

**Performance Audit:
Tree Trust Fund**

October 2020

**City Auditor's Office
City of Atlanta**

File #20.05



CITY OF ATLANTA

City Auditor's Office
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October 2020

Performance Audit:

Why We Did This Audit

We undertook this audit to assist City Council in evaluating revisions to the Tree Protection Ordinance. We reviewed financial records and interviewed City Planning and Parks and Recreation staff to determine what controls are in place to ensure that the city is collecting tree removal fees and spending as defined in city code between fiscal year 2009 through 2019.

What We Recommend

In order to improve financial oversight of the Tree Trust Fund, the commissioner of City Planning should:

- establish budgetary controls to prevent overspending
- document allowable expenses
- use specific general ledger account ranges in the new Tree Protection Ordinance
- develop a quarterly budget analysis to assist in tracking expenditures and work with Finance for guidance in following expense categories in Oracle
- consult with Law to strengthen fee and fine collection procedures
- delineate revenue accounts in Tree Protection Ordinance revisions and work with Finance to reconcile Accela and Oracle revenue accounts
- provide required quarterly reports in the designated format to the Tree Conservation Commission
- modify Accela data entry capabilities to ensure accurate reporting
- assess whether adding enforcement resources to the Arborist Division is warranted

For more information regarding this report, please use the "contact" link on our website at www.atlaudit.org

Tree Trust Fund

What We Found

City Planning is responsible for management of the Tree Trust Fund. The department overspent almost \$2.5 million on salaries, benefits, and operational expenses from the fund between fiscal year 2009 and fiscal year 2019. The Tree Protection Ordinance, which outlines allowable expenditures, states that City Planning is authorized to spend \$170,000 on salaries and benefits each fiscal year. Overspending on salaries and benefits for City Planning employees totaled \$2.2 million from fiscal year 2009 to fiscal year 2019. Legislation also authorized additional spending from the Tree Trust Fund due to City Planning's budget shortfall in fiscal years 2009 through 2011. The Tree Protection Ordinance also authorizes \$50,000 each year for operational expenses. City Planning exceeded allowable operational expenses by about \$239,000 from fiscal year 2009 to fiscal year 2019. City Planning lacks budgetary controls to prevent overspending, which reduces funds available to mitigate tree loss.

City Planning also lacks controls to ensure that all revenues due to the Tree Trust Fund are collected. The department tracks fines and fees in Accela, and city arborists place holds on accounts with unpaid balances, which stalls the permitting process. However, the department lacks procedures for collecting unpaid fines and fees due to the illegal destruction of trees because these trees are not associated with a permit.

Improving financial oversight and available data could result in a more accurate estimate of revenues and strengthen the city's ability to mitigate tree loss. City Planning is unable to reconcile the systems used to manage the Tree Trust Fund, Accela and Oracle. Manual adjustments by city arborists may affect the accuracy of Accela reports. Moreover, Accela revenue account strings are manually input into Oracle as a lump sum, but the revenue amounts do not match.

Finally, based on tree loss estimates from the tree canopy study, trees may have been illegally removed without the department's knowledge. Continuing to promote complaint-based enforcement and increasing resources dedicated to enforcement could mitigate tree canopy loss.

Management Responses to Audit Recommendations

Summary of Management Responses

Recommendation #1: We recommend that the commissioner of City Planning comply with Tree Protection Ordinance spending limits and work with Finance to establish budgetary controls to prevent overspending.

Response & Proposed Action: DCP (Department of City Planning) has already begun working with Finance to ensure budgetary controls are intact and kept. DCP has worked with Finance to ensure both the DCP and DPR (Department of Parks and Recreation) FY20 expenses are in line with the current Tree Protection Ordinance. As of July 1, 2020, Finance has implemented strict system controls for Trust accounts. Finance has agreed to the following: 1) make no adjustments to DCP's budget or actuals without DCP's approval; 2) route all adjustment requests from DPR for DCP's approval prior to processing; and 3) route DPR legislation affecting the Tree Trust for DCP's approval prior to Council presentation in Committee. DCP will work to ensure the Tree Protection Ordinance is updated to reflect more realistic spending limits under both personnel and non-personnel categories for DCP and DPR.

Agree

Timeframe: July 2020

Recommendation #2: We recommend that the commissioner of City Planning document allowable expenses.

Response & Proposed Action: DCP will work to ensure the Tree Protection Ordinance is updated to reflect a comprehensive listing of allowable expenses. DCP will ensure the annual appropriations are aligned with the allowable expense categories outlined in the updated Ordinance.

Agree

Timeframe: June 2020

Recommendation #3: We recommend that the commissioner of City Planning use specific general ledger account ranges in the new Tree Protection Ordinance to document allowable expenses charged to the Tree Trust Fund.

Response & Proposed Action: DCP will work to ensure the Tree Protection Ordinance is updated to reflect a reasonable range of accounts for allowable expenses. DCP review all expense requests to ensure the correct, allowable expense account is used. DCP will monitor the budget monthly to ensure all expenses incurred are aligned with the allowable expense categories outlined in the updated Ordinance.

Agree

Timeframe: January 2021

Recommendation #4: We recommend that the commissioner of City Planning develop a quarterly budget analysis to assist in tracking expenditures and work with Finance for guidance with following expense categories in Oracle.

Response & Proposed

Agree

Action: DCP will ensure the annual budget is established in accordance with the updated Tree Ordinance. DCP will also monitor the budgets monthly to ensure expenses incurred are aligned with the allowable expense categories outlined in the updated Ordinance as well as work with Finance, General Accounting to develop a trust fund specific quarterly report.

Timeframe: January 2021

Recommendation #5: We recommend that the commissioner of City Planning consult with Law to strengthen fee and fine collection procedures, including the possibility of placing liens on properties with unpaid balances.

Response & Proposed

Agree

Action: DCP will work with the Law Department to strengthen the enforcement and collecting of fees and fines. Additionally, the DCP will partner with the Department of Finance to acquire collection agencies to retrieve monies past due and/or place liens on properties delinquent with fines.

Timeframe: January 2021

Recommendation #6: We recommend that the commissioner of City Planning delineate revenue accounts in Tree Protection Ordinance revisions and work with Finance to reconcile Accela and Oracle revenue accounts.

Response & Proposed

Agree

Action: DCP has already identified areas of improvement for reporting and fund reconciliation in the Accela system. We are working with our system administration to implement these improvements.

Timeframe: January 2021

Recommendation #7: We recommend that the commissioner of City Planning modify Accela data entry capabilities to ensure the Accela reporting is accurate.

Response & Proposed

Agree

Action: DCP has already identified areas of improvement for reporting and fund reconciliation in the Accela system. We are working with our system administration to implement these improvements.

Timeframe: January 2021

Recommendation #8: We recommend that the commissioner of City Planning provide required quarterly reports in the designated format to the Tree Conservation Commission.

Response & Proposed Action: Quarterly reports have been published since Q1 of FY20, and will continue to be published as required by the Tree Protection Ordinance. Reports are posted on the DCP's webpage. Yearly reports have been published for years FY14 – FY19. **Partially Agree**

Timeframe: October 2019

Recommendation #9: We recommend that the commissioner of City Planning continue to educate the public to encourage complaint-based enforcement and assess whether adding enforcement resources to the Arborist Division is warranted.

Response & Proposed Action: Educating the public about the Tree Protection Ordinance is ongoing and includes different formats, Arborist Division webpage, calendars, water bill inserts, native tree posters, etc. and target audiences. The next Tree Protection Ordinance, adopted within the next year, will be an opportunity to educate the public about tree protection including submitting complaints. Assessment of enforcement resources in the Arborist Division is considered in the next Tree Protection Ordinance, and gaps in resources needed to enforcement the next TPO will be presented to City Council along with the draft TPO. **Agree**

Timeframe: Ongoing



CITY OF ATLANTA

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AUDIT COMMITTEE
Marion Cameron, CPA, Chair
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October 5, 2020

Honorable Mayor and Members of the City Council:

The purpose of this report is to communicate the results of the Tree Trust Fund audit. We undertook this audit at City Council's request. The scope of the audit is from fiscal year 2009 to fiscal year 2019.

We found that City Planning exceeded allowable administrative expenses, including operational costs and salaries and benefits, and it failed to collect over \$2 million in fees and fines associated with illegal cutting. We also found that, due to illegal cutting and City Planning's inability to reconcile revenue accounts, additional revenues due to the Tree Trust Fund are unknown but likely. We recommend that the commissioner of City Planning: strengthen controls related to overspending, expand collection procedures for illegal cutting, delineate revenue and expense account strings, and improve Accela data entry capabilities.

