



Office of the City Auditor

*Committed to increasing government efficiency, effectiveness,
accountability and transparency*

Department of Planning and Development Review

Property Maintenance Code Enforcement
Division

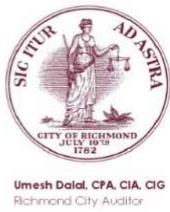
Report#: 2017-09



Issue Date: May 9, 2017

TABLE OF CONTENTS

Executive Summary	ii
Recommendations.....	iv
Summary.....	1
Background.....	3
Findings.....	8
Objectives, Scope, and Methodology	Appendix A
Management Response	Appendix B



Richmond City Council

The Voice of the People

Richmond, Virginia

Office of the City Auditor

Executive Summary

May 9, 2017

Subject: Code Enforcement Audit

Ms. Selena Cuffee-Glenn, CAO

The City Auditor's Office has completed an audit of the City's Code Enforcement Division. This function exists to support and enhance property values through effective enforcement of property standards while working to keep aging buildings, homes, and properties from deteriorating and becoming "eyesores" to the community. Effective code enforcement has implications on public safety and economic development in the City.

The following are the salient findings of this audit:

- The available documentation did not provide adequate evidence of completeness and accuracy, management oversight, and quality assurance of work done. This situation could result in investigations not being conducted properly and/or codes not being appropriately enforced. In addition, these conditions prevent verification of accountability.
- The Division has a process to measure only output of Code Enforcement Officers' efforts. During the audit period, these measures were not tracked and monitored by the Division. Without meaningful performance measures, management is not able to manage the Division in an efficient and effective manner.
- The Division's outdated policies and procedures do not provide proper guidance and could result in inconsistent practices.

The City Auditor's Office appreciates the Code Enforcement Division's cooperation during the audit. Responses to the recommendations are attached in Appendix B. The Division did not concur

with recommendations related to measuring and monitoring the Division's performance. According to the Operations Manager, the Division has performance measures but, they will not hold staff accountable until FY18. It should be noted that the audit found these performance measures to be inadequate. Please call the City Auditor's Office for additional information or for a response to any questions.

Sincerely,

Umesh Dalal

Umesh Dalal, CPA, CIA, CIG
City Auditor

cc: The Richmond City Audit Committee
Lee Downey, DCAO over Community and Economic Development
Mark Olinger, Director of the Department of Planning & Development Review
John Walsh, Code Enforcement Operations Manager

RECOMMENDATIONS

#		PAGE
1	<i>The Director of the Planning and Development Review Department needs to ensure that the Department maintains complete documentation of Code Enforcement cases along with supervisory quality assurance reviews.</i>	11
2	<i>The Director of the Planning and Development Review Department needs to establish performance measures that evaluate the effectiveness of the Division.</i>	13
3	<i>The Director of the Planning and Development Review Department needs to ensure the Inspectors' goals are tracked and monitored.</i>	13
4	<i>The Director of the Planning and Development Review Department needs to mandate compliance with the Virginia Maintenance Code training requirements by all Code Enforcement Inspectors.</i>	14
5	<i>The Director of the Planning and Development Review Department must require updated Policies and Procedures in the Division and provide relevant training to the staff.</i>	15

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SUMMARY

Richmond's Property Maintenance Code Enforcement Division (Code Enforcement) exists to enforce the Virginia Maintenance Code and enhance property values through effective enforcement of property standards while working to keep aging buildings, homes, and properties from deteriorating and becoming "eyesores" to the community. Every community faces struggles with vacant buildings, trash, tall grass and weeds, graffiti, and inoperable vehicles. How the community and locality deal with these struggles is greatly influenced by Code Enforcement activities. City Codes ensure a good quality of life for its citizens and pleasant aesthetics of the City. They also have implications on public safety and economic development in the City.

