

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 25, 2013	
SUBJECT/REPORT NO: Follow Up of Audit Report 2011-12 – Parking Infractions & Enforcement (AUD13013) (City Wide)	
SUBMITTED BY: Ann Pekaruk Director, Audit Services City Manager's Office	PREPARED BY: Ann Pekaruk 905-546-2424 x4469
SIGNATURE:	

RECOMMENDATION

That Report AUD13013, respecting the follow up of Audit Report 2011-12, Parking Infractions & Enforcement, be received.

EXECUTIVE SUMMARY

Audit Report 2011-12, Parking Infractions & Enforcement, was originally issued in March, 2012 and management action plans with implementation timelines were included in the Report. In January, 2013, Internal Audit conducted a follow up exercise to determine if appropriate and timely actions had been taken. Of the five recommendations that management agreed to in the original Report, two have been completed, two alternatives have been implemented and one is in progress.

Alternatives for Consideration – Not Applicable

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

Financial: None.

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND (Chronology of events)

Audit Report 2011-12, Parking Infractions & Enforcement, was originally issued in March, 2012. The audit dealt primarily with Part II notices under the Provincial Offences Act which are issued for unlawful parking, standing and stopping of vehicles. The Report provided five recommendations identifying areas to improve fine collections, strengthen internal controls and identify opportunities for administrative efficiencies.

It is normal practice for Internal Audit to conduct follow up reviews within a 12-18 month period following issuance of the original report in order to determine whether action plans committed to by department management have been implemented.

POLICY IMPLICATIONS/LEGISLATED REQUIREMENTS

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

RELEVANT CONSULTATION

The results of the follow up were provided to 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 report attached as Appendix “A” to Report AUD13013 contains the first three columns as originally reported in Report 2011-12 along with an added fourth column indicating Internal Audit’s comments as a result of the follow up work.

Two of the five of the recommendations have been fully implemented. These are: the development and distribution of procedures pertaining to documentation and storage standards for adjudication processes; and the retention and storage of cancelled and voided infractions in an organized manner.

The two recommendations for which alternatives have been implemented are: the use of a process to flag tickets eligible for plate denial in place of the development of the plate denial module in the “Officer” system application to clear the backlog of outstanding parking infractions through the MTO; and the reconciliation of payments recorded between the Parking Enforcement application and the Point of Sale (POS) system using a manual system rather than developing a report in the “Officer” application.

One recommendation, whose implementation is in progress, refers to regular management review of cancelled infractions for validity.

ALTERNATIVES FOR CONSIDERATION

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

Not applicable.

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN:

Strategic Priority #3

Leadership & Governance

WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.

Strategic Objective

3.4 Enhance opportunities for administrative and operational efficiencies.

APPENDICES / SCHEDULES

Appendix “A” to Report AUD13013.

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

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JANUARY 2013)
1.	<p><u>Plate Denial</u></p> <p>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>	<p>Alternative Implemented. The plate denial module on the Parking Enforcement computer application is not complete. Management has implemented a process whereby tickets eligible for plate denial are flagged and sent to the MTO. The backlog of outstanding parking infractions not sent to the MTO is 91 tickets totaling less than \$5,600, a significant decrease from the numbers noted at the original audit.</p>

**PLANNING & ECONOMIC DEVELOPMENT
 PARKING INFRACTIONS AND ENFORCEMENT
 FOLLOW UP - JANUARY 2013**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JANUARY 2013)
2.	<p><u>Reconciliation of Operational Data to Financial Data</u></p> <p>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 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>	<p>Alternative Implemented. A manual process has been implemented to ensure that payments recorded in the POS system are reconciled with the value of paid tickets in the Parking Enforcement application. Management has requested the assistance of the software vendor to develop a Parking Enforcement application summary report of paid fines.</p>

**PLANNING & ECONOMIC DEVELOPMENT
PARKING INFRACTIONS AND ENFORCEMENT
FOLLOW UP - JANUARY 2013**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JANUARY 2013)
3.	<p><u>Documentation and Storage Procedures</u></p> <p>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>	<p>Completed. Procedures for the documentation and storage standards of the adjudication process have been written. Although there is no written indication that the procedures have been distributed to staff, the documentation and storage standards, as written, are being followed by staff which indicates an awareness of the procedure requirements.</p>

**PLANNING & ECONOMIC DEVELOPMENT
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#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JANUARY 2013)
4.	<p><u>Cancelled and Voided Infractions</u> Management is not reviewing the supporting documentation for cancelled and voided parking infractions in order to verify the validity of such actions.</p> <p>During the audit testing of cancelled tickets, appropriate supporting documentation was not provided for 35 of the 51 items reviewed. These included:</p> <ul style="list-style-type: none"> • 4 Parking Inquiry Forms (starting point for citizen to dispute a ticket) could not be located; • 5 infractions were adjudicated by telephone/fax/email and sufficient documentation was not available for review; • 17 infractions had administrative exceptions identified (i.e. forms not initialled, tag information missing, incorrect or inconsistent between records); and • 9 tickets could not be located in a timely manner due to the current method of filing. 	<p>That cancelled infractions be reviewed by management regularly to ensure that retained documentation supports the validity of the cancellations.</p>	<p>Agreed. This has been tasked to the Manager to review various records on a quarterly basis to ensure documentation is provided and supports cancellations. Ongoing and continued monthly reviews of cancelled ticket reports assist as a cross reference to the reviews.</p>	<p>In Progress. During Internal Audit's review of the implementation of this recommendation, only two instances of management review of supporting documentation for cancellations in the last two quarters were provided. Reviews are not being performed on a regular basis or with adequate coverage.</p>

**PLANNING & ECONOMIC DEVELOPMENT
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#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JANUARY 2013)
4.	<p><u>Cancelled and Voided Infractions (Cont'd)</u> A potential risk exists in that parking infractions could be inappropriately cancelled, resulting in lost revenue for the City.</p>	<p>That cancelled and voided infractions be stored in an organized manner (i.e. sorted by date or week of cancellation) and be stored in a specific location where the items can be readily retrieved, when required.</p>	<p>Agreed. Policy # FA036 (Filing of Voided/Cancelled Tickets) has been drafted and approved. Distribution to staff will be completed by end of February, 2012.</p>	<p>Completed. Cancelled and voided infractions are stored in an organized manner in a readily accessible location.</p>