The Audit Committee has reviewed this report and is releasing it in accordance with Article 2, Chapter 6 of the City Charter. Public release was delayed by Executive Order 2020-27, which postponed meetings of city boards while city facilities are closed during the pandemic response. We sent the draft report to management July 27, 2020, and received the final response August 31, 2020. The response is appended. We appreciate the courtesy and cooperation of city staff throughout the audit. The team for this project was Imani Adams, Rebecca Robinson, and Randi Hadeen.

Amanda Noble
City Auditor

Marion Cameron
Chair, Audit Committee

Tree Trust Fund

Table of Contents

| | |
|---|----|
| Introduction | 1 |
| Background | 1 |
| Multiple Entities Are Responsible for Protecting Atlanta’s Trees | 1 |
| City Planning Is Responsible for Financial Management of the Tree Trust Fund..... | 6 |
| Tree Trust Fund Includes Tree Protection and Education Outreach Accounts | 6 |
| Tree Trust Fund Expenses and Revenues Are Tracked in Oracle and Accela | 7 |
| The Tree Trust Fund Received \$22 Million Over the Last 11 Years | 7 |
| Audit Objectives | 10 |
| Scope and Methodology | 10 |
| Findings and Analysis | 13 |
| Overspending and Uncollected Revenue Limits City’s Ability to Mitigate Tree Canopy Loss | 13 |
| City Planning Exceeded Administrative Expenses By Almost \$2.5 Million Over 11 Fiscal | |
| Years | 14 |
| Enforcement Limitations Resulted in Over \$2 Million In Unpaid Fees and Fines..... | 19 |
| Additional Revenues Due to the City Are Unknown | 19 |
| Tree Canopy Loss Suggests Illegal Destruction Without City’s Knowledge..... | 21 |
| Recommendations | 23 |
| Appendices | 25 |
| Appendix A: Management Review and Response to Audit Recommendations | 27 |
| Appendix B: Management Response Memorandum | 30 |

List of Exhibits

| | |
|--|----|
| Exhibit 1: Multiple Entities Administer the Tree Protection Ordinance | 2 |
| Exhibit 2: The Office of Buildings’ Arborists Division Handles Plan Review | 4 |
| Exhibit 3: Applications to Remove Dead, Dying, or Hazardous Trees Follow A Shorter Process | 5 |
| Exhibit 4: Fines and Fees Can Be Assessed for Illegal Tree Removal..... | 6 |
| Exhibit 5: Tree Trust Fund Collects Many Revenue Types | 8 |
| Exhibit 6: Fines and Fees Are Assessed Using the Recompense Formula | 8 |
| Exhibit 7: Expenses Exceeded Revenue in 3 of the Last Eleven Fiscal Years | 9 |
| Exhibit 8: Tree Trust Fund Expenses Over 11-Year Period Were Primarily for Salaries, Benefits, | |
| and Professional Services | 10 |

| | |
|--|----|
| Exhibit 9: Planning Overspent on Salaries and Benefits Charged to the Tree Trust Fund in Over Half of Fiscal Years from 2009 to 2019 | 15 |
| Exhibit 10: Parks and Recreation Underspent on Salaries and Benefits Charged to the Tree Trust Fund from Fiscal Year 2009 to 2019 | 16 |
| Exhibit 11: Operational Expenses Charged the Tree Trust Fund Exceeded the Total Allowable Amount from FY 2009- 2019 | 17 |

Introduction

City Council requested an audit of the Tree Trust Fund to provide information to assist in evaluating proposed Tree Protection Ordinance revisions. The departments of City Planning and Parks and Recreation are authorized to use the Tree Trust Fund to perform their duties to protect trees within the city. Community stakeholders have expressed concern that the city is not complying with spending authority defined in the Tree Protection Ordinance. We assessed whether controls were in place to ensure that the city collected tree removal fees and approved expenditures between fiscal year 2009 through 2019 as defined in city code.

Background

Atlanta is known as the “city in the forest” because its tree canopy covers 47% of the city. The tree canopy is defined as the layer of leaves, branches, and stems that cover the ground when viewed aerially. In 2001, City Council passed an ordinance to update the 1995 version of the city’s existing Tree Protection Ordinance to prevent the net loss of trees within city boundaries, which means that the number of trees removed or destroyed, should not exceed the number of trees replaced. Legislation also allowed citizens and developers to pay into the Tree Trust Fund when removing trees from their properties and tree replacement was not feasible. These payments, called recompense, would be used to plant and maintain trees within the city.

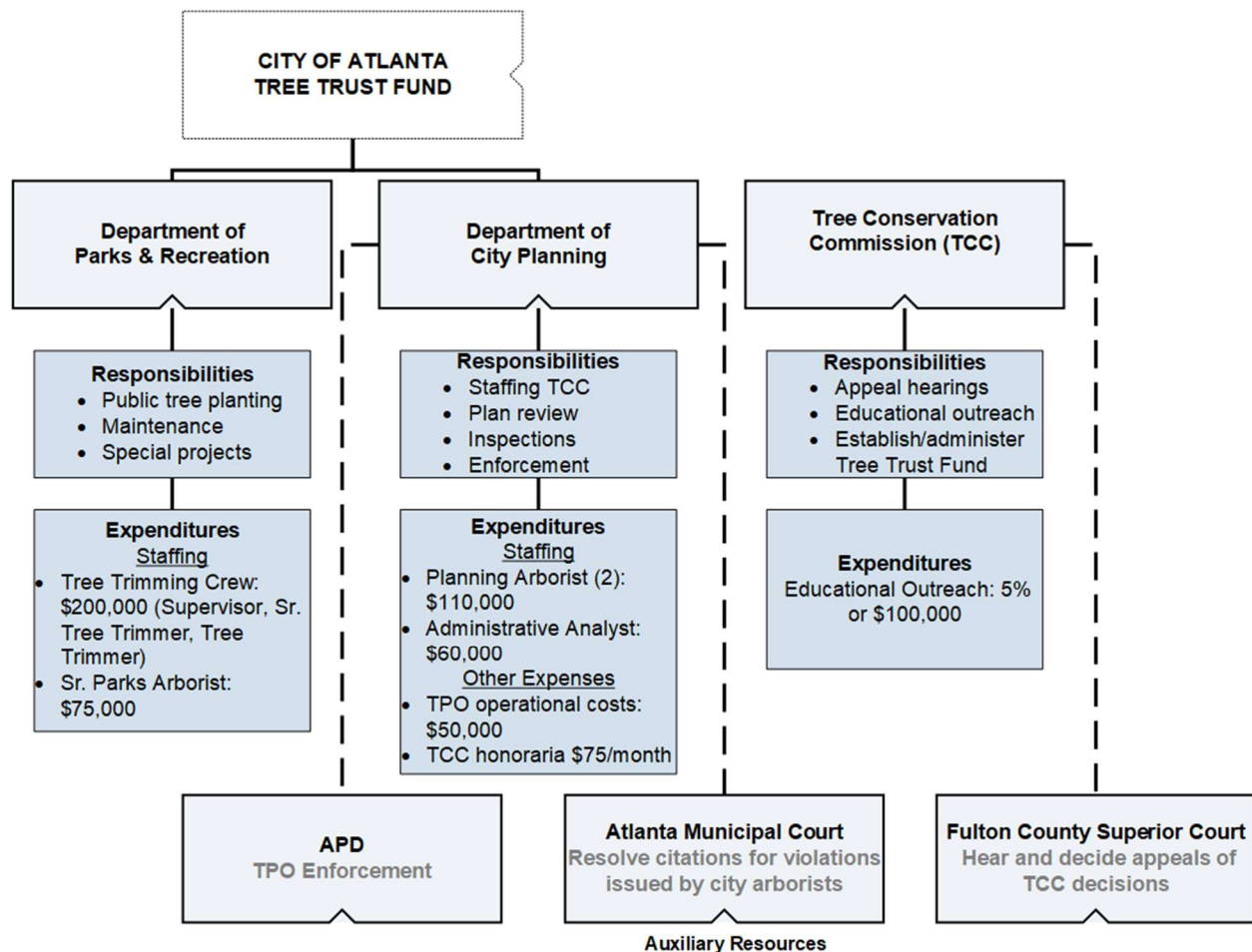
Multiple Entities Are Responsible for Protecting Atlanta’s Trees

The Tree Protection Ordinance, in Chapter 158 of city code, designates the Department of City Planning, Parks and Recreation, the Tree Conservation Commission, the Atlanta Police Department, the Superior Court of Fulton County, and the Atlanta Municipal Court as responsible for the protection of city trees (see Exhibit 1). Their responsibilities include:

- **City Planning:** enforcing the Tree Protection Ordinance and staffing the Tree Conservation Commission
- **Parks and Recreation:** planting and maintaining trees, enforcing the Tree Protection Ordinance, and managing contracted forestry projects

- **Tree Conservation Commission:** establishing and administering the Tree Trust Fund, hearing appeals related to city arborist decisions on tree protection plans and fees and fines
- **Atlanta Police Department:** responding to complaints of illegal tree destruction
- **Superior Court of Fulton County:** hearing appeals related to Tree Conservation Commission decisions
- **Atlanta Municipal Court:** hearing appeals related to illegal tree destruction citations

Exhibit 1: Multiple Entities Administer the Tree Protection Ordinance



Source: Developed by auditors based on the Tree Protection Ordinance, Chapter 158 of city code.

