



# AUDIT HIGHLIGHTS

## Development Agreements

May 4, 2018

Audit Report No. 1809

### WHY WE DID THIS AUDIT

An audit of Development Agreements was included on the City Council-approved FY 2017/18 Audit Plan. The audit objective was to assess management controls over tracking and compliance with special improvements agreed to for zoning variances/bonuses.

### BACKGROUND

Development Agreements provide the City a means to ensure that large developments meet public needs through comprehensive infrastructure and public amenity planning. When a developer seeks additional height, larger floor area ratios or greater density than current zoning regulations allow, the City can require an added public benefit, such as public art or infrastructure improvements.

The Planning and Development Services department works with the developer and the City Attorney's office to draft a development agreement for City Council review and approval.

The department uses the Community Development System (CDS) to track development and zoning cases from pre-application through the final inspection services.

### City Auditor's Office

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### WHAT WE FOUND

#### **Management controls for monitoring compliance with agreement requirements can be improved.**

The Planning and Development Services department does not have formal procedures to track development agreement requirements and written guidance is not available. Specifically, we found:

- A lack of reports and supervisory reviews has allowed some development agreement requirements to be missed or delayed.
- Accounts receivable are not established for amounts potentially due to the City, which increases the risk that the funds will not be collected.
- Written policies and procedures could ensure more uniform administration of development agreements.

#### **Records retention and information technology controls can be improved.**

Development agreement-related records are not specifically identified in the department's records inventory and CDS user access is granted on a case by case basis rather than by role or function.

- The department's records inventory does not specifically identify a retention period for some development agreement-related records.
- The department does not have written guidance for authorizing staff access to CDS.

### WHAT WE RECOMMEND

We recommend the Planning and Development Services department:

- Develop and implement formal policies and procedures to more efficiently record and monitor all development agreement requirements and deadlines.
- Work with the City Treasurer's office to establish and maintain a record of development agreement receivables or other financial impact to the City.
- Define records retention requirements for development-agreement related records.
- Develop policies and procedures for authorizing access to CDS.

### MANAGEMENT RESPONSE

The Department agreed with the audit recommendations.