


Hernando County Clerk of Circuit Court
Audit Services Department
Audit Report

Code Enforcement
Compliance with Regulations
and
Review of Internal Controls
September 6, 2022

MANAGEMENT LETTER

TO: Jeffrey Rogers, County Administrator

VIA: The Honorable Douglas A. Chorvat, Jr.

FROM: Elizabeth Hogan, CIA, CFE, Director of Audit Services 

DATE: September 6, 2022

SUBJECT: Code Enforcement Compliance with Regulations and Review of Internal Controls

In accordance with the Audit Services Department's Audit Project Schedule, the internal audit team conducted an audit of Code Enforcement Compliance with Regulations and Review of Internal Controls. Based on testing, observations, and communications with key personnel, the audit team produced the attached report for your review. Management's responses to the recommendations are also included. A copy of this report has been forwarded to the Board of County Commissioners as an agenda "Correspondence to Note" item.

The purpose of this report is to furnish management with independent, objective analyses, recommendations, counsel, and information concerning the activities reviewed. The audit report is a tool to help management discern and implement specific improvements. It is not an appraisal or rating of management.

Although the internal 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.

The courtesies and cooperation extended by the employees of the Hernando County Code Enforcement Department and the Hernando County Property Appraiser's Office during the audit were sincerely appreciated.

If you have any questions, concerns, or need additional information in regard to the above or the attached report, please do not hesitate to contact Audit Services at (352) 540-6235, or just stop by our offices in Room 300C.

ATTACHMENT: Code Enforcement Compliance with Regulations and Review of Internal Controls Audit Report

Copy: Aaron Pool, Development Services Director

Copy: Board of County Commissioners

Chairman Steve Champion
Commissioner John Allocco
Commissioner Wayne Dukes
Commissioner Jeff Holcomb
Commissioner Elizabeth Narverud

Copy: Audit Services Planning & Priorities Committee

The Honorable Douglas A. Chorvat, Jr., Clerk of the Circuit Court and Comptroller
Toni Brady, Director, Office of Management/Chief Procurement Officer
Jon Jouben, County Attorney
Jeffrey Rogers, County Administrator
Tobey Phillips, Deputy County Administrator
Joshua Stringfellow, CPA, Director of Financial Services
William Blend, CPA, CFE, Shareholder, MSL P.A.
Jeff Wolf, CPA, Senior Audit Manager, MSL P.A.

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Executive Summary

The purpose of this audit was to provide management with some level of assurance that the Code Enforcement Department's internal controls for the assessment, collection, and recording of fees, civil penalty fines and assessment liens were adequate, and to determine if the complaint/investigative process aligned with County Ordinances and Florida Statutes.

To accomplish this review, we obtained an understanding of the relevant processes; interviewed staff members; selected samples of complaints and financial transactions for testing; and compared job descriptions to the assignment of user access rights for BLDSYS and Comcate, the systems utilized by the Code Enforcement Department.

The results of our review are addressed in the discussion points that follow.

Discussion Point 1: Cash and Payment Controls

Based on the results of staff interviews, observation, and testing of reports submitted to the Clerk of Circuit Court & Comptroller's Financial Services Department, the Audit Services Department (ASD) determined that all fines/fees were properly collected, recorded, and submitted to the Hernando County Clerk and Comptroller's Financial Services Department.

Although the collection and recording of fines/fees and the subsequent submission to the Hernando County Clerk of Circuit Court and Comptroller's Financial Services Department was generally adequate, the ASD identified areas where opportunities for improvement would strengthen internal controls. These opportunities for improvement include the following: draft Standard Operating Procedures; perform bank deposits timely and enhance security measures (dual control) for depositing payments; and safeguard payments in a safe or locked cabinet with limited access.

Discussion Point 2: Complaint and Investigation Process

The results of this review determined that Code Enforcement staff adhered to County Ordinances and Florida Statutes. The test sample of 91 cases showed that violations were investigated both proactively and reactively with 51% resolved with an average of 2 site visits. Properties were properly processed through the abatement process and flagged for a special assessment lien to be placed on the next year's non-ad valorem tax roll by the Hernando County Tax Collector's Office if left unpaid. Controls were in place for management overview of case documentation for Special Master hearings as well as the monitoring of officers by GPS to assure county resources were not abused.