The Tree Conservation Commission is a 15-member group of people with specialized knowledge of forestry, construction, and other fields, who are appointed by city council and the mayor. The commission's duties include: hearing and deciding appeals of administrative decisions, establishing educational and other programs to encourage proper management of trees on private property, and approving arboricultural specifications and standard practices of the city arborist and forester.

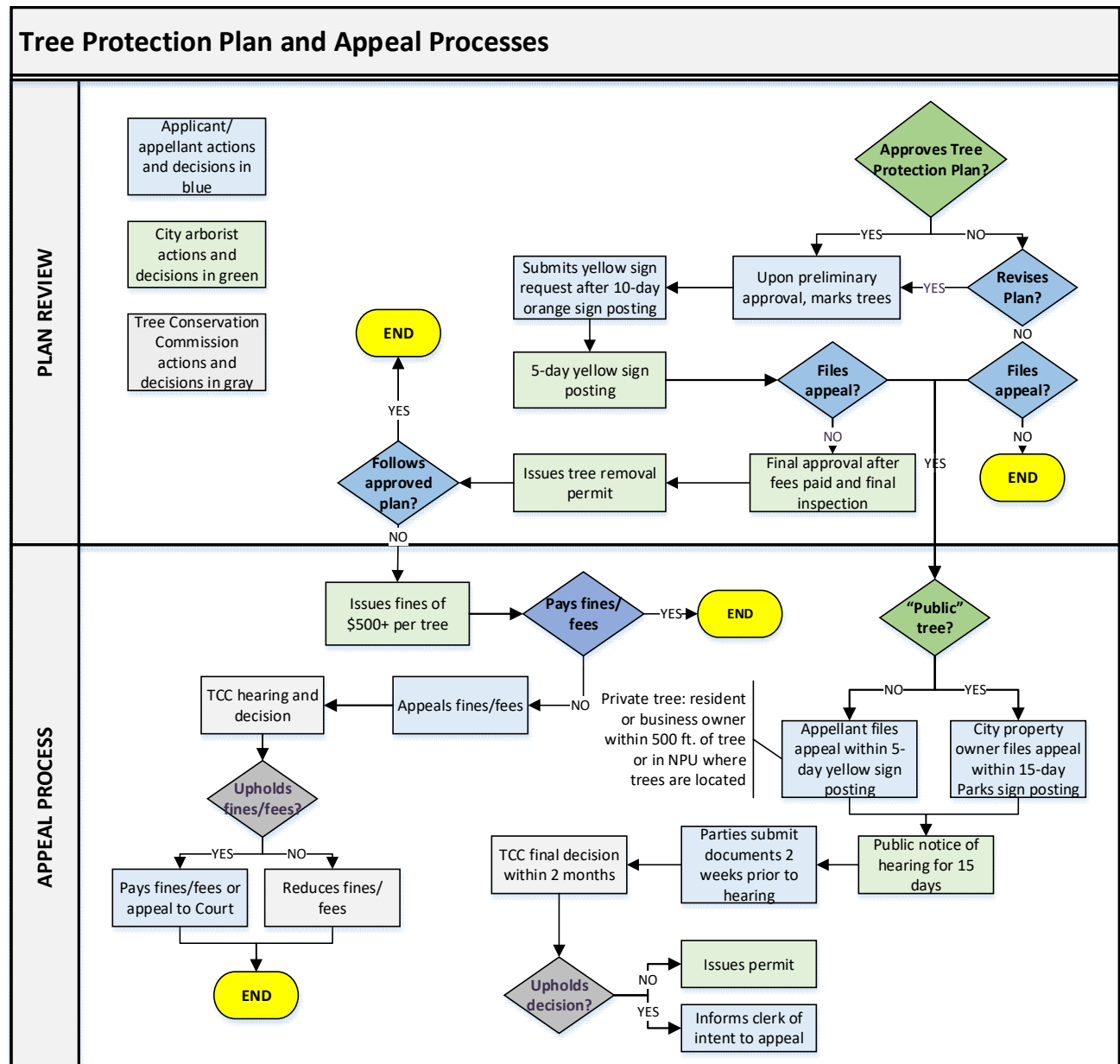
In the Department of City Planning, the Arborist Division within the Office of Buildings, enforces the Tree Protection Ordinance, which includes issuing citations for violating the ordinance, reviewing construction plans, and conducting site inspections. According to Section 158-101(a) of the city code, a permit is required to remove any tree greater than six inches diameter at breast height on private property in the City of Atlanta. Types of tree removal permits include construction, demolition, renovation, landscaping, which all require plan review, and dead, dying, and hazardous trees. When a tree will be impacted due to construction, the tree removal permit is tied to the larger building permit, but tree removal permits for landscaping and for dead, dying, and hazardous trees are standalone permits.

Exhibit 2 illustrates the permit process associated with plan review and infrastructure permits. Section 158-104(a) of city code states that improvements to parcels, such as homes and other structures, shall be located on the site to protect trees. If no trees will be impacted in any way during construction, the applicant may submit a Tree Impact Statement, which is a statement that certifies that no trees will be impacted. If more than 20% of a tree's critical root zone will be impacted during construction, the applicant must submit a Tree Protection Plan. The critical root zone is a one-foot radius around the tree for every inch of tree at diameter at breast height.

The applicant submits drawings to the Office of Buildings which identify the trees that are planned for removal, along with a Tree Protection/Removal Plan. Within three days of receiving the drawings and plan, the city arborist posts an orange sign on the property for ten calendar days, which is identified as the notice of plan submittal period. During the ten-day period, a city arborist reviews the plan and either approves it or requests that the applicant make revisions to the proposed site plans. If the arborist preliminarily approves the plan, the arborist notifies the applicant and requests that the applicant physically mark the trees they plan to remove with an orange "X" and apply for yellow tree removal signage. The arborist will replace the orange sign with a yellow sign, which remains posted for five days and represents the preliminary plan approval period.

During the yellow sign posting period, the applicant or other interested party can appeal the city arborist's preliminary approval through the Tree Conservation Commission. If an appeal is not filed, the arborist can give final approval no earlier than the day after the yellow sign posted period ends and after all recompense fees are paid. Once the Arborist Plan Reviewer has given final approval, the drawings are routed to the Building Plan Reviewer.

Exhibit 2: The Office of Buildings' Arborists Division Handles Plan Review

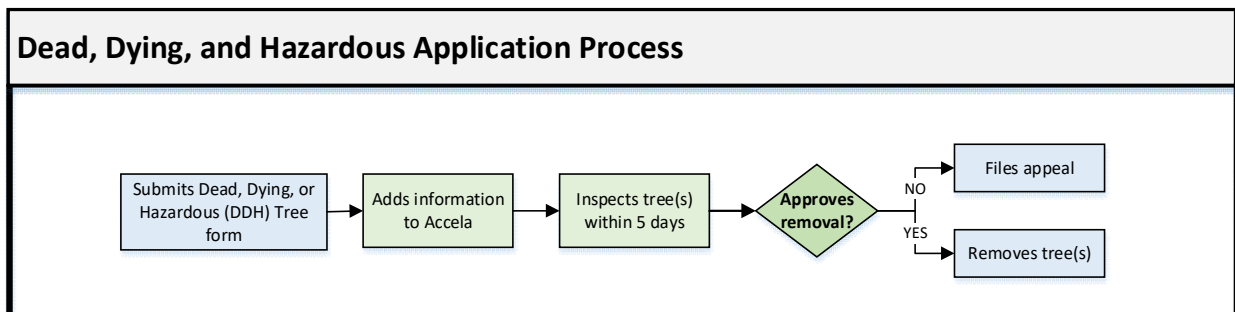


Source: Developed by auditors using Tree Protection Ordinance and Arborist Procedures.

If an appeal is filed to contest the arborist's preliminary approval, the person filing the appeal must file an appeal form and pay the \$75 appeal fee or submit a letter describing the appellant's financial hardship. Section 158-65 of city code requires public notice of the hearing a minimum of 15 days prior to the hearing. The parties to the appeal must submit documents two weeks prior to the hearing and rebuttals one week prior to the hearing. The Tree Conservation Commission must issue a final decision on the appeal within two months of the hearing. If the Tree Conservation Commission upholds the arborist's decision, parties to the appeal may inform the Tree Conservation Commission clerk within three days of their intent to appeal the commission's decision to the Superior Court of Fulton County. The Tree Conservation Commission also hears petitions to reduce the amounts of fees and fines that city arborists assess.

