

City of Miami

THEODORE P. GUBA, CPA, CIA, CFE
INDEPENDENT AUDITOR GENERAL



Telephone (305) 416-2044
E-Mail: tguba@miamigov.com

February 28, 2019

Honorable Members of the City Commission
City of Miami
3500 Pan American Drive
Coconut Grove, FL 33133-5504

Re: Summary of Follow-up on Management's Self-Reported Implementation of Prior Years' Audit Recommendations Primarily for the Period FY2013 through FY2017
Audit Follow-up No. 19-05

Executive Summary

Auditing standards require that a follow-up process be established to monitor and ensure that recommendations resulting from audits, reviews and investigations have been effectively implemented or, if not, that senior management understands and has assumed the risk of not taking action on our recommendations.

We have completed a summary of our follow-up on managements' self-reported implementation of selected prior years' audit recommendations resulting from the activities of the Office of the Independent Auditor General (OIAG) for the period Fiscal Year (FY) 2013 through FY2017. Of 12 previous recommendations selected for follow-up, four were self-reported by management as "Implemented", four were reported as "Partially Implemented", two were reported as "Rejected" (audit issue/recommendation will not be addressed/implemented for various reasons provided), and two were reported as "Not Implemented". It should be noted that a separate follow-up report will be issued regarding audits of the Information Technology Department (Report No. 19-05A)

The attached Schedule I (page 2) summarizes the detail of the current status of action plans ("Implemented", "Partially Implemented", "Rejected" or "Not Implemented") as reported by management, by audit report. The report numbers, names, and dates issued are referenced and the full reports can be accessed on the OIAG website at http://egov2.miamigov.com/Office_of_Auditor_General/index.aspx. It should be noted that although we have not performed audit follow-up procedures to validate all of managements' representations, this information will be useful during the risk assessment process used in the planning of future audits.

We appreciate the cooperation extended to us by all personnel contacted during our follow-up procedures.

Sincerely,



Theodore P. Guba, CPA, CIA, CFE
Independent Auditor General
Office of the Independent Auditor General

C: The Honorable Mayor Francis Suarez
Emilio T. Gonzalez, City Manager
Victoria Mendez, City Attorney
Todd Hannon, City Clerk
Joseph Napoli, Deputy City Manager
Sandra Bridgeman, Assistant City Manager/Chief Financial Officer
Nzeribe Ihekweba, Assistant City Manager/Chief of Operations
Fernando Casamayor, Assistant City Manager
Jorge R. Colina, Chief of Police
Michael Sarasti, Chief Information Officer/Director, Department of Innovation & Technology
Erica Paschal, Director, Finance Department
Joseph Ruiz, Director, Zoning Department
Francisco J. Garcia, Director, Planning Department
Christopher Rose, Director, Office of Management and Budget
Mario Nunez, Director, Solid Waste Department
Jennifer Moy, Assistant Director, Solid Waste Department
Vanessa Giron, Fiscal Administrator, Solid Waste Department
Jose Gell, Interim Executive Director, Bayfront Park Management Trust
Members of the Audit Advisory Committee
Audit Documentation File

Audit Follow-up conducted by: Raymond H. Ishmael, CPA, CFE

Audit reviewed by: Robyn Sachs, CPA, CIA, CISA, CFE, CISSP
Information Systems Audit Administrator

TABLE OF CONTENTS

Summary of the Implementation Status of Recommendations 2

Recommendations and Current Status of Action Plan 4

Review No. 13-019: Review of the Solid Waste Department’s Administration, Monitoring, and Enforcement of Commercial Solid Waste Franchise Agreements with Private Haulers .. 4

FINDING 1: INADEQUATE CONTROLS FOR MONITORING AND ENFORCING FINANCIAL ASPECTS OF THE FRANCHISE AGREEMENT 4

Audit No. 14-001: Audit of Parking Surcharge Program 6

FINDING 7: PRIOR AUDIT (#09-006) FOLLOW-UP ISSUES REGARDING PARKING SURCHARGE COLLECTIONS HAVE NOT BEEN RSOLVED 6

Review No. 14-019: Review of the Bayfront Park Management Trust Use Agreement with Event Entertainment Group, Inc. (Ultra Music Festival) 7

