

# PERFORMANCE AUDIT

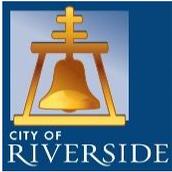
Community &  
Economic  
Development  
Department

## **Code Enforcement Administration**

**August 24, 2015**

Office of the City Manager  
Internal Audit Division  
Cheryl Johannes, Internal Audit Manager

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## Internal Audit

# PERFORMANCE AUDIT ~ Summary

## Community & Economic Development

### Code Enforcement Administration

#### Objective of Review

- Assess the efficiency and effectiveness of administrative processes and procedures; and
- Ensure adequacy of internal control activities.

#### Background

Residents rely on Code Enforcement Officers (CEOs) to enforce minimum livability, housing and sanitary/health conditions within their neighborhoods, in compliance with Municipal Codes. The Code Enforcement program is mainly a complaint-driven program. Complaints are received in various methods, the most common via the City's 3-1-1 Call Center. Not all complaints become active Code Enforcement cases. A case is opened when it has been determined that a code violation has occurred.

In FY2014/2015, 9,887 new cases were opened based on site investigations after receipt of a complaint. The majority of cases are closed within the month due to timely voluntary compliance by property owners. Violations/cases that are not resolved after extensive communications with the property owner are forwarded to the Riverside County Tax Assessor's Office. The violation penalties become a lien on the property.

Implementation of the Go Enforce system has enabled the division to manage every aspect of the code enforcement process. Management uses the reports that can be generated by the system to effectively monitor the code enforcement process.

Use of Data Tickets (aka Revenue Experts), a third-party administrative citation-processing agency, manages the citation invoicing and collection services on behalf of the division. Reports can be generated to effectively monitor the invoicing and collection process.

During our review, we noted the following that we believe warrant management's attention:

- **The division has not updated the documented procedures for the code enforcement process. After implementation of Go Enforce, management neglected to update documented standard operating processes and procedures from time a complaint is received until the case is closed and/ or a lien is placed on the property. Outdated policies/procedures can lead to a lack of clarity on how to perform the function, as well as what is expected from the code enforcement officers. Documented operating procedures help reduce the possibility of human error and provide guidelines for employees to follow. Standard operating procedures help establish consistency over process performance and provide a method to communicate process changes to employees.**
- **No outcome or output performance measures are being tracked or used for strategic planning. Accurate performance data is useful for management to allocate resources, set performance goals, and measure progress in meeting those goals. Accurately reported performance measures are important to elected officials and the public because it gives them objective information about whether the division is spending tax dollars effectively and efficiently.**

## OBJECTIVE, SCOPE and METHODOLOGY

In accordance with the Internal Audit Work Plan for FY2014/15, we have completed a review of the Community & Economic Development Department's Code Enforcement Division. The objective of the review<sup>1</sup> was to:

- Assess the efficiency and effectiveness of administrative processes and procedures; and
- Ensure adequacy of internal control activities.

The scope of our review was for the period of FY2014/2015. We relied upon the following to assess the program and accomplish our objectives:

- Riverside [Municipal Code 1.17](#) and [Municipal Code 6.15](#) ;
- City's financial system, IFAS;
- Go Enforce<sup>2</sup>, the division's third-party case management system;
- Data Tickets, the third-party code violation processing system; and,
- Various sources for "best practices" and performance benchmarks.

We reviewed current division policies/operating procedures; interviewed management to obtain information about actual practices within the division; randomly selected and reviewed cases in Go Enforce; randomly selected complaints in the 3-1-1 system to determine whether they were transferred to the division/system; and, performed a benchmarking (best practices) analysis with other cities.

## BACKGROUND

The Code Enforcement Division provides citywide enforcement services for all reported and observed concerns and violations relating to neighborhood residential properties as well as commercially and industrially zoned properties. The City's code enforcement officers (CEOs) provide enforcement for issues such as:

- Unsightly properties covered with trash, weeds, graffiti, junk and debris, abandoned vehicles;
- Poorly maintained properties that may contain sub-standard or dangerous conditions;
- Illegal construction and conversions; and
- Vacant or abandoned properties.

