

# *CITY OF FORT LAUDERDALE*

## OFFICE OF THE CITY AUDITOR

*Audit of the Code Enforcement Lien Process*

*Report #10/11-06*

October 24, 2011



## Memorandum

**Memorandum No:** 11/12-07

**Date:** October 24, 2011

**To:** Honorable Mayor and Commissioners

**From:** John Herbst, CPA, CGFO  
City Auditor

**Re:** **Audit Report #10/11-06 - Audit of the Code Enforcement Lien Process**

---

In accordance with our FY 2010/2011 audit workplan, we have completed an audit of the Code Enforcement lien process. We conducted our audit in accordance with government auditing standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about the effectiveness of the City's internal control structure. An audit includes examining, on a test basis, evidence about the City's internal controls and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Our evaluation and recommendations also rely on the internal control framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO framework elements represent commonly accepted mechanisms to evaluate and improve the effectiveness of the organization's risk management, control, and governance processes.

***In our opinion, the Code Enforcement process for resolving liens placed on properties within the City was implemented without developing essential internal controls to ensure adequate tracking, monitoring, or collection of the liens or subsequent settlements.***

***Overall, it is the observation of the CAO that the current practices and procedures regarding Code Enforcement liens neither provides reasonable assurance that the City is accounting for the full value of outstanding liens, nor consistently settling individual lien cases based on standardized criteria.***

The objectives of our audit were:

1. To determine whether Code Enforcement is in compliance with state and local ordinances with regard to code enforcement liens.
2. To determine whether code enforcement liens are accounted for in accordance with GAAP/GASB.
3. To determine whether the management information system ["Community Plus/C+"] is adequate to meet department needs.
4. To determine whether Code Enforcement has a standard set of criteria to evaluate code enforcement lien settlements.
5. To benchmark Code Enforcement's performance in comparison to their peers.
6. To determine whether Code Enforcement has remediated prior internal and CAO audit findings concerning code enforcement liens.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph above and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses.

**We consider findings #2 and #3 to be material weaknesses, and finding #5 to be a significant deficiency, as defined below:**

- A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis.
- A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.
- A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance will not be prevented, or detected and corrected, on a timely basis.

Summary of audit findings:

1. Code Enforcement has not implemented written policies and procedures to initiate foreclosure actions for failure to settle/pay outstanding liens against the property.
2. The City of Fort Lauderdale is not reporting code liens in accordance with generally accepted accounting principles (GAAP), specifically GASB 33.
3. The current management information system, "Community Plus", does not appear to meet Code Enforcement's needs. For example, a complete listing of all outstanding code liens and their associated values could not be produced.
4. The criteria currently utilized to determine recommended lien settlement amounts are primarily subjective in nature. Factors include, but are not limited to: the type of owner, cooperation and hardship, condition of the property, as well as costs to the City.
5. Per the CAO's review of lien settlement files:
  - 29% of lien settlements approved by the City Commission have not been paid by the property owners.
  - No limitations and/or expiration dates exist in which the settlement amount is payable, thus removing any incentive of the property owner to pay in an expedited manner.
6. Code Enforcement is not actively engaged in formalized benchmarking activities.
7. The methodology utilized by Code Enforcement for measuring code compliance does not accurately account for outstanding code violations from prior years.

Management's responses to the findings and recommendations are included in the report. We did not audit management's responses and accordingly, we express no opinion on them.

We would like to thank the staff of the Code Enforcement Division for their cooperation and assistance during this audit and are pleased to note that management generally concurred with our recommendations and has already begun to implement a number of them.

Attachment(s)

cc: Lee R. Feldman, City Manager  
Harry A. Stewart, City Attorney  
Jonda K. Joseph, City Clerk  
Stanley D. Hawthorne, Assistant City Manager  
Susanne M. Torriente, Assistant City Manager  
Gregory Brewton, Sustainable Development Director

**CITY OF FORT LAUDERDALE  
CITY AUDITOR**

**Audit of the Code Enforcement Lien Process**

**PURPOSE**

In accordance with the City Auditor's (CAO) audit workplan, the CAO completed an audit of the process used by Code Enforcement to account for, track, and settle code enforcement liens.

