of health facilities.

Finally, some local governments were not willing to contract with the OSHPD because of their own workload. In December 1983, the OSHPD's Building Safety Board formed a subcommittee to continue exploring contracting possibilities. A member of this subcommittee reported that he had contacted several local governments but had found no favorable possibilities for contracting. For example, the member reported in February 1984 that he had contacted San Diego and Sacramento counties.

Officials in these counties stated that, due to their own heavy workload, they were not interested in contracting to assist the OSHPD with its responsibilities.

CONCLUSION AND RECOMMENDATIONS

The State's Office of Statewide Health Planning and Development does not ensure that officials at health facilities construct projects and facilities in accordance with building standards. The OSHPD should review the construction plans for each health facility within an average of 4 weeks; however, as of March 1984, the OSHPD's Sacramento and Los Angeles offices were taking an average of 16 and 23 weeks, respectively, to review construction plans. Officials at health facilities report that, because of inflation, the delays in the OSHPD's review of their construction plans have resulted in increased construction costs.

In addition, the OSHPD is not conducting approximately half of all needed inspections of the nonstructural elements at construction projects. The OSHPD also does not determine whether health facilities are retaining qualified and competent resident inspectors because the OSHPD does not thoroughly assess, test, and monitor inspectors. Thus the OSHPD cannot ensure that resident inspectors are able to identify deficiencies in construction projects and that health facilities are constructed safely.

Moreover, officials at health facilities are starting construction projects before obtaining a building permit from the OSHPD. Officials at the OSHPD believe that officials at health facilities are proceeding with unapproved construction because of the OSHPD's delays in reviewing construction plans and because they wish to meet patients' needs. Furthermore, the OSHPD does not routinely issue written orders to officials at facilities to stop construction of unapproved projects. As a result, the construction of health facilities may be faulty and may pose a threat to occupants.

Insufficient staffing has been the primary cause of the OSHPD's inability to fulfill some of its basic responsibilities under the Hospital Seismic Safety Act of 1982. The OSHPD recognized its problems and requested additional staff. However, the Department of Finance repeatedly denied the OSHPD's request for additional positions because the OSHPD did not have sufficient workload and staffing data. The OSHPD also had difficulties in hiring staff to fill the positions that the department did approve because the State's hiring lists contained few entries for individuals knowledgeable about health facility construction and because the salaries at the Los Angeles office have not been competitive with those paid by the private sector. However, the director of the OSHPD said that with the Department of Finance's recent approval of additional staff positions and of funds for contracting with other agencies, the OSHPD should have sufficient resources to administer the Hospital Seismic Safety Act of 1982.

In addition, the OSHPD has not been able to contract with local governments for assistance with its duties. According to the OSHPD, local officials wanted excessive fees, and local government personnel lacked expertise in health facility construction. Furthermore, few local governments have been willing to contract with the OSHPD because their own workloads have been heavy.

Finally, inefficient plan review procedures may have contributed to the delays in the OSHPD's review of construction plans. The poor management procedures of the OSHPD may have caused it to miss some of the inspections that it should have conducted.

RECOMMENDATIONS

To help shorten the time it needs to review construction plans, the Office of Statewide Health Planning and Development should do the following:

- Review its procedures for critiquing the construction plans of health facilities and eliminate those procedures that are inefficient. Specifically, the OSHPD should determine whether it should spend time preparing detailed letters that list the deficiencies of construction plans.
- Establish procedures for the supervisor of the Plan Review Section to estimate the length of each review, to record the

date on which the reviewer begins a review, and to compare the estimate with the actual time that the plan reviewer takes. In this way, the supervisor can manage the plan reviewer's efficiency.

To help reduce the number of inspections that it misses, the OSHPD should take the following actions:

- Develop a system to identify all construction projects at each health facility and to track the progress of construction projects.
- Develop an inspection data sheet that indicates at what points in the construction of a particular project the resident inspector is to request an inspection by the OSHPD. This document would help the OSHPD to determine whether the resident inspector is complying with reporting requirements.
- Develop policies and procedures to ensure that the state inspector's time is used efficiently. These procedures should include recording the number of inspections that the OSHPD should have made and then comparing it with inspections that were made.
- Develop and implement procedures to assure that the Office of the State Fire Marshal is performing all required inspections.

To ensure that the OSHPD approves qualified resident inspectors and evaluates their performance, the OSHPD should take the following actions:

- Develop and implement procedures to assess the resident inspector's qualifications. These procedures should include interviewing each applicant and testing the applicant's knowledge of the State Building Standards Code.
- Develop and implement specific procedures for evaluating each resident inspector's on-the-job performance.

