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OFFICE OF THE INTERNAL AUDITOR

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Internal Audit Report 97-08 Anchorage Right to Know Program Anchorage Fire Department

Introduction. The United States Congress passed the Emergency Planning and Community Right to Know Act in 1986 to encourage communities to develop emergency plans for chemical releases and to give citizens access to information about risks posed by hazardous substances present in their community. The federal law required the establishment of State Emergency Response Commissions and Local Emergency Planning Committees. These groups serve as the vehicles for developing local response plans and making information about chemical hazards available to the public.

The Fire Prevention Division in the Anchorage Fire Department (AFD) operates the Community Right to Know (CRTK) Program. The purpose of the Program is to provide specific information to state and local officials and the general public on the types and locations of hazardous materials and hazardous chemicals used or stored at a facility. A computerized chemical inventory information system designed by the United States Environmental Protection Agency called CAMEO (Computer-Aided Management Emergency Operations) is used by the AFD to manage this information.

Anchorage Municipal Code (AMC) Chapter 16.110 Hazardous Materials provides the guidelines for the CRTK Program. Individuals handling hazardous materials or chemicals are required to submit an inventory form to the Anchorage Fire Chief by March 1 of each year documenting the type and amount of hazardous materials, chemicals and wastes at a facility. In addition, the site layout and floor plan of each facility showing the usual and ordinary location of each hazardous material, chemical and waste is also required. This information is entered into the CAMEO data base by AFD personnel. Fees are charged based on the total daily maximum amount of hazardous materials,

chemicals and wastes handled at a facility on any one calendar day. AFD personnel prepare and submit a bill for each facility with hazardous materials based on the amount and type of hazardous materials reported. Placards are required to be posted on facilities that have hazardous materials, chemicals, and wastes to give adequate warning to the public and to emergency response personnel of the type of hazardous materials, chemicals and wastes at a facility.

Scope. The objective of this audit was to determine the adequacy of procedures used to process CRTK data and bill for the services. The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of records and such other auditing procedures as we considered necessary in the circumstances. The audit was requested by the Municipal Fire Chief.

Overall Evaluation. Procedures used to process CRTK data and bill for services were not adequate. Specifically, the AMC does not contain procedures nor requirements for administering the CRTK Program. The CAMEO data base was not properly maintained, and current procedures used for annual CRTK reporting required revision. AMC requirements for placards and Certificates of Compliance were not being followed. Billing procedures required strengthening and fees collected were not always used for the operation of the program as required by the AMC.

FINDINGS AND RECOMMENDATIONS

1. AMC Does Not Contain Procedures For Administering CRTK Program.

- a. **Finding.** The AMC does not contain procedures nor requirements for administering the CRTK program. Instead the AMC 16.110 contains detailed procedures and actions required of individuals and businesses possessing hazardous materials, chemicals and wastes. These include submitting a report at least annually, posting placards, obtaining a Certificate of Compliance and paying a fee based on the amount

of hazardous materials. Further, the CRTK program, which is currently administered by the AFD, is included in AMC Title 16 pertaining to the Department of Health and Human Services. In our opinion, many of the deficiencies we found during our audit of the CRTK program can be attributed to the lack of clear procedures and requirements for the administration of the CRTK program.

- b. **Recommendation.** The responsibilities and procedures for the administration of the CRTK program should be developed and implemented in either the AMC or Municipal Policy and Procedures.

- c. **Management Comments.** Management stated, "It is true that the AMC 16.110 and Municipal Policy and Procedures do not address the administration of the CRTK Program but Fire Department Policy and Procedures are being completed that address how the CRTK Program is to be administered. This will be found in The Fire Prevention Operation Manual which is recognized by department PPI 5400. It will be located in 5400-D-01 which is titled CRTK Program. It will be located in Section D of the Manual under Hazardous Material. This section will address procedures for processing the applications, billing, computer input, placarding, inspection and follow-up."

