



Fire Marshal's Office

City of Norfolk Fire-Rescue

November 18, 2024

Report No. 23-05

Tammie Dantzler, CGFM, CIA, CFE, MBA, City Auditor
Shontavious Lovett, CPP, MSA, Assistant City Auditor II

Purpose/Objective/Scope

To evaluate the efficiency and effectiveness of the Fire Marshal's Office.

FY20 – FY23



The mission of the Norfolk Fire Marshal's Office (FMO) is to prevent harm and work to ensure safe communities within the City of Norfolk. The FMO consists of a dedicated group of men and women who are cross-trained in fire safety inspections and fire and explosive incident investigation cause and origin. Members of the FMO have full law enforcement powers.



Overview



The Fire Marshal's Office (FMO) is tasked with conducting inspections for customers to facilitate the issuance of permits for operation throughout the City of Norfolk. In addition to responding to calls for service related to threats to burn/ bomb, gas rupture emergencies, arson investigations, and citizen complaints or concerns for illegal use of property, the members inspect mobile food trucks, short-term rental properties (Air BnB), special event venues and tents. The Fire Marshals Office also has two members that operate closely with the Norfolk Police Department Bomb Squad and Unman Aircraft System (UAS) team.

Overview



Service Type	Total Number of Service Performed	Total Amount Billed	Total Amount Collected
False Alarms	1539	\$57,675	\$36,000
Inspection	1417	\$101,601	\$101,501
Permits	2546	\$190,750	\$150,555

Inspections Fees

- Every day the Fire Marshal and his deputies inspect businesses located in the City of Norfolk for potential fire and life safety hazards. The goal of these inspections is for all businesses, operations and events in Norfolk to be safe, successful and free of hazards and to ensure compliance with the Virginia Statewide Fire Prevention Code and the Virginia Statewide Building Code.



- These inspections aim to identify fire hazards (e.g., blocked exits, overcrowding, use of extension cords, combustible storage, etc.). If violations are found, inspectors will inform the violator in writing, and a re-inspection will be required after a limited amount of time to ensure compliance with the code requirements.



Inspections Fees

Commercial unit 0—999 square feet\$ 50.00

Commercial unit 1000—5,000 square feet75.00

Commercial unit 5,000—10,000 square feet100.00

Commercial unit 10,001—20,000 square feet125.00

Commercial unit 20,001—50,000 square feet225.00

Commercial unit 50,001—100,000 square feet275.00

Commercial unit 100,001—200,000 square feet325.00

Commercial unit greater than 200,001 square feet375.00



Permits Fees

A permit grants approval to store or handle materials or to carry out processes in compliance with the Statewide Fire Prevention Code (SFPC), without authorizing any omission or alteration of code requirements. Permits remain valid until revoked or for the period specified on the permit. A fire permit must be obtained from the fire official, with the necessary fees paid for the designated uses and activities.



Permit Description	Fee (\$)
Abandoned storage tanks and underground storage tanks not in use for more than ninety (90) days, per tank	75
Aviation facilities for group H or group S occupancy for aircraft servicing or repair and aircrafts fuel-servicing vehicles	75
Carnivals and fairs	75
Combustible dust-producing operations	75
Combustible fibers storage and handling in quantities greater than one hundred (100) cubic feet	75
Cutting and welding	75
Demolition	75
Dry cleaning plants for dry cleaning or to change to a more hazardous cleaning solvent used in existing dry-cleaning equipment	75
Explosives or explosive material manufacturing, storage, handling, sale, or use in any quantity	75
Fruit and crop ripening	75
Fumigation and thermal insecticidal fogging	75
Hazardous materials storage, transport, dispensing, or handling	75
Hazardous production materials storage	75
High-piled storage exceeding five hundred (500) square feet	75
Hot work operations for cutting, welding, brazing, soldering, grinding, thermal spaying [spraying], thawing pipe, installation of torch-applied roof systems or other similar operations	75
Indoor fireworks or pyrotechnic display per event	75
Industrial ovens	75
Liquid- or gas-fueled vehicles or equipment storage in building	75
Miscellaneous combustible storage for storage in any building or upon any premises in excess of two thousand five hundred (2,500) cubic feet gross volume of combustible empty packing cases, boxes, barrels or similar containers, rubber tires, rubber, cork or similar combustible	75
Outdoor fireworks display per day of display	100
Places of assembly including, but not limited to, movie theaters, theaters, restaurants, night clubs, bowling alleys, gyms, skating rinks, swimming pools, bleachers and grandstands	75
Repair garages and service stations for automotive, marine and fleet service stations	75
Spraying or dipping of flammable or combustible liquids or application of combustible powders	75
Temporary membrane structures or tents over two hundred (200) square feet	75
Tire rebuilding plants	75
Waste handling facilities, including wrecking yards and junk yards	75

