



**A Report to the
Audit Committee**

Mayor
John Cooper

**Director of Department Codes
and Building Safety**
Bill Herbert

Audit Committee Members
Tom Bates
Kelly Flannery
Sharon Hurt
Brackney Reed
Jim Shulman
Kyonztè Toombs

Metropolitan
Nashville
Office of
Internal Audit

Audit of the Property Standards Complaints Process

October 18, 2021

EXECUTIVE SUMMARY

October 18, 2021



Why We Did This Audit

The audit was performed due to the importance of ensuring properties are maintained in a safe manner and that citizen concerns are addressed timely. The audit was recommended by Council Member Bob Mendes during the annual request for audit ideas.

What We Recommend

- Supervisors should periodically review their inspector's queues and open cases to ensure cases are not being missed.
- Codes department employees should refer residents to hubNashville to submit complaints.

Audit of the Property Standards Complaints Process

BACKGROUND

The Property Standards division within the Department of Codes and Building Safety is responsible for conducting property maintenance and zoning inspections amongst other duties. The division receives codes complaints from various sources and sees them through to abatement or discharge in Environmental Court. The Property Standards division has 20 inspectors to follow-up on complaints received.

During the two-year audit period, a total of 58,664 property standards complaint cases were created. As of July 2021, 1,862 cases were open. Exhibit A shows the cases created and their statuses.

Exhibit A: Number of Cases Created, April 2019 to March 2021

CASE STATUS	NUMBER OF CASES	PERCENTAGE
OPEN	1,862	3%
CLOSED	56,802	97%
TOTAL	58,664	100%

Source: CityWorks, data as of July 15, 2021. Status of some cases may have changed.

OBJECTIVES AND SCOPE

The objectives of this audit were to determine if the Property Standards division:

- Maintained adequate processes and controls to receive, investigate, and resolve complaints in a timely manner.
- Communicated complaint status updates to property owners and complainants timely.

The scope of the audit included all property standards violation complaint cases between April 1, 2019 and March 31, 2021.

WHAT WE FOUND

The Department of Codes and Building Safety has a defined process in place for receiving and investigating property standards violation complaints. However, the process of monitoring open cases could be improved.

System controls are in place to update complainants on the status of a case only when the complaint is submitted through hubNashville. No process for communicating the status of a case with residents who submit complaints through phone or email is in place.

Difficulties exist in contacting property owners with abate notices and warrants. Inability to reach property owners leads to many code violations going unresolved.

GOVERNANCE

The Department of Codes and Building Safety enforces the Metropolitan Code of Laws within Nashville and Davidson County. The Property Standards division within the Department of Codes and Building Safety is responsible for conducting property maintenance and zoning inspections amongst other duties. The division receives codes complaints from various sources and sees them through to abatement or discharge in Environmental Court. The Property Standards Division is led by an Assistant Director of Codes. The Property Standards division has 20 inspectors to follow-up on complaints received.

Property standards, as well as all Buildings and Construction regulations, are defined in Title 16 of the Metropolitan Code of Laws. Procedures for notification of failure to comply with property standards are specifically defined in §16.24.170 of the Metropolitan Code of Laws.

BACKGROUND

The Property Standards division receives complaints from residents, council members, business owners, and other concerned parties every day. Property Standards violation complaints can be submitted to the Codes Department in a number of ways. The most common ways are through phone calls and hubNashville. Exhibit B shows how complaints were received.

