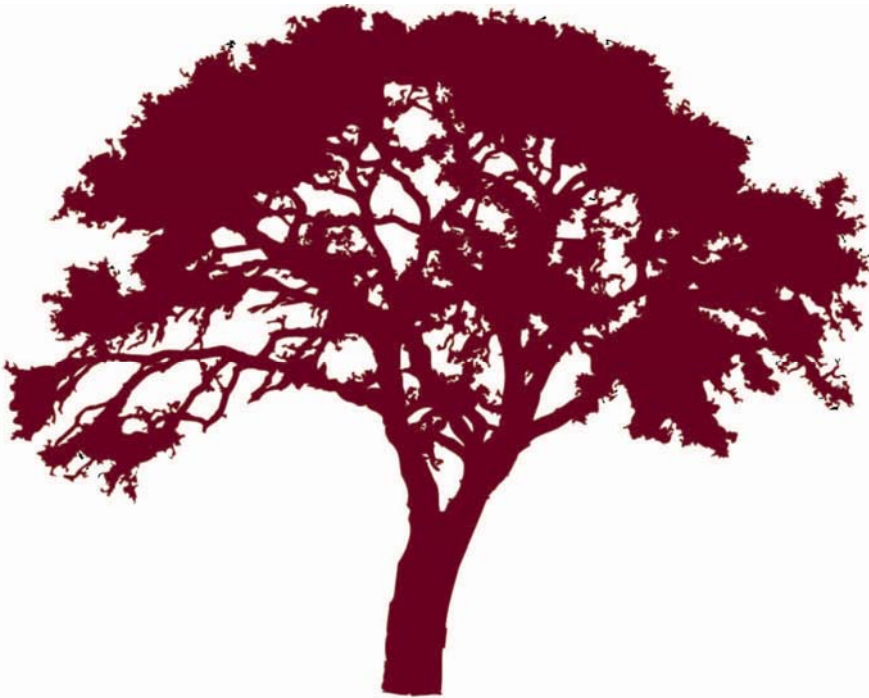


City of Oakland Office of the City Auditor

December 20, 2012

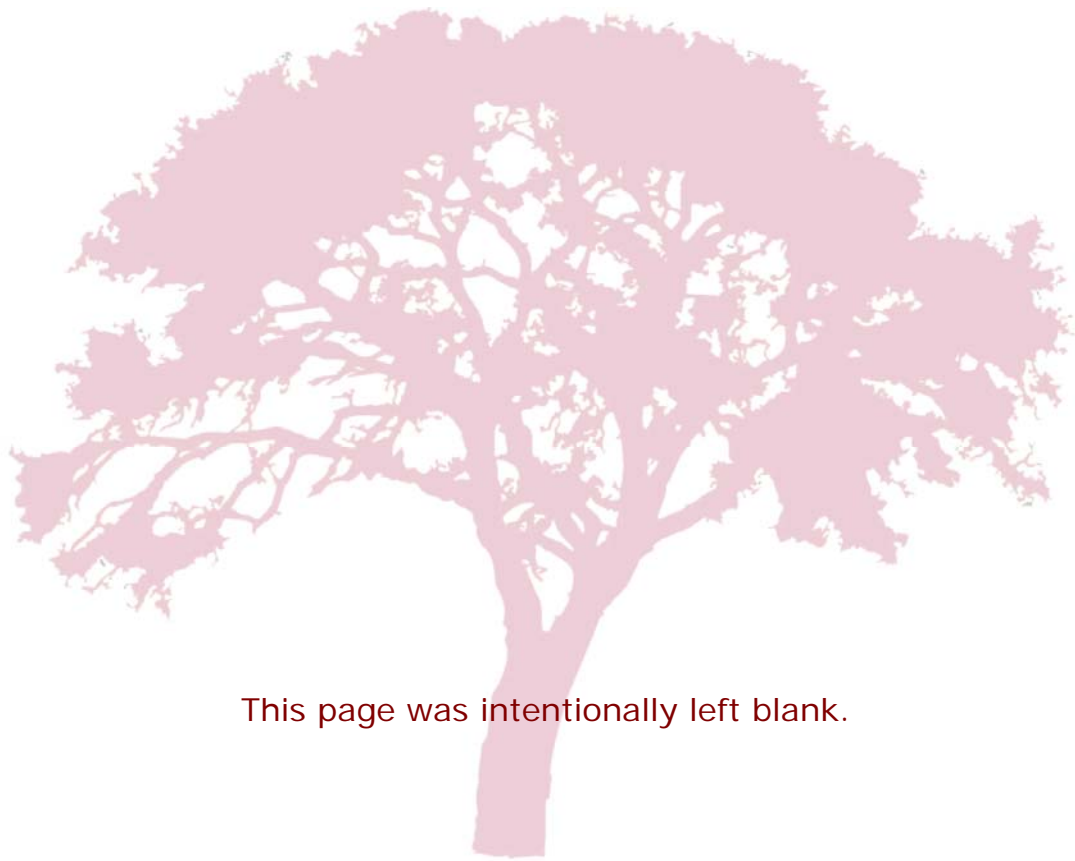
Parking Ticket Management Audit FY 2010-11

