ADMINISTRATIVE CITATIONS AUDIT

NUMBER OF RECOMMENDATIONS

PRIORITY 1	PRIORITY 2	PRIORITY 3
0	3	8

Contents:

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A. Overview

Key Outcomes

Based on analytics performed on limited available code enforcement case data, we observed a general trend of higher case compliance rate within three months for all cases since the inception of the Administrative Citation Process (ACP) in 2014. We also observed that the Warning Notice component of the ACP appeared to be the most effective part of the tool at reaching quicker compliance (within one month). However, a more conclusive determination can be made on the effectiveness of the ACP as a code enforcement tool pending procedural and data quality improvements. The current limited data quality is a direct result of not consistently using the ACP and the limitations of the software that gathers the data.

In order to improve code enforcement consistency and customer service, we recommend that Community Development Department (CDD) management enforce the ACP process for citable violations, consider making all violations citable, and use the Notice Process (NP) on an exception basis. This will not only potentially improve the effectiveness of the overall code enforcement process, but also reduce the confusion of having two enforcement processes.

Internal Audit identified 11 improvement opportunities related to the tracking and monitoring of the third-party vendor's processing of citations, delinquent citation collection process, revenue reconciliation, case referrals to the City Attorney's Office, code enforcement related forms, policies and procedures, and an evaluation of whether to use ACP for all violations to streamline the process.

Impact Dashboard

This table summarizes the applicable value-added categories (total 27) for the 11 recommendations based on their priority rankings and one innovation opportunity.

	Value Added Categories				Innovation Opportunities
	Risk Reduction	**Compliance**	**Cost Saving**	**Efficiency**	
Priority 2 **3**	3	3	0	0	0
Priority 3 **8**	8	7	0	6	1

(Definitions of priority rankings and value-added impacts are located in Appendix 1.)

B. Action Plan and Target Completion Dates

The action plan and target completion dates are summarized in the table below. Internal Audit will perform quarterly status follow-up to provide assurance that management is taking appropriate and timely corrective action to address audit recommendations.

Ref.	Management Action Plan	Completion Date
Priority 2		
1.	Track and monitor the administrative citations issuance and the status of payments, void, open, closed and refunds. ***Value added:*** *Risk Reduction*, *Compliance*	09/30/2019[1]
2.	Work with the Vendor to ensure that citations are properly routed to the City's Collection Agency and that CSI, the City's licensing, inspection and permitting system, reflects the citation collection status. ***Value added:*** *Risk Reduction*, *Compliance*	06/30/2019
3.	Perform periodic review of citation payment status and request that the Vendor and Collection Agency provide itemized support on revenue remittance statements. ***Value added:*** *Risk Reduction*, *Compliance*	06/30/2019
Priority 3		
4.	Define and establish criteria for waived, dismissed, voided and/or rescinded citations in the Administrative Procedure. ***Value added:*** *Risk Reduction*, *Compliance*	09/30/2019
5.	Request that the City Attorney's Office send periodic updates on case status and establish criteria for referral. ***Value added:*** *Risk Reduction*, *Efficiency*	09/30/2019
6.	Ensure that the most up-to-date and accurate codes are used by inspectors, and that citations are reviewed prior to transferring to Vendor and consider eletronic transmission of citations to Vendor. ***Value added:*** *Risk Reduction*, *Compliance*, *Efficiency*	09/30/2019
7.	Clarify the enforcement of cases that contain both citable (through ACP) and non-citable (through NP) violations. ***Value added:*** *Risk Reduction*, *Compliance*, *Efficiency*	09/30/2019

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[1] The Completion Date was provided by management based on anticipated resources pending budget review.

Ref.	Management Action Plan	Completion Date
8.	Establish clear guidelines in the Administrative Procedure to ensure consistency in enforcing the ACP. ***Value added:*** *Risk Reduction, Compliance, Efficiency*	09/30/2019
9.	Ensure that the forms used for code enforcement are customer friendly and the space limitations on forms are removed to allow for the efficient use of the ACP tool. ***Value added:*** *Risk Reduction, Compliance, Efficiency, Innovation*	09/30/2019
10.	Enforce the ACP procedures, improve data quality for code enforcement, and evaluate whether to use ACP for all violations to streamline the code enforcement process. ***Value added:*** *Risk Reduction, Compliance, Efficiency*	09/30/2019
11.	Review and inactivate the terminated CDD employees with active CSI system access and establish a procedure to ensure that all CSI users that no longer require access to the system are timely deactivated. ***Value added:*** *Risk Reduction, Compliance*	09/30/2019

C. Background

In accordance with Internal Audit's Fiscal Year (FY) 2018-19 work plan, Internal Audit performed an audit of administrative citations utilized by the Neighborhood Services code enforcement staff.

1. Code Enforcement Overview

The City conducts enforcement of municipal, state, housing and building codes through Neighborhood Services, a division of CDD.[2] Two code enforcement tools are used concurrently – the NP and the ACP. A code enforcement case may undergo both processes simultaneously. See Appendix 4 for a diagram of the ACP (in green) and the NP (in yellow).

Notice Process

Prior to the enactment of ACP in 2013, the NP was the primary method of achieving code compliance.[3] This method involves a complaint being filed about a potential code violation, which prompts the City to inspect the violation, determine its legitimacy and

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[2] In 2013, the Licensing function that was a part of the City Clerk's Office was moved to CDD.
[3] See Appendix 2 for a detailed categorization and analysis of the different code enforcement processes. Although the ACP was enacted in June of 2013, the first citation was issued in February of 2014, thus 2014 is the start date of the ACP for the purposes of this report.

issue a series of notices or letters detailing the code violation(s) and remedies. There are no fines associated with this process, only re-inspection fees. Each time an inspection occurs, with the exception of the initial inspection and the final inspection (where the violation is remedied), a re-inspection fee is assessed.

Administrative Citation Process

In June 2013, the City Council amended the Glendale Municipal Code (GMC) to add Chapter 1.24 titled "Administrative Code Enforcement Remedies" outlining the process for administrative citations. This change allowed the City to use fines for applicable code violations within the Citywide Fee Schedule that is adopted through the City's annual budget process. The fines are based on a three-tier system whereby each tier contains a number of code violations grouped by severity and each with its own progressive fine amounts.[4] The ACP can only be used on cases that involve citable violations. It is important to note that the citable codes currently listed in the Citywide Fee Schedule are only a fraction of the municipal codes that can potentially be cited.[5]

The ACP begins when a complaint is filed about a potential citable code violation, which prompts the City to inspect and confirm the violation and then issue a Warning Notice.[6] At the time the Warning Notice is issued, the Inspector schedules a re-inspection date (generally in 30 days) for the code violator to remedy the violation. If upon re-inspection, the violation is not remedied, an administrative citation can be issued. The process of re-inspection and citation issuance can repeat up to 3 times, per the Administrative Procedure, although there are a few cases where more than 3 administrative citations have been issued for the same case. Per data analysis, most cases undergoing the ACP achieve compliance solely through the issuance of the Warning Notice, and for a small percentage of cases citations have been issued.

Code Violations

Code compliance inspectors enforce various municipal and state code violations. For the NS cases that were analyzed as part of this audit, we grouped the violations into eight general categories based on the input from the Principal NS Supervisor. The table on the following page shows the cited codes by category and frequency of usage:[7]

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[4] Based on the FY 2018-19 Citywide Fee Schedule, the first tier amounts are: $100 for the first violation, $200 for the second and $500 for the third. Second tier fines are: $200, $400, $1000, and third tier fines are: $400, $1000, $2000.
[5] The FY 2018-19 Citywide Fee Schedule lists 502 codes that have associated administrative fines.
[6] Per the NS Code Enforcement Administrative Procedure, if the violation is so egregious that it will likely be an immediate threat to life, health or safety, an administrative citation may be issued without a prior warning.
[7] See Appendix 2 for more details.

Table 1: Code Enforcement Cases by Violation Category from 01/01/2010 to 09/01/2018[8]
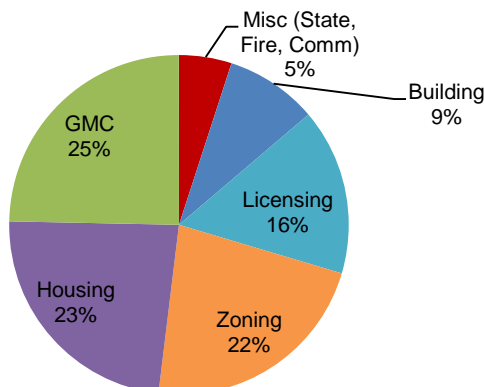
2.   Comparison of Code Enforcement Processes

The NP and the ACP are concurrently used as code enforcement tools. Similarities between the two processes include:

- Re-inspections and its associated fees;
- Written Notices including Warning/Courtesy Notices;
- Referrals to the City Attorney's Office for non-compliance.