FINDING 2: PROVISIONS OF THE AGREEMENT DO NOT INCLUDE A “RIGHT-TO-AUDIT” CLAUSE 7

FINDING 3: TICKET SURCHARGE RATES SHOULD BE REEVALUATED – FLAT 5% SURCHARGE ON TICKETS GREATER THAN \$40 WOULD GENERATE OVER \$637,000 IN ADDITIONAL REVENUE_ 8

Audit No. 15-012: Audit of Administrative Towing Fees 8

FINDING 2: MONITOR TOW COMPANY OPERATIONS TO ENSURE THAT CUSTOMERS ARE NOT OVERCHARGED..... 8

FINDING 3: CONTROLS OVER TOWING ACTIVITY REPORTING FOR BILLING PURPOSES WERE INADEQUATE 9

Report No. 16-08: Audit of Assessment and Collection of Impact Fees 10

FINDING 1: IMPACT FEES AND ADMINISTRATIVE FEES WERE NOT PROPERLY ASSESSED AND COLLECTED 10

FINDING 2: IBUILD SYSTEM LIMITATIONS RESULTED IN INACCURATE TRACKING AND ASSESSMENTS OF IMPACT FEES AND ADMINISTRATIVE FEES RELATED TO AFFORDABLE HOUSING DEVELOPMENTS 10

FINDING 3: LACK OF MONITORING AND BREACH OF AFFORDABLE HOUSING RESTRICTIVE COVENANTS RESULTED IN IMPACT FEES & INTEREST DUE..... 11

FINDING 5: LACK OF POLICIES & PROCEDURES, STAFF TRAINING, AND MONITORING OF THE ASSESSMENT AND COLLECTION OF IMPACT FEES..... 11

FINDING 6: ANNUAL AND TRIENNIAL REVIEWS WERE NOT CONDUCTED, AND REQUIRED REPORTS WERE NOT ISSUED TO THE CITY COMMISSION 12

The Office of Independent Auditor General (OIAG) selected recommendations noted in prior reports published during the period of 2013 through 2017 fiscal years and requested that management of each respective department provide us with the current status of the implementation of recommendations. The current status was self-reported by management and we have not performed audit follow-up procedures to validate all of managements' representations. The full reports referenced throughout this report can be accessed on the OIAG website at http://egov2.miamigov.com/Office_of_Auditor_General/index.aspx. We will continue to monitor the progress of implementation of those recommendations that are in process and will selectively perform follow-up procedures.

Schedule I

Summary of the Implementation Status of Recommendations

Report No. 13-019			
Report Name Review of the Solid Waste Department's Administration, Monitoring, and Enforcement of Commercial Solid Waste Franchise			
Report Date: 9/30/2013			
Responsible	Finding #	Finding	Implementation Status
Solid Waste Department	1	INADEQUATE CONTROLS FOR MONITORING AND ENFORCING FINANCIAL ASPECTS OF THE FRANCHISE AGREEMENT	Partially Implemented
Report No. 14-001			
Report Name Audit of Parking Surcharge Program			
Report Date: 11/8/2013			
Responsible	Finding #	Finding	Implementation Status
Office of Management & Budget	7.1	<u>FINDING 7: PRIOR AUDIT (#09-006) FOLLOW-UP ISSUES REGARDING PARKING SURCHARGE COLLECTIONS HAVE NOT BEEN RESOLVED</u> DEPARTMENT OF OFF-STREET PARKING - PARKING SURCHARGE REVENUES GENERATED FROM PAY & DISPLAY MACHINES ARE NOT BEING ASSESSED, COLLECTED AND REMITTED TO THE CITY (\$1.1 MILLION)	Rejected
Office of Management & Budget	7.2	TWO MIAMI-DADE COUNTY AGENCIES ARE NOT REMITTING PARKING SURCHARGE REVENUES TO THE CITY (\$973,000)	Rejected
Report No. 14-019			
Report Name Review of the Bayfront Park Management Trust Use Agreement with Event Entertainment Group, Inc. (Ultra Music Festival)			
Report Date: 7/31/2014			
Responsible	Finding #	Finding	Implementation Status
Bayfront Park Management Trust	2	PROVISIONS OF THE AGREEMENT DO NOT INCLUDE A "RIGHT-TO-AUDIT" CLAUSE	Implemented
Bayfront Park Management Trust	3	TICKET SURCHARGE RATES SHOULD BE REEVALUATED	Implemented
Report No. 15-012			
Report Name Audit of Administrative Towing Fees			
Report Date: 11/8/2013			
Responsible	Finding #	Finding	Implementation Status
Miami Police Department	2.1	MONITOR TOW COMPANY OPERATIONS TO ENSURE THAT CUSTOMERS ARE NOT OVERCHARGED	Implemented
Miami Police Department	3.1	CONTROLS OVER TOWING ACTIVITY REPORTING FOR BILLING PURPOSES WERE INADEQUATE	Implemented