The City has made significant improvements in its management of parking operations, but further improvements are needed.



City Auditor
Courtney A. Ruby, CPA, CFE

PERFORMANCE AUDIT



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December 20, 2012

OFFICE OF THE MAYOR
HONORABLE CITY COUNCIL
CITY ADMINISTRATOR
CITIZENS OF OAKLAND
OAKLAND, CALIFORNIA

RE: PARKING TICKET MANAGEMENT PERFORMANCE AUDIT FY 2010-11

Dear Mayor Quan, President Reid, Members of the City Council, City Administrator Santana, and Oakland Citizens:

Since FY 2007-08, the City has been operating in an environment of severe budget deficits. During this time, the City Council has increased parking fines and expanded the number of paid parking spaces to generate additional revenue. In FY 2010-11 the City issued approximately 387,000 parking tickets and generated almost \$23 million in general fund revenue.

To improve parking operations, the Administration implemented a new ticket management system and recently reorganized parking operations. This audit found significant improvements in the City's management of parking tickets. The City took a focused approach that incorporates the effective use of technology to dramatically improve operations in an area that has frustrated citizens and City leadership for years.

Attached is the Parking Ticket Management Performance Audit, which reviewed the City's management of its parking tickets during FY 2010-11. The audit's objectives were to assess the Parking Division's effectiveness and efficiency of administering parking tickets and to evaluate the management of parking ticket collections.

While the audit found that the City's management of parking has significantly improved, the audit also revealed that the City has previously failed to notify citizens when they overpay parking tickets and is currently holding \$316,000 in overpayments related to FY 2010 – 11 alone. California State law requires that citizens' overpayments are held for a period of three years and citizens must be notified before the City can use these funds. Our audit found no evidence that, prior to FY 2010-11, citizens were notified of parking ticket overpayments, as required by the California Government Code.

Additionally, the audit found that the new system was unable to surmount certain operational deficiencies in internal controls and procedures. Examples of this include an unresolved difference of \$345,000 between the City's books and the new system, a potential loss of \$27,700 due to improperly recorded tickets, and delays in noticing citizens.

Oakland contracted with ACS to implement and manage the new ticket processing system. While operations have significantly improved, the audit found flaws with the construction of contract penalties regarding collection targets. Notably, when ACS failed to meet collection targets on tickets that would have brought approximately \$400,000 to \$600,000 into the City's coffers, ACS paid merely \$10,128 in penalties for missing its own proposed and contractually obligated collection levels.

