
***Code Violation Enforcement and Collections
FOLLOW-UP
(A2019-06F)***

April 2024





OUR MISSION

Provide independent, objective assurance and consulting services designed to add value and improve the City of Fayetteville’s operations.

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ORIGINAL REPORT HIGHLIGHTS

Code Violation Enforcement and Collections (A2019-06)

Original Report Issued:
August 2019

Objectives: To evaluate whether:

- Applicable penalties and abatement costs were properly and completely imposed following established City adopted fee schedules and ordinances; and
- The internal controls were sufficient to identify risks.

Scope: Code Enforcement substandard housing, vehicle and solid waste cases initiated from January 1, 2018 through May 15, 2019.

Due to the nature of the enforcement and inspection and no clear written guidance, Internal Audit did not sample cases to determine if approvals and necessary documents were being obtained; penalties were charged correctly; or verify the timeliness of intake, contact, investigation and follow-up.

Background

- Department provides abatement of a wide variety of housing and nuisance code violations.
- The program objective is to protect and improve the quality of life and environment through efficient and effective violation abatement in support of high quality, affordable housing and revitalized neighborhoods.

Highlights:

- Steps within the code violation enforcement and collection processes were based on the discretion of Department personnel.
- Current processes were inconsistent with the City's Code of Ordinances.
- Conflicting language existed between the City Code of Ordinances and the City's adopted fee schedule.
- Abatement costs waived/reduced with no policies and procedures identifying authority.
- Civil penalties were insufficiently tracked to include collection agency reporting.
- Departmental policies and procedure for substandard housing, vehicle and solid waste violations addressed parts of the code violations enforcement and collections processes but did not provide enough guidance to ensure code violations were enforced in a consistent manner for all like cases.

WHY THIS MATTERS

- When code enforcement cases are not enforced consistently, practices can be perceived as unfair by the public and the risk of preferential treatment without detection exists.
- Abatement liens and collection agency records may be erroneously recorded, and liens may not be released when paid in full.



Action Since Original Audit Report

Code Violation Enforcement and Collections Follow-Up (A2019-06F)

The Office of Internal Audit has completed follow-up on the Code Violation Enforcement and Collections Audit approved by the Audit Committee on August 8, 2019.

Objective and Scope

Determine whether management implemented corrective actions to the audit recommendations reported by the Office of Internal Audit.

The scope of the follow-up audit was limited to the findings and accepted recommendations in the original audit of code violation enforcement and collections. This included a review of departmental policies and procedures and training documentation.

Background

The original audit report, dated August 2019, had seven agreed upon recommendations. The audit provided management with recommendations to:

- Develop policies and procedures;
- Train staff on the policies and procedures; and
- Develop a quality review program.

Summary Results

7 recommendations proposed in August of 2019

Testing included an evaluation of the agreed upon recommendations to determine if corrective actions were implemented as reported. The Department implemented 7 recommendations by establishing policies and procedures, providing staff training, communicating with the City Attorney’s Office and updating ordinances.

Although the Development Services and Finance departments coordinated on processes that crossed departmental boundaries, the departments should come to an agreement on any unresolved process designations. In addition, the Department with the guidance of the City Attorney and City Manager’s Offices should determine if the ordinance needs updated to ensure the current practices are compliant. This should take into consideration whether fees and penalties can be reduced or waived and who has the authority to make changes to the assessed fees and penalties.

The Office of Internal Audit has concluded the Code Violation and Collections Follow-up Audit and expresses appreciation for the assistance provided by Department staff.



FULLY IMPLEMENTED

7



PARTIALLY IMPLEMENTED

0



NOT IMPLEMENTED

0

Finding 1 – Current written policies and procedures were not all inclusive causing inconsistent enforcement of City code violations.

Recommendation 1.1	Develop comprehensive policies and procedures that provide consistent code enforcement, to include but not limited to: (a) number of re-inspections and extensions allowed; (b) number of days allowed to correct specific code enforcement violations; (c) expectations of timely re-inspections; (d) when exceptions are applicable to the standard enforcement process; and (e) approval and documentation process for exceptions.
SUMMARY OF ORIGINAL FINDING	
CURRENT OBSERVATION	Policies and procedures were created and updated to reflect the current department practices and address the audit recommendation.
DETERMINED STATUS	IMPLEMENTED
Recommendation 1.2	Ensure personnel are trained on comprehensive policies and procedures.
SUMMARY OF ORIGINAL FINDING	
CURRENT OBSERVATION	Department staff provided documentation of regularly scheduled weekly departmental meetings. Various topics were covered including updates to policies and procedures.
DETERMINED STATUS	IMPLEMENTED
Recommendation 1.3	Develop a documented quality review program to ensure compliance with comprehensive policies and procedures.
SUMMARY OF ORIGINAL FINDING	
CURRENT OBSERVATION	Policy # 43802-011 Quality Control Review Policy – Code Enforcement Cases effective March 4, 2024 established quality review expectations. Internal Audit reviewed a sample of code enforcement cases and noted that quality reviews were being documented in the Cityworks software program.
DETERMINED STATUS	IMPLEMENTED

Finding 2 – Processes were not always in compliance with the City Code of Ordinances and adopted fee schedule.

Recommendation 2.1	Development Services management should coordinate with the City Attorney’s office to update the City Code of Ordinances as deemed necessary and ensure comprehensive policies and procedures are in agreement. Any updates to the City Code of Ordinances should ensure compliance with North Carolina General Statutes.
SUMMARY OF ORIGINAL FINDING	
CURRENT OBSERVATION	Development Services staff provided examples of communication with the City Attorney’s Office on code enforcement updates.
DETERMINED STATUS	IMPLEMENTED

Recommendation 2.2 SUMMARY OF ORIGINAL FINDING	Management should obtain written guidance from the City Attorney’s Office for the enforcement of code violations that deviate from the standard code enforcement cases.
CURRENT OBSERVATION	Development Services staff provided examples of communication with the City Attorney’s Office on code enforcement cases.
DETERMINED STATUS	IMPLEMENTED

Recommendation 2.3 SUMMARY OF ORIGINAL FINDING	Management should develop a process for reviewing the City’s Code of Ordinances, as it pertains to code enforcement, to ensure updates are made as necessary.
CURRENT OBSERVATION	Development Services staff provided documentation showing text amendments are regularly taken to City Council for approval. Staff stated the Department’s process is to take text amendments to the Planning Commission twice a year.
DETERMINED STATUS	IMPLEMENTED

Finding 3 – Financial oversight for code violation enforcement and collections needed improvement.

Recommendation 3.1 SUMMARY OF ORIGINAL FINDING	Development Services management should coordinate with the Finance Department to develop comprehensive policies and procedures showing clear lines of departmental responsibilities regarding the assessment and collections of abatements costs, civil penalties and administrative fees, to include but not limited to the authority to waive/reduce abatement costs, collection agency reporting and periodic reconciliations.
CURRENT OBSERVATION	To reflect the current department practices and address the audit recommendation, the Department developed the following policies: <ul style="list-style-type: none"> • 43802-007 Citation Collections • 43802-010 Demolition Assessments; and • 43802-011 Lot Cut Assessments. <p>The audit recommendation required the Development Services and Finance departments to coordinate and develop policies and procedures on the authority to waive/reduce abatement costs. However, these departments do not have the authority to waive or reduce abatement costs without the approval of City Council. Therefore, the City Manger’s and City Attorney’s Offices should address the Ordinance related to abatement costs and take any changes to City Council for approval as required.</p>
DETERMINED STATUS	IMPLEMENTED