



**Hillsborough  
County** Florida

Board of County Commissioners  
County Internal Auditor's Office

Code Enforcement Department and  
Consumer and Veterans Services Department

## Code Violation Process

Audit Report # 2021-01  
February 03, 2021



**Hillsborough  
County Florida**

**County Internal Auditor**

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**TO:** Board of County Commissioners  
**FROM:** Peggy Caskey, County Internal Auditor  
**DATE:** February 03, 2021  
**SUBJECT:** Code Violation Process, Audit Report # 2021-01

Pursuant to the 2020 Annual Audit Plan, the County Internal Auditor's Office conducted a performance audit of the code violation process. The Audit Team's objective was to determine the maturity of the code violation identification and inspection, remediation, and settlement functions.

The purpose of this Report is to provide management independent, objective analysis, recommendations, counsel, and information concerning the activities reviewed. As such, this Report is not an appraisal or rating of management.

Although the Audit Team exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud and/or employee abuse is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud or abuse will be detected.

I appreciate the cooperation and professional courtesies extended to the Audit Team. The County Administrator gave the Audit Team full, free, and unrestricted access to all applicable activities, records, property, and personnel necessary to accomplish the stated objective of this audit engagement. Personnel also provided necessary assistance for the Audit Team to effectively perform the audit in an efficient manner.

Sincerely,

Peggy Caskey, CIA, CISA, CFE  
County Internal Auditor

**CC:** Dexter Barge, Assistant County Administrator  
Christine Beck, County Attorney  
Joe Gross, Code Enforcement Director  
Greg Horwedel, Deputy County Administrator  
Frank Strom, Consumer and Veterans Services Director  
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## **EXECUTIVE SUMMARY**

Pursuant to the 2020 Annual Audit Plan, the County Internal Auditor's Office conducted a performance audit of the code violation process. The Audit Team's objective was to determine the maturity of the code violation identification and inspection, remediation, and settlement functions.

The Audit Team determined if the maturity of the code violation process is adequately designed to minimize the likelihood of errors or abuse.

Other minor concerns, that may have been identified and not included in this Report, were communicated to management and/or corrected during fieldwork.

The exit conference was held on October 27, 2020.

## **OVERALL OPINION**

It is the County Internal Auditor's overall opinion that the code violation process is at the repeatable control maturity level (level 2 out of a possible 5). The controls are generally well established and documented, while lacking some implementation of controls in the settlement function. Performance monitoring is still being formalized, placing some reliance on independent audits; creating exposure to change; and creating a segregation of duties control weakness.

The recommendations in this Report are designed to further strengthen and mature the control structure already in place.

## **AUDITED BY**

Peggy Caskey, CIA, CISA, CFE, County Internal Auditor

Michelle Ferreiro, CPA, Senior Internal Auditor

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## BACKGROUND INFORMATION

The Code Enforcement Department is responsible for the enforcement of land and property violations in unincorporated Hillsborough County to eliminate conditions that threaten the life, health, safety, and general welfare of residents. The Department investigates complaints about possible violations in relation to the County's codes or ordinances.

The code violation process has three key functions with several activities that are performed in each function. The activities are performed by the Code Enforcement Department and the Consumer and Veterans Services Department. In the organization chart, the Citizen Board's Support falls under the responsibility of the Consumer and Veterans Services Department.

