

CITY OF FORT LAUDERDALE

OFFICE OF THE CITY AUDITOR

*Parking Citation Process- Follow-up Review of Report #11/12-02
Report #13/14-02*

June 13, 2014



Memorandum

Memorandum No: 13/14-04

Date: June 13, 2014

To: Honorable Mayor and Commissioners

From: John Herbst, CPA, CGMA, CGFO
City Auditor

Re: **Parking Citation Process - Follow-up Review**

In accordance with our audit workplan, we have performed a follow-up review of our *Operational Audit of the Parking Citation Process (Report #11/12-02)*. Our review was conducted in accordance with government auditing standards. Review procedures consist of staff inquiries and limited analysis of documentation provided by management. We did not perform substantial tests of evidence supporting the responses from staff responsible for resolving audit findings and recommendations.

City administration has the ultimate fiduciary responsibility to make sure that all known operational deficiencies are addressed and to manage public resources in the most efficient manner. According to the Comptroller General of United States:

Audit recommendations are well researched solutions to deficiencies noticed during the audit. Implementation of recommendations results in improvements in processes and controls. Not implementing recommendations allows the known deficiencies to continue resulting in waste or operational inefficiencies.

In our initial report, we made seven recommendations. At this time, three remain open (Finding 1, Observation 2, and Observation 3).

A detailed schedule of the findings, recommendations, and current status is included in the attached report.

Attachment(s)

cc: Lee R. Feldman, City Manager
Cynthia A. Everett, City Attorney
Jonda Joseph, City Clerk
Stanley D. Hawthorne, Assistant City Manager
Susanne M. Torriente, Assistant City Manager

City of Fort Lauderdale
City Auditor's Office
Parking Citation Process Follow-Up Audit
06/13/2014

FINDING 1

Condition

Voided citations were approved in the Auto Issue system with no indication of why they were voided by the Parking Enforcement Specialist (PES). During testing, the reason for voiding 38 of 110 (34.5%) citations was not clearly explained.

Recommendation

The CAO recommends that the City Manager require the Director of Parking and Fleet Services provide additional training that emphasizes adherence to procedures regarding appropriate documentation of voided citations.

Management Response

Management concurs. The PES function was transferred to the Transportation and Mobility Department on October 1, 2011. Training and policy reinforcement will be among the duties of the Enforcement Manager when hired.

Follow-Up Action

CAO was informed that the PES function was transferred to Transportation and Mobility, and PES personnel report directly to the Parking Services Manager. Parking Services conducted training for the existing staff and new hires.

However, CAO selected 60 voided citations, and noted that six voided citations did not have a reason for the void written on the tickets, which constitutes an error rate of 10%. While the daily voided citation report provides a column space to list a reason for the void, the column is not filled in the report.

Follow-Up Auditor's Recommendation

Parking Services should continue its effort to implement the new system and to properly document the voided citations. Parking Services should also consider developing a coding system to document the reason for the void to fit within the limited space provided in the remark section or in the field of the current parking information system.

Status - Open

FINDING 2

Condition

A PES who voids a citation can also approve the transaction in the Auto Issue system, representing an improper segregation of duties.

Recommendation

The CAO recommends that the City Manager require the Director of Parking and Fleet Services to ensure a proper segregation of duties. Individuals authorized to void a citation in Auto Issue should be independent of the PES who issued and subsequently voided the citation in the field.

City of Fort Lauderdale
City Auditor's Office
Parking Citation Process Follow-Up Audit
06/13/2014

Management Response

Management concurs. This will be addressed in the reorganization of the department.

Follow-Up Action

Parking Services has adequate Parking Enforcement Specialists (PES) and supervisors to ensure proper segregation of duties. A PES makes a notation on the citation to be voided. The notation includes the reason for the void and PES employee ID, etc. A supervisor would then review the void and process the void within the Auto Issue system the next business day.

Status - Closed

OBSERVATION 1

Condition

The Code of Ordinances, section 26-91, schedule of fines on the City website does not reflect the current approved fine schedule.

Recommendation

The CAO recommends that the City Manager coordinate with the City Attorney and City Clerk to update the Code of Ordinances on the City website to reflect the current approved fine schedule.

Management Response

Management concurs. The City Manager will direct the PIO to update the fine schedule on the website. Municode updates are the jurisdiction of the City Clerk's Office.

Follow-Up Action

The City Commission approved an increase in surcharge on parking fines on November, 2012 following the recommendation by the City Manager. CAO reviewed the schedules of fines on City websites. Section 16-91 of Municode properly reflects the increase in the approved fine schedules.

Status - Closed

City of Fort Lauderdale
City Auditor's Office
Parking Citation Process Follow-Up Audit
06/13/2014

FINDING 3

Condition

Parking Services does not verify that fines paid to the City, which are greater than 90 days outstanding, agree with amounts reflected on monthly invoices from the collection agency, Law Enforcement Systems, Inc. ("LES").

Auditor Note: Per Parking and Fleet Services: "Due to limitations in the Flex system and the number of specialized tasks that Parking Services has developed since implementation, this had not been among the high-priority items that we have devoted resources to. However, it is among the items that we have identified as requiring additional programming and will focus on in the near future. In the meantime, Parking Services is working on a way to manually balance the payment files against LES invoices and have started that process for the April invoice."

Recommendation

The CAO recommends that the City Manager require the Director of Parking and Fleet Services to reconcile the dollar amount of fines paid to the City, on tickets greater than 90 days, against the monthly invoices received from the collection agency.

Auditor Note: As a result of audit fieldwork, this finding is being remediated.

Management Response

Management concurs. Parking has a rudimentary, manual process now by which to reconcile. It is time consuming and a more automated method will be developed internally in the next six months.