While the complaint and investigative process appeared to be functioning effectively, some Opportunities for Improvement were identified. These opportunities include, investigate and document results for all cases in a timely manner; include all supporting documentation in all case files; and verify cases are properly classified as proactive or reactive.

Testing identified that the time between case creation and initial action for 12 cases (13%), was over 5 days. Nine cases (75%) were due to officer delay, and three (25%) were due to absence (Paid Time Off). In addition, four cases were in open status with no recent activity.

Also, in 56 cases (62%) supportive documentation (photos) were not included in the case files. Lastly, 12 cases were incorrectly documented in Comcate. All were listed as reactive and it was determined that 10 were due to staff error and should have been listed as proactive, one had

missing complainant information, and one was an ongoing anonymous case opened prior to Florida Statute changes.

Discussion Point 3: System Access Rights

The ASD reviewed staff members' access rights within the BLDSYS and Comcate systems that permitted them to process payments, modify case information, and delete records. In BLDSYS, users were granted access to individual tabs and screens to perform daily functions. In Comcate, users were given permissions within specific groups. Staff member access rights for both systems were evaluated based on their user permissions and their job descriptions.

It was determined that Code Enforcement Department management had not performed a review of staff members' BLDSYS and Comcate access rights. As a result, staff members had access rights that exceeded that which was necessary to perform their job responsibilities. Permissions in BLDSYS allowed users to modify information on screens with fund maintenance, payments (including the reversal of payments), and impact fees. Also, user access was never modified for a former employee who currently works in a different department and still utilizes BLDSYS. This user also had access to modify fund maintenance and impact fees. Additionally, a current staff member has dual access to both BLDSYS and Comcate under a former and current name.

In Comcate, 17 active users were identified. Of those, four were assigned proper access and 13 had Administrative Rights access, which allowed the ability to modify or delete information in any case.

The Code Enforcement Department should assign staff members access rights based on the Principle of Least Privilege.¹ As stated by the Cybersecurity & Infrastructure Security Agency (CISA),

*The access you grant employees, managers, and customers into your digital environment needs limits, just as those set in the physical work environment do. Setting approved access privileges and establishing your operational procedures requires knowing who operates on your technology and with what level of authorization and accountability. CISA recommends that organizations "Restrict user access to only the information, networks, hardware, and applications necessary."*¹

¹https://www.cisa.gov/sites/default/files/publications/Cyber%20Essentials%20Toolkit%204%2020200818_508.pdf

Acknowledgement


Other minor findings not included in the attached report were communicated to management and/or corrected during fieldwork.

Fieldwork was performed by: Vicky Sizemore, Internal Auditor *VS*
Elizabeth Hogan, CIA, CFE, Director of Audit Services *E.H.*

Management's response was provided by: Tobey Phillips, Deputy County Administrator
Aaron Pool, Development Services Director

Management's response was approved by: Jeffrey Rogers, County Administrator

This report was reviewed and authorized by Douglas A. Chorvat, Jr., Clerk of Circuit Court and Comptroller.



Douglas A. Chorvat, Jr.
9/6/2022

Date

BACKGROUND INFORMATION

Chapter 162 of the Florida Statutes allows for counties or municipalities to create or abolish by ordinance local government code enforcement boards. Per F.S. 162.02,

It is the intent of this part to promote, protect, and improve the health, safety, and welfare of the citizens of the counties and municipalities of this state by authorizing the creation of administrative boards with authority to impose administrative fines and other noncriminal penalties to provide an equitable, expeditious, effective, and inexpensive method for enforcing any codes and ordinances in force in counties and municipalities, where a pending or repeated violation continues to exist.

Chapter 15, Article V, Property Maintenance Ordinance was adopted March 10, 1998 and states,

To protect the public health, safety, and welfare, as well as the aesthetic and property values of properties by providing for abatement of grossly unaesthetic, unsanitary, or unsafe conditions, including the accumulation of litter, trash, waste, and debris, and overgrown vegetation.

Overgrown vegetation is defined as an accumulation of weed growth or grass to a height in excess of 18". Trash and debris is an accumulation of rubbish, waste, trash, or debris, decaying vegetative matter, or exposed salvageable material.

