



CITY AUDITOR'S OFFICE

Code Enforcement Operations

January 29, 2021

AUDIT REPORT NO. 2108

CITY COUNCIL

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January 29, 2021

Honorable Mayor and Members of the City Council:

Enclosed is the audit report for *Code Enforcement Operations*, which was included on the Council-approved FY 2020/21 Audit Plan. This audit was conducted to assess the management controls and operation of the City's code enforcement program. Code Enforcement is responsible for identifying, investigating and resolving a variety of City Code violations related to property maintenance, housing, zoning, signage, graffiti and construction activity.

Our audit found that Code Enforcement lacks effective performance standards and oversight. For example, performance measures are not designed to evaluate whether violations are appropriately and timely resolved. Further, supervisory oversight is lacking, and policies and procedures are outdated.

In addition, Code Enforcement has a high management and administrative staff to field staff ratio, and institutional knowledge may be lost as staff retire. Further, the program has more supervisory staff compared to the number of field staff than similar City inspection programs have. Code Enforcement can also improve its receivables management, system access, and performance measure calculations.

If you need additional information or have any questions, please contact me at (480) 312-7867.

Sincerely,

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AUDIT HIGHLIGHTS

Code Enforcement Operations

January 29, 2021

Audit Report No. 2108

WHY WE DID THIS AUDIT

This audit of Code Enforcement Operations was included on the City Council-approved fiscal year (FY) 2020/21 Audit Plan. The audit objective was to assess the management controls and operation of the City's code enforcement program.

BACKGROUND

Code Enforcement is responsible for identifying, investigating and resolving a variety of City Code violations related to property maintenance, housing, zoning, signage, graffiti and construction activity. The program also maintains the City's Rental Registration list for short-term rentals.

Code Enforcement, within the Community & Economic Development Division, is staffed with a Director, three teams composed of a Supervisor and two to three Code Inspectors, a Senior Code Inspector for the Downtown area, an Administrative Secretary, and two Code Specialists, including one dedicated to graffiti abatement.

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WHAT WE FOUND

Code Enforcement lacks effective performance standards and oversight.

- Performance measures are not designed to evaluate whether violations are appropriately and timely resolved.
- Inspectors' levels of activity vary greatly, and Saturday sign duty overtime appears unnecessary.
- Supervisory oversight is lacking, and policies and procedures are outdated.

Code Enforcement has a high management and administrative staff to field staff ratio, and institutional knowledge may be lost as staff retire.

The program has more supervisory staff compared to the number of field staff than similar City inspection programs have, and institutional knowledge may be lost due to specialization and lack of documentation.

Code Enforcement can improve its receivables management, system access, and performance measures.

- Code Enforcement has not been effectively collecting unpaid fees.
- More users than necessary have access, and particularly administrative access, to the Code Enforcement Tracking System.
- Performance measures are not calculated effectively.

WHAT WE RECOMMEND

We recommend the Code Enforcement program:

- Develop performance goals and reports to accurately measure program effectiveness and provide supervisory oversight, update policies and procedures, and improve employee safety.
- Consider consolidating offices and reclassifying supervisory positions to working leads.
- Improve collection of delinquent accounts, limit system administrative access, and correct performance measure calculations to include only relevant data.

MANAGEMENT RESPONSE

The department agreed and provided estimated completion dates for its proposed actions in the Management Action Plan.

BACKGROUND

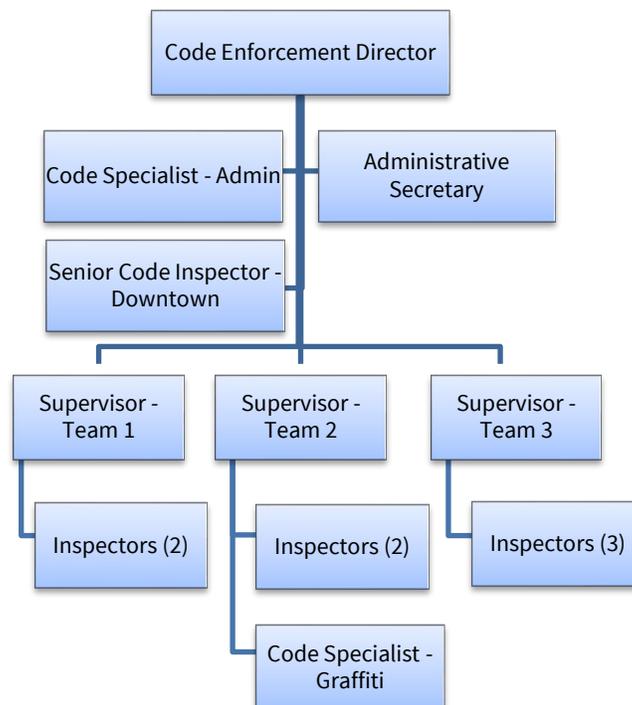
The Code Enforcement program is responsible for identifying, investigating and resolving a variety of City Code violations related to property maintenance, housing, zoning, signage, graffiti and construction activity. Additionally, the program maintains the City's Rental Registration list for short-term rentals.

Code Enforcement has an annual budget of just over \$1.5 million, 88% of which is for personnel services. Located within the Community & Economic Development Division, the Code Enforcement Director reports to the Executive Director of Planning, Economic Development and Tourism. As shown in Figure 1, the 15 full-time equivalent (FTE) positions include eight Code Inspectors and two Code Specialists, with one designated as the Graffiti Specialist and the other performs administrative duties. The program also has three Supervisors who oversee seven Code Inspectors and the Graffiti Specialist. The Supervisors, a Senior Code Inspector, a Code Specialist, and an Administrative Secretary report to the Director.