Broken Window Theory: A Correlation between Crime and Code Violations

The broken window theory is a widely held theory regarding the relationship between community blight and crime. In the 1990s, the New York City Police Department used this theory to dramatically reduce crime in the City. Theoretically, small physical and social neighborhood disorder, such as an unrepaired, broken window in an abandoned house, if left unattended, will attract vandalism. Further disregard of this property could give the appearance that no one cares. This could lead to the spread of vandalism and may attract criminal elements. Therefore, this theory, recognized by the law and code enforcement communities, claims that blight caused by unabated code violations or other means could encourage criminal behavior.

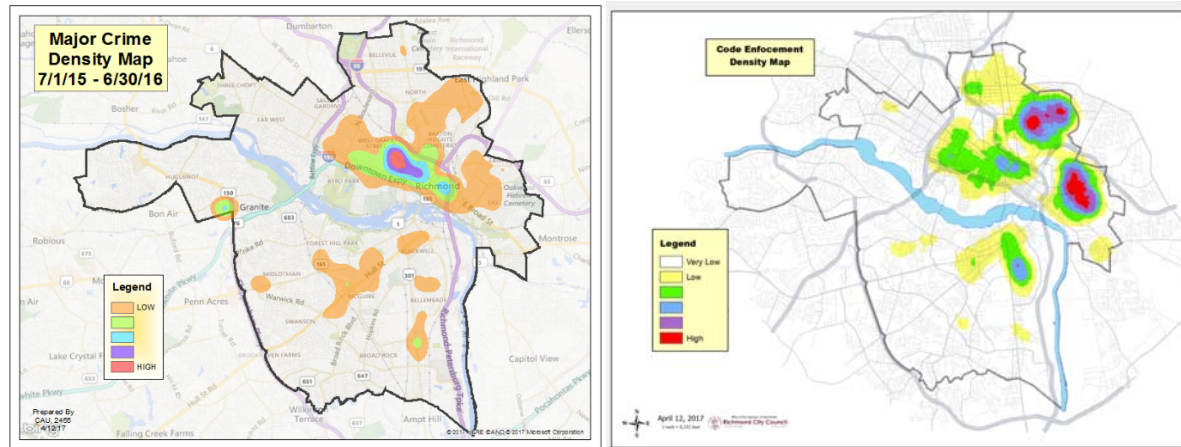
Auditors compared FY 16 code violation data with FY 16 crime data to examine if any associations existed between them. The following maps depict the results:

Richmond City Auditor's Report# 2017-09

Department of Planning and Development Review

Property Maintenance Code Enforcement Division

May 09, 2017



Source: RPD and Assessor's Office

The above maps depict that areas of high code violations have a high number of crime incidences. Based on the above results and the broken window theory, there appear to be a correlation between code violations and crime in Richmond. In addition to making the City aesthetically unacceptable, blight caused by unaddressed code violations, may be a factor in encouraging criminal elements.

Mission of Code Enforcement

The mission of Code Enforcement is to educate and enforce property maintenance regulations, protect the safety, health, and welfare of its citizens, and support economically strong neighborhoods and businesses. Each locality needs to have an effective Code Enforcement function. Without effective processes in place, a greater risk for significant code violations or public harm could occur. For example, in late 2016, a catastrophic warehouse fire broke out in Oakland, California killing 36 people. As a result of the investigation, it was concluded that although there had been code violation complaints, a building code enforcement inspector had not been inside the warehouse in at least 30 years.