## STAFFING

A Code Enforcement Manager oversees a total funded staff of 17 code enforcement officers and five (5) administrative staff. Code enforcement officers (CEOs) are assigned to geographic areas (a noted "best practice"), which provides for accountability and allows performance measurements to be applied.

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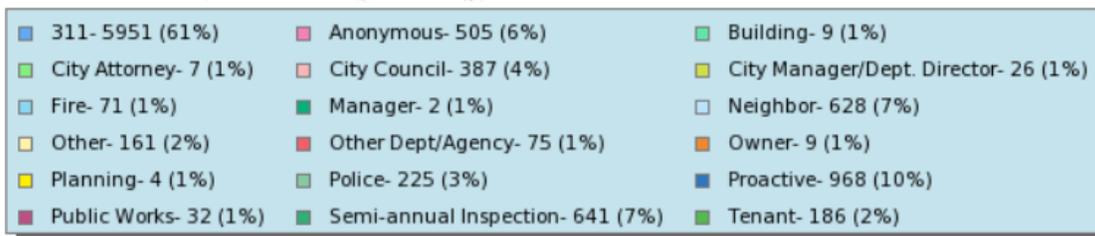
<sup>1</sup> The review did not assess the code enforcement officer's performance (i.e., number of citations issued, cases closed, timeliness, etc.) as part of this audit.

<sup>2</sup> GO Enforce is an application used to document nuisance and property violation cases. Code enforcement officers use Go Enforce to record their next planned case activity, the dates of inspections performed, violations, names of property owners/occupants, letters sent to violators and other case notes. The system also notes violation fees and payments.

Geographic assignments allow CEOs to become active and knowledgeable about the geographic assignment, form partnerships with neighborhood groups and identify problem neighborhoods and properties.

## COMPLAINT PROCESS

As noted in the chart below, most complaints are received through the City’s 3-1-1 system.

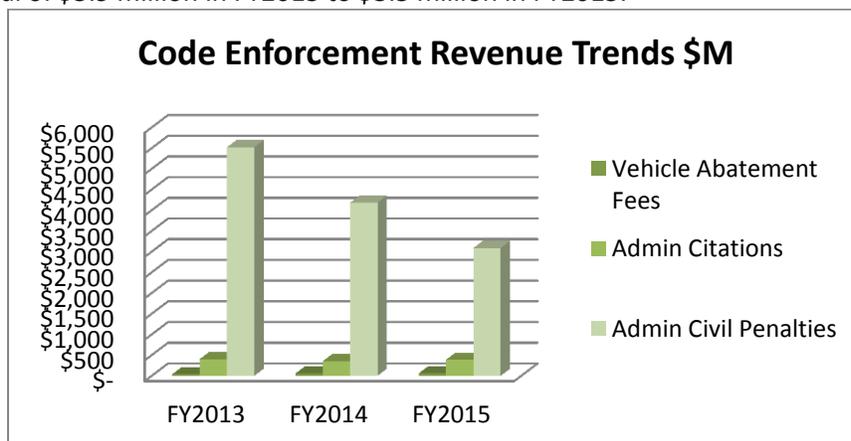


Management assigns code enforcement officers to inspect the property per the complaint for violations. If the code enforcement officer identifies a property or nuisance violation(s), the officer documents the violation(s) with photographs and entries in Go Enforce. The officer sends the property owner and/or occupant a warning letter informing him/her that the violation(s) must be abated within a certain number of days, as outlined by the City’s Municipal Code Chapter 1.17. The code enforcement officer returns to the property after the specified number of days to determine whether the owner or occupant has abated the violation. The code enforcement officer documents the abatement or the violation with more photographs and updates the database. If the property owner or occupant has not abated the violation, the code enforcement officer completes documentation to begin the process of an issuance of an administrative citation. An administrative citation results in a fine. In some instances, the City abates the violation. In those instances, the City bills the property owner for the abatement costs. A property owner may contest a violation through an administrative hearing.

