

# **Audit**

## **Follow Up**

*As of April 30, 2007*



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## **The City's Parking Program**

*(Report #0622, Issued September 8, 2006)*

**Report #0720**

**June 6, 2007**

### **Summary**

The applicable City departments have completed five of the 16 action plan steps developed for this audit, each initially due for completion no later than April 30, 2007. The remaining 11 action plan steps have not been completed and their anticipated completion dates have been revised accordingly.

In audit report #0622, we identified issues and provided recommendations to develop a comprehensive and coordinated parking ticket program strategy and to improve management and accounting of the parking ticket inventory, internal controls over the parking program activities, and the integrity of computer based parking ticket information.

As of this report, the following five action plan steps have been completed:

- Program goals and objectives were developed and approved.
- Oversight and coordination of the parking program was assigned to the Assistant City Manager of Utility Services.
- A process was implemented to ensure all parking program payments are made only to the Treasurer-Clerk's Office.
- The City Attorney's Office assisted UBCS by preparing the amendment to the collection contract.
- Management determined the most

effective way to receive payments from the collection agency (Data Tickets).

The following 11 action plan items remain to be completed:

- Changes to the applicable ordinances were drafted but have not yet been approved or adopted.
- Draft performance measures were recently developed but have not been approved and accepted.
- Some standard policies and procedures for the parking program across departments were drafted but have not been fully implemented.
- A process was developed to account for parking tickets submitted from the Airport, and a process is currently being developed to account for those tickets submitted from TPD.
- A process to determine whether accounts receivable should be reported for unpaid parking tickets in the City's financial statements needs to be developed.
- Processes were developed to ensure a proper segregation of duties among the various parking ticket activities and these processes are currently being implemented.
- Criteria were developed for when to void or reduce parking ticket fines and penalties, however, application of the criteria has not been consistent across City departments.

- A policy was recently established for supervisory reviews of voids and reductions, and the procedures are currently being implemented.
- An amendment to the collection contract was drafted by the City Attorney’s Office. UBCS management is now working with the vendor (Data Tickets) to execute the amendment.
- The data needs should be evaluated and policies developed to provide guidance as to what data should be entered and retained in the parking ticket system.
- A process should be developed and implemented to address and correct the data errors within the parking ticket system.

**Scope, Objectives, and Methodology**

The original audit and this subsequent follow up were conducted in accordance with Generally Accepted Government Auditing Standards and the Standards for the Professional Practice of Internal Auditing, and accordingly included such tests of the records and other auditing procedures as were considered necessary.

**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 #0720**

This is our first 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 April 30, 2007. To obtain information, we reviewed relevant documentation, including policies and procedures, contract amendments, program goals and objectives, performance measures, 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 April 30, 2007, and Current Status**

<b>Action Plan Steps</b>	<b>Current Status</b>
<b>To comply with City ordinances</b>	
<ul style="list-style-type: none"> <li>• Review the City ordinances related to the parking program activities and revise ordinances to reflect current operations.</li> </ul>	<ul style="list-style-type: none"> <li>◇ The City Attorney’s Office has completed their review of the respective legal sections. Management will be reviewing the remainder of the ordinances to make all other needed revisions. The completion date has been amended to December 31, 2007.</li> </ul>
<b>To manage the program effectively and efficiently</b>	
<ul style="list-style-type: none"> <li>• Develop citywide goals and objectives for the parking program.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Preliminary citywide goals and objectives have been developed and approved.</li> </ul>
<ul style="list-style-type: none"> <li>• Assign overall oversight and coordination of the parking program activities to one of three Assistant City Managers.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Oversight and coordination has been assigned to the Assistant City Manager of Utility Services.</li> </ul>
<b>To ensure all revenues are accounted for properly</b>	
<ul style="list-style-type: none"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>◇ To date:                             <ul style="list-style-type: none"> <li>• TPD has begun developing their process for (a) accounting for all parking tickets.</li> <li>• UBCS has developed but not fully implemented policies related to (b) how and to whom citizens should submit appeals, (c) criteria for when parking ticket fines should be voided and reduced, and (d) supervisory review of voided and reduced parking ticket fines.</li> <li>• UBCS completed development and implementation of the policy to inform citizens of the (e) location where payments should be submitted.</li> </ul>                             The completion date has been amended to December 31, 2007.                         </li> </ul>
<b>To ensure all parking ticket revenues are properly accounted for</b>	
<ul style="list-style-type: none"> <li>• Implement a process to periodically conduct an accounting of parking tickets to ensure that all tickets issued have been entered into the</li> </ul>	<ul style="list-style-type: none"> <li>◇ UBCS developed a process to account for parking tickets submitted from the Airport and is currently developing a process to account for those tickets submitted from</li> </ul>

