

**23-01 Code Enforcement - Metrics and Reporting - Audit Follow-up****Status of Corrective Action Plans****As of September 2023****Original Report Issuance - February 2023****Follow-up result: Recommendations have been implemented and all audit findings are closed.**

**City Auditor's Office**  
**Emily E. Kidd, CIA, CFE, CGAP**  
**Internal Auditor**

**Code Enforcement Management**

	<b>Finding</b>	<b>Recommendations</b>	<b>Corrective Action Plan</b>
<b>1</b>	<b>Inconsistent Application of Fees and Fines</b> The determination of if to apply fees and fines to a code enforcement case or when to allow for additional time for the responsible person to become compliant with code is highly subjective to the individual code enforcement officer that is assigned to the case. The criteria of when a code violation requires an associated fee or fine is not clearly identified in departmental procedures and practices. The agency to make a determination of when and if to invoice resides with each code officer. Without a consistent, repeatable process for enforcement procedures, the ability to equitably apply fees and fines to responsible persons is not achievable.	We recommend a determination be made of if to apply fees and fines to a code enforcement case and when to allow for additional time for the responsible person to become compliant with code be documented in the Code Enforcement policies and procedures and it be applied consistently and equitably for code enforcement cases.	A departmental policy will be created with minimum standards including examples when it would be appropriate to grant an extension rather than continue to the standard workflow and apply fees and fines to the case.  A new policy has been drafted as of January 2023. It will be implemented when the recommended hard controls are in place in the Accela software. In January 2023, Code Enforcement requested the initiation of this Accela update from the IT Department. These measures will require IT support for their implementation into the Accela software system. This implementation timeline is dependent on Code Enforcement receiving dedicated staff to Accela improvements for the Code Enforcement module.*
<b>Follow-up Status:</b>	Recommendation has been implemented; Administrative Notices, Citations, Fines & Fees Policy #2302 created and approved effective 3/27/2023; Please refer to the policy for specifics.		
<b>2</b>	<b>Invoice Management Improvements</b> There is not a clear point in time within the code enforcement workflow process when an invoice with fees or fines should be issued to the responsible person. In addition, the importance of the date that letters and notices are issued from the department was not a key component in the invoicing administration process. A clear point in time for the invoicing process would allow for the application of management controls including review and system access limitations for enforcement officers and support a consistent, repeatable process for enforcement procedures. And, because the form letters include due dates for compliance, an iterative, structured administration process for the issuance of invoices and follow-up communications and inspections with an emphasis of the calendar date is a necessary component of a consistent, equitable program.	We recommend a determination be made when in the workflow process the code violation case will be invoiced, apply it consistently and equitably for cases, and that the dates for compliance be a key component in the invoicing administration process.	Code Enforcement Department has determined that along with a new policy, the best measure to address this is to build a hard control into the Accela software which automates the issuance of an invoice with appropriate fines and fees at the appropriate benchmarks during the enforcement process.  In January 2023, Code Enforcement requested the initiation of this Accela update from the IT Department.*
<b>Follow-up Status:</b>	Recommendation has been implemented; Administrative Notices, Citations, Fines & Fees Policy #2302 created and approved effective 3/27/2023; As described in the policy, every citation is automatically invoiced when issued.		

**3 Fees and Fines Adjusted Without Proper Approval**

Per examination of the data set provided by Code Enforcement, multiple cases' fees and fines were adjusted, voided or reduced. We reviewed 187 enforcement cases, invoiced 1/1/2021- 10/16/22 totaling \$179,200 in fees and fines. The data set includes:

*Paid \$46,259 26%*

*Reduces/Removed \$32,950 18%*

*Outstanding balance \$99,991 56%*

Voiding and reducing invoiced fees and fines has a negative effect on code enforcement team as it undercuts their time and effort spent on the cases.

Fees - City of Reno Resolution #9039 dated May 18, 2022 Resolution Adopting the Fiscal Year 22/23 Including Tax Levies, and Adopting the Fee Schedule for the City of Reno, Nevada, for the Fiscal Year 2022/23 states in part, "Whereas, the adjustments to fees and service charges shall be submitted in resolution form for consideration."

