



Internal Audit  
Department

301 W Jefferson St  
Suite 660  
Phoenix, AZ 85003

[maricopa.gov/  
internalaudit](http://maricopa.gov/internalaudit)  
602.506.1585

**Mike McGee**  
County Auditor

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# Air Quality Compliance and Enforcement

November 2018

*Internal Audit Report Authorized by the  
Maricopa County Board of Supervisors*

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## Report Highlights

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| Controls for inspection violation determinations will be strengthened, and current inspection and enforcement policies and procedures will be formally documented. | 1 |
| Controls for documenting violation assessments and penalty calculations will be strengthened.  | 3 |
| Access controls for key computer applications will be strengthened.  | 4 |

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**Objectives**

To ensure that:

- Controls for air quality inspection violation determinations are adequate and applied consistently, and that determinations are reviewed and supported.
- Controls for air quality violation assessments and penalty calculations are adequate and performed consistently.
- Computer application access controls adequately restrict access to the Environmental Management System (EMS) used for tracking inspections and violations.

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**Scope**

This audit primarily focused on Air Quality's Compliance and Enforcement Division's (AQCED) fiscal year (FY) 2018 controls over inspections, enforcement cases, penalty calculations, and computer access to the EMS application.

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**Standards**

This audit was approved by the Board of Supervisors and was conducted in conformance with International Standards for the Professional Practice of Internal Auditing.

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**Auditors**

Stella Fusaro, Audit Manager, CIA, CGAP, CRMA, CFE  
Susan Adams, IT Audit Supervisor, MBA, CISA  
Dan Griedl, Senior Auditor, CIA, CPA  
Megan McPherson, Senior Auditor, MEd

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This report is intended primarily for the information and use of the County Board of Supervisors, County leadership, and other County stakeholders. However, this report is a public record and its distribution is not limited.

We have reviewed this information with Air Quality management. The Action Plan was approved by Phil McNeely, Air Quality Director, on November, 8, 2018.

If you have any questions about this report, please contact Mike McGee, County Auditor, at 602-506-1585.

## **Audit Results**

### **Issue #1: Inspections**

**Observation:** AQCED performs various types of inspections to determine if facilities are in compliance with applicable air quality regulations and permit conditions. Inspections performed include construction sites, vacant lots, manufacturing facilities, fuel storage and distribution facilities, dry cleaners, and other sources of air pollution. We reviewed AQCED’s inspection processes and determined that AQCED has a robust training program for communicating division expectations to inspectors and enforcement officers. However, AQCED has not drafted current processes into formal policies and procedures to ensure conformance and consistency in work performed.

We reviewed a sample of inspections conducted during FY 2018 to verify that controls over inspection violation determinations are adequate and consistent, and that determinations are reviewed and supported. We found several instances where an Inspection Rights form was not completed as required by state statute. The Inspection Rights form outlines the facility owner’s rights regarding the inspection process, and must be provided in writing for all inspections, regardless of physical access or site contact. We also found some instances where inspection reports could not be provided, and documentation was missing evidence of supervisory review.

We also reviewed a sample of FY 2018 enforcement cases to determine if case processing timelines were met. We determined that processing time guidelines are loosely defined because of case-specific circumstances, such as site coordination, records requests, and need for additional information or re-inspection. We found over half of the sampled cases did not meet AQCED’s preferred timelines for case processing; however, most of those cases were being actively worked by AQCED and delays were due to valid reasons.

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| <b>Conclusion #1A:</b> Current processes were not drafted into formal policies and procedures to ensure conformance and consistency in work performed. |   |
| <b>Recommendation</b>  | <b>Air Quality Action Plan</b>  |
| <b>1A-1</b> Formally document current inspection and enforcement policies and procedures; include direction for supervisory review requirements.       | Concur – in progress<br>A new In Violation Standard Operating Procedure which addresses review requirements has been adopted by the Compliance and Enforcement Division and was implemented on 11/5/18.<br>Updates to Enforcement and Inspections Policies are in progress.<br>Target Date: 5/31/2019 |

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| <b>Conclusion #1B:</b> Inspection Rights forms were not always provided to facility owners as required by state statute.  |   |
| <b>Recommendation</b>   | <b>Air Quality Action Plan</b>  |
| <b>1B-1</b> Update inspection procedures for completing Inspection Rights forms to conform to ARS 41-1009, which requires forms to be completed for all inspections, regardless of physical access or site contact.   | Concur – in progress<br>Inspection Rights forms will be provided for all inspections, regardless of physical access or site contact. All inspectors are in the process of being informed of this expectation at regularly scheduled zone meetings and will fully implement this recommendation by the end of the year.<br>Target Date: 12/31/2018   |
| <b>Conclusion #1C:</b> Some inspection report documents could not be located for review, or did not have evidence of supervisory review as required when an inspection identifies a violation.  |   |
| <b>Recommendation</b>   | <b>Air Quality Action Plan</b>  |
| <b>1C-1</b> Review and revise policies and procedures to ensure: <ul style="list-style-type: none"> <li>All inspection report documents are properly retained in accordance with record retention policies.</li> <li>Supervisory reviews of inspections identifying violations are conducted and documented.</li> </ul> | Concur – in progress<br>Bullet 1 – Each staff member in the division has met with or will be meeting with records staff to ensure that all division files are being transferred to records for tracking and retention as appropriate. Once the division transitions to the new Impact database (projected in September 2019), records will automatically be uploaded to On Base through a database integration between On Base and Impact, eliminating the opportunity for errors.<br>Bullet 2 – According to the new In Violation Standard Operating Procedure, supervisor review has been replaced by enforcement officer review for all violations, effective 11/5/18. All reviews will be documented through enforcement determinations and issuance of violations to responsible parties, currently logged in EMS and On Base until transitioned to the Impact database.<br>Target Date: 3/31/2019 |