The table below provides a summary of the various forms/notices used under these two processes:[9]

Table 2: Forms and Notices Used for the NP and the ACP

	NP	ACP	Issued by
Notice of Violation	✓		City
Re-Inspection Fee Notice	✓	✓	City
Re-Inspection Fee Invoice	✓		City
Warning Notice		✓	City
Administrative Citation Form		✓	City
Vendor Payment Collection Notice		✓	Vendor

The main differences between the two processes include:

- The ACP uses the Warning Notice and the Administrative Citation Form that are less time-consuming to produce, per CDD staff, than the notices that are used under the NP. However, they do not provide as much room as the notices under

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[8] GMC are Glendale Municipal Code violations (outside of Zoning and Licensing) related to street use permitting, parkways and public rights-of-way, refuse container maintenance, smoking in restricted areas, soil erosion control, indigenous trees, sidewalk clearance, and other miscellaneous violations.   Although Zoning and Licensing are part of GMC, they are listed as separate categories. "Comm" is an abbreviation of the Commercial Property Maintenance code category.
[9] See Appendix 3 and 4 for sample copies of the forms used and a diagram of the code compliance processes, respectively.

the NP for explicating cases that involve many violations. Data analysis shows that for cases involving more than three violations, the NP is highly likely to be used.

- The ACP can only be used on citable violations that are listed in the Citywide Fee Schedule, however, there are cases that involve both citable and non-citable code violations; we categorize these cases as Mixed Process cases, since the NP and the ACP could have been used concurrently.[10]

- In addition to the re-inspection fee as described under the NP, an administrative fine can be assessed under ACP per the Citywide Fee Schedule through the use of citations. The citations are processed using the Vendor Payment Collection Notice by a third-party vendor (Vendor).

Table 3 shows the total cases by code enforcement process type. From the enactment of the ACP in 2013, more cases have been undergoing ACP rather than the NP, based on the definitions detailed in the Methodology and Appendix 2.

Table 3: Cases by Process Type from 01/01/2010 – 09/01/2018
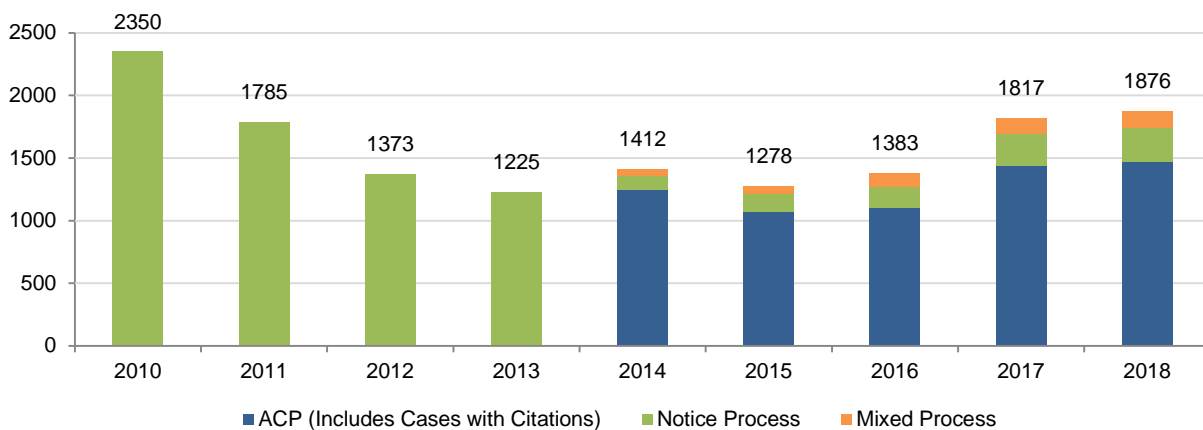
3. <u>Referral of Code Enforcement Cases to the City Attorney's Office</u>

If the ACP and the NP are not about to achieve code compliance, the case is referred to the City Attorney's Office for legal action. Per Exhibit 4 in Appendix 2, the cases referred to the City Attorney's Office have reduced. The data shows that 99% of cases undergoing the ACP are cleared without referral to the City Attorney's Office.[11] The most cited violations for cases sent to the City Attorney's Office were in the Housing, followed by the Building and Zoning categories.[12]

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[10] See Appendix 2 for a detailed description of the code enforcement process types.
[11] Case compliance is based on cases with completion dates in the CSI dataset from 01/01/2014 to 09/01/2018.
[12] The violation category analysis has been performed on cases referred to the City Attorney's Office with up to 8 violations, which constitute 89% of overall case referrals.

4. ACP Overview

The steps listed below describe the general ACP.

Warning Notice Issuance

When a complaint is received, the inspector is scheduled to inspect the site to determine the validity of the complaint. Once the complaint is investigated and it is determined that a violation exists, the inspector initiates the case. If the violation is not severe, the inspector issues a Warning Notice to remedy the violation, and schedules a re-inspection after a certain time period, see Appendix 3 for a sample copy of the Administrative Citation Warning Notice.

Administrative Citation Issuance

After issuing the Warning Notice, and upon scheduling a re-inspection, if the violation is not remedied, an administrative citation is issued and another inspection is scheduled to allow for the violation to be corrected. A paper copy of the citation is posted on the site, see Appendix 3 for a sample copy of the Administrative Citation Form.

Administrative Citation Processing by Vendor

Currently the City uses Vendor to process administrative citations and collect payments on behalf of the City. After the citation is issued, NS staff reviews the citation for completeness and emails a scanned copy to the Vendor for processing.

The Vendor charges a fee for processing unique citations that includes sending up to two notices to the code violator for collection of payment. It is important to note that administrative citations contain <u>fines</u> that are issued for code enforcement cases and each case also has associated re-inspection <u>fees</u>; while the Vendor processes the <u>fines</u>, the City processes the re-inspection <u>fees</u>.

The Vendor is responsible for processing citations, keeping records of total issued citations through available web reports, sending collection notices to code violators, processing payments, issuing refunds upon request from the City, conducting administrative hearings in case of citation contestation, and referring uncollected citations to the City's third-party collection agency (Collection Agency) under the direction of the City. The City does not perform thorough monitoring of the Vendor's activities for administrative citations; these are detailed in the observations that follow.

Delinquent Account Collection

The Vendor sends any uncollected citations to the Collection Agency after exhausting its process for collecting the administrative citation payment, which includes sending two notices that fall within 62 days from the first attempt at collection. Of the 816 administrative citations processed by the Vendor, 382 (or 47%) were referred for

collection. Of the assigned citations for collection, the Collection Agency was able to collect at a rate of 11%, which closely compares to the citywide collection rate of 10%.[13]

Administrative Citations Statistics

The City keeps a record of the administrative citation issuance in hard-copy as well as a scanned copy in the City's licensing, inspection and permitting – City Services Interface (CSI) system. While individual citations can be retrieved from CSI, the system does not allow for comprehensive tracking of administrative citations, such as the total number issued, the amount issued, or the violation categories that have been cited.

Per Vendor records, from the ACP inception to 09/01/2018, 816 administrative citations have been issued as part of 556 unique code enforcement cases as shown in Table 4 below. From these, 323 (or 40%) have been collected for payment totaling about $115,000 for the period from 02/25/2014 to 09/01/2018.[14]

Table 4: Citations Issued from 02/25/2014 to 09/01/2018
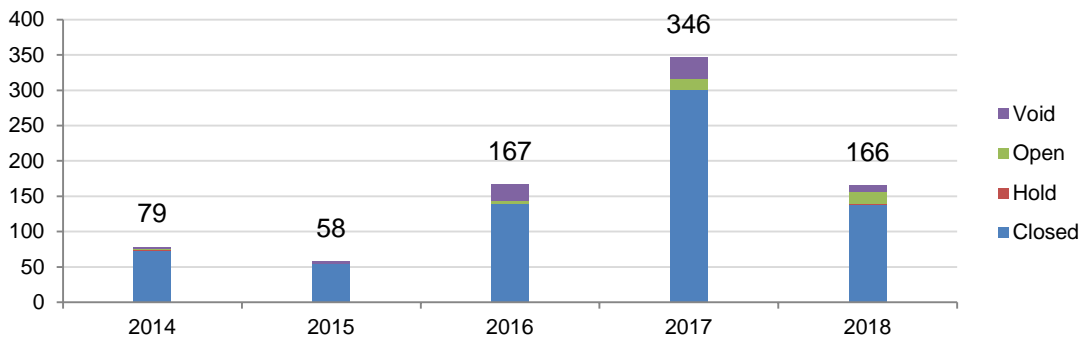
Table 5 shows the different code categories where the ACP is used per Vendor records. As shown, 32% of issued citations are for the Licensing code violation category followed by Zoning and Housing.