To ensure that officials at health facilities are obtaining the approval of the OSHPD before they begin construction, the OSHPD should take the following actions:

- Develop and implement procedures to ensure that officials at health facilities apply for building permits and to identify those facilities that begin construction before they receive a permit.
- Develop a policy for issuing written orders to officials at facilities with unapproved projects to stop construction.

To help ensure that the OSHPD can hire staff who are experienced in health facility construction, the OSHPD should do the following:

- Request the State Personnel Board to prepare up-to-date hiring lists to include entries for architects and engineers who specialize in the construction of health facilities.

- Request the State Personnel Board to establish a special job classification for the OSHPD's inspectors.

OTHER INFORMATION REQUESTED BY THE LEGISLATURE

The Legislature also requested that we review the fee revenues and the expenditures that pertain to the administration of the Hospital Seismic Safety Act of 1982 (act). The act requires that the OSHPD support its administration of the act with fee revenues. Between January 1, 1983, and February 29, 1984, the Office of Statewide Health Planning and Development (OSHPD) collected \$8 million in fee revenues, and it spent \$5.49 million. These amounts do not include fees that were due but had not yet been received, nor do they include obligations incurred but not yet paid.

The OSHPD collects fees when health facilities apply for approval of their construction plans. Currently, the OSHPD charges health facilities 1.5 percent of the facilities' construction costs. The OSHPD deposits these fees in the Hospital Building Account, which is a separate account within the Architecture Public Building Fund. The Hospital Building Account is used to account for the revenues and expenditures associated with the OSHPD's reviews of construction plans and with its inspections of project construction. Between January 1, 1983, and February 29, 1984, the OSHPD deposited \$8 million in the Hospital Building Account.

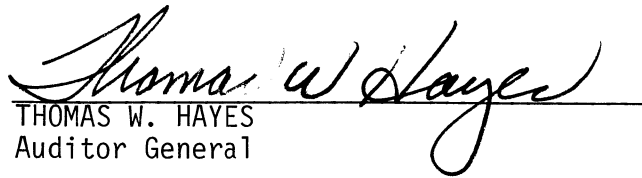
To ensure that the OSHPD properly deposited fees in the Hospital Building Account, we reviewed a sample of fees that the OSHPD received between January 1, 1983, and February 29, 1984. We reviewed

each item in our sample, noting the amount of the fee, and we determined whether the OSHPD had deposited the fee in the Hospital Building Account. All of the fees that we reviewed had been properly deposited into the Hospital Building Account.

To assess whether the OSHPD's expenditures related to the administration of the act have been appropriate, we reviewed a sample of the costs charged to the Hospital Building Account between January 1, 1983, and February 29, 1984. From January 1983 through February 1984, the expenditures charged to the Hospital Building Account totaled \$5.49 million. This total consists of \$1.04 million for personnel costs, \$620,000 for operating costs, and \$3.83 million for contracting costs. Of the \$3.83 million it used for contracting, the OSHPD spent \$3.74 million for contracts with the Office of the State Architect and \$87,000 for contracts with the Office of the State Fire Marshal. The OSHPD contracts with the Office of the State Architect to review plans and conduct inspections of structural projects, and it contracts with the Office of the State Fire Marshal to review the fire safety elements of all construction projects. We focused our review of the OSHPD's expenditures primarily on those for personnel and contracting because these categories accounted for 89 percent of the OSHPD's expenditures. We reviewed a sample of expenditures, noting their amounts and descriptions, and we determined that all the sampled expenditures were related to the OSHPD's administration of the act.

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,


THOMAS W. HAYES
Auditor General

Date: May 21, 1984

Staff: Steven L. Schutte, Audit Manager
Ann Reicherter
Cora Dixon
Bernice D. Ericksmoen
Gregg Gunderson
Wendy Rodriguez

OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT

1600 9TH STREET

SACRAMENTO, CALIFORNIA 95814

(916) 322-5834



MAY 15 1984

Mr. Thomas W. Hayes
Auditor General
660 J Street, Suite 300
Sacramento, CA 95814

Dear Mr. Hayes:

This is in response to your recent report entitled "The State Does Not Ensure That Health Facilities Are Constructed In Accordance With Building Standards."

In the report you concluded that the Office of Statewide Health Planning and Development has encountered lengthy delays in the implementation of the Seismic Safety Act of 1982, much of which you correctly attribute to insufficient staffing of the program.

Along these lines, I am pleased to inform you that budget subcommittees of both houses of the Legislature have approved our Finance Letter request to include 28 additional positions in the 1984-85 budget for the Seismic Safety Program. With this augmentation, I am convinced that both the time taken to complete plan reviews and the frequency of on-site inspections will shortly be consistent with acceptable standards and practices.