The CAO noted that the City's budget document identifies the Code Enforcement Division as the "Community Inspection Division"; however, for the purposes of this report the CAO has used the name Code Enforcement as the identifier for the division, as that is what the division is commonly referred to as.

**EXECUTIVE SUMMARY**

In our opinion, the Code Enforcement process for resolving liens placed on properties within the City was implemented without developing essential internal controls to ensure adequate tracking, monitoring, or collection of the liens or subsequent settlements.

Overall, it is the observation of the CAO that the current practices and procedures regarding Code Enforcement liens neither provides reasonable assurance that the City is accounting for the full value of outstanding liens, nor consistently settling individual lien cases based on standardized criteria.

As listed and discussed in more detail in the report, the CAO has identified a number of opportunities for improvement, aimed specifically at assisting Code Enforcement in strengthening internal controls, accounting for outstanding lien values, and improving communications.

**STATEMENT OF OBJECTIVES**

Based on the CAO's analysis of prior audits and risks associated with code liens, the following objectives were established for the review:

1. To determine whether Code Enforcement is in compliance with state and local ordinances with regard to code enforcement liens.
2. To determine whether code enforcement liens are accounted for in accordance with GAAP/GASB.
3. To determine whether the management information system ["Community Plus/C+"] is adequate to meet department needs.
4. To determine whether Code Enforcement has a standard set of criteria to evaluate code enforcement lien settlements.
5. To benchmark Code Enforcement's performance in comparison to their peers.
6. To determine whether Code Enforcement has remediated prior internal and CAO audit findings concerning code enforcement liens.

## **BACKGROUND**

Per the City of Fort Lauderdale 2011 Operating Budget, the Building Services Department is divided into five divisions: (1) Building, (2) Community Inspections [Code Enforcement], (3) Building Permits, (4) Building Certification Maintenance, and (5) Building Technology. The Department is comprised of 98 full-time equivalents (FTE's) and has a stated mission to: "Achieve total customer satisfaction by providing quality permitting services and cooperative community inspections."

The Code Enforcement Division seeks to preserve and improve the housing and property standards through enforcement of the City Code of Ordinances, regulations, and the Florida Building Code.

Further, Code Enforcement's stated goal, "To provide citizen services and enforce the City Code of Ordinances and the Florida Building Code to accomplish City goals and to meet Commission priorities" is achieved by:

- Proactively inspecting properties for compliance with the Florida Building Code and City Code of Ordinances.
- Interacting with neighborhood groups to promote education and cooperative code enforcement.
- Processing customer complaints and provide customer service in a more effective and efficient manner.
- Reviewing ordinances and enforcement procedures on an on-going basis to maximize efficiency.

In conducting the review of the code enforcement lien process, we also reviewed prior audits published by the Internal Audit Department and the City Auditor's Office. These include:

- Internal Audit Report 94/05-XX-28
- Internal Audit Report 97/98-XX-13
- City Auditor Report# 07/08-10

Based on our analysis of these prior reports, the CAO identified five broad conditions, which were previously cited as conditions and/or recommendations, and remain unresolved. These conditions are presented as an overview of outstanding deficiencies from the prior years audits:

- (1) Deficiencies of the management information system
- (2) Lack of integrity of data
- (3) Failure to adequately include Finance/Treasury in the lien collection/settlement process
- (4) Lack of policies and procedures for many vital functions
- (5) Inability to identify all outstanding code liens and their associated values

Specifically, we were concerned by the Overall Evaluation stated in Internal Audit Report 97/98-XX-13:

"Management cannot effectively and efficiently measure the performance of the Community Inspections Bureau [Code Enforcement Division], due to the lack of administrative accounting internal controls, no segregation of duties, unreliable data, and the lack of management reports generated from the Encompass system [Management Information System]."