Another important finding from the audit identified Parking staff's decision to not inform the City Council of the approximately \$545,000 lost from extending the courtesy period motorists have to pay their parking tickets from 32 days to 42 days. While this decision was within the administrative scope of Management, the audit determined that a financial decision with consequences of this magnitude should have, minimally, been noticed to the City Council -- especially in a climate where the City Council has had to make unpopular policy decisions to increase parking revenue.

Positively, the Administration has agreed to implement the majority of the audit's recommendations and to address the many issues identified within the audit. This audit demonstrates Oakland's ability to effectively turn around operations; yet, the lesson still needed to be learned is that fairness and transparency must be at the center of decisions that directly impact the lives and finances of our citizens.

Respectfully submitted,

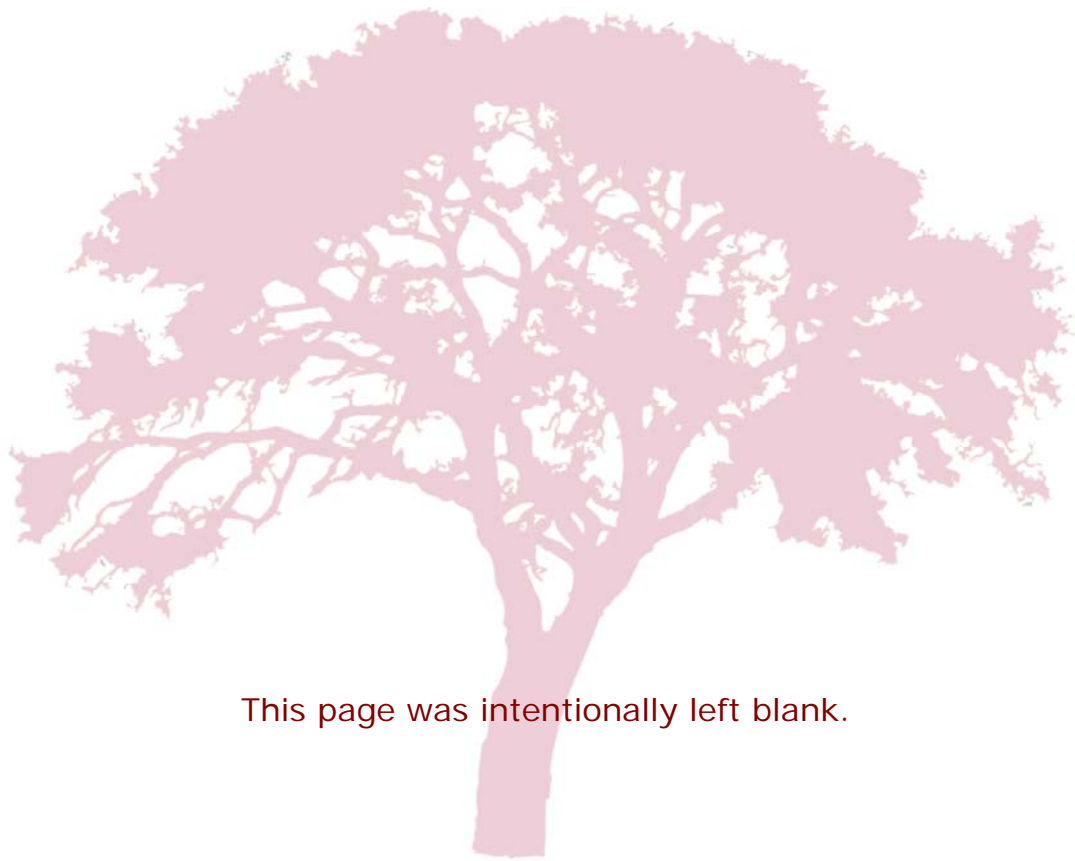
A handwritten signature in cursive script that reads "Courtney A. Ruby".

COURTNEY A. RUBY, CPA, CFE
City Auditor

cc Scott Johnson, Assistant City Administrator

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REPORT SUMMARY

PARKING TICKET MANAGEMENT AUDIT: FY 2010-11

OVERVIEW

The City has made significant improvements in its management of parking operations, but further improvements are needed.