The most common Code violations include:

- Yard maintenance
- Graffiti
- Illegal signs
- Accumulation of debris
- Green pools
- Building exteriors
- Abandoned or junk vehicles

Figure 1. Code Enforcement Organization Chart



SOURCE: Auditor analysis of Code Enforcement staff assignments.

Code Enforcement's stated goal is to investigate and resolve all code violations, with top priority given to issues that:

- present an imminent threat to health and safety;
- affect interior living conditions and housing quality;
- pertain to public nuisance, property maintenance, blight, building exteriors and land;
- represent land use violations; or
- are ongoing unpermitted construction.

Members of the public can report potential violations by phone or through the ScottsdaleEZ system. As well, Code Inspectors circulate throughout the City looking for code violations, such as dead lawns and untrimmed trees, non-native vegetation, right-of-way obstructions, illegal signs and unpermitted construction. Code Enforcement inspectors issue a Notice of Violation (NOV) to the property owner when a violation is found. The NOV describes the violation, states the action that must be taken to come into compliance, and sets the date when the property will be re-inspected. While the reinspection dates are generally within 30 days of the initial violation, inspectors can issue time extensions when remediation takes longer than the initial timeframe. Inspectors are given wide latitude to work with property owners to ensure that violations are resolved.

The program uses the Code Enforcement Tracking System (CETS) to track cases. As violations are reported by the public or inspectors, staff record the information for the address so that the system contains a history of actions related to a given address. CETS links to the City's Land Information System for information about property ownership. Code Enforcement has also worked with other City departments to note warnings of possible dangers, such as a violent dog.

CETS provides each Code Inspector with a daily Route Sheet listing the open cases in their areas. The Route Sheet adds new cases as they are entered by administrative staff, and Code Inspectors also update the cases in CETS as they make inspections or observe violations.

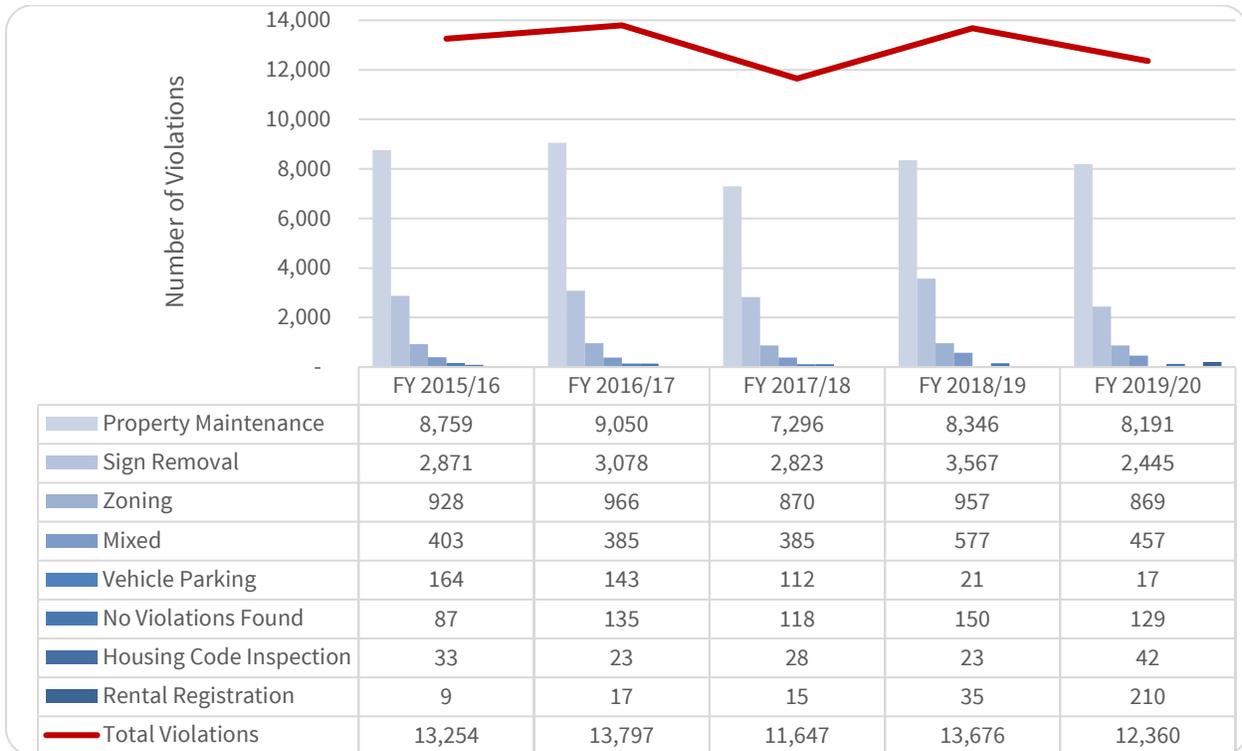
In addition to listing open cases, the CETS Route Sheet tracks the individual inspector's number of opened and closed cases and status of performance measures. Code Enforcement has established performance goals of initially responding to all new complaints within two business days and fully resolving complaints within 30 days. The program also sets goals for inspectors to initiate 50% of all cases and to personally deliver at least 65% of violation notices to property owners and tenants.¹

As illustrated in Figure 2 on page 5, Code Enforcement handles between 11,000 and 14,000 new cases per year with the majority being Property Maintenance violations.

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¹ Because of the COVID-19 pandemic, Code Enforcement is currently mailing violation notices rather than delivering them in person.