Further, the CAO believes that the *Evaluation of Management Comments*, included in the Internal Audit Report 97/98-XX-13, remains viable today, and restate the evaluation below:

"While management concurs in principle with the findings in this report, management comments to many of the recommendations assigns responsibility for the overall management of the integrity of the Encompass System [Management Information System] to the Information Systems Division. Internal Audit is not mitigating the fact that Encompass has some system problems; however, delegation of the ability to retrieve reports and evaluate the effectiveness of data integrity is not the responsibility of ISD or any other department. Until management of the Code Enforcement Bureau accepts full responsibility for their operations, the problems noted in this report and the prior audit will continue to occur."

The CAO notes that as a result of the City Manager's recent re-organization of City Departments, the code enforcement functions previously handled at the Building Services Department have been realigned in the new Department of Sustainable Development (DSD).

### **SCOPE & METHODOLOGY**

The CAO has conducted a review of the process used by Code Enforcement to account for, track, and settle code enforcement liens.

A review consists principally of inquiries of personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted governmental auditing standards, the objective of which is the expression of an opinion regarding the subject of the audit. Accordingly we do not express such an opinion.

To complete this review, the CAO conducted interviews of Code Enforcement management and staff, reviewed department policies and procedures, and analyzed a sample of lien settlement files. Additionally, the CAO reviewed and compared prior audit reports to current operating procedures, specifically Internal Audit Report 94/05-XX-28, Internal Audit Report 97/98-XX-13 and prior City Auditor Report# 07/08-10.

## Objective 1

*To determine whether Code Enforcement is in compliance with state and local ordinances with regard to code enforcement liens.*

### **FINDING 1.**

#### *Condition*

Code Enforcement has not implemented written policies and procedures to initiate foreclosure actions for failure to settle/pay outstanding liens against the property.

**Auditor Note:** Per Internal Audit 97/98-XX-13 p.8, a policy existed with regard to foreclosure actions which states that, "... all non-homesteaded properties which have not complied and have a lien in excess of \$1,500 shall be forwarded to the City Attorney's for processing. Homesteaded properties which meet the aforementioned criteria shall be forwarded to a collection agency for follow-up."

#### *Criteria*

Under the COSO framework *Control Activities* component 3.1, "Responses that reduce or share specific risks", policies and procedures that address significant business control and risk management practices" and 3.2 "Responses that prevent or detect the risk of intentional or unintentional errors", manual and automated controls over how transactions are initiated, authorized, recorded, processed and reported are fundamental elements of an effective internal control environment.

#### *Cause*

Previous policies regarding standard procedures for instituting foreclosure actions by Code Enforcement are no longer being adhered to. In addition, new policies have not been developed to replace the old ones.

#### *Impact*

The absence of a standard policy for initiating foreclosure of code enforcement liens may lead to disparate treatment of Fort Lauderdale's homeowners, and the potential for lost revenue.

### **Recommendation**

The CAO recommends that the City Manager require the Director of the Building Department to reinstitute formal written policies with regard to lien foreclosures, outlining threshold criteria for commencing a foreclosure action.

#### **Auditor Note(s):**

1. See Internal Audit 97/98-XX-13 p.8; Recommendation 2, "Provide employees with a list to reflect the criteria used to measure the effectiveness to process code cases for compliance. For eg. City Attorney must receive cases with fines greater than or equal to \$1,500 and non-homesteaded properties."

2. See also CAO Report #07/08-10, "Audit of Code Enforcement Division" Finding 1.5, Recommendation, "The City Manager should require the Director of the Building Department to establish a written procedure that ensures that cases referred to the City Attorney's Office are followed up on once a month. The notes in Community Plus should be revised for any changes since the last update and should always reflect the current status of the case."

### **Management Response**

- 1) Management concurs. A formal process will be developed in writing, in conjunction with the City Attorney's Office, outlining criteria to be used in determining which cases will be referred to the City Attorney's Office for foreclosure.
- 2) Management concurs. The Director will establish a written procedure that ensures that cases referred to the City Attorney's Office are followed up on once a month. The notes in Community Plus will be revised for any changes since the last update and will reflect the current status of the case.