**Figure 1: Summary of Code Violation Process**

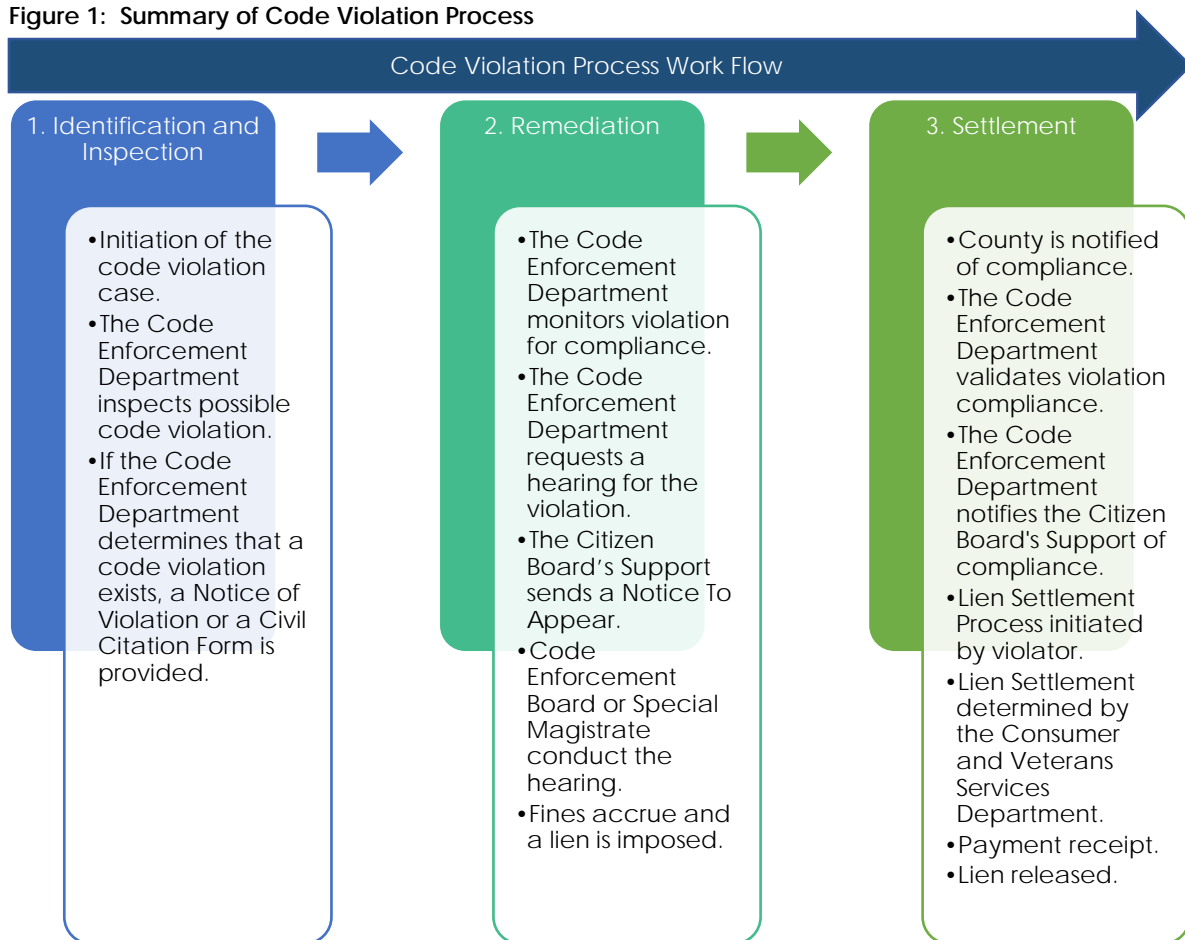


Figure 2 below is a summary of the key written guiding principles that direct code violation activities:

**Figure 2: Hillsborough County Ordinances**

Ordinance	Title	Purpose
09-63	Hillsborough County Property Maintenance	Adopted to secure the public safety, health and general welfare of the citizens and shall apply to every building, dwelling, structure, accessory structure, plot, lot or tract of land to establish minimum standards for maintenance.
10-27	Alternative Code Enforcement System	Adopted to designate the Code Enforcement Board and Special Magistrate the authority to hold hearings and assess fines against violators of the County's ordinances.
14-28	Hillsborough County Supplemental Code Enforcement Procedures Ordinance	Adopted to provide for additional and supplemental means of obtaining compliance with the County's codes. The Ordinance creates an option for the issuance of a Notice to Appear and Civil Citation pursuant to the authority of Florida Statutes, Chapter 162, Part II.  Resolution 17-018 establishes the schedule of violations and fines to be enforced by Civil Citation.
15-3	Amendment to Hillsborough County Ordinances and Laws Chapter 14, Article II	Adopted to amend code of ordinances and laws relating to Code Enforcement Board and Special Magistrate rules of procedures; Settlement Agreements; authority to initiate repairs, foreclosures, fine caps, compliance efforts, and lien reduction or settlements; and notice requirements.

## AUDIT OBJECTIVE

The Audit Team's objective was to determine the maturity of the code violation identification and inspection, remediation, and settlement functions.

