



AUDITOR GENERAL

WILLIAM O. MONROE, CPA



DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

ELEVATOR SAFETY INSPECTIONS

Operational Audit

SUMMARY

This operational audit, for the period July 2003 through February 2005, and selected actions taken through May 1, 2005, focused on Department procedures and practices for the regulation of elevators. We found that the Department has implemented a Web-based licensing system and, pursuant to legislative direction, has made significant changes in its regulatory approach. The Department's efforts in implementing these changes in operating approach were noteworthy. However, significant improvements were needed in various aspects of the Department's elevator safety regulatory program:

Finding No. 1: The Department has adopted policies and procedures, including a manual entitled *Inspection Oversight and Contract Monitoring Procedures*. However, our audit tests disclosed that the procedures and their application were in need of improvement.

Finding No. 2: The Department's Certified Elevator Inspector licensure records did not always contain evidence that all licensure requirements had been met.

Finding No. 3: Various audit tests and analyses conducted during this audit disclosed significant data reliability and processing issues.

Finding No. 4: The Department did not timely monitor local governments with delegated regulatory authority, nor had it established a related on-site monitoring methodology, including analysis and follow-up processes.

Finding No. 5: It did not appear that the Department collected all elevator accident reports, and the accident reports that were received were

often late and incomplete. Additionally, the Department did not analyze the accident reports that were received.

BACKGROUND

The express purpose of the Elevator Safety Act¹ is to protect employees and the public from injury and unsafe conditions that may involve elevators.² The Act governs the inspection and regulation of elevators and enforcement of Florida Building Code provisions relating to elevators. Pursuant to Florida law, the Department of Business and Professional Regulation, Division of Hotels and Restaurants (Division), is empowered to carry out and enforce the provisions of the Act. The approximate number of elevators regulated by the Division as of February 2005 totaled 42,000.

The Division's major responsibilities for elevator regulation may be summarized as follows:

- The licensure of certified elevator inspectors.
- The provision of oversight to ensure the quality of the elevator safety inspections obtained by elevator owners.
- The receipt and review of elevator inspection reports.
- The issuance of annual elevator certificates of operation.

¹ Chapter 399, Florida Statutes.

² Section 399.01(6), Florida Statutes, defines an elevator as one of the following mechanical devices: a hoisting and lowering mechanism, equipped with a car; an escalator; a dumbwaiter; a moving walk; an inclined stairway lift; or an inclined or vertical wheelchair lift used to overcome architectural barriers.

- The receipt, review, and analysis of elevator accident reports.
- The maintenance, through Florida Administrative Code (FAC) Rule, of the State's elevator safety code.
- The issuance of permits to erect, move, or alter elevators and temporarily operate them.
- The registration of companies that employ persons working on elevators.
- The issuance of certificates of elevator competency to persons who work for registered elevator companies, meet statutory qualifications, and pass a Division-approved test.

The State's Elevator Safety Program is primarily funded by certificate and permit fees authorized by law and established in FAC Rule. Fees associated with annual elevator certificates of operation vary based on the number of landings and whether a service maintenance contract is in force. As the number of landings increases so do the fees, while the existence of a maintenance contract reduces the fees. It is the responsibility of the elevator owner to pay the certificate fee by the required deadline, and a \$50 late payment fee is required for annual renewal applications for certificates of operation filed with the Division after August 1. The Department may, pursuant to Chapter 399, Florida Statutes, pursue the collection of administrative fines of amounts up to \$1,000, should particular provisions of law be violated.

For the 20-month period ending February 28, 2005, Department records show the collection of \$4.8 million in Program revenues. The Program was staffed with 10 authorized and 9 filled positions as of February 2005. Six of the 9 filled positions were certified elevator inspectors.

Florida law also authorizes the Division to enter into contracts with local governments and, through the contracts, delegate specific aspects of the Division's statutory authority to regulate elevators.³ The Division has entered into such contracts with five local governments. The approximate number of elevators

regulated by these governments totaled 22,100 as of February 2005.

FINDINGS AND RECOMMENDATIONS

In recent years, the Department has established a Web-based licensing system; implemented an application and certification process for elevator workers, elevator companies, and elevator inspectors; and specified elevator inspection requirements and an inspection report notification and documentation process. These activities represent significant changes in the Department's regulatory approach and related records systems, and the Department's efforts in implementing these changes were noteworthy. However, as described in succeeding paragraphs, significant improvements were needed in various aspects of the Department's elevator safety regulatory program.

