

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**ITEM: 2.5**  
(ID # 15361)

**MEETING DATE:**  
Tuesday, June 08, 2021

**FROM :** AUDITOR CONTROLLER:

**SUBJECT:** AUDITOR-CONTROLLER: Internal Audit Report 2021-304: Riverside County Transportation and Land Management Agency, Code Enforcement Department, Follow-up Audit, All Districts. [\$0]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Receive and file Internal Audit Report 2021-304: Riverside County Transportation and Land Management Agency, Code Enforcement Department, Follow-up Audit

**ACTION: Consent**

  
\_\_\_\_\_  
Tanya Harris, Assistant Auditor Controller 6/2/2021

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**MINUTES OF THE BOARD OF SUPERVISORS**

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,  
STATE OF CALIFORNIA**

<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>NET COUNTY COST</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>SOURCE OF FUNDS: N/A</b>			<b>Budget Adjustment:</b>	No
			<b>For Fiscal Year:</b>	N/A

**C.E.O. RECOMMENDATION:** Approve

**BACKGROUND:**

**Summary**

We completed a follow-up audit of the Riverside County Transportation and Land Management Agency, Code Enforcement Department. Our audit was limited to reviewing actions taken as of February 16, 2021, to correct findings noted in our original audit report 2019-012 dated February 20, 2020. The original audit report contained six recommendations, all of which required implementation to help correct the reported findings.

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2019-012 at [www.auditorcontroller.org/Divisions/AuditsandSpecializedAccounting/InternalAuditReports](http://www.auditorcontroller.org/Divisions/AuditsandSpecializedAccounting/InternalAuditReports)

Please refer to the audit report for the conclusion on the results of the audit.

**Impact on Residents and Businesses**

Provide an assessment of internal controls over the audited areas.

**Additional Fiscal Information**

N/A

**ATTACHMENT A:** Riverside County Auditor-Controller - Internal Audit Report 2021-304: Riverside County Transportation and Land Management Agency, Code Enforcement Department, Follow-up Audit

  
 Stephanie Perez, Principal Management Analyst      6/2/2021

**Internal Audit Report 2021-304**

**Riverside County  
Transportation and Land Management  
Agency  
Code Enforcement Department  
Follow-up Audit**

**Report Date: June 8, 2021**



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**Paul Angulo, CPA, MA  
Riverside County Auditor-Controller**

**Tanya S. Harris, DPA, CPA  
Assistant Auditor-Controller**

June 8, 2021

Charissa Leach, Assistant CEO  
Riverside County TLMA, Code Enforcement Department  
4080 Lemon Street, 14<sup>th</sup> Floor  
Riverside, CA 92501

**Subject: Internal Audit Report 2021-304: Riverside County Transportation and Land Management Agency, Code Enforcement Department, Follow-up Audit**

Dear Ms. Leach:

We have completed the follow-up audit of Riverside County Transportation and Land Management Agency, Code Enforcement Department. Our audit was limited to reviewing actions taken as of February 16, 2021 to help correct the findings noted in our original audit report 2019-012 dated February 20, 2020.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance that our objective, as described in the preceding paragraph, is achieved. Additionally, the standards require that we conduct the audit to provide sufficient, reliable, and relevant evidence to achieve the audit objectives. We believe the audit provides a reasonable basis for our conclusion.

The original audit report contained six recommendations, all of which required implementation to help correct the reported findings. Based on the results of our audit, we found that of the six recommendations:

- Three of the recommendations were implemented.
- Three of the recommendations were partially implemented.

**Internal Audit Report 2021-304: Riverside County Transportation and Land Management Agency,  
Code Enforcement Department, Follow-up Audit**

Details of the findings from the original audit and the status of the implementation of the recommendations are provided in this report. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2019-012 at [www.auditorcontroller.org/Divisions/AuditsandSpecializedAccounting/InternalAuditReports](http://www.auditorcontroller.org/Divisions/AuditsandSpecializedAccounting/InternalAuditReports).

Paul Angulo, CPA, MA  
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA  
Chief Internal Auditor

cc: Board of Supervisors  
Jeff Van Wagenen, County Executive Officer  
Grand Jury

## Table of Contents

	Page
<b>Results:</b>	
Cost Recovery .....	4
<b>Attachments:</b>	
<b>A. Internal Audit Report 2019-012</b>	
<b>B. Status of Findings as Reported by: Riverside County Transportation and Land Management Agency, Code Enforcement Department dated February 20, 2020</b>	

## Cost Recovery

### Finding 1: Code Violation Fees

Code Enforcement process for recovering cost of billable violations is not designed to efficiently recover the costs associated with code violation citations. We identified the following in our review of the cost recovery process:

- Filing and storing of processed violation files are not adequate. The department maintains a list of the status and location of files for fiscal review. The list provided for our review was not updated making the locating of 73 files selected for review inefficient and time consuming. When files are unable to be located in a timely and efficient manner, recovery time for the cost associated with these violations is delayed.
- Required documentation was incomplete or missing in 15 (32%) of the 46 cases reviewed, including but not limited to: no audit checklist available, no date on when the checklist was completed, missing code enforcement supervisor signatures or code enforcement officer signatures, and date of case prepared for billing was after the date the case was field closed.
- Tracking and monitoring of violations in the cost recovery process is not efficient. The process cannot provide billed dates for cases to identify and determine the unbilled code violations and the aging of billed violations. Staff must read through each case activity log in the system to determine when or if a case was billed.
- The system is not able to provide up to date reports for management to efficiently and effectively monitor the cost recovery of code violations and total balances of the violations.
- The department has a backlog of files pending review and are unable to identify when files were received by the fiscal office. Also, it is unable to determine how long the files remain in boxes waiting for review by fiscal office. This delays the issuance of the statement of abatements cost since all files received by the fiscal office must undergo the fiscal process which includes a second review of the violations noted.
- There is duplication of effort through a second review being conducted by the fiscal office for the cases documented by code enforcement officers. This occurs after reviews have been completed by respective code enforcement supervisors. Code Enforcement cites the need for this second review to reduce errors and determine

**Internal Audit Report 2021-304: Riverside County Transportation and Land Management Agency,  
Code Enforcement Department, Follow-up Audit**

whether the cases are billable. Further, the second review is another cause for the delay of the timely issuances of code violation citations.

- The department lacks policies and procedures for prioritizing code violations to be billed. Violations are selected based on large dollar amounts or special cases for litigations. All other code violations are not systematically reviewed and processed.
- Statement of Abatement hearings are infrequent which delays collection of code violation fees. Cases from different dates are grouped together to be heard at the same time. This process delays the outcome of many cases.

