



Audit Report Number 2005-06
City of Richmond
Audit of Code Compliance Programs
Community Assisted Public Safety (CAPS) and
Department of Community Development
12 months ended June 30, 2004

Prepared by
CITY AUDITOR
Richmond, Virginia

Submitted to
The Honorable Members of City Council
February 24, 2005

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The Honorable Members of City Council
Richmond City Audit Committee
City of Richmond, Virginia 23219

City Auditor's Report

SCOPE

We audited the books, accounts and records of the Bureau of Permits and Inspections relative to the Code Compliance Program for the *Property Maintenance* unit of the Department of Community Development for the fiscal year ended June 30, 2004. We also reviewed the Community Assisted Public Safety (CAPS) Program. We have reviewed and evaluated the system of internal controls in place for the same period to the extent considered necessary.

OBJECTIVES

Our audit objectives were to:

- ❑ assess whether the Community Assisted Public Safety (CAPS) Program was efficient,
- ❑ determine if code enforcement procedures were timely and consistent,
- ❑ evaluate whether the abatement and special assessment process operated effectively and efficiently,
- ❑ ensure that Code Inspectors adhered to State certification requirements; and
- ❑ review Community Development's applicable performance measures for accuracy and reasonableness.

We also identified opportunities for improvement in the internal control structure. Our testing did not indicate any internal control weaknesses that would allow material misstatement in the records processed and maintained by the City to go undetected.

METHODOLOGY

We conducted our audit in accordance with Government Auditing Standards for Performance Audits issued by the Comptroller General of the United States. During the course of our work, we reviewed supporting documents, evaluated management controls, rode along with City Code Inspectors and conducted other appropriate tests. We believe that our audit provides a reasonable basis for our conclusions regarding the internal control structure and our recommendations.

The Department of Community Development utilizes two databases for significant information storage and retrieval purposes. Information from the Department's database, Community Development Code Enforcement System, interfaces with the City's Citizens' Request System. We did not audit either system or system controls for the purposes of achieving our audit objectives outlined above. For audit objectives relating to the determination of staff or program efficiency, we relied upon hard copy documentation.

CONCLUSIONS

The CAPS Program:

- Due to the nature of the CAPS Program, we cannot conclude that it is an *efficient* process. There are many challenges that the Program faces which impact its efficiency.

Community Development:

Code Compliance, Contractor Abatement Process and Special Assessment Process:

- Inspections were not timely. However, there is consistent employee turnover which results in a lack of resources for the enforcement activities.
- The contractor abatement process was not timely. However, during the contract term we audited, there were no weed abatement contract requirements regarding a time period for completion. The Department has since reached an agreement with the contractor which will aid in more timely abatements.
 - Environmental violations for "bad accounts" (properties for which the City could not collect taxes and nor make special assessments) were referred to the City's Department of Parks and Recreation for abatement services. The costs of these abatements were not billed to the property owners. Furthermore, no liens were placed because property owners could not be found. The dollar amount of the abatements could not be quantified. However, management has indicated that this process is no longer occurring and now follows their normal procedures.
 - The Department paid the weed abatement contractor for services not included in the contract terms.
- The Department's procedures for processing and forwarding special assessments to Finance were timely and adequate.

- Management did not comply with Federal time-keeping requirements for grant funded positions; grant funded positions were used for General fund activity without adjusting the salary allocations billed to the Grant Special Fund. (**Major** item)

State Certifications

- Not all Staff adhered to State certification requirements. Four property maintenance inspectors were not properly certified as of June 30, 2004.

Performance Measures

- The unit's performance measures were generally adequate, pertinent and reasonably tracked.

The management of the City of Richmond, Virginia, is responsible for maintaining financial records. It is also responsible for establishing and maintaining a system of internal accounting control and management control. In fulfilling this responsibility, management is required to assess the expected benefits and related costs of control procedures.

We discussed the attached comments and recommendations with management throughout the audit and formally on February 23, 2005; we have included managements' responses from the responsible officials. We would like to thank the departmental management and staff for their cooperation and assistance during this audit.

This report is intended for the members of the Richmond City Council, the City Audit Committee, the City and departmental management of the City; it is a matter of public record.

Respectfully submitted,

Lance Kronzer, CPA
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Also contributing to the report: Yolanda McCoy, CGAP and Shawnise Newsome

January 25, 2005

Executive Summary

Background

The Department of Community Development provides a variety of services that enhance the renewed interest in the development and improvement of business and residential areas of the City.