Property owners who believe that a tree on their property is dead, dying, or hazardous apply for a dead, dying, or hazardous tree removal permit. Exhibit 3 shows the application process for removing unhealthy trees. The dead, dying, and hazardous tree removal process is not subject to posting, replacement, or recompense requirements. Applicants for dead, dying, or hazardous tree removal can appeal a city arborist's denial of their application, but other residents may not contest the arborist's decisions.

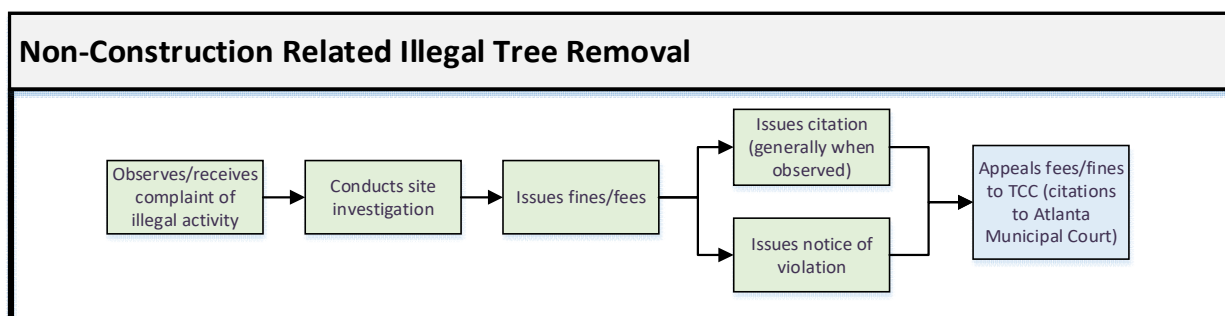
Exhibit 3: Applications to Remove Dead, Dying, or Hazardous Trees Follow A Shorter Process



Source: Developed by auditors using Tree Protection Ordinance and Arborist procedures.

If developers or citizens remove trees without a permit and a city arborist observes or is alerted to the unpermitted tree destruction, they are assessed fines for violating the ordinance and fees to compensate the city for the removed trees. Exhibit 4 illustrates this process. Atlanta Police Department officers may be called to the site of illegal cutting to prevent tree destruction. City arborists may also issue citations if they observe the illegal tree removal. Citations must be appealed through the Atlanta Municipal Court.

Exhibit 4: Fines and Fees Can Be Assessed for Illegal Tree Removal



Source: Developed by auditors using Tree Protection Ordinance and Arborist Procedures.

City Planning Is Responsible for Financial Management of the Tree Trust Fund

The Office of Buildings in the Department of City Planning is responsible for enforcing the Tree Protection Ordinance on private property and administering the Tree Trust Fund on behalf of the Tree Conservation Commission. The Department of Finance is also involved in administering the fund. City Planning staff enter fines and fees into Accela, a web-based workflow management system that automates tasks associated with permitting, plan review, and inspections. Finance completes monthly reasonableness checks of accounts, which involve checking the accounts for errors and verifying that account numbers match those stated in the Tree Protection Ordinance. City Planning runs monthly reports to check the balances of the Tree Trust Fund accounts.

Tree Trust Fund Includes Tree Protection and Education Outreach Accounts

According to Section 158-66(a) of the Tree Protection Ordinance, two accounts are associated with the Tree Trust Fund: Education Outreach and Tree Protection accounts. The Education Outreach account receives 5% of the revenues that the Tree Protection account collects or \$100,000, whichever is greater. The Education Outreach is used for educational programs, materials, and outreach. City Planning has funded some large projects, such as the Georgia Institute of Technology's Urban Tree Canopy study, through the Education Outreach account. To perform the Urban Tree Canopy study, researchers at Georgia Tech used satellite imagery to compare estimates of the urban tree canopy loss between their baseline study in 2008 and follow-up assessment in 2014. During this six-year period, they estimated a 0.08% loss of urban tree canopy. The research team is currently working on an updated study based on satellite images from 2018.

The Tree Protection account holds the revenues that City Planning collects in administering the Tree Protection Ordinance, including appeal fees, fines, and compensation to the city for tree removal, also called recompense. To pay for fees and fines, applicants may mail checks, pay in person at the cashier window in city hall, or submit credit card payments through Accela Citizen. The department uses these funds to pay salaries, purchase forested properties, and cover operational costs, such as the cost of tree removal signage, advertising Tree Conservation Commission hearings, court report services, and the compensation for Tree Conservation Commission members.

Tree Trust Fund Expenses and Revenues Are Tracked in Oracle and Accela

Accela and Oracle are systems that City Planning uses to manage the Tree Trust Fund. In 2009, City Planning employees began managing the status of permits in Accela. Plan reviewers and city arborists enter information, such as the number of trees removed and diameter at breast height of trees, into Accela to create invoices. Permit applicants use Accela to view the status of their permits and pay fees. City Planning collects data in Accela that is available to management to run reports, and citizens can check for specific permitting activity through the Accela Citizen's online portal.

Revenue and expense accounts are managed in Oracle. Finance transfers revenues recorded in Accela manually as journal entries. The city updated Oracle in 2019, which is now called Oracle Cloud. The system in operation prior to 2019 was referred to as Oracle 11i. Both Oracle 11i and Oracle Cloud are used to track financial data because Oracle Cloud contains data from fiscal year 2016 to present. The expense and revenue accounts are set up in Oracle with specific account numbers related to various categories: departments, projects, expense, and revenue types. Each account number allows the department to track specific components of the Tree Trust Fund.

The Tree Trust Fund Received \$22 Million Over the Last 11 Years

Fines and fees for tree removal within the city are described in the Tree Protection Ordinance. Revenues generated from these fines and fees, including appeal fees and recompense fines, such as maximum recompense, standard recompense, and illegal recompense, are deposited into the Tree Trust Fund. Recompense is defined as the dollar value of a tree on private or public property in the city used for calculating revenue for tree removal or destruction. Recompense is assessed by city arborists using a formula when tree replacement is not

feasible. The fees to reimburse the city for tree loss are shown in Exhibit 5.

Exhibit 5: Tree Trust Fund Collects Many Revenue Types

| City Code Provision | Revenue Type | Fee or Fine |
|---------------------|--|---|
| Section 158-103(b) | Standard Recompense | \$100 per tree and \$30 per diameter inch |
| Sec. 158-103(c)(2) | Maximum Recompense | Prorated on a per acre basis based on zoning |
| Sec. 158-103(c)(6) | Infrastructure Recompense | \$5,000 per acre |
| Sec. 158-34(a)(b) | Illegal Recompense (Number of Trees Known) | \$100 per tree, \$30 per diameter inch, \$500 fine for the first violation and a \$1,000 fine for each subsequent violation |
| Sec. 158-66(c) | Illegal Recompense (Number of Trees Unknown) | 60 trees per acre, 16.67 diameter inches per acre, and a \$60,000 fine per acre |
| Sec. 158-65(3)(b) | Appeals Fee | \$75 administrative filing fee |

Source: Developed by auditors based on Tree Protection Ordinance.

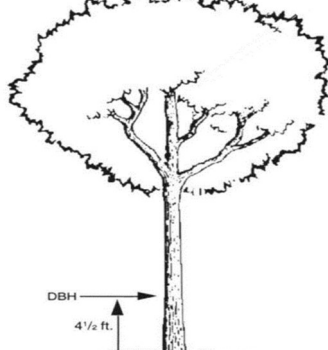
The standard recompense formula, as of January 2003, shown in Exhibit 6, is \$100 multiplied by the number of trees removed, minus \$100, multiplied by the number of trees replaced, plus \$30, multiplied by the diameter breast height (DBH). The diameter breast height is the diameter around the tree above 4.5 feet of the base, minus \$30 multiplied by the caliper inches of the replacement trees. Caliper inches are measured six inches above the ground for replacement trees.

Exhibit 6: Fines and Fees Are Assessed Using the Recompense Formula

Recompense Formula for Trees Removed or Replaced

$$\text{Recompense} = \$100.00 (N_{\text{rem}} - N_{\text{rep}}) + \$30.00 (TDBH_{\text{rem}} - TC_{\text{rep}})$$

\$100 (Number of Trees Removed - Number of Trees Replaced) + \$30 (Total Diameter Breast Height - Total Caliper Inches)



Source: Ohio State University (2016). <https://ohioline.osu.edu/factsheet/F-35-02> and city code.

