

**NEIGHBORHOOD EMPOWERMENT
DEPARTMENT
NEIGHBORHOOD ENHANCEMENT
AUDIT 16-01
APRIL 28, 2016**



CITY OF TAMPA

Bob Buckhorn, Mayor

Internal Audit Department

Christine Glover, Internal Audit Director

April 28, 2016

Honorable Bob Buckhorn
Mayor, City of Tampa
1 City Hall Plaza
Tampa, Florida

RE: Neighborhood Enhancement, Audit 16-01

Dear Mayor Buckhorn:

Attached is the Internal Audit Department's report on Neighborhood Enhancement.

We thank management and staff of Neighborhood Empowerment Department, Neighborhood Enhancement Division, for their cooperation and assistance during this audit.

Sincerely,

/s/ Christine Glover

Christine Glover
Internal Audit Director

cc: Dennis Rogero, Chief of Staff
Sonya Little, Chief Financial Officer
Jack Slater, Neighborhood Empowerment Department Administrator
Sal Ruggiero, Neighborhood Enhancement Manager

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/s/ Stephen Mhere

Auditor

/s/ Christine Glover

Audit Director

**NEIGHBORHOOD EMPOWERMENT DEPARTMENT
NEIGHBORHOOD ENHANCEMENT DIVISION
AUDIT 16-01**

BACKGROUND

Neighborhood Enhancement (NE) is a division of the City of Tampa (COT)'s Neighborhood Empowerment Department. Its mission is to enforce all non-criminal City ordinances, codes, and regulations and to improve the quality of life for Tampa residents. Pursuant to the mission, most of the division's activities include enforcement of property maintenance and structural standards, zoning and land use, and monitoring property on the foreclosure registry. Its responsibilities also include graffiti abatement, removal of illegal dumping and illegal signs, and monitoring retailer compliance with the ordinance prohibiting the sale of certain fertilizers during the summer.

NE was formed in February 2013 by a departmental reorganization that consolidated two divisions, namely Code Enforcement and Clean City, into one. This consolidation improved the linkage between their related missions of enforcement of ordinances and cleaning up of city neighborhoods. During the last quarter of 2015, the division had 76 employees, including 31 code inspectors, 14 service crew supervisors, 10 auto equipment operators, 10 service attendants, two tree trimmers, and a fleet control technician. The division receives administrative support from two office support specialists and is led by a division manager.

The division has adopted metrics to help measure how it meets its objectives. Some of the metrics are specified in COT's FY 2015 Recommended Operating and Capital Budget. The table below shows the division's performance in some of those areas.

Table 1: Performance Metrics for Neighborhood Enhancement Division		
Performance Measure	FY 2015 Estimate	FY 2015 Actual Performance
Number of Code Inspections	64,854	45,523
Community Service Man-Hours	13,461	7,627
Tree Service Requests Responses	383	258
Illegal Dumping Sites Cleaned	506	806
Tonnage of Litter or Debris Hauled ¹	3,144	1,858

Source: Estimates came from COT's Recommended Operating Budget and Actual Performance from Accela and WebTMA systems.

To better achieve its goals, NE works with other entities, including city departments and divisions, in areas of common operational interest. It works with the Police Department in general safety issues, with the Business Tax Division in matters concerning the Foreclosure Registry, with Solid Waste to deal with heavy debris accumulation, and with the Legal Department in code enforcement hearings and/or civil court proceedings. The division also works with the Building Bureau, Fire Marshall, and Historic Preservation when handling demolitions of unsafe structures.

¹ This tonnage is not exactly for FY 2015 (10/01/2014 through 09/30/2015) but rather for the duration 01/05/2015 through 11/30/2015.

Among other information technology systems, NE utilizes Accela, an application designed to track and manage all land use and community development activities, including property maintenance and inspections, investigations, and code enforcement. Accela was implemented in September 2014, and the division continues to receive technical assistance from COT's Technology & Innovation Department to leverage more of the system's capabilities.