Standard Practice Manual 1001, *Internal Controls* "County departments and agencies shall establish, document and maintain an effective system of internal controls for promoting effectiveness and efficiency of operations." The current process is not designed efficiently to address the points above as it currently delays the processing and adequate monitoring of cost recovery for code violations. Further, it reduces service levels in other areas needed within the overall agency as it consumes more time and resources to process code violations. The cost recovery process does not have the ability to produce timely reports to allow for the tracking and monitoring of billable violations status. An inadequate cost recovery process leads to loss of funds or uncollected cost for long periods of time.

**Recommendation 1.1**

Establish policies and procedures for filing, storing, and tracking cases in a timely manner after the processing of code violations review and issuance.

**Current Status 1.1: Implemented**

**Recommendation 1.2**

Design and implement a process that will make the monitoring and tracking of code violations more efficient.

**Current Status 1.2: Partially Implemented**

The PLUS system upgrade contains codes that provide Code Enforcement the ability to monitor and track code violations. Furthermore, the addition of a financials tab allows



**Internal Audit Report 2021-304: Riverside County Transportation and Land Management Agency,  
Code Enforcement Department, Follow-up Audit**

Code Enforcement Officers to indicate billing status prior to sending for cost recovery. However, Fiscal staff depends on the receipt of physical case files to process billing, opposed to monitoring cases for billable status through reports. This form of tracking of billable and nonbillable cases does not maximize the benefit of the financial tab in PLUS. The results of our limited testing concluded 11 (18%) out of 60 closed cases reviewed did not have an indicated billing status. As such, cost recovery could be missing billable cases due to delay or lost files from Code Enforcement Officers. Inadequate use of the case management system may result in delays of cost recovery and inaccuracies in reporting status.

**Recommendation 1.3**

Create a system generated report summarizing important data needed by management to efficiently track cost recovery performance, aging of violations to recovery efforts, analyze data, and align performance to overall agency objectives.

**Current Status 1.3: Partially Implemented**

The PLUS system is capable of generating reports for billed code violations summarizing case types, total of assessed fees, aging of fees assessed for violations, and paid status. However, we found the PLUS system does not have a report for monitoring the financial tab's attributes. As such, management does not have the ability to monitor the status of code violations in the aggregate through a management type report.

**Recommendation 1.4**

Establish policies and procedures for prioritizing the processing of code violation citations while ensuring a systematic approach to review and process all other violations.

**Current Status 1.4: Implemented**

**Recommendation 1.5**

Develop and implement policies and procedures that will train code enforcement supervisors on how to identify code violation errors and how to determine whether violations are billable prior to sending to the Fiscal Office.

**Current Status 1.5: Partially Implemented**

Code Enforcement has provided training to staff and implemented data fields in PLUS related to a coversheet checklist. However, based on the results of our audit and communication with Code Enforcement staff, we found a supervisory review of the checklist and financials tab data fields does not occur regularly. Code violations are only reviewed by supervisors as time permits. The results of our limited testing concluded 11 (18%) out of 60 closed cases reviewed did not have a billing status, and two billable cases closed in September of 2020 had not been reviewed by the fiscal staff.

**Recommendation 1.6**

Increase the frequency of Statement of Abatement Cost hearings conducted.

**Current Status 1.6: Implemented**

# **Attachment A**

**Internal Audit Report 2019-012**

**Riverside County Transportation and Land  
Management Agency, Code Enforcement  
Audit**

**Report Date: February 18, 2020**



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**ACO** | **AUDITOR  
CONTROLLER**  
**COUNTY OF RIVERSIDE**

**Paul Angulo, CPA, MA**  
Riverside County Auditor-Controller

**Oscar Valdez**  
Assistant Auditor-Controller

February 18, 2020

Juan Perez, Assistant County Executive Officer  
Transportation and Land Management Agency, Code Enforcement Department  
4080 Lemon Street, 14<sup>th</sup> Floor  
Riverside, CA 92501

**Subject: Internal Audit Report 2019-012: Riverside County Transportation and Land Management Agency, Code Enforcement Department Audit**

Dear Mr. Perez:

In accordance with Board of Supervisors Resolution 83-338, we completed an audit of the Riverside County Transportation and Land Management Agency, Code Enforcement Department to provide management and the Board of Supervisors with an independent assessment of internal controls over cost recovery associated with citations issued for code violations.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant and useful information to provide reasonable assurance that our objective as described above is achieved. An internal audit includes the systematic analysis of information to evaluate and improve the effectiveness of internal controls. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Management is responsible for establishing and maintaining adequate internal controls. Our responsibility is to evaluate the internal controls.

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to cost recovery. Specifically, the department's process for cost recovery can be designed to optimize for a more efficient and effective cost recovery process.

As requested, in accordance with paragraph III. C of the Board of Supervisors Resolution 83-338, management responded to each reported condition and recommendation contained in our report.



**Internal Audit Report 2019-012: Riverside County Transportation and Land Management Agency,  
Code Enforcement Department Audit**

Management's responses are included in the report. We will follow-up to verify that management implemented the corrective actions.

Paul Angulo, CPA, MA  
Riverside County Auditor-Controller

By: René Casillas, CPA, CRMA  
Chief Internal Auditor

cc: Board of Supervisors  
George Johnson, County Executive Officer  
Grand Jury

## Table of Contents

	<b>Page</b>
<b>Executive Summary</b> .....	4
<b>Results:</b>	
Cost Recovery.....	6

## Executive Summary

### Overview

Operating under the Riverside County Transportation and Land Management Agency, Code Enforcement Department (Code Enforcement) objective is to ensure compliance with county ordinances as well as various state and federal regulations. Common code violation include, but are not limited to, accumulated rubbish, excessive outside storage, inoperative vehicles, and state or federal water quality control acts.

Code Enforcement is funded through a net cost allocation from the general fund, supplemented through cost recovery efforts and grants. For fiscal year 2019/20, Code Enforcement had a recommended budget of \$9.4 million with 40 authorized positions. *County of Riverside, Fiscal Year 2019/20 Recommended Budget, June, 2019, p175.*

### Audit Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment about the adequacy and effectiveness of internal controls over cost recovery. Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial information.

### Audit Scope and Methodology

We conducted the audit from March 6, 2019, through June 24, 2019, for operations from July 1, 2016, through June 20, 2019. Following a risk based approach, our scope initially included the following:

- Abatement contracts
- Code enforcement officers training, licensing, and certification
- Compliance with County Ordinance 725.15 and Board Policy F-5, Code Enforcement – Enforcement Strategies
- Cost recovery associated with citations issued for code violations
- Employee security roles

Through inquiry, observations, and examination of relevant documentation, we focused our scope to internal controls over cost recovery.

## **Audit Highlights**

### ***Existing Conditions***

The current processes have not mitigated the following risk areas:

- The code enforcement cost recovery process is not designed efficiently to recover the cost associated with code violations.