False Alarm Fees

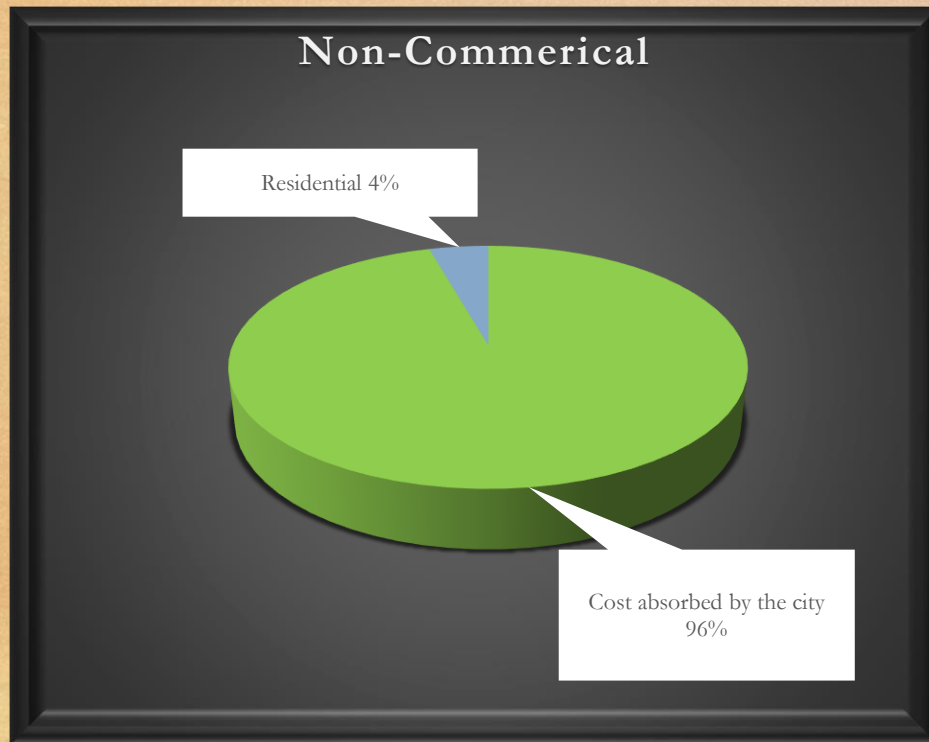
Norfolk City Council adopted Article VI.- Fire False Alarms Section 17.1-65 on July 1, 2018, to enhance public safety and reduce the unnecessary expenditure of public resources when public safety agencies respond to false alarms. The ordinances are also designed to regulate the use and operation of residential and commercial fire alarms. The fire chief or his designee shall bill each user responsible for the false alarm with the appropriate service fee. All such fees shall be paid within 30 days of billing.