Table 5: Citations Issued by Violation Category from 02/25/2014 to 09/01/2018

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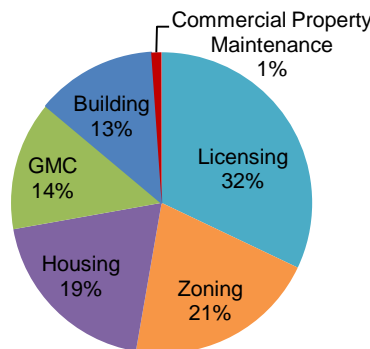
[13] Rates are based on Collection Agency records from 12/2017 to 11/2018.
[14] This amount reflects citations issued by NS per the Citation Status Report on the Vendor's website for 01/01/2013 through 09/01/2018; it does not include any citations issued by Building & Safety or Glendale Water & Power, two City entities that also used administrative citations in the analysis period.

D. Objective, Scope and Methodology

The objective of this audit was to determine whether the ACP is an effective code enforcement tool.

The scope of this audit covers data analytics performed on code enforcement case data from the CSI system obtained from the City's Information Services Department (ISD) for the period of January 1, 2010 through September 1, 2018, and citation data obtained from the Vendor that processes administrative citations for the period of January 1, 2014 through September 1, 2018.

In order to achieve the audit objective, Internal Audit performed the following:

- Interviewed NS Code Enforcement staff to review the processes, procedures and policies.
- Reviewed GMC Chapter 1.24 Administrative Code Enforcement Remedies pertaining to administrative citations.
- Conducted a walk-through of the code enforcement process, specifically, the issuance of administrative citations by shadowing a code compliance inspector.
- Obtained reports and interviewed staff from the City Attorney's Office to review code enforcement case referrals.
- Interviewed the Vendor and obtained data from its web portal to analyze procedures for managing the citations, and reviewed the contract between the Vendor and the City for relevant information.
- Interviewed staff and obtained reports from the City's Collection Agency to identify the total number of assigned citations for collection, the total number of citations collected and the citywide rate of collection.
- Interviewed staff from the City's Finance Department to review collection procedures and the revenue recognition practices for code enforcement.
- Interviewed staff from ISD to obtain a comprehensive report detailing all code enforcement cases from 01/01/2010 to 09/01/2018 with the appropriate data fields and analyzed case duration, violation level statistics and other areas to test for effectiveness of code enforcement processes.
- Mapped the code enforcement cases from CSI using the Geographic Information Systems (GIS) ArcMap software for location of cases by type of code enforcement process. (For information purposes only).

Assumptions:

Due to CSI data limitations, such as missing completion dates for closed cases and/or lack of specification on which process type was used for code enforcement, the following key assumptions were made for the data analytics presented in this report:

- ACP (with Citation) is defined as cases where at least one administrative citation has been issued.

- ACP (Warning Notice Only) is defined as cases where all 3 violations are citable per the FY 2018-19 Citywide Fee Schedule, but no citations have been issued. We assumed that if a case has all citable violations that it has undergone the ACP.
- Mixed Process is defined as cases, where at least 1 violation is not citable per the FY 2018-19 Citywide Fee Schedule. These cases may have followed the ACP (Warning Notice step only, no citation was issued), the NP, or both.
- NP is defined as cases from 2010 to 2013 (prior to ACP tool existence), and those cases from 01/01/2014 to 09/01/2018 that do not fall into the ACP or Mixed Process.
- Case Compliance Rate is used to measure the effectiveness of code enforcement processes. It is calculated based on two fields in CSI, the Created Date (when the case was created) and the Completion Date (automatically assigned in CSI when a case is "Closed").[15]

Analysis Limitations:

Although an upward trend in the overall case compliance rate has been observed, we may not be able to conclude whether the ACP is more effective than the NP, because the processes have not been categorically followed and the same code enforcement case could have followed both processes. The general violation categories and the process types used in the analysis are not from the original dataset, but rather classified by Internal Audit based on assumptions resulting from discussions with management.

It appears that the overall improvement is attributable to the new code enforcement tool, because since the ACP inception, 81% of the cases with up to 3 violations had all citable violations and we presume that they have undergone the ACP compared to 12% under the NP because none of the violations were citable per the Citywide Fee Schedule. However, there could be other contributing factors, such as the economy, the nature of violations, etc.

Based on the data analysis, it was noted that most of the closed ACP cases are resolved through the issuance of the Warning Notice and do not reach the stage of citation issuance. However, the ACP (Warning Notice Only) cases may include NP cases due to the fact that CSI does not track case types, and the current Administrative Procedure does not clarify the circumstances that warrant the use of specific tools, which could result in the two enforcement tools not being consistently used by the inspectors.

Detailed assumptions and limitations of our analysis can be found at Appendix 2.

As a result of the audit procedures performed, 11 observations were identified and are detailed in the Observations, Recommendations & Management Responses Matrix starting on the following page.

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[15] Per CDD staff, the date is not always automatically assigned in CSI when a case is "Closed", which is one of many case statuses in CSI.

E. Observations, Recommendations & Management Responses

Ref	Observation	Recommendation	Management Response
1.	**Tracking of Issued Administrative Citations**		
Priority 2	The City does not track the number of citations forwarded to the Vendor for processing or those that are voided/waived. Instead, the City relies on the Vendor for tracking administrative citations that have been issued. Staff scans copies of the citations to CSI; however, these scanned images do not allow for data querying or reporting. The City also keeps hard-copies of the citations issued; however, the current filing system does not allow for quick tracking of the number of citations issued. Aside from not tracking the issued citations, staff does not reconcile the citations with the Vendor's data. Not tracking issued citations exposes the City to being billed incorrect processing fees and increases the risk of citation forms being misused.	CDD management perform the following: a. Electronically track administrative citations to yield quick detection of total issuance including any voided citations, and for better record keeping and reconciliation purposes. b. Reconcile and clarify the issued citation status with the Vendor including status for payment, void, open, closed, and refunds. Reports from the Vendor's website are available for citation monitoring and reconciliation, for example, the Citation Status Report, Closed/Dismissed/Voided Report, Daily Deposited DTI Report and Refunds Processed Report.	Agrees and will implement by September 30, 2019. a. Will work with ISD to determine the best way to track administrative citations within CSI. Will also evaluate the system requirements for the proper tracking of citation data as part of the feasibility study for a new licensing, inspection and permitting system. b. Will file paper administrative citations chronologically and file digitally scanned copies with a consistent naming convention for completeness and proper monitoring. c. Will use available Vendor reports to perform a periodic reconciliation of the number and status of citations.