Objectives

The Office of the City Auditor conducted a performance audit of the City's management of its parking tickets during FY 2010-11. The objectives of the audit were to:

- Assess process effectiveness and efficiency of administration of parking tickets
- Evaluate the management of parking ticket collections

Key Findings

The findings from the audit include:

- Finding 1.1: The City's management of parking has significantly improved
- Finding 2.1: The City did not refund approximately \$316,000 in parking ticket overpayments in FY 2010-11 and may not have complied with State requirements for prior years
- Finding 2.2: The Parking Division's review of parking ticket appeals is slow and inconsistent
- Finding 2.3: The Parking Division's customer service phone system can be improved to be more user friendly and intuitive
- Finding 3.1: The City did not regularly reconcile its parking revenue; there is currently an unresolved \$345,000 difference for FY 2010-11
- Finding 3.2: The City potentially lost \$27,700 due to improperly recorded tickets in FY 2010-11
- Finding 3.3: Five percent (5%) of courtesy notices were sent late in the second half of FY 2010-11, down from 42% sent late in the first half of FY 2010-11
- Finding 3.4: The slow relay of handwritten tickets from the Oakland Police Department resulted in tickets not processed for over a month; however, the number of handwritten tickets issued is minimal (approximately 2% of all parking tickets)
- Finding 3.5: Some key parking information was not communicated to the City Council
- Finding 3.6: The Parking Division's annual performance measures are not useful or realistic
- Finding 4.1: Had ACS met its promised collection targets, the City would have received an additional \$401,000 to \$620,500 in parking revenue; instead, ACS paid \$10,128 in penalties for missing targets
- Finding 4.2: One percent (1%) of electronic tickets were not entered into the system in a timely manner; ACS may owe the City \$41,000 in penalty fees, however, the City does not know who was at fault
- Finding 4.3: ACS may not be meeting its contract obligation for 98% data accuracy
- Finding 4.4: ACS does not resolve all skeleton tickets in a timely manner

Key Recommendations

To address the audit's findings, the report includes 24 recommendations. Some of the key recommendations are:

The Administration should:

- Establish a clear refund process to ensure that the City complies with California Government Code sections 50050-50051 which requires government agencies to wait three years and notify citizens of unclaimed funds (overpayments) before the agency can use the funds. Consider establishing a separate fund to track unclaimed parking funds
- Improve its process to better ensure that repayments identified through the appeal process are issued in a timely manner
- Ensure that it immediately places all appealed tickets on hold to ensure that citizens do not receive extraneous notices or inappropriately accrue late fees
- Make the parking customer service phone system (IVR) more user-friendly and intuitive
- Address the \$345,000 difference in parking ticket revenue recorded in CARRS and Oracle from FY 2010-11 and ensure that Oracle accurately reflects the City's parking ticket revenue
- Establish and implement written policies and procedures that provide appropriate controls over parking ticket revenue. These policies and procedures should address appropriate documentation and review of daily deposits, timely and clearly documented journal adjustments, processes to ensure that outside agencies are paid in a timely manner, and timely revenue reconciliation between CARRS and Oracle
- Determine the workload capacity of current staff assigned to the fiscal management of parking operations and identify if additional staff are needed
- Work with ACS to identify and establish additional controls that will address the CARRS' system weaknesses, including:
 - Removing the option to void a ticket from an electronic ticketing device without appropriate approval
 - Removing the option for enforcement officers to use the trainee login outside of training
- Work with the City departments that issue handwritten tickets to identify and implement ways to improve the timeliness of remitting issued parking tickets for processing. Reach out to other agencies, such as the Alameda County Sheriff, and attempt to identify ways to improve the timeliness of remitting issued parking tickets for processing
- In future contracts, consider including penalty fees that are more monetarily comparable to revenue that the City may lose