## APPROACH

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that the County Internal Auditor's Office plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the audit comments and conclusions based on the audit objectives. The County Internal Auditor believes that the evidence obtained provides this reasonable basis.

## SCOPE

The scope of work included the following:

1. The Audit Team performed interviews with key personnel.
2. The Audit Team reviewed code violation process policies and procedures to determine if they align with written guiding principles.
3. The Audit Team assessed the process design of internal controls to determine the control maturity level of the code violation process.
4. The Audit Team traced a sample of code violations from the initial complaint through the lien settlement process.

5. The Audit Team reviewed a sample of payment receipts and traced them to the bank deposit.

### **POSITIVE ATTRIBUTE**

In 2017, the Code Enforcement Department launched Operation Code Vet to help military veterans whose homes or properties had fallen into despair. Operation Code Vet partners with various agencies, non-for-profit organizations, and businesses to provide the resources necessary to assist military veterans with fixing home or yard violations that would otherwise lead to citations and fines.

## **AUDIT COMMENT & RECOMMENDATIONS**



## **AUDIT COMMENT 1**

### **CODE VIOLATION PROCESS CONTROL ENVIRONMENT**

#### **AUDIT COMMENT**

Overall, the design of the code violation process has an adequate control structure that aligns with applicable written guiding principles while lacking some implementation of controls in the settlement function. Recommendations were made to build upon the control structure already in place.

#### **AUDIT PROCEDURES**

The Audit Team determined if the code violation process:

- 1.1 policies and procedures align with written guiding principles;
- 1.2 design has adequate controls; and
- 1.3 activities performed align with written guiding principles.

The Audit Team tested the controls and attributes in each of the three key functions (identification and inspection, remediation, and settlement) utilizing three data populations as follows:

- A sample of 60 code cases was selected from a population of 20,430 cases that were entered in Permits Plus between April 1, 2018, and March 30, 2019. The population of 20,430 cases was first grouped into two sets of cases, 529 cases that had not yet come into compliance and 19,901 cases that had come into compliance or were determined to be unfounded. Using a 95% confidence level, a sample size of 30 cases was then determined for each set of cases.
- A random sample of 15 code cases was selected from a population of 229 cases that had been flagged in Permits Plus as "In the Settlement Process" between April 1, 2018, and August 31, 2019. The sample size was determined using a 90% confidence level.
- The total population of 10 civil citation cases entered in Permits Plus between April 1, 2018, and August 31, 2019.

#### **Function 1: Identification and Inspection**

The code violation process begins with a complaint received by the Code Enforcement Department. A complaint can be submitted in person, by phone, by email, or via the internet. All complaints are reviewed by code enforcement management; assigned to a code enforcement officer based on service area; and entered in Permits Plus as a code case. A code enforcement officer will respond to the complaint; perform an inspection; determine if a violation of a County code or ordinance has been committed; and update the case record in Permits Plus. Additionally, a code enforcement officer may proactively investigate observed violations while out in the field. The Code Enforcement Department has a key performance metric to respond to complaints within three business days after receiving a complaint except when a state of emergency is declared, or under direction from upper management.

**Figure 3: Function 1 Audit Procedures and Results**

Written Guiding Principles	Procedure Reviewed	1.1 Policies and Procedures Align with Written Guiding Principles	1.2 Process Design has Adequate Controls	1.3 Activities Performed Align with Written Guiding Principles
CEP-200 Case Management	Code case complaint (either founded or unfounded) was properly recorded in Permits Plus.	Yes	Yes	Yes
None – key performance metric	Inspection was performed within three-days of complaint.	Yes	Yes	Yes
CEP 211 Civil Citations	Code enforcement officer issued a Civil Citation for applicable violations pursuant to the authority of Florida Statutes, Chapter 162, Part II.	Yes	Yes	Yes
	Code enforcement supervisor sent the original (white) page of the Civil Citation Form to the Citizen Board's Support to be included in the County's code case record.	Yes	Yes	No (Result 1.3.1)

**Function 2: Remediation**

If a violation of a County code or ordinance has been committed, the code enforcement officer will provide written notice to the violator and establish a reasonable time period within which the violator must correct the violation. Should the violation continue beyond the time specified for correction, the code enforcement officer will request a Code Enforcement Board or Special Magistrate hearing for the violation. The code enforcement officer is authorized to issue a Notice to Appear or Civil Citation pursuant to Ordinance 14-28 and Resolution 17-018. If the code enforcement officer has reason to believe a violation or the condition causing a violation presents a serious threat to the public health, safety, and welfare, or if the violation is irreparable or irreversible in nature, the code enforcement officer will make a reasonable effort to notify the violator and may immediately request a Code Enforcement Board or Special Magistrate hearing.