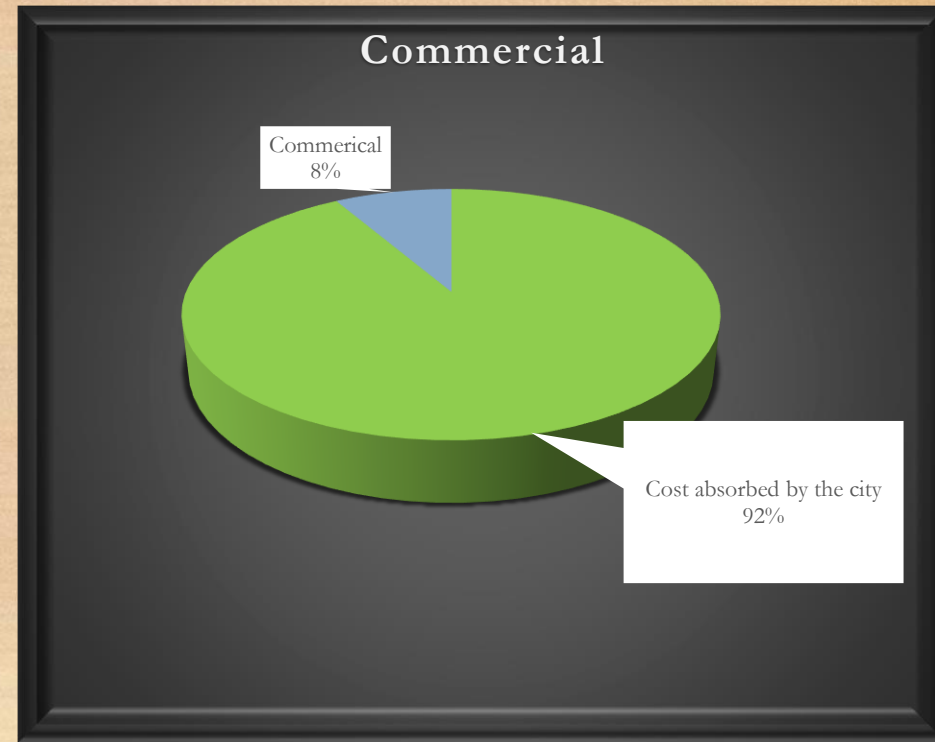
Per FMO, the City of Norfolk incurs a minimum cost of \$541.57 each time the fire department is dispatched for a false alarm

False Alarm Fees

- For a *non-commercial unit*, each false alarm, after three false alarms in a 6-month period, originating from the same location, shall be assessed a service fee of \$75 per incident.



- For a *commercial unit*, each false alarm, after three false alarms in a 6-month period, originating from the same location, shall be assessed a service fee of \$150 per incident



False Alarms

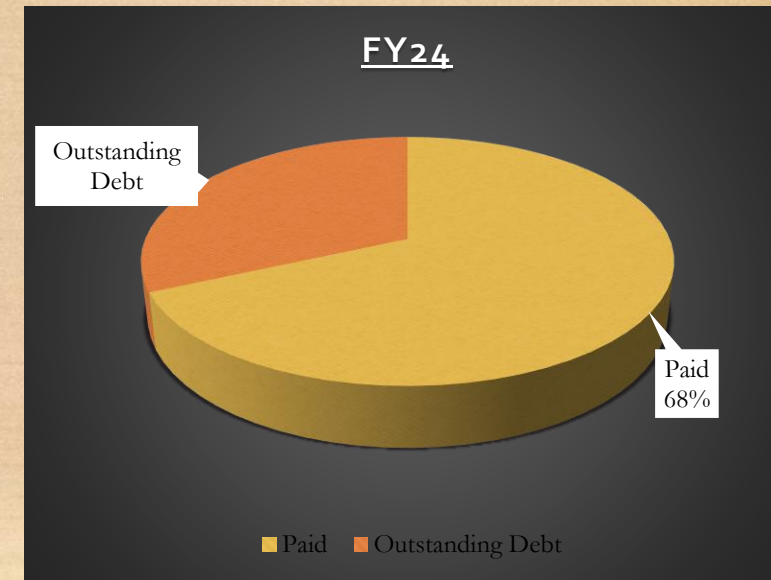
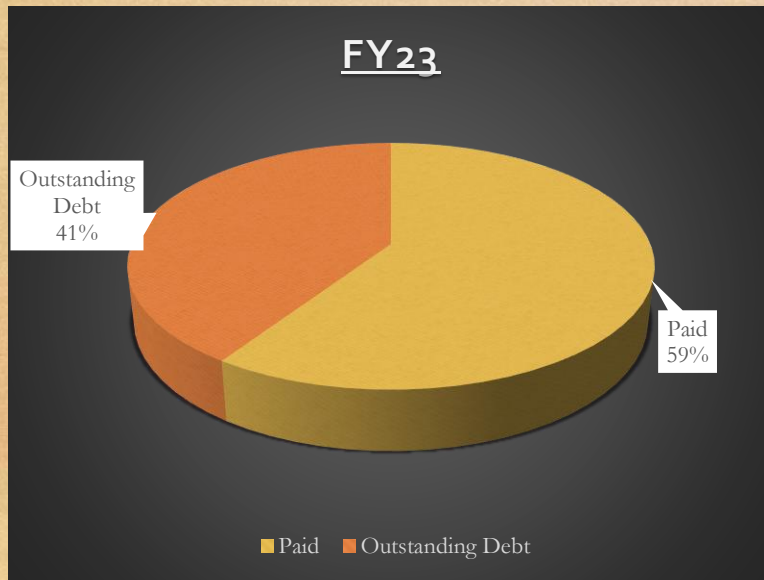
FY23