<b>Objective 2</b>
--------------------

***To determine whether code enforcement liens are accounted for in accordance with GAAP/GASB.***

### **FINDING 2.**

#### *Condition*

The City of Fort Lauderdale is not reporting code liens in accordance with generally accepted accounting principles (GAAP), specifically GASB 33.

**Auditor Note:** The CAO has communicated the potential financial reporting issue to the external auditor for their consideration.

#### *Criteria*

GASB Statement No. 33 establishes accounting and financial reporting standards for imposed nonexchange revenue transactions – governments are required to recognize assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first.

In addition, under the COSO framework *Control Activities* component 3.2, "Responses that prevent or detect the risk of intentional or unintentional errors" process flow controls; manual and automated controls over how transactions are initiated, authorized, recorded, processed and reported; and the *Information and Communication* component 4.1, "Mechanisms that support information flow inside the organization" formal policy and procedure systems are fundamental elements of an effective internal control environment.

### *Cause*

The CAO concluded that there is not a process in place informing the Finance Department of code liens and for the accounting of those liens.

### *Impact*

The potential impacts include the following:

- Possible restatement of prior year financial statements due to the potential materiality of unreported code liens receivable
- Inter-departmental communication is absent for reporting purposes and collectability
- Failure to present users of the City's financial statements with a complete picture of the City's assets and of the amount of revenue foregone when code liens are waived
- An inability to properly allocate resources for the identification and collection of outstanding code liens, which are estimated to be in excess of \$100 million

### **Recommendation**

The CAO recommends that the City Manager require the following:

1. The Director of the Building Department work in conjunction with the Finance Director to determine the total outstanding code lien receivables owed to the City.
2. The Director of the Building Department develop a policy to communicate to the Finance Department when liens are established, the amounts that are accruing, and payments received.
3. The Director of the Building Department develop a policy for the City Commission's consideration to set the minimum acceptable level for code lien settlements to allow the Finance Department to determine the net collectible receivable to be recorded in the financial statements, in accordance with GASB 33.

### **Management Response**

- 1) Management concurs. The Director will work with the Finance Department and IT to enhance the current Community Plus software to provide the ability to determine the total outstanding code liens and fines owed to the City at any given time. If the current software is not capable of such enhancement, a replacement product will be sought.
- 2) Management concurs. The Director will develop a policy to communicate to the Finance Department when liens are established, the amounts that are accruing, and payments received. The current software enhancement should include the ability to communicate and share this information with Finance. If that is not possible, an alternate software product should be sought as stated above.
- 3) Management concurs. The Director will develop a policy and will make recommendations to the City Commission for setting minimum acceptable levels for Code lien settlements to allow the Finance Department to determine the net collectible receivable to be recorded in the financial statements, in accordance with GASB 33. The minimum acceptable lien settlement will be an amount no less than the total administrative costs to the City as outlined and determined in the response to finding 4, #2.

### Objective 3

*To determine whether the management information system ["Community Plus/C+"] is adequate to meet departmental needs.*

#### **FINDING 3.**

##### *Condition*

The current management information system, "Community Plus", does not appear to meet Code Enforcement's needs. For example, a complete listing of all outstanding code liens and their associated values cannot be produced.

See also CAO Report #07/08-10, "Audit of the Code Enforcement Division", *Condition/Cause*, "Community Plus has the ability to generate custom reports however, CED staff rarely use this functionality due to the lack of practical guidance materials. CED management personnel were given training on how to use Community Plus to generate custom reports but were not provided with a desk reference manual with step-by-step screenshots."

**Auditor Note:** The Information Technology Department provided the CAO with a "Code Enforcement Fine Report" listing all outstanding liens and associated value on 10/3/2011. The report indicated 2,802 outstanding liens, with a fine and lien value of **\$153,430,449**.

##### *Criteria*

Under the COSO framework *Control Activities* component 3.5, "IT infrastructure controls", program development and change controls, access controls to programs and data, and computer operations controls are fundamental elements of an effective internal control environment.