Introduction

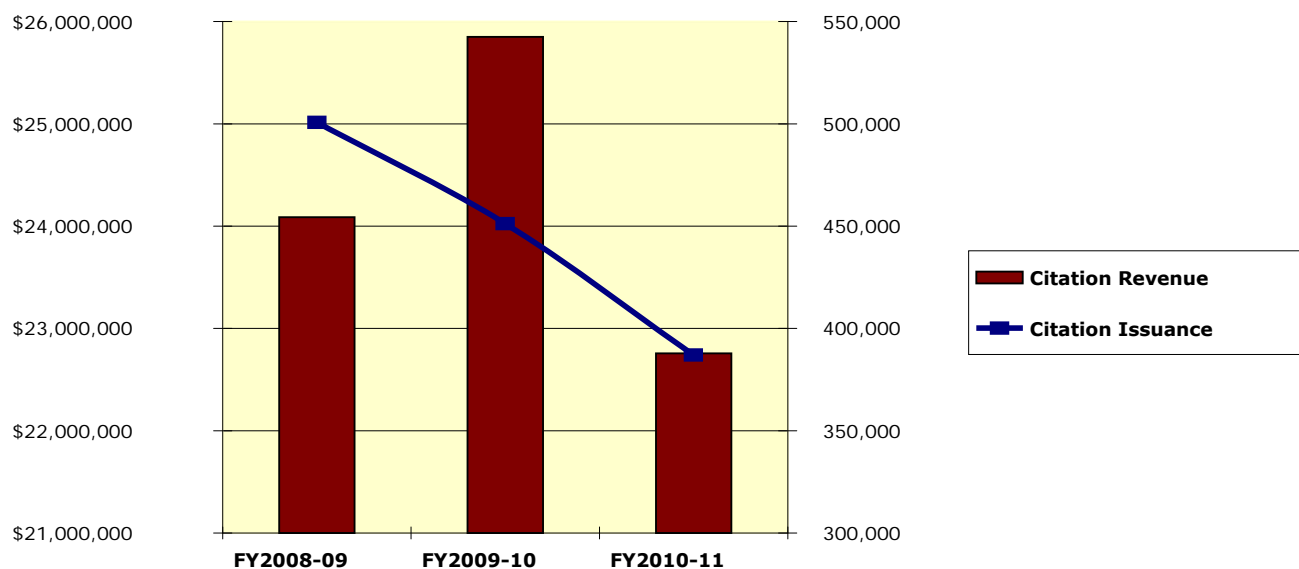
The City of Oakland (City) has been operating in an environment of severe budget deficits since fiscal year (FY) 2007-08. Parking tickets are a source of revenue, providing at least \$22 million to the City annually. To help ensure that the City Administration (Administration) is successfully collecting ticket revenue through the efficient and effective management of the Parking Management Division (Parking Division), the Office of the City Auditor (Office) conducted a performance audit of the City's management of its parking tickets.

In March 2012, during the course of this audit, the Parking Division was eliminated and the City's parking operations were absorbed into other City departments. Parking enforcement officers are now managed by the Oakland Police Department and the financial management of parking operations is under the City's Revenue Division. The reorganization of the City's parking operations does not change the findings indentified in this audit and findings should be addressed by the departments that are now responsible.

Background

In FY 2010-11, the City issued approximately 387,000 parking tickets, totaling \$22.7 million dollars. As EXHIBIT 1 shows, the City has experienced a decline in parking ticket issuance for the past three years. According to the Parking Division, other cities also experienced a decline in ticket issuance. Factors contributing to the decline include: City vehicles that are inoperable because they are 15-17 years old, reduced staffing, delays in hiring processes, broken parking meters, and a free holiday parking policy. In July 2009, the City implemented higher parking fines; this likely impacted the City's parking revenue in FY 2009-10.

