

Audit

Follow-Up

As of September 30, 2007



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The City's Parking Program

(Report #0622, Issued September 8, 2006)

Report #0806

January 11, 2008

Summary

This is the third follow-up on the action plan steps originating from the audit of the City's Parking Program (Report #0622) issued on September 8, 2006. In the original report, we identified issues and provided 16 recommendations toward developing a comprehensive and coordinated parking ticket program strategy and improving the accounting of the parking ticket inventory, management of internal controls over the parking program activities, and the integrity of computer based parking ticket information.

During the previous follow-up period, five of the 16 original action plan steps were completed and the targeted completion dates for the remaining 11 action plan steps were amended. Of the amended steps, five were due on September 30, 2007, and the six remaining steps will be due in future follow-up periods.

Our review of the five action steps due this period showed that departments completed three steps and made some progress on two steps. The following actions were completed:

- A review was performed of parking program activities and management reassigned staff to implement an adequate segregation of duties over the issuing, recording, voiding, reducing penalties associated with parking tickets, and receiving of

payments.

- Criteria for when parking ticket fines and penalties should be voided or reduced was developed, documented, and implemented.
- An amendment to the Data Tickets contract to clarify terms related to the collection fee was executed.

Two action items were only partially completed:

- The Airport implemented a process to account for parking ticket stock purchased, issued, and in inventory. Police, however, still needs to develop a process to account for their parking ticket stock purchased, issued, and in inventory. Additionally, Utility Business and Customer Services (UBCS) needs to develop a process to ensure that all manually (handwritten) issued parking tickets are input into the Duncan Parking Ticket System (Duncan system).
- Police and Airport supervisors implemented a process to approve the parking tickets voided by officers and Parking Enforcement Technicians, and UBCS front-line supervisors are regularly performing first level reviews of all parking tickets voided and/or reduced. However, UBCS has not yet completed their scheduled second and third level reviews as outlined in the newly developed parking program guidelines.

During our review of the action plan steps due this period, we noted two related and continuing issues: 1) the parking program activities are not being effectively coordinated across the five departments; and 2) the lag time that occurs between when a handwritten ticket is issued and input into the Duncan system impacts citizens trying to pay the ticket on-line.

Scope, Objectives, and Methodology

We conducted the original audit and this subsequent follow-up audit in accordance with the International Standards for the Professional Practice of Internal Auditing and 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.

Original Report #0622

The objectives of the audit were to review the parking ticket program to (1) determine compliance with City ordinances, policies, and procedures, state and federal laws contracts, and agreements, (2) compare parking ticket rates and meter rates to other similar cities for reasonableness, (3) evaluate the program for effectiveness and efficiency, (4) determine whether parking ticket revenues were accounted for properly, and (5) evaluate internal controls related to the program.

Report #0806

This is our second follow-up on action plan steps identified in audit report #0622. The

purpose of this follow-up is to report on the progress and status in completing the action plan steps due for completion as of September 30, 2007. To obtain information, we: reviewed relevant documentation, including policies and procedures and contract amendments; interviewed key staff; made observations; and performed limited tests of transactions.

Previous Conditions and Current Status

In report #0622, we identified issues that needed improvement in the management of parking operations, accounting of parking revenues, internal controls, agreements, and data integrity.

Issues identified included: (1) developing a comprehensive and coordinated program strategy including citywide goals, objectives, performance measures, standard operating procedures, and overall assignment and coordination of the parking ticket program; (2) periodically accounting for all parking tickets; (3) evaluating outstanding fines and penalties to determine whether they should be reported in the City's financial reports; (4) improving internal controls by segregating key duties; (5) ensuring that supervisory reviews are conducted for parking ticket fines and penalties as well as establishing criteria for voiding and reducing parking ticket fines and penalties; (6) clarifying and amending the collection agency contract; and (7) addressing and correcting data errors within the parking ticket system regarding when tickets should be input, updated, and written off.

Table 1 provides a summary of the action steps and their current status.