Ref	Observation	Recommendation	Management Response
2.	**Coordination of the Collections Process**		
Priority 2	Controls are inadequate to ensure that the Vendor manages the citations appropriately including citation status monitoring, payment reconciliation, and forwarding delinquent accounts to collection. Upon reviewing the administrative citations processed by the Vendor, we noted the following: a. The Vendor is not required to alert the City when transferring delinquent citations to the Collection Agency, because per the direction of the City, the Vendor automatically transfers any delinquent citations to collection. After the transfer, neither the City nor the Vendor monitors the collection status. Upon receipt of any administrative citation revenue, the CSI case status is not updated. Based on our review of 235 cases that are still in collection, 78 of these are "Closed", rather than in "Fees Monitor" in CSI. b. Discrepancies were noted when reconciling payment collection status for citations (total of 816 citations issued to date) by Vendor and the Collection Agency: • The Vendor accepted payment for 21 citations after the date of sending citations to collection, of which 15 paid citations are still outstanding with the Collection Agency, and 6 citations resulted in overpayment totaling about $2000. • 2 citations with a "Void" status in the Vendor's system have been sent for collection. c. Citations are not timely forwarded to the Collection Agency: • 22 citations that were issued prior to 2018 are still "Open" in the Vendor's records. • 47 delinquent accounts with a "Closed" status in the Vendor's system were not forwarded to the Collection Agency.	CDD perform the following: a. Request that the Vendor notify the City when administrative citations are sent to the Collection Agency, and update the CSI status of the case to show that it is in collection. Upon receipt of any collection, update the status accordingly. b. Research and return funds to code violators in cases of double payment made to the Vendor and the Collection Agency. c. Work with the Vendor to perform the following: 1) Recall any citations that have been sent to the Collection Agency with a "Void" status; 2) Review citations that have been "Open" for more than one year, and request that the Vendor close them and route them to collections accordingly; 3) Request that the Vendor send any "Closed" citations to collection if they have not already been sent; 4) Establish controls to not accept any payment after sending citations to the Collection Agency to avoid instances of double payment.	Agrees and will implement by June 30, 2019.

Ref	Observation	Recommendation	Management Response
3.	**Revenue Reconciliation**		
Priority 2	Administrative citation payments collected by the Vendor and the Collection Agency are not monitored or reconciled by the City to the revenues received. Upon reviewing the payment records provided by the Vendor, we noted the following: a. 17 overpaid citations totaling $4,425. According to the Vendor, all of these instances are waiting for initiation of refund from the City: • 8 were due to the code violators paying re-inspection fees to the Vendor; • 4 involved the code violators paying the citation twice; • 5 were due to general overpayment. Administrative citation revenues collected through the Vendor and the Collection Agency are accounted for in the same fund with inconsistent descriptions: a. The Vendor wires in lump-sum amounts without providing the City with itemized support of the citation payments collected. This has resulted in the City not being able to reconcile the revenue received from the Vendor; b. The Collection Agency sends a monthly activity report showing the status of cases, however, the applicable citation numbers are not provided to aid in performing reconciliation.	CDD perform the following: a. Review the overpayment cases with the Vendor and initiate refunds to the appropriate party. b. Establish a periodic review of administrative citation payments collected by the Vendor to ensure appropriate payment is made. Request that the Vendor and the Collection Agency provide itemized support for the citation payments collected, such as citation numbers.	Agrees and will implement by June 30, 2019.

Ref	Observation	Recommendation	Management Response
4.	**Clarifying Procedures for Voided Citations**		
Priority 3	Upon reviewing the 68 citations (or 8%) that were dismissed or voided per Vendor records from program inception to September 2018, we noted that the current Administrative Procedure does not reference circumstances that warrant citations to be dismissed, voided and/or rescinded: a. The current Administrative Procedure notes the steps that must be followed for waiving a citation based on financial hardship; however, citations are regularly voided by the Vendor for reasons other than financial hardship of the code violators, such as the citation not being warranted or the citation being sent to the incorrect address or owner. These reasons should also be documented in the Administrative Procedure. b. Two cases were dismissed as a courtesy; however, the current Administrative Procedure does not provide criteria for what qualifies as a courtesy waiver.	CDD management perform the following: a. Define and establish criteria for citations to be waived, dismissed, voided and/or rescinded in the Administrative Procedure. b. Document the criteria for the use of a courtesy waiver.	Agrees and will implement by September 30, 2019.

Ref	Observation	Recommendation	Management Response
5.	**Case Referrals to the City Attorney's Office**		
Priority 3	Upon reviewing cases referred to the City Attorney's Office since January 1, 2010, we noted the following: a. 21 (or 5%) of the 440 referred cases to the City Attorney's Office show the cases as being "Closed"; however, the cases are either shown as "Open" (11 cases) or "Refer to CA" (10 cases) per the records in CSI.[16] b. 17 (or 31%) of the 54 ACP cases referred to the City Attorney's Office had less than 3 citations issued, although the Administrative Procedure states that 3 citations should be issued per case.	CDD management and the City Attorney's Office perform the following: a. The City Attorney's Office send periodic status updates of cases to CDD to ensure case status is consistent and up-to-date in both CSI and with the City Attorney's Office. b. Establish and document in the Administrative Procedure the required number of citations that must be issued prior to a case being referred to the City Attorney's Office to ensure that all ACP cases have been fully and consistently exhausted as a code enforcement tool.	Agrees and will implement by September 30, 2019.

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[16] Per CDD, a case becomes "Closed" in CSI, after a final inspection is requested by the City Attorney's Office and compliance is achieved.

Ref	Observation	Recommendation	Management Response
6.	**Improvements to Citation Issuance and Processing Time**		
Priority 3	Based on a review of Vendor data of 1,009 violations appearing on 816 issued citations, we noted the following: a. 134 (or 13%) of the violations had errors resulting from inspectors failing to write the correct code on the citation forms. It is important to note that most of these errors were caused by one inspector failing to correctly cite a specific code violation on the citation. b. 324 (or 32%) of the violations did not match the codes as they are entered on the Citywide Fee Schedule. Although there are no substantive errors, the mismatch of data entry, can be time consuming for data analysis to the City's systems for reconciliation. This may also create unnecessary confusion to the Vendor in collecting fines from violators. c. The issued citations are forwarded to the Vendor via email; upon receipt of the copy, the Vendor manually enters citation related information into their system, which is prone to errors.	CDD management perform the following: a. Provide code enforcement staff with an updated Citywide Fee Schedule detailing the updated ACP code sections to ensure that they reference the most up-to-date administrative citation codes/fines in issuing citations. b. As an additional step of quality control, prior to forwarding issued citations to Vendor for processing, verify for the case number, violation code, violator's name and address, etc. c. Send electronic citation data to Vendor to avoid errors resulting from manual data entry.	Agrees and will implement by September 30, 2019.

Ref	Observation	Recommendation	Management Response
7.	**Mixed Cases (With Citable and Non-Citable Violations)**		
Priority 3	The current Citywide Fee Schedule lists 502 citable codes that can be cited through the use of the ACP. When multiple violations are discovered at the same site, clear procedures are not in place on the proper use of the ACP. This is experienced when a case has a violation that is citable as referenced in the Citywide Fee Schedule (where the ACP should be used) and a violation that is not referenced in the Citywide Fee Schedule (where the NP is used). Since the inception of the ACP, we noted that there are 489 mixed code enforcement cases, where at least one violation is not citable per the Citywide Fee Schedule. These mixed cases have not had any administrative citations issued and may have followed the ACP (Warning Notice step), NP, or both. Currently, these types of cases are not referenced in the Administrative Procedure as to how an inspector should enforce them. In addition, we noted GMC.6.08.080 (B), which is one of pre-printed violation codes on the ACP Warning Notice for Animals, is not listed on the the Citywide Fee Schedule.	CDD management perform the following: a. Clarify within the Administrative Procedure how to enforce cases that involve both citable and non-citable violations. b. Add GMC.6.08.080 (B) to the Citywide Fee Schedule in order to allow it to be citable.	Agrees and will implement by September 30, 2019.

Ref	Observation	Recommendation	Management Response
8.	**Improvements to Policies and Procedures**		
Priority 3	Upon reviewing the administrative citation data provided by ISD and the Vendor, the following inconsistencies were noted in the current Administrative Procedure: a. It does not require for the ACP to be followed for all citable cases with citable violations. Based on a sample of 30 code enforcement cases that should have undergone ACP, 8 cases had all citable violations, but either the NP was used to enforce code compliance, or there was no evidence as to which process was followed. b. It does not provide guidelines on whether a specific code enforcement process should be followed based on the number of violations in a case. For cases with more than 3 violations, we noted instances where the NP was followed and instances where the ACP was also followed. c. It does not provide guidelines on the maximum number of citations that can be issued per case. Based on a review of the 556 cases, 3 cases had more than 3 administrative citations issued. d. It does not provide clear guidelines on how to follow the established tiers per the Citywide Fee Schedule. Five cases with a total of 10 citations issued were observed to have cited violations on each subsequent citation that did not follow the established tiers.	CDD management establish the following guidelines to ensure consistency in using the ACP for code enforcement: a. The type of code enforcement process that should be followed based on the citable or non-citable violations in the case. b. The type of code enforcement process that should be followed based on the number of violations in a case. c. The maximum number of administrative citations that can be issued per case. d. The order of tiers for each violation be consistently followed on each citation starting with Tier 1, 2 and then 3, and the introduction of a new violation at the second or third citation level.	Agrees and will implement by September 30, 2019.