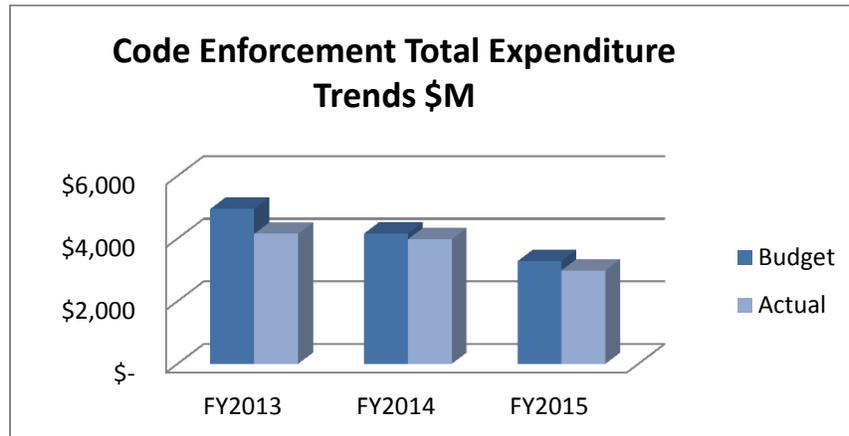
Complaint and code violation information is tracked in two different third-party systems – Data Tickets and Go Enforce. Data Tickets (aka Revenue Experts) manages the citation invoicing and collections process. Go Enforce is the case management database used by management and CEOs.

## REVENUE and Operational EXPENDITURES

The division is funded by the General Fund. Revenue that is generated from code violation fees and admin/civil penalty fees/fines has slowly declined over the past three (3) years as noted in the following chart, from a total of \$5.9 million in FY2013 to \$3.5 million in FY2015.



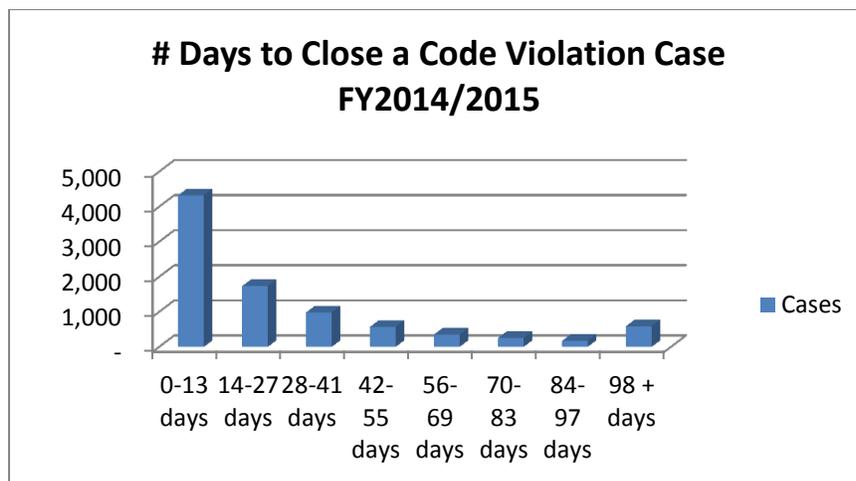
Budgeted and actual operating expenditures over the past three years also reflect a downward trend.



Source: IFAS

### CASE WORKLOAD

In FY2015, 9,887 new cases<sup>3</sup> were opened after receipt of a complaint and site investigation. The majority of cases are closed within the month due to timely voluntary compliance<sup>4</sup> by property owners. Code enforcement officers attempt to gain voluntary compliance from property owners before resorting to fines and penalties. Depending on the specific case circumstances, a case can remain active for one day to several years. The work required to attempt voluntary compliance can limit the number of cases each code enforcement office can close per year. A case can remain “open” even if the penalties/fines have been paid by remittance via property taxes; cases are “closed” only when the property owner corrects all the code infractions. As the chart below reflects, 48% of opened cases in FY2015 were resolved (closed) within 14 days.



Source: Go Enforce

<sup>3</sup> A case is any matter that requires inspection. If any matter requires more than one inspection, or it involves multiple violations during the one inspection, it is still considered one case.

<sup>4</sup> Voluntary compliance refers to a violator abating a nuisance or property code violation after only a warning notice. An example of a notification would be a correction letter, a door hanger, a personal visit or telephone conversation with a person connected to the property.