The BOCC adopted Ordinance 2020-09 regarding the collection of costs of abating special nuisances through the imposition of non-ad valorem special assessments on September 22, 2020. In Addition, Ordinance 2022-02 amending Chapter 2 Article III of the Hernando County Code, Code Enforcement was adopted January 11, 2022 and revised the procedures applicable to the prosecution of violations. This ordinance was effective to cases initiated on or after April 11, 2021.

ORGANIZATIONAL STRUCTURE

On September 11, 2012, the BOCC reorganized the Code Enforcement Department. The department was transferred from the Division of Public Safety to the Division of Land Services and physically moved to its current location. The intent of the reorganization was to gain efficiencies.

Currently, the department reports to the Development Services Director. During audit fieldwork, the Development Services Director's job title was Zoning and Code Manager/Administrative Official. The department, (excluding the Zoning and Code Manager/Administrative Official) is comprised of 8 full time positions – 1 Code Enforcement Supervisor; 5 Code Enforcement Officers; 1 Customer Service Tech III; and 1 Administrative Assistant III.

FINANCIAL INFORMATION

The Code Enforcement Department earned total revenue of \$409,815, \$408,444, and \$460,449 in Fiscal Year 2019, 2020, and 2021, respectively. See Figure 1.

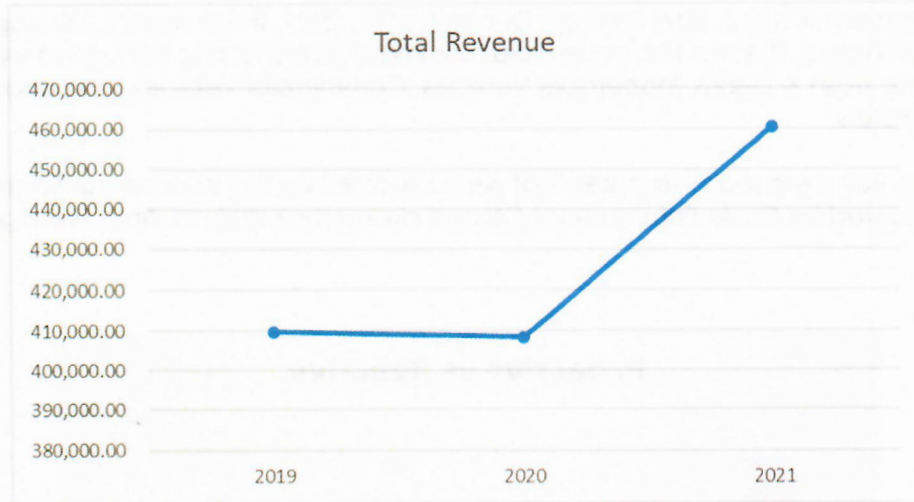


Figure 1 – Auditor generated based on financial data

The increase in revenue from FY 2020 to FY 2021 was mainly attributable to increases in Fines and Forfeitures, which increased by \$58k. This increase was offset slightly by decreases in Charges for Services along with other minor variances. In Fiscal Years 2019 and 2020, the fees for Foreclosure Property Registration accounted for over 40% of the total revenue followed by Charges for Serv/Inspection. In Fiscal Year 2021 the highest amount of revenue was received for Charges for Serv/Inspections. See Figure 2

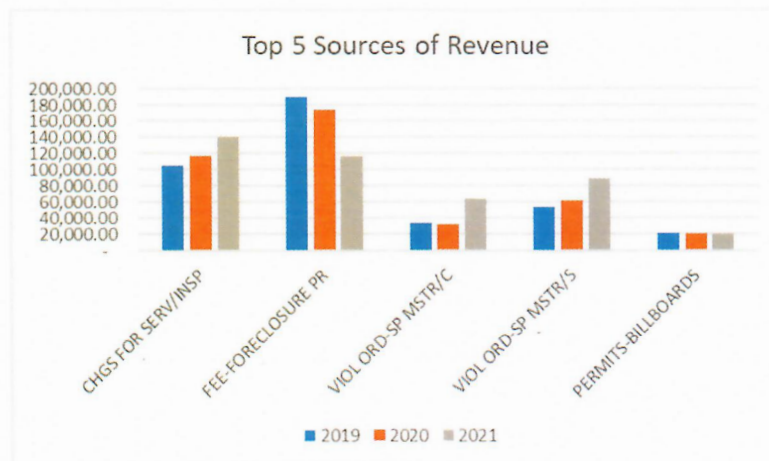


Figure 2 – Auditor generated based on financial data

The expenditure totals for the Code Enforcement Department were \$675,887, \$627,814, and \$813,780 in Fiscal Year 2019, 2020, and 2021, respectively. The \$186k increase in expenditures

