



Hamilton

CITY OF HAMILTON

**CITY MANAGER'S OFFICE
Audit Services Division**

TO: Chair and Members Audit, Finance and Administration Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: March 19, 2012	
SUBJECT/REPORT NO: Audit Report 2011-12 - Parking Infractions & Enforcement (AUD12003) (City Wide)	
SUBMITTED BY: Ann Pekaruk Director, Audit Services City Manager's Office	PREPARED BY: Ann Pekaruk 905-546-2424 x4469
SIGNATURE:	

RECOMMENDATION

- (a) That Report AUD12003 respecting Audit Report 2011-12, Parking Infractions & Enforcement, be received;
- (b) That the Management Action Plans as detailed in Appendix "A" of Report AUD12003 be approved; and
- (c) That the General Manager of Planning and Economic Development be directed to instruct the appropriate staff to have the Management Action Plans (attached as Appendix "A" to Report AUD12003) implemented.

EXECUTIVE SUMMARY

The 2011 Internal Audit work plan approved by Council included an audit of the parking infractions and enforcement processes to ensure adequate controls exist in the issuance of parking tickets, collection of fines and the accounting for revenue in a timely manner. Recommendations were made to improve fine collections, strengthen internal controls and identify opportunities for administrative efficiencies.

The results of the audit are presented in a formal audit report (2011-12) containing observations, recommendations and management responses. The Report 2011-12 is attached as Appendix "A" of Report AUD12003.

Alternatives for Consideration – Not Applicable

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial: As outstanding parking infractions are presented to the Ministry of Transportation (MTO) for plate denial, many of the fines will be paid by motorists who desire to have their plate renewed. The backlog of outstanding parking infractions to the MTO represents approximately \$1.6 million of revenue not realized.

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND (Chronology of events)

This audit deals primarily with Part II notices under the Provincial Offences Act which are issued for unlawful parking, standing or stopping of vehicles. These tickets are issued by Municipal Law Enforcement Officers, Commissionaires and the Hamilton Police Service.

The audit was scheduled as part of the 2011 Internal Audit work plan approved by Council. The audit fieldwork was completed in December 2011. The results of this audit are attached as Appendix "A" of Report AUD12003.

The Audit, Finance and Administration Committee receives and approves final audit and review reports as part of its responsibilities for the oversight of governance and control.

POLICY IMPLICATIONS

- City of Hamilton Municipal By-laws to regulate on-street parking
- Provincial Offences Act

RELEVANT CONSULTATION

Appendix "A" to Report AUD12003 includes management action plans which reflect the responses of management responsible for the administration of parking infractions and enforcement, part of Parking and By-Law Services of the Planning and Economic Development Department.

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

The primary purpose of the City parking tag (ticket) program is to assist in deterring illegal parking and facilitate the free flow of traffic. Funds collected through the parking tag program are a source of revenue that offset program costs. The audit set out to ensure adequate controls exist in the issuance of tickets, collection of fines and the accounting for revenue in a timely manner.

Parking tags are issued by Municipal Law Enforcement Officers, Commissionaires and the Hamilton Police Service. Collection of fines related to parking infractions are collected by the Parking & By-law Services Division. The province (MTO) is involved at the plate denial stage if payment is not received for infractions.

Approximately 136,400 tags were issued in 2011 with estimated fines totalling \$4.73 million. However, since revenue is realized only as cash is actually collected, approximately \$3.54 million was recorded for the 10 months ending October 31, 2011 (all of 2010 - \$4.29 million) with 47% of the total paid online.

A formal Audit Report (2011-12) containing observations, recommendations and resulting management action plans was issued. The implementation of the five recommendations included in the Audit Report 2011-12 (attached as Appendix "A" of Report AUD12003) will strengthen and improve revenue reconciliations and customer service. Among the recommendations are:

- Completion of the development of the plate denial module in the "Officer" system application to clear the backlog of outstanding parking infractions through the MTO;
- Performance of reconciliations between the Parking Enforcement application and the Point of Sale (POS) system;
- Development and distribution of procedures pertaining to documentation and storage standards for adjudication processes; and
- Regular management review of cancelled infractions for validity and retention and organized storage of corresponding supporting documentation.