Pursuant to Ordinance 10-27, the Code Enforcement Board and the Special Magistrate hold hearings and assess fines against violators of the County's codes or ordinances. Under the Consumer and Veterans Services Department, the Citizen Board's Support is responsible for scheduling and facilitating hearings; maintaining the related code case records; and is the primary payment receipt collection site for County issued fines.

**Figure 4: Function 2 Audit Procedures and Results**

Written Guiding Principles	Procedure Reviewed	1.1 Policies and Procedures Align with Written Guiding Principles	1.2 Process Design has Adequate Controls	1.3 Activities Performed Align with Written Guiding Principles
CEP-200 Case Management	If the violation remained non-compliant after re-inspection, the case was reviewed by a code enforcement supervisor.	Yes	Yes	Yes
	The Code Enforcement Department requested a Code Enforcement Board or Special Magistrate hearing for the violation.	Yes	Yes	Yes
Ordinance 10-27; §1	A Code Enforcement Board or Special Magistrate hearing was held.	Yes	Yes	Yes
Ordinance 15-3; §4	If applicable, the Order imposing fines was issued by the Code Enforcement Board or Special Magistrate.	Yes	Yes	Yes
CEP-200 Case Management	The Citizen Board's Support properly recorded the Code Enforcement Board or Special Magistrate's Order imposing fines in Permits Plus.	Yes	Yes	Yes
Ordinance 15-3; §4(d-e)	Notice of Non-Compliance was sent to the violator with 10 days to contest the violation.	Yes	Yes	Yes
Ordinance 15-3; §4(f)	If compliance was not achieved within 10 days of the Notice of Non-Compliance, the case was either sent to the County Judge to prosecute or a lien was recorded on the property.	Yes	Yes	Yes
Ordinance 15-3; §4(f-k)	Lien was properly recorded on the property.	Yes	Yes	Yes
Ordinance 15-3; §4(f-k)	Fine Cap Amount was properly recorded in Permits Plus (50% of market value at date of order assessing the fine)	Yes	Yes	No (Result 1.3.2)

**Function 3: Settlement**

The Consumer and Veterans Services Department is responsible for the lien settlement process pursuant to Ordinance 15-3. A Hardship Committee was established to review lien settlement requests for cases involving extenuating circumstances and to provide a lien settlement recommendation to the Consumer and Veterans Services' Director for consideration.

**Figure 5: Function 3 Audit Procedures and Results**

Written Guiding Principles	Procedure Reviewed	1.1 Policies and Procedures Align with Written Guiding Principles	1.2 Process Design has Adequate Controls	1.3 Activities Performed Align with Written Guiding Principle
Consumer and Veterans Services – Lien Settlement Rules & Procedures	Lien Settlement Application was reviewed by the Citizen Board's Support.	Yes	Yes	Yes
	Lien Settlement Checklist was completed.	Yes	No (Result 1.2.1)	Yes
	The total fine accrual amount was properly recorded in Permits Plus.	Yes	No (Result 1.2.2)	Yes
	Hardship Committee's recommended lien settlement amount was approved by the Consumer and Veterans Services Director and recorded.	Yes	No (Result 1.2.3)	Yes
	The final lien settlement amount was properly calculated and recorded.	No (Result 1.1.1)	Yes	Yes
	The Notice of Lien Settlement was sent.	Yes	Yes	Yes
	Lien release initiated by appropriate staff.	Yes	Yes	Yes
Consumer and Veterans Services SOP No: 1.1 Payment Processing; and  Code Enforcement CEP-114 Payment Processing Policies and Procedures; and  Clerk of Circuit Court's Standard and Guidelines Collection of County Funds, Chapter 5, Accepting Check Payments, Section F, Minimum Requirements for Accepting a Personal check in Person	Payment receipts were received by the appropriate staff.	No (Result 1.1.2)	Yes	No (Result 1.3.3)
	Payment receipts were properly recorded in the Deposit of Record.	Yes	Yes	No (Result 1.3.3)
	The Deposit Ticket was properly prepared and approved by the appropriate staff.	Yes	Yes	No (Result 1.3.3)
	The daily deposit was submitted to the County Accounting Department.	Yes	Yes	No (Result 1.3.3)
	The Deposit of Record was uploaded into Oracle by Accounting Staff.	Yes	Yes	Yes
	Payment refund activities	No (Result 1.1.3)	No (Result 1.1.3)	N/A No activity