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY 2016 Audit Agenda. The objectives of the audit were:

1. To determine the effectiveness of inventory control procedures used in the management and handling of the NE Division's small tools and equipment.
2. To determine whether NE has sufficient internal controls to mitigate the risk of misuse of City credit cards.

STATEMENT OF SCOPE

Although this audit looked at NE records and policy documents going back to FY 2013, test work performed only covered FY 2015. We evaluated the division's standard operating procedures, including policies governing code enforcement operations and efforts to keep city neighborhoods clean. Also evaluated were the division's purchasing card practices, as well as its inventory control procedures and fuel utilization for small tools and equipment.

STATEMENT OF METHODOLOGY

The audit involved reviewing processes for code enforcement activities, as well as p-card, fuel utilization, and small tools inventory records and documentation. These were evaluated against COT policies and best practice standards.

Information was gathered from employees through interviews and observation. Fieldwork testing involved performing p-card reconciliations on a selected sample of purchase records, tracking inventory items selected from the division's small tools master list, and analyzing fuel records.

STATEMENT OF AUDITING STANDARDS

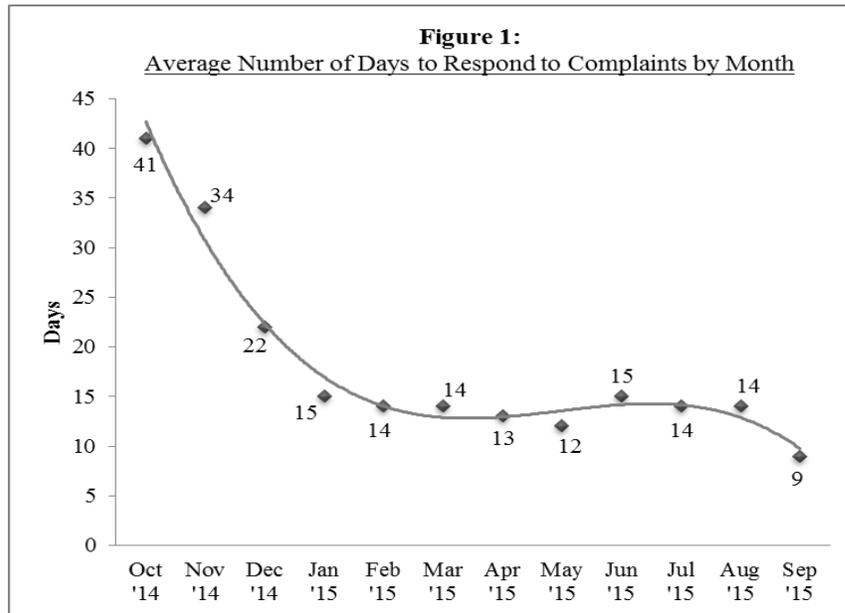
We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.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

NOTEWORTHY ACCOMPLISHMENTS

Below are some of NE's notable achievements, some of which are attributable to its reorganization in 2013.

1. The division created the position of Fleet Control Technician whose responsibilities include minor maintenance needs of vehicles and small equipment. A "quick maintenance" workshop was established for this purpose, reducing downtime for code inspectors and cleaning crews.

- NE subdivided the city into five districts, reducing the size of code inspection areas. The resulting span of control is more manageable for inspectors. This has helped increase operational effectiveness, resulting in improvement of the division's response to complaints: the average time to respond to complaints has generally trended downwards in FY 2015, as shown in the figure below.



Source: NE Division internal data available in Accela application system

- Some of NE's staff members have achieved higher certifications in fields relevant to their responsibilities. One member holds the international Code Council's Code Official certification, which demonstrates advanced knowledge of various regulatory codes, standards, and practices. Another holds an arborist certification, demonstrating experience in the professional tree care industry and knowledge of all facets of arboriculture. A third holds a general contractor license, which demonstrates proficiency in structural and construction standards. Another employee has attained certification Levels I, II, and III of the Florida Association of Code Enforcement. These demonstrate proficiency in fundamental, administrative, and legal aspects of code enforcement.