- ❑ Total Billed - \$43,800
- ❑ Amount Paid – 28,950
- ❑ Transferred to collection - \$19,825
(Including collection fees)

The City billed
the following for
FY23 and FY24

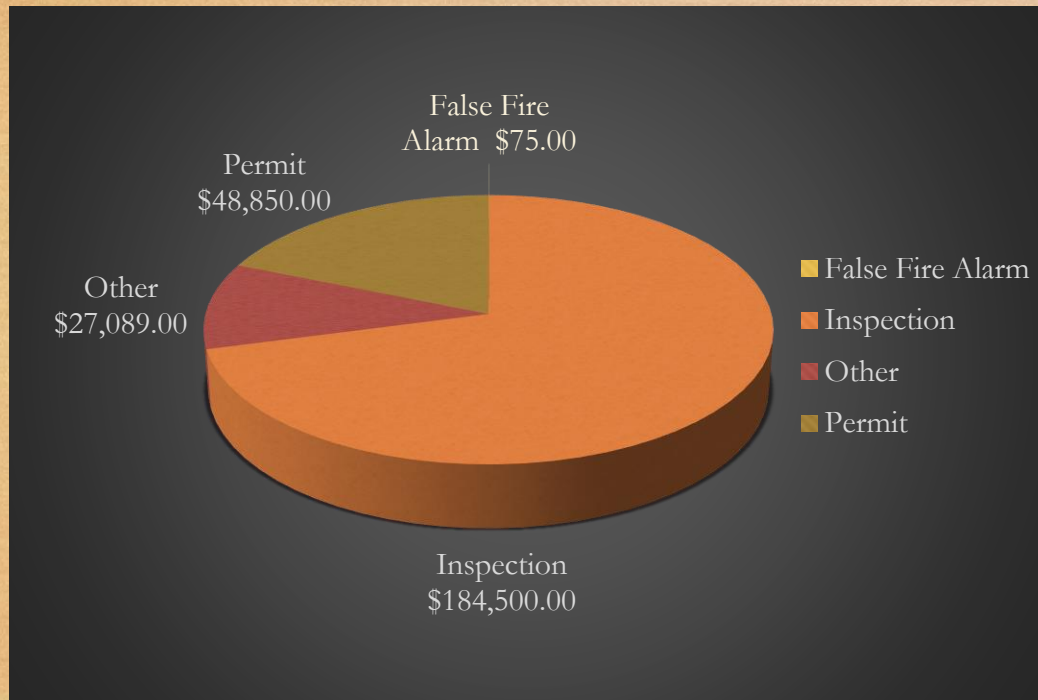
FY24

- ❑ Total Billed – \$60,150
- ❑ Amount Paid - \$44,900
- ❑ Transferred to collection – \$20,875
(Including collection fees)



Write-offs from 2011-2022

On August 22, 2023, the Fire Chief issued a memorandum, signed by the Director of Finance, to write off \$270,319 from the old Firehouse-Fire-Rescue system and \$243,213 from the CSS-Finance Collection System. However, the actual total amount for the Firehouse system was \$260,514.



<u>Bill Type</u>	<u>Sum of Bill Sum</u>	<u>Count of Bill Type</u>
False Fire Alarm	\$ 75.00	1
Inspection	\$ 184,500.00	2821
Other	\$ 27,089.00	578
Permit	\$ 48,850.00	721
Grand Total	\$ 260,514.00	4121

Note:

- Write off from 2011-2020 include companies' fees that deemed uncollectable from government agencies and active and closed businesses.
- Write off from 2020-2022 occurred due to a challenge with the conversion from Fire House System to EPR Fireworks.

Audit Observation

- City Code § 16-33

Authority and Responsibility:

Based on the City Code Section 16-33, the Director of Finance, as delegated by the City manager, has sole authority to write off accounts. The director of Finance will determine whether any write-offs require the approval of City Council. Please note that even though an account may be written off the City's financial records, if it is a valid debt owed, the City can always collect on it.

- Code 1958, § 19-6.9

Charging off uncollectible warrants:

The city manager is hereby authorized to direct the director of finance to charge off his books of account, from time to time, such outstanding and delinquent warrants for collections as may be found to be uncollectible.