Figure 2. Number of Code Enforcement Cases, FY 2015/16 – FY 2019/20



SOURCE: Auditor analysis of Code Enforcement Tracking System data.

To provide coverage throughout the City, Code Enforcement has divided the City into eight areas, with one assigned inspector for each, as shown in Figure 3. The three supervisors are then assigned to the field offices and manage two to three inspectors and the graffiti Code Specialist. The Code Enforcement Director and the administrative Code Specialist are based at One Civic Center.

Every two years, the Inspectors and Supervisors rotate to different areas, except for the inspector who covers Downtown Scottsdale (Area 4 on the map). The Code Enforcement Director explained that the Downtown area is handled differently because business owners are more likely to contact the Mayor and Councilmembers directly and the area is better served by providing them with a consistent point of contact.

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OBJECTIVES, SCOPE, AND METHODOLOGY

An audit of *Code Enforcement Operations* was included on the City Council-approved fiscal year (FY) 2020/21 Audit Plan. The audit objective was to assess the management controls and operation of the City's code enforcement program. The audit focused primarily on activities in FYs 2018/19 and 2019/20; however, we included prior fiscal years and the current fiscal period when needed for trend and comparison purposes.

To gain an understanding of the Code Enforcement program, we reviewed prior Code Enforcement audits conducted by this office (Audit Nos. 0523 and 0805) as well as audits completed by other local government auditors. Further, we reviewed Scottsdale Revised Code Chapter 18 *Zoning Ordinance* and Code Enforcement's webpages.

To further our understanding of the program and its management controls, we interviewed the program director and the three program supervisors. In addition, we accompanied three inspectors on their area inspections.

To evaluate program operations and controls, we:

- Monitored the program's vehicle parking locations to evaluate vehicle use and level of field activity.
- Analyzed categories of inspection cases, including complaint-initiated versus inspector-initiated cases and residential versus commercial cases, to evaluate response time and case closure for each category.
- Analyzed supervisor activities, including recorded case and quality assurance reviews and other documented activities.
- Analyzed inspector case data, including number of cases handled per year and per inspector, by violation type and by case initiator (public or City employee versus inspector).
- Performed a staffing analysis including supervisor to employee ratios, ratio of administrative positions, and potential institutional knowledge loss due to staff retirements.

Our audit found Code Enforcement lacks effective performance standards and oversight, has a high management and administrative staff to field staff ratio, and institutional knowledge may be lost as staff retire. Further, Code Enforcement can improve its receivables management, system access and performance measures.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Audit work took place in May and August through December 2020.

FINDINGS AND ANALYSIS

1. Code Enforcement lacks effective performance standards and oversight.

Code Enforcement enforces the City’s Zoning Ordinance, and its mission is to seek the cooperation of all Scottsdale residents and business owners in keeping Scottsdale beautiful. However, the program’s performance measures do not emphasize that violations are resolved appropriately and timely, and a lack of supervisory oversight results in varying levels of employee activity and case closure.

A. Performance measures are not appropriately designed to measure program effectiveness. Code Enforcement lists two performance measures in the Budget Book:

- Average time for initial response to a Code Enforcement complaint (in days), with a goal of two days.
- Percent of total Code cases proactively initiated by Code Inspectors, with a goal of 50% proactively initiated.

While it is important to ensure timely actions, the program’s performance measures do not emphasize the objective of resolving the underlying violations appropriately. Also, as it is currently measured, an initial response can range from completing an onsite inspection to simply making a phone call.

Although the program also has an internally stated goal to close cases within 30 days, the August 20, 2020, performance measures showed six of the eight inspectors with case actions overdue by one to 136 days. As summarized in Table 1, from FY 2015/16 to FY 2019/20 about one in six cases took more than 30 days to resolve. Of the cases that took more than 30 days to resolve, 77% were Property Maintenance violations.

Table 1. Cases Not Closed Within 30 Days, FY 2015/16 – FY 2019/20

Type of Violation	Cases > 30 Days		Days to Close	
	Number	Percentage	Average	Maximum
Property Maintenance	6,472	77%	60	881
Zoning	964	11%	103	868
Mixed	849	10%	104	1,176
Rental Registration	92	1%	71	236
Housing Code Inspection	16	< 1%	54	104
Vehicle Parking	5	< 1%	52	71
Total	8,398			

Note: Auditors reviewed 49,950 cases, excluding sign removals, from FY 2015/16 to FY 2019/20. This analysis excluded sign removals as they are immediately resolved by the removal action.