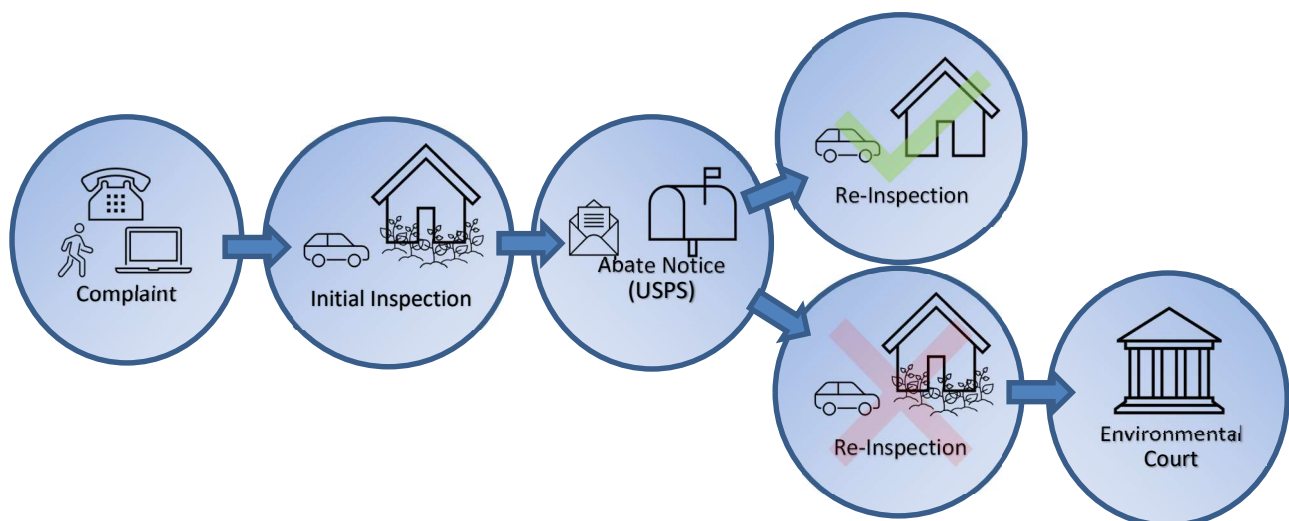
Exhibit B: Complaints received by Property Standards Division, 2018 - 2020

Method	2018	2019	2020	Total
Phone Calls	34,850	35,366	26,544	96,760
hubNashville	2,924	8,540	7,636	19,100
Walk-Ins	2,160	2,234	890	5,284
Total				121,144

Source: Codes Property Standards Department. Includes complaints received that may have been transferred to other departments or marked as duplicates.

The process for investigating a complaint is generally the same; however, some cases will have special circumstances leading to deviations in the process. Exhibit C shows a high-level overview of the complaints process.

Exhibit C: Property Standards Complaints Process



All sources of complaints eventually end up in CityWorks for tracking. Inspectors perform an initial inspection of the property and either close resolved cases or refer confirmed violations for abate notices. Abate notices are sent to property owners with the violation details and the deadline for resolution. When the deadline arrives, inspectors re-inspect the property. Property cases properly abated are closed, and properties with unresolved violations are referred to Environmental Court. Warrants for Environmental Court are served in person by the Davidson County Sheriff's Office. Warrants include the date and time of the court appearance. The court can impose a fine of up to a \$50 a day for each violation. If a case is resolved in court, the case will be closed in CityWorks.

During 2020, the COVID-19 pandemic closed Environmental Court for several months, leading to a delay in all property violation cases during that time.

AUDIT OBJECTIVES AND CONCLUSIONS

1) Are controls in place to ensure that complaints are received, investigated, and resolved in a timely manner?

Generally, yes. Uniform processes are followed for receiving, investigating, and resolving property standards complaints. The Department of Codes and Building Safety provides citizens multiple ways to submit complaints. The Property Standards division aims to initially investigate complaints within 1 to 5 business days. However, the goals are not documented, and 5 of the 60 complaints reviewed were not initially inspected for more than 6 days. Additionally, 9 of the 60 cases were found to be open and abandoned with no follow-up scheduled. No written procedures exist for monitoring open cases to ensure all cases receive appropriate attention until the violation is resolved. (See Observations A and B.)

2) Is the status of complaints communicated timely with both the property owner and the complainant?