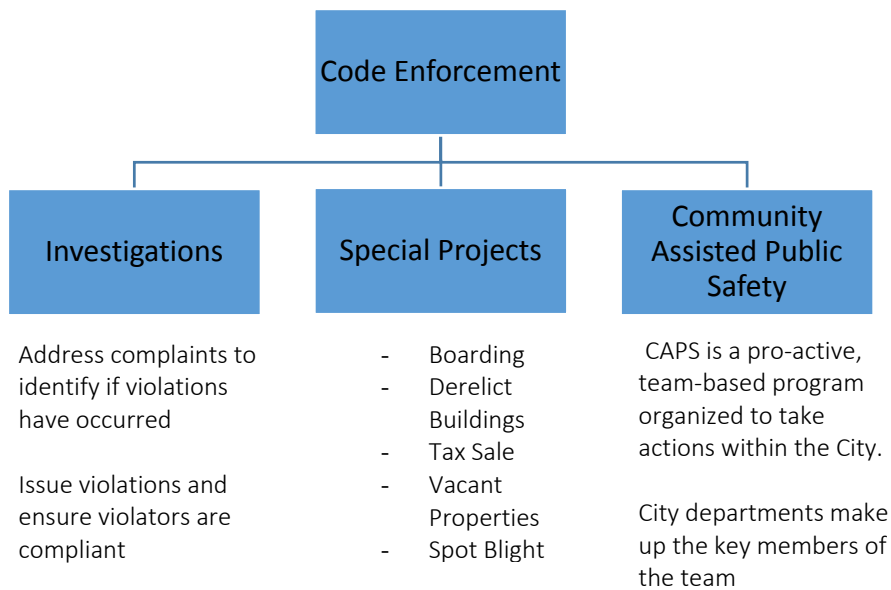
MANAGEMENT RESPONSIBILITY

City management is responsible for ensuring resources are managed properly and used in compliance with laws and regulations; programs are achieving their objectives; and services are being provided efficiently, effectively, and economically.

BACKGROUND

Staffing

During FY16, Code Enforcement had 40 authorized positions. Code Enforcement provides its services as depicted in the following chart:



Richmond City Auditor's Report# 2017-09

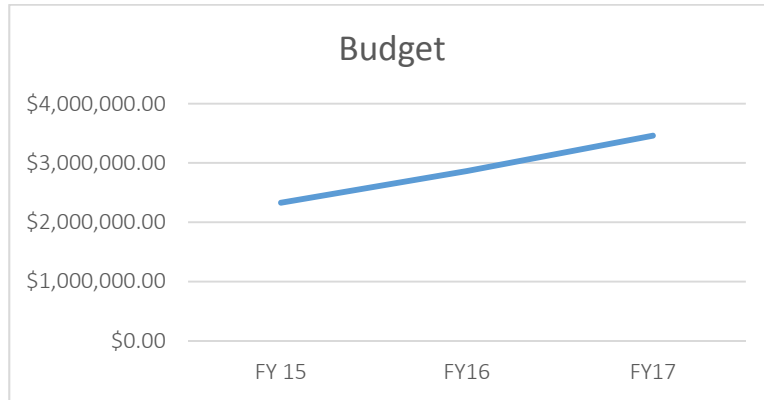
Department of Planning and Development Review

Property Maintenance Code Enforcement Division

May 09, 2017

Budget

The following graph outlines the adopted budget for FY15 through FY17:



Source: FY 16 and FY 17 Budgets

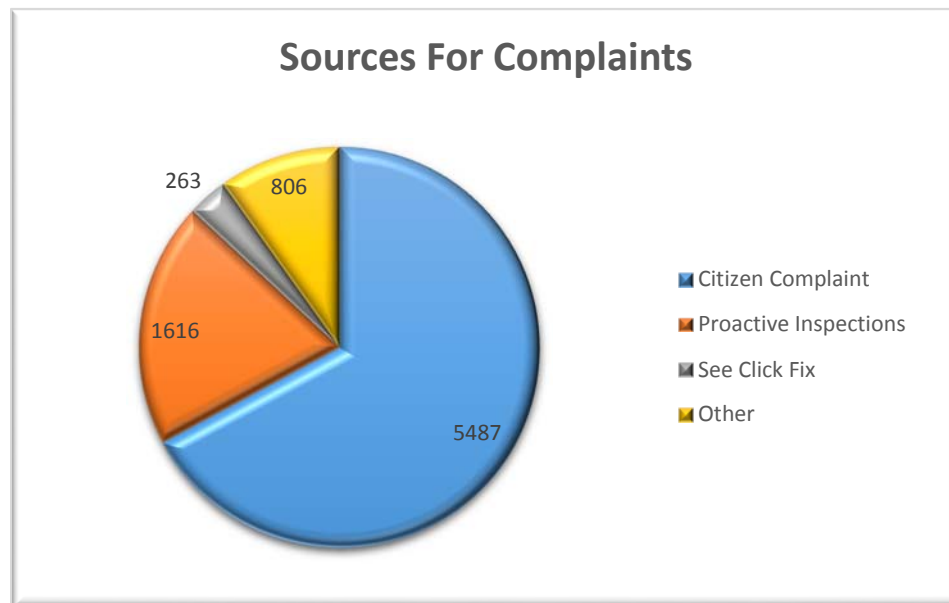
The above graph shows an approximate increase of \$1,132,059, or 49%, of budget for this function over a three-year period. Management indicated that the increased funding over the past few years was for two new positions and a \$600,000 cost associated with grass cutting and boarding contracts. Although this explains majority of the budget increase, it does not explain the total increase.

