



MEMORANDUM

City of Fort Smith
Internal Audit

TO: Carl Geffken, City Administrator

FROM: Tracey Shockley

DATE: February 22, 2022

SUBJECT: Demolition and Clean-up Audit - Adjustments

Neighborhood Services Division inspects properties for overgrowth of grass and weeds, trash, debris, graffiti, abandoned vehicles and other items affecting the appearance of property and neighborhoods to ensure safe conditions.

When property owners fail to maintain their property according to City municipal code requirements the City may hire contractors to clean up the property at the owner's expense. In certain situations, structures on the property may pose a threat to the public's health, safety, and welfare. To be considered unsafe a structure generally has foundation failure, has suffered fire damage, and/or it is not considered structurally sound. Neighborhood Services enforces the City code by requiring property owners to make the needed repairs to the unsafe property. If the structure cannot be repaired it must be demolished to ensure citizen safety. Neighborhood Services makes every effort to ensure the responsibility of the repair or demolition is undertaken by the property owner, but if the property owner refuses to take action the City is required to hire a demolition contractor at the owner's expense.

The City Administrator allows for an adjustment on the property owners account, a complete list of properties with outstanding amounts, adjustments already allowed, and the amounts already paid on the account should be provided to the City Administrator. This information is pertinent for the City Administrator to fully assess an allowable adjustment based upon all properties currently held by the property owner. The City Administrator explained he did not generally allow adjustments above 25% of the land's assessed value as a guide. He also stated that he reviews the age of the liens, the previous land owners, and who is purchasing the land, which he includes as some of the factors in his decision for any allowable adjustments. Any adjustments allowed outside of this guideline should be created and retained. Additionally, any adjustments allowed outside of the administrative fees for property clean-up should also be documented and retained. All approvals by the City Administrator should be attached in the Munis system as support. The City Administrator also explained that at the City Clerks discretion, a 10% adjustment is allowed when a property owner has a reasonable circumstance for not being able to pay the full amount. Additionally, a policy identifying the guidelines and requirements should be written and implemented.

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Note: IA provided the draft demolition and clean-up Adjustment Audit report to the City Administrator to ensure the understanding of the process for adjustments were correctly captured in the report and the recommendation were appropriate for those areas. However, after multiple email attempts, IA has not received a response and is finalizing the report based upon the understanding of the process written above.