Follow-Up Action

The City entered into the Contract with Penn Credit with collection service starting Jan 1, 2012. Penn Credit performed the collection service for the City of Fort Lauderdale over the past several years, and is knowledgeable with Parking Service's collection needs.

Penn Credit provides the City a collection statement each month and remits the amount of collections it received at its collection locations. Parking Services matches the amount of remittance with Penn Credit statements & Wells Fargo deposits, and reconciles them with City's FLEX report. If there are checks with NSF, the amounts are adjusted in FLEX, and customer files are updated as unpaid citations.

Status – Closed

City of Fort Lauderdale
City Auditor's Office
Parking Citation Process Follow-Up Audit
06/13/2014

OBSERVATION 2

Condition

The Parking Services contract with Law Enforcement Systems, Inc. does not require that a Statement on Standards for Attestation Engagements (SSAE) 16 (formerly SAS 70) "Reporting on Controls at a Service Organization" be performed.

Recommendation

The CAO recommends that the City Manager require the Director of Parking and Fleet Services to incorporate a SSAE 16 "Reporting on Controls at a Service Organization" into the upcoming RFP process once the current contract with the collection agency expires 12/31/11. Requiring such an audit would enhance confidence in the vendor's internal controls regarding payments on delinquent parking citations.

Management Response

Management concurs. The RFP required a SAS 70 and was issued before this report was released to us. The requirement was recommended by the Auditor's office to Commission to require a SAS 70 with the bid response and an SSAE 16 annually after award.

Follow-Up Action

The Service Agreement requires that Penn Credit Corp provide an SSAE 16 report annually. Subsequent to CAO's request, the Parking Services Department obtained the SSAE 16 annual report from the Penn Credit Corp. As a result, this is indicative of a failure of staff to ensure that the vendor is in compliance with the requirements of the contract. It invites the questions as to what other contract provisions are being ignored without management being aware of it.

Follow-Up Auditor's Recommendation

Parking Services should continue its effort to monitor its service providers. In addition, Parking Services should obtain & review the SSAE 16 report from its service provider in a timely manner.

Status - Open

City of Fort Lauderdale
City Auditor's Office
Parking Citation Process Follow-Up Audit
06/13/2014

OBSERVATION 3

Condition

Parking Services is not engaged in benchmarking activities with regard to parking citations and collection rates.

Recommendation

The CAO recommends that the City Manager require the Director of Parking and Fleet Services to perform benchmarking activities and analyze collection rates in comparison with other cities.

Management Response

Management concurs. These activities will be undertaken under the City Manager's direction with respect to the benchmarking initiative, performance measures and strategic planning being developed currently.

Follow-Up Action

The Parking Service Manager is a member of Florida Parking Association and International Parking Institute, and management participated in the various conferences and expo. However, Parking Services did not conduct official benchmarking activities.

Follow-Up Auditor's Recommendation

Parking Services should conduct formal benchmarking activities to compare the City's performance with those in other Florida cities.

Status - Open

FINDING 4

Condition

Management's scheduling of PES personnel does not allocate these resources based on criteria, such as number and location of meters or activity in specific areas.

During the course of the audit the CAO noted that PES personnel were reporting operationally to the Police Department.

In addition, the following specific conditions were noted:

Two citations issued by two different Parking Enforcement Specialists at the same location within twelve minutes.

Parking Enforcement Specialists are scheduled by district and not assigned a specific area.

City of Fort Lauderdale
City Auditor's Office
Parking Citation Process Follow-Up Audit
06/13/2014

Shift two begins three hours before shift one ends (three hour time overlap). Shift three begins five and one-half hours before shift two ends (five and one-half hour time overlap). As such, shift scheduling could not be explained.

Police department personnel, responsible for scheduling, were unaware of the number of meters in each district.

A map superimposing the location of parking meters from the Geographic Information Systems (GIS) data over the police district map revealed that ten Parking Enforcement Specialists are assigned to cover 1,853 meters while eleven monitor only 590 meters. One Parking Enforcement Specialist is responsible for just 27 meters.

There appears to be no correlation between the number of meters in a district and scheduling of Parking Enforcement Specialists.

Recommendation

The CAO recommends that the City Manager consider reorganizing the parking enforcement specialists within Parking and Fleet Services to ensure an appropriate allocation of resources to enforce city parking policies.

Auditor Note: The CAO is pleased to note that city management has taken a proactive approach with regard to reorganizing Parking and Fleet Services. As such, the parking enforcement operations have been moved to the new Department of Transportation and Mobility.

Management Response

This has been addressed in the Manager's August 22nd re-organizational memo and is being implemented this fiscal year.

Follow-Up Action

CAO met with the Parking Services Manager and his staff on October 29, 2013. CAO conducted additional discussions with the Parking Service Manager and Supervisor on November 4, 2013. In addition, CAO reviewed the Parking Staff Procedure, POE staff schedule allocations, and CAO determined the following:

- The PES function was transferred to Transportation and Mobility, and PES personnel report directly to the Parking Services Manager.
- Parking Services replaced the original police districts with five parking enforcement zones.
- Parking Services created schedules for each zone. Parking Services will staff each shift with a minimum of five PES per shift on week days, and six to seven PES on weekends. They rotate assigned areas every two months.
- CAO reviewed a typical operational schedule, and it appears to be a reasonable and sound schedule.

City of Fort Lauderdale
City Auditor's Office
Parking Citation Process Follow-Up Audit
06/13/2014

- Furthermore, Parking Services is actively seeking an RFP to implement a system of smart enforcement in all City parking areas, utilizing a combination of space occupancy, sensors and meter data.

Status - Closed

Engagement Staff:

Marco Hausy, Audit Manager

Deming Zhang, Assistant City Auditor I