## ESCALATING FINANCIAL PENALTIES for NON-COMPLIANCE

When property code violations are not resolved voluntarily, fees and fines may be assessed. The possible fees and fines vary by the type of violation, etc. After all methods of notification, invoicing and collection efforts to recover violation fines and abatements costs have been depleted, the City has the authority to attach a lien on the properties for unpaid balances due. Annually, the division identifies the outstanding balances for Admin Citations, Admin Civil Penalties, Abatement of Dangerous Buildings, Rubbish Abatements and Weed Nuisance Abatements and submits the list of properties and related fees/fines to the City Council for adoption of a resolution to establish liens through the County Tax Assessor's office. On July 14, 2015 the Council approved an assessment totaling \$3,054,808 for FY2015/16.

## CONCLUSION

Implementation of the new Go Enforce system has enabled the division to manage every aspect of the code enforcement process. Management utilizes the system to effectively monitor the code enforcement process and generate reports. The system is a significant improvement from Permits Plus.

Use of Data Tickets (aka Revenue Experts), a third-party administrative citation-processing agency, manages the citation invoicing and collection services on behalf of the division. Reports can be generated to effectively monitor the invoicing and collection process. Data provided by the system is utilized to prepare annual information for transfer of penalty fees to the Riverside County Tax Assessor as a lien on properties. Adequate procedures exist for the compilation and recording of penalty liens with the Riverside County Tax Assessor against property owners. The department's fiscal manager is reviewing year-end transactions recorded on the City's general ledger to ensure revenue and accounts receivable are correct.<sup>5</sup>

## FINDINGS and RECOMMENDATIONS

To strengthen consistency in program operations and ensure an adequate framework of internal controls, which includes monitoring of program activity to ensure efficiencies and effectiveness of processes and practices, we have noted the following findings and recommendations that warrant management's attention:

- 1) The division has not updated the documented procedures for the code enforcement process. Refer to APPENDIX A. After implementation of Go Enforce, management neglected to update documented standard operating processes and procedures from time a complaint is received until the case is closed and/ or a lien is placed on the property. Outdated polices/procedures can lead to a lack of clarity on how to perform the function, as well as what is expected from the code enforcement officers. Documented operating procedures help reduce the possibility of human error and provide guidelines for employees to follow. Standard operating procedures help establish consistency over process performance and provide a method to communicate process changes to employees. How to use the GoEnforce was documented in Training Bulletins.**

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<sup>5</sup> Review by the department fiscal manager and internal audit uncovered incorrect accounts receivable and revenue accrual entries for admin and civil penalties for FY2015, which were corrected by Finance/Accounting prior to the year-end close. The department fiscal manager is responsible for monitoring year-end entries to ensure reporting/recording accuracy in the future.

Recommendations:

- *To improve operational effectiveness, the division should develop updated procedures to ensure the documents reflect current practices.*
- *Management has a monitoring process (utilizing Go Enforce information) to oversee code enforcement activities. However, this process is not documented in a written policy or procedure. A written policy/procedure would ensure consistent application of the monitoring process.*

**2) No outcome or output performance measures are being tracked or used for strategic planning. Accurate performance data is useful for management to allocate resources, set performance goals, and measure progress in meeting those goals. Accurately reported performance measures are important to elected officials and the public because it gives them objective information about whether the division is spending tax dollars effectively and efficiently.**

While there is no “industry standard” for measuring code enforcement performance, there are examples used by other municipalities<sup>6</sup>:

- Percentage of cases resolved through voluntary compliance
- Percentage of cases resolved through forced compliance
- Average number of days from case inspection to voluntary compliance
- Average number of days from case inspection to forced compliance
- Average number of days from time first complaint received to the first investigation
- Number of complaints that were determined to be unfounded or have no violation found
- Total number of unresolved cases carried over from prior year
- Average number of days from first inspection to abatement in cases where forced compliance occurs
- Average number of days from first inspection to administrative hearing
- Percentage of total cases resolved by administrative hearing

Recommendation:

- *To improve operational effectiveness, the division should develop a set of performance metrics including both outcome and output measurements. These measures (actual to goals) can then be utilized to objectively support performance-based planning of programs and resources.*

A draft of the report was reviewed with C&EDD management; management’s formal response to our findings/recommendations is appended.

We extend our appreciation to division management and staff that assisted and cooperated with us during the audit. – Cheryl Johannes, Internal Audit Manager

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<sup>6</sup> Extracted from the ICMA Center for Performance Measurement – Code Enforcement 2010 report.