Ref	Observation	Recommendation	Management Response
9.	**Improvements to Forms and Notices**		
Priority 3	Upon reviewing the various forms used for code enforcement, we noted the following: a. Re-inspection fees and administrative fines are given to the code violators on two different forms because the re-inspection fee is processed through the City while the administrative citation is processed by the Vendor. Of the 556 cases that had issued administrative citations, there were 8 instances where the code violators had paid the re-inspection fee to the Vendor instead of the City. Clearer payment instructions on the forms can aid in payment being sent correctly. b. Space limitations on the current administrative citation forms prevented the inspectors from providing detailed violations and remedies. c. The administrative citation forms have pre-filled general categories of frequently cited codes; however, this may not be based on an analysis of historical code violation data.	CDD management perform the following to ensure that the forms used for code enforcement are designed in a human-centric manner and are more customer friendly: a. Clarify the payment instructions on the forms. b. Re-design the Warning Notice and the Administrative Citation forms to alleviate space issues for effective code enforcement. c. Perform analytics on the most frequently used codes and update the pre-filled general code categories accordingly, or explore other options as a result of the form re-design.	Agrees and will implement by September 30, 2019. CDD will consider working with the Innovation Team within the Innovation, Performance and Audit Department to assist in the implementation of the recommendations.

Ref	Observation	Recommendation	Management Response
10.	**Effectiveness Analysis of the ACP**		

Priority 3	Based on analytics performed on the limited available data, it appears that there has been an upward trend of case compliance rates for all cases within 3 months since the inception of the ACP. The case compliance rate was also observed to be higher within the first month for ACP than for NP. Furthermore, ACP showed faster compliance rates for the GMC, Housing and Licensing violation categories as opposed to Building and Zoning.[17] However, the following were noted that may impact the ACP effectiveness analysis:
	
	a. The NP can be used for cases with both citable and non-citable violations, but the ACP is limited to only citable violations and has not been followed for all citable cases. The analysis is based on the assumption that all cases with citable violations are ACP cases, even though some used the NP.
	b. The ACP has been used more for the categories with higher compliance rates, and it is unclear whether the higher compliance is due to the use of the ACP for these categories or other factors, such as the nature of the violations, for example a dog license code violation vs. a building code violation.
	c. The accuracy of the effectiveness analysis has also been affected by data quality, including consistency, accuracy and completeness. We found the following issues:
	  • 2,169 cases with a closed status do not have a Completion Date in the CSI system. This limited our analysis on case compliance rates. Per CDD staff, the CSI system does not always automatically assign a Completion Date.
	  • CSI does not track enforcement cases by process type, such as NP or ACP.
	
	The effectiveness analysis of the ACP as a code enforcement tool would be more accurate with clarification of procedures, consistency in using the various tools, and better data.
		CDD management perform the following:
		
		a. Enforce the ACP for cases that involve all citable violations, in order to effectively analyze the impact of the process.
		
		b. Consider moving all code enforcement cases to the ACP, and only use the NP on an exception basis to streamline the process; or conduct further in-depth analysis on the most effective violation categories to be used by specific process types.
		
		c. Improve data quality for tracking cases based on process type for more accurate effectiveness analysis and require staff to enter the Completion Date manually when CSI does not automatically assign a date.
			Agrees and will implement by September 30, 2019.

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[17] Refer to Appendix 2 for more details on the analysis performed, the assumptions made, and limitations noted.

Ref	Observation	Recommendation	Management Response
11.	**CSI System User Access Controls**		
Priority 3	Based upon a comparison of the CSI active user listing and the Munis employee listing, we noted three CDD employees have terminated employment with the City but still have access to CSI.	CDD/ISD management perform the following: a. Review the list of terminated CDD employees with CSI access and work with ISD to deactivate their access. b. Establish a procedure to ensure that all CSI users that no longer require access to the system are timely deactivated.	Agrees and will implement by September 30, 2019. a. [Completed] The three terminated employees' access to CSI has been deactivated. b. Will work with ISD to establish a procedure to ensure that all CSI users that no longer require access to the system are timely deactivated.

Appendix 1: Definitions of Priority Rankings and Value-Added Categories

Definitions of Priority Rankings

The priority rankings are assigned by internal auditors based on their professional judgment. They are also agreed upon by management based on their evaluation of the alignment with strategic goals, priorities and available resources. A timeline has been established based on each priority ranking:

a. **PRIORITY 1** - Critical control weakness that exposes the City to a high degree of combined risks. Priority 1 recommendations should be implemented within **3 months** from the first day of the month following report issuance or sooner if so directed.
b. **PRIORITY 2** - Less than critical control weakness that exposes the City to a moderate degree of combined risks. Priority 2 recommendations should be implemented within **6 months** from the first day of the month following the report issuance or sooner if so directed.
c. **PRIORITY 3** - Opportunity for good or better practice for improved efficiency or reduced exposure to combined risks. Priority 3 recommendations should be implemented within **9 months** from the first day of the month following the report issuance or sooner if so directed.

Definitions of Value-Added Categories

The four value-added impact categories are defined based on their impact from the audit recommendations:

a. **COMPLIANCE** - adherence to laws, regulations, policies, procedures, contracts, or other requirements.
b. **COST SAVING** - lower the costs related to conducting City business.
c. **EFFICIENCY** - ability to avoid wasting resources (money or time) in achieving goals.
d. **RISK REDUCTION** - lower the risks related to strategic, financial, operations and compliance.

In addition, the **INNOVATION OPPORTUNITY** category indicates the assistance and consulting services that may be provided by the Innovation and Performance Team in helping address audit observations.

Appendix 2: The Effectiveness of the ACP

<u>Methodology and Assumptions:</u>

To test the effectiveness of the ACP as a code enforcement tool compared to the NP, the following methodology was followed:

- Code enforcement data used in our analysis was obtained from ISD for the period from 01/01/2010 to 09/01/2018 from the CSI system.
- The original dataset includes cases with up to 20 violations. The data analysis is based on cases with up to 3 violations, which comprise 93% of total cases in the entire dataset.
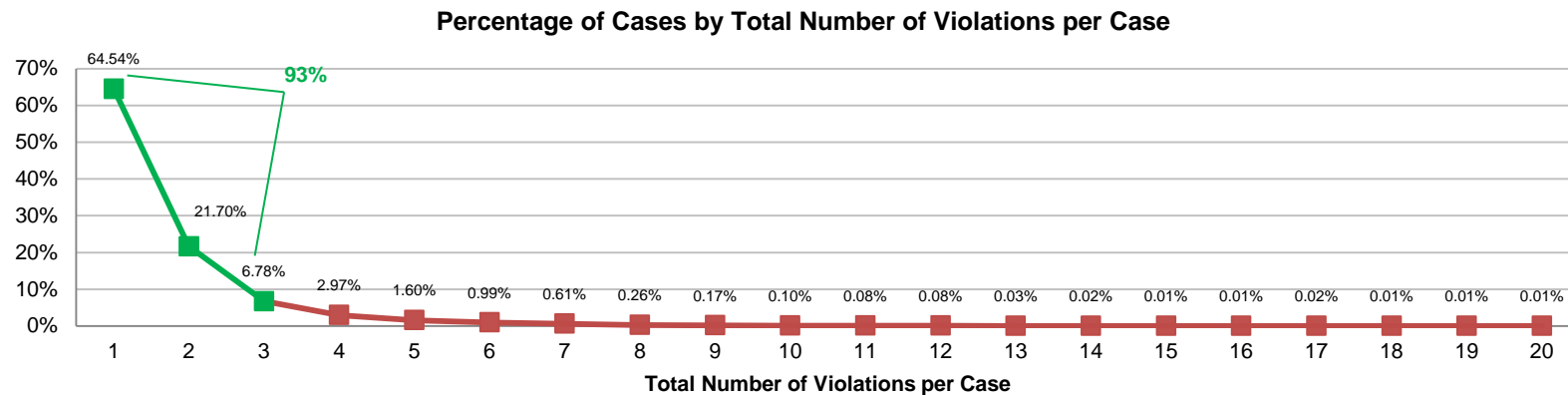
Percentage of Cases by Total Number of Violations per Case

Due to CSI data limitations, such as missing completion dates for closed cases and/or lack of specification on which process type was used for code enforcement, the following key assumptions were made for performing data analytics presented in this report:

- <u>ACP (with Citation)</u> is defined as cases where at least one administrative citation has been issued. This data was taken from the Vendor's website from 02/25/2014 (the date that the first citation was issued per the Vendor's data) to 09/01/2018. It should be noted that 140 cases were created prior to 02/25/2014 in CSI; however, starting in 2014 these cases had citations issued and therefore became a part of the Vendor's dataset. This type includes cases that had all the violations cited and cases where only some violations were cited.
- <u>ACP (Warning Notice Only)</u> is defined as cases where all 3 violations are citable per the FY 2018-19 Citywide Fee Schedule, but no citations have been issued. We assumed that if a case has all citable violations that it has undergone the ACP. We sampled 30 (or 1%) of these cases for the presence of a Warning Notice that is issued as part of the administration citation process, and found that

> 20 had a Warning Notice, 8 had general notices that can be considered to be a part of the NP, and 2 had no notices present in the code enforcement system. These cases are from 01/01/2014 to 09/01/2018.