Permit and inspection activities continue the one-stop shop approach that allows businesses and contractors to process documents in a minimal amount of time. A telephone-based tracking and request system has been utilized to eliminate the need to come to City Hall for routine inquiries and requests.

The goal of the Code Compliance Program is to provide inspections of existing properties to ensure compliance with State and City codes, in order to ensure a safe and healthy environment in which the citizens of Richmond can live and work.

The Community Assisted Public Safety (CAPS) Program is a change in the approach to overall neighborhood health, by seeking to eliminate blight through partnerships with citizens to identify and eliminate the problems associated with the most troublesome properties in our City.

CAPS started as a pilot-program in 2000 and was managed and coordinated from the City Manager's Office. The CAPS Program Manager who provided coordination for the Program was transferred to Community Development near the end of the audit period, in May 2004.

Community Development helps to coordinate the CAPS Code Action Teams. The CAPS Code Action Team is composed of City staff from Community Development Property Maintenance and Zoning Code Enforcement, Police, Fire, Health, and Finance Tax Enforcement.

Summary of Recommendations

In order to improve operations and better achieve the Department's objectives, we made recommendations for management's consideration.

1. Establish a file management system for the CAPS Program.
2. Correct an error in information system that is allowing a non-CAPS staff person to enter CAPS Program activity.
3. Reiterate extension procedures for the CAPS Program to Community Development staff.
4. Reiterate documentation procedures for the CAPS Program to Community Development staff.
5. Community Development should coordinate with City Administration to evaluate the CAPS Program for improvements.
6. Update Code Enforcement policies and procedures.
7. Continue efforts to identify and refer delinquent properties to the City's Real Estate Office.
8. Continue to enhance the invoice approval process.
9. Review the Citizens' Request System's completion date criteria on a periodic basis.
10. Segregate and track time allocations to grant funded activities. **(Major)**
11. Explore feasibility of using inmates for weed abatement services.
12. Ensure inspectors meet appropriate State certification requirements.
13. Initiate procedures to maintain evidence of performance data.

FINDINGS AND RECOMMENDATIONS

Community Assisted Public Safety (CAPS)

Background

The Community Assisted Public Safety (CAPS) Program started as a pilot-program in 2000 and was managed and coordinated from the City Manager's Office. The CAPS Program Manager who provided coordination for the Program was transferred to the Department of Community Development (DCD) near the end of the audit period, in May 2004.

CAPS is a change in the approach to overall neighborhood health, by seeking to eliminate blight through partnerships with citizens to identify and eliminate the problems associated with the most troublesome properties in our City.

A key feature of CAPS is that numerous City departments work together as a team with citizens to ensure that a problem property will stay a priority until satisfactory resolution is reached. The Department of Community Development helps to coordinate CAPS Code Action Teams. The CAPS Code Action Team is composed of City staff from Community Development Property Maintenance and Zoning Code Enforcement, Police, Fire, Health, and Finance Tax Enforcement. The teams are broken out to form district representatives for:

- Downtown/Near West
- Huguenot/Midlothian/Far West
- Broad Rock
- North
- East
- Old South

Currently, there must be activity at the property that spans the enforcement area of more than one agency. Typically, these properties have had previous enforcement activity, long standing history or have a public concern. The team effort is very effective during court proceedings since many different violations are brought to the judge all at once, as opposed to individual violations.

The Audit Office requested the Tax Enforcement Division of the Finance Department to quantify the delinquent tax revenues collected from the CAPS Program activities during FY2004. These revenues would include delinquent real estate taxes, business personal property, personal property and admissions, lodging and meals (ALM) receipts. Tax Enforcement personnel estimated that CAPS was attributable to collecting approximately \$500,000 during FY2004 (this amount is unaudited.)

Audit approach

We held interviews with at least one member from each agency involved in the process. We also reviewed case files maintained by Community Development and attended a team inspection meeting in the field.

Conclusions

Due to the nature of the program, there are several factors that impact its efficiency. For example:

1. CAPS was designed to involve all agency team members on each inspection. The objective is to ensure that all possible violations are identified from a citizen complaint. Subsequently, this means that 6-7 City employees are required to set aside time for a team inspection even though they may not stay on the case at all. A Health Department representative indicated that during the last 12 months, they calculated that less than 10% of the cases subsequently needed the Health Department's involvement. Regardless, health inspectors were required to set aside time to be involved in every CAPS team inspection.
2. CAPS software requires that all agencies sign off to "close" a case before the completion date can be accepted by the system. Community Development, as coordinator of the Code Action Teams, has to continually ask agencies that have or have not been involved in a case to remember to close out their agency's activity. An agency's delay in this close-out process may impact the completion of a case on paper and well beyond the actual time it took to obtain compliance with all violations. The physical act of closing out a case can be delayed because of vacations, sick time, workload, forgetfulness, etc.
3. In essence, City staff are held accountable beyond the scope of their control. According to conversations held with the City Manager's Office early on in the audit, a CAPS case is required to remain open until full compliance is achieved. In many cases, full compliance is only achieved through the court system.

