



INTERNAL AUDIT REPORT

DATE: September 26, 2019

TO: Linda Gorton, Mayor

CC: Sally Hamilton, Chief Administrative Officer
Glenn Brown, Deputy Chief Administrative Officer
Aldona Valicenti, Chief Information Officer
Nancy Albright, Commissioner of Environmental Quality & Public Works
Dewey Crowe, Director of Building Inspection
Phyllis Cooper, Director of Accounting
Susan Straub, Communications Director
Urban County Council
Internal Audit Board

FROM: Bruce Sahli, CIA, CFE, Director of Internal Audit

RE: Accela Inspection Program Audit

Background

The Division of Building Inspection conducts on-site inspections for commercial and residential construction projects within Lexington and Fayette County. Building Inspection's primary responsibilities include enforcing the Kentucky Building Code to ensure safe construction of projects, zoning ordinance enforcement, and the issuance of building permits and certificates of occupancy. In July 2016, the Accela software system went live in the Division of Building Inspection, resulting in the automation of much of the inspection process. The inspector platform is a mobile application called Accela



Inspector. The Accela Inspector mobile application (Accela Inspector App) replaced a paper-based inspection documentation process with an on-line, real time inspection process that is loaded on iPads issued to the building inspectors. The building inspectors document their inspections on the Accela Inspector App; however, the data from the inspections is stored within Accela's cloud environment. Building Inspection's data upload process is performed within the design/programming of Accela's cloud-hosted system.

Scope and Objectives

The general control objectives for the audit were to provide reasonable assurance that:

- The Accela Inspector App used by building inspectors provides accurate and current information regarding permits and other pertinent inspection records
- The Accela Inspector App used by building inspectors functions properly in the field
- The Accela Inspector App used by building inspectors provides useful performance metrics for management to monitor the progress of field inspections
- The Accela Software as a Service (SaaS) Agreement indicates there are reasonable processes in place to secure the data generated by the Accela Inspector App

Audit results are based on observations, inquiries, transaction examinations, and the examination of other audit evidence and provide reasonable, but not absolute, assurance controls are in place and effective. In addition, effective controls in place during an audit may subsequently become ineffective as a result of technology changes or reduced standards of performance on the part of management.

The period of review for our audit included transactions from January 1, 2019 through July 15, 2019.

Statement of Auditing Standards

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. Those standards require that we plan and perform the audit to afford a reasonable basis for our judgments and conclusions regarding the organization, program, activity or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of



laws and regulations when necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

Audit Opinion

In our opinion, the controls and procedures provided reasonable assurance that the general control objectives were being met. Opportunities to improve controls are included in a Risk Observation.

RISK OBSERVATION

Standards for the professional practice of internal audit stipulate that it is the Office of Internal Audit's responsibility to inform management of areas where risk to the organization or those it serves exist. The following observation includes a risk associated with the Accela Inspection Program identified during the audit, but does not represent a violation of statutes, policies, or procedures. It is considered to be of sufficient importance to deserve mention in this report to ensure senior management's awareness.

Accela SOC 2 Reports Should be Reviewed by Management

Field inspection data generated by the Accela Inspector App is stored in Accela's cloud-based environment. Accela is also responsible for the security of the data. According to the Accela Master Software as a Service (SaaS) Agreement with the LFUCG, "Accela's SaaS platform (servers, infrastructure and storage) for the Subscription Services (i.e., the Accela services obtained by LFUCG) is and will remain hosted in one of the largest Tier III data centers in North America.Accela's data center provider is and will remain SSAE 16/18 SOC 2 compliant, meaning it has been fully independently audited to verify the validity and functionality of its control activities and processes".

We determined that Building Inspection management has not obtained or reviewed SSAE 18 (SOC 2) reports from Accela. The SSAE 18 (SOC 2) report helps identify any IT control issues Accela might have which could impact Accela's maintenance and security of LFUCG Building Inspection data. This report can be obtained upon request from Accela. We recommend that Building Inspection management obtain the SSAE 18 (SOC 2) report from Accela on an annual basis and have the report reviewed by qualified



personnel in the Office of the Chief Information Officer to confirm the adequacy of Accela's control environment.

Director of Building Inspection Response:

I concur with the finding. A copy of the SSAE 18 (SOC 2) report has been requested thru our assigned Accela resource person. Upon receipt, the report will be referred to the Office of the Chief Information Officer for review as the Division of Building Inspection lacks the appropriate level of expertise to perform this review. This will be established as an annual process effective 09/01/2019.

Commissioner of Environmental Quality & Public Works Response:

I concur with the finding and the response of the Division of Building Inspection.