Report No.	16-08		
Report Name	Audit of Assessment and Collection of Impact Fees		
Report Date:	9/16/2016		
Responsible	Finding #	Finding	Implementation Status
Planning & Zoning Department	1.1	IMPACT FEES AND ADMINISTRATIVE FEES WERE NOT PROPERLY ASSESSED AND COLLECTED	Not Implemented
Planning & Zoning Department	2.1	IBUILD SYSTEM LIMITATIONS RESULTED IN INACCURATE TRACKING AND ASSESSMENTS OF IMPACT FEES AND ADMINISTRATIVE FEES RELATED TO AFFORDABLE HOUSING DEVELOPMENTS	Not Implemented
Planning & Zoning Department	3.1	LACK OF MONITORING AND BREACH OF AFFORDABLE HOUSING RESTRICTIVE COVENANTS RESULTED IN IMPACT FEES & INTEREST DUE	Partially Implemented
Planning & Zoning Department	5.1	LACK OF POLICIES & PROCEDURES, STAFF TRAINING, AND MONITORING OF THE ASSESSMENT AND COLLECTION OF IMPACT FEES	Partially Implemented
Office of the City Manager	6.1	ANNUAL AND TRIENNIAL REVIEWS WERE NOT CONDUCTED, AND REQUIRED REPORTS WERE NOT ISSUED TO THE CITY COMMISSION	Partially Implemented

Recommendations and Current Status of Action Plan

1) Report No. 13-019: Review of the Solid Waste Department's Administration, Monitoring, and Enforcement of Commercial Solid Waste Franchise Agreements with Private Haulers

FINDING 1: INADEQUATE CONTROLS FOR MONITORING AND ENFORCING FINANCIAL ASPECTS OF THE FRANCHISE AGREEMENT

RECOMMENDATION 1:

In order to maximize the City's collection of gross receipts franchise fees, permit per account fees, and temporary roll-off/container fees and minimize losses due to un-reported accounts or under-reported receipts, we recommend that the SWD implement a system of checks and balances to capture/verify all receipts from commercial solid waste services provided to customer accounts within the City.

Rather than allowing the haulers to bill and collect from City customers and subsequently remit the franchise fees to the City, consideration should be given to shifting control of the billing and collections to the City by either: 1) creating an in-house billings and collections department for all commercial accounts serviced by private haulers, or 2) outsourcing the billings and collections function to a third-party vendor. Under either scenario, the City would control the billings and collections for services rendered by the haulers and ensure that the proper amount of franchise fees would be paid to the City by withholding 24% of the collections received. The remaining amounts would then be credited to the haulers for services rendered.

A third alternative is to create a database of all commercial accounts in the City of Miami using tax or other available records to assign a unique folio or other identifying number to each customer account. These unique account numbers would then be used by the haulers as the customer number and included on customer invoices, remittance reports, and reports to the City. Additionally, monthly billings and collections information generated by the haulers would be uploaded to SWD's database and reconciled.

Lastly, we recommend that the SWD require certified annual audits of gross receipts for all haulers and create and implement an annual audit plan to monitor the haulers for compliance with all provisions of the Agreement including insurance, performance bond, and franchise fee requirements.