Generally, no. If a complaint is submitted through hubNashville, system controls are in place to automatically send updates to the complainant at specific intervals of the case's life cycle. All other complaint submissions rely on the complainant to request an update for one to be provided. The requirements for contacting the property owner are defined in §16.24.170 of the Metropolitan Code of Laws, and the Property Standards division adheres to the requirements. However, barriers such as the inability to deliver abate notices and inability to serve Environmental Court warrants were found to cause case progression to stall and complaints to go unaddressed. (See Observations C and D.)

AUDIT OBSERVATIONS

Internal control helps ensure entities achieve important objectives to sustain and improve performance. The Committee of Sponsoring Organizations of the Treadway Commission (COSO), Internal Control – Integrated Framework, enables organizations to effectively and efficiently develop systems of internal control that adapt to changing business and operating environments, mitigate risks to acceptable levels, and support sound decision-making and governance of the organization. See **Appendix B** for a description of the observation *Assessed Risk Rating*.

Observation A – Contact with Property Owners

The Property Standards division follows Metropolitan Code of Laws requirements to notify property owners of violations, but the division is often hindered by incorrect or insufficient contact information. The Property Standards division utilizes property owner addresses from the Metropolitan Trustee’s Office database. Abate notices are required to be sent via United States Postal Service. Abates get returned in the mail, and alternative methods are used to attempt to find secondary addresses through CLEAR for Enhanced Due Diligence, a third-party people search tool. If additional addresses or relatives cannot be found, the process stalls, leaving frustrated neighbors and duplicate complaints.

Environmental Court warrants must be served in person to property owners. However, some property owners use PO Box addresses within the Metropolitan Trustee’s records. Warrants cannot be physically served to a PO Box. Additionally, if property owners are not home or do not answer the door, the warrant is not served. Alternative addresses are searched for by staff, and warrants are attempted to be served by a private service. Without serving a warrant, the case cannot go to court, and the code violations remain unresolved.

No written policies or procedures exist to standardize follow-up of complaints that stall due to insufficient addresses. Cases will sit open with no further attempts at action. In the sample of 60 open cases reviewed, 13 cases (22 percent) were open due to being unable to serve a warrant.

Criteria:

- COSO, Control Activities – Principal 10 – The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
- COSO, Control Activities – Principal 12 – The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.
- Title 16, Section 24 of Metropolitan Code of Laws

Assessed Risk Rating:

High

Recommendations for management of The Department of Codes and Building Safety:

1. Establish and document a process to follow-up on cases that are not moving due to inability to serve a warrant or send an abate notice. Determine a way in CityWorks to designate those cases that are unable to be served to ensure they can be monitored.
2. Implement formal process to search for alternative addresses to send abate notices and serve Environmental Court warrants. Utilize other Metropolitan Nashville Government departments and methods in the process.
3. Explore working with Metropolitan Council Members to change the Metropolitan Code of Laws to better suit serving and notifying property owners about property standards violations.

Observation B – Open Cases

Cases are closed due to either abatement by the property owner or through discharge in Environmental Court. A sample of 60 open cases during the audit period found 9 cases (15 percent) had no recent updates or follow-up target dates within CityWorks. CityWorks target dates are how cases end up in the inspector’s queue. Without a new target date, cases are not re-inspected and remain open.

Of the 60 open cases, 8 cases (13 percent) had no identifiable reason for not being up to date. No duplicate cases were found, nor were the cases going through the court system. Follow-up target dates were scheduled but not completed. The number of days past the target date ranged from 7 to 479 days. With no follow-up on open cases, property owners are not held accountable for their violations, and neighbors remain frustrated. Exhibit D shows the open cases and the days past their target date.

Exhibit D: Open Cases by Days Past Target Date

Violation Description	Target Date	Days Past Target Date
VEHICLE IN THE RIGHT OF WAY	6/18/2019	779
EXTERIOR PROP AREA – OPEN STORAGE - ALL	4/13/2020	479
HIGH WEEDS	5/20/2020	442
VEHICLE IN THE RIGHT OF WAY	9/11/2020	328
UNLIC / INOP / ACCUMULATION MTR VEHICLES	12/14/2020	234
EXTERIOR REPAIR	5/12/2021	85
UNLIC / INOP / ACCUMULATION MTR VEHICLES	7/21/2021	15
COMMERCIAL VEHICLE RESIDENTIAL DISTRICT	7/29/2021	7

Source: CityWorks, cases past due as of test date August 5, 2021.