AUDIT CONCLUSIONS

Based upon the test work performed and the recommendations noted below, we conclude that:

- There is reasonable assurance that the division's inventory control procedures used in the management and handling of small tools and equipment are effective.
- Internal controls for the p-card program have been effective in controlling the risk of credit card misuse. However, they could be improved to match best practice standards in segregation of duties.

CERTIFICATION REQUIREMENTS FOR CODE INSPECTORS

STATEMENT OF CONDITION: At the time of this audit, NE had 29 code inspectors, 22 of whom were classified as Certified Code Inspectors and the rest Code Enforcement Officers II. One of the Certified Code Inspectors did not hold the required Property Maintenance & Housing Inspector (PMHI) certification awarded by the International Code Council (ICC). She held the Housing Rehabilitation Inspector certification awarded by the Southern Building Code Congress International (SBCCI) in 1996. According to the ICC, the SBCCI certification is not recognized unless it is kept current by renewing it every three years.

Also, four inspectors in Code Enforcement Officer II positions do not hold the PMHI. All of them have been in their positions for more than 12 months. Additionally, for FY 2015, no documentation is available to show they have been updating their professional knowledge by participating in continuing education activities.

CRITERIA: COT's job description for Certified Code Inspector stipulates that employees in this position will hold the ICC Property Maintenance & Housing Inspector certification. The job description for Code Enforcement Officer II stipulates that anyone hired for this position must attain the certification within 12 months of being hired. Accordingly, NE policy as documented in the division's Standard Operating Procedure manual also states the same requirements.

CAUSE: According to management, at the time the Certified Code Inspector was hired, her certification was valid and recognized for her position. As such, it was "grandfathered" into the new ICC requirements when they were adopted by the division. In addition, she maintains her professional knowledge by participating in activities that earns her continuing education units. Management also says that Code Enforcement Officers were hired with the requirement to attain the PMHI within 12 months. At some point after being hired, that requirement was removed from the job description, giving some inspectors the option not to get certified. However, the requirement has since been added back onto the current version of the job description.

EFFECT OF CONDITION: Inspector certification demonstrates proficiency in job fundamentals, such as knowledge of building standards, City ordinances, state statutes, and relevant processes and procedures. This is especially critical in code enforcement where public interaction is an integral part of the job. Also, policies have to be followed both for consistency and to demonstrate to employees the importance of following guidelines as documented in standard operating procedures.

RECOMMENDATION 1: We recommend the NE division to consider enforcing its certification policy by:

- a) Assisting the inspector who currently holds the defunct Housing Rehabilitation Inspector credential to convert it to the PMHI certification, and to keep it current by reporting CEUs to ICC according to current standards.
- b) Assisting the four Code Enforcement Officers II acquire the PMHI certification in compliance with the policy. Alternatively, the division (with input from Human Resources) could revise this policy and remove the requirement for certification within 12 months of being hired if it is no longer valid.

MANAGEMENT RESPONSE: We concur with the recommendations. Neighborhood Enhancement has already begun assisting affected employees by providing them with coaching and study time as they prepare for certification. Code Enforcement Officers affected by this recommendation are expected to be certified within one year. This corrective action was implemented with review and approval of Human Resources.

TARGET IMPLEMENTATION DATE: Implementation is underway. Officers are expected to be certified by March 2017.