<p>parking ticket system so that all due revenues can be collected.</p>	<p>TPD. The completion date has been amended to September 30, 2007.</p>
<ul style="list-style-type: none"> <li>• 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.”</li> </ul>	<ul style="list-style-type: none"> <li>◇ Implementation of this recommendation has been delayed until the parking ticket system errors have been addressed. At that time, the parking ticket data will be evaluated to determine if outstanding accounts receivable for parking ticket revenues should be recorded in the annual financial statements. This step is dependent on the completion of the last action step in this table related to data cleanup in the parking ticket system. The completion date has been amended to September 30, 2008.</li> </ul>
<p><b>To provide sound internal controls</b></p>	
<ul style="list-style-type: none"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>◇ Processes were changed to implement a proper segregation of duties related to the voiding of tickets and receiving of payments. At TPD, supervisors are required to approve all voided parking tickets. At UBCS, the appeal/void process was modified to ensure the person who approves an appeal does not enter it into the system. The lead worker should authorize voids entered by front line staff. If the lead worker voids a ticket, he/she will not enter the void into the parking ticket system. This policy has only been implemented for a short period, therefore due to limited documentation, we were unable to assure that the described process was working as intended. The completion date has been amended to September 30, 2007.</li> </ul>
<ul style="list-style-type: none"> <li>• Develop, document, and implement criteria for when parking ticket fines and penalties should be voided or reduced.</li> </ul>	<ul style="list-style-type: none"> <li>◇ A void policy was drafted and acceptable reasons for voids limited. Our review of voids indicated some voids were not consistent with the proposed policy. Descriptions of why tickets were voided need to be further refined. The completion date has been amended to September 30, 2007.</li> </ul>
<ul style="list-style-type: none"> <li>• Perform regular supervisory reviews of all voids and reductions of parking ticket fines and penalties.</li> </ul>	<ul style="list-style-type: none"> <li>◇ A process was developed to perform monthly, quarterly, and semi-annual supervisory reviews of all voids and reductions of parking ticket fines and penalties. The UBCS General Manager indicated she conducted two periodic</li> </ul>

	<p>reviews to date. More time is needed to determine whether regular supervisory reviews are occurring monthly, quarterly, and semi-annually, according to the new policy. The completion date has been amended to September 30, 2007.</p>
<ul style="list-style-type: none"> <li>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.</li> </ul>	<p>✓ UBCS developed a process to clearly denote on all relevant written correspondence that all payments are to be submitted to the attention of the Treasurer-Clerk's Office. The correspondence from the contracted collection agency (Data Tickets) requests that customers submit their payments to Data Tickets.</p>
<p><b>To effectively manage the parking ticket collection contract</b></p>	
<ul style="list-style-type: none"> <li>Amend the contract with Data Tickets to clarify the terms related to the collection fee.</li> </ul>	<p>◇ An amendment to the collection contract was drafted by the City Attorney's Office. UBCS management is now working with Data Tickets to execute the amendment. The completion date has been amended to September 30, 2007.</p>
<ul style="list-style-type: none"> <li>Ensure that amendments are reviewed and approved by the City Attorney's Office.</li> </ul>	<p>✓ The City Attorney's Office assisted UBCS by preparing the amendment to the collection contract. (See above step.)</p>
<ul style="list-style-type: none"> <li>Determine the most effective way to receive payments from Data Tickets to verify and accurately record ticket collection revenues and the associated collection costs.</li> </ul>	<p>✓ The UBCS General Manager evaluated the methodology of receiving payments from Data Tickets and determined the current methodology is acceptable.</p>
<p><b>To improve and ensure data integrity</b></p>	
<ul style="list-style-type: none"> <li>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.</li> </ul>	<p>◇ Management has begun discussing policies for when parking ticket data should be written off and purged. The business processes still need to be determined. The completion date has been amended to December 31, 2007.</p>
<ul style="list-style-type: none"> <li>Develop and implement a process to address and correct the data errors within the parking ticket system.</li> </ul>	<p>◇ No significant progress has been made in this area. The completion date has been amended to December 31, 2007.</p>

**Table Legend:**

- Issue addressed in the original audit
- ✓ Issue addressed and resolved
- ◇ On-going activities, completion date amended

### ***Conclusion***

As described in detail in Table 1, of the 16 action plan steps due to be completed as of April 30, 2007, five were completed, and 11 are in varying stages of completion. The estimated completion dates have been revised for those steps remaining to be completed.

We appreciate the full cooperation of key City staff from the Police Department and Utility Business and Customer Services provided during this audit follow up.

### ***Appointed Official's Response***

**City Manager:** I'm pleased with the progress to date on this audit. Inter-departmental coordination should continue to yield positive results.

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](mailto:auditors@talgov.com)).

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