Fines - Reno Municipal Code, section 1.05.205 states, in part, "Upon discovering a violation of this chapter, an enforcement official may issue an administrative citation to any or all responsible person(s) ..." And, RMC Section 1.05.215.c states, in part, "All fines assessed shall be payable to the city unless otherwise directed on the citation."

We recommend fees and fines invoiced by the Code Enforcement department not be adjusted by code officers and for the City Attorney's Office to opine on the ability for fees to be reduced at the departmental level, rather than a required Resolution approval by City Council and, if appropriate, adjustments of fees and fines be limited to Code Enforcement departmental management or the City Manager's Office.

In January 2023, Code Enforcement discussed this with the City Attorney's Office. They are in support of a new process that will allow for an independent hearing officer to accept applications for a reduction or dismissal of fines and fees. The Code Enforcement department will no longer adjust fees and fines once this process is in place.

In January 2023, Code Enforcement requested the initiation of this Accela update from the IT Department.\* Appropriate application forms available on the City's website will require the assistance from the City webmaster. Code Enforcement will also work with the City Clerk's Office Hearing Officers to complete this process.

Follow-up  
Status:

Recommendation has been implemented; Administrative Notices, Citations, Fines & Fees Policy #2302 created and approved effective 3/27/2023; Directive 07.17-23 - Voiding and Dismissing of Fee Procedure created and approved effective 7/17/2023; Please refer to the policy and the directive for specifics.

**4 Lack of Segregation of Duties**

There is not an appropriate level of segregation of duties within the Code Enforcement program. Individual employees have the ability to initiate a code enforcement case, apply fees and fines to the case, adjusted the fees and fines, and close out records in the system without supervisory review or oversight. City Policy 304, Cash Handling, states, in part, "No single employee is to handle a cash transaction from beginning to end. Duties shall be segregated ..."

Without appropriate segregation of duties for fund disbursements, the risk of misappropriation of City funds increases."

And, RMC Section 1.05.220 states, in part, "The failure of any person to pay the fines assessed by an administrative citation within the time specified on the citation may result in the official referring the matter to the finance department or other designated agent of the city for collection." Together with the minimal management practices stated previously, it is unknowable if the fees and fines issued by the department were paid in full. With this process there is not adequate segregation of duties within the financial functions to mitigate the risk of misappropriation of City funds.

We recommend additional internal control procedures be implemented to allow for an appropriate level of segregation of duties, to include: disallowing adjustments or voids by field officers through system access changes, a systematic supervisory reviews of cases, routing checks directly through the City Clerk's Office for deposit (as required by citywide policy 304, Section VIII.C), reporting administrative citations issued to the Finance department's accounts receivable team for financial reconciliations in the financial software and collection efforts.

a) Hard controls will be implemented into the Accela system which will prohibit adjustments and voids by Code Enforcement staff.

b) As Code Enforcement is essentially a public safety enforcement branch of the City of Reno, the span of control for supervision should be reduced and another Supervisor position should be staffed which would allow for the systematic review of cases. The current workload for the single supervisor does not currently allow for this supervisory review of closing cases.

c) While the Code Enforcement administrative staff currently does transfer checks to the City Clerk's Office when received, a new written policy will be created for the transfer of checks to the City Clerk's Office and the process will include more accountability and tracking. Code Enforcement will also request an online payment portal be developed on the City's website where Code Enforcement fines and fees can be paid, much like sewer fees.

d) Code Enforcement will work with the Finance Department and IT to implement a process that allows for Finance's accounts receivable team to perform financial reconciliations and also collection efforts related to Code Enforcement's administrative fines and fees that have been invoiced. The Code Enforcement Department and its' individual officers should not have the flexibility to apply fees and fines or adjust the fees and fines.