The following chart below represents the weaknesses that the Auditor's office observed in the coordination efforts of the Program. Correcting these weaknesses may help enhance the overall efficiency of the Program:

Item	Weakness	Cause
1.	The Department of Community Development (DCD) could not locate three of the CAPS case files we requested. The CAPS case folders were not filed consistently among the different inspectors/districts. This lead to further confusion when looking for missing files.	Community Development management had not instituted a file management system that would account for removal or filing of case files.
2.	At least one Community Development inspector that is not 100% assigned to the CAPS Program charged 100% of his case activity to the Program. This affects data integrity, such as outputs of the CAPS Program, compliance rates, etc.	There was no periodic review to match inspector assignments with their system allocation of case activity.
3.	Community Development field inspectors granted extensions to property owners for abatement purposes without their supervisor's approval. This could delay closure of a case that the supervisor may have wanted to immediately start court proceedings for non-compliance.	Staff did not follow existing policies and procedures.
4.	Community Development's CAPS case files had many documentation inconsistencies. For instance: <ul style="list-style-type: none"> - Some inspectors kept evidence of enforcement and follow-up activity in the database; other inspectors kept evidence in hard-copy format. However, the majority of the files we reviewed simply did not have enough documentation to conclude that inspector follow-up was performed timely. - 11 out of 20 (55%) case files did not have a Complaint Form; 3 additional files contained Complaint Forms that were not dated. Therefore, the system start date of the activity could not be confirmed. -Finally, the system closure date was almost never supported with documentation. In these instances where the closure date extended far beyond any documented activity, it was apparent that one of the agencies simply forgot to close out the case in the tracking system and "house-cleaning" was necessary to close it in the system. 	Community Development management has policies and procedures but staff did not always follow these procedures. Due to the nature of the compliance activity, there are legal considerations to adhere to and documentation standards that CAPS management should ensure staff follow properly.

Item	Weakness	Cause
5.	<p>We observed several Information Technology weaknesses that affected the productivity and efficiency of staff:</p> <ul style="list-style-type: none"> • CAPS Fire personnel are required to input data twice: once into their Firehouse Software and then again into the CAPS software. • Many of the CAPS team Police members did not have easy access to an investigative tool (access to records of the Virginia Employment Commission) that would help them track down property owners quickly. • Two potential system enhancements were noted: a “comment” box to write short explanations into the CAPS software, which would help users of the system (some of the agencies do not have this capability while others do) and the CAPS software should allow staff to query the system by address. 	<p>The Auditor’s office has learned that the Firehouse software will be reviewed for replacement. Once replaced, the interface between the new software and the CAPS system is expected to proceed.</p> <p>The Auditor’s Office has learned that the process to obtain this tool for CAPS Police personnel was started during the latter part of January 2005.</p> <p>The Auditor’s Office has learned that Community Development has recently submitted a request to the Department of Information Technology to make the changes.</p>

Based upon the above information, the following five (5) recommendations are provided for the CAPS management teams’ consideration:

1. Establish a file management system for the CAPS Program

RECOMMENDATION:

CAPS management should establish a simple out-card placement procedure for their filing management system to ensure that as files are removed for CAPS purposes, a card is placed in the file location that indicates a contact name, date removed and expected replacement date.

- Management should consider establishing a consistent filing system for all CAPS files – preferably in alphabetical order of the applicable address, in the applicable district.

MANAGEMENT RESPONSE:

DCD has established an out-card system for files and files are in alphabetical order by enforcement district. The DCD CAPS inspectors moved to this new space in October 2003 and file cabinets were on order for several months. The lack of cabinets presented difficulty in providing a good filing system. This should not be an issue in the future.

2. Correct an error in information system that is allowing a non-CAPS staff person to enter CAPS Program activity

RECOMMENDATION:

Community Development management should correct the automated system design for the apparent oversight of non-CAPS inspector activity being allocated to the CAPS program; management should periodically monitor inspector activity at the program level and make changes to the system, accordingly.