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

2. **CRTK Program Has Not Been Actively Administered.**

- a. **Finding.** The CRTK program has not been actively administered. Except for businesses or individuals that were in the current CAMEO data base maintained by the AFD, we found no evidence of any action that was taken to identify other

businesses and individuals who may possess hazardous materials. The current procedures were to annually send to each location in the CAMEO data base a package consisting of a blank inventory form and description of the CRTK program. However, follow-up action was not taken to contact those individuals that did not respond to the annual mailing. In 1996, only 56% of those receiving inventory forms returned them - - at least one had not responded since 1988. Our review revealed that the non-responders even included 24 Municipal locations including 8 from the AFD.

- b. **Recommendation.** The AFD should implement a program to identify businesses and individuals who may possess hazardous materials and are not in the current data base. In addition, procedures should be implemented to monitor the response to the annual mailing. Non-responders should be contacted to determine the reason for the lack of response and to obtain current information.
- c. **Management Comments.** Management stated, "It is true there exists no public service announcements or advertising to the public which inform them of the requirements of the CRTK Program. There are, however, seminars at least annually by other agencies which address the requirements of the CRTK Program. We receive referrals from fire line operation as they come across these facilities during their normal course of operations and our Plan Review staff notify us and the building owners of the need to file CRTK Forms with our department as they review plans for compliance with other applicable code requirements. Because of a lack of adequate manpower, it was not possible to follow-up on all those that did not return filing for the year. As of January 1, 1997, an Inspector has been reassigned to assist in the enforcement of the CRTK program which should eliminate a large portion of the non-filing and lack of follow-up."

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

3. **CAMEO Data Base Was Not Properly Maintained.**

- a. **Finding.** The CAMEO data base was not properly maintained. Floor plan drawings showing the location of hazardous materials were not always in the CAMEO data base. Our sample of 20 data base files revealed that 13 (65%) did not contain the required floor plan drawings. We also noted that inventory reports were not entered into the CAMEO data base in a timely and efficient manner. A total of 423 inventory reports were received during 1996. As of October 1996, 381 reports had been received and only 59 had been entered into the CAMEO data base. We found no evidence of correspondence reminding individuals that their reports were late or not received. The remaining 364 inventory reports were entered between October and the end of the year with an additional 106 hours of overtime.
- b. **Recommendation.** The CAMEO data base should be maintained in a current and complete manner. All inventory forms should be entered in a timely and accurate manner including floor plan drawings. Annual inventory reports should be entered into the CAMEO data base in a timely manner as they are received. Delinquent filers should be sent a notice of the required reporting date.
- c. **Management Comments.** Management stated, "Again, because of the lack of adequate manpower, the CAMEO Data Base was not able to be properly maintained. We are looking into the possibility of being able to have our Hazardous Response Team being responsible for this portion of the program. The information contained in this data base is relevant to their operations during a Hazardous Materials Incident."

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

4. **Current Procedures Used For Annual CRTK Reporting Required Revision.**

- a. **Finding.** The current procedures used by the AFD for the annual CRTK reporting required revision. AMC 16.110 requires individuals handling hazardous material to submit a report by March 1 of each year to the AFD. To meet these AMC requirements, the AFD annually sends to each location in the CAMEO data base a blank inventory form and general CRTK instructions. The recipient is directed to fill out the complete inventory form and floor plan every year. In our opinion, requesting only changes to the prior inventory and floor plan would be less demanding on both the individuals preparing the annual report and the AFD personnel who must enter the data into the CAMEO data base. This requirement could be one reason why individuals do not respond to the annual mailing. In 1996, only 56% of the forms were returned.
- b. **Recommendation.** The AFD should consider revising their procedures for reporting of hazardous materials. Individuals should be allowed to indicate that there were no changes from the prior year instead of being required to complete the entire form annually.
- c. **Management Comments.** Management stated, "The current form is being looked at and may be revised to include a 3X5 card with company name and address to be sent back in if there is no change in the previous year's reporting amount."
- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

5. **AMC Requirements For Placards Were Not Being Followed.**

- a. **Finding.** AMC requirements for placards were not being followed. AMC 16.110.050 requires a person who handles hazardous material to post placards on the facility to give adequate warning to the public and emergency response personnel. However, the AFD did not have a system in place to ensure that placard information was sent to all individuals requiring the information and that placards were actually posted on facilities as required. In addition, placards were not provided by the AFD. Instead, individuals were instructed to obtain their own placards. Our review of 55 files revealed that 23 (42%) did not contain evidence that placard information had been sent. Finally, we were told that on-site inspections were no longer conducted to verify that the proper placards were posted on facilities.