##### *Cause*

Code Enforcement failed to identify its business needs prior to acquiring and deploying its current Community Plus software.

##### *Impact*

Without an adequate management information system, management is unable to answer basic questions about its operations, such as calculating total liens and amounts outstanding.

#### **Recommendation**

The CAO recommends that the City Manager require the Director of the Building Department to work in cooperation with Finance, Information Technology, and the software service provider to evaluate Code Enforcement's management information needs and implement a system capable of meeting those requirements.

**Auditor Note:** See also CAO Report #07/08-10 p.9, "Audit of the Code Enforcement Division", *Management Response*, "Generally reports directly available through Community Plus are not sufficient to meet division needs as they lack essential data."

## **Management Response**

Management concurs. The Director will work in cooperation with Finance, Information Technology, and the software service provider to evaluate Code Enforcement's management information needs and implement a system capable of meeting those requirements, including reports with essential data sufficient to meet division needs.

<b>Objective 4</b>
--------------------

*To determine whether Code Enforcement has a standard set of criteria to evaluate code enforcement lien settlements.*

### **FINDING 4.**

#### *Condition*

The criteria currently utilized to determine recommended lien settlement amounts are primarily subjective in nature. Factors include, but are not limited to: the type of owner, cooperation and hardship, condition of the property, as well as costs to the City.

#### *Criteria*

Under the COSO framework *Risk Assessment - Objectives, Risks, and Responses* component 2.2, "Activity - and process level objective setting", consistency and formality of control objectives for processes are fundamental elements of an effective internal control environment.

#### *Cause*

Code Enforcement has not adopted a uniform approach for determining acceptable settlement amounts on code liens.

#### *Impact*

As a result of the subjective, ad-hoc nature of the settlement process, applicants for settlement may be treated disparately, with similar violations resulting in varying settlement costs.

### **Recommendation**

The CAO recommends that the City Manager require the Director of the Building Department to:

1. Develop and implement a uniform methodology, incorporating objective standard criteria, for evaluating and determining lien settlement amounts.
2. Work in conjunction with the Budget Office to develop an administrative fee structure that captures all administrative and overhead costs incurred by the City.

## **Management Response**

1) Management Concurr. Staff will be recommending to the City Commission an ordinance revision that will authorize the City Special Magistrate to reduce/release liens. There will be general criteria built into the ordinance that the Magistrate will weigh when reducing/releasing liens. The Special Magistrate will be given a complete history and background of each lien referred. The current property owner will provide a lien reduction

application that lists such information as, the date they purchased the property and how much they paid, the cost to bring the property into compliance and efforts that were made to comply sooner. The Magistrate will weigh this information and the testimony of the property owner, as well as staff to make a recommendation for a lien settlement.

- 2) Management Concur. The Division currently has an administrative fee structure that captures administrative and inspection costs incurred on any given case. The Budget office will review the adequacy of the fee structure developed to determine whether it captures all administrative and overhead costs incurred.

## **FINDING 5.**

### *Condition*

Per the CAO's review of lien settlement files:

- 29% of lien settlements approved by the City Commission have not been paid by the property owners.
- No limitations and/or expiration dates exist in which the settlement amount is payable, thus removing any incentive of the property owner to pay in an expedited manner.

### *Criteria*

Under the COSO framework *Risk Assessment - Objectives, Risks, Responses* component 2.4, "Planned responses to risks", management decisions to accept, avoid, reduce or share risks based on cost, benefit, impact and likelihood are fundamental elements of an effective internal control environment.

### *Cause*

Code Enforcement has not established a policy/mechanism to follow-up with property owners to pursue payment of negotiated lien settlements.

### *Impact*

The City is losing revenue by not ensuring the timely collection of all negotiated lien settlement amounts.

## **Recommendation**

The CAO recommends that the City Manager require the Director of the Building Department to draft and implement written policies with regard to follow-up procedures that outline action subsequent to lien settlement approval. Additionally, the CAO recommends that time limitations be established, whereby the settled and approved amount must be paid within a specific date range (i.e. within 30 days) or the lien reverts back to the original value.