MANAGEMENT RESPONSE:

During the audit period a zoning inspector was working both CAPS and non-CAPS cases and he had only one ID to enter cases into the computer system. There are alternative solutions to this issue without requiring computer system design changes. One is to assign only CAPS cases to the one inspector rather than having two inspectors doing both CAPS and non-CAPS cases. This step was taken in early February 2005. The other solution, which may also be used in the future, is to assign two different and unique IDs to an inspector so that they can work both kinds of cases and enter them in the appropriate category.

3. Reiterate extension procedures for the CAPS Program to Community Development staff

RECOMMENDATION:

The department should ensure that their staff follow procedures for granting extensions to property owners so that that a Community Development supervisor approves each extension in the CAPS program.

MANAGEMENT RESPONSE:

This is a disciplinary issue and refreshment training will be provided by the Property Maintenance Inspector III within 30 days.

4. Reiterate documentation procedures for the CAPS Program to Community Development staff

RECOMMENDATION:

Community Development management should reiterate procedures that are specific to the Program's operations to ensure that their staff know what information to store in the database and what information to keep as hard-copy documentation within each case folder. The following procedures should also be addressed:

- the consistent use of a file checklist for required documentation that is needed to help support the compliance/noncompliance activity
- documentation of all enforcement field visits and follow-up inspections
- the consistent use of the CAPS complaint form, which is needed to support the start date of the code enforcement case
- justification and documentation of closure dates

These procedures should be used as a continuing reference source of departmental methods, and to promote consistency.

MANAGEMENT RESPONSE:

There is a specific policies and procedures manual for the CAPS Program. What should be stored in the database is the filling out of all relevant fields. What should be stored in the files is the following checklist:

An inspector's case file must contain the following documents:

- CAPS complaint form
- A true copy of any and all NOV's issued
- Assessor information for the property (page 1)

- Certified Mail receipt and green card (if used)
- Certified mail stamped "Return" (when applicable)
- A case chronology checklist with all relevant information logged
- All documentation regarding extension requests
- All written correspondence received (original) and sent (copy)
- A true copy of all summons issued
- All pictures taken during inspections or digital media of same
- All court activity report sheets**
- Structural Analyasys/106 Review (if used)
- A copy of the Boarding Request Form (if used)
- Demolition Checklist (if used)

On-going training will occur to emphasize these procedures beginning within the next 30 days.

5. Coordinate with City Administration to evaluate the CAPS Program for improvements

RECOMMENDATION:

Community Development should coordinate with City Administration to evaluate the Program, using historical data, to determine whether the Program can be adjusted to address some of the challenges we noted during the audit. Specifically, this should include an evaluation of whether all of the existing agencies have enough justification to remain in the Program, be called upon as needed or have reduced activity. Furthermore, Administration can reassess whether the system closure process should remain with all the agencies or only be associated with those agencies involved in the individual case.

MANAGEMENT RESPONSE:

In the past the decision was made to have all members of the Team present for all inspections. The reason all agencies are sent on inspections is that it is not known what type of violations will be found prior to the inspection. The effectiveness of the team approach is to cite all violations. The question becomes do you sacrifice the effectiveness of the team approach for some efficiency. If an inspection reveals an issue for an agency that is not present it is difficult and inefficient to arrange another inspection.

The CAPS Program Manager was given access to close cases months ago to address this issue. Whether additional system changes are needed, and the issue of having all members of the team do inspections, will be brought before City Administration within 60 days for a decision.



FINDINGS AND RECOMMENDATIONS
Community Development
Code Compliance Program
Contractor Abatement Process

“The goal of the Code Compliance Program is to provide inspections of existing properties to ensure compliance with State and City codes, in order to ensure a safe and healthy environment in which the citizens of Richmond can live and work (Fiscal Plan).”

The Program currently has a staff of thirteen inspectors (excluding the CAPS program and Neighborhoods in Bloom areas) who are responsible for investigating environmental (weed, refuse and abandoned vehicles) and building (unsafe structure/equipment, open and vacant buildings, and building exterior/interior) complaints. During FY 2004, the Department received between 10,000 – 11,000 complaints.

Complaints are submitted to the Program via the Citizens’ Request (CR) System, telephone or mail.