Your report also includes several suggestions designed to improve the management of the program. They include implementation of procedures to more closely monitor the performance of resident inspectors, improve resident inspector selection procedures, more closely supervise and document estimated plan review time, determine whether detailed plan comments are needed, record when inspections are due, develop procedures to prevent construction activity without a building permit, and make a number of related administrative changes.

Almost all of these recommendations appear to have merit and have either already been implemented, will be shortly implemented, or are subject to further evaluation. The attached sets out our response to each of your recommendations.

Mr. Thomas W. Hayes

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MAY 15 1984

Let me conclude by stating that the Office will continue to evaluate its performance and make other corrections as needed. Your study has contributed to the identification of a number of improvements which will enhance the operation of the program and the quality of services it provides to the public.

Thank you for the opportunity to comment on the report.


Sincerely,

A handwritten signature in cursive script, appearing to read "L. G. Meeks".

Larry G. Meeks
Director

Attachment

Approved:

A handwritten signature in cursive script, appearing to read "David B. Swoap".

David B. Swoap
Secretary
Health and Welfare Agency

THE OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT'S
RESPONSES TO THE RECOMMENDATIONS OF THE
AUDITOR GENERAL

Recommendation (1) Review its procedures for critiquing the construction plans of health facilities and eliminate those procedures that are inefficient. Specifically, it should determine whether detailed letters that list plan deficiencies are necessary.

Response We concur with this recommendation.

Plan review staff, on a statewide basis, will prepare and distribute plan review letters and will terminate the practice of marking up the plans and returning them to the applicant.

This policy has been instituted based upon the following:

- a. Neither procedure improves plan reviewer efficiency as plan reviewers must take time to write their comments.
- b. Public complaints have stated that handwritten comments on the plans are illegible, unclear and often do not pin-point the problem clearly.
- c. When marked up drawings are returned to the applicant, the reviewer and the Office have no record of the review comments and supervisors are unable to adequately control review quality.
- d. In many cases, mechanical and electrical drawings are only schematic and cannot be adequately reported upon by only marking up the drawings.
- e. The Office of the State Architect - Structural Safety Section performs a review of more detailed dimensional type drawings and as a result, marking up of the drawings is more appropriate for them, e.g., comments are made on individual bolts, welds, joints, anchorages, structural member sizes, etc.
- f. When plan review letters are not sent, review comments and actions are not on file. Thus, field inspection, processing of drawing changes and appeals or complaints to supervisors concerning review comments cannot be easily resolved.

- g. Packaging and processing of marked-up drawings is expensive and time consuming. Marked-up drawings are sometimes lost in the mail requiring the review work to be re-done.
- h. The only evidence of staff time savings is related to the time spent by clerical in the typing of plan review letters. This time loss is being offset, however, by the use of computerized word processing equipment.

Recommendation (2) Establish procedures for the Supervisor of the Plan Review Section to estimate the length of each review and record the date on which the reviewer starts a review, and to compare the estimate with the actual time that the plan reviewer takes. In this way, the supervisor can manage the plan review's efficiency.

Response

We concur, and have implemented a procedure where upon receipt of the drawings, a supervisor estimates the time needed to complete the architectural, electrical, mechanical, structural and inspection. These estimates are entered into the Management Information System. Further, each reviewer/inspector records time expended on each project, which is entered into the system. Thus, comparisons of estimated and expended time can be made as projects are completed.

Projects begun under the Hospital Seismic Safety Act are now being completed and the comparisons are being made. The Office will continue to monitor the estimated versus expended time and seek to improve the efficiency of the review/inspection staff. Additionally, the data will allow the Office to improve the accuracy of the estimates.

Recommendation (3) Develop a system to identify all construction projects at each health facility and to track the progress of construction projects.

Response

We concur with this recommendation. A computerized system has recently been inaugurated. Data are being entered and the system will be operational by August 1984. This will identify the project by facility, eliminate the problem and streamline the system.

Recommendation (4) Develop an inspection data sheet that indicates at what points in the construction process the resident inspector is to request an inspection by the Office of Statewide Health Planning and Development. This document would help to ensure that the inspector is complying with reporting requirements.