- **Virginia Statute of Limitations (VA § 8.3A-118):**

The City can pursue collection on debts up to six years after the due date.

- Based on Virginia Statute of Limitations, we propose Finance should continue efforts to collect outstanding debts from 2019-2022, totaling \$192,539, which remain within the allowable collection period.

Message from Battalion Chief Langley:



“When the audit was initiated, I had recently been appointed as Fire Marshal. Since then, I have made several adjustments and gained a deeper understanding of the operations and procedures of the Fire Marshal's Office. I also learned about various roadblocks and hurdles that the office faces, which contribute to some of the deficiencies. Through our conversations and evaluations of our practices, we have implemented several changes to improve our operations. I've been engaged in ongoing discussions with the Fire Chief about enhancing the efficiency of the Fire Marshal's Office. These are the significant items we've worked on since the audit began, and I'm excited to say there are more improvements in the pipeline.”

Sincerely,

Chief Langley



- The primary job function of the Fire Marshal's Office (FMO) is to investigate fires. Inspections and verification of businesses operating without permits are scheduled as time permits.

1 - Staffing and Administrative Constraints

- **Employee Shortages:** Ongoing shortage since 2020, especially part-time Fire Marshal employees. This impacts the number of inspections and permits the department can complete.
- **Administrative Support:** Reliance on a single administrative assistant critical for scheduling, billing and coordination, with no backup available, posing operational risks.

3 - Interdepartmental Coordination and Compliance

- **Coordination Gaps:** Disconnect between FMO, City of Norfolk Commissioner of the Revenue, and Zoning departments.
- **Compliance Recommendation:** Proposal for a unified system to ensure businesses with outstanding fees cannot open new locations until fully compliant.

2- Inspection and Scheduling Challenges

- **Emergency Disruptions:** Frequent rescheduling of inspections due to emergency incidents.
- **Cost Implications:** Financial and logistical strain caused by balancing routine inspections with emergency needs.

4 - Operational Equipment and Software Limitations

- **Field Equipment Challenges:** Issues with heavy, bulky equipment impacting fieldwork.
- **Software Limitations:** EPR software's inability to meet FMO needs; need for improved, streamlined software.

Findings

- EPR System Capabilities
- Permits
- SOPs
- Collection Process
- Utilizing of the Systems Design
- Collection of Unpaid Debt

EPR Fireworks Billing System Overview



The EPR Fireworks system, a crucial tool used by the Fire Marshal's Office (FMO), is responsible for billing Norfolk businesses and residents for inspections, permits, and false alarms. July 2022 marked a significant transition in our billing process, as we replaced the previous Fire House system with the more advanced EPR system. Our team conducted a comprehensive review of EPR billing reports, ensuring the accuracy of our findings. In FY22 we identified 32 issues out of 73 samples and FY23 we identified 94 issues out of 77 samples. We are confident in the results we have obtained.

- EPR Fireworks Billing System Samples

FY22 – 32 Issues Identified



☐ Incorrect inspection charge for one business

☐ One check is missing a signature.

☐ 30 late deposits (expected within 1-3 days, including weekends).