Finding No. 1: Inspection Oversight

As of July 1, 2000, the Department became no longer responsible for conducting safety inspections of elevators. Subsequently, each elevator owner became responsible for obtaining an annual inspection performed by an individual licensed by the Department as a certified elevator inspector. In addition to the responsibility for obtaining an inspection by an appropriately licensed person, the owners remained responsible for other aspects of safe elevator operation as prescribed by law and rule, including proper elevator maintenance and correction of code deficiencies disclosed by inspections. Under such a program design, and in recognition of the Department's statutory responsibility for enforcing the provisions of the State's Elevator Safety Act, the Department should have in place policies and procedures that reasonably ensure owner compliance and inspector competence.

The Department has adopted policies and procedures, including a manual entitled *Inspection Oversight and Contract Monitoring Procedures*. However, our audit tests

³ Section 399.13, Florida Statutes.

disclosed that the procedures and their application were in need of improvement. Specifically:

- To measure the quality of the inspections obtained by elevator owners, Department procedures required that the Department select for a sample of certified elevator inspectors a sample of inspection reports recently submitted to the Department. For each selected inspector, the Department was to verify the inspector’s credentials, and for each of the selected inspector’s sampled inspections, the Department was to review the related inspection documentation for completeness, re-perform the inspection, compare the Department’s inspection findings to those of the inspector, and resolve any differences between the Department’s inspection and that of the private inspector.

Department procedures did not require documentation showing the process used to identify the inspectors and the inspections selected for review and re-performance; evidence, such as a control list, showing that all of the selected inspections had been reviewed and re-performed; documentation showing the final dispositions of all substantive differences between the selected inspection reports and the Department’s inspection re-performance findings; or documentation of final overall conclusions as to the quality of each selected inspector’s work. Absent documentation, the Department lacks a means for readily demonstrating the extent to which inspector performance has been reviewed.

- In Department records, elevators are placed into a delinquent status if, by the annual renewal date of August 1, the annual certificate of operation fee has not been received, the elevator has not passed the annual safety inspection, or neither has occurred. Written policies and procedures did not require that Department inspectors observe elevators shown by Department records to have been in delinquent status for extended periods, although we were advised that Department inspectors did on occasion select for inspection elevators shown in delinquent status.

As shown by Table 1, below, as of March 8, 2005, Department records indicated that

5,211 (or approximately 12 percent) of the 42,000 elevators licensed by the Department were in delinquent status. Of these elevators, 2,570 had been in delinquent status for more than two years. Observation of the elevators in delinquent status may allow the Department to identify and remove from operation potentially unsafe elevators and identify instances in which Department records should be adjusted to reflect elevators that are no longer in service.

As part of our audit, we physically observed 32 elevators classified as delinquent. We found that all of these elevators were still in operation as of the dates of our observations, occurring during March 2005. Of these 32 elevators, 18 were classified as delinquent, at least in part, because a passing safety inspection had not been submitted to the Department. Eleven of these 18 elevators had been in delinquent status since August 1, 2003.

**Table 1
Elevators in Delinquent Status
As of March 8, 2005**

	Expiration Date	No. of Elevators
Delinquent Status Since	July 31, 2001	31
	July 31, 2002	1,319
	July 31, 2003	1,220
	July 31, 2004	2,641
Total		5,211

- Department records indicated that as of March 8, 2005, sealed elevators totaled approximately 1,100. Elevators may be sealed by the Department to prevent the operation of unlicensed or unsafe elevators. Department written procedures did not require the periodic observation of elevators previously sealed. Absent such procedures, the Department lacks a reliable means for detecting instances in which owners may have placed unlicensed or unsafe elevators back into operation. We did note that, late in calendar year 2004, the Department initiated a project involving the observation of sealed elevators.
- Upon receipt of an inspection report containing code violations, the elevator owner is responsible for taking timely action to correct the potentially unsafe conditions.

