

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

168



FROM: County Auditor-Controller

SUBMITTAL DATE:
September 10, 2012

SUBJECT: Internal Audit Report 2012-304: Transportation and Land Management Agency, Code Enforcement Department, Follow-up

RECOMMENDED MOTION: Receive and file Internal Audit Report 2012-304: Transportation and Land Management Agency, Code Enforcement Department, Follow-up

BACKGROUND: We have completed a Follow-up Audit of the Transportation and Land Management Agency, Code Enforcement Department. Our audit was limited to reviewing actions taken as of June 30, 2012, to correct the findings noted in our original audit report 2010-018, dated October 27, 2010. The original audit report contained three findings with ten recommendations, all of which required corrective action and; therefore, were reviewed as part of this audit. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2010-018 at www.auditorcontroller.org.

(Continued on page 2)

Paul Angulo

Paul Angulo, CPA, MA-Mgmt.
County Auditor-Controller

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY: *Karen L. Johnson*
Karen L. Johnson

County Executive Office Signature

Policy

Consent

Dept Recomm.:
Per Exec. Ofc.:

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

Departmental Concurrence

September 10, 2012
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BACKROUNG continued:

This follow-up audit found that of the 10 recommendations; three recommendations were implemented, five recommendations were partially implemented and two recommendations were not implemented. We will follow-up on the five partially and two not implemented recommendations in our desk review audit of TLMA Code Enforcement Department within six months.



County of Riverside

INTERNAL AUDIT REPORT

2012-304

**Transportation and Land Management Agency,
Code Enforcement Department, Follow-up**

September 10, 2012

Office of
Paul Angulo, CPA, MA-Mgmt.
County Auditor-Controller

4080 Lemon Street
P.O. Box 1326
Riverside, CA 92502-1326



**COUNTY OF RIVERSIDE
OFFICE OF THE
AUDITOR-CONTROLLER**

County Administrative Center
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
(951) 955-3800
Fax (951) 955-3802

ACC | **AUDITOR
CONTROLLER**
COUNTY OF RIVERSIDE

**Paul Angulo, CPA, MA-Mgmt.
AUDITOR-CONTROLLER**

September 10, 2012

Juan C. Perez, Interim Code Enforcement Department Director
Transportation and Land Management Agency
Code Enforcement Department
4080 Lemon Street, 12th Floor
Riverside, CA 92502

Subject: Internal Audit Report 2012-304: TLMA Code Enforcement Department, Follow-up

Dear Mr. Perez:

We have completed a follow-up audit of the TLMA Code Enforcement Department. Our audit was limited to reviewing actions taken as of June 30, 2012, to correct the findings noted in our original audit report (2010-018) dated October 27, 2010.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require we plan and perform the audit to obtain reasonable assurance our objective, as described in the preceding paragraph, is achieved. Additionally, the standards require 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 opinion.

The original audit report contained ten recommendations, all of which required corrective action and; therefore, were reviewed as part of this audit. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2010-018 at www.auditorcontroller.org.

This follow-up audit found that of the ten recommendations:

- Three were implemented
- Five were partially implemented
- Two were not implemented

Detailed statuses of the recommendations identified in the original audit are provided in the body of this report. We will follow-up on the five partially and two not implemented recommendations in our desk review audit of TLMA Code Enforcement Department within six months.

We appreciate the cooperation and assistance extended to us by staff of the TLMA Code Enforcement Department during this follow-up audit. Their assistance contributed significantly to the successful completion of the audit.

Paul Angulo, CPA, MA-Mgmt.
Auditor-Controller

A handwritten signature in black ink that reads "Rachelle Román". The signature is written in a cursive style with a large, prominent initial "R".

By: Rachelle Román, MPA
Chief Internal Auditor

cc: Board of Supervisors
Executive Office
Grand Jury

Administrative Procedures

Finding 1: Cases are not processed in a timely manner, as a result:

- At the time of the review, 557 cases closed in calendar years 2007, 2008, and 2009 were waiting to be processed. The backlog of billable cases represents \$618,635 in unclaimed revenue due to the county.
- Revenue generated in calendar year 2009 from cases invoiced and citations issued totaled \$2,798,965 owed to the county; however, only \$584,442 (21%) of this amount was collected.
- On average 416 days (this number includes the ninety days allowed by Ordinance 725) elapses after the Board of Supervisors' decision to abate before the abatement process is complete. The processes include: affidavit preparation, obtaining a seizure warrant, request and obtainment of bids to procure an abatement contractor, 24-hour notification, and the return of the seizure warrant. The longest part of the process is typically the request and selection of the abatement contractor. Delayed abatements result in prolonged existence of public nuisances.

Recommendation 1.1 Assign adequate administrative staff to facilitate prompt and accurate completion of billing and invoicing in cost recovery.