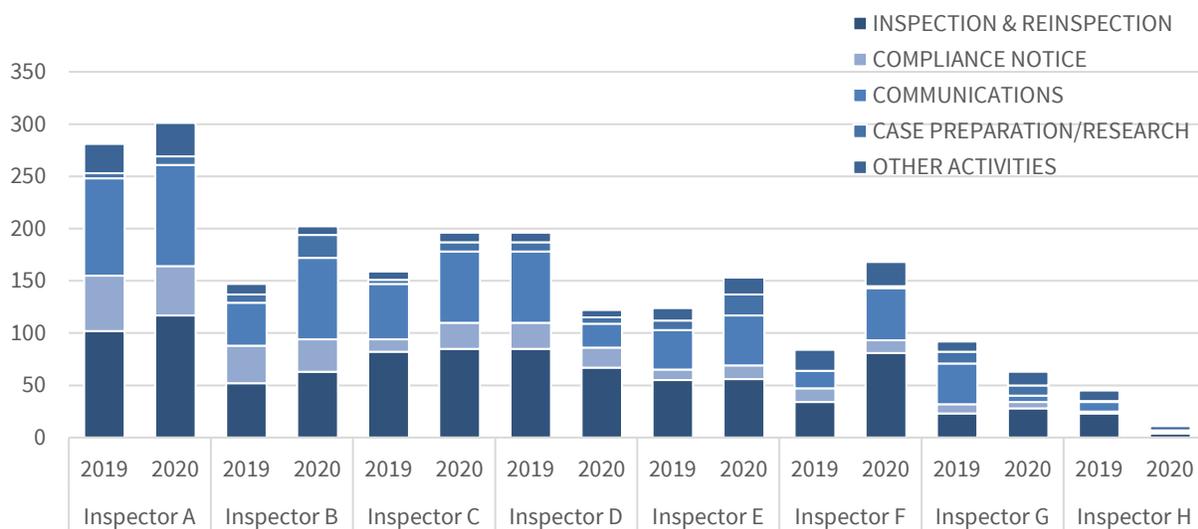
SOURCE: Auditor analysis of Code Enforcement Tracking System data.

B. The Code Enforcement program does not effectively manage inspectors' levels of activity.

1. In addition to performing inspections and re-inspections, Code Inspectors make telephone calls and send correspondence related to violations, research and prepare cases, and remove shopping carts from the public right-of-way, among other duties. Inspectors are expected to record their daily activities in the Code Enforcement Tracking System. To compare the number and types of activities, we summarized and averaged the inspectors' recorded activity data for the second work week of February in 2019 and in 2020.

As Figure 4 illustrates, the average number and types of activities vary greatly by inspector. The most active inspectors perform more site inspections and re-inspections, issue more compliance notices, and communicate more frequently with residents. The less active inspectors spend time doing case preparation and research rather than field activities, and overall record significantly fewer activities.

Figure 4. Average Number and Type of Activities by Inspector Per Selected Week



Note: Auditors selected the second week in February 2019 and in 2020, which appeared to be typical activity levels, for this detailed analysis.

SOURCE: Auditor analysis of the Code Enforcement Tracking System data.

As well, though not included in Figure 4, Employee I recorded only 8 activities during the second week of February 2019 and 18 activities in the same period of 2020.

2. Based on the recorded activity, some inspectors' activity accounts for substantially fewer hours than their scheduled work hours.

We analyzed the recorded data to identify the average time of the first and last daily entry for each inspector, then calculated the amount of activity time elapsed, on average. As summarized in Table 2, the most productive inspectors' entries reflected activity occurring

during seven to nine hours of their scheduled workdays. Others recorded activities during only four hours per eight- or ten-hour day. As well, time elapsed between Employee I's first and last recorded activity accounted for only two hours per eight-hour workday, on average.

Further, overall in both FY 2018/19 and FY 2019/20, the two most productive inspectors were responsible for nearly 40% of the program's reported daily activity.

Table 2. Average Time of Recorded Activities

Employee	Average Time – Earliest Recorded Daily Activity	Average Time – Latest Recorded Daily Activity	Average Hours Between First and Last Recorded Activity	Scheduled Daily Work Hours	Activity Hours as % of Work Hours
A	7:40 a.m.	4:19 p.m.	9	10	90%
B	8:43 a.m.	3:36 p.m.	7	10	70%
C	9:52 a.m.	3:52 p.m.	6	10	60%
D	9:16 a.m.	2:20 p.m.	5	8	60%
E	9:42 a.m.	3:54 p.m.	6	10	60%
F	9:13 a.m.	3:40 p.m.	6	8	75%
G	10:19 a.m.	2:13 p.m.	4	8	50%
H	10:22 a.m.	2:21 p.m.	4	10	40%
I	11:07 a.m.	1:14 p.m.	2	8	25%

SOURCE: Auditor analysis of Code Enforcement Tracking System data from FY 2015/16 through FY 2019/20.

In seeking to confirm the activity levels during the audit, we observed that vehicles assigned to the less active inspectors were often parked at Code Enforcement offices during work hours instead of being out in their assigned areas. Additionally, Employee I's truck was parked in the One Civic Center garage on numerous occasions during the scheduled workday, although the position is based at the 67th Place office.

- The program schedules two employees to remove illegal signs in the right-of-way (sign duty) on two Saturdays per month. The staff generally work a 6-hour day, earning overtime or accruing compensatory time. In addition, the program has a goal for Employee I to collect 125 signs per year. Excluding Saturdays, Employee I only recorded collecting 115 in FY 2018/19 and 34 signs in FY 2019/20, with a total of 340 signs over the past five fiscal years during regular work hours.

As summarized in Table 3, during the last two fiscal years, the program paid more than \$24,000 for sign duty overtime, with 1,792 signs collected. However, the number of signs

removed by each employee, and therefore the cost per sign, varied greatly. Further, one employee received overtime pay but did not record any sign removals.

Table 3. Saturday Sign Duty

Employee	FY 2018/19		FY 2019/20		Totals		
	Overtime Cost *	# of Signs Removed	Overtime Cost *	# of Signs Removed	Overtime Cost *	# of Signs Removed	Cost per Sign
A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
B	\$4,511	417	\$2,578	279	\$7,089	696	\$10.19
C	\$411	27	\$2,609	177	\$3,020	204	\$14.80
D	\$1,156	85	\$349	75	\$1,505	160	\$ 9.41
E	\$1,886	133	\$1,629	80	\$3,515	213	\$16.50
F	\$772	89	\$2,058	56	\$2,830	145	\$19.52
G	\$507	4	\$991	90	\$1,498	94	\$15.94
H	\$215	0	N/A	N/A	\$215	0	-
I	\$999	29	N/A	N/A	\$999	29	\$34.45
J	\$2,114	156	\$1,320	95	\$3,434	251	\$13.68
Total	\$12,571	940	\$11,534	852	\$24,105	1,792	\$13.45

* Costs were estimated for Comp Time Earned but not yet taken and paid.

