



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember Raul Peralez

SUBJECT: Code Enforcement
Management Controls
Audit Report

DATE: October 1, 2021

Approved by:

Date: 10/01/21

RECOMMENDATION

Accept the Code Enforcement Management Controls Audit and direct the City Manager to return back to the Public Safety, Finance and Strategic Services (PSFSS) committee by November with a work plan to complete audit recommendation #3 per the administration response and any incomplete items from the 2017-2019 Personal Care Business Compliance Initiative.

DISCUSSION

Thank you to the City Auditor and his team for their work on the Code Enforcement Management Controls Audit as well as the City Administration's overall cooperation. Among the many findings, it was troubling to learn that based on Finding #2, the Personal Care Business Compliance Initiative ("initiative") that I had proposed and was prioritized by the City Council in 2017 may have been prematurely marked as completed in 2019. A key element of the initiative that was never complete was the creation of an up-to-date registry to track permits and fees and evenly monitor compliance. Per the Auditor's report, the lack of this registry has fiscal implications since while the city should be accruing in massage parlor permit fees \$500,000 initially with \$280,000 ongoing annual, "the program's actual revenues in permit fees over the last three fiscal years totaled less than \$155,000". I do appreciate the administration's response concurring with the City Auditor's recommendation #3 to create a registry and their willingness to complete the work that was originally set forth by the initiative.

A report back to the PSFSS committee on how this work will be completed will ensure accountability, oversight and resolution to meet the target completion date of First/Second Quarter 2022 as suggested by staff's audit response.