Criteria:

- COSO, Control Activities – Principal 12 – The organization deploys control activities through polices that establish what is expected and procedures that put policies into action.

Assessed Risk Rating:

High

Recommendation for management of the Department of Codes and Building Safety:

Establish supervisory review procedures to periodically ensure cases have timelines and efforts are still being made to resolve the complaint.

Observation C– Initial Investigation of Complaints

A sample of 60 complaint cases during the audit period was reviewed. The average number of days between the receipt of a complaint and the initial investigation was one day. However, 5 of the 60 cases (8 percent), took 6 or more days to initially investigate. The highest number of days between receiving a complaint and the initial investigation was 16 days. The Property Standards division has 4 inspectors assigned to a Flex Team to assist designated area inspectors in high volume periods. Effective utilization of the Flex Team ensures complaints are addressed timely. No formal policies exist stating the timeline expectation for the initial complaint investigation or how the Flex Team will be assigned to ensure timelines are met. Additionally, routine monitoring to ensure timeliness of initial complaint investigation does not occur. Longer initial inspection times result in complainants feeling unheard.

Criteria:

- COSO, Control Activities – Principal 10 – The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
- COSO, Control Activities – Principal 12 – The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

Assessed Risk Rating:

Medium

Recommendations for management of the Department of Codes and Building Safety:

1. Establish documented procedures and goals for initial inspection timelines and determination of floater assignment.
2. Implement regularly documented supervisor reviews of team queues to ensure all cases are being inspected in a timely manner.

Observation D – Communication with the Public

Most property standards complainants do not receive any update on the status of their complaints. When a complaint is submitted through hubNashville, residents have the option to provide an email address and other contact information. If an email address is provided, hubNashville automatically sends updates when a case is received, found in violation, if a warrant is served, and when the case is closed. Only about 35 percent of property standards complaints are received through hubNashville. For the other 65 percent of complaints received, there is no process of updating the complainant with the case status. Phone call, email, and walk-in complaints are entered directly into CityWorks, which does not send any notifications. With no system of updating complainants about the status of the case, duplicate complaints may be submitted, and residents may feel their concerns are not being heard or addressed.

Criteria:

- COSO, Control Activities – Principal 13 – The organization communicates with external parties regarding matters affecting the functioning of internal control.

Assessed Risk Rating:

Medium

Recommendations for management of the Department of Codes and Building Safety:

1. Utilize hubNashville for initial complaint intake information for all submission types instead of directly entering cases into CityWorks.
2. Continue to promote and encourage all residents to submit complaints through hubNashville.

GOVERNMENT AUDITING STANDARDS COMPLIANCE

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 observations and conclusions based on our audit objectives.

METHODOLOGY

To achieve the audit objectives, auditors performed the following steps:

- Reviewed Metropolitan Nashville Government Code of Laws and ordinances, and the Department of Codes and Building Safety policies and procedures.
- Interviewed key personnel within the Department of Codes and Building Safety.
- Reviewed prior audits performed by the Metropolitan Nashville Office of Internal Audit and by other jurisdictions.
- Reviewed and analyzed data to determine compliance with best practices.
- Evaluated internal controls currently in place.
- Considered risk of fraud, waste, and abuse and information technology risks.

AUDIT TEAM

Laura Henry, CFE, In-Charge Auditor

Lauren Riley, CPA, CIA, CFE, ACDA, CMFO, Metropolitan Auditor

APPENDIX A – MANAGEMENT RESPONSE AND ACTION PLAN

We believe that operational management is in a unique position to understand best their operations and may be able to identify more innovative and effective approaches, and we encourage them to do so when providing their response to our recommendations.