## AUDITING STANDARDS

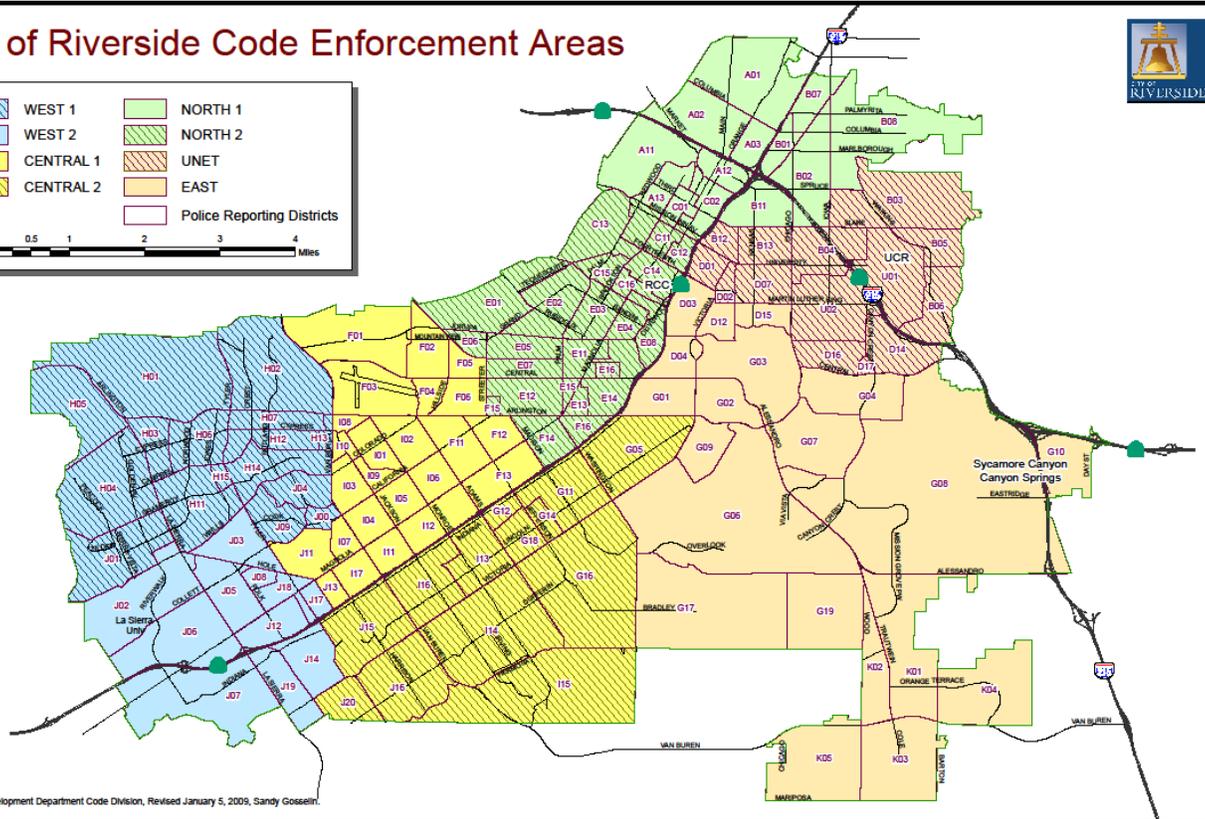
Our review was conducted in accordance with the *Standards for the Professional Practice of Internal Auditing* of the Institute of Internal Auditors. Those standards require that the audit is planned and performed to afford a reasonable basis for judgments and conclusions regarding the department, Division, program, activity or function under review. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy the audit objectives. We believe our audit provides a reasonable basis for our conclusions.