Following resolution of the violations, it is then the owner’s responsibility to provide evidence that the problem or problems have been resolved. Our review of the Division’s follow-up on inspection reports showing code violations disclosed:

- Rather than requiring an inspector to verify that the problem had been corrected, the Department required only that a letter from the owner or the service maintenance company be provided representing that the code violations were eliminated. Absent an inspector’s verification of the resolution of at least the more dangerous code violations, the Department has less assurance that the code violations were properly addressed.
 - Violations were not timely resolved by owners, and the Department did not timely follow up. For example, our audit tests disclosed that, in 86 of 109 instances, the time elapsed between the date of the inspection showing code violations and the date of the letter representing that problems had been resolved exceeded 90 days. The failure to timely resolve code violations may subject the public to potentially unsafe elevators.
- Some elevators serving only two landings are exempt from annual inspection requirements if the elevators are covered by service maintenance contracts. The Department has not established a monitoring methodology to ensure, over a reasonable period of time, code compliance for these elevators. Such procedures may include periodic on-site inspections to observe machine room maintenance records.

In the absence of a fully developed, implemented, and adequately documented oversight process, Department management has less assurance that private sector certified elevator inspector conclusions were appropriate and that owners are operating safe and appropriately maintained equipment.

Recommendation: We recommend that the Department amend its written policies and procedures to require:

- Preparation and maintenance of documentation summarizing the details of

its inspection oversight efforts and reporting the Department’s overall conclusions as to the quality of each monitored inspector’s work.

- Periodic reviews of elevators in delinquent or sealed status.
- Inspector verification of owner resolution of significant code violations.
- Department follow-up in the event that the resolution of code violations is not timely reported.
- For elevators exempt from annual safety inspections, periodic reviews of machine room maintenance records.

Finding No. 2: Certified Elevator Inspectors

Section 399.061(1), Florida Statutes, requires that elevator inspections be performed by certified elevator inspectors (CEI). To be licensed by the Department as a CEI, Section 399.01(14), Florida Statutes, requires that an individual hold the qualified elevator inspector (QEI) credential of the American Society of Mechanical Engineers, annually register and provide proof that continuing education was completed, and have in force general liability insurance coverage of an appropriate amount set by the Division. The Department’s CEI licensure process should provide assurance that those licensed to perform elevator inspections are qualified to do so and properly indemnified. As of March 14, 2005, Department records indicated that there were a total of 281 licensed CEIs.

To determine the extent to which Department procedures reasonably ensured that only qualified individuals were licensed, we reviewed the related procedures and tested the licensure records of 43 inspectors. Our tests disclosed:

- In four instances, the records did not contain evidence of QEI credentials.
- In eight instances, the records did not contain documentation of current insurance coverage at the time of licensure application.

- As indicated above, Section 399.01(14), Florida Statutes, indicates that the Division is to establish the minimum amount of general liability insurance required. The Department had not specifically established liability insurance coverage limits for CEIs. Rule 61C-5.007, Florida Administrative Code, does prescribe liability coverage limits for registered elevator companies which employ many of the licensed CEIs; however, neither this Rule nor others address coverage requirements for CEIs who may be self-employed or who may be employed by entities other than registered elevator companies.

Absent the maintenance of documentation demonstrating the satisfaction of CEI licensure criteria, the Department cannot readily demonstrate of record that all those issued licenses had met the legal requirements for licensure.

Recommendation: The Department should strengthen its licensure procedures to ensure that documentation is maintained to demonstrate that those licensed as CEIs by the Department have met all relevant requirements. Additionally, the Department should amend its rules to clearly specify liability insurance coverage requirements for all CEIs.

Finding No. 3: Data Reliability

The Department's current approach to administering the Elevator Safety Act depends heavily on the reliability of data and the functional effectiveness of the Single Licensing System (SLS) and the surrounding processes. The Department utilizes data and reports generated by the SLS to identify, among other matters, the status of elevators (current, delinquent, sealed, etc.), the owners of the elevators, the results of the latest inspection, the inspector's identity, and the name of the service maintenance company. The Department also utilizes the system to process elevator certificate of operation renewals. As indicated under the BACKGROUND heading, elevator certificate of operation renewals are not to be issued until a passing safety inspection report is provided to the Department and the appropriate renewal fee is received by the Department. The SLS is utilized to

track these events and is relied upon in determining when certificates are to be issued.