from FY 2020 to FY 2021, was mainly attributable to the following: \$49k for Salaries and Benefits; \$95k for an accounting change regarding abatements; and \$19k for bad debt expense. The remaining variance of \$23k was due to increases in various expenditures.

CASE DATA

For the audit period of July 1, 2021 through December 31, 2021, there were 1,298 suspected violations investigated. The top five code violations investigated during this period were Overgrown Lots, Trash & Debris, Inoperable Vehicles, Commercial Vehicles, and Unauthorized Use of Travel Trailers.

Of those cases, 839 were reactive cases that were reported by the general public and 459 were proactive, observed by Code Enforcement Officers during their daily routine. See Figure 3

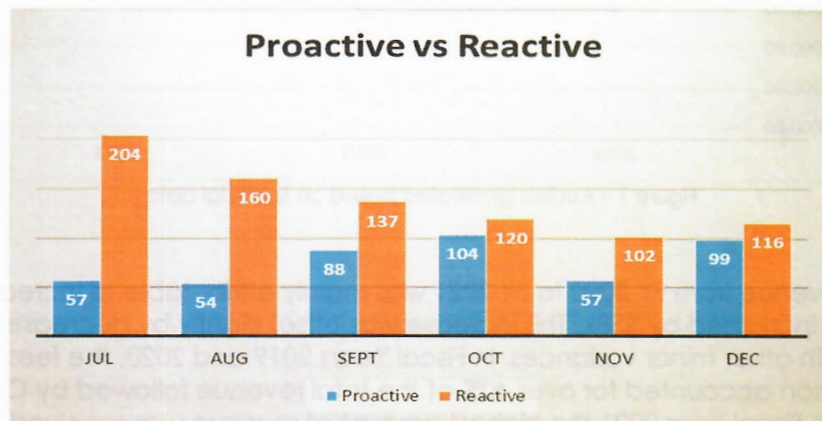


Figure 3 – Auditor generated based on case data

OBJECTIVE

The purpose of this audit was to provide management with some level of assurance that the department's internal controls for the assessment, collection and recording of fees, civil penalty fines, and assessment liens were adequate, and to determine if the complaint/investigative process aligned with County Ordinances and Florida Statutes.

SCOPE

The audit covered transactions and processes for the period of July 1, 2021 through December 31, 2021.

To accomplish the audit objectives, the Audit Team performed the following procedures:

- Interviewed key personnel to obtain an understanding of the internal control environment and citation process
- Evaluated cashing operations
- Tested a sample of cases for timeliness and completeness
- Tested a sample of financial transactions for compliance with the applicable Florida Statutes and County Ordinances, and verified that transactions posted to the correct account in eFinance Plus
- Compared BLDsys and Comcate user access rights to job descriptions

The audit procedures performed identified procedures and practices that could be improved. The Opportunities for Improvement are listed below.

Opportunity for Improvement	Description	Page Reference
1.1	Draft Standard Operating Procedures	12
1.2	Perform bank deposits timely and enhance security measures	12-13
1.3	Safeguard cash overnight	13
2.1	Investigate and document results for all cases in a timely manner	15
2.2	Include all supporting documentation in all case files	15-16
2.3	Verify cases are properly classified as proactive or reactive	16
3.1	Ensure user access rights align with job responsibilities.	17
3.2	Modify system access with employee changes.	18
3.3	Review and modify user access rights to Comcate	18

This audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. Accordingly, the Opportunities for Improvement presented in this report may not be all-inclusive of areas where improvement may be needed.

Discussion Points

Discussion Point 1: Cash and Payment Controls

To gain an understanding of the cash handling processes in place, the Audit Services Department (ASD) interviewed management and staff, observed the cashier's office, and compared the dates of payment receipts to bank deposits.