### ***Improvement Opportunities***

The improvement opportunities are in the following risk areas:

- Establish procedures to ensure cost recovery process is efficient for recovering cost associated with code violations.

## **Audit Conclusion**

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to cost recovery. Specifically, the department's process for cost recovery can be designed to optimize for a more efficient and effective cost recovery process.



## Cost Recovery

### Background

Riverside County Ordinance 725.15 *Penalties for Violations of Riverside County Land Use Ordinances and Providing for Reasonable Fees and Cost Related to Enforcement*, authorizes Code Enforcement to issue citations to property owners for any violations occurring within the county's jurisdiction.

Code enforcement officers are authorized to investigate conditions that violate Ordinance 725.15 pertaining to real or personal property. When a condition is determined to be a violation the code enforcement officer will issue citations or seek other fines as well as criminal penalties. Ordinance 725.15 provides the fees associated with each violation and the process necessary to comply with each violation. All fees and costs associated with a violation are required to be paid by the owner in 10 days.

Code Enforcement has a cost recovery process in place for the purpose of recovering the cost associated with each violation. The information gathered during the violation process is reviewed by the department fiscal services to ensure all fees are included and recoverable. After the fiscal review, a violation notice is sent to the owner for payment. In cases where the cost is not recovered from the owner when due, a lien can be placed on the owner's property. The final steps in recovery of fees is a special assessment on the county's tax assessments rolls.

### Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over cost recovery associated with citations issued for code violations.

### Audit Methodology

To accomplish our objectives, we:

- Identified and reviewed policies, procedures, and ordinances
- Conducted interviews and performed walk-throughs with office personnel
- Selected a sample of 115 billable violations to determine the time it takes to recover cost

### Finding 1: Code Violation Fees

Code Enforcement process for recovering cost of billable violations is not design to efficiently recover the costs associated with code violation citations. We identified the following in our review of the cost recovery process:

**Internal Audit Report 2019-012: Riverside County Transportation and Land Management Agency,  
Code Enforcement Department Audit**

- Filing and storing of processed violation files are not adequate. The department maintains a list of the status and location of files for fiscal review. The list provided for our review was not updated making the locating of 73 files selected for review inefficient and time consuming. When files are unable to be located in a timely and efficient manner, recovery time for the cost associated with these violations is delayed.
- Required documentation was incomplete or missing in 15 (32%) of the 46 cases reviewed, including but not limited to: no audit checklist available, no date on when the checklist was completed, missing code enforcement supervisor signatures or code enforcement officer signatures, and date of case prepared for billing was after the date the case was field closed.
- Tracking and monitoring of violations in the cost recovery process is not efficient. The process cannot provide billed dates for cases to identify and determine the unbilled code violations and the aging of billed violations. Staff must read through each case activity log in the system to determine when or if a case was billed.
- The system is not able to provide up to date reports for management to efficiently and effectively monitor the cost recovery of code violations and total balances of the violations.
- The department has a backlog of files pending review and are unable to identify when files were received by the fiscal office. Also, it is unable to determine how long the files remain in boxes waiting for review by fiscal office. This delays the issuance of the statement of abatements cost since all files received by the fiscal office must undergo the fiscal process which includes a second review of the violations noted.
- There is duplication of effort through a second review being conducted by the fiscal office for the cases documented by code enforcement officers. This occurs after reviews have been completed by respective code enforcement supervisors. Code Enforcement cites the need for this second review to reduce errors and determine whether the cases are billable. Further, the second review is another cause for the delay of the timely issuances of code violation citations.
- The department lacks policies and procedures for prioritizing code violations to be billed. Violations are selected based on large dollar amounts or special cases for litigations. All other code violations are not systematically reviewed and processed.
- Statement of Abatement hearings are infrequent which delays collection of code violation fees. Cases from different dates are grouped together to be heard at the same time. This process delays the outcome of many cases.

Standard Practice Manual 1001, *Internal Controls* "County departments and agencies shall establish, document and maintain an effective system of internal controls for promoting effectiveness and efficiency of operations." The current process is not designed efficiently to

**Internal Audit Report 2019-012: Riverside County Transportation and Land Management Agency,  
Code Enforcement Department Audit**

address the points above as it currently delays the processing and adequate monitoring of cost recovery for code violations. Further, it reduces service levels in other areas needed within the overall agency as it consumes more time and resources to process code violations. The cost recovery process does not have the ability to produce timely reports to allow for the tracking and monitoring of billable violations status. An inadequate cost recovery process leads to loss of funds or uncollected cost for long periods of time.

**Recommendation 1.1**

Establish policies and procedure for filing, storing, and tracking cases in a timely manner after the processing of code violations review and issuance.

**Management's Response:**

**“Do Not Concur.** The department has policies and procedures in place to track and monitor billable cases. Cost Recovery staff hold the billable case files in a holding area after they are received from the field offices, until they are billed.

The department practices "First in First out" (FIFO) billing process, meaning billing the oldest boxes and cases first. While reviewing a case, fiscal staff look at the parcel as a whole and include other billable cases associated to that parcel that are not in the same box. The billable case(s), associated to the parcel might be in the field office(s) or in a different box(es) within the fiscal holding area. Capturing and billing all billable cases upon a parcel is cost and time efficient for the property owner and the Code Enforcement Department, as it helps minimize the number of hearings per parcel.

Although, the department follows FIFO billing method, cases identified as high priority are billed upon receipt regardless of the age. High priority billings may be those with high contract costs incurred to abate the Code violations, litigated cases, or Demand billings. Demand billing is requested when a property is in an escrow, with either open or closed case(s) with potential Code costs. Urgent billing is prepared in order to clear all recorded notices, liens, or pending liens on that property.

After cases are billed, they are tracked separately for Hearing Officer and or Board hearing. The internal process is documented in department desk procedures.

*In response to the auditor's comment in the first bullet point in Finding 1, "The list provided for our review was not updated making the locating of 73 files selected for review inefficient and time consuming ...":* the Department seeks to clarify, below.

The auditor randomly selected 46 cases from a list provided for testing. The department was able to pull 42 case files right away for the auditor's review. The remaining four cases were located a short time later. Two had been billed; two had been determined non-billable and had been sent to archives.

**Internal Audit Report 2019-012: Riverside County Transportation and Land Management Agency,  
Code Enforcement Department Audit**

An additional sampling of 69 cases was unknown to fiscal staff. When the department was made aware, fiscal staff were able to locate all 69 case files in less than two hours with billable status on all cases.

Effective July 2019, in addition to the receiving date, regional office, and box number for the case files, fiscal staff have improved tracking to include tracking the outcome of the cases and the case file location. This will give the aging of the cases, status of billing, and the final destination, as the auditors recommended. In addition to the tracking log, the department will work on an ad-hoc report to extract this needed data. We have documented this in our desk procedures.”

