

City of Norfolk Nuisance Abatement Audit

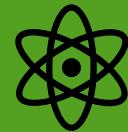
*Report Date:
September 24, 2024*

Report # 23-10

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Sylvia Martin, CICA, Assistant City Auditor II





Purpose



Objective

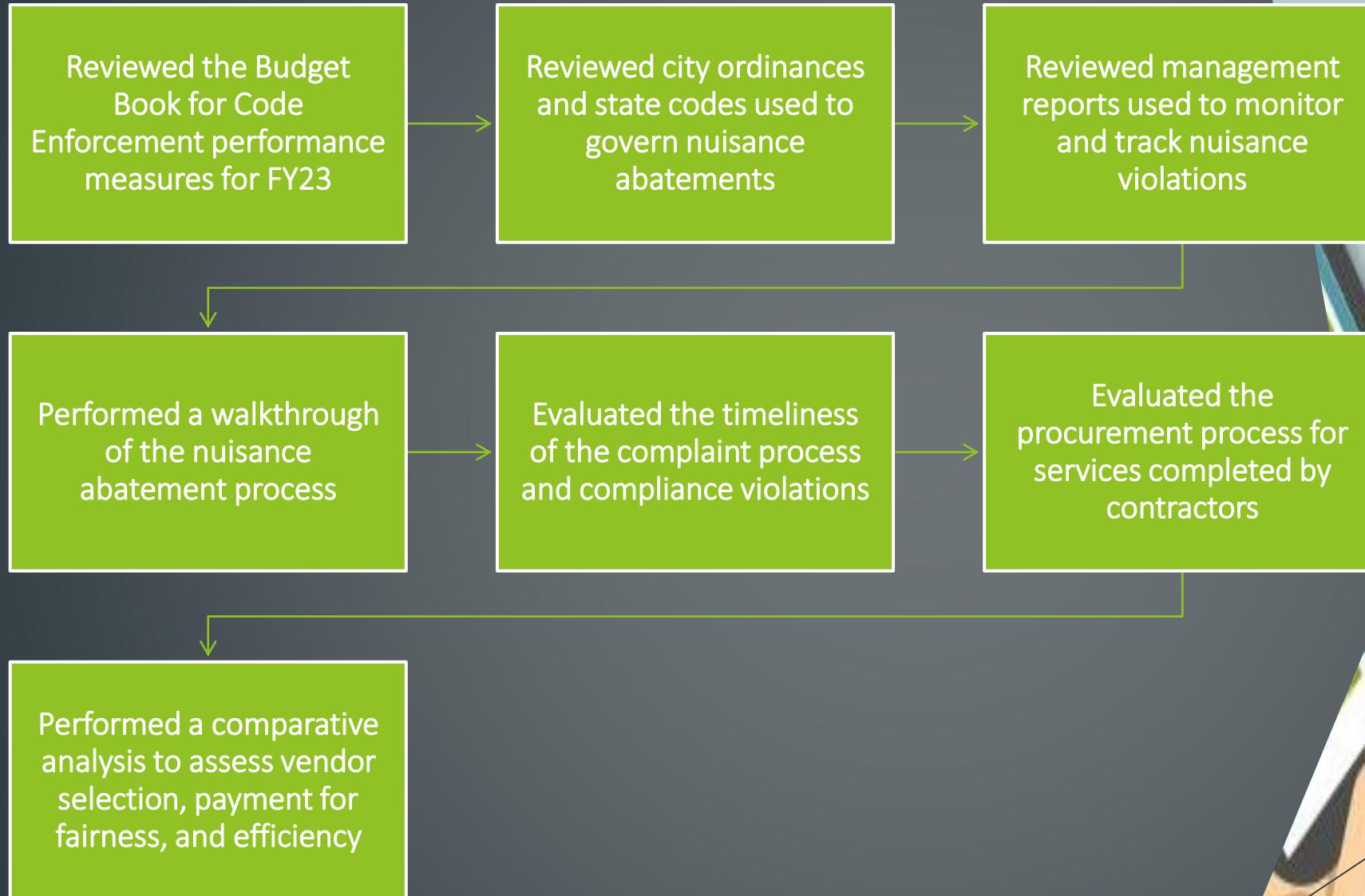


Scope

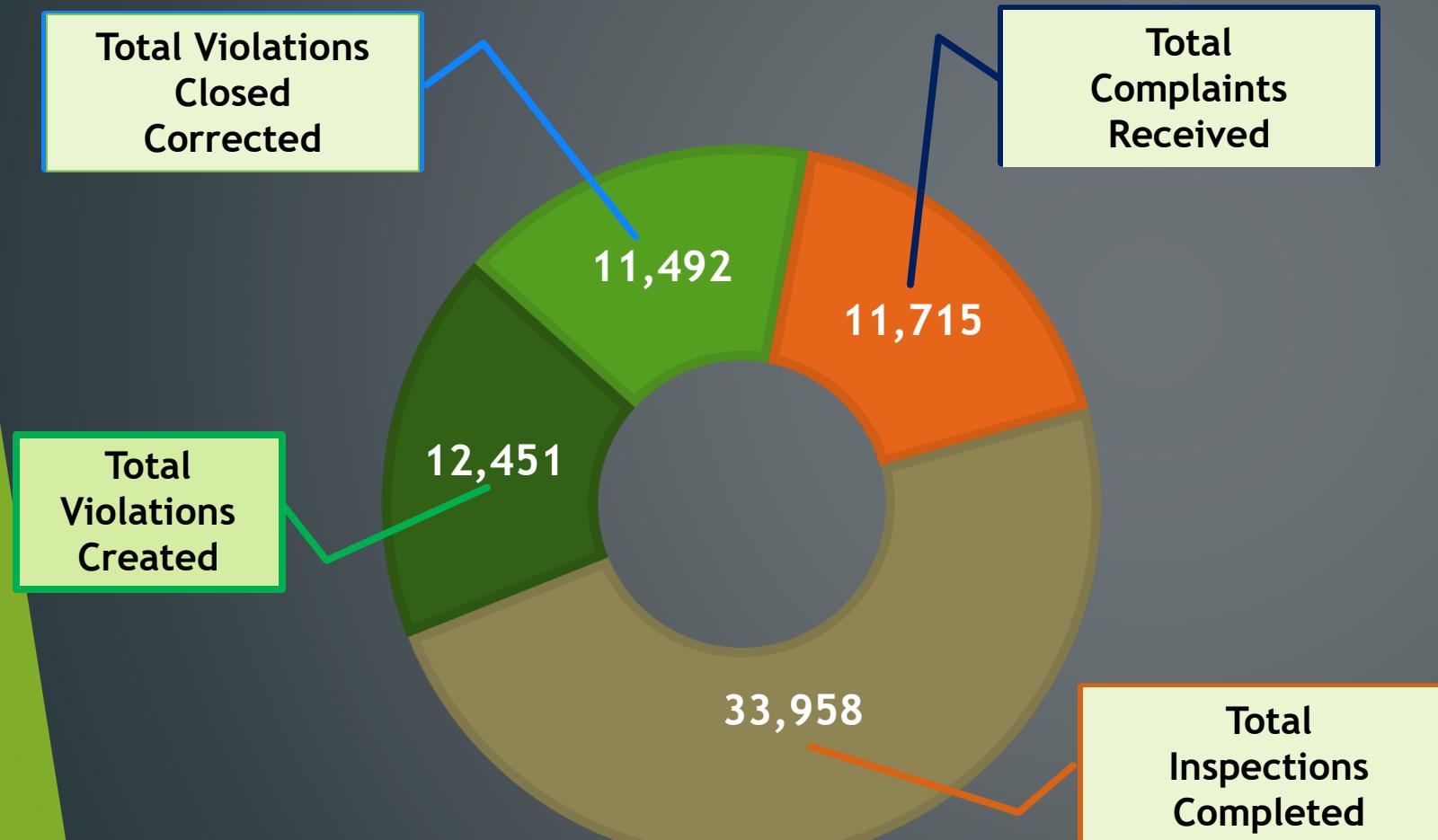
Assess internal controls and determine if code enforcements for nuisance abatements comply with their internal policies and procedures and city and state regulations.