Based on the results of staff interviews and an observation of the working environment, fines/fees were properly collected, recorded, reviewed, and submitted to the Hernando County Clerk of Circuit Court and Comptroller's Financial Services Department. The Cash Receipt Reports for thirty-four randomly selected cases were reviewed for accuracy and completeness.

Although controls for the receipt, recording, and review for payments appeared to be operating effectively, the ASD identified several Opportunities for Improvement that, if implemented, would strengthen internal controls.

1.1 Opportunity for Improvement: Draft Standard Operating Procedures

The Code Enforcement Department did not have documented Standard Operating Procedures.

Recommendation: To ensure the continuity of operations in the event of staff turnover and to provide inexperienced staff with written guidance, the ASD recommends that the Code Enforcement Department management document Standard Operating Procedures.

Management Response:

The Code Enforcement Division has begun a process to update existing standard operating procedures and produce additional standard operating procedures to cover core duties of the Code Enforcement Division. The revised standard operating procedures will be distributed electronically and all employees will receive training.

Implementation Date: September 30, 2022 and Ongoing

1.2 Opportunity for Improvement: Perform Bank Deposits Timely and Enhance Security Measures

Bank deposits were not done on a daily basis. Review of payments for the thirty-four cases determined that there were twenty-five deposits, of which two of those contained cash and were not deposited for almost a week. Based on discussions with personnel, department procedures did not require dual control for cash deposits. One staff member delivered the deposits to the bank.

Recommendation: Management should implement a procedure to assure bank deposits are performed timely. In addition, management should consider requiring two staff members (dual control) to deliver cash deposits to the bank.

The Code Enforcement Division is now part of the Development Services Department. Cash deposits will be handled by the Department as a whole. The Department is now requiring daily deposits with a minimum of two employees.

Implementation Date: September 1, 2022

1.3 Opportunity for Improvement: Safeguard Cash overnight

Discussions with staff members disclosed that cash was kept in locked cash boxes, however the cash boxes were stored in an unlocked cabinet.

Recommendation: Payments should be safeguarded by securing them in a safe or a locked cabinet with limited access.

Management Response:

The Division's locked cash box is now stored in locked cabinet with limited access.

Implementation Date: September 1, 2022

Discussion Point 2: Complaint and Investigation Process

Florida Statutes and County Ordinances allow for the investigation and enforcement of code violations. Code Enforcement Officers have the authority to issue citations in the event that a person has violated a duly enacted code or ordinance. The Code Enforcement Department opened 1,298 cases between July 1, 2021 and December 31, 2021. From the sample of 91 cases, it was determined that 61 (67%) were reactive cases that were reported by the general public and 30 (33%) were proactive, observed by Code Enforcement Officers during their daily routine. See Figure 4.

With limited staff, 5 full-time Code Enforcement Officers, the department was able to investigate numerous violations across the county and kept site visits to a minimum. For the cases tested, 51% of the cases were resolved with 2 site visits. See Figure 5.