- <u>Mixed Process</u> is defined as cases, where at least 1 violation is not citable per the FY 2018-19 Citywide Fee Schedule. These cases may have followed the ACP (Warning Notice step only, no citation was issued), the NP, or both. These cases are from 01/01/2014 to 09/01/2018.
- <u>NP</u> is defined as cases from 2010 to 2013 (prior to ACP tool existence), and those cases from 01/01/2014 to 09/01/2018 that do not fall into the ACP or Mixed Process.

The case compliance rate is used to measure the effectiveness of code enforcement processes. It is calculated based on two fields in CSI, the Created Date (when the case was created) and the Completion Date (automatically assigned in CSI when a case is "Closed"). It is important to note that CSI does not automatically assign a Completion Date for all cases. Exhibit 1 below shows the total cases that were part of the original dataset, the total number of cases with up to 3 violations per case, and the total number of cases with Completion Date with up to 3 violations per case. Any analyses with case compliance rates only illustrate cases with valid values for the Created Date and Completion Date.

Exhibit 1: Total Number of Cases by Process Type for Code Enforcement Data from 01/01/2014 to 09/01/2018

Code Enforcement Process	Total Number of Maximum Violations per Case	Total Number of Cases	Total Number of Cases with Up to 3 Violations per Case	Total Number of Cases with Completion Dates with Up to 3 Violations per Case
ACP (w/ Citation)	6	556	543	244 (45%)
ACP (Warning Notice Only)	3	5,767	5,767	4,345 (75%)
Mixed Process	3	489	489	258 (53%)
NP (2010-2013)	20	6,733	6,100	4,703 (77%)
NP (2014-2018)	19	954	588	366 (62%)
Total Cases		**14,499**	**13,487**	**9,916 (74%)**[18]

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[18] Of the 3,571 cases that do not have a Completion Date or the Completion Date is not reliable, 1,205 (or 34%) have an "Open" status, and 2,067 (or 58%) have a closed status; in CSI this can be denoted under "Close Duplicate", "Closed" or "Closed Admin"; the remaining cases are in other statuses, such as "Fees Monitor", "Hold", or "Refer to CA". Data quality issues pertaining to the cases in the closed status are addressed in Observation #10.

Analysis on the Effectiveness of the ACP:

Although our analysis may not be able to conclude whether the ACP is more effective than the NP, an upward trend in the overall case compliance rate has been observed. We also observed that the ACP appeared to be more effective for certain violation categories, the number of cases referred to the City Attorney's Office have been below the total referred case numbers prior to ACP, the compliance rate within the first month is higher for the ACP than other process types, and the ACP has been most used for the Licensing code violations. These data analysis results are illustrated in Exhibits 2 through 6.

Based on analytics performed on limited available data, it appears that since the inception of ACP, the overall case compliance rate has improved, see Exhibit 2 that follows.

Exhibit 2: All Code Enforcement Case Compliance Rates (Within 3 Months) for 01/01/2010 to 09/01/2018
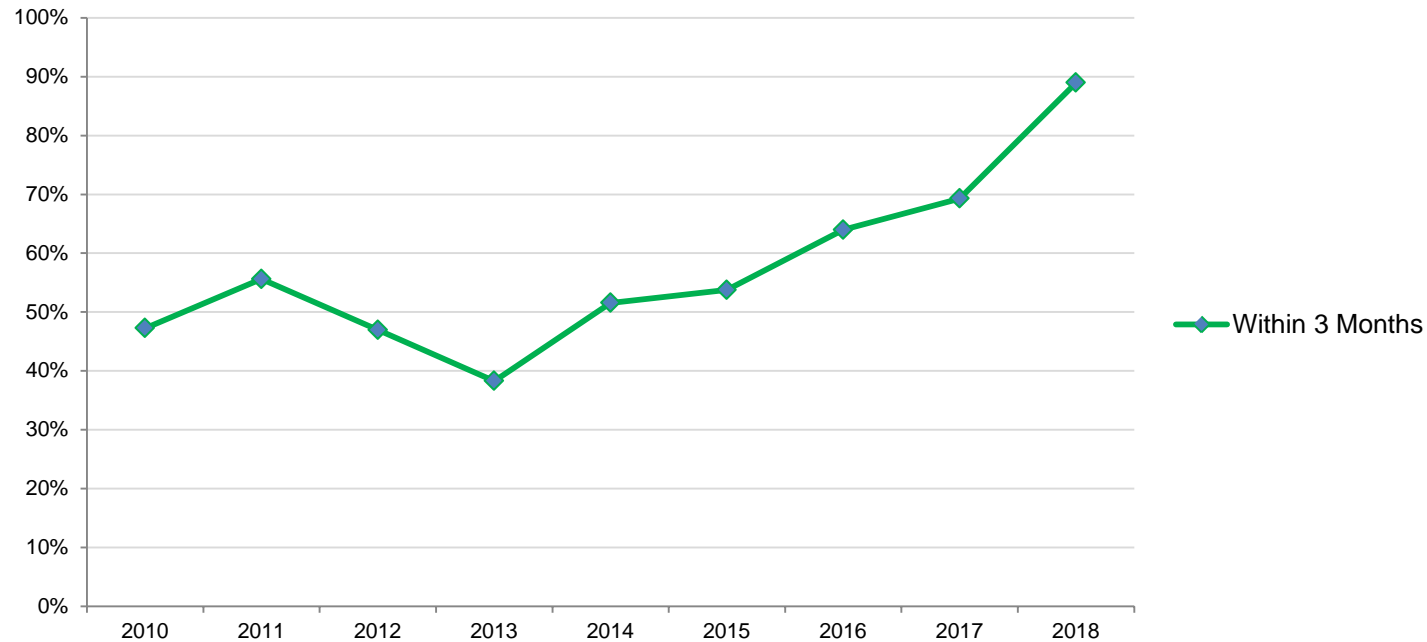
Exhibit 3 below shows that ACP is more effective for certain code violation categories, such as those cited under the general Glendale Municipal Code (excluding Zoning), Housing Code, and Licensing Code.