# City of Riverside Code Enforcement Areas



	WEST 1		NORTH 1
	WEST 2		NORTH 2
	CENTRAL 1		UNET
	CENTRAL 2		EAST
			Police Reporting Districts

0 0.5 1 2 3 4 Miles



Community Development Department Code Division, Revised January 5, 2009, Sandy Gosselin

**One Year Analysis for Code Enforcement Cases  
Ending June 2015**

<b>Topic</b>	<b>14-Jul</b>	<b>14-Aug</b>	<b>14-Sep</b>	<b>14-Oct</b>	<b>14-Nov</b>	<b>14-Dec</b>	<b>15-Jan</b>	<b>15-Feb</b>	<b>15-Mar</b>	<b>15-Apr</b>	<b>15-May</b>	<b>15-Jun</b>	<b>Total</b>
<b>Animals</b>													
Start of month	23	21	21	23	25	21	17	13	15	16	9	19	
Opened	21	17	15	16	7	12	15	9	12	8	17	18	<b>167</b>
Closed	23	17	13	14	11	16	19	7	11	15	7	19	<b>172</b>
<b>Building/Housing</b>													
Start of month	222	234	247	264	250	234	217	219	237	249	236	250	
Opened	74	62	72	65	38	44	48	66	65	64	64	39	<b>701</b>
Closed	62	49	55	79	54	61	46	48	53	77	50	59	<b>693</b>
<b>Garage Sales</b>													
Start of month	49	63	47	46	51	58	7	12	17	28	38	33	
Opened	18	13	5	12	8	8	6	8	14	12	10	14	<b>128</b>
Closed	4	29	6	7	1	59	1	3	3	2	15	8	<b>138</b>
<b>Graffiti</b>													
Start of month	29	16	19	26	19	21	17	8	23	27	28	32	
Opened	34	26	45	28	22	33	19	29	44	37	44	14	<b>375</b>
Closed	47	23	38	35	20	37	28	14	40	36	40	32	<b>390</b>
<b>Green Pools</b>													
Start of month	9	12	7	7	6	4	2	3	9	7	6	118	
Opened	8	4	15	6	7	0	3	10	18	7	146	168	<b>392</b>
Closed	5	9	15	7	9	2	2	4	20	8	34	146	<b>261</b>
<b>Group Homes</b>													
Start of month	37	38	39	39	40	40	39	38	40	38	38	38	
Opened	1	2	1	1	0	0	0	2	2	1	1	1	<b>12</b>
Closed	0	1	1	0	0	1	1	0	4	1	1	1	<b>11</b>
<b>Homeless Camps</b>													
Start of month	58	51	58	67	67	66	76	74	40	42	58	48	
Opened	34	38	51	43	38	65	38	38	57	52	65	73	<b>592</b>
Closed	41	31	42	43	39	55	40	72	55	36	75	64	<b>593</b>
<b>Illegal Business</b>													
Start of month	38	33	33	34	36	34	26	25	24	35	36	36	
Opened	15	16	12	15	10	10	10	12	24	14	13	16	<b>167</b>
Closed	20	16	11	13	12	18	11	13	13	13	13	25	<b>178</b>

<b>Illegal Parking</b>													
Start of month	30	31	27	40	33	33	31	31	28	37	61	61	
Opened	23	19	28	24	24	18	29	24	29	56	62	29	<b>365</b>
Closed	22	23	15	31	24	20	29	27	20	32	62	52	<b>357</b>
<b>Miscellaneous</b>													
Start of month	18	16	13	14	13	24	19	17	16	8	9	8	
Opened	14	6	7	3	18	7	7	6	3	6	2	11	<b>90</b>
Closed	16	9	6	4	7	12	9	7	11	5	3	9	<b>98</b>
<b>Noise</b>													
Start of month	4	0	0	1	0	0	2	1	0	1	1	1	
Opened	1	0	1	0	0	2	0	0	1	1	0	0	<b>6</b>
Closed	5	0	0	1	0	0	1	1	0	1	0	0	<b>9</b>
<b>NPDES Violation</b>													
Start of month	1	2	2	1	2	1	3	2	1	1	4	4	
Opened	2	5	3	5	0	3	2	5	1	5	2	0	<b>33</b>
Closed	1	5	4	4	1	1	3	6	1	2	2	3	<b>33</b>
<b>Public Nuisance</b>													
Start of month	754	651	708	811	778	637	530	442	415	527	553	549	
Opened	437	411	568	419	258	230	248	253	431	371	338	423	<b>4387</b>
Closed	540	354	465	452	399	337	336	280	319	345	342	458	<b>4627</b>
<b>Sewage</b>													
Start of month	2	2	1	2	1	2	2	2	2	2	3	3	
Opened	4	4	3	3	3	3	4	3	3	3	4	3	<b>40</b>
Closed	4	5	2	4	2	3	4	3	3	2	4	3	<b>39</b>
<b>Signs</b>													
Start of month	11	18	21	15	16	31	13	10	19	42	21	23	
Opened	43	57	26	48	42	27	14	31	83	29	27	63	<b>490</b>
Closed	36	54	32	47	27	45	17	22	60	50	25	68	<b>483</b>
<b>Student Housing</b>													
Start of month	7	8	11	10	30	22	18	16	14	19	19	19	
Opened	3	3	1	29	4	4	4	1	10	6	0	3	<b>68</b>
Closed	2	0	2	9	12	8	6	3	5	6	0	5	<b>58</b>
<b>Vacant/Neglected Properties</b>													
Start of month	393	380	382	380	388	384	376	352	355	350	357	343	
Opened	27	30	39	41	23	25	21	33	43	41	28	40	<b>391</b>
Closed	40	28	41	33	27	33	45	30	48	34	42	49	<b>450</b>
<b>Water Conservation</b>													
Start of month	0	21	58	54	37	36	12	18	17	18	49	47	
Opened	27	104	93	79	41	24	34	32	34	104	89	128	<b>789</b>
Closed	6	67	97	96	42	48	28	33	33	73	91	113	<b>727</b>