**Actual/Estimated Date of Corrective Action: N/A**

**Auditor’s comments:**

The policies and procedures provided did not include the detail necessary to identify completed billable code enforcement case files. The fiscal staff assigned to assist our audit team could not locate files selected for our review. With assistance from their fiscal staff, our team of four auditors attempted to locate case files the fiscal group identified as completed but could not locate any of the files in their file room. The fiscal group utilizes a spreadsheet to summarize the cases received from their field offices. This spreadsheet had not been updated to reflect current status of each case file selected. These case files may have been closed, moved to an offsite storage location, or pending review by fiscal group but we were not able to verify the status during our review. As a result, we determined the process to locate these case files was inefficient and required a policy and procedure to reflect how the department files, stores and tracks the code violation case files. We did not find that the department followed their “first in first out” process mentioned above which was evidenced through our interviews, observations, and audit testing.

**Recommendation 1.2**

Design and implement a process that will make the monitoring and tracking of code violations more efficient.

**Management’s Response:**

“Partially Concur. Code Enforcement has gone through three (3) systems in the last four (4) years. The department was utilizing QuickBooks until July 2015, then transitioned to CORE (case management system in July 2015, and then to Public Land Use system (PLUS) in December 2017. With each system upgrade, we had to revise process workflows, invoices, reports, and various interfaces with PeopleSoft system.

In December 2017, the Transportation and Land Management Agency and all of its component departments, including Code Enforcement, transitioned from prior individual systems to a shared database known as the "Public Land Use System" (PLUS). The system and all support resources are shared by all TLMA Departments. Any updates or changes to the system have to be carefully vetted and methodically implemented to avoid unintended consequences to other modules and

**Internal Audit Report 2019-012: Riverside County Transportation and Land Management Agency,  
Code Enforcement Department Audit**

departments using the system. The Code Enforcement Department utilizes PLUS to monitor and track code violations, to manage casework, case documentation and for cost recovery billing.

Following PLUS go-live, conversion and code module design issues have been identified and addressed in continuous and on-going efforts to improve the design of the code module.

In addition to PLUS go live in December 2017, the department revised ordinance 725 in February 2019 and implemented flat fee cost recovery process in April 2019. Under the flat fee model, defined fees become billable at identified milestones in the case process. This model has been effective in achieving voluntary compliance, reducing the need for Administrative Citations. It is anticipated that the use of Administrative Citations, though still available as an enforcement tool, will remain minimal.

The Code module is currently being improved to streamline data entry processes for field staff and to allow for more efficient management monitoring and tracking. Since the implementation of flat fee process through December 9, the department has opened over 2,300 cases while also working on cases open under old process.

The department has begun process of hiring additional Code Enforcement staff, to provide staffing resources to better match demand. The department's response priority matrix is also being revised to better focus resources, to more efficiently address casework."

**Actual/Estimated Date of Corrective Action: May 31, 2020**

**Recommendation 1.3**

Create a system generated report summarizing important data needed by management to efficiently track cost recovery performance, aging of violations to recovery efforts, analyze data, and align performance to overall agency objectives.

**Management's Response:**

**"Partially Concur.** As previously mentioned, Code Enforcement has gone through three (3) systems in the last four (4) years. Reports and queries were available and used in QuickBooks and CORE.

As noted above, PLUS was implemented in December 2017 and is now used by all TLMA departments for Deposit Based Fees (DBF) projects, Transportation permits as well as Code Enforcement's case management and cost recovery billing.

Code analytical reports are being revised in the PLUS system to better address operational needs.

The Department uses existing processes to manually track and monitor cost recovery billing, scheduling cases for hearing, to tax assess unpaid cases after Hearing Officer's decision, and to

**Internal Audit Report 2019-012: Riverside County Transportation and Land Management Agency,  
Code Enforcement Department Audit**

close cases after monies are collected on tax assessed cases. These manual processes are used while some of Code Enforcement analytical reports requested are developed, tested and made available in PLUS. Progress has been made in designing, refining and implementing system generated management reports.

After Ordinance 725 revision in February 2019 and implementation of flat fee cost recovery process in April 2019, we have management reports available for tracking of open and closed cases, flat fees created, amounts billed, amounts paid, outstanding balances, and more. These reports give management the tools needed for managing the cases and revenues. We have an auto generated daily invoice report in the works that will be sent out to property owner(s) instead of waiting for the case closure. This will bring in revenues as cases are worked on (currently, invoice is manually created).

**Actual/Estimated Date of Corrective Action: March 16, 2020**

**Auditor's comments:**

We found PLUS could not generate a report indicating the status of all outstanding code enforcement case files. As previously mentioned, the staff read through each case activity log in the system to determine when and if a case had been billed. We recommend a report that will allow management to review the status of code violations at any point in time. Additionally, this option will allow management to better access how to budget these cost recovery revenues.

**Recommendation 1.4**

Establish policies and procedures for prioritizing the processing of code violation citations while ensuring a systematic approach to review and process all other violations.

**Management's Response:**

**"Partially Concur.** The Department field staff currently has desk procedures that prioritize the processing of code violation citations (Administrative Citations). Issued Administrative Citations are entered into the case management system (PLUS) as soon as is practicable following issuance. The citation data is transmitted overnight to the Department's contractor for citation processing, appeal hearings and payments.

Subsequent implementation of the amended ordinance in February 2019 restructured the manner in which fees for Code Enforcement activities are assessed, moving away from hourly rates based on staff classifications to a flat fee model. Under the flat fee model, defined fees become billable at identified milestones in the case process. For example, a Code Violation fee of \$450.04 becomes due upon verification that violations have not been corrected within an identified time frame, following due process. This model has been effective in achieving voluntary compliance, reducing the need for Administrative Citations.

**Internal Audit Report 2019-012: Riverside County Transportation and Land Management Agency,  
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Under the flat fee model, the Department's use of Administrative Citations has decreased significantly. It is anticipated that the use of Administrative Citations, though still available as an enforcement tool, will remain minimal.

Currently the department is revising its priority response matrix, slowly increasing staffing levels and diligently working to improve the Code Enforcement case management module in PLUS. These combined efforts are expected to ensure a systematic approach to review and processing of all violations.

As a result, this recommendation has been partially achieved. Efforts are ongoing.”

**Actual/Estimated Date of Corrective Action: May 31, 2020**

**Recommendation 1.5**

Develop and implement policies and procedures that will train code enforcement supervisors on how to identify code violation errors and how to determine whether violations are billable prior to sending to Fiscal Office.

**Management's Response:**

“**Partially Concur.** The Department has policies and procedures in place to require and instruct code enforcement supervisors to conduct quality control reviews of casework and to audit for cost recovery eligibility.