EXHIBIT 1: Oakland's Parking Tickets Issuance and Revenue, FY 2008-09 Through FY 2010-11



Source: City's Oracle financial system and ACS Management Report

Management of the Parking Ticket Process

In 2010, the City contracted with ACS State and Local Solutions (ACS) to implement and manage the City's new parking ticket management system, Citation Administration and Revenue Reconciliation System (CARRS). The CARRS system integrated and streamlined multiple functions including ticket issuance and processing, the collection of delinquent fines and fees, and the management of residential parking permits. According to the Parking Division, CARRS offered several enhancements that have improved the Parking Division's operations, including:

- Reducing manual handwritten tickets to approximately 2%
- Reducing customer service phone waiting times
- Providing online and phone payment options to speed payment and enhance convenience
- Offering the ability to view real-time ticket information

ACS is primarily responsible for providing and maintaining the ticket management system CARRS, mailing notices, collecting delinquent tickets, and providing and maintaining payment kiosks. The Parking Division is responsible for making policy decisions, issuing tickets, accepting payments, bookkeeping, and responding to appeals and general public inquiries.

During FY 2010-11, the Parking Division was responsible for:

- Enforcing all relevant provisions of the California State Vehicle Code and the Oakland Municipal Code
- Issuing tickets and managing the ticket process
- Collecting meter revenues
- Conducting reviews of appealed tickets
- Accepting and processing payments
- Repairing and maintaining meters

With CARRS, parking enforcement officers are required to issue tickets using electronic devices. Tickets from the electronic devices account for approximately 98% of the City's FY 2010-11 tickets. However, handwritten tickets are issued when the electronic devices malfunction or when other departments or agencies (outside of the City's Parking Division) issue tickets. The Alameda County Sheriff, California Highway Patrol, Oakland Police Department, and Oakland Fire Department may all issue parking tickets. Handwritten tickets account for approximately 2% of the City's FY 2010-11 tickets after the City switched to the electronic ticketing devices in October 2010.

The Ticket Process

California Vehicle Code 40207 states that a citizen has 21 days from issuance of a parking violation to appeal or pay the ticket. Payments are accepted in person at the Parking Citation Assistance Center (PCAC) located in Frank H. Ogawa Plaza, online, over the phone, by mail, and at payment kiosks. The Parking Division stated that there are four kiosks located throughout Oakland and two kiosks located in the PCAC building. EXHIBIT 2 on the next page shows that the majority (75%) of tickets paid in FY 2010-11 were paid by mail or online.