**Table 1
Action Plan Steps from Report #0622
Due as of September 30, 2007, and Current Status**

Action Plan Steps Due As of September 30, 2007	Current Status
To comply with City ordinances	
<ul style="list-style-type: none"> Review the City ordinances related to the parking program activities and revise ordinances to reflect current operations. 	<p>The completion date was amended to December 31, 2007. The City Attorney's Office completed their review of the legal sections and the remaining sections are to be reviewed by the other involved department managers. This will be reviewed during the next follow-up period.</p>
To manage the program effectively and efficiently	
<ul style="list-style-type: none"> Develop citywide goals and objectives for the parking program. 	<p>✓ Completed in prior period.</p>
<ul style="list-style-type: none"> Assign overall oversight and coordination of the parking program activities to one of three Assistant City Managers. 	<p>✓ Completed in prior period. <u>Audit Comment:</u> During our review of the action plan steps due this period, we noted that the City's parking program activities are not being effectively coordinated across the five departments. <u>We recommend</u> that the ACM overseeing the parking program reevaluate the effectiveness of parking program departmental representatives' roles and responsibilities, and make changes as needed for the program to function in the most efficient and effective manner.</p>
<ul style="list-style-type: none"> Develop performance measures to gauge the effectiveness and results of the parking program goals and objectives. 	<p>Draft performance measures were developed but had not been approved and accepted. The completion date was amended to March 31, 2008.</p>
To ensure all revenues are accounted for properly	
<ul style="list-style-type: none"> Develop and implement standard policies and procedures for the parking program across departments to include: a) accounting for all parking tickets; b) how and to whom citizens should submit appeals; c) criteria for when parking ticket fines should be voided and reduced; d) supervisory review of voided and reduced parking ticket fines; and e) location where payments should be submitted and processed. 	<p>The completion date was amended to December 31, 2007.</p>

To ensure all parking ticket revenues are properly accounted for

- Implement a process to periodically conduct an accounting of parking tickets to ensure that all tickets issued have been entered into the parking ticket system so that all due revenues can be collected.

◇ **Partially completed.**

Parking tickets issued by Airport staff. Airport staff implemented a process to account for all of their parking ticket stock purchased, issued, and in inventory. All issued tickets (including voided) are sent to UBCS to be manually input into the Duncan system.

We tested 291 Airport issued tickets (issued between January 1, 2007, and September 30, 2007) to determine if the tickets existed in the Duncan system. Thirty-six tickets (12%) had not been input into the Duncan system, including 5 issued tickets, 27 voided tickets, 4 missing tickets. We recommend that UBCS develop and implement a process to ensure that all tickets received from all sources are input into the Duncan system.

Parking tickets issued by Police. Police has been reviewing their processes for assigning, reporting, inventory controls, and accounting for parking tickets. They identified several data-entry gaps as well as conflicts in manual vs. electronic ticket writing procedures. Further review is needed to develop consistent procedures for accounting for all parking tickets. All manually written tickets should be sent to UBCS to be manually input into the Duncan system. This has not been occurring consistently.

We judgmentally tested 109 tickets from used and returned Police ticket books to determine if the tickets were input into the Duncan system. Twenty tickets (18%) did not exist in the Duncan system nor was there documentation to support that the tickets had been submitted to UBCS to be input into the Duncan system.

Audit Comment: The results of these two tests further support the need for an accounting of handwritten parking tickets to ensure that tickets issued are input into the system and that unused tickets are accounted for. All handwritten parking ticket stock should be