*In response to second bullet point in Finding 1 of the audit letter "required documentation was incomplete or missing in 15 of the 46 cases reviewed, including but not limited to: no audit checklist available, no date on when the checklist was completed, missing code enforcement supervisor or officer signatures . . . " the department would like to clarify below.*

During this audit period of 7/1/16 to 6/20/19, staffing level were reduced from 71 budgeted positions in FY 16/17 to 39 in FY 17/18 and further to 38 in FY 18/19. This was a staffing reduction of 46 percent in two years. During this same time, remaining staff had to learn and adjust to two new computer systems.

On an average the department opens 4,200 new Code cases annually. While the case intake has remained steady, significant staffing reduction has impacted all Code staff. Supervisors have been burdened with case work, frequently providing their own clerical support, and responding to high priority demands and duties. Sr. Officers have been carrying high caseloads, reducing the support they have been able to provide in the day to day operations of the field offices.

As the Department has begun to increase staffing in FY 19/20, refine response priorities and improve the case management module in PLUS, officers will begin to have manageable caseloads. This will allow senior officers to more effectively support supervisors with field office

**Internal Audit Report 2019-012: Riverside County Transportation and Land Management Agency,  
Code Enforcement Department Audit**

operations. Supervisors will then be able to more effectively focus on direct supervision of staff, review of casework, quality control and remedial training of staff as required.

Training and updates are being provided to supervisory staff on an on-going basis, as the changes described above continue.”

**Actual/Estimated Date of Corrective Action: May 31, 2020**

**Auditor’s comments:**

The timely issuance of code violation citations is directly related to a second review the fiscal office states needs to be completed to reduce errors and to determine whether a violation is billable. The recommendation to establish policies and procedures for code enforcement supervisors to follow, is to improve this review process and help department identify potential revenue more timely as well.

**Recommendation 1.6**

Increase the frequency of Statement of Abatement Cost hearings conducted.

**Management’s Response:**

“**Partially Concur.** With the implementation of flat fee process in April 2019, the billing process has significantly changed. SOAC hearing process will be applicable to the cases open under old process.

*In the last bullet point of Finding 1, the auditor stated "Statement of Abatement hearing are infrequent which delays collection of code violation fees. Cases from different dates are grouped together to be heard at the same time. This process delays the outcome of many cases", the Department seeks to clarify below.*

The department strives to schedule as many Statement of Abatement Cost (SOAC) hearings as possible, usually two hearings monthly. However, there are costs associated with preparing cases for SOAC hearings: time spent by fiscal staff to prepare the hearing packets; the time the assigned Code Officer managing the case has to be present to represent the case; and a Senior Code Officer’s time to attend the hearing for all cases to represent the department. The hearings are conducted by an external independent attorney with an hourly rate of \$215, and guaranteed eight hours per session time. The Department incurs \$1,720 cost for each hearing date, regardless of hearing outcomes. Demands and litigated case billing take precedent over SOAC.

In order to be cost effective, the department strives to prepare enough cases to fill the hearing calendar and fully utilize the eight hours of the Hearing Officer’s time. The hearing packet process is not just costly, but combined can take days to process. Additionally, as the Code Officer and Senior Officer must dedicate time to attend the hearings, the department seeks to add enough cases to the calendar to achieve a full day’s work to be most efficient.



**Internal Audit Report 2019-012: Riverside County Transportation and Land Management Agency,  
Code Enforcement Department Audit**

In addition to the costs associated with preparations for, and conduct of, hearings the process further taxes the Department's already limited staffing and resources. Those resources are diverted from field operations, administrative operations and other fiscal duties in order to prepare for and provide representation at the hearings.

Cases going to cost recovery hearings may include cases closed prior to flat fee procedures ("old process"), cases converted from the department's prior case management system or cases that were being directly processed for litigation, but closed prior to court case filings.

Code Administrative staff review all cases billed by fiscal staff prior to scheduling the cases for hearing. This is due to the various processes and complexities of each case type. The Administrative staff review insures time billed to cases is reasonable and justified, and that case documentation is accurate and complete. Again, limited staffing and resources may delay cases being put on the hearing calendar.

During the time of this audit from July 1, 2016 to June 20, 2019, Code has received \$3.28M in current revenue and \$1.46M from the tax assessment payments.

- Of \$3.28M, \$1.76M is litigation settlement revenue and \$1.52M is both Demands and SOAC Hearings revenue.
- We have processed 525 cases through SOAC hearings and billed 765 Demands cases.
- The department special tax assessed \$1.77M during this timeframe, of this \$500K submitted from August 2018 to September 2019 was processed by the Treasurer Tax Collector in September 2019, 11 months later, due to glitches in new Property Tax Management System (CREST).

To provide context to assist in understanding the cost recovery process, below are explanations of the complexity and lengthiness of three cost recovery billing processes:

**Demand billing:** This is a request from the public seeking to clear property title of a lien or notice (Notice of Pendency, Notice of Noncompliance, Notice of Lien, etc. recorded against property title by the Code Enforcement Department. Requests can be received in a variety of ways, including through the Code Enforcement Department's website, mail, fax, forwarded from field staff, or by telephone. The requester is normally the real estate agent, Title Company, interested parties, or property owner. The goal is to reply back within ten business days. There is one dedicated biller at this time, and all available fiscal staff as back-up. The Department receives between two to ten requests per day, depending on the season. Each request is for one parcel; a parcel can have up to eighteen cases. Demands are also tied to increased volume of phone calls from requesters. The faster staff respond to Demands, the fewer phone calls are received. Demands are considered a priority and contribute to quickly processed revenues for the department.

**Internal Audit Report 2019-012: Riverside County Transportation and Land Management Agency,  
Code Enforcement Department Audit**

Litigated cases: These are time sensitive, court cases handled by County Counsel. The turnaround time on these invoice requests is normally within one to two business days.

Statement of Abatement Cost: SOAC is an invoice processed for hearing. Field staff review the cases to verify the case closure process has been appropriately completed. They make an initial determination as to whether the case meets criteria for cost recovery and send the closed cases to fiscal. Fiscal staff updates PLUS (case management system) with the date the case is received, the box number, and then stores it in the holding area. The received boxes are also noted in the fiscal master Excel tracking log as back-up, pending an aging report.

*In response to the sixth bullet point in Finding 1, "there is a duplication of effort through a second review being conducted by the fiscal office of the cases documented by code enforcement officers" Fiscal staff does a more detailed review to determine what costs may be billed for that case and to determine whether any associated cases may be billed concurrently. Related cases may still be in a field office(s) or in another box already located in the Fiscal holding area. This is a separate and distinct role from that of field staff. The fiscal review, referred to as "the second review" is a necessary and appropriate function of fiscal staff.*

Code Administrative staff review all cases billed by fiscal staff prior to scheduling the cases for hearing. This is due to the various processes and complexities of each case type. The Administrative staff review insures time billed to cases is reasonable and justified, and that case documentation is accurate and complete. Again, limited staffing and resources may delay cases being put on the hearing calendar.