Maximum recompense is assessed for new subdivisions and new or vacant lots. Infrastructure recompense is assessed for new street developments.

If the number of trees removed is known, illegal recompense is calculated in the same way as standard recompense, and the person who removed the trees is charged a \$500 fine for the first violation and a \$1,000 fine for each subsequent violation. When the number of trees are unknown illegal recompense is calculated as 60 trees per acre and 16.67 per diameter inch, and a fine of \$60,000 per acre is assessed.

Expenses paid from the Tree Trust Fund include the salary and benefits for two arborists and one administrative analyst in City Planning, not to exceed \$170,000, and three tree trimming employees and one senior arborist in Parks and Recreation, not to exceed \$275,000. As shown in Exhibit 7, Tree Trust Fund expenses from fiscal year 2009 to 2019 totaled about \$17.5 million and revenue totaled about \$21.9 million. Spending on contracts totaled about \$82 million from the Tree Trust Fund account from fiscal year 2009 to fiscal year 2019.

Exhibit 7: Expenses Exceeded Revenue in 3 of the Last 11 Fiscal Years

| Fiscal Year | Expense | Revenue |
|-------------|--------------------|--------------------|
| FY09 | \$1,472,172 | \$926,194 |
| FY10 | \$1,118,188 | \$1,030,389 |
| FY11 | \$337,515 | \$810,453 |
| FY12 | \$531,106 | \$783,709 |
| FY13 | \$976,520 | \$1,546,279 |
| FY14 | \$3,540,337 | \$1,852,246 |
| FY15 | \$1,253,073 | \$2,512,687 |
| FY16 | \$1,626,912 | \$2,613,014 |
| FY17 | \$2,059,014 | \$3,471,120 |
| FY18 | \$2,500,850 | \$3,034,194 |
| FY19 | \$2,059,787 | \$3,341,927 |
| Total | \$17,475,472 | \$21,922,212 |

Source: Prepared by auditors from Oracle data.

Exhibit 8 shows expenses by account type over the last 11 years. According to the Department of Finance, the Tree Protection Ordinance does not require the fund to accrue interest.

Exhibit 8: Tree Trust Fund Expenses Over 11-Year Period Were Primarily for Salaries, Benefits, and Professional Services

| Account Description | City Planning | Parks and Recreation |
|------------------------------------|---------------|----------------------|
| Salaries | \$3,177,149 | \$1,929,894 |
| Benefits ² | \$1,214,779 | \$973,201 |
| Professional Services ¹ | \$3,953,436 | \$4,213,457 |
| Maintenance ¹ | \$1,278 | \$40,126 |
| Training ^{1,3} | \$467,588 | - |
| Consumable Supplies ¹ | \$417,605 | \$0 |
| Motor Equipment ¹ | \$27,614 | \$0 |
| Equipment ¹ | \$216,442 | \$503,918 |
| Meeting Expense ¹ | \$316,169 | - |
| Grants | \$22,725 | - |
| Total | \$9,814,784 | \$7,660,596 |

Notes: ¹ Professional Services are contracts from City Planning and Parks and Recreation. Maintenance, training, supplies, motor equipment, equipment, and select meeting expense accounts, are included in the report as operational expenses.

² Judicial Agencies charged \$93 to the benefits account in April of 2008.

³ Police Services credited the account \$656 for training/travel per diem in July 2013.

Source: Prepared by auditors using Oracle 11i and Oracle Cloud data from July 1, 2008 through June 30, 2019.

Audit Objectives

This report addresses the following objectives:

- How much has been collected in the Tree Trust Fund?
 - How much should have been collected in the Tree Trust Fund?
 - How were Tree Trust Fund revenues spent?
 - Were Tree Trust Fund expenditures consistent with city code requirements?
-

Scope and Methodology

We conducted this audit in accordance with generally accepted government auditing standards. We reviewed financial statements and departmental procedures related to the Tree Trust Fund from fiscal year 2009 to fiscal year 2019.

Our audit methods included:

- reviewing federal, state, and city code provisions regarding the Tree Trust Fund and Urban Forestry
- reviewing proposed Tree Protection Ordinance revisions
- reviewing relevant media articles
- reviewing City Planning, Arborist Division, and Finance policies and procedures related to the Trust Fund
- interviewing City Planning, Parks, Finance, and Human Resources staff
- interviewing councilmembers and a citizen group
- analyzing data from Oracle Cloud, Oracle 11i, and Accela
- selecting and analyzing a random, proportionate sample of Accela records based on fee type
- assessing financial and system controls
- creating process maps of Tree Trust Fund, Tree Protection Order and City Planning components

Generally accepted government auditing 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.

Findings and Analysis

Overspending and Uncollected Revenue Limits City's Ability to Mitigate Tree Canopy Loss

The Department of City Planning overspent almost \$2.5 million of Tree Trust Fund revenue over 11 fiscal years on administrative expenses, which comprised salaries, benefits, and operational expenses. The Tree Protection Ordinance authorized \$170,000 each fiscal year in department salaries and benefits, with additional spending authorized by ordinance due to budget shortfalls. Overspending on salaries and benefits for City Planning employees totaled \$2.2 million over the period. The Tree Protection Ordinance authorized \$50,000 each year for operational expenses, but City Planning exceeded allowable spending by about \$239,000. City Planning lacks budgetary controls to prevent overspending, which reduces Tree Trust Fund revenues and undermines the department's ability to effectively protect the tree canopy. The Department of Parks and Recreation overspent on authorized salaries and benefits from the Tree Trust Fund in fiscal years 2016 through 2019 but underspent the preceding seven years.

Unpaid fees and fines related to illegal tree destruction remain uncollected because the Department of City Planning's procedure is to place holds on accounts with unpaid balances, which delays issuing building permits. In cases of illegal destruction, developers or homeowners may not have a pending permit application and, therefore, no incentive to pay for trees that they have already removed. The department lacks specific procedures for collecting illegal tree destruction fees and fines, resulting in reduced revenue for the Tree Trust Fund.

Lack of internal controls has resulted in revenues due to the Tree Trust Fund being unknown. City Planning is unable to reconcile Accela and Oracle accounts because the accounting strings do not match. Also, manual adjustments of Accela records may affect the accuracy of Accela reporting, including the code-mandated quarterly reports that the Arborist Division did not present to the Tree Conservation Commission during the scope of our audit. Improving financial oversight and available data could result in better enforcement and a more accurate estimate of revenues.

Based on tree canopy loss, it is likely that trees have been removed illegally without the city's knowledge. The city relies on complaint-based enforcement, which is an industry standard but unlikely to

capture all cases of illegal tree removal. City Planning should assess whether increasing resources dedicated to enforcement is warranted.

We recommend that the commissioner of City Planning comply with the Tree Protection Ordinance regarding spending, and work with Finance to establish budgetary controls, document allowable expenses, consult with Law to strengthen the collection of fees and fines, reconcile financial systems, and improve reporting and data availability and reliability.

City Planning Exceeded Administrative Expenses By Almost \$2.5 Million Over 11 Fiscal Years

The Tree Protection Ordinance outlines specific allowable administrative expenses which include salaries, benefits, and operational expenses. City code authorized the Department of City Planning to spend up to \$2.2 million on salaries and benefits from fiscal year 2009 to fiscal year 2019. City Planning spent about \$4.4 million, representing \$2.2 million in overspending. Total allowable operational expenses over the period were \$550,000, but City Planning spent about \$789,000, exceeding the allowable amount by about \$239,000. Because City Planning lacks budgetary controls to ensure spending within limits set by code, the amount of revenue available for efforts related to tree protection and canopy loss is reduced. To ensure that expenses are consistent with city code, we recommend that the commissioner of City Planning document allowable expenses and implement budgetary controls to prevent overspending.

City Planning exceeded the allowable salary and benefits amounts by a total of \$2.2 million during 8 of the last 11 fiscal years. Section 158-66(a) of city code states that City Planning may spend up to \$170,000 in salary and benefits each fiscal year. This includes salary and benefits for two arborists positions in an amount not to exceed \$110,00 and an administrative analyst in an amount not to exceed \$60,000 (see Exhibit 9). City Planning lacks budgetary controls related to spending authorized amounts from the Tree Protection Ordinance. The department overspent allowable salary amounts in the Tree Protection Order and amendments.

The following ordinances allowed City Planning to pay additional salaries and benefits from the Tree Trust Fund due to budget shortfalls in the city's general fund: Ordinance No. 08-O-0993 authorized payment of salaries and benefits for nine arborists from fiscal years 2009 and 2010, as a loan to be repaid from the general fund by the end of fiscal year 2013, not to exceed \$700,000 each year, and Ordinance No. 10-O-0950 authorized payment of salaries and benefits for four City Planning

employees, not to exceed \$277,785 without repayment (Exhibit 6). City Planning stated that it did not use the loan that Ordinance No. 08-O-0993 authorized it to spend. We added the ordinance amount allowing \$277,285 to the allowable amount in fiscal year 2014. The remaining fiscal years did not have loans permitted by city code.