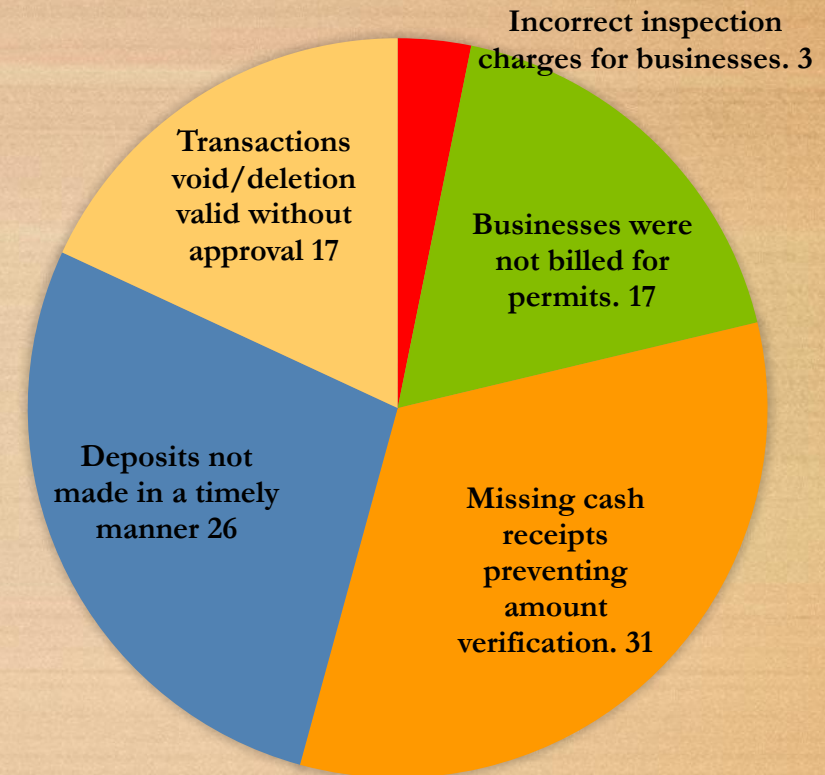
• EPR Fireworks Billing System Samples

FY 23 had a total of 8,991 transactions and we randomly selected 77 samples to review.

FY23 – 94 Issues Identified



- ☐ Incorrect inspection charges for businesses.
- ☐ Businesses were not billed for permits.
- ☐ Deposits not made in a timely manner.
- ☐ Transactions void/deletion valid without approval.
- ☐ Missing cash receipts preventing amount verification.



EPR System Capabilities

Condition

- The Fire Marshals Office does not utilize EPR capabilities manage billing and inspection scheduling to ensure operational efficiency and effectiveness.
 - Billing: data input is not reconciled or reviewed for accuracy to ensure an effective fee management process
 - Scheduling: a date and time for inspections are not entered when a customer schedules inspection.

Recommendation

- Utilize the EPR system to improve inspection fee management and scheduling and tracking inspection.
- Establish policies and procedures to guide the fee management and inspection process and strengthen internal controls.
 - Enhancing this process will increase customer satisfaction and boost revenue for the City of Norfolk.

EPR System Capabilities

Management's Response

- The recommendations from the audit note a few of the deficiencies that we have also recognized in the functionality of EPR. Since then, we have collectively addressed several of these issues. It appears that enhancements to EPR as well as the establishment of policies and procedures is a work in progress. The incorporation of the new software is somewhat of a challenge but, we are working through the growing pains. In addition to your suggestions, we have incorporated regularly scheduled meetings with EPR, finance, information technology specialist and the Fire Marshals Office to ensure we are monitoring the collection process effectively. We have also reconfigured the inspection process to a paperless format. Our office has also developed a rough draft of procedures for the collection process, and we have recognized a need for additional personnel that are proficient in the operation of EPR as a backup for data entry. We appreciate your thoroughness and your efforts to assist us with improving our processes.

Management's Corrective Action

- A policy for collecting and entering payments into EPR has been created.

Permits

Condition

- Businesses did not respond to their permit annual renewal for the storage of hazardous materials and other permitting requirements. Specifically, our audit analysis identified 51 unpaid (not processed) annual permits.

Recommendation

- Leverage the EPR system to input, monitor, and track permits. Proactive permit management will reduce risks and improve operational efficiency.

Permits

Management's Response

- FMO is committed to ongoing collaboration with EPR administrators and developers to enhance the program's capabilities for scheduling inspections and issuing permits. While significant improvements have been made based on FMO's recommendations, challenges remain. This continued collaboration reassures us of our commitment to improving functionality and usability.
- Clarification is needed on which businesses require permits, as the process varies by business type and associated risks. For example, an ice cream shop, a restaurant, and an auto repair shop have different inspection and permit needs. Restaurants and repair shops may require permits for cooking or handling hazardous materials, while other businesses may not.
- FMO is not always notified of new businesses. Owners may acquire business licenses, lease properties, and begin operations without FMO's knowledge. Business turnover can also occur without notification; new ownership is often discovered only during inspections.
- Permit fee data may be inaccurate due to migration issues from the previous system (Firehouse). The two systems did not integrate well, leading to possible duplicate entries, closed businesses, and some businesses listed that do not require permits, which may affect the permit fees not collected.

Management's Corrective Action

- Recently, Chief Langley participated in a demonstration of an updated computer software program that provides innovative solutions for similar departments nationwide. They were immediately impressed by the system's operational features and functions, which not only cover all current capabilities provided by EPR Fireworks but also offer additional enhancements. This software is specifically designed for fire marshal offices, enabling seamless inspections, efficient scheduling of future inspections, effective follow-ups on violations, and a convenient option for business owners to pay for inspections and permits in a single visit. Many of the issues currently encountered with EPR appear to be resolved in this new system, as previous bugs were addressed during development. Although the EPR contract extends for another two years, future planning will include consideration of alternative products to streamline departmental processes more effectively.