## RESULTS

Overall, the design of the code violation process has an adequate control structure that aligns with applicable written guiding principles while lacking some implementation of controls in the settlement function. Recommendations were made to build upon the control structure already in place. Sample testing indicated that complaints were accurately entered in Permits Plus.

Consistent with the Code Enforcement Department's key performance metric, 97% of the inspections tested were performed within three business days after receiving a complaint.

### **1.1 POLICIES AND PROCEDURES ALIGN WITH WRITTEN GUIDING PRINCIPLES**

The Audit Team identified the following improvement areas related to the policies and procedures and the alignment with written guiding principles.

- 1.1.1 The Lien Settlement Rules and Procedures do not provide a definition or attributes that can be used to clearly designate the owner/property as either an infrequent or frequent violator in determining the lien settlement amounts.
- 1.1.2 The Clerk of Circuit Court's Standards and Guidelines Collection of County Funds, Chapter 5 Accepting Check Payments, Section F, Minimum Requirements For Accepting a Personal Check in Person, were not included in the departmental payment receipt policies and procedures.
- 1.1.3 The payment refund activity is performed by the Code Enforcement Department and the Citizen Board's Support. One department lacked written policy and/or procedures for the payment refund activities. The other department's payment refund procedures referenced the wrong payment refund general ledger accounting string.

### **1.1 RECOMMENDATION**

To align the policies and procedures with written guiding principles, consideration should be given to the following.

- 1.1.1 In the Lien Settlement Rules and Procedures, include a clear definition or attributes that constitute the owner/property designation as a infrequent or frequent violator.
- 1.1.2 Include a reference in the Payment Receipt Policy and Procedure, of the Clerk of Circuit Court's Standards and Guidelines Collection of County Funds, Chapter 5 Accepting Check Payments, Section F, Minimum Requirements For Accepting a Personal Check in Person.
- 1.1.3 Draft a written policy and procedure for payment refund activities, including the proper accounting string(s).

### **1.1 MANAGEMENT RESPONSE**

- 1.1.1 Concur: The Lien Settlement Policy (page 5, paragraph 5) was updated August 6, 2020, the definition from Florida Statute 162.04 (5) was incorporated into the changes.

Target Completion Date: Completed – August 2020

- 1.1.2 Concur: CVS Payment Policy (page 5, paragraph (E)(1)(a) was updated October 2020 to reflect the Clerk of Circuit Court's Standards and Guidelines Collection of County Funds Chapter 5 Accepting Check Payments, Section F, Minimum Requirements for Accepting a Personal Check in Person. Cash collection site was established in March 2019.

Target Completion Date: Completed – October 2020

Concur: Code Enforcement will update CEP-114 Payment Processing Policies and Procedures to reflect the Clerk of Circuit Court's Standards and Guidelines Collection of County Funds Chapter 5 Accepting Check Payments, Section F, Minimum Requirements for Accepting a Personal Check in Person.

Target Completion Date: November 2020

- 1.1.3 Concur: CVS Payment Policy (page 8, paragraph (H)) was updated October 2020 covering payment refund activities.

Target Completion Date: Completed – October 2020

Concur: Code Enforcement will update CEP-114 Payment Processing Policies and Procedures, payment refund activity with the proper refund accounting strings.

Target Completion Date: November 2020

## 1.2 PROCESS DESIGN HAS ADEQUATE CONTROLS

The Audit Team identified the following improvement areas related to the process design control structure.