- Upon receiving a complaint, an initial investigation is conducted to determine if a violation exists. If the inspector observes a violation, the property owner is notified via certified mail and given between 48 hours and thirty days, depending on the violation type, to correct it.
- Upon the expiration of the owner’s abatement period, a follow-up inspection is conducted to determine if the violation has been corrected.
- If the owner has corrected the violation, the complaint is closed out.
- If the owner has made no attempts to correct the violation, the owner is summoned to court.
- If the Department cannot contact the owner or if the owner is physically or financially unable to respond to the summons or resides out of state, the property is referred to one of the City’s contractors for abatement if it involves boarding, weed and debris and demolition activities.
- A special assessment in the amount of the contractor’s fee plus an administrative fee is billed to the property if the violation is abated by the City’s contractor. If the assessment fee is not remitted to the City within the prescribed timeframes, a lien is placed on the property and the fee is attached to the real estate bill as a delinquent tax. The property may be eventually sold in the judicial tax sales process¹.

¹ The judicial tax sales process refers to the actions taken by the City to initiate a legal action to sell real property in order to terminate the owner’s interest in the property and/or collect delinquent real estate taxes.

During our review of the Program (weed and debris abatement, boarding and demolition activity), we noted several challenges that affected the Program's efficiency:

1. The Program is understaffed. There is consistent employee turnover in the department that resulted in a lack of resources for enforcement activities.
2. The properties that were assigned to the private contractors were not abated in a timely manner. We reviewed 33 violations for services that contractors handled. In 30% of these, it took the contractors more than 30 days to abate the property. Oddly enough, the weed abatement contract did not specify any time period for services to be completed. Community Development has since reached an agreement with the contractor for more timely abatements.
3. A significant portion of the inspectors' efforts are utilized to investigate complaints for delinquent properties. Community Development estimates that at least 50% of the environmental and open/vacant building complaints are for delinquent properties. The code violations for these properties are assigned to one of the City's contractors for abatement. The properties are generally abated at least once annually.

Fifty percent (13 out of 26) of the properties we reviewed were delinquent in taxes. Special assessments totaling approximately \$34,000 were processed for these properties during FY 2004. We noted that Community Development has been working with the Real Estate Department to initiate the judicial sales process.

The following chart below represents the weaknesses that the Auditor's office observed in the administration of the Code Compliance Program. Correcting these weaknesses may help enhance the overall efficiency of the Program:

Item	Weakness	Cause
1.	<p>We noted several inconsistencies in the code enforcement and file documentation procedures:</p> <ul style="list-style-type: none"> - The code enforcement procedures were carried out inconsistently among different inspectors and in some cases inconsistently with Department policies and procedures. For example, the timeframes for which properties were posted was not always consistent. Some of the properties were posted during the initial inspections, some after the certified notices were returned to the Department and others during the follow-up inspection to determine the owners' compliance. - The inspectors employed different documentation (hard-copy and system) methods - some being more thorough than others. Some of the files did not show evidence that the inspector completed some of required procedures. For example, in six percent (2 out of 33) of the complaints, Audit could not determine if follow-up inspections were conducted to determine owner's compliance prior to referring the property to the private contractor for abatement purposes. 	<p>Some of the Program's policies and procedures were outdated and no documentation standards were in place. Therefore, the inspectors were using their own judgment and discretion for certain aspects of the code enforcement process.</p>

Item	Weakness	Cause
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2.	<p>The following items were observed during testing of contractor invoices for weed abatement and demolition services relative to the Property Maintenance Unit:</p> <ul style="list-style-type: none"> - Approximately \$28,000 was billed and paid by the City for weed abatement services not in accordance with the contract terms. (If there was a verbal agreement between former City staff and the contractor, it should have been processed with a change order at that time.) - There appeared to be no logical relationship between labor hours versus equipment hours on the weed abatement invoices. Without a logical relationship, it is difficult for City staff to evaluate if services were performed properly. - City staff did not use the City's Department of Social Services on an incident that required immediate removal of a tenant from an unsafe building that had been planned for demolition. City staff allowed the demolition contractor to provide for the lodging and subsequent billing for this service. Staff could not provide copies of the Contractor's receipts for the lodging services. 	<p>Relating to the first two bullets, the staff member who was involved in the process is no longer employed by the City. However, current staff in charge of reviewing the weed abatement invoices did not know to compare the invoice to the contract terms.</p> <p>Policies and procedures did not provide guidance for unusual circumstances involved with demolitions.</p>
3.	<p>Even though Community Development has reviewed the "estimated completion date" in the Citizens' Request System, the "estimated completion date" for many types of property maintenance and zoning violations is excessive. For example, the estimated completion date for the "high grass" violation is currently 60 working days and the completion date for many zoning violations is 90 working days.</p>	<p>Management reviews the criteria, but sets the goals for worst-case scenarios instead of an average expected time frame, adjusted for seasonal trends.</p>

Based upon the above weaknesses, we have recommended certain steps (recommendations 6 through 9) to the Department of Community Development. We also observed grant-related non-compliance (recommendation 10) that we consider to be a significant matter. Additionally, we included a recommendation for an improvement to the contractor abatement process (recommendation 11).