FUEL TRANSACTION PROCEDURES FOR SMALL EQUIPMENT

STATEMENT OF CONDITION: The City of Tampa assigns chip keys to all vehicles for purposes of obtaining fuel at City-owned fuel stations. Special chip keys, called green keys, are also allocated to all departments that need fuel for unlicensed, small tools/equipment like lawn mowers, chainsaws, leaf blowers, etc. Such keys are used for fueling only small tools and equipment, but can also be used for vehicles in emergency situations. The Fleet Maintenance Division (Fleet) bills departments for their use of City fuel. Every billing record uses an Equipment Number to specifically identify the vehicle that used the fuel. However, when fuel is used to power small tools/equipment, a pseudo-Equipment Number is used. Each department is assigned a unique pseudo-Equipment Number under which billing is done for fuel used by all of the department's small tools/equipment. Fleet produces monthly and yearly reports to show fuel transactions by all City departments.

Fleet allocated a limited number of green chip keys to NE. In order to control and manage fuel usage for small tools, NE keeps internal fuel transaction records on what is called a Chip Key Sign-Out sheet. These records include, among other things, the quantity of fuel pumped, date and time it was pumped, and the identity of the City employee who carried out the transaction. We analyzed these internal records and Fleet's Fuel Transaction – Detail Report for FY 2015, and made the following observations:

- a) According to Fleet records, four green chip keys were allocated to NE. However, NE could only account for three of them. Notably, although this fourth key has not been deactivated, transaction records at the time of this analysis indicate that it has not been used to procure fuel since September 2013.
- b) Records show that special keys are used to fuel not only small tools/equipment, but also vehicles. Whenever special keys are used to fuel vehicles, division requires a record to be created. However, the reason for using special keys instead of the regular fuel keys is not included in the documentation.
- c) NE's internal fuel report is inconsistent. For example, the report has a field named VEHICLE MILEAGE/HOURS that requires vehicle mileage or machine hours (when fuel is pumped into a truck-based tool or a mower), respectively. The majority of records reflected in the report we evaluated do have mileage and machine hours entered in this field. However, other records have different values, including vehicle numbers, model names of mowers, or words like "*Mower*" or "*Cans*" to indicate that fuel was dispensed into a lawn mower or container, respectively. Also, entries on some pages of the report are difficult to read.

CRITERIA: The Fleet Maintenance Division provides every department with one fuel chip key per vehicle so that the key may be used only for fueling the vehicle. For fueling small tools/equipment, and vehicles only in emergencies, Fleet Maintenance provides departments with a limited number of special fuel chip keys. For purposes of effective management control and analyses of fuel usage for small equipment, the creation and maintenance of accurate, complete, and consistent records relating to fuel transactions is imperative.

CAUSE: According to NE, special chip keys were allocated during the time it was reorganized to include the now-defunct Clean City Division. The missing green chip key might have been lost during that time.

Special chip keys are used to fuel vehicles in various circumstances including (i) when vehicles' regular fuel chip keys malfunction, (ii) when duplicate keys, which have no fuel key, have to be used to operate the vehicle (an operator may inadvertently take keys home and fail to report for work the following day)², and (iii) during emergencies or special programs. Using the special key in these circumstances is the best way to get vehicles out to their assignments expeditiously.

NE's internal fuel transaction records are manual and handwritten on hard copy. Although they are created by the three members of staff to whom the special keys were assigned, they can also be created by their supervisors.

EFFECT OF CONDITION: The missing green chip key noted in this report has not been used since 2013, but was still active as of December 2015. As long as it is not deactivated, there is still a risk that it may be misused. The Chip Key Sign-Out record-keeping system is susceptible to error, including incorrect data being entered or transactions not being recorded. This can cause unreliable analysis of fuel consumption data by management, leading to flawed decision-making. It can also create opportunities for inappropriate use of fuel.

RECOMMENDATION 2: We recommend the NE Division to:

- a) Consider whether there is still a need for the division to have four instead of three special fuel chip keys and, depending on the decision, submit necessary paperwork to Fleet so that the key unaccounted for can either be deactivated or replaced. This will mitigate the risk of possible misuse of the key.
- b) Consider rewriting the policy on vehicle keys with the view to changing it so that instead of operators returning keys when they expect to be absent for at least two consecutive days, they should instead return them at the end of each shift. This will likely reduce the rate at which duplicate keys are used, thereby also reducing the rate at which the special keys are used for fuel vehicles in non-emergency situations.
- c) Redesign the internal fuel report and include a section for a comment explaining why special keys are used for fueling vehicles instead of their own fuel keys. The division should also consider converting this fuel report to electronic form and train all staff members authorized to use the green chip key. These changes will help create a more accurate, complete, and consistent report and improve management's analyses and control of fuel transactions.