Operations

On May 9, 2016, Code Enforcement implemented a new case management system. According to management, when fully deployed, this system is expected to help the Division's efforts. During the scope of this audit, the system was not fully implemented and therefore, was not examined.

Complaints

Code Enforcement is a complaint driven function. It receives code violation complaints from citizens as well as City employees from Police, Fire, Public Works, etc. working in the field. In addition, Code Enforcement identifies issues during their proactive investigations. The complaints are received through the following methods:



Source: Prepared by Auditor

Property Maintenance

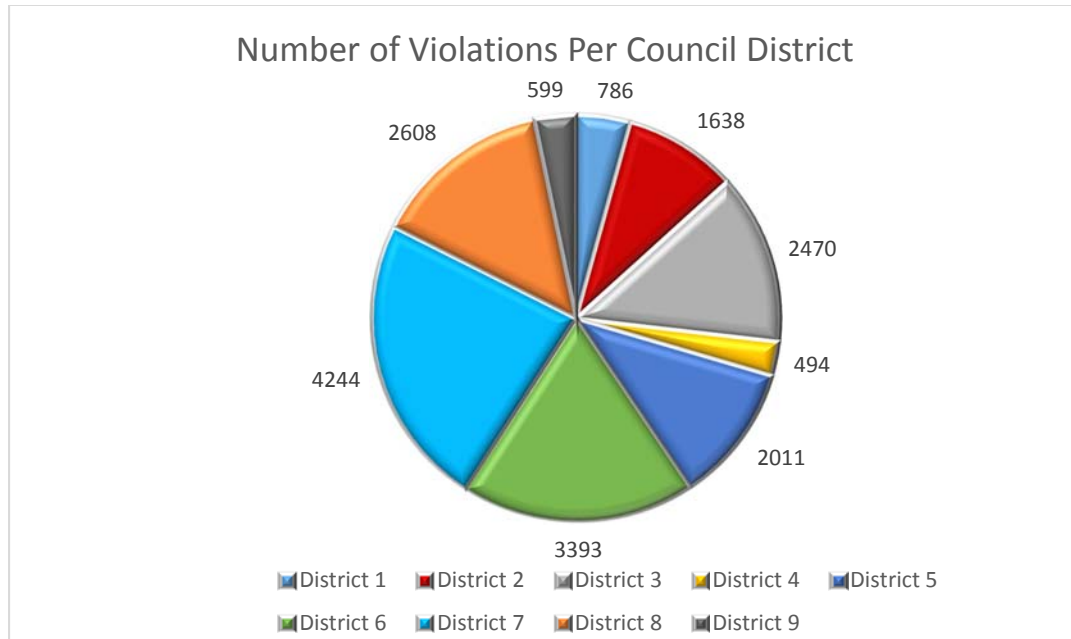
Code Enforcement inspectors utilize the property maintenance provisions of the Virginia Uniform State Building Code (USBC) and City environmental ordinances as a basis for compliance and citations. Below is a breakdown of the violations issued by Council District:

Richmond City Auditor's Report# 2017-09

Department of Planning and Development Review

Property Maintenance Code Enforcement Division

May 09, 2017



Source: Auditor Prepared

Note: each complaint could result in multiple violations

The most common code violations relate to building and environmental code requirements as follows:

- Removal of accumulated trash or refuse;
- Tall grass;
- Inoperable vehicles;
- Exterior property violations;
- Building safety issues; and
- Vacant buildings.