6. Update Code Enforcement policies and procedures

RECOMMENDATION:

We recommend that management: (a) update all policies and procedures, (b) create a standardized documentation method for the inspectors, and (c) ensure that the Department's policies and procedures are consistently applied by the inspectors.

MANAGEMENT RESPONSE:

(a) Policies and procedures are routinely updated with changing circumstances and this will continue. (b) The standardized documentation was provided under Management Response # 4. Documentation is specified by the "Property Maintenance Case Chronology." (c) Management reorganized the Property Maintenance Division in October 2004 to provide closer supervision of inspectors and to create efficiencies and accountability using smaller geographical areas. Additional performance measures were placed in each inspector's performance appraisal to address issues of consistency.

7. Continue efforts to identify and refer delinquent properties to the City's Real Estate Office

RECOMMENDATION:

We recommend that management continue its efforts to devise a strategy to identify and refer delinquent properties to the Real Estate Office. The strategy at the minimal should address the means of identifying the properties, criteria for referring the properties and a timeframe for referring the properties. The strategy should be finalized and documented as soon as possible and a copy forwarded to Audit.

MANAGEMENT RESPONSE:

Properties are routinely referred to Real Estate for possible tax sale and this will continue. DCD will develop a more formal procedure to forward properties by September, 2005. It should be noted that the real issue is not the forwarding of properties, but the capacity to process tax sales and the marketability of the properties in question. Property Maintenance is only one of many entities requesting that properties go through tax sale. RRHA, Community Development Corporations, the general public and other city agencies all have priorities for tax sales. Because of limited capacity, tax sales are prioritized based on the value of the properties involved and having known entities that want the properties at the end of the process. The properties that Property Maintenance often deals with are the least desirable properties and where there is no market for the properties even if they go through the tax sale process.

8. Ensure contractor invoices agree to contract terms; follow Procurement procedures for change order requirements

RECOMMENDATION:

During the course of the audit, we observed that many improvements were made to the existing invoice review process. We recommend that DCD management continue to enhance their contractor invoice approval procedures to include:

- a. obtaining an understanding of details behind contractor invoices and providing for change orders when the conditions warrant them (verbal changes to the contract terms are not acceptable),
- b. considering the use of quotations on weed abatement projects to ensure both management and contractor agree to the required time to complete a project,
- c. obtaining a copy of the contracted bill rates and using it in the invoice review process to ensure that contractors are billing at the proper rates,
- d. training all staff on the accountability of invoice sign-off procedures, and
- e. establishing procedures specific to tenant relocations as part of demolition activity and training staff on existing City procedures.

MANAGEMENT RESPONSE:

DCD has already initiated changes to the weed abatement contracting process to address the concerns of a., b., and c. above. With respect to d., training of the staff will continue. With respect to e., it is now clear to staff that all relocations will be through Social Services and this will be added to the Procedures Manual. DCD is reviewing all contracts and is looking at rebidding to further address these issues.

9. Review the Citizens' Request System's completion date criteria on a periodic basis

RECOMMENDATION:

We note that the length of time to abate a case depends on a number of factors, many of which are beyond Community Development's controls, such as code requirements, tracking down property owners and the length of time a case may stay in the courts. However, Community Development management should review the Citizens' Request System's "estimated completion date" criteria on a periodic basis to ensure that the goals are kept current and in line with historical results and seasonal demand.

MANAGEMENT RESPONSE:

Management will continue to review the dates. Management had reviewed the estimated completion dates prior to the audit and reduced the time periods. Staff were instructed at that time to review the dates for seasonal adjustments, which will be done twice annually.

10. Segregate and track time allocations to grant funded activities (Major)

Certain positions within the Department of Community Development are funded with assistance from the Community Development Block Grant (CDBG). As such, code enforcement under the Grant is restricted to CDBG activity and or specific CDBG areas, such as the Neighborhoods in Bloom program (NIB).

We became aware of instances whereby City staff specifically assigned to NIB code enforcement were re-assigned to other areas in the City, without an adjustment of their time allocation charged to the grant. Furthermore, time sheets or time certifications, specifically required by the Office and Management Budget (OMB) Circular A-87 (Cost Principles) were not utilized during the fiscal year we audited. We were not able to quantify the impact of incorrectly charging the Grant, since timesheets/time certifications did not support daily activity.