SOURCE: Auditor analysis of timesheets, payroll reports, manual sign logs, and the Code Enforcement Tracking System (CETS).

As well, fewer than 300 of these Saturday sign removals were recorded in CETS, with most only being recorded on individual manual logs. Without having a complete record of all activities in CETS, the program cannot accurately evaluate the effectiveness of individual performance and whether Saturday sign removal duty with paid overtime is needed.

- C. Supervisory oversight is lacking. Code Enforcement supervisors do not follow consistent methods to manage inspectors' activities, and policies and procedures are not up to date.
 1. Supervisors are not documenting supervisory reviews in the Code Enforcement Tracking System. When asked how they evaluate inspector performance, the only consistent criteria Supervisors stated were the program's goals of inspectors responding to new cases within two days and making at least 50% of resident contact in person rather than by mail. However, the Code Enforcement Policies and Procedures Manual specifies that Supervisors are to:
 - At least quarterly, review a sample of the assigned Code Inspectors' open cases to determine if they are responding to complaints in accordance with procedures. The supervisor is to review, at a minimum, whether actions and violations are properly

documented in the system, whether the inspector is using the proper enforcement method, and whether complaints are being resolved within the time goals.

- Review whether the team's case workloads are equitably distributed. If a 25% disparity in number of cases exists, the supervisor is to determine the reason and resolve it, if necessary.
- Note the cases that are more than 90 days old.

Further, supervisors are to document the cases reviewed, noting quality assurance (QA) comments in the CETS QA field, and discuss review observations with the inspectors.

However, from FY 2015/16 to FY 2019/20, the three supervisors recorded a total of 1,706 reviews, averaging 341 per year. Although supervisors said that they try to review 10% to 15% of all cases, these reviews represent only 2.6% of the nearly 65,000 cases recorded during the period. Rather than the described daily or weekly reviews, CETS data showed that one supervisor recorded no review activity for periods of six to seven months at a time, another averaged fewer than 100 reviews per year, and the third recorded 11 reviews during the five-year period. As well, the three supervisors are only reviewing open cases; they do not check closed cases to determine whether they were appropriately resolved.

While the three supervisors also stated they spend a large amount of time performing research on cases, they only recorded 404 instances of research activities over the five-year period. Of these, 367 research activities were recorded by one supervisor. Supervisors also record other activities in CETS such as inspections, meetings, correspondence and issued extensions, but each recorded a total of only 85 to 1,624 of these other activities over the five-year period reviewed. In total, the three supervisors reported only 3,767 actions, ranging from 450 to 2,442 actions each, over the five-year period.

Also, supervisors are not ensuring workloads and scheduling are balanced. Two of the three supervisors are scheduled to be off on Fridays, and during vacations all three supervisors have been off duty. Team 3's supervisor and two of its three inspectors are off on Fridays, leaving one inspector covering the region north of Indian Bend Road. Team 1's supervisor and one of its two inspectors are also off on Fridays, leaving one inspector covering the region south of Thomas Road.

2. Code Enforcement's lack of up-to-date written policies and procedures and regular staff meetings allow for different directions to be given by supervisors.
 - Inspectors and supervisors for Areas 1, 2, 3 and 5 explained that most of their cases are inspector-initiated, and inspectors are encouraged to patrol neighborhoods regularly and issue Notices of Violation when they observe issues. Inspectors in Areas 6, 7 and 8 said most of their cases are citizen-initiated and that patrolling neighborhoods looking for violations is a lower priority. They also noted that supervisors encourage them to focus on the main streets.
 - Both the Code Enforcement Director and the Downtown Inspector told us that the program uses a "knock and talk" approach in Area 4. The inspector is to speak to property owners or tenants to identify and resolve matters rather than prepare written NOVs. Besides not issuing written notices, this inspector also has not recorded many activities or his key business contacts in CETS.

- Additionally, various inspectors have developed their own City contacts for expertise on issues such as native plant identification and zoning matters. Although convenient for inspectors, using different resources may lead to different answers for the same issues.

Without consistent direction and identified resources, Code Enforcement increases the risk that cases in various parts of the City are handled differently.

3. Inspector safety and supervisory review would be improved with vehicle GPS, and some City vehicles are used for personal commuting miles.
 - Code Enforcement supervisors believed that the program’s vehicles were equipped with GPS, and one Supervisor said he uses the GPS to monitor his inspectors. However, vehicle GPS is no longer active and computer-based GPS currently only tracks one inspector. GPS tracking has not been available for the other program staff for more than a year. Besides improving supervision capability, GPS location can improve the safety of Code Enforcement staff in the event an emergency occurs when they are working in the field. With the inspectors’ City-assigned vehicles, computers and cell phones, GPS tracking would be an easy safety measure to implement.
 - Some Code Enforcement inspectors are using their City vehicles for part of their daily work commutes by parking at a City location closer to their homes rather than at their assigned work area. Currently, one Inspector parks a personal vehicle at the North Corp Yard and drives the assigned City vehicle to the McKellips Service Center where the inspector is based, while another inspector does the same from the opposite direction. Other inspectors told us that they have taken similar actions in the past. By parking at sites based on personal convenience rather than at the assigned work site, these two inspectors add about 42 miles per day to the assigned City vehicles. According to Administrative Regulation (AR) 123, *Operation of City Owned & Leased Motor Vehicles*, personal use of City vehicles is not authorized. Also, AR 124, *Take Home Vehicles*, states that “Supervisors shall ensure that assigned vehicles are picked up and dropped off at designated city parking areas convenient to the expected work location, not closer to the employee’s home.” Using the City’s reimbursement rate of \$0.58 per mile, the current commuting in these two trucks costs the City about \$5,100 per year. Personal commuting in a City vehicle is considered a taxable benefit.