Current Status: Partially Implemented

1) Current Status of Action Plan:

- a) Not Implemented - Development of in-house billing or outsource billing to third party vendor: *The SWD Finance section currently services 11 haulers. The largest hauler, Waste Management has over 5,000 accounts. The SWD does not have the capability of providing either option mentioned above. In addition, SWD must access haulers' proprietary information which is not an easy task.*
- b) Implemented - Development of database for commercial accounts with unique customer numbers to be used by haulers for invoices, remittance reports, and reports to the City

and reconcile submitted reports with database: *The City Code 22-4 was updated to include penalties for violation of not having evidence of a contract for commercial Solid Waste services. The Miami City Commission amended § 22-4 to read as herein set out. Instead of cancelling a CU due to lack of evidence of a solid waste contract, Code Enforcement may now assess fines until the issue is corrected. Letters are being sent to the haulers to ensure that they comply with the submission of the Excel spreadsheet to include folio numbers for all businesses / accounts.*

The number of locations with CU and no solid waste contract will continue to decrease due to recent Code changes and more effective enforcement. In 2015 there were over 6,000 locations with CU but no solid waste contract. In 2016, the number was reduced to approximately 2,800 accounts and in 2018 to 387 accounts.

- c) Implemented - Develop and implement audit plan to monitor haulers with provisions of Agreement: *The City's Annual Audit Plan includes annual, quarterly and monthly activities that are designed to ensure that Franchisees; submit documents and payments timely, monthly reports and documents are reviewed and reconciled, discrepancies are resolved, and contractual requirements are adhered to.*
- d) Partially Implemented - Require certified annual audits of gross receipts for all haulers: *In the meeting held on August 23rd, 2018, Mr. Napoli and Ms. Bridgeman suggested that the Franchisees pay for external accountants/auditors to provide a forensic certified audit of the accounts reported and monies collected. This report is to be sent to the City on an annual basis.*

2) Additional Comments and Implemented Procedures – Solid Waste Department:

Based on folios for commercial addresses, there are over fifteen thousand five hundred (15,500) locations being serviced by Franchisees. Given the number of commercial addresses with more than forty thousand (40,000) businesses being serviced by Franchisees within the City of Miami, the SWD currently does the following to monitor and control Franchisee activity:

- a) *Monthly reports from Franchisees will continue to be reviewed thoroughly for content and mathematical accuracy.*
- b) *The Departments of Solid Waste, Zoning and the Office of Code Compliance are re-focusing their efforts on populating the database. At this point in time, the software has been designed by the Innovation & IT Department. Additionally, the database pertaining to the list of customers is being submitted monthly by the private waste haulers as stipulated in the new franchise agreement, in the format that the City requires.*
- c) *Refer to the previous response above (b) in regard to development of the database.*
- d) *It has always been the understanding of the SWD, that as the monitors of the Franchisee Contracts that we would explain any rules and regulations, facilitate ease of reporting, collect reported data; review and monitor that data for content and mathematical accuracy; improve reporting and collection activities where possible; insure that deadlines are met accordingly, and supply collected data to the OIAG to assist in the Audit process where applicable.*
- e) *The SWD decided that since the Franchisees had to have their vehicles inspected under stricter guidelines (State Inspectors) regularly, that SWD would only inspect vehicles reported to have malfunctions (leaking, cargo spillage, breaking noises, etc.) to ascertain their serviceable capabilities. The cost for said inspection to remain at \$500.00 per vehicle. The Permit per Account fee was changed to a Flat \$75.00 fee whenever a new account was opened. However, that change was seen to be oppressive by the*

Franchisees as they would have to pay the balance remaining after the customer paid the first \$38.00 of that fee. Therefore, the fee was returned to a sliding fee scale that reduced the cost of a new account depending on what month the account was opened in.

A 2% increase in the monthly franchise fee that equates to approximately \$500,000 in additional revenue was proposed and it was declined.