Considering the importance of the SLS and its data to the effectiveness of elevator safety program administration, the data and related reports produced must be reliable and supported by information that allows verification of data accuracy and completeness. Our audit tests and analyses disclosed significant SLS data reliability and processing issues. Specifically:

- For 76 of 155 SLS elevator certificate records, inspection reports or compliance letters, as applicable, could not be located in support of the related SLS entries. The Department's inability to readily locate these records has been attributed by management to deficiencies in the Bureau of Elevator Safety's records management practices. We were advised that inspection records have now been organized and filed sequentially by date and that further efforts would be made to locate these documents.
- In 6 of 148 instances tested, we observed that the number of days between the date of inspection, as shown by the inspection report, and the date of SLS entry were substantial, ranging from 35 to 284 days.
- When licensee payments are received by the Department, the payments are initially recorded in the SLS in an account entitled unassigned cash. The Department then nightly utilizes automated means to transfer accounts from the unassigned cash account to the applicable licensee record. We found that the automated process does not transfer from unassigned cash all amounts and that a significant number of payments must be manually identified and moved to the applicable licensee's record. We also found that there was often a significant delay in executing the manual processes. As a consequence, included in the unassigned cash account may be certificate of operation renewal payments. To the extent that renewal payments remained in the unassigned cash account, elevator license records would not reflect the receipt of a payment, one of the two events required for the issuance of a renewal certificate.

- In 31 of 192 instances tested, we found that certificates of operation for the 2004-05 year had been issued for elevators that had not met the requirements for certificate issuance, those requirements being the submission of a passing inspection report and the payment of the annual fee. In 4 of these instances, a passing inspection report had been submitted, but the fee had not been recorded in the SLS; and in 27 instances, the fee had been paid and recorded in the SLS, but a passing inspection report had not been recorded. In explanation, Department management indicated that automated checklists and batch approval jobs had failed to work as intended. Department management indicated that corrective actions were taken for subsequent renewal years.
- Comparisons of service maintenance contract data included in SLS elevator license records to similar data included in other corroborating records disclosed a significant number of inconsistencies. For example, in 17 of 60 elevator accident reports reviewed, the name of the service maintenance company shown in the elevator license record did not match the information shown by the accident reports. Because of the impact that the existence of a service maintenance contract has on the fees charged and, for certain types of elevators serving only two adjacent floors, the safety inspections required, it is necessary that the Department maintain accurate records for each elevator relative to the existence of an in-force service maintenance contract.

Absent complete files and accurate data, the Department lacks a reliable basis upon which to base and support timely elevator licensure regulatory actions, such as the decision to issue to an owner a renewal certificate of operation.

Recommendation: We recommend that the Department continue to explore means by which all elevator source documents and fee payments may be timely and accurately recorded in the SLS. The Department should also continue to investigate the above-referenced SLS entries for which source documents could not be located.

Finding No. 4: Local Government Programs – Contract Monitoring

The Department manual, *Inspection Oversight and Contract Monitoring Procedures*, includes provisions addressing the monitoring of those local governments to which elevator safety responsibilities have been delegated. Our evaluation of the design and implementation of those procedures disclosed:

- The Department's procedures required that annual on-site monitoring of the local government be completed by the Department. However, our audit disclosed that there were no on-site monitoring visits, during the 20-month period ending February 28, 2005, to any of the five local governments to which regulatory responsibility had been delegated. The most recent on-site monitoring conducted by the Department was of the City of Miami Beach in June 2002.
- The Department had not established a reasonably detailed on-site monitoring methodology. The procedures indicate that the on-site monitoring should include a review of the contract, a review of a random selection of the local government contractor's documentation of the inspections conducted during the preceding six months, and field reviews of the same selection of elevators. The procedures require that major discrepancies be reported to the Department's Bureau Chief for further action. The procedures do not specifically require tests of the accuracy and completeness of contractor records, such as those used to track elevator licensure and inspection status, records of accident reports and investigations, and reports showing the regulatory actions performed. The procedures also do not require that a complete report on the monitoring be made a matter of record.
- Contracts require that the applicable local governments provide monthly activity reports. Department procedures did not require and Department staff did not review the activity reports to identify areas where follow-up inquiries were appropriate. Our tests of the reports disclosed several instances in which the data reported appeared unreasonable and

deserving of Department analysis to determine whether problems existed with respect to regulatory performance or merely with respect to record keeping and reporting functions. For example, one of the local governments reported an increase of only 6 elevators over a 20-month period, while another reported a decline of more than 100 elevators during a two-month period. Further, for one local government, Department records contained no evidence that activity reports had been received.

- The monthly activity reports are submitted in hard-copy, rather than an electronic format. The submission of reports in an electronic format would greatly enhance the Division’s ability to analyze the information provided. Further, the timely receipt and analysis of quarterly, rather than monthly, activity reports may provide to the Division sufficient information at a reduced administrative cost to both the Division and the local governments.