Management and staff have agreed to implement or have already implemented all the recommendations. Specific action plans can be found in the attached Audit Report.

ALTERNATIVES FOR CONSIDERATION

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

Not applicable.

CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

Financial Sustainability

- ◆ Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner

APPENDICES / SCHEDULES

Appendix "A" to Report AUD12003: Audit Report 2011-12

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**CITY OF HAMILTON
INTERNAL AUDIT REPORT 2011-12
PLANNING AND ECONOMIC DEVELOPMENT
PARKING INFRACTIONS & ENFORCEMENT**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
1.	<p><u>Plate Denial</u> The development of a plate denial module for the recently implemented (February 2011) Parking Enforcement computer application has not yet been completed. As a result, eligible outstanding parking infractions are not being sent to the Ministry of Transportation Ontario (MTO) for plate denial.</p> <p>Plate denial is an effective method to collect outstanding parking infractions. The MTO will not allow vehicle licence plate renewal until all outstanding parking infractions on record are paid.</p> <p>It is estimated that, as of October 31, 2011, the collection of approximately \$1.6 million of revenue has been delayed due to over 27,000 outstanding infractions not being sent for plate denial to the MTO.</p>	<p>That staff complete the development of the plate denial module and implement it as soon as possible to clear the backlog of outstanding parking infractions through the MTO.</p>	<p>Agreed. Effective January 17, 2012, our vendor has been manually processing backlogged plate denial records which will be completed along with the release of the plate denial module. Expected time of completion: end of Q1, 2012 for both the backlog of records and the release of the plate denial module.</p>

**PLANNING AND ECONOMIC DEVELOPMENT
PARKING INFRACTIONS AND ENFORCEMENT
DECEMBER 2011**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
2.	<p><u>Reconciliation of Operational Data to Financial Data</u> Fine payments recorded in the Point of Sale (POS) system are not reconciled with tickets noted as paid in the Parking Enforcement computer application. No daily summary report of paid fines that would facilitate such a reconciliation is generated by the Parking Enforcement application.</p> <p>The potential risk exists for infractions to be recorded as "paid" in the parking application without funds having actually been received or fines recorded as "paid" in the POS system.</p>	<p>That a Parking Enforcement application daily summary report of paid fines be developed. Reconciliations should occur regularly between the Parking Enforcement application and the POS system data to ensure the completeness of infractions listed as paid in both systems.</p>	<p>Agreed. Financial reports are currently being created by our system's vendor and will be ready with the next module's release. Once in place, cross-referencing of POS and OFFICER reports will be conducted on a daily basis.</p> <p>Currently, manual measures are in place until the release of the reporting module. Expected time of completion: end of Q1, 2012.</p>
3.	<p><u>Documentation and Storage Procedures</u> There are no written procedures with respect to documentation and storage standards for the adjudication processes (i.e. what is considered to be sufficient supporting documentation for a ticket disposition decision and how this documentation is to be stored).</p> <p>When written procedures do not exist, employees currently carrying out the processes rely on personal understanding and experience which could result in incorrect, incomplete or inconsistent application. It would also be problematic and inefficient for a successor to commence his/her duties within a short period of time.</p>	<p>That procedures pertaining to documentation and storage standards for adjudication processes be written and distributed to staff.</p>	<p>Agreed. Policy # FA008 (Conducting a First Attendance Interview) has been updated and approved to include documentation and storage standards. Distribution to staff will be completed by end of February, 2012.</p> <p>Policy # FA003 (Front Counter Role – First Attendance Clerks and Customer Service Reps) has been updated and approved to include documentation and storage standards. Distribution to staff will be completed by end of February, 2012.</p>