Exhibit 9: Planning Overspent on Salaries and Benefits Charged to the Tree Trust Fund in Over Half of Fiscal Years from 2009 to 2019

| Fiscal Year | Total Permitted Salaries and Benefits | Loan Amount from Tree Trust Fund (unused) | Total Salaries and Benefits | Variance |
|-------------|---------------------------------------|---|-----------------------------|---------------|
| FY09 | \$170,000 | \$700,000 | \$157,437 | \$12,563 |
| FY10 | \$170,000 | \$700,000 | \$191,494 | (\$21,494) |
| FY11 | \$447,785 | - | \$164,902 | \$282,883 |
| FY12 | \$170,000 | - | \$240,923 | (\$70,923) |
| FY13 | \$170,000 | - | \$258,252 | (\$88,252) |
| FY14* | \$170,000 | - | \$1,981,069 | (\$1,811,069) |
| FY15* | \$170,000 | - | (\$25,043) | \$195,043 |
| FY16 | \$170,000 | - | \$324,474 | (\$154,474) |
| FY17 | \$170,000 | - | \$386,458 | (\$216,458) |
| FY18 | \$170,000 | - | \$393,178 | (\$223,178) |
| FY19 | \$170,000 | - | \$318,786 | (\$148,786) |
| Total | \$2,147,785 | \$1,400,000 | \$4,391,928 | (\$2,244,143) |

Note: An unexplained increase of salaries charged to the Tree Trust Fund in fiscal year 2014 was partially offset by a credit to benefits in fiscal year 2015.

Source: Prepared by auditors based on Oracle data and Section 158-66(a) of city code.

We analyzed data from fiscal year 2009 to fiscal year 2019 in Oracle by pulling account analysis reports for the tree protection account. Account analysis reports include line item expense amounts. We filtered the report to include the account numbers associated with salaries, benefits, and the account numbers for the departments in City Planning. We totaled the salaries and benefits amounts, using the associated account numbers from the spreadsheet of accounts assigned in Oracle for each fiscal year.

The Tree Protection Ordinance and authorizing legislation state that salary and benefits of employees are allowable; however, the Tree Protection Ordinance and City Planning do not list specific account numbers or categories. We included the account numbers associated

with salaries and benefits consistent with salary categories in Oracle for our calculations. After totaling the salaries and benefits across each fiscal year, the variance indicates City Planning exceeded salaries in fiscal year 2010, fiscal years 2012 through 2014, and fiscal years 2016 through 2019.

Section 158-66(a) of city code authorizes the Department of Parks and Recreation to spend \$75,000 on salaries and benefits for an arborist senior position. In 2011, Ordinance No. 11-O-0901 added \$200,000 annual funding for a tree trimming crew of three employees. Ordinance No. 13-O-0646, transferred funding for two Parks and Recreation arborist positions from the general fund to the Tree Trust Fund beginning in 2014. Parks and Recreation overspent on salaries and benefits in fiscal years 2016 through 2019 by \$333,227 but underspent the preceding seven years. Overall, Parks and Recreation spent about \$43,000 less than authorized over the 11-year period, due to position vacancies according to the department (see Exhibit 10).

Exhibit 10: Parks and Recreation Underspent on Salaries and Benefits Charged to the Tree Trust Fund from Fiscal Year 2009 to 2019

| Fiscal Year | Total Permitted Salaries and Benefits | Total Salaries and Benefits | Variance |
|-------------|---------------------------------------|-----------------------------|-------------|
| FY09 | \$75,000 | \$- | \$0 |
| FY10 | \$75,000 | \$- | \$0 |
| FY11 | \$275,000 | \$- | \$0 |
| FY12 | \$275,000 | \$108,699 | \$166,301 |
| FY13 | \$275,000 | \$180,904 | \$94,096 |
| FY14 | \$385,000 | \$378,487 | \$6,513 |
| FY15 | \$385,000 | \$361,778 | \$23,222 |
| FY16 | \$385,000 | \$472,757 | (\$87,757) |
| FY17 | \$385,000 | \$472,597 | (\$87,597) |
| FY18 | \$385,000 | \$426,613 | (\$41,613) |
| FY19 | \$385,000 | \$501,260 | (\$116,260) |
| Total | \$3,285,000 | \$2,903,095 | \$43,095 |

Source: Prepared by auditors based on Oracle data and Section 158-66(a) of city code.

We recommend that the commissioner of City Planning comply with Tree Protection Ordinance spending limits and work with Finance to establish budgetary controls to prevent overspending.

City Planning spent more than allowed by city code on operational expenses in most fiscal years between fiscal year 2009 through 2019, totaling \$788,862. The overage ranged from a low of \$2,000 to a high of \$117,000 during those years. Section 158-66(a) of city code states that City Planning may spend a maximum of \$50,000 per year from the Tree Trust Fund for operational costs arising directly from administering and enforcing the tree protection ordinance (see Exhibit 11). City Planning procedures to monitor and manage the Tree Trust Fund state that the department must comply with city code.

Exhibit 11: Operational Expenses Charged the Tree Trust Fund Exceeded the Total Allowable Amount from FY 2009- 2019

| Fiscal Year | Total Allowable Operational Expenses | Total Operational Expenses | Variance |
|-------------|--------------------------------------|----------------------------|-------------|
| FY09 | \$50,000 | \$77,514 | (\$27,514) |
| FY10 | \$50,000 | \$54,664 | (\$4,664) |
| FY11 | \$50,000 | \$37,463 | \$12,537 |
| FY12 | \$50,000 | \$71,000 | (\$21,000) |
| FY13 | \$50,000 | \$44,281 | \$5,719 |
| FY14 | \$50,000 | \$167,781 | (\$117,781) |
| FY15 | \$50,000 | \$23,449 | 26,551 |
| FY16 | \$50,000 | \$64,810 | (\$14,810) |
| FY17 | \$50,000 | \$52,014 | (\$2,014) |
| FY18 | \$50,000 | \$152,101 | (\$102,101) |
| FY19 | \$50,000 | \$43,786 | \$6,214 |
| Total | \$550,000 | \$788,862 | (\$238,862) |

Note: The operational expenses exclude grants, refunds, and board member compensation.

Source: Prepared by auditors using Oracle 11i and Oracle Cloud data from July 1, 2008 through June 30, 2019 and city code.

We analyzed data based on information pulled from Oracle account analysis reports for fiscal year 2009 through fiscal year 2019. We filtered the report to reflect the account numbers for City Planning to include all operational expenses, excluding salaries and benefits, contracts for professional and technical services, compensation for board members, refunds and grants. We totaled the operational expense amounts from the following accounts:

- service/repair/maintenance
- postage expense
- wireless telephone expense

- advertising
- printing and binding
- business travel
- training travel
- memberships
- education and training
- training/registration
- supplies, consumable
- supplies, non-consumable
- equipment (\$0-999)
- computers (\$1,000-4,999)
- computers (\$0-999)
- uniforms
- media, published/electronic
- infrastructure
- vehicles (\$5,000+)
- motor equipment, fuel
- motor equipment, pm/repairs
- computer applications expense
- business meeting expense

The Tree Protection Ordinance states the Tree Trust Fund may be used for costs arising directly from administering and enforcing the Tree Protection Ordinance; however, neither the ordinance nor City Planning's procedures identify specific allowable account numbers or operational expense categories. After totaling the operational expenses in each fiscal year, we found that City Planning exceeded the allowable \$50,000 in every fiscal year except fiscal years 2011, 2013, 2015, and 2019, shown by the variances in Exhibit 9.

City Planning lacks documentation of specific account numbers related to allowable expenses. Overspending is inconsistent with city code and reduces the amount of funds available to spend on tree replanting and maintenance. Finance stated that it is developing budgetary controls for trust fund accounts that it will introduce on July 1, 2020.

We recommend that the commissioner of City Planning document allowable expenses. We also recommend that the department use specific general ledger account ranges in the new Tree Protection Ordinance to document allowable expenses charged to the Tree Trust Fund. In addition, we recommend that the commissioner of City Planning develop a quarterly budget analysis to assist in tracking expenditures and work with Finance for guidance in following expense categories in Oracle.