Responses

We do not concur with the recommendation requiring a data sheet for the following reasons:

- a. Health facility projects have a resident inspector to inspect the continuous and ongoing construction of the project.
- b. The Architect and Engineer of record visit the site regularly, as required.
- c. Should either the Office of Statewide Health Planning and Development inspector or the resident inspector feel that a specific or additional inspections are required between regular visits they are executed.
- d. The Architect, Engineer, Resident Inspector and Contractor are required to file quarterly verified reports, to the Office of Statewide Health Planning and Development, which are reviewed and recorded.
- e. The Office provides each resident inspector with an Inspector's Reference Manual containing the data required and when the inspections are to take place. This obviates the need for a data sheet.*

* AUDITOR GENERAL NOTE: We do not believe that the Inspector's Reference Manual provides adequate assurance that resident inspectors will always notify the State when inspections are needed. Although the OSHPD provides each resident inspector with an Inspector's Reference Manual, the resident inspectors are not, in fact, always notifying the OSHPD or the State Fire Marshal prior to critical stages of the construction. As stated on page 3 of the report, it is the OSHPD's policy to have state inspectors inspect the construction at critical stages such as the pouring of concrete. Furthermore, as stated on page 19 of the report, officials from the Office of the State Fire Marshal told us that the inspection data sheet will help ensure that the resident inspector is notifying the Office of the State Fire Marshal at the proper times. The inspection data sheet will help ensure that the resident inspector contacts the OSHPD before critical stages of the construction because the data sheet specifies those construction stages when the resident inspector should notify the OSHPD for an individual project. In contrast, the Inspector's Reference Manual lists only the general requirements for all projects.

Recommendation (5) Develop policies and procedures to ensure that the state inspector's time is used efficiently. These procedures should include recording the number of inspections that the Office of Statewide Health Planning and Development should have made and then comparing it with inspections that were made.

Response

We concur with this recommendation. It is the practice of the Office to require that the inspector's time is used efficiently. This is accomplished by monitoring the amount of work performed by each inspector on a daily basis. Inspectors call in daily and give a telephone report to the supervisor, giving a summary of the previous days inspection and schedule for the current days activities. This report is later reduced to writing and compiled weekly for the supervisor.

The Office will develop policies and procedures to record all inspections required, and executed by December 31, 1984.,

Recommendation (6) Develop and implement procedures to ensure that the Office of the State Fire Marshal is performing all required inspections.

Response

We concur with this recommendation. The Office is currently working with the Office of the State Fire Marshal to correct any problems being experienced in this area. The Office is now providing the State Fire Marshal with copies of all Office of Statewide Health Planning and Development inspection reports, verified reports and computer printouts to enable them to monitor the jobs appropriately. We will monitor the Office of the State Fire Marshal's inspections and their performance under the contract by reviewing copies of all correspondence and inspection reports prepared by that office. This procedure will be formalized by September 1, 1984.

Recommendation (7) Develop and implement procedures to assess the resident inspector's qualifications. These procedures should include interviewing each applicant and testing the applicant's knowledge of the State Building Standards Code.

Response

We concur with this recommendation. The Office currently conducts through the Office of the State Architect testing and interviewing of resident inspectors for structurally related projects. This procedure will be expanded to include written examination and oral interviews for architectural, mechanical, electrical and plumbing by December 31, 1984.

Recommendation (8) Develop and implement specific procedures to ensure that the Office of Statewide Health Planning and Development evaluates each resident inspector's on-the-job performance.

Response

We concur with this recommendation. An Inspector Performance Evaluation form is being developed and pretested and should be fully implemented by January 1, 1986.

At the present time, the performance of the resident inspector is being evaluated informally by the Office of Statewide Health Planning and Development field inspection staff and their recommendation is automatically accepted without verification. Those evaluated as being unacceptable are not permitted to continue to inspect hospital projects.

Recommendation (9) Develop and implement procedures to ensure that officials at health facilities apply for building permits and to identify those facilities that begin construction before they receive a permit.

Response Procedures will be implemented to ensure that officials at health facilities apply for building permits. These procedures may include: (1) periodic notification of all health facilities with the requirements of the Seismic Safety Act; (2) collaborate with the Division of Licensing and Certification of the Department of Health Services field inspection staff to ensure that unauthorized construction is reported to the Office of Statewide Health Planning and Development immediately and (3) jointly establish policies and procedures with the State Fire Marshal and the Office of the State Architect, Structural Safety Section to identify and report all unauthorized construction projects to the Office of Statewide Health Planning and Development as soon as possible. We anticipate these procedures will be instituted by December 31, 1984.

Recommendation (10) Develop a policy for issuing documents that order officials at facilities with unapproved projects to stop construction.

Response

We concur with this recommendation. Policies have been developed for issuing stop work orders and these policies will be fully implemented as soon as the plan review backlog is reduced to an acceptable level; the Office will issue stop work orders on all unauthorized work until a building permit can be obtained.