**Weed Abatement**

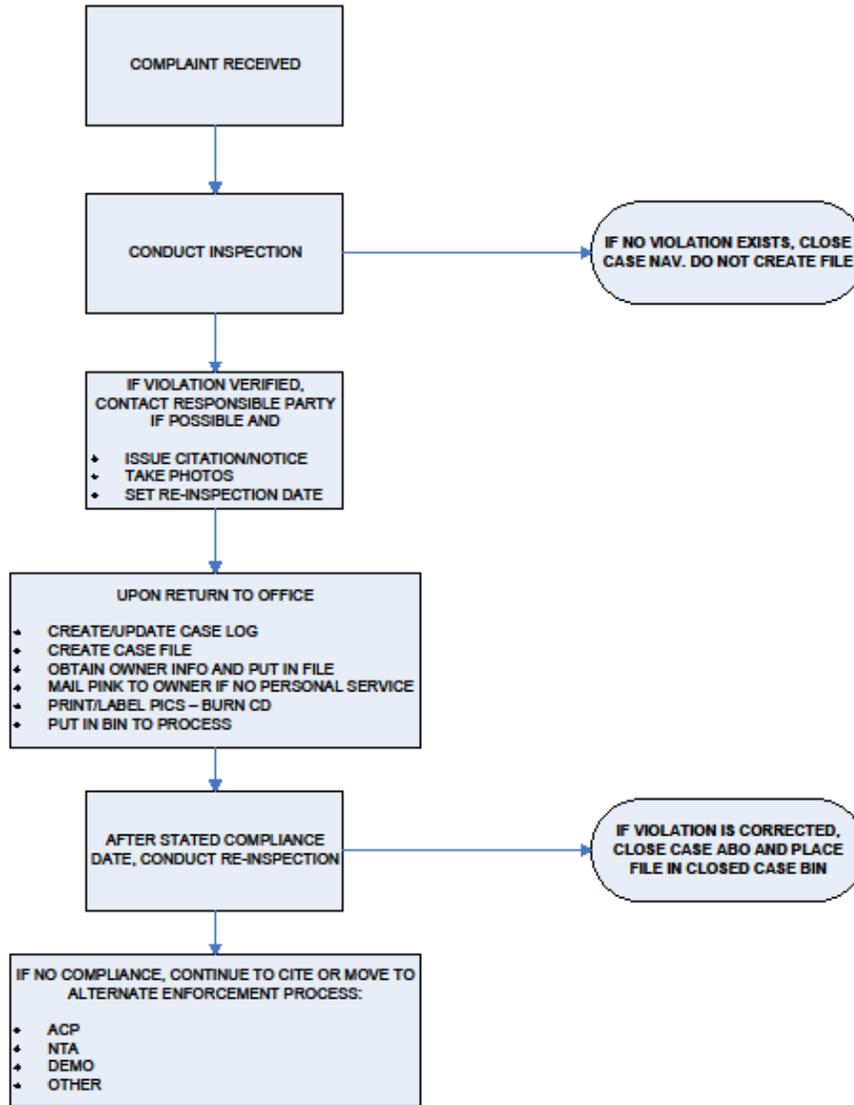
Start of month	95	86	150	67	107	73	28	55	91	39	67	78	
Opened	117	127	59	82	20	8	51	83	17	48	37	25	<b>674</b>
Closed	126	63	142	42	54	53	24	47	69	20	26	26	<b>692</b>
<b>Zoning</b>													
Start of month	12	12	13	11	10	9	8	9	10	9	7	7	
Opened	1	2	1	1	4	0	3	3	2	0	2	1	<b>20</b>
Closed	1	1	3	2	5	1	2	2	3	2	2	0	<b>24</b>
<b>Total</b>													
<b>Opened</b>	904	946	1045	920	567	523	556	648	893	865	951	1069	<b>9887</b>
<b>Total Closed</b>	1001	784	990	923	746	810	652	622	771	760	834	1140	<b>10033</b>
	<b>14-Jul</b>	<b>14-Aug</b>	<b>14-Sep</b>	<b>14-Oct</b>	<b>14-Nov</b>	<b>14-Dec</b>	<b>15-Jan</b>	<b>15-Feb</b>	<b>15-Mar</b>	<b>15-Apr</b>	<b>15-May</b>	<b>15-Jun</b>	