**Timeline of Implementation:**

a) In January 2023, Code Enforcement requested the initiation of this Accela update from the IT Department.\* An on-line payment portal will require the City webmaster and Finance assistance.

b )Code Enforcement has requested this additional position as of January 2023 for the 2023-2024 fiscal year. If approved by Council, an additional Code Enforcement Supervisor could be staffed by September 2023.

c) This policy has been drafted and the implementation of the process is expected by the end of January, 2023.

d) This implementation timeline is dependent on Code Enforcement and Finance receiving dedicated staff to City software improvements and all applicable software system upgrades to facilitate the transfer of information and monies.

Follow-up  
Status:

Recommendation has been implemented; Administrative Notices, Citations, Fines & Fees Policy #2302 created and approved effective 3/27/2023; Please refer to the policy and Directive #07.17-23 and Directive #01.01-23.

<b>5</b>	<b>Lack of Reviews of Adjustments and Voids</b>		
	Code enforcement officers are permitted to reduce or remove a fee or citation in the interest of achieving code compliance. This is applied on a case-by-case basis. Departmental management does not conduct a systematic review of fees and citations that have been issued, adjusted, or voided. Standard management oversight procedures over the work conducted by employees is integral to a well-managed department. And, without oversight procedures over financial adjustments to code enforcement cases, the risk of fraud, waste, and abuse increases. Citywide policy 304, Cash Handling, states, in part, "Proper procedures and security measures should be designed to protect the assets of the City from loss, and to ensure that errors/wrongdoings are detected and corrected in a timely manner." Without appropriate checks and balances concerning oversight, the risk of misappropriation of City funds increases.	We recommend additional internal control procedures be implemented to require a systematic review from departmental management of fees and citations that have been issued, adjusted or voided.	With the hard controls implemented by IT into the Accela system to prevent Code Enforcement staff from conducting adjustments and voids of fines or fees, no review of these will be required. The current workload for the single supervisor does not currently allow for a supervisory review of closed cases, an additional Code Enforcement Supervisor position should be staffed which would allow for the systematic review of cases.  In January 2023, Code Enforcement requested the initiation of Accela updates, to include hard controls, from the IT Department.* In addition, Code Enforcement has requested an additional position as of January 2023 for the 2023-2024 fiscal year. If approved by Council, an additional Code Enforcement Supervisor could be staffed by September 2023.

**Follow-up Status:** Recommendation has been implemented; Administrative Notices, Citations, Fines & Fees Policy #2302 created and approved effective 3/27/2023; Please refer to the policy for specifics.

<b>6</b>	<b>Lack of Checks and Balances</b>		
	Departmental management has been given the agency to adjust fees and citations in the interest of achieving code compliance. This is applied on a case-by-case basis. Executive management does not conduct a systematic review of fees and citations that have been adjusted or voided or aging reports. A significant risk exists in a business environment where management can apply fees and citations to responsible persons, provide enforcement in the field towards those responsible persons, direct staff to reduce and remove fees and citations in the system, and direct staff to close out cases in the system without supervisory review or oversight. Citywide policy 304, Cash Handling, states, in part, "Proper procedures and security measures should be designed to protect the assets of the City from loss, and to ensure that errors/wrongdoings are detected and corrected in a timely manner." Without appropriate checks and balances concerning oversight, the risk of misappropriation of City funds increases.	We recommend additional internal control procedures be implemented to allow for an appropriate level of checks and balances to include a systematic review from Executive Management of fees and citations that have been adjusted or voided and aging reports.	The measures described in response #3 regarding routing adjustments and voids through the Hearing Officers rather than Code Enforcement staff, will include a reporting process that will allow for oversight reports for Executive Management.  In January 2023, Code Enforcement initiated the creation of a waiver application of Code Enforcement fines and fees with the Hearing Officers. These measures will require IT support for their implementation into the Accela software system as well as coordination with the webmaster.

**Follow-up Status:** Recommendation has been implemented; Administrative Notices, Citations, Fines & Fees Policy #2302 created and approved effective 3/27/2023; Waiver requests are now processed in the same fashion as appeals to be heard by the Administrative Hearing Officer.