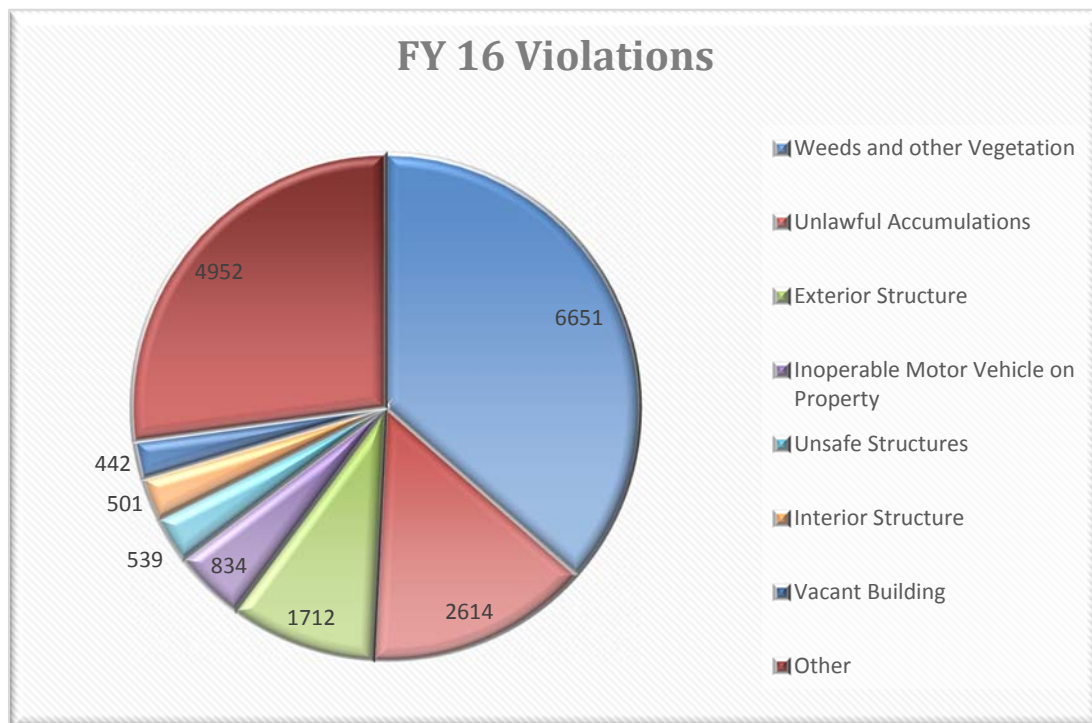
Richmond City Auditor's Report# 2017-09

Department of Planning and Development Review

Property Maintenance Code Enforcement Division

May 09, 2017

During FY 16, Code Enforcement issued over 18,000 violations. The below chart highlights the types of violations issued during FY16:



Source: Auditor Prepared

As depicted above, the top three violations issued were:

- Weeds and other vegetation
 - This rule mandates that grass and weeds be maintained below 12 inches and that bushes and shrubs not project into the street, alley, or sidewalk.
- Unlawful Accumulations
 - Accumulation of trash, boxes, branches, etc. should be disposed of timely and properly.
- Exterior Structure
 - Exterior walls, trim, gutters, decks, etc. shall be maintained within specified regulations.

Findings & Recommendations

INTERNAL CONTROLS

Internal controls over the Code Enforcement process need improvement.

According to the Government Auditing Standards, internal control, in the broadest sense, encompasses the agency's plan, policies, procedures, methods, and processes adopted by management to meet its mission, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It also includes systems for measuring, reporting, and monitoring program performance. An effective control structure is one that provides reasonable assurance regarding:

- Efficiency and effectiveness of operations;
- Accurate financial reporting; and
- Compliance with laws and regulations.