MANAGEMENT RESPONSE: Concur.

- a) The fourth key has been deactivated.

² NE's policy on keys requires operators to turn in their keys when they expect to be absent from work for two or more consecutive days.

- b) The policy, requiring employees to turn in keys when they expect to be absent for at least two consecutive days, was meant for the Code Inspectors only, and was in the SOP prior to the department acquiring the Clean City employees. The SOP is being updated and will include the requirements for the Enhancement teams. The Enhancement teams are required to turn in their vehicle keys at the end of their daily shift. This will provide access to the vehicle chip key at all times.

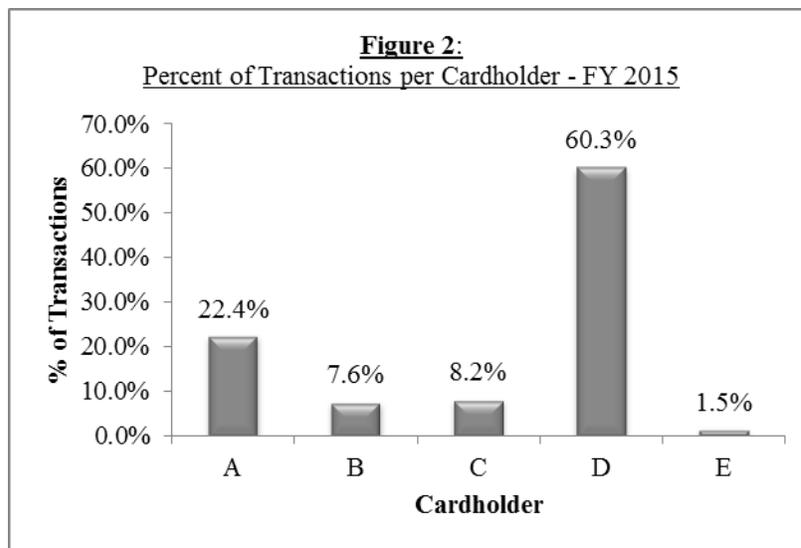
- c) Internal fuel report has been redesigned to include a comment section and also to include the supervisor providing the fuel. It is located on the local K: Drive to provide electronic access. Staff members, authorized to use the green chip key, have been trained.

TARGET IMPLEMENTATION DATE: Complete. Implemented January 14, 2016.

PURCHASE CARD RECONCILIATIONS

STATEMENT OF CONDITION: The City of Tampa has implemented a Purchasing Card (p-card) Program to enable its various departments and divisions to purchase what they need for daily operations. Under this program, Visa cards are issued to authorized employees who use them to make authorized purchases. Each transaction cannot exceed \$1,999 and can be completed by mail or fax, or over the counter, telephone, or Internet. Previously, such transactions required open purchase orders or spot quotations from merchants. Thus, the p-card program has helped streamline the purchasing process and reduce the cost of procuring small items.

Six members of the division staff were issued p-cards, making about 330 p-card transactions in FY 2015. The graph below shows the percent of transactions completed by five of them – the sixth did not make any purchase.



Source: Auditor Analysis of FY 2015 transaction records from bank report.

About 60% of transactions represent purchases made by one cardholder. This cardholder is also responsible for the division’s reconciliation function, a process that verifies the authenticity of purchases by matching p-card transaction records from the bank with purchase receipts. Purchasing and reconciliation of purchasing transactions are incompatible functions, and potentially diminish the effectiveness of internal controls when performed by one individual. In order to verify the veracity of the division’s reconciliations, we tested a sample of transactions the division had already reconciled. They appeared to be accurate, giving us assurance that division purchases are appropriate and in compliance with p-card program policies.