Once the invoices are reviewed by administrative staff, property profile reports are ordered for mailing to interested parties as part of the hearing packet. The hearing packet process can take up a few days. This includes requesting assessor roll from Assessor Office (ACR), requesting hearing date with the Hearing Officer, reviewing the lot book {this can be from a few pages to hundreds of pages), generating the hearing notice, copying and mailing the hearing notice and invoices to interested parties, scanning and uploading notices and invoices for field officers to post to property, and emailing the field offices posting timeline.

After the hearing is concluded, fiscal staff generate a revised invoice if the Hearing Officer dismissed any charges. Fiscal staff also mail out the Hearing Decision and revised invoice (if any) to all interested parties, scan and upload the Hearing Decision and revised invoice (if any) into PLUS with a notation, and notify the field offices to post the notices at the property. Once the timeframe to pay has passed and if balances are not paid, a lien is processed and recorded with Auditor-Clerk-Recorder's Office, and a special tax assessment is recorded on the property with Treasurer Tax Collector."

**Actual/Estimated Date of Corrective Action: N/A**

## Attachment B



# COUNTY OF RIVERSIDE

## Transportation and Land Management Agency



Transportation

Planning

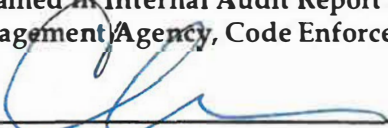
Building & Safety

Code Enforcement

Aviation

Salton Sea

The following are the current status of the reported findings and planned corrective actions contained in Internal Audit Report 2019-012: Riverside County Transportation and Land Management Agency, Code Enforcement Department Audit

  
\_\_\_\_\_  
Authorized Signature

  
\_\_\_\_\_  
Date

### Finding 1: Code Violation Fees

Code Enforcement process for recovering cost of billable violations is not designed to efficiently recover the costs associated with code violation citations. We identified the following in our review of the cost recovery process:

- Filing and storing of processed violation files are not adequate. The department maintains a list of the status and location of files for fiscal review. The list provided for our review was not updated making the locating of 73 files selected for review inefficient and time consuming. When files are unable to be located in a timely and efficient manner, recovery time for the cost associated with these violations is delayed.
- Required documentation was incomplete or missing in 15 (32%) of the 46 cases reviewed, including but not limited to: no audit checklist available, no date on when the checklist was completed, missing code enforcement supervisor signatures or code enforcement officer signatures, and date of case prepared for billing was after the date the case was field closed.
- Tracking and monitoring of violations in the cost recovery process is not efficient. The process cannot provide billed dates for cases to identify and determine the unbilled code violations and the aging of billed violations. Staff must read through each case activity log in the system to determine when or if a case was billed.
- The system is not able to provide up to date reports for management to efficiently and effectively monitor the cost recovery of code violations and total balances of the violations.
- The department has a backlog of files pending review and are unable to identify when files were received by the fiscal office. Also, it is unable to determine how long the files remain in boxes waiting for review by fiscal office. This delays the issuance of the statement of abatements cost since all files received by the fiscal office must undergo the fiscal process which includes a second review of the violations noted.
- There is duplication of effort through a second review being conducted by the fiscal office for the cases documented by code enforcement officers. This occurs after reviews have been completed by respective code enforcement supervisors. Code Enforcement cites the need for this second review to reduce errors and determine whether the cases are billable.

Further, the second review is another cause for the delay of the timely issuances of code violation citations.

- The department lacks policies and procedures for prioritizing code violations to be billed. Violations are selected based on large dollar amounts or special cases for litigations. All other code violations are not systematically reviewed and processed.
- Statement of Abatement hearings are infrequent which delays collection of code violation fees. Cases from different dates are grouped together to be heard at the same time. This process delays the outcome of many cases.

Standard Practice Manual 1001, *Internal Controls* "County departments and agencies shall establish, document and maintain an effective system of internal controls for promoting effectiveness and efficiency of operations." The current process is not designed efficiently to address the points above as it currently delays the processing and adequate monitoring of cost recovery for code violations. Further, it reduces service levels in other areas needed within the overall agency as it consumes more time and resources to process code violations. The cost recovery process does not have the ability to produce timely reports to allow for the tracking and monitoring of billable violations status. An inadequate cost recovery process leads to loss of funds or uncollected cost for long periods of time.

#### Current Status

Reported Finding Corrected?  Yes  No

The Code Enforcement Department (Department) has worked diligently with Cost Recovery staff to improve the filing and tracking system; (this system was initiated in July 2019). Active physical files are maintained at the individual district offices until closed. Each field office Supervisor is responsible for reviewing each case submitted by their staff to be closed. A coversheet and check list are included in each file and must be signed by the Code Officers and the Supervisor before the files are either transported up to Cost Recovery staff for billing or sent to archives, if non-billable. This process has improved the completeness of each physical file. The coversheet information is also captured in a newly implemented Fiscal tab in the electronic case file in the data management system (PLUS). This allows Fiscal staff to monitor the billing status of each case electronically, allowing for archiving of the physical files at any time in the billing process.

The implementation and continuous transformation of the County's PLUS system has enabled Code and Cost Recovery staff to track the status of each case and view an ongoing tally of charges pending against the case. Once compliance is met or the case is closed, as compliant/billable, Cost Recovery staff is provided with the hard copy file, but the charges are safely maintained within the PLUS system.

The Department has worked to remove the backlog of cases and is working more efficiently. The duplication of effort noted is part of a check and balance system between the Department and Cost Recovery staff which has lessened over time as Officers and Supervisors have become more accustomed to working with the PLUS system.

The Board of Supervisors approved Board Policy F-5 on February 2, 2021 which clearly establishes priorities and strategies for the Code Enforcement Department to investigate and process violations of County Ordinances. Additionally, the Department now schedules monthly Appeal Hearings on the first Wednesday of each month to allow for timely processing of contested cases without delay.

## Recommendation 1.1

Establish policies and procedure for filing, storing, and tracking cases in a timely manner after the processing of code violations review and issuance.

### Management's Response

**"Do Not Concur.** The department has policies and procedures in place to track and monitor billable cases. Cost Recovery staff hold the billable case files in a holding area after they are received from the field offices, until they are billed.

The department practices "First in First out" (FIFO) billing process, meaning billing the oldest boxes and cases first. While reviewing a case, fiscal staff look at the parcel as a whole and include other billable cases associated to that parcel that are not in the same box. The billable case(s) associated to the parcel might be in the field office(s) or in a different box(es) within the fiscal holding area. Capturing and billing all billable cases upon a parcel is cost and time efficient for the property owner and the Code Enforcement Department, as it helps minimize the number of hearings per parcel.

