

**NEIGHBORHOOD & COMMUNITY AFFAIRS
NEIGHBORHOOD ENHANCEMENT
RENTAL CERTIFICATES
AUDIT 20-02
JUNE 8, 2020**



CITY OF TAMPA

Jane Castor, Mayor

Internal Audit Department

Christine Glover, Internal Audit Director

June 8, 2020

Honorable Jane Castor
Mayor, City of Tampa
1 City Hall Plaza
Tampa, Florida

RE: Rental Certificates, Audit 20-02

Dear Mayor Castor:

Attached is the Internal Audit Department's report on Rental Certificates.

We thank the management and staff of Neighborhood Enhancement Division for their cooperation and assistance during this audit.

Sincerely,

/s/ Christine Glover

Christine Glover
Internal Audit Director

cc: John Bennett, Chief of Staff
Ocea Wynn, Administrator of Neighborhood and Community Affairs
Dennis Rogero, Chief Financial Officer
Keith O'Connor, Manager of Neighborhood Enhancement

**NEIGHBORHOOD & COMMUNITY AFFAIRS
NEIGHBORHOOD ENHANCEMENT
RENTAL CERTIFICATES
AUDIT 20-02
JUNE 8, 2020**

/s/ Stephen Mhere

Auditor

/s/ Christine Glover

Audit Director

**NEIGHBORHOOD & COMMUNITY AFFAIRS
NEIGHBORHOOD ENHANCEMENT
RENTAL CERTIFICATES
AUDIT 20-02**

BACKGROUND

The Rental Certificate (RC) program was created by the Tampa Municipal Code Section 19-105 with the express purpose to ensure that residential rental units comply with the City's minimum housing standards. Minimum housing standards are set forth in ordinance Section 19-231. The City of Tampa (COT)'s Neighborhood Enhancement Division (NE) administers the program.

According to NE, employees spending some of their time on RC program tasks include seven office support specialists, three customer service representatives, one accounting technician, and one administrative assistant. One of the office support specialists is dedicated to the RC program while the rest of the noted employees spend 25 percent or less on it. The administrative assistant is in charge of the RC program and reports to the NE manager.

Neighborhood Enhancement does not receive a separate budget appropriation to fund RC program activities. In addition, the program does not generate its own revenue because, according to ordinance Section 19-111, no fees are to be assessed for rental certificate inspections. Costs associated with the RC program are not insignificant: NE estimates about \$186,196 in salary expenses for FY 2019. Rental property owners are required to renew their certificates every September,¹ and the department sends renewal reminders in the mail to them, incurring an expense for postage. NE maintains a computer at its headquarters that prospective RC applicants with no easy access to a computer can use to submit their applications or renewals. That computer constitutes an additional cost to the department.

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY 2020 Audit Agenda. Its objectives were to determine if:

- 1) NE's internal controls provide reasonable assurance that residential rental units meet the RC program requirement to comply with minimum housing standards.
- 2) The RC program complies with Florida statute F.S. 509.103.
- 3) NE leverages data at its disposal to maximize the number of residential rental units that register with the RC registry.

STATEMENT OF SCOPE

The audit covered rental certificate activities from FY 2019 and FY 2020 through January 2020. A brief review of activities undertaken in prior years (2017 and 2018) was done for the program's historical context. Mobile homes/trailers were excluded from the audit because they have a unique set of laws applicable specifically to them that do not apply to other residential rental property types.

¹ Processing of new RC applications occurs all year round.

STATEMENT OF METHODOLOGY

Our methodology involved desk reviews of documentation, including policies, procedures, and program forms. We reviewed relevant sections of the Tampa Municipal Code as well as the Florida state statute.

We assessed the effectiveness of system controls by performing a limited test of the citizen web portal that residential rental property owners use when applying for rental certificates. This also gave us a perspective of the interaction of applicants with the system.

We met with management to assess their perspective of fraud, the program's technical challenges, and the role of NE's code enforcement officers in advancing RC program objectives. We worked with RC program staff to review workflow processes and procedures. We examined the roles of COT's Planning Division as well as the Department of Technology and Innovation (T&I). We also met with T&I staff to discuss technology utilization and system reports. We explored with Business Tax Division the potential to leverage its data as well as utility accounts information in the RC program. We consulted with the City Attorney's Office regarding the impact of Florida Statute F.S. 509.013 on rental certificates and the constitutionality of rental inspections.

We also surveyed other jurisdictions (15 cities and 1 county) to try to identify any rental certificate best practice standards we could use for comparative purposes.

STATEMENT OF AUDITING STANDARDS

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.

AUDIT CONCLUSIONS

Based upon our audit analyses, our conclusions are as follows:

- 1) NE's internal controls provide reasonable assurance that residential rental units meet the RC program requirement to comply with minimum housing standards.
- 2) The RC program complies with Florida statute F.S. 509.103.
- 3) NE leverages data at its disposal to maximize the number of residential rental units that register with the RC registry.