Absent monitoring of the local government contractors and their records, the Department has reduced assurance of contract compliance and effective enforcement of elevator safety regulations.

Recommendation: As required by its procedures, we recommend that the Department conduct annual on-site monitoring of the local governments. We also recommend that the procedures be revised to require the testing of the accuracy and completeness of pertinent local government records and the analysis of local government activity reports. The Department should also consider requiring quarterly, rather than monthly, activity reports and encourage the submission of reports in an electronic format.

Finding No. 5: Analysis of Accident Reports

Section 399.125, Florida Statutes, requires the certificate of operation holder to report any accident to the Division within five working days. Table 2, below, summarizes accidents reported by certificate of operation holders.

**Table 2
Analysis of Accident Reports
March 2002 - January 2005**

Lift Types	Number of Accidents	Percent of Total
Escalator	625	70.3
Hydraulic Passenger Elevator	114	12.8
Traction Passenger Elevator	91	10.2
Moving Walk	42	4.7
Hydraulic Freight Elevator	14	1.6
Traction Freight Elevator	2	0.2
Inclined & Vertical Wheelchair Lift	1	0.1
Dumbwaiter	1	0.1
	<u>890</u>	<u>100.0</u>

Source: DBPR Accident Files

Timely, accurate, and complete accident report data could be used by the Division to identify accident patterns or trends by, for example, equipment manufacturer, equipment type, facility type, service maintenance contractor, and facility location. Such information could then be used to develop strategies to reduce the risk of future accidents. Our review of the Department’s collection and use of accident reports disclosed:

- Based on our analysis of the number of accident reports on file, it did not appear that all accident reports were collected by the Department. For example, Division files show for the period March 2002 through January 2005, only 2 accidents were reported for Miami-Dade County, inclusive of all incorporated areas. In comparison, accidents reported for Broward County during the same period totaled 224.
- A test of the completeness and timeliness of 90 accident reports selected from Department files disclosed that the dates accident reports were received were not consistently tracked. However, in comparing the dates that were available to the dates of accidents, as shown by the accident reports, we found that the accident reports were often submitted late. We also found that required information, such as that describing the date of the most recent equipment tests and the type of test performed, was often omitted.
- The Division had not analyzed accident reports in an effort to identify patterns or

trends that may have required further investigation.

Recommendation: We recommend that the Department take actions to encourage the timely submission of complete accident reports. We also recommend that the Department analyze the accident report information received and implement strategies or regulatory actions to minimize the risk of accidents.

OBJECTIVES, SCOPE, AND METHODOLOGY

This operational audit focused on the procedures and practices of the Department of Business and Professional Regulation, Division of Hotels and Restaurants, related to the State's Elevator Safety Program. Our objectives were to:

- Determine the effectiveness of Department management controls related to the regulation of elevators.
- Determine whether the Department has an effective system for monitoring those local governments to which regulatory responsibility was delegated.
- Determine whether the Department has an effective system for monitoring SLS data and evaluating the impact of reported elevator accidents on the regulatory program as a whole.
- Determine the effectiveness of the Department's renewal process for elevator certificates of operation.
- Evaluate the Department's compliance with selected governing laws, administrative rules, and other guidelines.

In conducting our audit, we obtained an understanding of governing laws and rules. We also reviewed Department written and electronic guidance, interviewed Department personnel, performed tests of pertinent Department records, and conducted tests of effectiveness of relevant Department controls. Our audit included examinations of various transactions occurring during the period July 2003 through February 2005, and selected actions taken through May 1, 2005.

AUTHORITY

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



William O. Monroe, CPA

Auditor General

MANAGEMENT RESPONSE

In a letter dated December 23, 2005, the Secretary provided responses to our findings. The letter is included in its entirety at the end of this report as Appendix A.

To promote accountability in government and improvement in government operations, the Auditor General makes operational audits of selected programs, activities, and functions of State agencies. This operational audit was made in accordance with applicable *Government Auditing Standards* issued by the Comptroller General of the United States. This audit was conducted by Aaron Franz, CPA, and supervised by Frank Belt, CPA. Please address inquiries regarding this report to Don Hancock, CPA, Audit Manager, via e-mail at donhancock@aud.state.fl.us or by telephone at (850) 487-9037.

