

**Performance Audit 17-07:
Economic and Community
Development Codes Enforcement**

November 2018

City Auditor

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OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

November 27, 2018

To: Mayor Andy Berke
City Council Members

Subject: ECD Codes Enforcement Audit (Report #17-07)

Dear Mayor Berke and City Council Members:

The attached report contains the results of our audit of Economic and Community Development's Code Enforcement Division (ECD). Our audit found the Codes Division is diligent in their inspections to mitigate blight and nuisance issues within the City. However, we did note some deviations from stated policies, as well as the opportunity to improve procedures to address their operations. We recommended ECD management provide supervisory review to ensure violations are closed accurately and well documented, as well as develop a comprehensive manual which will provide guidance to ensure violations are processed consistently and according to City Code.

We thank the management and staff of the ECD Codes Division for their cooperation and assistance during this audit.

Sincerely,

Stan Sewell, CPA, CGFM, CFE
City Auditor

Attachment

cc: Audit Committee Members
Stacy Richardson, Chief of Staff
Maura Sullivan, Chief Operating Officer
Donna Williams, ECD Administrator
Beverly Moultrie, Human Resources Director
Jim Arnette, Tennessee Local Government Audit

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AUDIT PURPOSE

This audit was conducted in accordance with the Office of Internal Audit's 2017 Audit Agenda. The objectives of this audit were to determine if:

- ECD Codes Inspectors are following policies and procedures in place when performing inspections as required; and
- ECD policies and procedures are sufficient to ensure enforcement of City Codes related to housing, litter, overgrowth and inoperable vehicles.

BACKGROUND

The Codes and Community Services Division is responsible for addressing the concerns and requirements in public health, safety and welfare as they relate to the use and maintenance of existing structures and premises by:

- Enforcement of the City's property maintenance codes for the purpose of maintaining and preserving existing structures in the community;
- Coordinating city efforts to promote compliance with housing, vehicle, litter, overgrowth and nuisance ordinances; and
- Working to eliminate blight and nuisance conditions through public education, code enforcement and programs.¹

For FY18, ECD had 13 inspectors and processed 11,579 cases. Some of these cases did not require an inspection as they were transferred to other departments or a case was already opened. ECD's goal is to perform 80 inspections per week.

Code violations can be reported by citizens using the City's 311 system via phone, website or mobile application. Reported violations are entered into the Accela system and integrated into CityView. CityView houses all the digital data for each case, including the photos, documentation and other activities performed by the inspector. If inspectors discover a violation, they can enter the case information directly into CityView.

¹ Information obtained from www.chattanooga.gov/economic-community-development/neighborhood-services/code-enforcement

Inspectors are assigned to monitor specific areas of the city and manage new cases arising within their territory, perform re-inspections on older cases, and note any violations while patrolling their designated area. In addition to working in the field, inspectors are required to document inspections in City View, locate property owners, prepare cases and present them in court.

When an inspector starts a new case, they take a photo of the property and upload it to CityView. If the inspector determines a City Code violation has occurred, a Municipal Inspection Report is sent to the property owner detailing the alleged violation(s). After a set time, a re-inspection is performed. Additional photos are taken to document any progress made toward correcting the violation. If the violation has not been corrected, the inspector can give the property owner additional time or issue a citation. If the case goes to court, a separate file is maintained by the inspector for use in court.

Financial Information

Exhibit 1: ECD Properties Brought into Compliance by Fiscal Year

Number of Properties Brought into Compliance	
Fiscal 2013	6,315
Fiscal 2014	6,778
Fiscal 2015	9,649
Fiscal 2016	10,319
Fiscal 2017	7,050
Fiscal 2018	8,142

Source: ECD BFO Offers Performance Measurements

FINDINGS AND RECOMMENDATIONS

A comprehensive policy manual will promote operational consistency.

ECD has standard operating procedures that incorporate the fundamental requirements set forth in the City Code related to housing, litter, overgrowth and abandoned/inoperable vehicles. ECD also has several additional policies concerning housing violations that are not included in their standard operating procedures.

Our review also determined ECD polices lack specific detail in addressing critical issues such as documenting compliance, processing demolition cases and providing written extensions. As an example, the procedures lack guidance on how to deal with condemned property

and notifying the Building Official as required by City Code Section 21-14.

The lack of a comprehensive set of procedures could result in the inconsistent application of enforcement actions which could be perceived as bias or discrimination. Furthermore, inspectors may overlook critical steps when performing their duties, leading to violations not being processed correctly or timely.

Recommendation 1:

We recommend ECD management consolidate all their policies and procedures into one comprehensive manual and include day-to-day operations, functions, and expectations of departmental personnel, as well as the process and requirements for each type of inspection and court proceeding. The procedures should also include instructions on documenting evidence in both CityView and court case files.

***Auditee Response:** We concur with the audit finding and recommendation.*

ECD should implement procedures requiring supervisory review.

ECD's *Code Enforcement Policy and Standard Operating Procedures* reiterates throughout the need for documenting cases in writing and with photographic evidence. Accordingly, our audit included an examination of CityView cases to determine if inspectors followed operating procedures and properly documented their cases.