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| <b>Conclusion #1D:</b> Case processing time guidelines allow flexibility in managing enforcement cases based on case-specific issues, while ensuring cases are actively resolved. |                                |
| <b>Recommendation</b>   | <b>Air Quality Action Plan</b> |
| None  | N/A                            |

**Issue #2: Enforcement**

**Observation:** AQCED’s enforcement team is responsible for violation assessments and associated penalty calculations when violations are identified during an inspection. We reviewed a sample of enforcement cases received during FY 2018 to verify that the penalty assessments were reasonable, accurate, properly calculated, and that supporting documentation was retained.

Overall, controls over violation assessments and penalty calculations were adequate and consistently performed. However, we found instances where supporting documentation was missing, incomplete, or did not have sufficient evidence of appropriate management approval. One item tested had a transposition error resulting in the underpayment of a fine. We also determined that AQCED has not formalized a departmental procedure to cap penalty adjustments at 100% of the initial penalty calculation.

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| <b>Conclusion #2A:</b> Supporting documentation for violation assessments and penalty calculations was not always available or did not have sufficient evidence of management approval.   |   |
| <b>Recommendation</b>   | <b>Air Quality Action Plan</b>  |
| <p><b>2A-1</b> Strengthen current policies and procedures and provide necessary training to:</p> <ul style="list-style-type: none"> <li>• Ensure all penalty worksheets are archived, maintained, and retrievable.</li> <li>• Ensure all penalty worksheet calculations, adjustments, and reviews are adequately documented and signed to help improve accountability and to prevent errors.</li> </ul> | <p>Concur – in progress</p> <p>Bullet 1 – Each staff member in the division has met with or will be meeting with records staff to ensure that all division files are being transferred to records for tracking and retention as appropriate. Once the division transitions to the new Impact database (projected in September 2019), records will automatically be uploaded to On Base through a database integration between On Base and Impact, eliminating the opportunity for errors. Additionally, as of 11/5/18, the procedure for obtaining signatures on paper documents and transferring them to records has been revised: enforcement officers now hand deliver the</p> |

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|  | <p>paperwork to each stop ensuring constant tracking of documents prior to delivery to records.</p> <p>Bullet 2 – Enforcement staff will review and finalize standard operating procedures for documentation and sign off. This will be formalized and ultimately tracked by the new workflow in the new Impact database.</p> <p>Target Date:10/31/2019</p> |
| <p><b>Conclusion #2B:</b> The practice of capping penalty adjustments was not formalized into written policies and procedures.</p>                             |   |
| <p><b>Recommendation</b></p>   | <p><b>Air Quality Action Plan</b></p>   |
| <p><b>2B-1</b> Expand written penalty assessment policies to address limiting the penalty adjustment factor to double the fine amount (100% increase cap).</p> | <p>Concur – in progress</p> <p>The penalty assessment procedure will be updated to eliminate limiting the penalty adjustment factor to double the fine amount.</p> <p>Target Date: 12/31/2018</p>   |

**Issue #3: User Access**

**Observation:** Air Quality’s primary software application (EMS) is used for tracking complaints, inspections, and enforcements. We reviewed the application access rights for a sample of employees to verify that controls adequately restricted their access to the EMS application. For the sample reviewed, we confirmed that all EMS users were current employees. However, documentation for approving EMS access was unavailable in some instances. Additionally, almost half of the employees in the sample had access rights greater than required to perform their current job duties.

Air Quality has not established written policies or procedures regarding user access management for its key business applications. Air Quality recently purchased a new software application to replace EMS with expected implementation during 2019. Management reports that proper security controls, including appropriate user access, is being carefully considered.

Air Quality utilizes remote access services to facilitate work outside of the office’s physical location. We verified that no terminated employees had remote access.

**Conclusion #3A:** In some instances, documented approval of employee access rights to the EMS application was not available. Some employees had access rights greater than required for their current job duties. There were no written policies and procedures regarding user access management for all key business applications.

| <b>Recommendations</b>   | <b>Air Quality Action Plan</b>  |
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| <p><b>3A-1</b> Establish and communicate written policies addressing user access management, including granting, modifying, and removing user access to Air Quality IT resources. The policy should include proper retention of user access authorization.</p> | <p>Concur – in progress</p> <p>Division management will develop a standard operating procedure document in coordination with department IT staff to formalize user access management.</p> <p>Target Date: 3/31/2019</p>     |
| <p><b>3A-2</b> Ensure system user access is appropriately established when implementing the new Air Quality hosted environmental management system by establishing user access based on the principle of least privilege.</p>                                  | <p>Concur – in progress</p> <p>System user access for the new Impact database will be reviewed during database development (ongoing) and implemented at the time of database deployment.</p> <p>Target Date: 10/31/2019</p> |