Based on the audit test work discussed below, the auditors concluded that internal controls within the Code Enforcement process need improvement. Those improvements are discussed as follows:

Finding 1: Investigations and Quality Assurance

Summary

- File documentation and case notes did not provide enough evidence to determine why cases were closed or if management conducted quality assurance reviews. This prevented verification of accountability.
- There was no evidence of management oversight in case files, which could lead to inconsistent case management practices and work not being conducted as management intended.

The Auditors identified issues related to the accountability of this function and their ability to deliver services.

Investigations

Inspections are conducted to protect the inhabitants of a structure, and the public, by ensuring they are in compliance with City and State codes. Occasionally, a structure may be condemned for unsafe or unfit conditions. These conditions include lack of required utilities, open vacant structure, alterations or conditions that affect the structural integrity of the building, or improper use or occupancy creating an unsafe condition.

Inspectors are tasked with the responsibility of investigating complaints that address potential code violations, such as:

- Environmental Code Violations;
- Unfit/Unsafe Buildings;
- Boarding/Condemnations; and
- Demolition/Blight/Tax Sale.

According to the Division's Standard Operating Procedures, inspectors are required to take the following steps during an investigation:

- Take pictures of identified violations;
- Attempt to identify property owner;
- Provide notices of violations to property owner; and
- Following-up on violations. *(note: case could go many directions, such as demolition, property sale, abatement by City, etc.)*

Originally, auditors had planned to test a statistical sample of cases. However, the chosen case files could not be located. Therefore, there is no assurance of the completeness of the Code

Enforcement records. The auditors randomly selected 31 cases from the available files to test compliance with the Division's policies. Out of the 31 randomly selected cases, auditors could not determine if 18 cases were properly closed due to lack of documentation. The file documentation and case notes, in most cases, did not provide evidence as to why the cases were closed or whether they should have been closed.

Quality Assurance Reviews

The Division's policy requires that supervisors perform multiple quality assurance reviews to ensure the inspectors conduct their work according to management's quality standards, which include:

- Conducting field performance evaluations;
- Conducting random file reviews;
- Performing quality assurance calls to citizens; and
- Reviewing inspectors' daily log sheets.

The Division's management stated that quality assurance reviews are being performed, however, supervisors do not retain documentation. According to management, they stopped the practice of documenting the quality assurance reviews due to the implementation of a new system. This assertion does not appear to be valid as discontinuing manual documentation prior to full implementation of the system does impact quality assurance. Therefore, the auditors could not validate whether the quality assurance tasks were performed.

It is a proven management practice to verify that employees have performed work as expected and that the work complies with existing policies, laws, and regulations. Without proper documentation and verification of adequacy of work performed, the work may not be accomplished as expected. Since this is an enforcement function that results in issuing citations and prosecuting individuals for Code Violations, the documentation of cases must support the

conclusions and enforcement efforts. Otherwise, the prosecution effort may not be successful. This could also lead to non-compliance with laws and regulations and adverse rulings in court.

Recommendation:

1. *The Director of the Planning and Development Review Department needs to ensure that the Department maintains complete documentation of Code Enforcement cases along with supervisory quality assurance reviews.*

Finding 2: Performance Measures

Summary

- The Division has a process to measure only output of Code Enforcement Officers' efforts. Currently, these measures are not being used.
- Without meaningful performance measures, management is not able to manage the Division in an efficient and effective manner.

Performance measures are tools for monitoring and evaluating the performance of a function and management effectiveness. Ideally, they should be designed to evaluate inputs, outputs, and outcomes. During the last six months of FY16, Code Enforcement had the following goals for the officers:

Goal	Measure
Total required stops	35 per week
Environmental notice of violations	48 grass, trash, and/or inoperable vehicles per month
Total number of active cases	50 to 75
Age of active cases	No more than 30% older than six months

During this audit, the Division did not have any records substantiating their verification of accomplishing the above goals per officer. Therefore, there may not be any assurance of the officers achieving these goals. Without measurement of work produced, the Division cannot be managed properly.