We reviewed a random sample of 52 cases and found two cases that were closed before the violations were in compliance with the City Code. In both cases, photos were present but failed to confirm the specific violations were corrected. Moreover, the inspectors failed to provide any notes or comments to explain why the cases were closed.

A violation was reported in 32 of the 52 cases we reviewed. We reviewed these cases and found:

- An initial inspection was performed and a photo was present in CityView and;
- A re-inspection was performed and a notification letter was sent to the property owner.
- When a notification letter was sent, it didn't always contain details of each violation listed.
- In 15 cases, a photo wasn't present when a re-inspection was performed.

- In five out of six cases when a citation was issued, a photo wasn't present in CityView to show the re-inspection was performed prior to court.

We provide an example to illustrate: OIA reviewed a recent demolition case involving litigation that had multiple procedural errors with incorrect dates, a notification sent out late, and photos missing. A standard practice in management review of CityView cases would help ensure violations are properly documented and addressed by the inspectors, in accordance with the Code and ECD policies.

Recommendation 2:

We recommend ECD management develop and implement written procedures to require supervisor review of inspectors' CityView cases and court documents to ensure they have been properly handled and are closed with sufficient documentation. The procedure should include steps to verify photos are present to close the case properly and inspections are performed.

***Auditee Response:** We concur with the audit finding and recommendation. We have reduced the size of the assigned territory for the supervisors to monitor. This will provide them more time to review staff CityView and court cases and perform other supervisor duties.*

Code Inspector's job requirements should be enforced.

During FY18, ECD Codes Division employed one Chief Inspector and 13 inspectors. Each Code Inspector is required to have the International Code Council (ICC), Property Maintenance and Housing Certification (IPMC), as well as acquire a Special Police Commission. ECD's job descriptions allow inspectors up to a year after hired to attain the IPMC designation. Code Inspector 2 and Supervisor positions are required to have two additional certifications when hired—the ICC Zoning Inspector certification and Federal Emergency Management Agency Managing Floodplain Development certification.

ECD currently has two employees, (ECD Inspector 1 and an ECD Inspector 2) who do not possess the required credentials for their positions. A Public Works Department employee transferred to a Code Inspector 1 position in July 2014. The IPMC certification was due July 2015, but not obtained. ECD Management provided the employee an extension to June 2016. The certification was not obtained. A June 2018 evaluation set a goal of July 25, 2018 to obtain the required certification. As of the date of this report, the inspector has not achieved the requirement.

In May 2017, an ECD Neighborhood Relations Division employee transferred to a Code Inspector 2 position. The job posting required only two of the three certifications mandated by the job specifications. In addition, the posting allowed one year to obtain the certifications. The IPMC and ICC Zoning Inspector certifications were due June 2018 but not obtained. The IPMC certification was obtained September 2018. However, the Code Inspector 2 still lacks the required ICC Zoning Inspector certification.

ECD management has communicated to these employees the need to obtain the certifications and set deadlines, which were not met. Neither employee has complied with the credentialing requirements for their position and management has failed to take any action.

The failure to enforce this requirement could result in code inspectors who do not possess the competency and skills required to perform the job. Poor staff morale among inspectors who have acquired the appropriate certifications could also result.

Recommendation 3:

We recommend ECD management enforce the stated certification requirements for their inspectors. Only individuals meeting minimum requirements should be appointed to positions. Individuals given conditional employment should be released from employment if they fail to meet the required conditions in the time frame specified. ECD management should take appropriate action to remove employees who do not meet the requirements of their employment.

***Auditee Response:** Both inspectors will be taking the exam again, on December 3, 2018. We are working diligently with both in preparation for the exam and are hopeful they will be successful. However, we have reached out to the City of Chattanooga Human Resources Department (HR) on how to proceed should the individuals fail the exam and will rely on advice and guidance from HR.*

***Auditor Comment:** Employment was granted to these employees with the expectation they would achieve certification within a reasonable time period after they were hired. However, to date, management hasn't taken any corrective action for the employees' failure to meet the stated job requirements. We reaffirm our finding and recommendation.*

APPENDIX A: SCOPE, METHODOLOGY AND STANDARDS

Based on the work performed during the preliminary survey and the assessment of risk, the audit covers Economic and Community Development Codes Division (ECD) operations from July 1, 2017 to June 30, 2018. When appropriate, the scope was expanded to meet the audit objectives. Source documentation was obtained from ECD and Human Resources. Original records as well as copies were used as evidence and verified through physical examination.

The sample size and selection were statistically generated using a desired confidence level of 90 percent, expected error rate of 5 percent, and a desired precision of 5 percent. Statistical sampling was used in order to infer the conclusions of test work performed on a sample to the population from which it was drawn and to obtain estimates of sampling error involved. When appropriate, judgmental sampling was used to improve the overall efficiency of the audit.

To achieve the audit's objectives, reliance was placed on computer-processed data contained in the CityView system. We assessed the reliability of the data contained in the system and conducted sufficient tests of the data. Based on these assessments and tests, we concluded the data was sufficiently reliable to be used in meeting the audit's objectives.

We conducted this performance audit from May 26, 2017 to November 6, 2018³ in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

³ Audit work was suspended from November 27, 2017 to June 4, 2018 due to the need for temporary allocation of auditor resources to another project.

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