Currently, upon identification of unauthorized construction, the Office of Statewide Health Planning and Development construction advisors have made note of the condition and have informed the facility in writing with copies to the supervisor of the Construction Advisory Section. If the facility has applied for a building permit and the construction is proceeding satisfactorily, this Office has not taken official steps to issue a stop work order. Upon identification of this condition, the facilities are given instructions for obtaining the proper building permits and construction has not been stopped if the facility is diligently pursuing correction of the problem.* However, should the construction be unsatisfactory, corrections must be made immediately.

When the facility has not applied for a building permit or the construction is unsatisfactory, an official stop work order is issued. Should the construction or construction procedures appear dangerous to patients or facility personnel, Licensing and Certification, Department of Health Services is notified and evacuation of the facility or a portion of the facility is ordered.

* AUDITOR GENERAL NOTE: We believe that this policy is not consistent with the requirements of the Hospital Seismic Safety Act of 1982. The act requires that the OSHPD issue written approval of the construction plans before officials at health facilities can start construction. The OSHPD should not allow officials at health facilities to continue with construction unless the OSHPD approves the plans of the construction to be performed.

Recommendation (11) To help ensure that the Office of Statewide Health Planning and Development can hire staff who are experienced in health facility construction, we recommend that the Office of Statewide Health Planning and Development request the State Personnel Board to update the State's job specifications to include listings for architects and engineers who specialize in health facility construction. The Office of Statewide Health Planning and Development should also ask the State Personnel Board to establish a special job classification for the Office of Statewide Health Planning and Development's inspectors.

Response

We concur with this recommendation. The Office will develop and submit to the State Personnel Board revised job specifications for architects and engineers by September 1, 1984. The revised specifications will include education and/or job experience requirements necessary to specialize in health facility construction.

Additionally, the Office will develop for submission to the State Personnel Board a request for a specialized job classification for the construction inspectors. This request will be developed thru consultation with the Office of the State Architect, the Building Safety Board and State Personnel Board staff. We anticipate submission of the request by March 1, 1985.

**SUMMARY OF THE OSHPD'S WORKLOAD
FOR CONSTRUCTION PLAN REVIEW
FROM JANUARY 1983 THROUGH APRIL 1984**

<u>Month</u>	Available Staff To Review Construction Plans	Estimated Number of Plans the Available Staff Could Have Processed*	Number of Plans Submitted for Review	Average Number of Weeks To Process Plans**	
				<u>Los Angeles Office</u>	<u>Sacramento Office</u>
<u>1983</u>					
January	8	40	46	8	5
February	8	40	60	10	6
March	8	40	87	12	7
April	7	35	121	15	8
May	8	40	113	18	9
June	9	45	98	21	10
July	11	55	123	23	11
August	11	55	129	20	13
September	16	80	99	17	15
October	16	80	162	18	14
November	16	80	164	19	15
December	16	80	101	20	16
<u>1984</u>					
January	16	80	113	21	17
February	14	70	92	22	16
March	18	90	132	23	16
April	19	95	126	22	14

Source: OSHPD

*These estimates are based on the actual workload data of the Sacramento office that indicate that one plan reviewer can review approximately five construction plans per month.

**The average number of weeks that the OSHPD took to process plans is the time that elapsed between the date that the OSHPD received the construction plans and the date that it notified health facility officials that the plans needed changes or that the plans were approved; therefore, this figure includes the time that the plans simply awaited review. The time required to process the plans differed for the two offices because the number of staff available to review the plans and the number of plans needing review varied for the two offices.

STAFFING HISTORY FOR THE OSHPD
FROM NOVEMBER 1982 THROUGH APRIL 1984

<u>Month</u>	<u>Total Positions Available at Beginning of Month</u>	<u>Additional Positions Requested</u>	<u>Additional Positions Approved by the Department of Finance</u>	<u>Total Positions Available at the End of the Month</u>	<u>Total Positions Filled</u>	<u>Positions Contracted With the Office of the State Architect</u>
<u>1982</u>						
November	20	25		20	20	0
December	20			20	20	0
<u>1983</u>						
January	20		7	27	20	0
February	27			27	20	0
March	27			27	21	0
April	27			27	21	0
May	27			27	20	0
June	27			27	22	0
July	27		7	34	23	7
August	34	11		34	27	7
September	34			34	29	7
October	34			34	29	7
November	34			34	29	7
December	34			34	30	7
<u>1984</u>						
January	34	12		34	29	7
February	34	33	12	46	30	6
March	46			46	33	6
April	46			46	39	6

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