Exhibit 3: Compliance Rate by Violation Category (Within 3 Months) for ACP (01/01/2014 to 09/01/2018) vs NP (01/01/2010 to 12/31/2013)
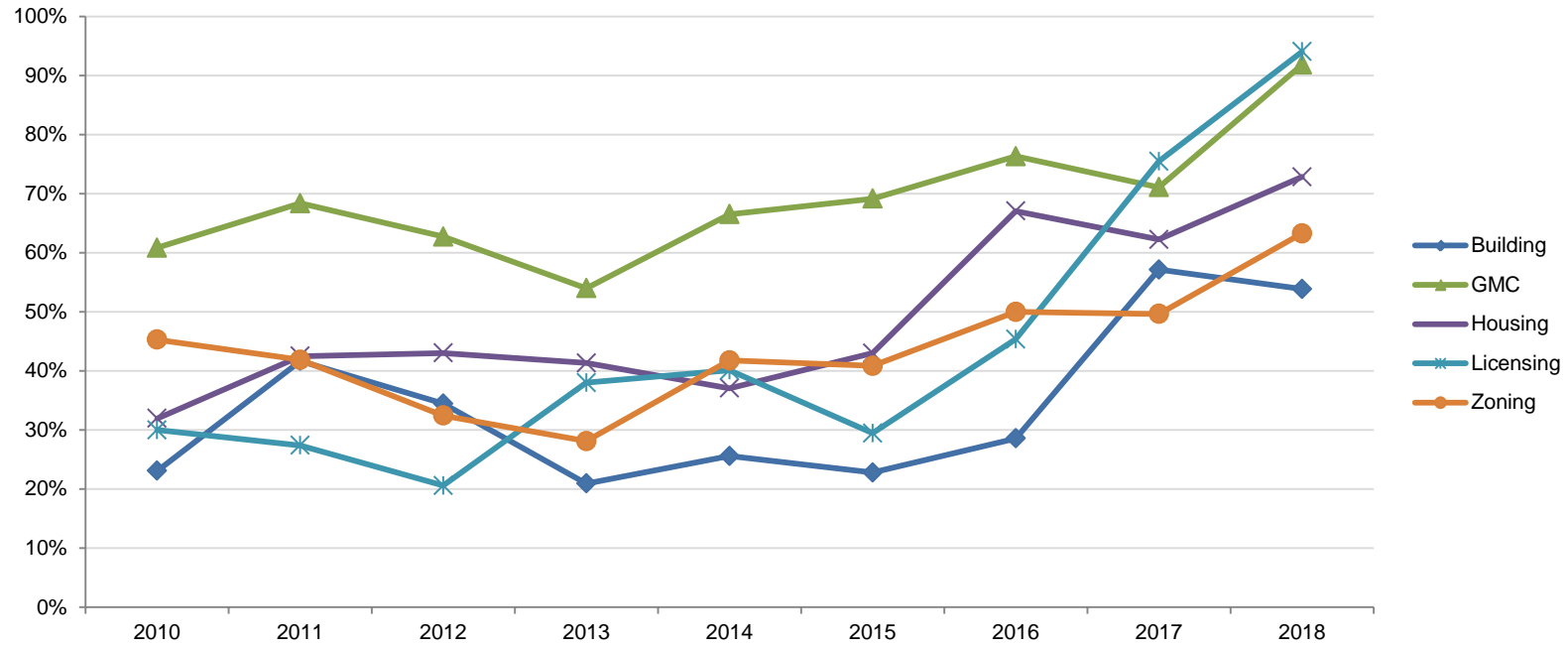
Exhibit 4 below shows that the number of cases referred to the City Attorney's Office has been below the total referred case numbers prior to the implementation of the ACP. We also noted that 99% of cases that underwent the ACP from 01/01/2014 to 09/01/2018 are closed without referral to the City Attorney's Office.

Exhibit 4: Code Enforcement Cases Referred to the City Attorney's Office (01/01/2010 – 09/01/2018)
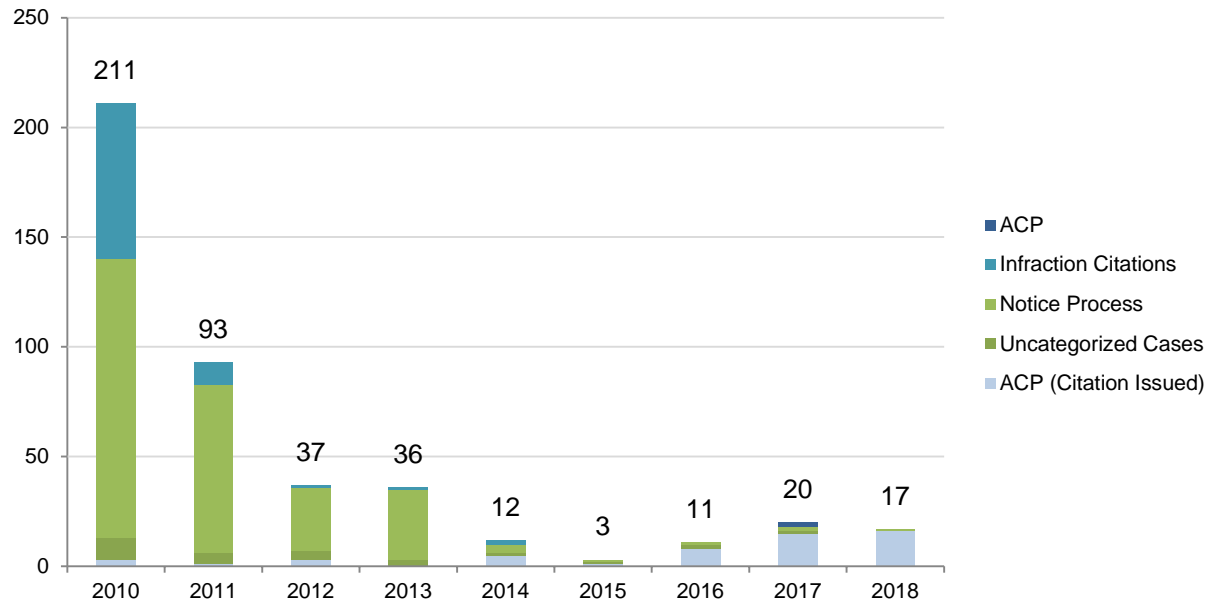
Exhibit 5 below shows that the general case compliance rate is higher for the ACP within the first month compared to the NP; this can be attributable to the cases that achieve compliance through the Warning Notice without issuing a citation.

Exhibit 5: General Case Compliance Rate by Process Type from 2014 to 09/01/2018
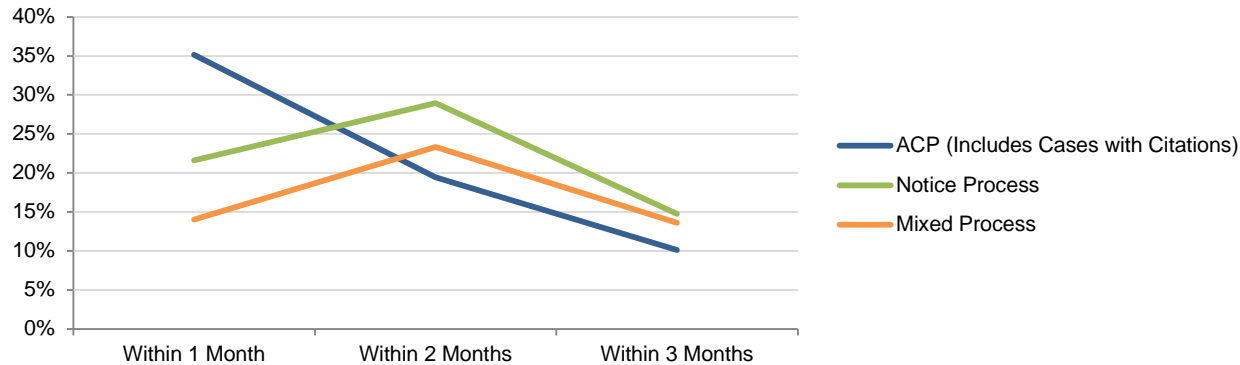
As shown in Exhibit 6, the most highly cited violation category overall is for GMC, followed by Housing code violations and Zoning. The ACP has been most used for Licensing code violations**.**

Exhibit 6: Total Violations by Category and Process Type for Cases from 01/01/2010 to 09/01/2018

Analysis Limitations:

Although an upward trend in the overall case compliance rate has been observed, we may not be able to conclude whether the ACP is more effective than the NP, because the processes have not been categorically followed and the same code enforcement case could have followed both processes. The general violation categories and the process types used in the analysis are not from the original dataset, but rather classified by Internal Audit based on assumptions resulting from discussions with management.

It appears that the overall improvement is attributable to the new code enforcement tool, because since the ACP inception, 81% of the cases with up to 3 violations had all citable violations and we presume that they have undergone the ACP compared to 12% under the NP because none of the violations were citable per the Citywide Fee Schedule. However, there could be other contributing factors, such as the economy, the nature of violations, etc.

Based on the data analysis, it was noted that most of the closed ACP cases are resolved through the issuance of the Warning Notice and do not reach the stage of citation issuance. However, the ACP (Warning Notice Only) cases may include NP cases due to the fact that CSI does not track case types, and the current Administrative Procedure does not clarify the circumstances that warrant the use of specific tools, which could result in the two enforcement tools not being consistently used by the inspectors.

Appendix 3: Forms Used During Code Enforcement Process[19]

Administrative Citation Warning Notice

Administrative Citation Form

NP Notice of Violation

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[19] Sample code enforcement forms have been retrieved by Internal Audit from CSI in 2018.