These measures were based on prior years' performance. In addition, the established goals do not represent meaningful performance measures, as the basis of establishing output measures is not clear. The required stops and environmental notice goals do not provide a clear means to evaluate the effectiveness of the Division. Also, these measures do not evaluate inputs and outcomes. Ideally, measuring outcomes provide an indication of the effectiveness of any activity or operation. More meaningful measures could be put in place to enhance Code Enforcement's efforts.

According to the International City/County Management Association (ICMA) insights, the following are suggested key inputs, outputs, and outcome measures for Code Enforcement:

- Code complaints, average calendar days to voluntary and forced compliance;
- Total code cases available for resolution during the reporting period ;
- Code enforcement expenditures per capita;
- Code enforcement cases per full time employee; and
- Percentage of cases resolved by voluntary and forced compliance.

Other performance measures that could assist the Division accomplish its mission include:

- Number of cases brought into compliance as a percentage of open cases;
- Number of days from initiation to voluntary compliance;
- Number of elapsed days from receipt of complaint to inspection; and
- Number of elapsed days from case initiation to resolution.

A recommendation for performance measures was issued during the 2010 Code Enforcement audit, which remains open. It will be eliminated from the open recommendations and the current recommendation will replace it.

Recommendations:

2. *The Director of the Planning and Development Review Department needs to establish performance measures that evaluate the effectiveness of the Division.*
3. *The Director of the Planning and Development Review Department needs to ensure the Inspectors' goals are tracked and monitored.*

Finding 3: Training requirements

Summary

- Code Enforcement must comply with the Virginia Maintenance Code by only allowing the inspectors who are certified to issue State Code violations.
- The Division must mandate timely certifications of their inspectors and keep documentation on record.

Virginia Maintenance Code §104.4.2 mandates that Code Enforcement Inspectors become certified as a Property Maintenance Inspector/Technical Assistant within 18 months of employment as a Property Maintenance Inspector. The City has a more stringent requirement of obtaining the certification within 12 months from the date of employment with the Division. Failure to obtain the certification can result in disciplinary action, up to and including termination of employment.

Auditors reviewed the hire date for each inspector to determine if they were in compliance with the State Code and the City's requirements and noted the following:

Richmond City Auditor's Report# 2017-09

Department of Planning and Development Review

Property Maintenance Code Enforcement Division

May 09, 2017

- An inspector, who was employed longer than 18 months had not passed their certification test as of the date of observation;
- Three inspectors had passed the certification but had not submitted documentation to the State. One of these inspectors was required to present documentation to the State as their tenure was more than 18 months. Two inspectors had less than 18 months of employment with the City.
- Two inspectors, one of which is included in bullet two, issued Virginia Maintenance Code violations after the State mandated 18-month period had lapsed. These inspectors issued 12 violations during a time when they were not certified.
- Two inspectors were in the probationary period and did not require certification.
- The remaining inspectors were in compliance.

Although the State does not apply a penalty, the inspectors without proper certification performing inspections and issuing violations may expose the City to liability.

Recommendations:

- 4. The Director of the Planning and Development Review Department needs to mandate compliance with the Virginia Maintenance Code training requirements by all Code Enforcement Inspectors.*

Finding 4: Policies and Procedures

Summary

- **The Division's outdated policies and procedures do not provide proper guidance and could result in inconsistent practices.**

The Auditors found that several practices of the Code Enforcement Division were inconsistent with their current procedures. Formal, updated policies and procedures are critical for:

- Guidance to the staff;
- Ensuring proper internal controls in the Division; and
- Assuring compliance with policies, laws, and regulations.

Recommendations:

5. ***The Director of the Planning and Development Review Department must require updated Policies and Procedures in the Division and provide relevant training to the staff.***

Appendix A: Objectives, Scope, & Methodology

The audit was conducted in accordance with the Generally Accepted Government Auditing Standards promulgated by the Comptroller General of the United States. Those Standards require that the auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for their findings and conclusions based on the audit objectives. The auditors believe that the evidence obtained provides a reasonable basis for their findings and conclusions based on the audit objectives.