<b>7</b>	<b>Fees Charged Do Not Agree to Approved Fee Schedule</b>		
	Per examination of case documentation, we noted the fees invoiced by the department do not agree to the Code Enforcement fees listed in the Fee Schedule. City of Reno Resolution #9039 dated May 18, 2022 Resolution Adopting the Fiscal Year 22/23 Including Tax Levies, and Adopting the Fee Schedule for the City of Reno, Nevada, for the Fiscal Year 2022/23 states in part, "the Fee Schedule attached as 'Exhibit A' is hereby adopted as the Annual Fee Schedule of the City of Reno, Nevada".	We recommend departmental management verify the fees adjusted in the system for each fiscal year agree to the amount listed in the annual Fee Schedule, approved and adopted by the City Council	In December 2022, Code Enforcement changed the fines and fees on their citations once this oversight was discovered. Code Enforcement, once included inside the Community Development's portion of the fee schedule, has now been separated out as its own department and improved communication and processes have been implemented.  Completed in December 2022.

**Follow-up Status:** Recommendation has been implemented; The fees were identified and corrected in the annual Fee Schedule and the required corrections were made in all citation documents. Effective December 2022.

**8 Penalty Fees are Not Being Assessed**

Penalty fees are not being assessed by the Code Enforcement department as allowable pursuant to RMC Section 1.05.215. - Fines for administrative citations. RMC Section 1.05.215 (d) states in part, "For all delinquent unpaid administrative fines, there shall be a penalty imposed in the amount of ten percent of the administrative fine amount, and an additional one percent per month of the total amount of the administrative fine and any penalty thereon for each month during the time that such fine remains unpaid after its delinquency date." Because the application of penalties through the administrative citation process is designed to motivate responsible persons towards code compliance, the effect of a not applying penalty fees may be hindering the motivation to become compliant.

We recommend Code Enforcement assess penalties associated with unpaid administrative fines and invoice the responsible person for both as allowable per the Reno Municipal Code.

Code Enforcement recommends that any assessment of penalties associated with unpaid administrative fines and fees be managed by the City's Finance Department. Code Enforcement and the City Attorney's Office will work with Finance for invoicing and collection of fines and fees to determine the timing of the penalties and legal notices pertaining to the assessment of these penalties. The citations issued by Code Enforcement will need to reflect the penalties, the timing of the penalties, the collection efforts that will be employed and the payment processes available, as well as the administrative hearing process for the review of waiver applications. The Code Enforcement department and its' officers should not be responsible for calculating penalties on debts owed to the City.

In February/March 2023, Code Enforcement will initiate a cooperative effort between Code Enforcement, the Finance Department, the City Attorney's Office, and the IT Department to develop this process to include written policies and an implementation plan.

**Follow-up Status:** Recommendation has been implemented; Administrative Notices, Citations, Fines & Fees Policy #2302 created and approved effective 3/27/2023; Please refer to policy for specifics; The department will seek direction to perform code cleanup and remove archaic language that requires calculating and charging property owners penalties at a rate of one percent per month.

**9 Website Enhancements**

There is minimal open-source information available for Reno constituents and businesses to understand code compliance and code enforcement to become self-educated and proactively become compliant with the Reno Municipal Code. Per inquiry with departmental management, much of their time is spent responding to questions from recipients of code enforcement letters. A more robust website for the code enforcement criteria and the process may assist in reducing the administrative burden of communicating the same information repeatedly for people that received a letter of noncompliance from the code enforcement team, freeing management up for oversight tasks.

We recommend the website be enhanced to include comprehensive information on the Code Enforcement criteria and process, to include the response actions from the responsible persons receiving code enforcement letters.

Code Enforcement is gathering the necessary information to upgrade the City's Code Enforcement web page to information to provide the public with important information.

Actions began in December, 2022. This measure will be dependent on assistance from the webmaster. Our intent is to have this implemented by March 1, 2023.

**Follow-up Status:** Recommendation has been implemented; Webpage created March 2023 and updated with department statement, fillable documents, FAQs, Re-Know Minute videos <https://www.reno.gov/government/departments/code-enforcement>

**10 Reporting Enhancements**

The departmental reports generated from the software in use, Accela, are filtered on an individual basis, there is not a standardized, repeatable report. Per inquiries with the IT Enterprise Manager and examination of the generation of an Accela report from the code enforcement module, the reports are created in an ad hoc fashion and are specifically filtered for the requesting staff. The Code Enforcement module of Accela is managed internally and operates similar to a legacy system, that is, there are not standardized pre-set reports from the system itself.