RECOMMENDATION:

We recommend that management:

- (a) comply with OMB Circular A-87 requirements relating to the support of salaries and wages, and
- (b) monitor the time allocation charged to the Grant for all applicable code enforcement personnel throughout the year and adjust accordingly.

MANAGEMENT RESPONSE:

(a) Management will see that staff are in compliance with grant requirements. Property Maintenance management understood the restrictions on the grant funds, but it is currently difficult to check the eligibility of each property when making inspection assignments for 10,000 to 11,000 cases a year. To help address this, DCD management has created a GIS layer of CDBG eligible blocks and have loaded this into the central address database. An ISR has been submitted to request that DIT load this information on to the CDCE system so that supervisors and inspectors can check the computer to see if they are working eligible or non-eligible properties. (b) Some inspectors may receive split funding and will be required to keep time sheets. Others may only work in eligible areas, which will not require the use of time sheets. Management will resolve any remaining funding and assignment issues within 60 days.

11. Explore the feasibility of using inmates for weed abatement services

The Code Compliance Program's ultimate goal is to make property owners accountable for the maintenance of their property. However, the City's procedure is to use a private contractor to abate property violations if the property owner cannot be found or cannot bring the property into compliance. The City then bills the property owner for the contracted amount, plus a \$100 administrative fee. A special assessment will be added to the property owner's next tax bill in instances of nonpayment of the service invoice.

The Auditor's Office requested that the Finance Department provide the status of billings and special assessments from fiscal year 2003 (July 1, 2002 through June 30, 2003). This includes the amount invoiced for weed abatement, including the City's service charges that were added to the next property tax bill (due by June 15, 2004.) According to Finance's system query report, property owners were billed approximately \$234,000 for weed abatement services during fiscal year 2003. The following table summarizes the status of the collections:

Total Billed	\$234,000
Paid by property owners before lien imposed	(20,000)
Paid through tax process	(49,000)
Uncollected as of 8/31/04 (2 months after the due date)	\$165,000

This chart shows that the City is not being reimbursed timely from abating personal property. In fact, since many of these property owners become delinquent in paying their property taxes, the chances of collecting the amounts become less and less over time. The activity associated with this program has continued over the last several years. During fiscal year 2004, the City spent approximately \$183,000 for weed abatement services. In an effort to reduce City costs associated with this process, the Auditor's office suggests that the Department use inmates for the same service, with limited costs.

There may not be a significant charge to the City for using an inmate labor workforce program for this purpose. Representatives from the Sheriff's office indicated that they could supply the entire work force with no cost to the City. They would also assist in the feasibility process and were excited to help utilize their labor force. In fact, the representatives also discussed some possibility of obtaining equipment from citizen group sources.

Realistically, if there is no charge for this type of labor, the City could wisely spend funds for equipment and still save money. The City should try to find existing equipment not being used by other agencies. If the City decides to purchase *new* equipment for this program, the most expensive cost would be the purchase of the dump truck. However, the cost of purchasing all of the equipment at once is generally a one-time cost. A City Fleet representative indicated that a dump truck could range from \$30,000 - \$70,000 and the expected life expectancy of the truck would be close to eight to ten years.

We offer the following analysis:

- Assume over the next two years the average annual cost to the City for contracted weed abatement services would be approximately \$200,000.
- If the City spent \$150,000 for new equipment in the first year, incurred annual maintenance costs of \$50,000 for items such as equipment maintenance, dump fees, etc., there would be no savings in the first year, but there would be a cost savings by the second year of approximately \$150,000 before factoring in any unknown costs. Each year after this first year of operations, there would be a significant savings until it was time to replace the equipment.

A representative from the City Attorney's Office provided guidance as to the legal requirements involved in this type of program. For instance, in order for inmates to perform abatement work, the City would have to establish a "community project." Furthermore, court orders would be required. However, up-front planning should help to minimize the impact of the transition.

RECOMMENDATION:

We recommend that Community Development management explore and document the feasibility using inmates for contracted weed abatement services. Items to consider include:

- ascertaining whether the City could still charge some type of administrative fee to charge property owners so that the property owners do not get the benefit of a free service; determine which agency would get credited with the fee revenue,
- obtaining an understanding as to how to start a community project and obtaining the court orders to use the inmates,
- exploring options for equipment: buy, rent, obtain from local sources, or use other City resources for this purpose, and
- determining the costs to manage the inmates.