SOPs

Condition

- The Fire Marshal's Office (FMO) does not have Standard Operating Procedures (SOPs) for the revenue collection process for inspections, permits, and false alarms.
- Cash payments are accepted without issuing receipts, raising accountability concerns.
- Credit card payments often lack clear identification, and checks are improperly filled out or missing signatures.
- There is no succession planning or processes for continuous operations without key personnel.

Recommendation

- Develop and implement policies and procedures with robust internal controls for revenue collection for inspections, permits, and false alarms.

SOPs

Management's Response

- Since 2022, the FMO has undergone significant changes, including staff reorganization and the adoption of new software. Transitioning from the previous system (Fire House) to the current system (EPR) presented challenges, including duplicated and missing account data. Additionally, new staff members have been adjusting to updated processes.
- The audit identified an instance of a missing or unaccounted-for receipt, prompting the FMO to enhance documentation and accountability. The FMO affirms that all payments are documented, and receipts are issued for every transaction.
- Recognizing the need for clear SOPs, the FMO has updated the EPR to document each business name, property number, and payment type for every transaction. Cash payments are no longer accepted, and checks are now thoroughly inspected for proper signatures upon receipt.
- Quality control measures now include the administrative assistant's daily payment summary submitted to FMO supervisors and a weekly review to catch data entry errors. Additional staffing is recognized as necessary to manage the workload of payments and billing. The FMO hopes this audit will support the request for additional personnel.

Management's Corrective Action

- Cash payments are no longer accepted.
- Payment processes have been streamlined, allowing businesses to pay conveniently via QR codes.

Collection Process

Condition

- The Fire Marshal's Office (FMO) lacks a protocol for handling bills over 90 days past due.
 - Payments are accepted from customers referred to collections, creating potential duplication of efforts and customer confusion.
- There is no policy that requires timely collection of fees, resulting in significant outstanding balances.

Recommendation

- Develop comprehensive written policies and procedures for managing accounts receivables and collection efforts.
- Discontinue collection efforts on unpaid accounts over 90 days and transfer them to Finance for collection.
- Use the EPR system to effectively monitor inspection requests, permits, and fee collections.

Collection Process

Management's Response

- The FMO acknowledges the need for structured policies and procedures similar to those in the Operations and Administrative divisions. Several draft policies are currently under review, and they will be implemented soon.
- Before the audit, the FMO initiated discussions with Finance to clarify procedures for handling overdue payments. A stakeholder group now meets regularly to ensure consistent payment handling and to transfer accounts to Finance after 90 days.
- The FMO is implementing measures to follow up with businesses and customers to encourage payment of permit and inspection fees before reaching the 90-day deadline.
- The QR code payment system in EPR has experienced issues, which are being addressed by the EPR production team. Multiple work orders are in place to improve system effectiveness and streamline the customer experience. Daily communication with EPR support is ongoing, although challenges persist with the software.

Management's Corrective Action

- The administrative assistant attends daily staff meetings to share relevant information.
- A policy has been established for collecting and entering payments into the EPR system.

Utilizing of the Systems Design

Condition

- FMO does not effectively use the EPR Fireworks operating system to monitor and track inspections or permits.

Recommendation

- It is recommended that the FMO collaborate with the City's IT department or the EPR system vendor to obtain proper training on the system's capabilities.
 - By doing so, the FMO can establish processes to leverage these capabilities for monitoring and tracking inspections fully, leading to more efficient operations and improved service to businesses.

Utilizing of Systems Design

Management's Response

- The FMO fully agrees with this recommendation. We have created a group of stakeholders that collaborate regularly to address the over functionality of the program. The group is comprised of the city information technology department, developers with EPR, NFR corporate communications, City of Norfolk finance department and the FMO. This partnership has proven to be an effective means to implement change and we plan to continue.

Management's Corrective Action

- We have maintained regular communication with EPR developers, IT support, and FMO staff to ensure ongoing software functionality enhancement. This commitment to continuous improvement is a key part of our strategy to enhance the efficiency of the FMO's inspection and permit tracking system.
- We have updated online information and forms as part of our ongoing efforts to improve customer access to permit applications. These updates include [specific examples of updates], which we believe will significantly enhance the user experience and streamline the application process.