FY2023

Methodology



Division of Neighborhood Quality Overview



The Department of Neighborhood Services-Neighborhood Quality supports the highest quality of life in Norfolk's neighborhoods by maintaining citywide standards for addressing blight, nuisances, and environmental conditions in coordination with other city departments, agencies, residents, and businesses.

Nuisance and Abatement Overview



The Neighborhood Quality (NQ) division of the Neighborhood Services Department manages the Nuisance Abatement program. This program is responsible for achieving compliance of code enforcements and city ordinances for environmental violations. This includes the removal of trash and debris, graffiti, high weeds and grass, board ups and vacant buildings. The goal is to protect the health and safety of people citywide through the enforcement of property standards set forth by governing statutes and ordinances.

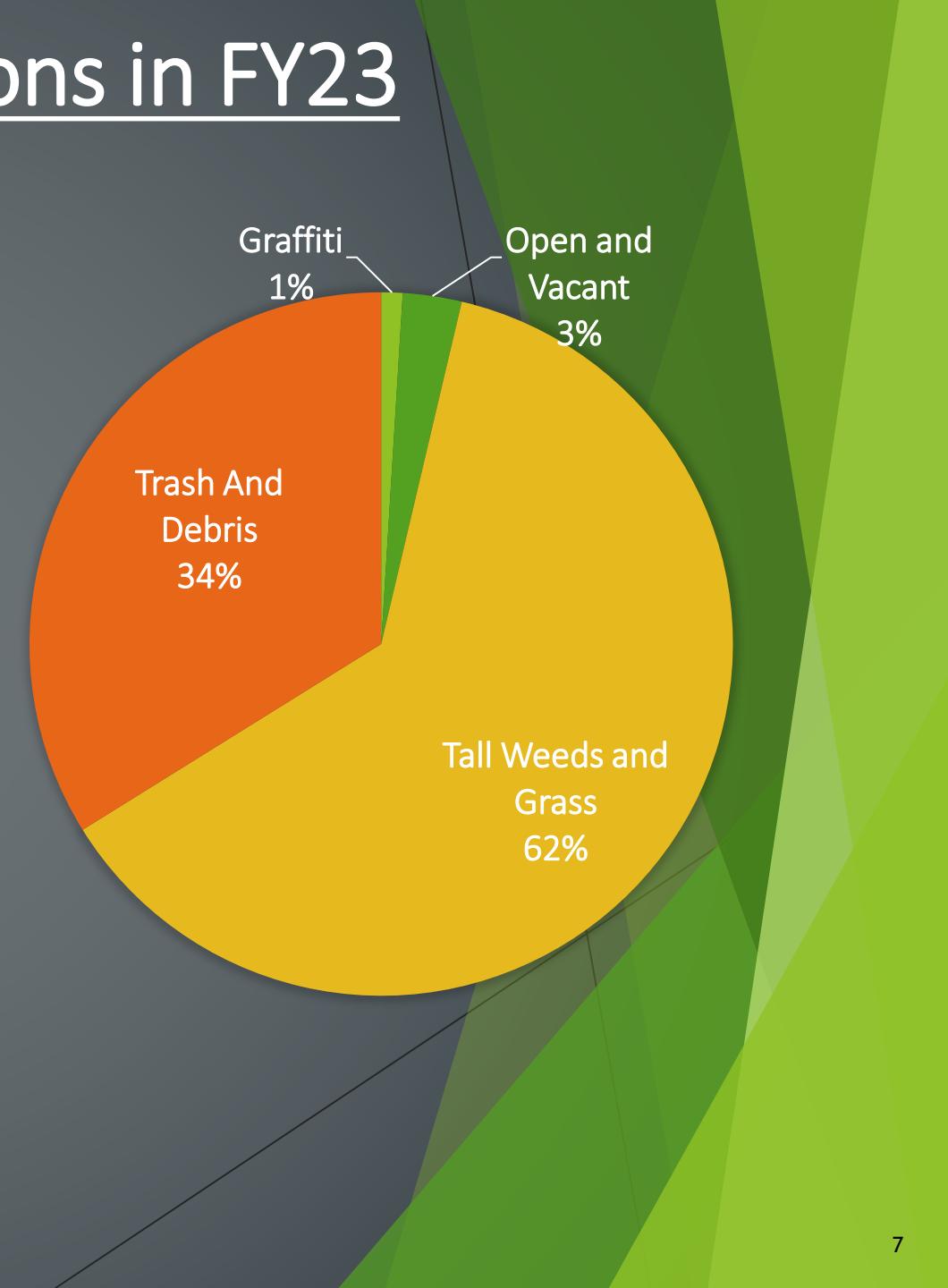
City Code Chapter 27 for Nuisance Abatements