Risk	Recommendation	Concurrence and Action Plan	Expected Completion Date
<i>Recommendations for management of the Department of Codes and Building Safety:</i>			
H	Establish and document a process to follow-up on cases that are not moving due to inability to serve a warrant or send an abate notice. Determine a way in CityWorks to designate those cases that are unable to be served to ensure they can be monitored.	Accept. For cases where the abate notice has been returned or the warrant has not been served, for unserved warrants we will use the CityWorks service action “unserved” that will generate a recheck date so the status can be monitored. We will attempt to obtain service using a citation sent by certified mail. If that fails to obtain service, we will attempt service via private service. We will also try to find alternate contact information to ensure we can reach the property owner. For situations where abatements are returned, we will use the “Clear” information service to try and obtain alternate contact information. All inspectors will be briefed on this procedure to ensure all will utilize these steps.	1 December 2021
H	Implement formal process to search for alternative addresses to send abate notices and serve Environmental Court warrants. Utilize other Metropolitan Nashville Government departments and methods in the process.	Accept. We will ensure all inspectors let their Chief know when they have an abate notice that has been returned so we can use the “Clear” information service to try and obtain alternate contact information.	1 December 2021
H	Explore working with Council Members to change the Metropolitan Charter to better suit serving and notifying property owners about property standards violations.	Accept. We will ask Metro Legal to explore options to modify the current regulations to require more accurate contact information is on file for all property owners. These changes may require action at the State level.	1 December 2021
H	Establish supervisory review procedures to periodically ensure cases have timelines and efforts are still being made to resolve the complaint.	Accept. We will utilize existing management reports in CityWorks to monitor inspector case status. This review will be done each week.	22 October 2021

APPENDIX A – MANAGEMENT RESPONSE AND ACTION PLAN

M	Establish documented procedures and goals for initial inspection timelines.	Accept. We will establish a goal of making all initial inspections within 48 hours of their being input into CityWorks.	22 October 2021
M	Implement regularly documented supervisor reviews of team queues to ensure all cases are being inspected in a timely manner.	Accept. Again, we will perform weekly reviews of inspectors case loads to ensure all cases are kept up to date and inspected in a timely manner.	11 October 2021
M	Utilize hubNashville for initial complaint intake information for all submission types instead of directly entering cases into CityWorks.	Accept. We will encourage all citizens to register complaints via HubNashville, especially when they request a follow-up email regarding the status of the complaint. To provide the best customer service for walk-in and call-in complainants, we will enter the cases directly into CityWorks only when there is reservation by the complainant to utilize HubNashville.	18 October 2021
M	Continue to promote and encourage all residents to submit complaints through hubNashville	Accept. We will actively encourage callers to use the hub instead of calling in.	18 October 2021

APPENDIX B – ASSESSED RISK RANKING

Observations identified during the course of the audit are assigned a risk rating, as outlined in the table below. The risk rating is based on the financial, operational, compliance or reputational impact the issue identified has on the Metropolitan Nashville Government. Items deemed “Low Risk” will be considered “Emerging Issues” in the final report and do not require a management response and corrective action plan.

Rating	Financial	Internal Controls	Compliance	Public
HIGH	Large financial impact >\$25,000 Remiss in responsibilities of being a custodian of the public trust	Missing, or inadequate key internal controls	Noncompliance with applicable Federal, state, and local laws, or Metro Nashville Government policies	High probability for negative public trust perception
MEDIUM	Moderate financial impact \$25,000 to \$10,000	Partial controls Not adequate to identify noncompliance or misappropriation timely	Inconsistent compliance with Federal, state, and local laws, or Metro Nashville Government policies	The potential for negative public trust perception
LOW/ Emerging Issues	Low financial impact <\$10,000	Internal controls in place but not consistently efficient or effective Implementing / enhancing controls could prevent future problems	Generally, complies with Federal, state, and local laws, or Metro Nashville Government policies, but some minor discrepancies exist	Low probability for negative public trust perception
Efficiency Opportunity	An efficiency opportunity is where controls are functioning as intended; however, a modification would make the process more efficient			