This report, as well as other audit reports prepared by the Auditor General, can be obtained on our Web site (<http://www.state.fl.us/audgen>); by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

APPENDIX A
MANAGEMENT RESPONSE



STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION



December 23, 2005

William O. Monroe
State of Florida Auditor General
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

Jeb Bush
Governor
Simone Marstiller
Secretary

Dear Mr. Monroe:

Office of the Secretary
1940 North Monroe Street
Tallahassee, FL
32399-0750

Please find enclosed the Department of Business and Professional Regulation's response to the State of Florida Auditor General's November 2005 draft report based on a review of this department's Division of Hotels & Restaurants, Bureau of Elevator Safety.

VOICE
850.413.0755

We have worked closely with your staff in providing information for your report, and offer the following additional information in response to the specific findings, conclusions and recommendations.

FAX
850.921.4094

EMAIL
Secretary@dbpr.state.fl.us

We appreciate the time and energy put forth by your staff and we look forward to reviewing the final report. We are confident that your efforts to improve the operations of state government will continue to assist us all in providing better and more efficient service. Please contact me at 413.0755 if you need further information or have additional questions.

INTERNET
www.MyFlorida.com/dbpr

Sincerely,

Simone Marstiller
Secretary

cc: Andy Edwards, Deputy Secretary
Geoff Luebke, Director, Division of Hotels & Restaurants

**APPENDIX A
MANAGEMENT RESPONSE (CONTINUED)**



STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

**Division of Hotels and Restaurants
Response to 2005 State of Florida Auditor General Operational Audit**

Finding 1 - Inspection Oversight

Improved inspection oversight activities are being implemented. The department initiated use of new inspection forms for all inspection and compliance activities, effective July 1, 2005, statewide. In addition, revised inspector policies and procedures are under development, along with a review of the department's Inspection Oversight and Contract Monitoring Procedures Manual, which began August 1, 2005.

For private inspections and for each local partner program, the department will maintain the following: a control list with documentation of the process used to identify the inspectors and inspections selected for review and re-inspection or re-performance; documented evidence of the selected inspections reviewed and re-performed; final disposition and findings of those selected inspection reports; oversight records as to the quality of each selected inspector's work; and comparison of the department's inspection findings to those of the private inspector to resolve substantive differences between the inspections.

The department is establishing a monitoring schedule using a risk-based methodology to most effectively allocate work to its six inspectors. Effective July 1, 2005, each inspector's complete activity is being entered into the department's single licensing system. Additional reporting method improvements have been initiated to monitor and analyze workload allocation and effectiveness. Consequently, the Inspector Daily Report has been reviewed and inspection and compliance activities reported have been revised to more completely reflect the activities performed. Effective August 1, 2005, revisions were undertaken to improve the reporting of accident information and regulated-professional violations; these were implemented October 1, 2005. To improve Inspector Daily Report data analysis, an inspector activity database has been established to evaluate ongoing staff effectiveness. The database was completed on August 15, 2005, and outcomes will be monitored on a monthly basis.

In order to receive a renewed Certificate of Operation, effective July 1, 2005, the department restricted proof-of-compliance to only clean inspection reports with no remaining violations. The proof-of-compliance must be properly submitted by a certified elevator inspector. The department also monitors code violation corrections for compliance and is implementing a notification system for items not timely corrected.

Finding 2 – Certified Elevator Inspectors

To ensure that each Certified Elevator Inspector (CEI) meets all statutory requirements prior to issuance of a certificate, including maintaining the required education and proper documentation, a review of all CEI records for proper retention requirements and file management was initiated in August 2005. Inspector hard copy files and credentials are also under review to ensure consistency with electronic records, and identify professional credential violations. Certified Elevator Technicians and Certified Elevator Inspectors attempting to submit work without valid credentials will be subject to administrative action. Additionally, each

APPENDIX A
MANAGEMENT RESPONSE (CONTINUED)

Registered Elevator Company hard copy file is being matched against electronic records for the same purpose. On July 20, 2005, the department initiated a process to provide warning letters for unlicensed activity to elevator owners, training providers, Registered Elevator Companies, Certified Elevator Technicians and Certified Elevator Inspectors.

Additionally, the department has improved processes to ensure that Permits to Install or Alter, as well as acceptance of inspection reports, are completed only for those with valid credentials. Registered Elevator Companies or other constructors engaged in unlicensed activity will receive a warning letter with a resolution deadline included and will be subject to administration action for failure to comply.