Recommendations:

The Code Enforcement program should develop performance goals and reports that accurately measure the program effectiveness and provide supervisory oversight. These should include:

- Evaluating the results and levels of activities, prioritized by importance, and the amount of activity recorded during work hours, including the necessity of Saturday sign duty.
- Updating the program’s policies and procedures, providing an “expert” resource list, and holding regular staff meetings to encourage shared knowledge and ensure consistent code enforcement activities Citywide.
- Installing GPS on department vehicles and laptops to improve employee safety and ensuring that City vehicles are not used for personal commuting.

2. Code Enforcement has a high management and administrative staff to field staff ratio, and institutional knowledge may be lost as staff retire.

Six out of the 15 Code Enforcement positions are management or administrative, with only eight inspectors in the field available to respond to violations plus a Graffiti Specialist. Additionally, the program is at risk of losing institutional knowledge as staff retire.

- A. The program has more supervisory staff than similar areas in the City. Each Code Enforcement supervisor oversees a team of two to three staff, including inspectors and the Graffiti Specialist. Within the Building Inspection and Field Engineering departments of the Community and Economic Development Division, the Building Inspectors have one supervisor for nine employees and Field Inspectors have one supervisor for four employees. In the Fire department, the Fire & Life Safety Services area, that includes Fire Inspectors who perform similar work to Code Enforcement Inspectors, also has one supervisor for nine employees.

The Code Enforcement Director explained that there are three supervisors because there are three offices in different parts of the City. However, much of the communication between supervisors and inspectors reportedly takes place online (by email or through other City systems) or via telephone. Further, inspectors have City-provided laptops and cell phones to perform much of their work from their assigned City trucks. As well, program staff would be able to use other City facilities on a drop-in basis if needed.

- B. Code Enforcement is at risk of losing institutional knowledge as staff retire.

As of December 2020, the Code Enforcement staff averaged nearly 22 years of City service, ranging from just under 7 years to 40 years. Nearly all the program's staff are eligible to retire at any time, and several have indicated plans to retire within the next two years. The program has not yet taken steps toward ensuring complete, updated policies and procedures, cross-training specialized knowledge, and complete activity documentation as experienced staff retire.

1. Lack of cross-training of staff, staff meetings and up-to-date policies and procedures.

One Code Inspector has served as Downtown Inspector for 13 of the past 15 years. According to the Code Enforcement Director, this was done purposely to establish relationships with the area business owners and operators. Additionally, the Downtown Inspector was instructed to focus on conversations with the businesses more than on issuing violations. As well, activity recorded in the tracking system appears limited. Despite the Downtown Inspector's plans to retire within the next couple years, other inspectors have not been assigned to work in this area, so there is a substantial risk that the case knowledge and relationships will be lost. During the audit, program staff commented on the lack of staff meetings to encourage the exchange of information. The program's policies and procedures should be updated to include organized, complete guidance to encourage consistency as well as avoid the loss of specialized knowledge when experienced staff retire. Also, as noted earlier, supervisors are providing their assigned teams with differing priorities and approaches to code enforcement activities.

2. By not enforcing Code Enforcement activity documentation in the system, the program risks losing relevant information and knowledge.

Code Enforcement staff are supposed to record all issues related to properties and cases in the Code Enforcement Tracking System. However, supervisors are not reviewing to ensure that all activities are recorded, and the Code Enforcement Director does not believe all actions, such as grocery cart retrievals, sign removals and the specifics of phone calls, are being tracked. For example, during the audit, we noted an employee who participated in Saturday Sign Duty but did not record removing any signs. The Director said she was not required to record them in the system because sign removal is not a primary function of her job. However, this results in an incomplete activity record in the system.

Recommendations:

The Code Enforcement program should:

- A. Consider consolidating its offices to one location and reclassifying supervisory positions into working leads to provide more field coverage.
- B. Cross-train employees on specialized knowledge, such as Area 4, and enforce documentation requirements so that case knowledge and history is not lost.

3. Code Enforcement can improve its receivables management, system access and performance measures.

The program has not been effectively collecting fees, both for nuisance parties and abatements. Also, the program has provided more access to the Code Enforcement Tracking System than appropriate or necessary, and performance measure calculations are ineffective.

- A. Code Enforcement has not been effectively working to collect unpaid amounts. As of November 2020, 38 notices of violation (NOVs) totaling \$18,600 were at least 30 days overdue, with 16 of those being more than 6 months overdue. In addition, the program wrote off \$11,600 in abatement costs and fees in FY2019/20 that have recorded property liens.
 - Code Enforcement works with Scottsdale Police to issue \$500 NOVs for nuisance parties and unlawful gatherings when appropriate.² Code Enforcement then sends the NOV information to the City Treasurer's Office to establish the accounts receivable and billings. However, Code Enforcement staff did not realize they should be monitoring unpaid NOVs and working with Revenue Recovery to collect the amounts due.
 - The City charges abatement fees when Code Enforcement hires a contractor to perform property repairs or maintenance, such as boarding up hazards, draining green pools or trimming excess vegetation. Code Enforcement takes these abatement actions when the property owner cannot be contacted or is unable to take care of the violation. The property owner then is responsible for these abatement costs plus a 5% fee. If an abatement amount is not paid, Code Enforcement places a lien on the related property so that it can be collected when the property is sold or refinanced. However, Code Enforcement has been authorizing the write-off of these abatement fees in the same year they are assessed because of misunderstanding the Accounting department's instruction regarding receivable write-offs. Although the liens remain in place, due to the extended time that may

² These NOVs do not go through City Court since they are issued as the result of a code violation.

pass before they are collected, researching the accounts will be more difficult after they have been written off.