- b. **Recommendation.** The AFD should strengthen their procedures to ensure that proper placards are being posted on facilities containing hazardous materials as required by AMC 16.110.050. All individuals reporting hazardous materials should be notified of the placard requirements. In addition, on-site inspections should be conducted on a routine basis to ensure that placards are posted as required.

- c. **Management Comments.** Management stated, "It is true follow-up has not been done to assure the placarding is being accomplished. We are working on the possibility of having the fire stations doing the follow-up and inspection of these facilities to assure the proper placards are installed."

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

6. **AMC Requirements for Certificates of Compliance Were Not Being Followed.**

- a. **Finding.** AMC requirements for Certificates of Compliance were not being followed. AMC 16.110.090 requires individuals subject to the CRTK reporting requirements to annually obtain a Certificate of Compliance from the Fire Chief on an application form approved by the Fire Chief. Even though both of these forms were on hand at the AFD, we found that the Certificates were not being used. Our review of files for 35 locations revealed that none contained evidence of a current Certificate of Compliance. One file contained a Certificate that had been issued in 1995 and another file contained a Certificate issued in 1989. The remaining files did not contain any Certificates. The Certificate of Compliance is used to acknowledge that the proper fee has been paid by the individual and that required placards have been posted as required.
- b. **Recommendation.** The AFD should implement procedures to ensure that Certificates of Compliance are requested and issued as required by AMC 16.110.090.
- c. **Management Comments.** Management stated, "AMC 16.110.90 only requires a certificate of compliance to be issued if the occupant of the building requests it. At this time they are not issued because of a lack of requests for them. In the future we are looking at certificates to be issued as part of the inspection process."
- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

7. **Fees Billed For 1996 Were Not Always Accurate.**

- a. **Finding.** Fees billed for 1996 were not always accurate. Our sample of 62 bills revealed five (8%) that were not in accordance with the fee schedule in AMC 16.110.090. In addition, of the 758 locations in the CAMEO data base, bills were sent to 532 for 1996. We could not determine a reason why the remaining locations were not billed. Of the 532 locations, 423 had submitted the annual inventory report and 109 were based on prior year reports, at least on going back to 1988.
- b. **Recommendation.** Fees should be computed and billed in accordance with AMC 16.110.090.
- c. **Management Comments.** Management stated, "Part of the problem will be addressed and solved with a rewrite of some of the provisions of AMC 16.110. The fee section is being looked at to revamp some of the fee schedules to address some of the inequities found in the smaller facilities, such as service stations, where everything is located underground and is not visible for inspection."
- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

8. **Fees Collected From The CRTK Program Were Not Always Used For Operating The CRTK Program.**

- a. **Finding.** Fees collected from the CRTK program were not always used for the operation of the program. AMC 16.110.100 requires all fees and penalties collected in connection with the administration or enforcement of AMC Chapter 16.110 be dedicated to the program authorized by the chapter. Our review and discussions with

AFD personnel revealed that the revenue collected from the CRTK Program was accounted for, along with other programs, in organization code 3420, Code Enforcement, which is part of Fire Prevention.

- b. **Recommendation.** Fees and penalties collected in connection with the administration or enforcement of AMC Chapter 16.110 should be dedicated to the CRTK Program.
- c. **Management Comments.** Management stated, "A tracking system will be instituted to show the funds are actually being used for the CRTK Program."
- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

Discussion With Responsible Officials. The results of this audit were discussed with appropriate Municipal officials on March 17, 1997.

Audit Staff:
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