SCOPE

The City Auditor's Office has completed an audit of the Property Maintenance Code Enforcement Division. This audit covers Code Enforcement activities during the 12-month period that ended June 30, 2016.

OBJECTIVES AND METHODOLOGY

Overall objectives of the audit were to:

- Evaluate the effectiveness and efficiency of Code Enforcement's operations; and
- Verify compliance with laws, regulations and policies

The auditors performed the following procedures to complete this audit:

- Interviewed staff and management;
- Reviewed policies and procedures;
- Conducted a walkthrough of the Code Enforcement process;
- Completed ride along/observations with staff;
- Reviewed performance measures and goals; and
- Performed other tests, as deemed necessary.

MANAGEMENT RESPONSE FORM

APPENDIX B

2017-09 Property Maintenance Code Enforcement Division

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
1	The Director of the Planning and Development Review Department needs to ensure that the Department maintains complete documentation of Code Enforcement cases along with supervisory quality assurance reviews.	Yes	<i>All of the records reviewed were from the older, no longer existing, CE System. Many of these records were corrupted, which did not allow for the transfer of this information into the EnerGov system. Due to this our confidence in the data saved for review is low. It is our belief that the legacy data is incomplete as currently exists due to the corruption of the original files. Through implementation of the EnerGov system we have been able to maintain a more thorough record. Additionally in January of 2017 the supervisory staff was directed to start performing monthly case reviews at 10 or ten percent whichever was less.</i>
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Operations Manager		completed
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	completed, no delays		see above
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
2	The Director of the Planning and Development Review Department needs to establish performance measures that evaluate the effectiveness of the Division.	no	<i>A full year prior to the audit the Code Enforcement Management staff spent several months putting together a comprehensive set of individual measurements that could be used to effectively evaluate both the individual as well as the Divisional performance/productivity. These measures have already been established far in advance of the audit.</i>
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Operations Manager		We began tracking in October 2016, will begin to hold Inspectors accountable in July 2017
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	While the performance measures have been established, the implementation has been delayed due to the rollout and associated training issues with the EnerGov system.		N/A
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
3	The Director of the Planning and Development Review Department needs to ensure the Inspectors' goals are tracked and monitored.	no	<i>In October of 2016 we began to monitor inspector goals and produce a monthly report to show the level of productivity for each Inspector, Precinct, and the Division.</i>
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Operations Manager		completed

MANAGEMENT RESPONSE FORM

APPENDIX B

2017-09 Property Maintenance Code Enforcement Division

	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	completed, no delays		We Implemented by way of a monthly report showing inspector, Precinct, and the Divisional productivity.
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
4	The Director of the Planning and Development Review needs to mandate compliance with the Virginia Maintenance Code training requirements by all Code Enforcement Inspectors.	yes	<i>Effective November 2016; In order to maintain better track of this and to provide a better more consistant training we have moved all the effected inspectors and all incoming inspectors to the Special Projects team. As part of that team they will get intensive training for the first six months followed by scheduling of the certification exam and will not progress out to the Precincts until such time as they have passed the test and been certified.</i>
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Ops Mgr & Property Mgmt Supvr		Completed
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	completed, no delays		completed. Instead of distributing new employees across the Precincts for the Precinct Supervisors to train them individually we decided to group them into a single place with an almost 20 year employee who is certified to conduct training by the Virginia Building Code Academy. By doing this we hope to get better and faster positive results as it relates to their training and eventual certification.
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
5	The Director of the Planning and Development Review Department must require updated Policies and Procedures in the Division and provide relevant training to the staff.	yes	<i>We will rewrite our Standard Operating Procedures to align with the EnerGov Tracking system at the completion of full testing and implementation.</i>
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Operations Manager		31-Jan-18
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	not in progress		n/a