

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

**2018-001** The Department of Labor and Industries did not have controls in place to ensure annual inspections of elevators and related conveyances were performed, as required by state law.

### *Background*

There are more than 18,000 working conveyances (elevators, escalators, lifts, etc.) in Washington that require annual inspections by state law (RCW 70.87.120: (2)(a)). As well as those already in place, there are also new conveyances that require inspection before they can be used. Funding for inspectors, inspection costs, and training for the inspectors to maintain authority is supplied by Legislative appropriation. The Department of Labor and Industries administers the inspection program through its Elevator program. The Elevator program currently has 27 field inspectors. An inspector conducts an average of 15 and 20 inspections a week.

### *Description of Condition*

According to Department records, more than 9,500 conveyances are more than a year behind schedule for their required annual inspections, as shown in the table below:

<b>Years overdue</b>	<b>Number of conveyances</b>
2	2,996
3	2,232
4	1,649
5	1,278
10	1,365
More than 10	3

### *Cause of Condition*

The Department has not employed a sufficient number of inspectors to complete inspections as required.

### *Effect of Condition*

By not conducting timely inspections, the Department risks allowing unsafe conveyances to remain in operation. The use of unsafe or defective conveyances

increases the risk that employees or the public could suffer serious and preventable injury.

### ***Recommendation***

We recommend the Department employ enough inspectors to ensure all conveyances receive their required inspection and testing at least once each year.

### ***Agency's Response***

*The Department agrees with the recommendation provided by the State Auditor's office.*

*The department completed nearly 4,500 more inspections in fiscal year 2019 than in 2018. This is in part due to increasing the number of elevator inspector positions from 21 to the current 27 through funding provided during the 2013-2015 biennial budget. The department began recruitment for those additional positions during fiscal year 2014. But for several years it was difficult to fill inspector positions, largely due to salary levels that lagged far behind similar jobs in Seattle, Spokane and the industry as a whole. As part of our improvements in Phase 1, described in detail below, salary levels have increased for inspectors and available positions have been filled. The department is also currently exploring potential budget and/or policy proposals to improve timeliness of inspections. Finally, the increased number of inspections were conducted in areas of higher concentrations of conveyances requiring annual inspections both to use limited inspector resources efficiently and to focus efforts on areas of greatest ridership.*

*The Department has several efforts underway to improve the annual inspection process overall to meet its legislative inspection mandates. Many of these improvement efforts are based on the recommendations from a third-party study that was conducted in 2016, which collected information from program staff and stakeholders statewide. The recommendations are focused on increasing public safety by improving technology, increasing consistency in processes and procedures, standardizing work within the program, with a goal to expedite inspection procedures and improve customer service. The program is addressing those recommendations through a series of phases of improvement projects.*

- *Phase 1 of improvement projects is complete. These work streams focused on Legislative changes, business planning, developing standard work, updating forms, and recruitment and retention efforts. For example, in the previous biennium the Department actively pursued and achieved salary increases for Elevator inspectors to address the recruitment and retention concerns highlighted by the third-party study. These salary increases brought the inspectors to a competitive salary level with inspectors from local city inspection jurisdictions. Additionally, the development of standardized work for annual inspections has streamlined work processes*

*and reduced waste from the inspector's daily tasks. The program has also reviewed and updated its forms online and made parallel changes to technical briefs to provide to stakeholders.*

- *Currently Phase 2 of improvement projects is underway. The projects in this phase focus on a large-scale technology system rewrite and program-wide work standardization. The Department is building out the requirements for the new Conveyance Management System (CMS) which is the computer software system that the program currently uses for managing customer accounts, issuing invoices and permits, storing inspection and violation records, scheduling inspections, etc. The existing system is aging and failing, and cannot be modified to support program improvements. The program is also expanding its standardized work to cover all types of annual inspections, as well as other inspections (e.g., new installations), to increase inspection efficiency within the current capacity of the program. Both of these projects directly address recommendations from the third-party study.*

*As always the Department and program appreciates the Auditor's time and see this as a positive opportunity where the program can improve. We look forward to clearing this issue during the next audit.*

### ***Auditor's Remarks***

We thank the Department for its cooperation and assistance throughout the audit. We appreciate the steps the Department is taking to resolve this issue. We will review the condition during our next audit.

### ***Applicable Laws and Regulations***

RCW 70.87.120 – Inspectors—Inspections and reinspections—Suspension or revocation of permit—Order to discontinue use—Penalties—Investigation by department—Waiver of provisions during state of emergency.

- (1) The department shall appoint and employ inspectors, as may be necessary to carry out the provisions of this chapter, under the provisions of the rules adopted by the Washington personnel resources board in accordance with chapter 41.06 RCW.
- (2)(a) Except as provided in (b) of this subsection, the department shall cause all conveyances to be inspected and tested at least once each year. Inspectors have the right during reasonable hours to enter into and upon any building or premises in the discharge of their official duties, for the purpose of making any inspection or testing any conveyance contained thereon or therein. Inspections and tests shall conform with the rules adopted by the department. The department

shall inspect all installations before it issues any initial permit for operation. Permits shall not be issued until the fees required by this chapter have been paid.

(b)(i) Private residence conveyances operated exclusively for single-family use shall be inspected and tested only when required under RCW 70.87.100 or as necessary for the purposes of subsection (4) of this section and shall be exempt from RCW 70.87.090 unless an annual inspection and operating permit are requested by the owner.

(ii) The department may perform additional inspections of a private residence conveyance at the request of the owner of the conveyance. Fees for these inspections shall be in accordance with the schedule of fees adopted for operating permits pursuant to RCW 70.87.030. An inspection requested under this subsection (2)(b)(ii) shall not be performed until the required fees have been paid.

(3) If inspection shows a conveyance to be in an unsafe condition, the department shall issue an inspection report in writing requiring the repairs or alterations to be made to the conveyance that are necessary to render it safe and may also suspend or revoke a permit pursuant to RCW 70.87.125 or order the operation of a conveyance discontinued pursuant to RCW 70.87.145.

(a) A penalty may be assessed under RCW 70.87.185 for failure to correct a violation within ninety days after the owner is notified in writing of inspection results.

(b) The owner may be assessed a penalty under RCW 70.87.185 for failure to submit official notification in writing to the department that all corrections have been completed.

(4) The department may investigate accidents and alleged or apparent violations of this chapter.

(5) During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the collection of fees under this section or any portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local

government or to promote and secure the safety and protection of the civilian population.