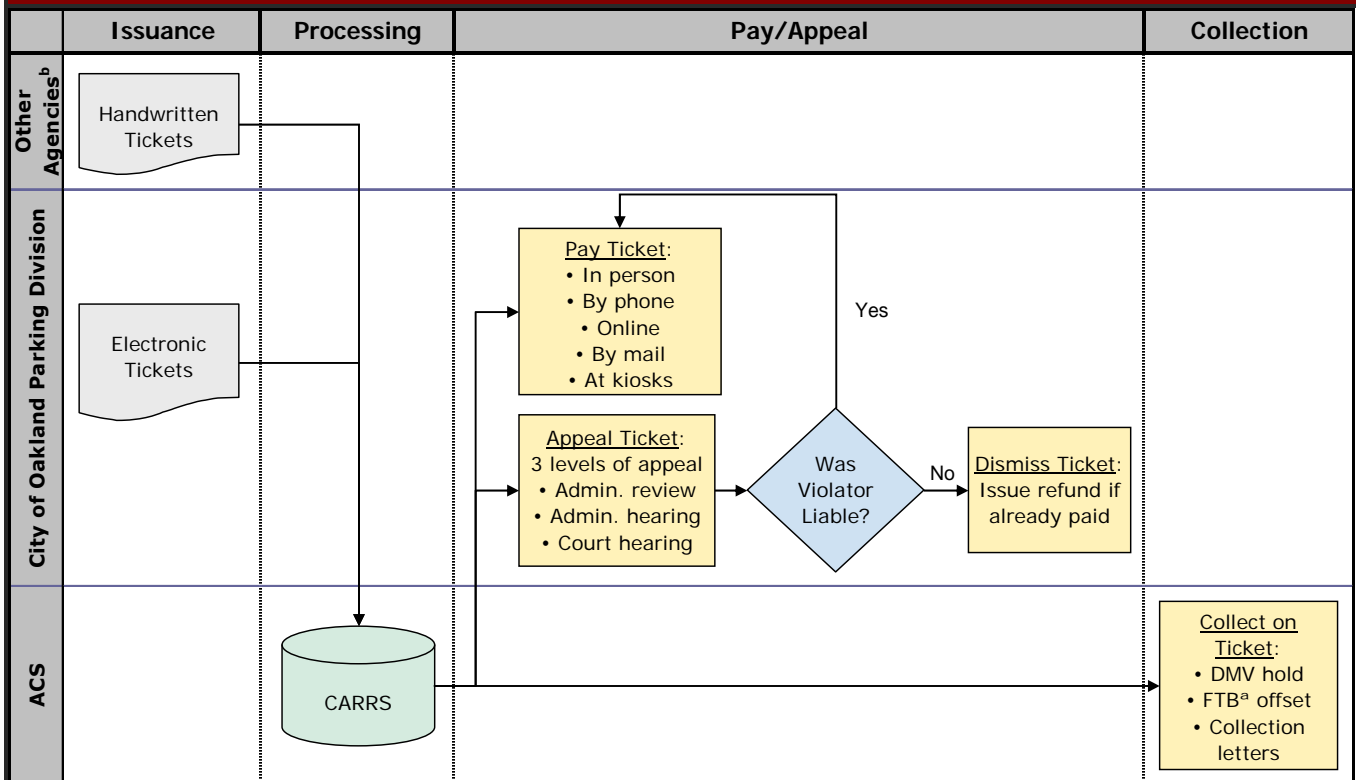
EXHIBIT 2: Parking Ticket Payment Method, FY 2010-11	
Payment Method	% of Payments
Mail	44%
Online	31%
Customer Service	14%
Phone	11%
Kiosks	0.02%
Source: ACS management report	

Instead of paying a ticket, the citizen also has the option to appeal the ticket. There are three levels of appeals:

- Administrative review by PCAC staff
- Administrative hearing by an independent hearing officer
- Court hearing by the Alameda County Small Claims Court

If the citizen does not pay or appeal the ticket within 42 days after the ticket is issued, the ticket begins to accrue fines and penalties. After 76 days from ticket issuance, the ticket is sent to the Department of Motor Vehicles (DMV) so that a hold can be placed on the car's registration. After this, the ticket is assigned to ACS for collections. EXHIBIT 3 illustrates this process.

EXHIBIT 3: Oakland's Parking Ticket Process, FY 2010-11



^a FTB = Franchise Tax Board

^b Other agencies include Alameda County Sheriff, California Highway Patrol (CHP), Oakland Police Department (OPD), Oakland Fire Department. The Parking Division may also issue handwritten tickets if an electronic device malfunctions.

Source: Developed by the City Auditor's Office based on City Administrative Instructions, the City Municipal Code, and interviews with City staff and ACS.

Objectives, Scope

Audit Objectives

The objectives of the audit were to:

- Assess process effectiveness and efficiency of administration of parking tickets
- Evaluate the management of parking ticket collections

& Methodology

Audit Scope

The scope of the audit includes the Parking Division's management of tickets in FY 2010-11. To provide historical context for the audit, parking ticket statistics from FY 2008-09 and FY 2009-10 were also reviewed. The audit's review of internal controls was limited to those relevant to the Parking Division's ticket management during FY 2010-11.