A "NUISANCE" IS DEFINED AS ANY CONDITION, SUBSTANCE, MATERIAL, OR THING WHICH MAY BE ANNOYING, OBNOXIOUS, OFFENSIVE, IRRITATING OR DETRIMENTAL OR POTENTIALLY HAZARDOUS OR DETRIMENTAL TO THE HEALTH, SAFETY, COMFORT AND GENERAL WELFARE OF THE PUBLIC OR THE ENVIRONMENT, INCLUDING, BUT NOT LIMITED TO, REFUSE, TRASH, RUBBISH, DEBRIS, JUNK, GARBAGE, CONTAINERS, WIRE, GLASS, WOOD, ASHES, ANIMAL MATTER, VEGETABLE MATTER, HUMAN AND ANIMAL WASTE, AND ODORS.



Nuisance Abatement Violations in FY23

<u>Violation Category</u>	<u># of Nuisance Abatement Violations Cited</u>
Field Observation	2,567
Initial Inspection	1,423
Total	3,990



Nuisance Abatement

Accounts Receivable at June 30, 2023

Nuisance Abatement Liens
Outstanding*

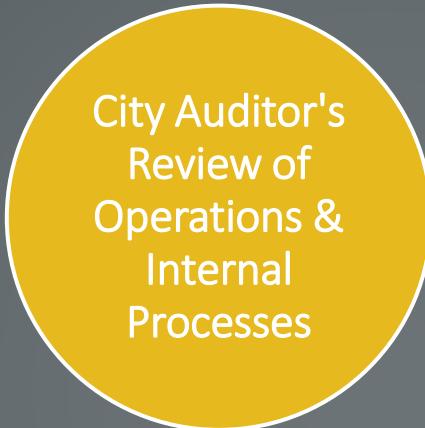
\$1,064,288.95



Fiscal Year	Nuisance Abatement Amount	Nuisance Abatement Paid	Nuisance Abatement Due
2002	1,204.00	0.00	1,204.00
2006	4,980.61	0.00	4,980.61
2007	3,461.96	270.09	3,191.87
2008	5,236.71	301.20	4,935.51
2009	5,072.48	608.99	4,463.49
2010	9,477.67	701.50	8,776.17
2011	10,960.87	0.00	10,960.87
2012	12,619.96	6,537.36	6,082.60
2013	12,947.00	953.16	11,993.84
2014	15,960.00	1.44	15,958.56
2015	45,741.00	4,741.13	40,999.87
2016	25,019.00	0.00	25,019.00
2017	45,905.60	10,892.13	35,013.47
2018	636,409.18	308,280.08	328,129.10
2019	235,783.58	175,077.05	60,706.53
2020	452,862.71	274,199.46	178,663.25
2021	300,252.80	182,863.49	117,389.31
2022	325,122.00	119,301.10	205,820.90
Total	2,149,017.13	1,084,728.18	1,064,288.95

*City Code Sec 24-200 states the City charges 8% interest on unpaid Nuisance Abatement liens

CONCLUSION



Through observation and review of Nuisance Abatements in the City of Norfolk, we acknowledge many nuisance violations are addressed in a timely manner which helps to protect the health and safety of neighborhood communities. To ensure compliance and effectiveness across the program, we provided some recommendations to assist with the improvement of existing internal controls.