# APPENDIX A

## Operations Manual

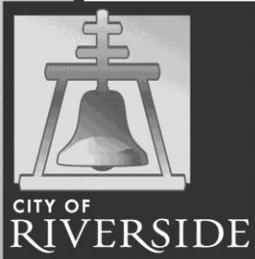


### i.(2) Regular Cases/Workflow – Admin Cite



Section II-c

Note: From the “Upon Return to Office” section of the flowchart, this portion of the process was changed when a paperless system was implemented, GoEnforce. The Section has not been updated in SOPs to reflect the process changes.



## MEMORANDUM

Community Development

Code Enforcement Division

**DATE:** 08/06/2015

**TO:** Emilio Ramirez, Interim Community and Economic Development Director

**FROM:** Gary Merk, Code Enforcement Division Manager

**RE: RESPONSE TO CODE ENFORCEMENT DIVISION AUDIT FINDINGS**

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### **FINDING #1:**

The division has not updated the documented procedures for the code enforcement process. After implementation of Go Enforce, management neglected to update documented standard operating processes and procedures from time a complaint is received until the case is closed and/ or a lien is placed on the property. Outdated polices/procedures can lead to a lack of clarity on how to perform the function, as well as what is expected from the code enforcement officers. Documented operating procedures help reduce the possibility of human error and provide guidelines for employees to follow. Standard operating procedures help establish consistency over process performance and provide a method to communicate process changes to employees.

### **RESPONSE:**

I concur in part to this finding. The Code Enforcement Division implemented an electronic case management system (GoEnforce) in July 2011. As part of this implementation, a training and procedure manual was created in support of the new system. This document is titled "GoEnforce Training Bulletins" and is designed to provide direction to staff on how to utilize the system when working on code enforcement cases. In addition, GoEnforce provided a generic user guide which was not specific to Riverside's procedures, but to the system in general. The bulk of the existing Code Enforcement Policy and Procedure Manual is still applicable with the exception of those sections that reference procedures on processing hard copy case files (which no longer exist.) There is a need to consolidate both procedure manuals into one comprehensive policy and procedure for the Division.

### **FINDING #2:**

No outcome or output performance measures are being tracked or used for strategic planning. Accurate performance data is useful for management to allocate resources, set performance goals, and measure progress in meeting those goals. Accurately reported performance measures are important to elected officials and the public because it gives

**them objective information about whether the division is spending tax dollars effectively and efficiently.**

**RESPONSE:**

I agree with this finding in its entirety. Early in 2014, I began developing the structure of a performance measurement tool utilizing the reporting capabilities of the GoEnforce system. As part of this process, I created a statistical report showing all staff activity over a one year period which was distributed to staff. This project is ongoing and will necessitate a collaborative approach with management, staff, Human Resources, SEIU and other stakeholders. It will also be helpful to consider industry wide "best practices" in this process as there are inherent challenges in establishing division-wide expectations for a position with so many variables.

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