City of Bowling Green
Internal Auditor's Office

Project# 2025-13
May 20, 2025

Law Department Code Enforcement Lien Process Follow-Up

Objective, Scope and Methodology: The objective of this follow-up report was to determine if City Management implemented the recommendations made in an earlier report, Law Department Code Enforcement Lien Process Audit (Project# 2019-14, finalized on September 30, 2019). The scope reviewed included code enforcement and lien information from December 2024 - April 2025.

What Was Found

Prior Recommendation #1: Code enforcement related liens are not consistently released within thirty (30) days of payment as required by KRS 382.365. The tested Code enforcement payments averaged seventy (70) days from the payment date to the lien release date. KRS 382.365 requires that property liens must be released within thirty (30) days from the date of payment. After forty-five (45) days pass, the City could be liable for daily penalties and interest to the property owner. In 2017, a "Weekly Code Enforcement Payment Report" was created by the Information Technology Department to prevent payments being processed and not communicated to the Paralegal, which could delay lien releases. The City's Paralegal is currently working to verify that all payments prior to 2017 have been released.

Status: Implemented This process is completely revamped. The City Attorney receives a weekly report for payments received on code enforcement related violations each Monday. The department's paralegals cross-check to ensure that any applicable releases are processed. A monthly transaction report is also reviewed to verify payments received and to monitor various payment plans. The two paralegals have performed a self audit of any payment plans and applicable liens. Per the Law Department, consistent mailing of letters and monitoring collections resulted in $65,702 in calendar year 2024 and $51,407 within the first quarter of 2025.

Prior Recommendation #2: Check requests for multiple $13.00 lien related fees cost the City an estimated $12.51 per check and slows the lien release process. The Law Department should utilize the City's procurement cards to process and release liens to speed up the process and lessen the City's cost per transaction. The Finance Department calculated the cost per paper check, which totaled $12.51, but each lien and release cost $13.00 each. If the City's procurement card is utilized, then a 3% processing fee is charged totaling $0.39 per transaction which is added to the lien and reimbursed to the City when the payment is made.

Status: Implemented The Law Office transitioned to card only transactions for processing lien fees. The lien and release fees are added to the invoice as the lien is placed.

For the further audit details, contact Deborah Jenkins, City Internal Auditor at Deborah.Jenkins@bgky.org