Finding

Formal Written Processes



Formal Written Processes



Condition

Neighborhood Services has not established standard operating procedures (SOPs) to govern the following operations :

1. Bidding Process to ensure fair distribution of contract awards to the lowest bidder and the retention of bid submissions.
2. Violations Summoned to Court to ensure consistent monitoring and tracking of Ch.14 violations.
3. Procedural steps to ensure compliance and consistency with established processes that are currently not documented



Formal Written Processes



We recommend management establish formal standard operating procedures for governing processes because they:

1. Ensure Consistency: Written procedures standardize tasks and actions, ensuring that operations are carried out uniformly across the department and/or processes.
2. Enhance Efficiency: Clear guidelines streamline workflows, reducing ambiguity and saving time by eliminating the need to figure things out on the spot.
3. Improve Accountability: Formal processes provide a documented reference that makes it easier to hold individuals and teams accountable for their actions.
4. Facilitate Training: Well-documented procedures serve as a valuable training tool for new employees, helping them learn quickly and correctly.

Recommendations



Formal Written Processes-cont'd



Recommendations (continued)

5. Mitigate Risk: Written processes help identify and address potential risks, ensuring that operations comply with regulations and best practices, which reduces the chance of mistakes. Also minimizes the risk of loss knowledge due to staff changes such as turnover.
6. Maintain Quality Control: Consistent adherence to written procedures ensures that the quality of services remains high.
7. Facilitate Audits and Reviews: Written processes provide a reference for audits, ensuring transparency and proper documentation of how operations are handled.
8. Promote Adaptability: Processes can be updated and revised as needed to adapt to changes in the business environment or regulations, making them a dynamic tool for continuous improvement.



Formal Written Processes



Management's Response

The Department of Neighborhood Services agrees that formal written processes are needed for contractor bidding, criteria for issuing summons, as well as procedural steps that support operational effectiveness and accuracy. In some instances, existing standard operating procedures (SOPs) can be updated to appropriately address the conditions outlined in the audit report.

In response to comments shared and questions asked during the audit process, Neighborhood Services has begun to identify the critical elements that must be incorporated into new or updated formal written processes or SOPs.

OBSERVATIONS

1. Batch Payments to Contractors
2. Code Enforcements for Nuisance Abatement



Batch Payments to Contractors



Condition

We reviewed 30 payments to contractors ((10 samples per vendor (3)) and identified 25 out of 30 (83%) instances where batch payments were made without the proper supporting documentation attached in AFMS (i.e., detailed invoices of work completed).

For 5 of the above payments, we noted no exceptions. We observed the AFMS documentation uploading process and noted a few internal control gaps:

- FY23 payments contained Excel documentation of the invoice number from the contractor and dollar amount.
- The contractor's invoice, verification of work performed, and approved bid cost were missing in AFMS.

After discussion with management, effective FY24, the current process has changed to include the appropriate supporting documentation in AFMS. We confirmed implementation of this process.



Batch Payments to Contractors



Recommendation

Adhere to the City's Procurement and Internal Control policy to enforce oversight of payment requirements for submitting contractor's documentation and ensure payments in AFMS are appropriately supported.

Management's Response

Management agrees with this audit observation. In FY2023 the department's Strategy and Programs Manager discovered that a spreadsheet was being uploaded versus the actual invoice as support documentation for payments processed in AFMS. The spreadsheet that was uploaded contained the vendor's name, invoice number, invoice amount, and invoice date. Once the issue was discovered, the process was corrected for FY2024 by the Strategy and Programs Manager who required that invoices be uploaded in AFMS for all payments. This process remains in place as of this writing.