- f) The Audit Plan of the SWD has been to annually inform the Franchisees what is expected of them throughout the fiscal year, review their monthly document and monetary submissions for content and mathematical accuracy. SWD informs the Franchisee when they cease to be contract compliant, how to rectify that situation and to take the appropriate action when they remain out of compliance.*
- g) Annual meetings are held with the Franchisees as a group to inform them of what is expected of them in the coming fiscal year. Other group meetings are held throughout the year as necessary to discuss new concepts and/or requirements. Individual Franchisee meetings are held as necessary to discuss problems with reporting and/or payments and how to resolve them, training is also provided to Franchisee staff as to how to complete and submit regular reports and documents as needed.*

The Departments of Solid Waste conducted its annual meeting with the Waste hauler on September 24th, 2018. The matter pertaining to accuracy of form completion and submission; timeliness of reporting; and, expectations with audit procedures from the Office of the Independent Auditor General were properly addressed.

2) Report No. 14-001: Audit of Parking Surcharge Program

FINDING 7: PRIOR AUDIT (#09-006) FOLLOW-UP - ISSUES REGARDING PARKING SURCHARGE COLLECTIONS HAVE NOT BEEN RESOLVED

RECOMMENDATION 7: OFFICE OF MANAGEMENT & BUDGET

1. Department of Off-Street Parking - Parking Surcharge Revenues Generated from Pay & Display Machines are Not Being Assessed, Collected, and Remitted to the City (\$1.1 Million). (Audit #09-006 report page 18)

The former City Manager's response to the finding indicated that his "recommendation is that the parking surcharge not be collected from on-street parking. Alternatively, if the parking surcharge is to be collected from on-street parking, the City Commission would have to consider increasing parking fees for on-street parking in order to cover the costs that will result for the fees that will have to be paid to [the City's Parking Administrator]." However, we have not been provided with any evidence that this matter was discussed with the City Commission for their consideration.

Complete Consulting Services Group, LLC (CCSG) Response: "As of May 29, 2013, CCSG has not received any instruction from the City of Miami to collect Parking Surcharge from On-Street Parking."

2. Two Miami-Dade County Agencies are Not Remitting Parking Surcharge Revenues to the City (\$973,000). (Audit #09-006 report page 20)

Although, we recommended that the City Manager’s Office consult with the Office of the City Attorney and take the appropriate legal action, we have not been provided with any evidence that this has occurred.

CCSG Response: “Miami Dade County GSA and Transit have not made any parking surcharge payments since October 2004. CCSG as well as the prior Parking Administrator (TPN) have referred this matter to different departments of the City of Miami such as Finance, Legal, and the Office of the City Manager. As of May 29, 2013, CCSG continue to send correspondence, but has not received any payments from these two county agencies.”

We recommend that City Administration resolve these prior audit issues as both findings involve significant amounts of potential revenue to the City.

Current Status: Rejected

Neither recommendation has been implemented for reasons provided below.

1. *On April 20, 2009, the City Attorney did opine that the parking revenues derived from the use of pay and display machines are subject to parking surcharge. The Miami Parking Authority (“MPA”) currently oversees the collections of the Pay and Display Machines for the City’s on-street parking. Of the revenues collected, MPA deducts their fees, costs, and expenses, and then distributes the remaining funds to the City. The Shared Revenues for the last three fiscal years have been as follows: FY ’15- \$7.2M, FY ’16- \$7.2M, and FY ’17- \$7.6M. The budgeted contribution for FY’18 is \$7.2M.*
2. *On May 14, 2009, the City Commission amended Chapter 35 of the Code, Section 35-345, to include the following language: This article shall not apply to any Parking Facilities located in any airports, seaports, county administration building, or other projects defined under F.S. 125.011 and 125.015. (Ord. 13063) Therefore, the County Agencies should not be subject to parking surcharge.*

3) Report No. 14-019: Review of the Bayfront Park Management Trust Use Agreement with Event Entertainment Group, Inc. (Ultra Music Festival)

FINDING 2: PROVISIONS OF THE AGREEMENT DO NOT INCLUDE A “RIGHT-TO-AUDIT” CLAUSE

RECOMMENDATION 2: TRUST EXECUTIVE DIRECTOR

We recommend that the Trust include “Right-to-Audit” provisions in all future use agreements with EEG and all other event promoters in order to ensure that the Trust’s and the City’s interests are protected and that revenues are optimized. We also recommend that if information that is deemed to be fully confidential, proprietary and a trade secret is integral to completing audit procedures in accordance with Section 48 of the City Charter, or other legislation, that agreements should stipulate such information will be timely provided but will be excluded from our audit work papers as public records.