- 1.2.1 The Lien Settlement Checklists did not include the employee's name who completed the Checklist, or the date completed.
- 1.2.2 On a daily basis, Permits Plus does not automatically update the fine accrual amount in the code case record. As a result, the Information and Innovation Office has agreed to run a manual script each morning to update the fine accruals in Permits Plus.
- 1.2.3 Five out of the 15 "In the Settlement Process" cases tested were presented to the Hardship Committee. None of the five case records had supporting documentation of the Hardship Committee's recommended lien settlement amount or the Consumer and Veterans Services Director's approved lien settlement amount.

## 1.2 RECOMMENDATION

To further strengthen the code violation control structure already in place, consideration should be given to the following.

- 1.2.1 Include the name of the employee who completed the Lien Settlement Checklist and the date it was completed.
- 1.2.2 Until the fine accrual calculation is automated in Permits Plus, personnel should manually refresh the fine accrual amount to validate the accurate amount is used when performing remediation activities.
- 1.2.3 Retain documentation supporting the Hardship Committee results and the Consumer and Veterans Services Director's approved lien settlement amounts in the case records.

## 1.2 MANAGEMENT RESPONSE

- 1.2.1 Concur: The lien settlement application checklist was updated with the employee name and date requirement and distributed to staff on 10/16/2020.

Target Completion Date: Completed – October 2020

- 1.2.2 Concur: Automated scripting was added to the Permits Plus system dated March 2020, system was tested and verified again in October 2020.

Target Completion Date: Completed – March 2020

- 1.2.3 Concur: Hardship Committee results with approvals and documentation for hardship are stored in the Citizen Board's Support G:\ drive in the Settlement Review Committee folder. These files are available for review upon request and were available beginning with the first committee meeting that was held July 2019, verified October 2020.

Target Completion Date: Completed – October 2020

## 1.3 ACTIVITIES PERFORMED ALIGN WITH WRITTEN GUIDING PRINCIPLES

The Audit Team identified the following improvement areas related to the activities performed when compared to the written guiding principles.

- 1.3.1 The Civil Citation Form is a 3-part carbonless paper document (white original with yellow and/or pink copy). For the total population of 10 civil citation cases tested, 3 of the 10 case records did not contain the original page of the Civil Citation Form.
- 1.3.2 Seven out of the 15 lien settlement cases tested did not have the correct real property market value recorded in Permits Plus and/or the Lien Settlement Checklist. Per Ordinance 15-3, the market value of the real property shall be determined "as listed by the Hillsborough County Property Appraiser as of the date of the order assessing the fine." The inaccurate market value did not materially affect the final lien settlement amount in any of the cases tested.
- 1.3.3 The Citizen Board's Support personnel are utilized during County hearings and meetings. This causes a staff shortage that can leave one employee to perform job tasks in the payment receipt and lien settlement activities that should be separated (segregation of duties principle).

## 1.3 RECOMMENDATION

To align the activities performed with written guiding principles, consideration should be given to the following.

- 1.3.1 Include the original page of the Civil Citation Form in the County's code case record.
- 1.3.2 Update the Lien Settlement Rules and Procedures to include the date/year that should be used for the market value in accordance with Ordinance 15-3. Also, add a line item to

the Lien Settlement Checklist to document the fair market value 50% limit, the date the amount was determined, and retention of documents indicating the fair value amount.

- 1.3.3 As a compensating control to help mitigate the segregation of duties control weakness in the payment receipt and the lien settlement activities, require a supervisor to periodically review a sample of activities completed by the Citizen Board's Support. This monitoring control should be performed regularly.

### **1.3 MANAGEMENT RESPONSE**

- 1.3.1 Concur: Consistent with the current SharePoint database, Code Enforcement will continue to upload original documents into the new OnBase system for records storage and accessibility to Citizen Board's Support.

Target Completion Date: Ongoing until migration is completed.

- 1.3.2 Concur: This was added to the checklist used when reviewing applications in July 2019 and updated in the Lien Settlement Policy in August 2020. This requirement pertains to cases from 2015 and newer (the date the ordinance update occurred) older cases cannot be adjusted.

Target Completion Date: Completed – August 2020

- 1.3.3 Concur: QA/QC checks are being performed but additional quarterly control measures have been implemented to mitigate risk and any irregularities. The CVS Payment Processing SOP has been updated (page 9, Section I) to note that the Consumer Protection Manager and Business Operations Manager will perform this function at least quarterly.

Target Completion Date: Completed – October 2020