Promulgation of rules clarifying general liability insurance requirements for Certified Elevator Inspectors has been initiated. A draft amendment to Rule 61C-5.007, Florida Administrative Code, was approved by the department's Elevator Safety Technical Advisory Council during its December 2005 meeting. Effective August 1, 2005, improved department policies and procedures were implemented for general liability insurance and proof of coverage compliance. Verified proof of insurance is now integrated into the credential application process.

The department has also taken steps to improve communication and outreach to the regulated industry and local regulatory partner programs, increasing visibility and interaction. Issues such as code enforcement, testing, professional credentialing of licensed activities and inspection methodologies have been discussed at the department's Elevator Safety Technical Advisory Council and Local Partner Program meetings. Additionally, department elevator program management has increased activity and involvement with the National Association of Elevator Safety Authorities, a professional association of elevator inspectors and regulators. Initial local partner site visits (conducted at the City of Miami Beach, September 30 and December 14, 2005) and regular contact with the Elevator Association of Florida have resulted in enhanced communication and program improvements.

Finding 3 – Data Reliability

To improve data reliability, on August 5, 2005, the department initiated development of reconciliation methodology for its legacy paper-based and newer electronic record systems. This will improve record reliability, accuracy and retention management. Additionally, on September 1, 2005, the department began developing a monitoring process for its automated single licensing system queries, called extracts, to speed identification of uncorrected violations and other critical compliance data in the reporting system. In November 2005, development began for functionality that allows internet transmittal of private inspector reports direct from the source. Potential benefits include reduced department paper handling and storage, reduced department workload converting paper data into the single licensing system, and eliminating associated error potential. Also under development is increased owner data input to the single licensing system over the internet to support elevator permit processing, especially improving information updates ensuring department record accuracy. This effort also includes electronic communication and updates for permit applicants regarding current status.

Department procedures are being improved for compliance and enforcement of service maintenance contract requirements, specifically verification of validity and timely filing. This will rely on electronic means to the greatest extent possible, efficiently managing the information and associated workload. Procedures will focus on data input and follow-up contact related to short term contracts, especially those of durations less than one year, and from one to three years.

APPENDIX A
MANAGEMENT RESPONSE (CONTINUED)

Finding 4 – Local Government Program Contract Monitoring

The local program monitoring process, outlined in the department's Inspection Oversight and Contract Monitoring Procedures Manual, was reviewed with representatives of the department's five local program partners at the first of ongoing quarterly meetings on September 30, 2005. Performance expectations and contractual requirements consistent with statutory provisions were discussed. The quarterly meetings will continue, focusing on contract review, monitoring processes, performance objectives and outcomes, and building strong working partnerships and communication.

At the December 14, 2005, quarterly meeting, a detailed Monitoring Plan was presented to the local partner programs. On-site monitoring visits will include contract review, review of a random selection of each jurisdiction's inspection documentation for the preceding six months, and elevator field visits for the same record sample to ensure consistency and reconcile discrepancies, if any. Monitoring visits will also test for accuracy and completeness of local program records, such as elevator licensure and inspection status, accident reports and investigations, and enforcement activity reports. Twice per year, each local program will submit complete electronic data for all inspections conducted. The department will maintain complete reports of on-site monitoring visits in each jurisdiction's permanent file.

Improvements to local program reporting processes have also begun, including Monthly Contracted Activity Report revisions that will ensure uniform reporting from all local programs. Effort to transmit and receive these electronically is underway, facilitating improved review of the data to identify areas where follow-up inquiries may be indicated. Inconsistencies and anomalies that warrant a closer look will be analyzed to determine underlying causes, and more importantly, whether problems exist with respect to regulatory performance, record keeping and reporting functions.

A final draft of the revised monitoring procedures, including new expectations with contract objectives and outcomes will be completed shortly. Additionally, to best support and facilitate department local program monitoring, staff inspectors' workload and assignments are under review to ensure timely monitoring visits and activity.

Finding 5 – Analysis of Accident Reports

The department began revision of its Accident Report form on September 12, 2005. Discussions to improve the reporting process were conducted at meetings of the department's Elevator Safety Technical Advisory Council on September 29 and December 13, 2005 and also at Local Partner Program meetings on September 30, and December 14, 2005. Targeted revisions include enhanced utility of the report to ease data analysis and trending. Upon completion, department effort will focus on statewide outreach and communication to improve accident reporting compliance, especially timeliness of reports. Policy and procedure revisions are underway to educate owners/operators about their responsibility in this regard.