Enforcement Limitations Resulted in Over \$2 Million In Unpaid Fees and Fines

Between fiscal year 2009 and fiscal year 2019, City Planning failed to collect over \$2 million in illegal cutting fees and fines. Section 158-66(c) of city code states that developers, homeowners, and others who violate the criteria for tree removal or destruction shall contribute the replacement value of the trees to the Tree Trust Fund. Arborist Division standard operating procedures direct staff to place holds on Accela accounts with unpaid balances, which stalls the permitting process until applicants have paid for the fees and fines due to the city; however, an arborist told us that the division has little recourse in cases of illegal cutting because the fees and fines are not associated with a permit. The arborist also stated that after two years the department no longer attempts to collect unpaid fees and fines, which results in an overall reduction of revenue and limits the department's ability to fulfill the Tree Protection Ordinance's purpose of reducing tree loss.

City Planning provided us with records of its uncollected revenues for fiscal year 2009 through the first three quarters of fiscal year 2020. During the scope of our audit, City Planning assessed over \$2 million in illegal recompense that remains uncollected. Uncollected revenues from illegal activity between fiscal years 2009 and 2019 represent 75.6% of total uncollected revenues.

We recommend that the commissioner of City Planning consult with the Department of Law to strengthen fee and fine collection procedures, including the possibility of placing liens on properties with unpaid balances.

Additional Revenues Due to the City Are Unknown

The amount of revenue that should have been collected is unclear due to the following: the lack of reconciliation between Oracle and Accela accounts, manual adjustments of Accela data affecting reporting accuracy, and missing revenue account strings in the Tree Protection Ordinance. City Planning could have promoted fund oversight through complying with code-mandated quarterly reporting requirements, but it failed to do so during the fiscal years included in the scope of our audit.

We recommend that the commissioner of City Planning delineate revenue accounts in Tree Protection Ordinance revisions and work with Finance to reconcile Accela and Oracle revenue accounts. To prevent tree loss and improve revenue estimates based on the number of trees removed, we recommend that the commissioner of City Planning continue to educate the public to encourage complaint-based

enforcement and assess the feasibility of conducting a city-wide tree inventory count.

The amount of revenue due to the Tree Trust Fund is unclear. City Planning was unable to reconcile Accela and Oracle revenue totals for any of the fiscal years between 2009 and 2019, but the variance between totals evened out over the eleven-year period. The Committee of Sponsoring Organizations of the Treadway Commission framework, an influential model of internal controls in the field of audit, recognizes account reconciliation as a control activity, which could improve City Planning's ability to track revenues.

Accela generates invoices for tree permits and tracks payments, but City Planning told us that Finance manually enters the sum of nine Accela revenue strings into Oracle as a lump sum. Most Tree Trust Fund revenues were recorded in Oracle as contributions and donations. We found an additional seven revenue strings in our analysis of Oracle data that the Tree Protection Ordinance does not reference. City Planning staff stated that its inability to reconcile Accela and Oracle data is likely due to human error associated with manual entry. Due to the lack of account reconciliation, the city may be collecting too much or too little revenue.

We recommend that the commissioner of City Planning delineate revenue accounts in the revisions to the Tree Protection Ordinance and work with Finance staff to reconcile Accela and Oracle revenue accounts.

Manual adjustments of Accela data affect the accuracy of Accela reports. City Planning told us that Accela data include duplicates and trees that may not have been removed after city arborists issued tree removal permits. The data also do not account for changes in the plan review process. For example, changes in tree protection plans during construction, such as revising the number of trees replanted, are not reflected in Accela reports; therefore, due to manual adjustments, the invoiced fee amounts may conflict with Accela-calculated fee amounts, and data may overestimate or underestimate the number of trees removed or replanted in Accela quarterly reports. Reconciling data and reports could ensure that City Planning is collecting the revenues due to the Tree Trust Fund. City Planning employees said that Accela does not allow arborists to modify the number of trees removed and/or replanted, but it is currently working with Accela system administrators to enable this capability.

We recommend that the commissioner of City Planning modify Accela data entry capabilities to ensure the Accela reporting is accurate.

The city arborist failed to provide code-mandated quarterly reports to the Tree Conservation Commission. City Planning updated its website in October 2019 to include annual Tree Trust Fund reports for fiscal years 2014 through 2019. Section 158-103(f) of the city code states that the city arborist shall prepare quarterly reports for the Tree Conservation Commission that must include the following: diameter breast height; number of trees; maximum recompense; dead, dying, and hazardous trees; permits; parking lots; illegal removal; and offsite planting. City Planning was unable to provide evidence that it presented reports to the Tree Conservation Commission in any quarter included in the scope of our audit. The Arborist Division lacks procedures to ensure that it provides the Tree Conservation Commission with quarterly reports; its failure to comply with mandated reporting is a violation of city code. Although quarterly reports based on Accela data may not be accurate, providing them would improve the fund's public transparency. City Planning began posting quarterly reports on its website in fiscal year 2020.

We recommend that the commissioner of City Planning consistently provide required quarterly reports in the designated format to the Tree Conservation Commission, as required by city code.

Tree Canopy Loss Suggests Illegal Destruction Without City's Knowledge

The total number of trees removed from fiscal year 2010 through 2019 recorded in Accela records was 114,698. However, an estimate of tree loss based on canopy studies suggests that many more trees may have been removed. The 2014 Georgia Tech tree canopy study estimated a 0.08% canopy loss between 2008 and 2014, amounting to nearly 7,000 acres. The Georgia Tech research team stated that Atlanta's trees per acre range from 10 to 100. The researchers also said that preliminary findings of changes in tree canopy between 2014 and 2019 suggest a similar trend in canopy loss from the earlier study. Applying the 60 trees per acre that Section 158-34 of city code assumes in cases in which a parcel is cleared and assuming a continuing trend in canopy loss, 600,000 additional trees may have been removed without City Planning's knowledge. Some of these trees may not be among those protected by the Tree Protection Ordinance.

Arborist staff stated that the division mainly relies on neighbors' complaints and arborists' drive-bys to identify trees that have been illegally destroyed. According to the International Society of Arboriculture, public education and complaint-driven enforcement are

common practices among cities with tree ordinances, but the department could be more effective in its enforcement with more information about the total population of trees within city boundaries. If Atlanta is losing its tree canopy without receiving recompense fees or replacement trees, the Tree Protection Ordinance is not fulfilling its purpose of reducing the net loss of trees, and, because it is not collecting recompense, it has less funds available for replanting and enforcement.

To prevent tree loss, we recommend that the commissioner of City Planning continue to educate the public to encourage complaint-based enforcement and assess whether adding enforcement resources to the Arborist Division is warranted.

Recommendations

In order to improve financial oversight of the Tree Trust Fund, the commissioner of City Planning should

1. comply with Tree Protection Ordinance spending limits and work with Finance to establish budgetary controls to prevent overspending
2. document allowable Tree Trust Fund expenses
3. use specific general ledger account ranges in the new Tree Protection Ordinance to document allowable expenses charged to the Tree Trust Fund
4. develop a quarterly budget analysis to assist in tracking expenditures and work with Finance for guidance in following expense categories in Oracle
5. consult with the Department of Law to strengthen fee and fine collection procedures, including the possibility of placing liens on properties with unpaid balances
6. delineate revenue accounts in Tree Protection Ordinance revisions and work with Finance to reconcile Accela and Oracle revenue accounts
7. modify Accela data entry capabilities to ensure the Accela reporting is accurate
8. provide required quarterly reports in the designated format to the Tree Conservation Commission
9. continue to educate the public to encourage complaint-based enforcement
10. assess whether adding enforcement resources to the Arborist Division is warranted

Appendices

Appendix A: Management Review and Response to Audit Recommendations

| Report # 20.05 | Report Title: Tree Trust Fund | Date: August 2020 |
|--|-------------------------------|--|
| Recommendation 1: We recommend that the commissioner of City Planning comply with Tree Protection Ordinance spending limits and work with Finance to establish budgetary controls to prevent overspending. | | |
| Proposed Action: DCP (Department of City Planning) has already begun working with Finance to ensure budgetary controls are in tact and kept. DCP has worked with Finance to ensure both the DCP and DPR (Department of Parks and Recreation) FY20 expenses are in line with the current Tree Protection Ordinance. As of July 1, 2020, Finance has implemented strict system controls for Trust accounts. Finance has agreed to the following: 1) make no adjustments to DCP's budget or actuals without DCP's approval; 2) route all adjustment requests from DPR for DCP's approval prior to processing; and 3) route DPR legislation affecting the Tree Trust for DCP's approval prior to Council presentation in Committee. DCP will work to ensure the Tree Protection Ordinance is updated to reflect more realistic spending limits under both personnel and non-personnel categories for DCP and DPR. | | Response: Agree |
| Person Responsible: Kimberly Tallon, Business Manager II; Beryl Taylor, Director of Accounting | | Implementation Date: July 2020 |
| Recommendation 2: We recommend that the commissioner of City Planning document allowable expenses. | | |
| Proposed Action: DCP will work to ensure the Tree Protection Ordinance is updated to reflect a comprehensive listing of allowable expenses. DCP will ensure the annual appropriations are aligned with the allowable expense categories outlined in the updated Ordinance. Additional Comments: It's important to note that DCP managed the Tree Trust under an understanding that reasonable expenses necessary to support the work required by the Tree Protection Ordinance were also allowable through fiscal year 2019. We presented legislation to support this understanding; however, received guidance to operate strictly per what is expressed in Code. DCP will ensure the updated Tree Protection Ordinance sufficiently allows for reasonable operating expenses. | | Response: Agree |
| Person Responsible: Kimberly Tallon, Business Manager, II; Beryl Taylor, Director of Accounting | | Implementation Date: June 2020 |

Recommendation 3:

We recommend that the commissioner of City Planning use specific general ledger account ranges in the new Tree Protection Ordinance to document allowable expenses charged to the Tree Trust Fund.