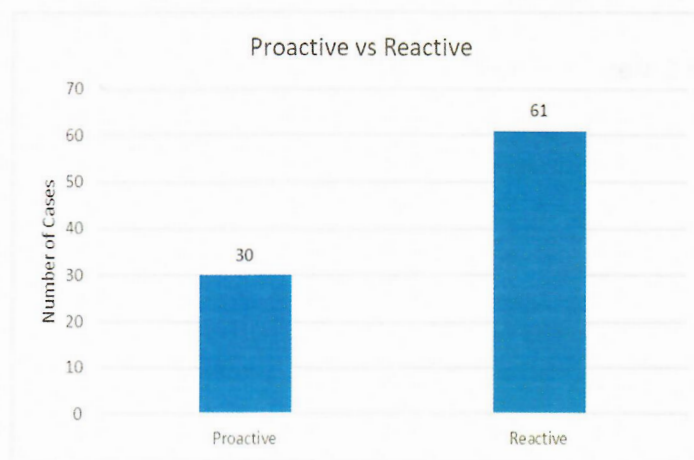


Figure 4 – Auditor generated based on case data

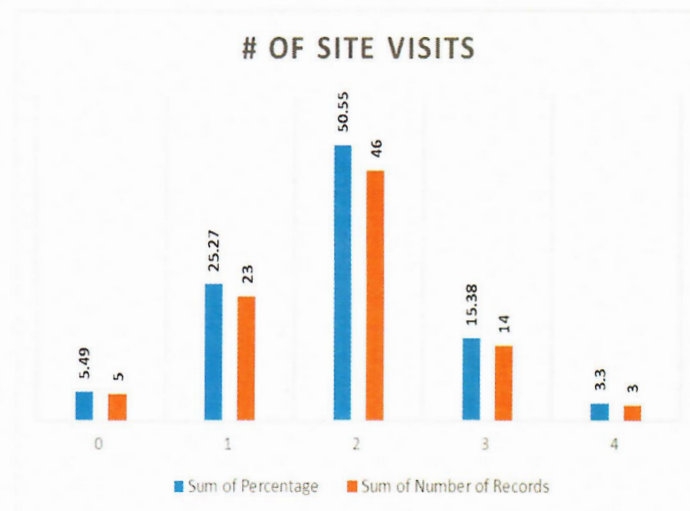


Figure 5 – Auditor generated based on case data

F.S. 162.21(3)(c) states that, "a code enforcement officer shall provide notice to the person that the person has committed a violation of a code ordinance and shall establish a reasonable time period within which the person must correct the violation. Such time period shall be no more than 30 days". For the cases tested, the average number of days provided to correct the violations was 19.

Violators can be cited and held accountable for fines, administrative fees, and abatement costs. The maximum amount of civil penalty fines are detailed in F.S. 162 and County Ordinance 2022-02. The amount of these fines are determined on a case-by-case basis. The Code Enforcement Department collects and processes payments, and then submits the documentation to the Hernando County Clerk of Circuit Court and Comptroller's Financial Services Department.

While code violations are most often infractions which can be easily resolved, sometimes they can present a threat to public health, safety, and welfare and/or be irreparable or irreversible. In these instances, F.S. 125.69(4)(g) states that, "the local governing body may make all reasonable repairs which are required to bring the property into compliance and charge the owner with the reasonable cost of the repairs along with the fine imposed".

While the Code Enforcement Department handled numerous violations effectively, the auditors identified areas during testing that could be improved.

2.1 Opportunity for Improvement: Investigate and document results for all cases in a timely manner

To determine timeliness, the time between the case creation date and the date of initial action was reviewed. Holidays, weekends, and one day for a Tropical Storm were also taken into consideration. The auditor focused on any times that were over five days and investigated further with the Code Enforcement Supervisor. The result of testing determined that 12 cases (13%) were over 5 days. Of those 12, nine (75%) were for officer delay and three (25%) were due to absence (Paid Time Off). In addition, there were four cases that were in open status which had no recent activity.

Recommendation: Management should utilize and review the reports in Comcate to monitor and address case timeliness.

Management Response:

Management will continue to review the Division's software for case timelines. Due to staffing levels cases will at times take over five days for initial investigation. Times exceeding 5 days for initial investigation are the exception in the Division.

Implementation Date: Ongoing

2.2 Opportunity for Improvement: Include all supporting documentation in all case files

Testing of the 91 cases determined that 56 (62%) did not have photographic documentation supporting the violations. Photos of the violation were not included in Comcate. A discussion with management determined that policy was to take photos when a violator was cited instead of at the initiation of an investigation. The importance of complete documentation was understood for the future cases.

Recommendation: Management should periodically review a sample of cases for proper documentation.

Management Response:

Not all Code Enforcement Division cases will include photographic evidence due to the nature of various cases. Code Enforcement Officers have been directed to photographically document conditions in most cases where a physical violation is discovered. The evidence created is expected to be stored in the software program utilized by the Code Enforcement Division.

Implementation Date: September 1, 2022

2.3 Opportunity for Improvement: Verify cases are properly classified as proactive or reactive

Per F.S. 162.06, "A code inspector may not initiate enforcement proceedings for a potential violation of a duly enacted code or ordinance by way of anonymous complaint."