Current Status: Implemented

The standard Bayfront Park Management Trust use agreements has been updated to include language for the Independent Auditor General access to documents.

Additionally, while Bayfront Park Management Trust will not host the Event Entertainment Group, Inc. event (Ultra Music Festival) in 2019, the “Right-to-Audit” provision has been included in the new licensing agreement with the City.

FINDING 3: TICKET SURCHARGE RATES SHOULD BE REEVALUATED – FLAT 5% SURCHARGE ON TICKETS GREATER THAN \$40 WOULD GENERATE OVER \$637,000 IN ADDITIONAL REVENUE

RECOMMENDATION 3: CITY MANAGER

We recommend that the Department of Public Facilities, with the assistance of the City Attorney’s Office, explore the possibility of drafting/proposing an Ordinance to update Section 53 of the City Code: “Ticket surcharge on paid admissions to events.” Changing the City’s ticket surcharge rates/structure in order to facilitate an increase of ticket surcharge would generate revenue that could be used to fund additional security and necessary capital improvements at Bayfront Park.

Current Status: Implemented

Bayfront Park Management Trust updated their use agreements to reflect the 10/26/17 revised City Ordinance Sec. 53-1 – Ticket surcharge on paid admissions to events. The revised ordinance modified the ticket surcharge rates/structure in order to facilitate an increase of ticket surcharge to generate revenue.

4) **Report No. 15-012: Audit of Administrative Towing Fees**

FINDING 2: MONITOR TOW COMPANY OPERATIONS TO ENSURE THAT CUSTOMERS ARE NOT OVERCHARGED

RECOMMENDATION 2: MIAMI POLICE DEPARTMENT (MPD)

To ensure that customers are not overcharged, we recommend that the MPD conduct periodic (quarterly or semiannually) surprise reviews of towing company charges to customers. In addition, the MPD should enforce City Ordinance § 42-109 part (b) which requires towing companies to refund the vehicle owner three times the amount of the overcharge for excessive towing fees.

Current Status: Implemented

The City procured “AutoReturn” for the towing software. AutoReturn provided training and product demonstrations of the software from approximately February until April 2018. On April 10th, 2018, we started a pilot program and went live with Downtown Towing exclusively. After some minor software tweaks, the remainder of the 4 contracted towing companies went live on May 1st, 2018. After the implementation of the software, we have noticed a substantial decrease in billing related citizen complaints against the tow companies.

Towing fees are automatically generated by the software. Any forced manual changes to the fee structure will immediately generate a report sent to my office for review. We can then verify the legitimacy of any manual fee changes. Citizens now have the ability to search for their towed

vehicles online and provided with the required information related to their towed vehicle including fees owed in real time. We have the ability to monitor response times as well as having a GPS based location of the driver responding to a tow call. Pictures of the towed vehicle and officer generated tow slips are uploaded on the towing incident and can be reviewed by us at any time. Citizens also have the ability to file formal complaints online which are then immediately forwarded to my office for investigation. Officers are no longer required to contact CIS for a towed vehicle as the software provides this information electronically to CIS. The software also allows for a report for fees owed to the City “admin fees” which is being used by our Budget Unit. Vehicle “hold” issues is no longer a problem as the software automatically releases vehicles with hold orders after 5 days in order to comply with Florida State Statutes.

On December 18th, 2018, we began implementing booting companies into the software. After a brief pilot program, all licensed booting companies went live with the software on December 20th, 2018. The booting aspect of the software is similar to that of towing but tweaked specifically for booting in order to comply with the City’s booting ordinance.