Although, the department follows FIFO billing method, cases identified as high priority are billed upon receipt regardless of the age. High priority billings may be those with high contract costs incurred to abate the Code violations, litigated cases, or Demand billings. Demand billing is requested when a property is in an escrow, with either open or closed case(s) with potential Code costs. Urgent billing is prepared in order to clear all recorded notices, liens, or pending liens on that property.

After cases are billed, they are tracked separately for Hearing Officer and or Board hearing. The internal process is documented in department desk procedures.

*In response to the auditor's comment in the first bullet point in Finding 1, "The list provided for our review was not updated making the locating of 73 files selected for review inefficient and time consuming...":* the Department seeks to clarify, below.

The auditor randomly selected 46 cases from a list provided for testing. The department was able to pull 42 case files right away for the auditor's review. The remaining four cases were located a short time later. Two had been billed; two had been determined non-billable and had been sent to archives.

An additional sampling of 69 cases was unknown to fiscal staff. When the department was made aware, fiscal staff were able to locate all 69 case files in less than two hours with billable status on all cases.

Effective July 2019, in addition to the receiving date, regional office, and box number for the case files, fiscal staff have improved tracking to include tracking the outcome of the cases and the case file location. This will give the aging of the cases, status of billing, and the final destination, as the auditors recommended. In addition to the tracking log, the department will work on an ad-hoc report to extract this needed data. We have documented this in our desk procedures."

Actual/Estimated Date of Corrective Action: **N/A**

**Auditor's comments:**

The policies and procedures provided did not include the detail necessary to identify completed billable code enforcement case files. The fiscal staff assigned to assist our audit team could not locate files selected for our review. With assistance from their fiscal staff, our team of four auditors attempted to locate case files the fiscal group identified as completed but could not locate any of the files in their file room. The fiscal group utilizes a spreadsheet to summarize the cases received from their field offices. This spreadsheet had not been updated to reflect current status of each case file selected. These case files may have been closed, moved to an offsite storage location, or pending review by fiscal group but we were not able to verify the status during our review. As a result, we determined the process to locate these case files was inefficient and required a policy and procedure to reflect how the department files, stores and tracks the code violation case files. We did not find that the department followed their "first in first out" process mentioned above which was evidenced through our interviews, observations, and audit testing.

**Current Status**

Corrective Action:  Fully Implemented     Partially Implemented     Not Implemented

**Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).**

Fiscal staff was able to locate all files sought during the audit.

The audit was conducted during a time when the Department was transitioning to a new process in the current data management system (known as the Public Land Use System, or "PLUS").

Following the audit, the Department initiated significant changes to the Code Enforcement module in the case management system, PLUS. The Code module reboot went live on 6/30/20. A new Financials Tab has been implemented in the PLUS Code module, which enables Fiscal staff to track cases received from Field staff, document's date reviewed, and details the types of invoices processed. To date, case files received by fiscal have been input for FY20/21 and FY19/20. The manual, temporary, tracking log is also no longer in use. The data in the Financials Tab is searchable in the system. Reporting needs will be evaluated on an ongoing basis, and custom reports will be created at a later date, if needed. The desk procedure for this process has been updated.

Cases continue to be billed based on priority. With the new Financial Tab, Fiscal staff can now track the aging of the case from when the closed case is received to the completion of the fiscal review and billing of the case.

**Recommendation 1.2**

Design and implement a process that will make the monitoring and tracking of code violations more efficient.

**Management’s Response**

“Partially Concur. Code Enforcement has gone through three (3) systems in the last four (4) years. The department was utilizing QuickBooks until July 2015, then transitioned to CORE (case management system in July 2015, and then to Public Land Use system (PLUS) in December 2017. With each system upgrade, we had to revise process workflows, invoices, reports, and various interfaces with PeopleSoft system.

In December 2017, the Transportation and Land Management Agency and all of its component departments, including Code Enforcement, transitioned from prior individual systems to a shared database known as the "Public Land Use System" (PLUS). The system and all support resources are shared by all TLMA Departments. Any updates or changes to the system have to be carefully vetted and methodically implemented to avoid unintended consequences to other modules and departments using the system. The Code Enforcement Department utilizes PLUS to monitor and track code violations, to manage casework, case documentation and for cost recovery billing.

Following PLUS go-live, conversion and code module design issues have been identified and addressed in continuous and on-going efforts to improve the design of the code module.

In addition to PLUS go live in December 2017, the department revised ordinance 725 in February 2019 and implemented flat fee cost recovery process in April 2019. Under the flat fee model, defined fees become billable at identified milestones in the case process. This model has been effective in achieving voluntary compliance, reducing the need for Administrative Citations. It is anticipated that the use of Administrative Citations, though still available as an enforcement tool, will remain minimal.

The Code module is currently being improved to streamline data entry processes for field staff and to allow for more efficient management monitoring and tracking. Since the implementation of flat fee process through December 9, the department has opened over 2,300 cases while also working on cases open under old process.

The department has begun process of hiring additional Code Enforcement staff, to provide staffing resources to better match demand. The department's response priority matrix is also being revised to better focus resources, to more efficiently address casework.”

Actual/Estimated Date of Corrective Action: **May 31, 2020**

**Current Status**

Corrective Action:  Fully Implemented     Partially Implemented     Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

With the changes in Flat Fee Policy, the additional upgrades of the PLUS system, revisions to Ordinance 725 and new hires onboarding and completing their respective training, these recommendations have been fully implemented.

### Recommendation 1.3

Create a system generated report summarizing important data needed by management to efficiently track cost recovery performance, aging of violations to recovery efforts, analyze data, and align performance to overall agency objectives.

#### Management's Response

**"Partially Concur.** As previously mentioned, Code Enforcement has gone through three (3) systems in the last four (4) years. Reports and queries were available and used in QuickBooks and CORE.

As noted above, PLUS was implemented in December 2017 and is now used by all TLMA departments for Deposit Based Fees (DBF) projects, Transportation permits as well as Code Enforcement's case management and cost recovery billing.

Code analytical reports are being revised in the PLUS system to better address operational needs.

The Department uses existing processes to manually track and monitor cost recovery billing, scheduling cases for hearing, to tax assess unpaid cases after Hearing Officer's decision, and to close cases after monies are collected on tax assessed cases. These manual processes are used while some of Code Enforcement analytical reports requested are developed, tested and made available in PLUS. Progress has been made in designing, refining and implementing system generated management reports.

After Ordinance 725 revision in February 2019 and implementation of flat fee cost recovery process in April 2019, we have management reports available for tracking of open and closed cases, flat fees created, amounts billed, amounts paid, outstanding balances, and more. These reports give management the tools needed for managing the cases and revenues. We have an auto generated daily invoice report in the works that will be sent out to property owner(s) instead of waiting for the case closure. This will bring in revenues as cases are worked on (currently, invoice is manually created).