Based on the review of the sample cases selected for testing, 12 cases (13%) were not correctly input into Comcate. These cases all reflected a "reactive" status and contained no complainant information. It was determined that due to staff error, 10 of these cases were coded as "reactive" instead of "proactive", one had omitted the complainant information, and one was a case originally opened, as anonymous and ongoing prior to new statute rules for the requirement of a complainant. All cases were corrected and/or documented during the audit.

Recommendation: Management should periodically review a sample of cases in Comcate to assure the status is properly documented.

Management Response:

Management will be periodically reviewing for proper documentation. Staff have been made aware of specific functions of the Code Enforcement Division's software that require additional checks to be sure the systems default setting has not set the status of a case in error.

Implementation Date: September 1, 2022

Discussion Point 3: System Access Rights – Comcate and BLDSYS

According to the Cybersecurity & Infrastructure Security Agency (CISA), regarding user access and least privilege,

The access you grant employees, managers, and customers into your digital environment needs limits, just as those set in the physical work environment do. Setting approved access privileges and establishing your operational procedures requires knowing who operates on your technology and with what level of authorization and accountability. CISA recommends that organizations “Restrict user access to only the information, networks, hardware, and applications necessary.”²

The Code Enforcement Department utilizes BLDSYS (LIONS) software, which is maintained by the Hernando County Property Appraiser's Office, to manage their cases for payments. Their office processes payments for citations, liens, foreclosure registrations, Special Master fees and abatement assessments. The BLDSYS software encompasses many screens and tabs by which users are granted permissions where they can add, change, or delete information based on each employee's job responsibilities. To determine if the assignment of access rights was adequate and adhered to the principle of least privilege, the auditors analyzed the employee access reports and job descriptions. This review focused on permissions that allowed staff members to add, change, or delete information in rate tables and payment screens.

In addition, the ASD interviewed staff and reviewed Comcate access rights. Comcate is used as a case management system and not for payments. A user's access is determined by the group under which they are assigned.

The comparison of employee's system access rights to the job descriptions disclosed a few Opportunities for Improvement.

3.1 **Opportunity for Improvement: Ensure user access rights for BLDSYS align with job responsibilities**

The review of BLDSYS system access rights determined that Code Enforcement staff had access to screens that did not align with their job responsibilities. Also, a former employee who is now employed with a different department and requires access to BLDSYS, has access rights to screens that do not align with current job responsibilities. Staff had access to modify information on screens with fund maintenance tables, payments (including the reversal of payments), and impact fee tables.

Recommendation: Management should review the access rights of all employees and remove access to screens that are not aligned with job responsibilities.

Management Response:

Access rights have been reviewed and corrected as necessary. Controls are in place to review and remove access on a continual basis.

Implementation Date: September 1, 2022 and Ongoing

²https://www.cisa.gov/sites/default/files/publications/Cyber%20Essentials%20Toolkit%204%200200818_508.pdf

3.2 **Opportunity for Improvement: Modify system access with employee changes**

An employee underwent a legal name change and the access rights under the previous name were not disabled in both the BLDSYS and Comcate systems, thus allowing dual access.

Recommendation: Management should disable all access under the staff member's prior name.

Management Response:

This issue has been resolved.

Implementation Date: September 1, 2022

3.3 **Opportunity for Improvement: Review and modify user access rights to Comcate**

A review of Comcate system access rights determined that there were 17 active users at the time of the audit. Four staff members from different departments, the Hernando County Property Appraiser, Hernando County Building Division, and Hernando County Clerk of the Circuit Court & Comptrollers offices all were correctly assigned read-only system access. Although the access for those four members were set up appropriately, the remainder 13 users were assigned full administrative rights. Three of those were Comcate employees and two were Code Enforcement management. The remainder were Code Enforcement staff, which included one staff member who had dual access under a former and a current name. Administrative Right access allowed users the ability to modify or delete information in any case.

Recommendation: Management should review access rights to Comcate for all staff. Furthermore, to ensure County systems are properly set-up with appropriate security levels, it is recommended that System Administrator rights be solely assigned to Information Technology staff.

Management Response:

Access rights have been reviewed and corrected as necessary. Controls are in place to review and remove access on a continual basis.

Comcate administration is currently handled at the Code Enforcement Division level necessitating that administrator rights be available to the Division Admin and Supervisor. Future changes in Division software will be managed at the Department level or in Information Technology.

Implementation Date: September 1, 2022