- B. Despite having only 15 Code Enforcement staff, the Code Enforcement Tracking System had 59 authorized user accounts as of November 2020. Of those, 14 accounts provided system administrator access, including the accounts for a former employee, the program director, nine IT department employees and two Community & Economic Development division IT staff. System administrator access provides a powerful ability to make system and data changes, so these access rights should be limited to the minimum number of users that is feasible. To protect the integrity of the system's data, regular users should not have access to make system changes.

In addition, other user access roles did not appear to be assigned based on the principle of least privilege, which means individuals only have access to the information needed for their job duties. Specifically, eight individuals should not have had system access and two others had more access than needed for their assigned job duties. Further, two user accounts were duplicates and should have been removed.

- C. Performance measures are not calculated correctly, making them less effective. Program-wide and inspector-specific performance measures are calculated using all complaints within a given time period instead of just the relevant complaints.

- 1. The program's measurement for "first response" goal includes inspector-initiated cases. When an inspector initiates a case, the response is immediate (0 days). Including the more than 8,000 inspector-initiated cases, which are 67% of all cases, dilutes the Response Time results.

After recalculating this metric without the inspector-initiated cases, the program still complied with its stated 2-day goal, although the measure increased from 0.2 days to 0.7 days, on average. While individual inspector measures also increased, only one employee no longer met the 2-day goal.

- 2. The program's measurement of Average Cycle time, 18.1 days, includes sign-removal cases. Cycle time refers to the number of days between when a case is initiated until it is closed. Signs are typically inspector-initiated, so the cases are generally closed immediately (cycle time of 0 days). For example, in calendar year 2019, about 98% of sign removals were inspector-initiated. As with the Response Time calculation, including these cases dilutes the Average Cycle Time results. Without the sign-removal cases, the program's corrected average cycle time increased from 18.1 to 25 days, but still within its goal of 30 days.

While analyzing cycle time, we also noted that complaint-initiated (public or City employee referral) cases are open for 6 more days, on average, than inspector-initiated cases. The program does not currently separately analyze whether inspectors are timely responding to these externally initiated cases.

- 3. The program's measure for inspector-initiated cases, reported as 72.9%, included errors and duplicate cases, as well as those assigned to supervisors and the director. Additionally, one staff coded some complaint-initiated cases as inspector-initiated. When recalculated,

the program’s inspector-initiated average decreased to 67%, still above its goal of 50%. However, after the recalculation, two staff individually no longer met the 50% goal.

Table 4 illustrates the recalculation impact on some example individual performance metrics.

Table 4. Examples of Recalculated Individual Statistics

	Reported	Recalculated
First Response (in days)		
Employee D	0.1	0.43
Employee F	0.1	0.65
Employee G	1.2	2.26
Cycle Time (in days, from initiation to closure)		
Employee B	11.6	18.0
Employee G	33.4	40.0
Employee H	39.4	39.0
Inspector Initiated (percent of own cases)		
Employee G	50.2%	49.2%
Employee H	31.2%	28.5%
Employee I	50.5%	35.5%

SOURCE: Auditor analysis of CETS data.

Recommendations:

The Code Enforcement program should:

- A. Work with Revenue Recovery to collect delinquent accounts and clarify with Accounting how to handle delinquent abatement fees that involve liens.
- B. Limit administrative access to the Code Enforcement Tracking System to the least number of accounts that is feasible and limit user access to the information necessary to carry out the related job duties.
- C. Correct performance measurement calculations to include only relevant cases and activity for each measure.

MANAGEMENT ACTION PLAN

1. Code Enforcement lacks effective performance standards and oversight.

Recommendations:

The Code Enforcement program should develop performance goals and reports that accurately measure the program effectiveness and provide supervisory oversight. These should include:

- Evaluating the results and levels of activities, prioritized by importance, and the amount of activity recorded during work hours, including the necessity of Saturday sign duty.
- Updating the program's policies and procedures, providing an "expert" resource list, and holding regular staff meetings to encourage shared knowledge and ensure consistent code enforcement activities citywide.
- Installing GPS on department vehicles and laptops to improve employee safety and ensuring that City vehicles are not used for personal commuting.

MANAGEMENT RESPONSE: Agree

PROPOSED RESOLUTION:

Management will develop performance goals and reports that accurately measure program effectiveness and provide supervisory oversight. These will enable management to evaluate results and level of activities (prioritized by importance) appropriate to their various assignments and areas, as well as activity recorded during work hours. Management will also review the necessity and value of Saturday sign duty and present recommendations to the City Manager's office for direction.

While there is a performance measure regarding cases closed within 30 days, it is not realistic to expect all cases to be closed in 30 days. Correction of a high grass and weeds violation should be expected quickly, while replacing roof shingles or obtaining a variance or a conditional use permit will take more time. Many of these cases benefit from additional time being provided to the responsible party to achieve voluntary compliance through a customer-service approach as opposed to punitive action(s), such as civil citations and abatements. While the audit report focuses on cases not closed within 30 days, it's important to note that over the past three fiscal years, voluntary compliance was achieved in about 91 percent of the more than 12,000 cases investigated each year, with an average case closure of 25 days. 83% of cases were closed within 30 days.