FINDING 3: CONTROLS OVER TOWING ACTIVITY REPORTING FOR BILLING PURPOSES WERE INADEQUATE

RECOMMENDATION 3: MIAMI POLICE DEPARTMENT (MPD)

In order to provide accurate and reliable towing activity data for billing purposes, we recommend that MPD eliminate the practice of allowing tow companies to reconcile towing data. Instead, the review and verification of towing activity should be independently performed in-house by City employees. Accordingly, each tow company should be required to maintain sequentially numbered receipts and tow logs specifically for City of Miami tows. The tow logs, receipts and a written certification from the towing company owner attesting to the accuracy of the information, should be submitted monthly to the MPD for reconciliation with the CAD system data and preparation of monthly billings. Alternatively, we recommend that MPD explore the possibility of procuring state-of-the-art software which will not only facilitate the capture of accurate and reliable towing data, but also expedite and facilitate accurate and timely customer charges and administrative fee billings. This process should be documented and implemented as a departmental procedure.

Also, consideration should be given to implement a system that would enable the public to easily locate vehicles, and determine amounts owed for towing services. In this regard, we were informed by MPD personnel that software is available in which all tow company operators input towed vehicle information including vehicle identification numbers, license plate numbers and the location of vehicles. Once information is uploaded, customers can search for towed vehicles via a City supplied public search portal. Customers will then use vehicle identification numbers or license plate numbers to obtain information on their vehicles including:

- Location where vehicles are stored
- Amounts owed for the towing services provided. Please note that the system should have the correct rates preprogrammed to ensure that tow company operators do not exceed maximum rates allowable by City Code.

To ensure that all tows are reported to police, signs at tow away sites should include a police department phone number and the web address to a centralized database where customers can obtain all information needed to recover his/her towed vehicle.

Current Status: Implemented
See Response to Recommendation 2 (page 8)

5) Report No. 16-08: Audit of Assessment and Collection of Impact Fees

FINDING 1: IMPACT FEES AND ADMINISTRATIVE FEES WERE NOT PROPERLY ASSESSED AND COLLECTED

RECOMMENDATION 1: PLANNING & ZONING DEPARTMENT

For each of the seven (7) properties where we determined that information from the building plans (e.g. property type, proposed use, number of units, square footage) was not properly input in iBuild, and which resulted in additional impact fees and administrative fees due to the City (\$215,436), we recommend that PZD (1.) correct the information in iBuild in order to assess the additional impact fees and administrative fees, and (2.) work with the Finance Department to pursue collections and refund.

Current Status: Not Implemented

Initially, PZD worked in conjunction with the Auditor to determine the source of the errors. PZD met with Building to discuss the process for adjustments and to flag any open projects. Staff that was actively involved with this matter are no longer with the City. As of today's, date, the departments of Planning and Zoning have a meeting scheduled with the Finance Director on November 20th to address the collection of fees. Additionally, we are following up with Building to address the possibility of adjustments to building permits that have been finalized.

The zoning department will work with Building and Finance to address these issues. There may be limitations within iBuild to change the values after permits have been issued.

FINDING 2: IBUILD SYSTEM LIMITATIONS RESULTED IN INACCURATE TRACKING AND ASSESSMENTS OF IMPACT FEES AND ADMINISTRATIVE FEES RELATED TO AFFORDABLE HOUSING DEVELOPMENTS

RECOMMENDATION 2: PLANNING & ZONING DEPARTMENT

For each of the affordable housing developments where we determined that additional impact fees and administrative fees are due to the City (total of \$45,885), we recommend that PZD (1.) correct the information in iBuild in order to assess the additional impact fees and administrative fees, and (2.) work with the Finance Department to pursue collection from customers.

Current Status: Not Implemented

Initially, PZD worked in conjunction with the Auditor to determine the source of the errors. PZD met with Building to discuss the process for adjustments and to flag any open projects. Staff that was actively involved with this matter are no longer with the City. As of today's, date, the departments of Planning and Zoning have a meeting scheduled with the Finance Director on November 20th to address the collection of fees. Additionally, we are following up with Building to address the possibility of adjustments to building permits that have been finalized.

The zoning department will work with Building and Finance to address these issues. There may be limitations within iBuild to change the values after permits have been issued.