Vendor Payment Collection Notice

Re-Inspection Fee Notice

Re-Inspection Fee Invoice

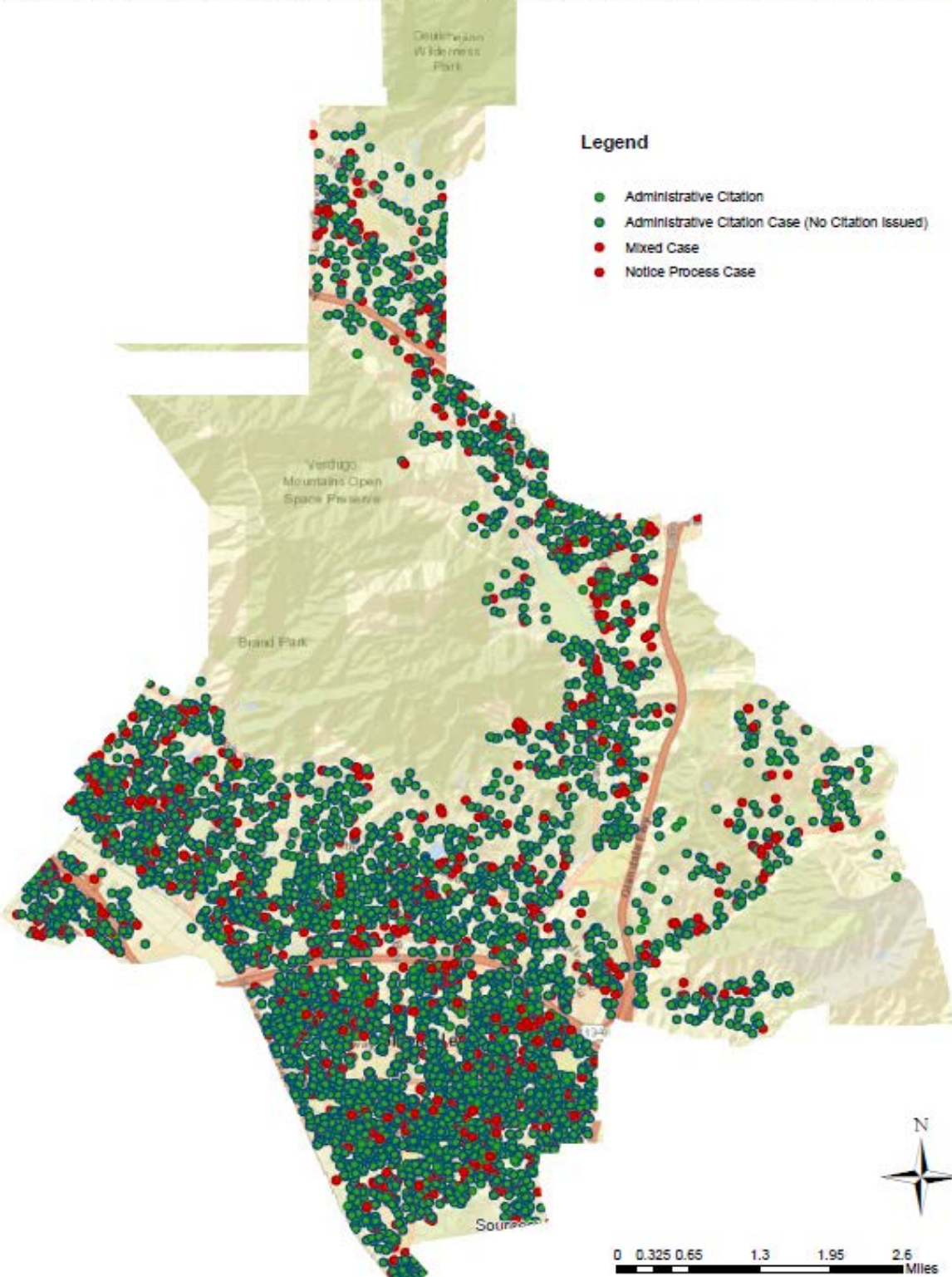# Appendix 4: Code Compliance Process at the City of Glendale[20]

CODE COMPLIANCE PROCESS

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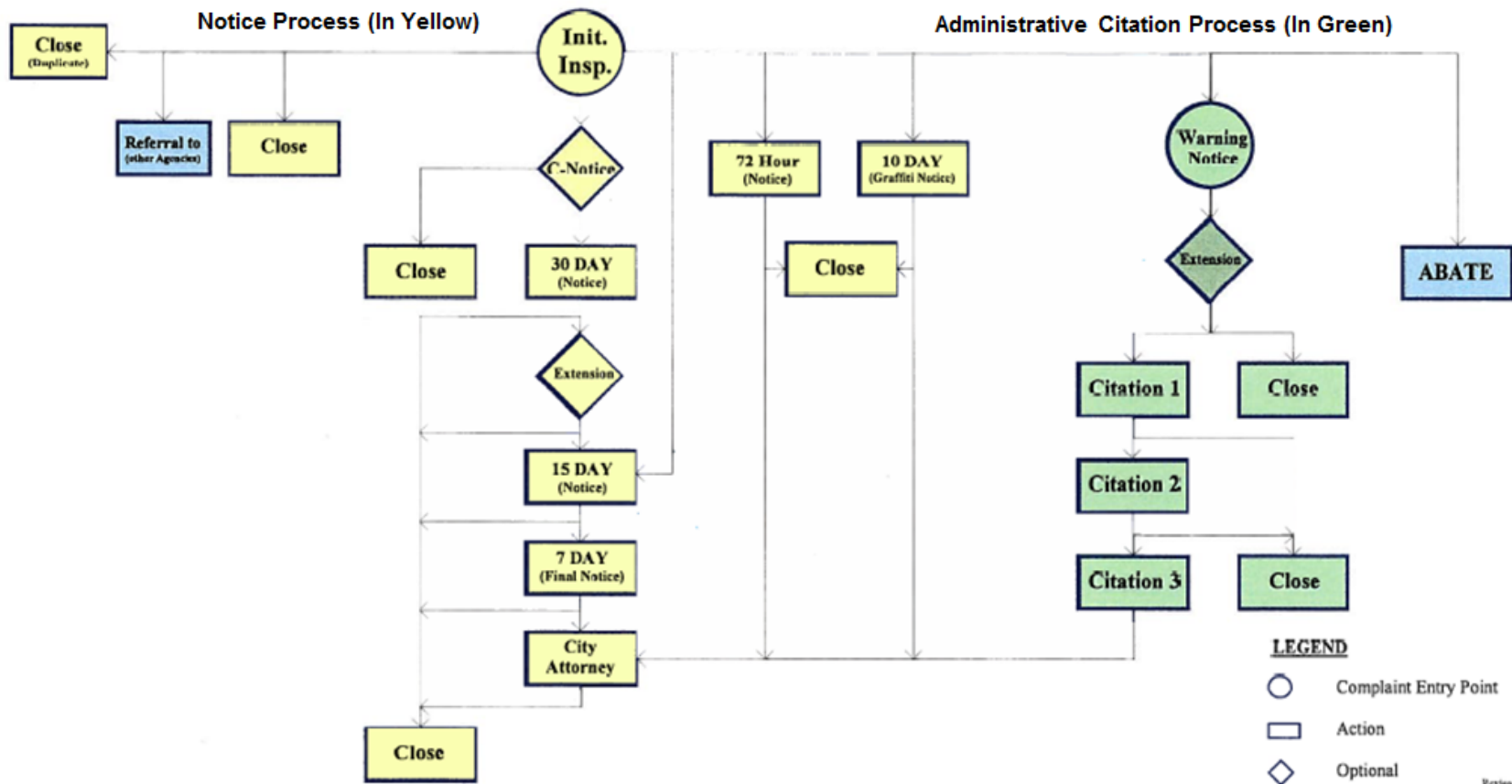
[20] Code compliance process diagram provided by NS staff.

Appendix 5: Map of Cases by Process Type[21]

Neighborhood Services Code Enforcement Cases by Type from 01/01/2014 to 09/01/2018

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[21] Created by Internal Audit using ArcMap. Of 7,766 cases created from 01/01/2014 to 09/01/2018, ArcMap was able to match 7,689 (or 99%) case addresses for mapping purposes. The green dots represent all ACP cases, and the red dots represent the NP and Mixed Process cases.