	<p>accounted for as each ticket represents money that may be due to the City, depending upon whether the ticket is issued. Without accountability of ticket stock, management is not able to provide assurances over the amount of ticket revenue due to the City.</p>
<ul style="list-style-type: none"> Develop a process to determine whether accounts receivable should be reported in the City's financial statements for unpaid parking tickets. This process should include an evaluation of the merits of recording parking tickets as receivables and aging parking tickets to determine whether tickets should be "written off." 	<p>This step is dependent on the completion of data cleanup in the parking ticket system. The completion date was amended to September 30, 2008.</p>
<p>To provide sound internal controls</p>	
<ul style="list-style-type: none"> Review the parking program activities and assignments to ensure that a proper segregation of duties is in place so the same person does not perform more than one of these functions: issuing tickets; inputting tickets into the parking ticket system; approving and rejecting appeals; voiding and reducing fines and penalties; and receiving payments. 	<p>✓ Completed. Processes were changed to implement a proper segregation of duties related to the voiding of tickets and receiving of payments.</p> <p>Police and Airport supervisors are required to approve all voided parking tickets. At UBCS, the appeal/void process provides for the supervisor to review and approve or deny an appeal and staff to update system records accordingly.</p>
<ul style="list-style-type: none"> Develop, document, and implement criteria for when parking ticket fines and penalties should be voided or reduced. 	<p>✓ Completed. Parking program guidelines were developed including criteria for when tickets should be voided or reduced.</p>
<ul style="list-style-type: none"> Perform regular supervisory reviews of all voids and reductions of parking ticket fines and penalties. 	<p>◇ Partially completed. UBCS supervisors are new to their roles of providing oversight of the voided and reduced tickets through the appeals process. A process was implemented in July 2007 to provide supervisory reviews on three levels, including front-line monthly reviews, division quarterly reviews, and department bi-annual reviews. Only the monthly reviews have taken place as of September 30, 2007. The quarterly and bi-annual reviews are not yet due to be conducted.</p> <p><u>Audit Comment:</u> As some of the supervisory reviews were not due for implementation as of September 30, 2007, we will review the status of this action plan step again in the next follow-up period ending March 31, 2007.</p>

<ul style="list-style-type: none"> Implement a process to ensure that receipt of all parking program payments are made only to the Treasurer-Clerk's Office or the contracted collection agency. 	<ul style="list-style-type: none"> ✓ Completed in a prior period.
To effectively manage the parking ticket collection contract	
<ul style="list-style-type: none"> Amend the contract with Data Tickets to clarify the terms related to the collection fee. 	<ul style="list-style-type: none"> ✓ Contract amendment with clarification wording was executed on September 30, 2007.
<ul style="list-style-type: none"> Ensure that amendments are reviewed and approved by the City Attorney's Office. 	<ul style="list-style-type: none"> ✓ Completed in a prior period.
<ul style="list-style-type: none"> Determine the most effective way to receive payments from Data Tickets to verify and accurately record ticket collection revenues and the associated collection costs. 	<ul style="list-style-type: none"> ✓ Completed in a prior period.
To improve and ensure data integrity	
<ul style="list-style-type: none"> Evaluate the data needs for the parking program and develop policies to provide guidance as to how and when tickets should be input and their status updated, as well as when data should be written off and purged. 	<ul style="list-style-type: none"> The completion date was amended to December 31, 2007.
<ul style="list-style-type: none"> Develop and implement a process to address and correct the data errors within the parking ticket system. 	<ul style="list-style-type: none"> The completion date was amended to December 31, 2007.

Table Legend:

- Issue addressed in the original audit
- ✓ Issue addressed and resolved
- ◇ Partially Completed

Conclusion

As described in detail in Table 1, of the five action plan steps due this period, three were completed and two are partially completed.

During our follow-up procedures, we noted two related and continuing issues:

- 1) The City's parking program activities are not being effectively coordinated across the five departments. We recommend that the ACM overseeing the parking program reevaluate the effectiveness of parking program

departmental representatives' roles and responsibilities, and make changes as needed for the program function in the most efficient and effective manner.

- 2) The lag time that occurs between when a handwritten ticket is issued and input into the Duncan system impacts citizens trying to pay the ticket on-line. While tickets not in the Duncan system can be paid in person or through the mail, they cannot be paid on-line. There have been instances when handwritten tickets were not submitted for data entry into the Duncan system

until after two weeks have passed (this is the point when the ticket payment is late and additional penalties are accrued). We recommend that this business process be reviewed to identify a more timely process to input handwritten tickets into the Duncan system.

We appreciate the full cooperation provided during this audit follow-up from key City staff in Utility Business and Customer Services, Police, City Treasurer-Clerk Revenue Division, and City Attorney's Office.

Appointed Officials' Responses

City Manager:

I'm pleased with the results of the follow-up. They reflect management's commitment to internal control and improved efficiency and effectiveness of the parking program. I expect full implementation of outstanding issues within the next year. I thank the audit staff for their assistance in the process.

City Attorney:

We are pleased with the progress to date and will be glad to assist with any changes needed.

Copies of this audit follow-up or audit report #0622 may be obtained from the City Auditor's website (<http://talgov.com/auditing/index.cfm>) or via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail or in person (Office of the City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (auditors@talgov.com).

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