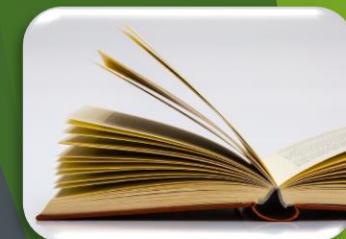
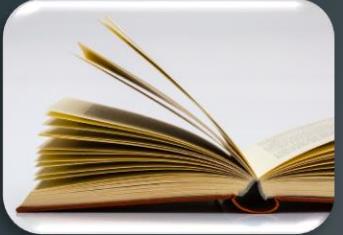


Batch Payments to Contractors



City Auditor's Response

Although FY24 was outside of the scope of our Audit, we verified invoices contained detailed information in AFMS. Therefore, we agree with management and encourage them to continue the current process.



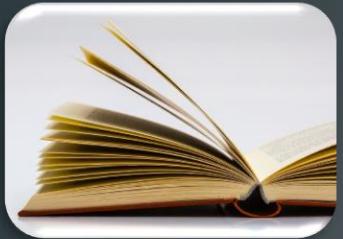
Code Enforcement for Nuisance Abatement

Condition

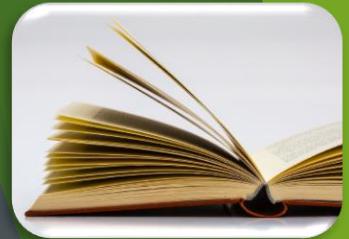
Norfolk City Code Chapter 27 assigns authority and responsibility to the Director of Public Health or designee. We noted that the Department of Neighborhood Services currently enforces the code for day-to-day operations regarding Nuisance Abatements. The City Auditor's Office is currently working with the Department of Neighborhood Services, which has no defined authority to administer and enforce public nuisances.

Recommendation

We recommend the City Manager seek legal interpretation from the City Attorney's Office to determine whether updates are needed to reflect current practices.



Code Enforcement for Nuisance Abatement



Management's Response

As recommended, a request for legal review has been submitted to the City Attorney to ensure that the current interpretation and application of Chapter 27, Nuisances, of the City Code are being properly applied under the appropriate authority. Assistant City Attorney, was assigned to this case under file number 221931. Based on the City Attorney's guidance, City staff will adhere to the necessary code modifications and implement interim process changes to ensure compliance with the code.

Currently, inspectors in the Bureau of Neighborhood Quality (NQ) are authorized to enforce and abate nuisances as outlined in Chapter 27 of the City Code. Under Chapter 27 – Nuisances, Section 27-3(c) – Enforcement it states, *“Any law enforcement officer, fire marshal or any of his assistants, fire inspectors, or sworn special police officer, is authorized and shall have authority to enforce all provisions of this chapter.”*

All inspection staff within NQ have been issued a special police commission and are duly sworn under the endorsement of the Norfolk Police Chief, giving NQ inspectors the authority to enforce all provisions under Chapter 27.

Governmental Auditing Standards



COMPLIANCE W/ GAGAS

- 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.

DATA RELIABILITY

- We relied on data from the AFMS (advantage financial management system) system for accuracy when conducting this audit. The extent of our evaluation was dependent upon the expected importance of the data to the final report, the strengths or weaknesses of any corroborating evidence, and the anticipated level of risk in using the data. We determined the information provided to be reliable and, therefore, the level of risk from using this information to be low.

INTERNAL CONTROLS

- We obtained an understanding of significant internal controls within the context of the audit objective. We assessed whether internal controls were properly designed and implemented and performed procedures to obtain enough evidence to support the effectiveness of those controls. The extent of our assessment was dependent on the nuisance abatement internal processes and compliance with state and local regulations. Our results indicated some opportunities for improvements, but none of the deficiencies are considered material weaknesses.

*We thank the members
of Neighborhood
Services for their
cooperation and
responsiveness to our
requests during the
audit.*

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OR

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for any questions