## **Management Response**

Management concurs. The ordinance revision which will allow the City to bring liens settlement requests to the Special Magistrate for a reduction recommendation will include a provision that the reduced lien amount must be paid no later than 30 days after the effective day of the reduction or revert back to the original amount. Director will draft and ensure implementation of

written policies with regard to follow-up procedures that outline action subsequent to lien settlement approval.

**Objective 5**

*To benchmark Code Enforcement's performance in comparison to their peers.*

**FINDING 6.**

*Condition*

Code Enforcement is not actively engaged in formalized benchmarking activities.

*Criteria*

Under the COSO framework *Information and Communication* component 4.3, "Indicators and measurement", metrics, key performance indicators, measures and scorecards of performance, dashboards, and benchmarking studies are all fundamental elements of an effective internal control environment.

*Cause*

Code Enforcement has not identified formalized benchmarking activities as a department priority.

*Impact*

By not comparing itself to its peers, Code Enforcement may not be operating at peak efficiency and effectiveness.

**Recommendation**

For the Condition noted above, the CAO refers to the CAO Audit of Performance Measures, Report# 08/09-03, which states:

“The CAO recommends that the City Manager:

- Require departments to adopt a formal benchmarking procedure for their performance measures to ensure they are operating efficiently and effectively relative to other leading organizations.
- Enroll in benchmarking organizations such as the International City/County Management Association (ICMA) Comparative Performance Measurement Program and the Florida Benchmarking Consortium.
- Consider participating in the Governor’s Sterling Award program.”

**Management Response**

Management Concur. In the August 22<sup>nd</sup> *Realignment of Organizational Structure* memo to the Mayor and Commission from the City Manager, a new strategic planning, performance management, and process improvement approach was outlined. As part of this effort, the Structural Innovation Office will work with Directors to develop Annual Action Plans and

program performance measures, and benchmarks. Associations such as the International City/County Management Association (ICMA) will be used as a benchmarking and best practice improvement resource. This effort will be implemented within FY 2012, with FL<sup>2</sup> STAT, the formal performance measurement process scheduled to begin in the Spring of 2012.

## **FINDING 7.**

### *Condition*

The methodology utilized by Code Enforcement for measuring code compliance does not accurately account for outstanding code violations from prior years.

**Auditor Note:** Code Enforcement provided the CAO with updated compliance rates for the three previous fiscal years using the updated methodology. Inclusion of the outstanding code violations from prior years resulted in an average reduction of approximately 15% in compliance (i.e. the current compliance rate of 92% was lowered to 77% when calculating compliance based on comparable reporting methods of other cities and the Florida Benchmarking Consortium). Additionally, the CAO's review of compliance data revealed that actual compliance rates were deemed indeterminable, as the data reported by the management information system lacks necessary integrity to verify the reported compliance rates.

### *Criteria*

Per the CAO and Code Enforcement's research and review, it was noted that other representative municipalities include all outstanding code violations from prior years when calculating the code compliance rate.

### *Cause*

Code Enforcement has not actively engaged in benchmarking activities. As such, management did not utilize the more appropriate methodology/criteria for determining compliance. Moreover, it was noted that the compliance criteria is not based on code compliance by property address, rather total violations written and complied.

### *Impact*

Absent the inclusion of prior year code violations, the compliance rate is not indicative of the outcomes of the efforts of Code Enforcement.

## **Recommendation**

The CAO recommends that the City Manager require the Director of the Building Department to perform the following:

1. Ensure integrity and consistency of the data input in the management information system.
2. Determine compliance based on the property address, not number of violations.
3. Incorporate a retrospective view of cases and include all outstanding properties, which are out of compliance, not just current year activity.