Utilizing of Systems Design

Management's Corrective Action

- Recently, Chief Langley had the opportunity to participate in a demonstration of updated computer software designed to provide innovative solutions for similar departments nationwide. Chief Langley was immediately intrigued by the system's operational features and functions, which not only encompass all the capabilities of the current EPR Fireworks system but also offer additional enhancements. The software is specifically designed to support fire marshal offices by facilitating intuitive inspections, scheduling future inspections, following up on violations, and enabling business owners to pay for inspections and permits in full during a single visit. This new software presents a promising future for our department, with its potential to revolutionize our operations.
- Notably, many of the issues currently experienced with EPR have been resolved in this system, as its developers addressed these challenges during the design process. However, the department's contract with EPR remains in effect for another two years. Chief Langley, in his proactive approach, plans to explore alternative products to streamline processes and improve efficiency, ensuring that we are always striving for the best solutions for our department.

Collection of Unpaid Debt

Condition

- The Fire Marshal's Office (FMO) plays a critical role in handling responses to actual and potential fire alarms, safeguarding both businesses and residents. The FMO allows up to three false alarms per address before issuing a fee, promoting both safety and accountability. However, the FMO reported to the auditor's office that they were unable to collect payments on multiple accounts from 2011 to 2022.

Recommendation

- It is recommended that the FMO establish Standard Operating Procedures (SOPs) for collecting and monitoring current accounts.
- Additionally, the FMO should work closely with the Finance Department to develop SOPs specifically for collecting overdue payments.
 - This partnership is essential to support the FMO's costs recovery.

Collection of Unpaid Debt

Management's Response

- The FMO has been working on the development of policy to enhance our ability to collect payments more efficiently. Currently, we attempt to collect three times (once a month) during the 90-day time frame from the time the bill is generated. We have implemented a follow up process with the inspectors that will enable us to better track businesses that have not submitted payment. Finance automatically takes over the collection process once the account is past due 90 days. At that time the Fire Marshals Office is no longer responsible for seeking payment. The goal is to collect prior to the account going into delinquency. Unfortunately, we have no way to enforce the process of payment by the business. The system still allows the business to operate.

Management's Corrective Action

- A policy has been established for the collection and entry of payments into the EPR system.

Methodology

Reviewed AFMS Reports (FY22 & FY23):

Assessed annual Fire Marshal Services financial reports for FY22 and FY23 to evaluate performance metrics, compliance, and financial data.



Checked Billing Reports (EPR):

Reviewed billing data from the Enterprise Resource Planning (EPR) system to verify accuracy, revenue collection, and outstanding balances.



Reviewed Virginia Fire Marshal Laws:

Reviewed critical sections of the Code of Virginia Chapter 3 and the 2021 Virginia Statewide Fire Prevention Code to ensure adherence to state guidelines.



Reviewed VA Fire Prevention Code:

Checked state rules for fire permits and fees to confirm compliance.



Reviewed City Fire Rescue Ordinance 39-47:

Verified compliance with the local fire rescue guidelines for inspections and false alarms.



Randomly Selected Review:

Randomly selected inspections, permits, and false alarms to ensure compliance with city and state regulations.



Billing & Revenue Process Reviewed:

Examined billing processing, revenue collection, and debt management to ensure adherence to internal controls and procedures.

Governmental Auditing Standards

Compliance w/ GAGAS

- We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Data Reliability

- We relied on data from the AFMS (Advantage Financial Management System) system for accuracy when conducting this audit. The extent of our evaluation was dependent upon the expected importance of the data to the final report, the strengths or weaknesses of any corroborating evidence, and the anticipated level of risk in using the data. We determined the information provided to be reliable and, therefore, the level of risk from using this information to be high.

Internal controls

- We obtained an understanding of significant internal controls within the context of the audit objective. We assessed whether internal controls were properly designed and implemented and performed procedures to obtain enough evidence to support the effectiveness of those controls. The extent of our assessment was dependent on the Fire Marshal Office internal processes and compliance with state and Local regulations. Our results indicated some opportunities for improvements, but none of the deficiencies are considered material weaknesses.

*Thank you to the Fire Marshal Office for your
cooperativeness and timely responses.*



Please contact
Tammie.Dantzler@norfolk.gov

or

757-409-2518 for any questions