Current Status Recommendation 1.1: Partially Implemented

The severity of the budget cut to the Department has slowed the effort to correct this finding. The Department is working on completion of the backlogged billings by temporarily assigning field staff to process closed cases. We will verify the full implementation of the recommendation during a desk review within six months.

Recommendation 1.2 Revise the ordinance to include language that allows the department to collect debts owed the county.

Current Status Recommendation 1.2: Implemented

Ordinance 725 was revised to streamline the cost recovery process and was approved by the Board of Supervisors on March 15, 2011.

Recommendation 1.3 Have a list of abatement contractors whose rates have already been approved through the Purchasing & Fleet Services Department readily available to select from in order to shorten the abatement process.

Current Status Recommendation 1.3: Partially Implemented

The Department stated set rates cannot be determined in advance due to the uniqueness of each case. Rates are quoted after inspecting the properties. The Department is working with County Purchasing on a Request for Qualifications bid to select a group of prequalified vendors

to foster price competitiveness and shorten the abatement process. We will verify the full implementation of the recommendation during a desk review within six months.

Finding 2

Contractors are not reimbursing the county for salvageable items removed from abated properties. Moreover, there was no verification to ensure the contractor removed all abated items.

Code Enforcement Department paid a total of \$1,773,922 to contractors in fiscal year 2008/09. We estimate potentially ten percent, \$177,392, was lost due to non-collection of salvage receipts from contractors. The Request for Quote (RFQ) utilized to select abatement contractors states, "All items salvaged shall be itemized in a list presented to the county. The value of salvaged items shall offset the cost charged to the county for the abatement." The department did not adhere to the requirements of the RFQ to ensure the value of salvage items offset the costs charged to the county for abatement. The results of not recouping the value of salvaged items results in an overpayment to the contractor and increases the amount the property owner will owe to the county. Verbiage was recently added to the RFQ to require contractors to provide dump receipts along with an Abatement/Demolition Completion Form.

Recommendation 2.1 Have the Code Enforcement Officer perform an analysis with the contractor to identify salvageable items at each location.

Current Status Recommendation 2.1: Not Implemented

The Department has not completed revising its policies and procedures regarding salvageable items and has not initiated officer training program to address this issue. We will verify the implementation of the recommendation during a desk review within six months.

Recommendation 2.2 Require the Code Enforcement Officer to verify that all items listed were removed by the contractor.

Current Status Recommendation 2.2: Implemented

A field inspection is performed by the Code Enforcement Officer to verify all items were removed by the contractor, which is evidenced by the Code Enforcement Officer signing the "Abatement/Demolition Completion".

Recommendation 2.3 Ensure the invoice is accompanied by dump receipts and an Abatement/Demolition Completion Form before approving a contractor's invoice for payment.

Current Status Recommendation 2.3: Partially Implemented

Since there were no salvageable items identified for the cases reviewed, we were not able to verify this recommendation has been fully implemented. We will verify the implementation of the recommendation during a desk review within six months.

Recommendation 2.4 Deduct the amount of dump receipts from the invoiced amount and approve the reduced amount for payment.

Current Status Recommendation 2.4: Partially Implemented

Since there were no salvageable items identified for the cases reviewed, we were not able to verify this recommendation has been fully implemented. We will verify the implementation of the recommendation during a desk review within six months.

Finding 3

Parking and administrative citations are not assigned, monitored and tracked; as a result missing citation numbers are not traceable to one individual. The department lacks written policies and procedures to maintain the security of citations; hence, there is no method to identify missing citations.

Recommendation 3.1 Create and maintain a citation log:

- Log the beginning and ending number of each sequentially numbered set of citations in inventory;
- Require each officer to sign the log to obtain a set of citations; and
- Require the supervising officer sign the log authorizing the officer to take possession of identified citations.

Current Status Recommendation 3.1: Partially Implemented

The Department created a citation log and requires the five districts to record citation booklets distributed to the officers. Beginning and ending numbers of each sequentially numbered set of citations are recorded on the log and officers receiving citation booklets sign the log identifying receipt of the booklet. However, supervising officers are not signing the log authorizing officers to take possession of identified citations. We will verify the full implementation of the recommendation during a desk review within six months.

Recommendation 3.2 Establish procedures to ensure complete records are maintained of all used, unused, and voided citations.

Current Status Recommendation 3.2: Implemented

In October 2011, the Department created and implemented Policy 3:6, Citation Control Policy, to ensure unused and voided citations are tracked and maintained on citation logs and voided citation logs.

Recommendation 3.3 Routinely verify citations for continuity and investigate missing citations promptly.

Current Status Recommendation 3.3: Not Implemented

Management has not performed periodic audits to verify citations for continuity and investigate missing citations. We will verify the implementation of the recommendation during a desk review within six months.