Actual/Estimated Date of Corrective Action: **March 16, 2020**

#### Auditor's comments:

We found PLUS could not generate a report indicating the status of all outstanding code enforcement case files. As previously mentioned, the staff read through each case activity log in the system to determine when and if a case had been billed. We recommend a report that will allow management to review the status of code violations at any point in time. Additionally, this option will allow management to better access how to budget these cost recovery revenues.

#### Current Status

Corrective Action:  Fully Implemented  Partially Implemented  Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

The implementation of the Financial Tab during the Code Enforcement Reboot, which went live 6/30/20, provides Fiscal staff with the ability to query the case management system. Both Field and Fiscal staff enter data including the field audit date, billable status, date received by fiscal, review date by fiscal, and billing status. The data in this tab is searchable and exportable. Due to keeping the quantity of report types to a minimum, reports will be created to maximize the needs for more than one function. If needed, more detailed custom reports may be created at a later date.



**Recommendation 1.4**

Establish policies and procedures for prioritizing the processing of code violation citations while ensuring a systematic approach to review and process all other violations.

**Management's Response**

**"Partially Concur.** The Department field staff currently has desk procedures that prioritize the processing of code violation citations (Administrative Citations). Issued Administrative Citations are entered into the case management system (PLUS) as soon as is practicable following issuance. The citation data is transmitted overnight to the Department's contractor for citation processing, appeal hearings and payments.

Subsequent implementation of the amended ordinance in February 2019 restructured the manner in which fees for Code Enforcement activities are assessed, moving away from hourly rates based on staff classifications to a flat fee model. Under the flat fee model, defined fees become billable at identified milestones in the case process. For example, a Code Violation fee of \$450.04 becomes due upon verification that violations have not been corrected within an identified time frame, following due process. This model has been effective in achieving voluntary compliance, reducing the need for Administrative Citations.

Under the flat fee model, the Department's use of Administrative Citations has decreased significantly. It is anticipated that the use of Administrative Citations, though still available as an enforcement tool, will remain minimal.

Currently the department is revising its priority response matrix, slowly increasing staffing levels and diligently working to improve the Code Enforcement case management module in PLUS. These combined efforts are expected to ensure a systematic approach to review and processing of all violations.

As a result, this recommendation has been partially achieved. Efforts are ongoing."

Actual/Estimated Date of Corrective Action: **May 31, 2020**

**Current Status**

Corrective Action:  Fully Implemented     Partially Implemented     Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

Board Policy F-5, revised and adopted by the Board of Supervisors on February 2, 2021, establishes the policy for prioritizing the processing of code violations.

Additionally, the implementation of Flat Fee procedures, updates of the Code Module in the PLUS system and the implementation of revisions to Ordinance 725 have resulted in this recommendation being fully implemented.

### Recommendation 1.5

Develop and implement policies and procedures that will train code enforcement supervisors on how to identify code violation errors and how to determine whether violations are billable prior to sending to Fiscal Office.

### Management's Response

**"Partially Concur.** The Department has policies and procedures in place to require and instruct code enforcement supervisors to conduct quality control reviews of casework and to audit for cost recovery eligibility.

*In response to second bullet point in Finding 1 of the audit letter "required documentation was incomplete or missing in 15 of the 46 cases reviewed, including but not limited to: no audit checklist available, no date on when the checklist was completed, missing code enforcement supervisor or officer signatures . . ." the department would like to clarify below.*

During this audit period of 7/1/16 to 6/20/19, staffing level were reduced from 71 budgeted positions in FY 16/17 to 39 in FY 17/18 and further to 38 in FY 18/19. This was a staffing reduction of 46 percent in two years. During this same time, remaining staff had to learn and adjust to two new computer systems.

On an average the department opens 4,200 new Code cases annually. While the case intake has remained steady, significant staffing reduction has impacted all Code staff. Supervisors have been burdened with case work, frequently providing their own clerical support, and responding to high priority demands and duties. Sr. Officers have been carrying high caseloads, reducing the support they have been able to provide in the day to day operations of the field offices.

As the Department has begun to increase staffing in FY 19/20, refine response priorities and improve the case management module in PLUS, officers will begin to have manageable caseloads. This will allow senior officers to more effectively support supervisors with field office operations. Supervisors will then be able to more effectively focus on direct supervision of staff, review of casework, quality control and remedial training of staff as required.

Training and updates are being provided to supervisory staff on an on-going basis, as the changes described above continue."

Actual/Estimated Date of Corrective Action: **May 31, 2020**

**Auditor's comments:**

The timely issuance of code violation citations is directly related to a second review the fiscal office states needs to be completed to reduce errors and to determine whether a violation is billable. The recommendation to establish policies and procedures for code enforcement supervisors to follow, is to improve this review process and help department identify potential revenue more timely as well.

**Current Status**

Corrective Action:  Fully Implemented     Partially Implemented     Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

Code Enforcement supervisory staff have been trained to review each closed case submitted by Field staff, to complete a cover sheet check list that remains with the physical file, and to verify that the cover sheet information has been entered into the Financials Tab in the electronic case. Supervisors then send case files, identified as billable, directly to Fiscal staff. Fiscal staff completes the billing process and archives the physical files. Case files deemed non-billable by the field case closure review are sent directly to archives by Field support staff. Data fields that allow Fiscal staff to quickly identify cases 'sent to archives' have been added to the electronic cases in the case management system. These fields can be queried. Additionally, electronic access to the archive system and appropriate training has been provided to Administrative and Fiscal staff who may need to retrieve archived physical case files.

**Recommendation 1.6**

Increase the frequency of Statement of Abatement Cost hearings conducted.

**Management's Response**

**"Partially Concur.** With the implementation of flat fee process in April 2019, the billing process has significantly changed. SOAC hearing process will be applicable to the cases open under old process.

*In the last bullet point of Finding 1, the auditor stated "Statement of Abatement hearing are infrequent which delays collection of code violation fees. Cases from different dates are grouped together to be heard at the same time. This process delays the outcome of many cases", the Department seeks to clarify below.*

The department strives to schedule as many Statement of Abatement Cost (SOAC) hearings as possible, usually two hearings monthly. However, there are costs associated with preparing cases for SOAC hearings: time spent by fiscal staff to prepare the hearing packets; the time the assigned Code Officer managing the case has to be present to represent the case; and a Senior Code Officer's time to attend the hearing for all cases to represent the department. The hearings are conducted by an external independent attorney with an hourly rate of \$215 and guaranteed eight hours per session time. The Department incurs \$1,720 cost for each hearing date, regardless of hearing outcomes. Demands and litigated case billing take precedent over SOAC.