Without a standardized, repeatable report from the system, clear communication of the work done by the Code Enforcement department is diminished and the data-driven decisions made by executive management may be compromised. Indeed, the report generated by the department and created ad hoc by IT for executive management's review initiated this audit to assess the department's data and reported metrics.

We recommend a standard reporting template be created for the Code Enforcement module in Accela to include enhancements such as drop down filters for case determinations, to allow for the use of standardized, repeatable reports.

Code Enforcement has long identified several reports, processes, workflows, noticing documents that have been missing from the Accela software that were not addressed during the recent Accela Upgrade project. A standardized reporting template for case determination, legal and public information for the Accela software Code Enforcement module will be included in a request to IT. Particulars for reports will require legal review and meetings with end users including but not limited to Executive Management.

These measures will require IT support for their implementation into the Accela software system. This implementation timeline is dependent on Code Enforcement receiving dedicated staff for Accela improvements related to the Code Enforcement module.

**Follow-up Status:** A request for a list of existing reports and requested new reports has been given to IT and is in progress. It is undetermined at this time the return date. In discussions with IT, it has been determined if they are unable to provide these in the coming weeks, a vendor will be utilized to help Code get the reports necessary for consistent review of cases.

**Internal Audit Comment:** This item has been sufficiently completed with a clear plan for implementation and sufficient management oversight; no further audit follow-up is required.

Follow-up Status:	<b>11 Policies &amp; Procedures</b>		
	<p>Departmental policies detailing internal controls and procedures for management of the Code Enforcement process are not readily available. The department did have a voluminous amount of binders that included physical papers of policies and procedures over time, with the most recent update to the physical Code Enforcement Manual is dated September 14, 2016 and a draft manual dated March 1, 2022. The manual includes, "The Code Enforcement Manual is intended for use by Reno residents, business owners, and City staff to help all understand the code enforcement process in the City." However, the document was not available to staff or residents on the City website nor was it available in an electronic format at the time of this review. Establishing written policies detailing cash handling controls is the first step to clarify processes and employee expectations when carrying out their day-to-day functions. Documented policies support procedures that are conducted consistently and in an equitable manner and, when in use, also assist with succession planning.</p>	<p>We recommend departmental procedures be updated and made readily available in electronic format for Reno residents, business owners, and City staff, to include the accepted internal control procedures that are recommended in this audit report.</p>	<p>Code Enforcement has been already updating their existing internal departmental policies and procedures manual.</p> <p>This measure has already been on-going since last year, but is now on a tighter schedule to be completed. The website version should be on-line by the end of March, 2023. The more detailed training policy and procedures manual is expected to be completed by the end of the fiscal year, June 2023 due to staff workload. All internal control procedures recommended in this report will be included in the new manual.</p>
	<p>Recommendation has been implemented; The department has created an electronic folder listing all policies and procedures along with an electronic Code Enforcement Officer's Manual; These documents are available to the public under the Public Information Act; In consistency with other departments, City Manager, and the City internal policies, the department policies and procedures are not posted online. Staff continues to review and update this and procedures in accordance with industry best practice.</p> <p><u>Internal Audit Comment:</u> Examined the Code Enforcement Manual; no further audit follow-up is required.</p>		
Follow-up Status:	<b>12 Streamline Enforcement Process</b>		
	<p>The department utilizes many form letters in their communication with responsible persons for code violations. The main form letters in use include: Warning/Courtesy Letter, Notice of Violation, Notice of Violation and Administrative Citation, Notice to Abate, Notice of Intent to Record Notice of Violation, and the Recorded Notice of Violation. The many form letters coupled with inconsistent invoicing and form letter issuance creates confusion and is prolonging the time between the identification of a code violation and the actions taken by the responsible persons to achieve code compliance. In addition, the many workflows initiated by each letter is creating additional burdens for the City.</p>	<p>We recommend the department streamline the citation process, reducing the number of form letters required for the Code Enforcement process.</p>	<p>1) Code Enforcement has already conducted an audit of the existing form letters and notices that are issued. 2) As a result, some Courtesy letters will be retained but their use will be limited. Warning Letters will be eliminated, replaced by a standard. A change to the RMC Code Section 1.05 will be required to correct appeal information. 3) Changes to language in notices issued through the Accela software system will be required.</p> <p><i>Timeline of Implementation:</i> 1) Started in December 2022. 2) A staff report for the proposed change to RMC Sec 1.05 will be drafted in January 2023 and be presented to Council by March 2023. 3) These measures will require IT support for their implementation into the Accela software system. This implementation timeline is dependent on Code Enforcement receiving dedicated staff to Accela improvements for the Code Enforcement module.</p>
	<p>Recommendation has been implemented; Administrative Notices, Citations, Fines &amp; Fees Policy #2302 created and approved effective 3/27/2023. Current process for updating the Reno Municipal Code includes two paths: legislative changes pre-empting existing code, or Council member lead changes. In review of existing code, and in implementation of the automated timing of citation fees and fines, we do not believe RMC updates are necessary at this time. The department is continuing to monitor legislation and operations and will request Council to champion changes if needed as the department continues to review best practices.</p> <p><u>Internal Audit Comment:</u> The recommendation has been sufficiently implemented; no further audit follow-up is required.</p>		