CRITERIA: Segregation of duties is critical to the effectiveness of internal controls. Accounting best practice standards require the functions of ordering materials and the review and/or reconciliation of financial records pertaining to them to be performed by different people. Separating these duties will not only help reduce the risk of inappropriate actions, it also mitigates against inadvertent errors that employees can make.

CAUSE: Because some departments and divisions have staffing constraints, COT has not adopted a citywide policy on segregation of duty controls in p-card purchase and reconciliation functions. As a result, NE also does not have a separation of duty policy.

EFFECT OF CONDITION: We note that there are circumstances mitigating the risks associated with the lack of separation of duties. These include training for all p-card holders before they assume their responsibilities and management oversight of the purchase and reconciliation processes: the Department Administrator personally reviews p-card transactions and signs off on each purchase receipt/invoice. However, without segregation of incompatible functions, the division is potentially vulnerable to inappropriate activities, including wasteful spending and purchase of goods and/or services that do not serve a clear business purpose.

RECOMMENDATION 3: Since NE has multiple p-card holders and transaction records indicate that not all of them are very active annually in making purchases, we recommend management consider the following recommendations:

- a) Assess the necessity or need for each of the division's current designated staff members to be cardholders.
- b) Depending on the need assessment as well as other factors that affect the execution of an effective p-card program, consider segregating purchasing and reconciliation responsibilities by identifying a member or members who will perform the division's reconciliations with no purchasing function and members who will be the division's purchasers with no reconciliation function.
- c) Document the separation of duty policy so that it provides guidance for future employees who may assume the defined responsibilities.

MANAGEMENT RESPONSE: Concur.

- a) The department supports the current list of P-Card holders for NE.
- b) NE Division has taken the necessary steps to separate the reconciler and buyer duties. Employee A will provide the reconciliation duties and Employee B will provide the purchase needs. Employee B is waiting to receive a new P-Card and training as required for all new P-Card users. Additionally, Employee B will receive on the job training.
- c) The SOP will be modified to include a P-Card Policy.

TARGET IMPLEMENTATION DATE: Immediate effect.

STANDARD OPERATING PROCEDURE MANUAL

STATEMENT OF CONDITION: Neighborhood Enhancement extensively uses a software system called Accela for its daily operations. Before Accela was acquired, the division used an older application named Comply. Since the replacement of Comply by Accela in September 2014, the division has not yet updated its Standard Operating Procedure (SOP) manual. As such, the manual still refers to the old, phased-out system instead of the current one.

CRITERIA: SOPs must, as much as possible, correctly reflect prevailing conditions in a given environment. Processes and procedures must be described correctly and accurately in order to more effectively manage and control uncertainty and help staff achieve organizational goals more efficiently.

CAUSE: According to management, there were plans to update the SOP manual in November 2014. However, that was never done because that responsibility was given to one area supervisor who had other things to prioritize. Also, division employees do have access to the Accela User Guide which helps them navigate their use of the new system.

EFFECT OF CONDITION: Updated policy manuals and/or SOPs ensure a consistent approach to achieving organizational objectives. If SOPs are not accurate, the risk of employees making errors in their daily activities is unnecessarily high. Potentially, this may also reduce not only productivity but also the benefit of providing reliable training and guidance for newly hired employees.

RECOMMENDATION 4: We recommend Neighborhood Enhancement update the SOP manual as soon as possible so that it reflects the true and correct way in which processes and procedures in the division are to be accomplished.

MANAGEMENT RESPONSE: We agree with the recommendations of the Internal Audit Department, and have begun updating the SOP, to include the Accela process and provide employees a true and correct way in which processes and procedures are accomplished.

TARGET IMPLEMENTATION DATE: Standard operating procedures for code enforcement have been updated. Operating procedures for administrative processes will be completed by May 1, 2016.