Proposed Action: DCP will work to ensure the Tree Protection Ordinance is updated to reflect a reasonable range of accounts for allowable expenses. DCP review all expense requests to ensure the correct, allowable expense account is used. DCP will monitor the budget monthly to ensure all expenses incurred are aligned with the allowable expense categories outlined in the updated Ordinance.

Response:

Agree

Person Responsible: Kimberly Tallon, Business Manager, II

Implementation Date:

January 2021

Recommendation 4:

We recommend that the commissioner of City Planning develop a quarterly budget analysis to assist in tracking expenditures and work with Finance for guidance in following expense categories in Oracle.

Proposed Action: DCP will ensure the annual budget is established in accordance with the updated Tree Ordinance. DCP will also monitor the budgets monthly to ensure expenses incurred are aligned with the allowable expense categories outlined in the updated Ordinance as well as work with Finance, General Accounting to develop a trust fund specific quarterly report.

Response:

Agree

Person Responsible: Kimberly Tallon, Business Manager, II; Beryl Taylor, Director of Accounting

Implementation Date:

January 2021

Recommendation 5:

We recommend that the commissioner of City Planning consult with Law to strengthen fee and fine collection procedures, including the possibility of placing liens on properties with unpaid balances.

Proposed Action: DCP will work with the Law Department to strengthen the enforcement and collecting of fees and fines. Additionally, the DCP will partner with the Department of Finance to acquire collection agencies to retrieve monies past due and/or place liens on properties delinquent with fines.

Response:

Agree

Person Responsible: Gregory Pace, Director of Buildings

Implementation Date:

January 2021

Recommendation 6:

We recommend that the commissioner of City Planning delineate revenue accounts in Tree Protection Ordinance revisions and work with Finance to reconcile Accela and Oracle revenue accounts.

Proposed Action: DCP has already identified areas of improvement for reporting and fund reconciliation in the Accela system. We are working with our system administration to implement these improvements.

Response:

Agree

Person Responsible: Elizabeth Johnson, Project Manager

Implementation Date:

January 2021

Recommendation 7:

We recommend that the commissioner of City Planning modify Accela data entry capabilities to ensure the Accela reporting is accurate.

Proposed Action: DCP is already in process of optimizing the Accela related Arborist actions to ensure greater data transparency and accounting to both applicant and interested parties regarding plan review, permitting and inspections. We have engaged service providers to help implement major changes to the system and are using in house administration and configuration procedures in conjunction with AIM policies and standards to continually improve upon the Accela system. We hope to continue these efforts to address any current and future concerns raised from this audit report.

Response:

Agree

Person Responsible: Elizabeth Johnson, Project Manager

Implementation Date:

January 2021

Recommendation 8:

We recommend that the commissioner of City Planning provide required quarterly reports in the designated format to the Tree Conservation Commission.

Proposed Action: Quarterly reports have been published since Q1 of FY20, and will continue to be published as required by the Tree Protection Ordinance. Reports are posted on the DCP's webpage. Yearly reports have been published for years FY14 – FY19.

Response:

Partially Agree

Person Responsible: David Zaparanick, Arboricultural Manager

Implementation Date:

October 2019

Recommendation 9:

We recommend that the commissioner of City Planning continue to educate the public to encourage complaint-based enforcement and assess whether adding enforcement resources to the Arborist Division is warranted.

Proposed Action: Educating the public about the Tree Protection Ordinance is ongoing and includes different formats, Arborist Division webpage, calendars, water bill inserts, native tree posters, etc. and target audiences. The next Tree Protection Ordinance, adopted within the next year, will be an opportunity to educate the public about tree protection including submitting complaints. Assessment of enforcement resources in the Arborist Division is considered in the next Tree Protection Ordinance, and gaps in resources needed to enforcement the next TPO will be presented to City Council along with the draft TPO.

Response:

Agree

Person Responsible: David Zaparanick, Arboricultural Manager

Implementation Date:

Ongoing

Appendix B: Management Response Memorandum

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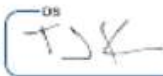


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TIM KEANE
COMMISSIONER

MEMORANDUM

TO: Stephanie Jackson, Deputy City Auditor
FROM: Tim Keane, Commissioner, Department of City Planning 
DATE: August 28, 2020
SUBJECT: Tree Trust Fund Audit FY09-FY19
CC: Joshua Williams, Chief Operating Officer
Jon Keen, Deputy Chief Operating Officer
Janide Sidifall, Deputy Commissioner of City Planning, Operations
Kimberly Talon, Business Manager

The Performance Audit of the Tree Trust Fund is helpful in detecting specific deficiencies in how the fund is administered. Some of the issues it identifies have already been rectified but there are useful recommendations to remedy persistent problems. We have completed the response to specific recommendations and that document is included with this memo.

First of all, we would point out that, contrary to the findings of the audit, spending more than authorized from the Tree Trust on arborist salaries and operations does not limit the City's ability to mitigate tree canopy loss. These expenditures have helped to enhance protective measures since all the spending that has occurred was in furtherance of protecting trees and administering the City's Tree Protection Ordinance.

There are several key components to the audit. Below is a characterization of each from our perspective:

Regarding Expenses for Salaries and Benefits

During the 11 years of the audit study, \$1.8 Million of the \$2.2 Million in overspending for salaries and benefits (81%) in the Department of City Planning occurred in FY14 which is from July 2013 through June 2014. We have attempted to determine why such a significant expenditure occurred that year and have been unable to get a definitive answer. The FY15 offset you reference in Exhibit 9 equals 1% of the overage in FY14. Previously, having recognized the overspending on salaries and benefits, we had the permitted \$170,000 expenditure for FY20 (July 2019 – June 2020) and for the new FY21. In addition, the same protocols are now in place to ensure spending for the Department of Parks and Recreation is in compliance with the existing ordinance.

Regarding Operational Expenses

During the 11 years of the audit study, 92% of the overspending on Operational Expenditures occurred in FY14 and FY18. This overspending was due to the purchase of new vehicles in FY14 (\$136,290.00; 88% of operational

expenditures) and the purchase of new vehicles and computer equipment in FY 18 (\$97,602.02; 63% of operational expenditures) needed for the Arborist Team.

Regarding Unpaid Fees and Fines

Over the period of the audit we collected over \$21 Million total revenue from illegal cutting fees and fines. So, the amount of \$2 Million total uncollected revenue represents 9.5% of the total revenue collected for illegal cutting. The annual average for unpaid fees and fines during the years of the audit study is \$182,000 per year. Uncollected fees and fines due to violations is the reality of all code enforcement operations. The most effective, tightest procedures are needed and should be pursued; however, it is not prudent to assume you will achieve 100% collections.

Regarding the Provision of Quarterly Reports

As noted in the audit, in October 2019 we updated our website to include annual Tree Trust Fund reports for fiscal years 2014 through 2019. At that time, we provided annual reports for FY14-19 and all available quarterly reports for FY20. Those quarterly reports have continued, and we have just recently published the data for Q4 on the Metrics & Reporting Page of the departmental website on the City of Atlanta's webpage.

As a note, we couldn't get any data pre FY14. Accela wasn't setup at that time to capture the information or staff weren't using those functionalities.

Regarding Tree Canopy Loss Without City Knowledge

We disagree with the with the reference to 600,000 additional trees were potentially removed without the City's knowledge. Certainly, there is illegal cutting of trees that occurs in Atlanta without our knowledge. Moreover, illegal cutting does happen undetected. However, the reference to how much in the audit is specious. The conclusions being drawn in the audit are made by using two completely different measuring instruments: our accounting of "individual" trees removed in Accela and a tree "canopy" study done by Georgia Tech using aerial photography. Secondly, the conclusions that one would think apply to the audit period do not since the timeframe of the two measuring instruments are different. To acknowledge the problem of undetected tree removal is one thing – to propose an estimate using such a variety of tools could potentially skew the findings of the audit.

TJK