MANAGEMENT RESPONSE:

Management had looked into the use of inmate labor a number of years ago and at that time it was not recommended. DCD submitted a budget proposal to use city workforces for weed and debris abatement as an alternative to contracting. DCD will also submit the idea of using inmate labor to the administration. The start up costs associated both proposals would have to be funded and are more than estimated by the audit report. These include equipment and the ongoing costs of supervision, supplies and equipment replacement.



FINDING AND RECOMMENDATIONS

State Certification Process

12. Ensure inspectors meet appropriate State certification requirements

State records show that as of June 30, 2004, four code enforcement inspectors have not met their required certification requirements. Virginia Uniform Statewide Building Code (2000 Edition) and Virginia Certification Standards require that any person employed by, or under contract to, a local building department shall be certified within three years from permanent or acting appointment. In order to receive the certification inspectors must complete the following:

- Attend a Core module
- Attend a Property Maintenance module
- Pass the Property Maintenance/Housing Inspection exam

(Certification Exception: If continuously employed or under contract to such department since before April 1, 1995; however, such exempt persons shall comply with the required Department of Housing & Community Development training [USBC, 2000, Section 104.2.3])

Inspectors should fulfill their training and certification requirements within three years of their hire date.

When inspectors perform inspections without proper certification, it could lead to increased liability for the City. If a property owner were to contest a violation issued by a non-compliant inspector, the City would be responsible in the event it was discovered that the inspector was not properly certified.

Management noted that policy does not grant merit raises upon receiving State certification. It is a position requirement that is dictated in the job description. However, there are no State or City regulations that provide for corrective action if an inspector does not receive certification within the allotted time period.

RECOMMENDATION:

We recommend that management initiate efforts to ensure compliance with State requirements:

- a) All current non-compliant staff should be required to fulfill the appropriate State requirements.
- b) The Department should initiate and continue to perform efforts to monitor inspectors' certification status.

MANAGEMENT RESPONSE:

(a) Inspectors are receiving training. Some inspectors did not follow up and take the necessary test for certification. (b) Certifications will be tracked through the performance evaluation system by the supervisors. The inspectors in question received unsatisfactory interim performance evaluations and have been advised to take the test before the end of the rating period. Inspectors that are not certified by the end of the rating period may be subject to dismissal.



FINDINGS AND RECOMMENDATIONS

Performance Measurements

13. Initiate procedures to maintain evidence of performance data

Overall, Community Development established eleven (11) department goals with several measures for each goal within the agency's Performance Evaluation process. The Auditor's Office reviewed goals that could be associated with the code compliance program, which totaled 3 such goals and 10 different measures.

We noted that (a) both the goals and related measures were pertinent and relevant to the agency objectives, and (b) there was an adequate process to measure and track most data.

However, the department did not maintain evidence to support two (2) measures for which they reported results as "Exceptional Department Performance." The following table summarizes the goal, related measure, results and comments:

Department Goal (linked to Council's Strategic Priorities)	Related Measure	Department Results (as Reported)	Audit Results	Audit Comments
Maintain the Insurance Services Organization (ISO) rating of "2"	Provide 40 hours of in-service training to each inspector, plan reviewer and firstline supervisor by 6/30/04	2,578 hours of training were provided across 41 employees averaged out to 62.8 hours resulting in an "exceptional" rating	The Department could not provide documentation to support the hours that were reported for 25 of the 41 employees.	We do not agree with the methodology of averaging training hours across employees to meet the 40 hours. The measure was for <i>each</i> inspector.
Provide resolution of code enforcement complaints of citizens	Resolve 8,000 citizen complaints of violations of environmental, housing and zoning codes by 6/30/04	10,409 complaints were resolved	The Department did not retain the original supporting data for this measure. In the Department's attempts to regenerate the data using the exact same parameters, their system produced two reports with different totals and neither total agreed to the original measurement results.	The reports showed that the Department did exceed their goal. However, we had no means of judging whether 8,000 was a high or low target since there is not a lot of historical data associated with this performance measure.

As a result of the department's inability to provide accurate support for these two measures, the reliability of information provided was minimized and we could not conclude that the reported results are valid.

RECOMMENDATION:

We recommend that Community Development Management:

- a. initiate efforts to properly record and maintain performance measures which will allow verification of measurement results
- b. attempt to benchmark its performance with similar communities
- c. initiate efforts to understand why their system generated two different totals when exactly the same parameters were entered into the system.

MANAGEMENT RESPONSE:

- (a) Results will be kept and tied back to computer generated reports where possible.
(b) DCD currently reports code enforcement benchmark data to ICMA and ICMA results are reviewed when received. (c) DCD will bring the issue of different computer results being generated to DIT's attention.