TO BE COMPLETED BY: 6/01/2021

Staff will undergo a comprehensive review of the policies and procedures manual and update all areas as necessary. Because Code Enforcement enforces requirements of the zoning ordinance, the zoning administrator makes a determination when there are questions about a code provision or the need for an interpretation. There are subject experts in the organization who are consulted on their specific expertise. An "expert resource" list will be included in the program's policies and procedures. This will include annual updates which are publicly accessible, clearly communicating the practices of code enforcement. Supervisors will prepare for regular staff meetings and review unique or challenging

cases and discussing them with the other members of the unit. These discussions can inform annual updates to the policies and procedures of the department.

TO BE COMPLETED BY: 7/23/2021

The GPS tracking tool, when it is functioning properly, provides the supervisors the ability to “see” where a vehicle/ staff member is on a map. It is primarily used in emergency situations where it may be necessary to see who the closest Inspector to a specific location is, that can be called and dispatched quickly. In addition, GPS location can improve the safety of Code staff in the event of an emergency when working in the field. The Fleet Department reported that they will not install GPS on vehicles that have on-board computers with GPS. Information Technology reports that engineers are working on restoring the laptop GPS service with updated software in early February.

Management has directed staff to pick up and drop off assigned vehicles at the designated city parking area at their expected work area, even when carpooling or following changes in assigned work areas. Supervisors will be required to monitor compliance. It’s important to note that due to parking limitations at the 67th Street office, staff assigned there are required to park at One Civic Center.

TO BE COMPLETED BY: 2/28/2021

RESPONSIBLE PARTY: Raun Keagy

COMPLETED BY: Dates noted in Proposed Resolution

2. Code Enforcement has a high management and administrative staff to field staff ratio, and institutional knowledge may be lost as staff retire.

Recommendations:

The Code Enforcement program should:

- A. Consider consolidating its offices to one location and reclassifying supervisory positions into working leads to provide more field coverage.
- B. Cross-train employees on specialized knowledge, such as Area 4, and enforce documentation requirements so that case knowledge and history is not lost.

MANAGEMENT RESPONSE: Agree

PROPOSED RESOLUTION:

- A. While consolidating offices to one location may be ideal, such a decision is beyond departmental control and would need to come from upper management as there are significant financial implications. Staff will discuss with Facilities Management to identify possible suitable locations and make recommendations to City Management.

It’s important to note that fire inspectors and code inspectors perform inspections in a very different way. Generally, fire inspectors are doing inspections 99 percent of the time (per the city fire marshal) on a scheduled basis not on a random or complaint driven basis. These fire inspections are for the most part either businesses or new construction. Fire inspections occur under a very controlled environment. In contrast code inspectors are doing their inspections either proactively or complaint driven involving primarily residences. There is much more

discretion in the code environment. As a result, management has supported a higher supervisor to inspector ratio in code enforcement. Management agrees that supervisors should spend more documented time in the field, to provide greater coverage and conducting quality assurance, and Management will add and monitor these requirements.

TO BE COMPLETED BY: 2/28/2021

- B. Cross-training for Area 4 (Old Town Scottsdale) will begin over the next several weekends with night inspections in the Entertainment District. Management will monitor documentation to ensure case knowledge and history is captured for future assignments in Area 4.

TO BE COMPLETED BY: Began on 1/21/2021 and is on-going

RESPONSIBLE PARTY: Randy Grant/Raun Keagy

COMPLETED BY: Dates noted in Proposed Resolution

3. Code Enforcement can improve its receivables management, system access, and performance measures.

Recommendations:

The Code Enforcement program should:

- A. Work with Revenue Recovery to collect delinquent accounts and clarify with Accounting how to handle delinquent abatement fees that involve liens.
- B. Limit administrative access to the Code Enforcement Tracking System to the least number of accounts that is feasible and limit user access to the information necessary to carry out the related job duties.
- C. Correct performance measurement calculations to include only relevant cases and activity for each measure.

MANAGEMENT RESPONSE: Agree

PROPOSED RESOLUTION:

- A. Management will work with Revenue Recovery to collect delinquent accounts and clarify with Accounting how to handle delinquent abatement fees that involve liens. Management will work with Revenue Recovery to identify the most appropriate lead in collecting debt to the city—particularly the Police Service Fees associated with Nuisance Party & Unlawful Gathering violations that are issued by the Police Dept. and Civil Citation fines which are assessed by Scottsdale City Court.

TO BE COMPLETED BY: 2/19/2021

- B. Staff consulted with IT on limiting access to the CETS. As a result, eight were removed and four permissions were modified to ensure best practices are followed. Please note that nine of the remaining staff with CETS access are from IT and 22 are from the Planning, Economic Development, and Tourism Department with “Read Only” access as needed for their assigned job duties.

COMPLETED 12/16/2020

- C. Management will work with IT to recalculate several performance measures in the CETS and other reports to ensure consistency and effectiveness.

TO BE COMPLETED BY: 2/19/2021

RESPONSIBLE PARTY: Raun Keagy

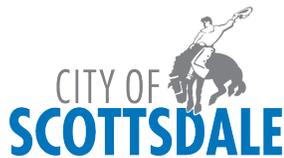
COMPLETED BY: Dates noted in Proposed Resolution

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