**13 Citation Numbering Methodology**

The citation numbering methodology in place is illogical. This creates confusion for the responsible persons, the appeals process, and external reviewers. Per Reno Municipal Code, section 1.05.215. – Fines for administrative citations, the “3rd or subsequent administrative citations .... 500.00.” The Code Enforcement department labels the citations as follows: 1st Citation, 2nd Citation, 3rd Citation, second 3rd Citation, third 3rd Citation, and so on.	We recommend additional citations issued for subsequent administrative citations be labeled with a logical, progressive numbering methodology.	Code Enforcement agrees, as having distinct language on the top of the notice identifying that the maximum citation amount (i.e. \$500.00) issued is actually a third rendition of said citation. For example, the citation should read “Third \$500.00 Administrative Citation.” The issued administrative citations will include the statement that describes the total amount of citations issued. For example, “This violation has been issued a total of \$1,850.00 in administrative citations.”  In January 2023, Code Enforcement requested the initiation of this Accela update from the IT Department.*
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Follow-up  
Status:

Recommendation has been implemented; This item has been completed by IT and was implemented in accordance with Audit suggestions in March 2023.

**Code Enforcement Note to Corrective Action Plans - February 2023**

**\*Most of the issues will require assistance with Accela. Automating the recommended processes will facilitate compliance with the recommendations.**

## 23-01 Code Enforcement - Metrics and Reporting - Audit Follow-up



**City Auditor's Office**  
**Emily E. Kidd, CIA, CFE, CGAP**  
**Internal Auditor**

### Status of Corrective Action Plans

As of September 2023

Original Report Issuance - February 2023

Follow-up result: CMO item is closed

**City Manager's Office**

	Finding	Recommendation	Corrective Action Plan
14	<b>Fines May Not Be Commensurate with the Economy</b> The monetary penalty for code violations as applied through administrative citation fines have not changed since 2006 and may not be commensurate with the economy. Because the application of a fine through the administrative citation is designed to motivate responsible persons towards code compliance, the effect of a lower value fine may be hindering the motivation to become compliant.	We recommend executive management consider updating the Reno Municipal Code and the administrative citations' monetary penalty value to motivate timely code compliance citywide. Together with the previously recommended enhancements, these adjustments may assist in more timely compliance with the City's Code requirements.	The City Manager's Office will review the City's position in this space as compared to other local and regional jurisdictions.  Any adjustments will occur during the budget process.
Follow-up Status:	The City Manager's Office will continue to evaluate the option to increase this penalty's value during the budget process. There has been reasonable corrective action taken on this item, no further follow-up is needed. Item is closed.		