FINDING 3: LACK OF MONITORING AND BREACH OF AFFORDABLE HOUSING RESTRICTIVE COVENANTS RESULTED IN IMPACT FEES & INTEREST DUE

RECOMMENDATION 3: PLANNING & ZONING DEPARTMENT

For the three (3) single family homes which we found were sold for a non-affordable purchase price, in violation of the “Declaration of Restrictive Covenants”, we recommend that PZD initiate action with the Office of the City Attorney and Finance Department to collect the \$35,552 that is due to the City for impact fees that were previously deferred (\$24,297) and late payment interest (\$11,255) due to-date.

Current Status: Partially Implemented

The Zoning department is currently working with various City departments to implement a system city-wide to monitor covenants. However, they have not communicated with the Finance department regarding collections.

There is currently an Affordable Housing Steering Committee that is addressing issues related to affordable housing, collection of deferred impact fees, and enforcement of affordability. Nonetheless, an LSR is being drafted for delivery to legal on 11/9/18 to address the specific examples in Exhibits 5 and 6 of the audit.

FINDING 5: LACK OF POLICIES & PROCEDURES, STAFF TRAINING, AND MONITORING OF THE ASSESSMENT AND COLLECTION OF IMPACT FEES

RECOMMENDATION 5: PLANNING & ZONING DEPARTMENT

In order to facilitate greater efficiency, accuracy, and uniformity in the process of reviewing building plans, assessing, and collecting impact fees, and also to ensure continuity in the event of staff turnover, we recommend that: (1) PZD develop a complete policies and procedures manual including the process for assessing and collecting impact fees, use of the iBuild system in the impact fee process, staff responsibilities, etc., (2) all employees involved in the processing of impact fees receive a copy of the P&P manual (and sign for its receipt), and (3) training be periodically provided so that all staff are able to accurately process building permit applications and plans revisions to ensure the appropriate impact fee assessments and collections.

Current Status: Partially Implemented

The zoning department has developed SOP's for processing impact fees. However, staff training is pending.

The Office of Zoning will be addressing impact fee reviews with staff at our Annual Zoning retreat scheduled for 11/16/18. It is recommended that administrative fees collected are used to fund an Impact Fee Coordinator (Liaison between Zoning and all other departments that work with impact fees such as Planning, Budget, OCI, Building, Finance, Community Development, Police, Fire and Parks. This individual would also track the collection of fees and project future revenues

as well as trends in capacity. Government agencies throughout the State with smaller populations and less than a third of the development and density have dedicated positions for impact fee management to ensure compliance with State and Local regulations.) An additional internal control measure that may be implemented would be a Quality Assurance Examiner to ensure that proper uses and fees are applied.

FINDING 6: ANNUAL AND TRIENNIAL REVIEWS WERE NOT CONDUCTED, AND REQUIRED REPORTS WERE NOT ISSUED TO THE CITY COMMISSION

RECOMMENDATION 6: OFFICE OF THE CITY MANAGER

We recommend that the City Manager develop a plan, including designating the appropriate staff/Department(s), for ensuring the annual and triennial reviews are performed as required by Sections 13-13 (f) and (g) of the City Code. Since the City is past due on completion of the annual/triennial reviews, and budgeted monies are available, we recommend that said reviews be immediately performed.

Moving forward, on an ongoing basis, we recommend that the appropriate monies be budgeted to facilitate completion of the annual/triennial reviews. Lastly, we recommend that the designated staff/Department(s) monitor the process and ensure the required reports are timely issued and presented to the City Manager and City Commission so any necessary changes to the impact fee ordinance (including fee rates) are considered and implemented.

Current Status: Partially Implemented

The City has retained the services of Expert Consultant, Mr. Carson Bise, to complete the triennial impact fee review. Meetings for information gathering will commence in mid to late November 2018.

Impact fees were originally managed by the Capital Improvements Department (OCI), this practice was suspended in 2012 when the director at the time left the City. However, an impact fee study had been initiated prior to his departure. This resulted in a draft. In 2016, the audit findings were issued and PZD was designated as the lead department since they were instrumental in assisting the auditor with technical information regarding this matter. It has taken over a year to retain a consultant because PZD was unable to obtain a successful bid from authorized vendors under the Financial and Performance Audits contract. As a result, the Planning Department entered into an Expert Consultant agreement budgeted from the City's Non-Department Account (NDA) and remaining funds in a capital project