## **Management Response**

- 1) Management concurs and Code will continue to review reports in Community Plus to ensure integrity of the data inputted. This has been our practice in the past and will continue to be an ongoing process. As stated in the response to finding 2 - #1 & #2, working with IT the current software will be enhanced to provide assurance that the information required is accurate or a new software product will be sought.
- 2) Management concurs with the recommendation. The Division currently does measure compliance based on the number of violations that are brought into compliance and believes we should measure compliance based on the property address as well.
- 3) There are different methods benchmarking organizations use as to determining compliance rates. One method, as the Auditor's office references, is to calculate all cases carried over from the past years in terms of compliance (Florida Benchmarking Consortium). Another method referenced by ICMA in terms of measuring (currently used by the Code Division) is to calculate compliance rates in a given fiscal year, based on the violations issued in that fiscal year. This provides a more recent report of the Division's effectiveness and can be compared to the previous fiscal years. Management suggests that both methods of calculations can be used moving forward.

<b>Objective 6</b>
--------------------

*To determine whether Code Enforcement has remediated prior Internal Audit and CAO findings concerning code enforcement liens*

### **Conclusion:**

Per the CAO's review of prior Internal and CAO audit reports, it was noted that some findings and/or recommendations previously cited with regard to code enforcement liens remain unresolved [see Background section and Findings 1 and 3 above, specifically referencing outstanding issues].

## **Management Response**

### **(1) Deficiencies of the management information system**

Management concurs that the Community Plus software is inadequate for effective oversight of performance measures and Code Enforcement operations.

It is important to note that Community Plus is not a "Code Enforcement" dedicated software, nor is it specific to the City of Fort Lauderdale. The software is utilized by numerous other Departments within the City, as well as by many other governmental agencies. Despite this management has been very proactive in utilizing the system to the highest standard possible, and also by working Information Technologies (IT) staff to develop numerous custom reports which help track, monitor, and properly oversee the operations of the Code Division. This is an ongoing process in cooperation with IT and reports are continuously being modified or added as our needs change.

(2) Lack of integrity of data

Management concurs that the database contains certain data which is not reliable. Management has worked on identifying erroneous lien data and to date has corrected approximately 4,000 lien records to date. (Attached is a summary of lien record corrections). Management will continue to identify lien records which contain erroneous data and make the necessary changes to these records. Additionally, staff will work with the software company to receive proper training on the functions of the lien and fine screens. A written policy outlining procedures for consistent and accurate lien record entries will be developed. In addition to the recent focus on correcting our lien records, management and support staff continuously correct other aspects of case data when it is brought to our attention through the normal course of work.

Management addresses data entry procedures on an ongoing basis and we have made substantial progress over the years. Data entry is looked at on a regular basis and adjustments are made as needed. We will continue to place high emphasis on our data entry into the code enforcement software.

(3) Failure to adequately include Finance/Treasury in the lien collection/settlement process

The Director will work with the Finance Department and IT to enhance the current Community Plus software to provide the ability to determine the amount of outstanding liens and fines at any given time. If the current software is not capable of such enhancement a replacement product will be sought. The current software enhancement should include the ability to communicate and share this information with Finance. If that is not possible an alternate software product should be sought as stated above.

(4) Lack of policies and procedures for many vital functions.

Management addressed this deficiency as a result of the 07/08 audit and has established a written policies and standards manual. The Director will review during the course of the transition to the new DSD structure.

(5) Inability to identify all outstanding code liens and their associated values

Management concurs that our existing software does not provide the ability to identify the value of liens resulting from Special Magistrate and/or Code Enforcement Board fines. IT has advised the software cannot provide this data because it is contained in a “calculated” field which could change daily based on accruing fines. Management has worked extensively with Distributed Systems, and IT to develop a custom Crystal report, which would provide the necessary data.

Additionally, since this audit commenced, management has been reviewing old lien records to identify and correct inconsistent data. To date we have corrected over 4,000 lien records. (Attached is a summary of lien record corrections). This is also an ongoing process, which we will continue to pursue.

**Engagement Staff:**

Cole Copertino, Esq., Assistant City Auditor - Senior

Marco Hausy, Assistant City Auditor - Manager