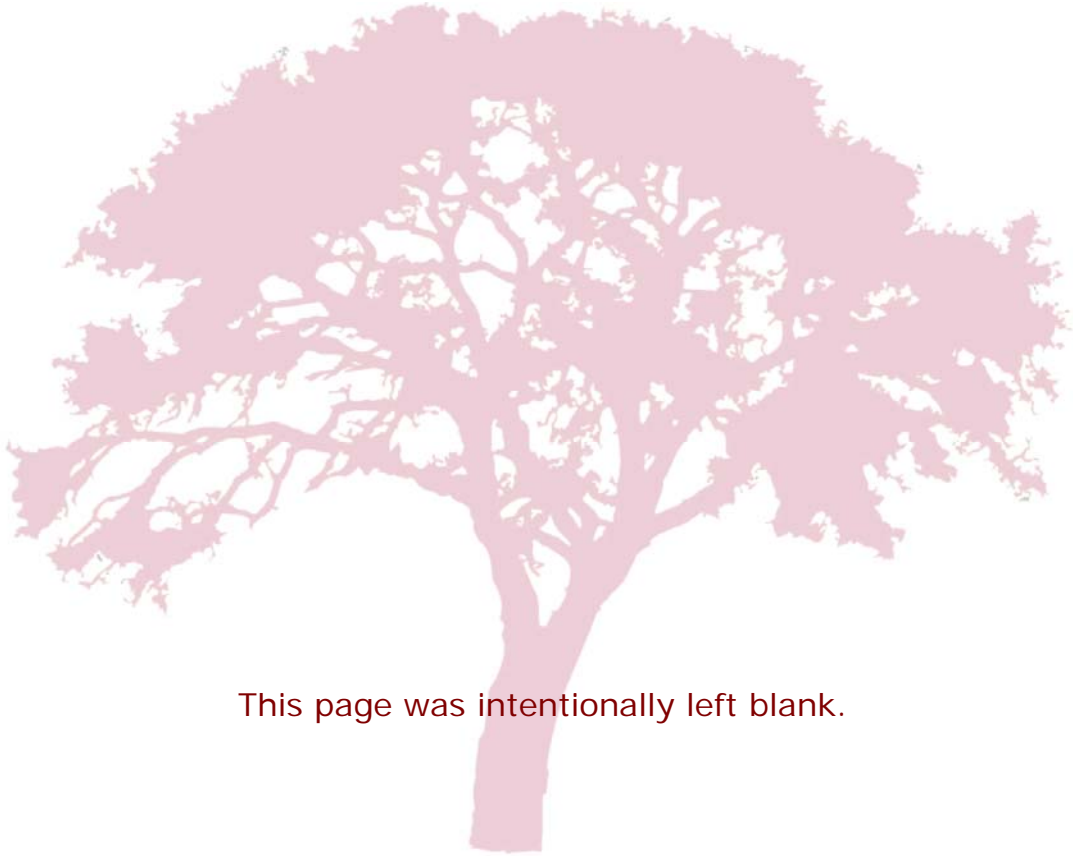
During the audit period, the Parking Division's fiscal management was transitioned to the Revenue Division in July 2011 and the entire department was reorganized in March 2012. The reorganization does not change the findings identified by the audit and findings should be addressed by the departments that are now responsible.

Audit Methodology

To evaluate the parking ticket management process, the Office:

- Interviewed Parking Division and ACS staff
- Reviewed relevant state and city codes
- Reviewed applicable contracts, staff manuals, reports, and memorandums
- Reviewed public and Fraud, Waste + Abuse hotline complaints of the Oakland PCAC
- Assessed the Parking Division's automated customer service phone system
- Analyzed FY 2010-11 parking ticket data from CARRS to identify trends and anomalies
- Used a combination of statistical random sampling and judgmental sampling techniques to draw a sample of 70 parking tickets issued in FY 2010-11 (35 electronic tickets and 35 handwritten tickets) to test whether:
 - Tickets were entered into CARRS in a timely manner
 - The Parking Division processed tickets according to its policies and procedures
 - The ticket appeal process was efficiently managed
 - Payments were applied correctly and timely

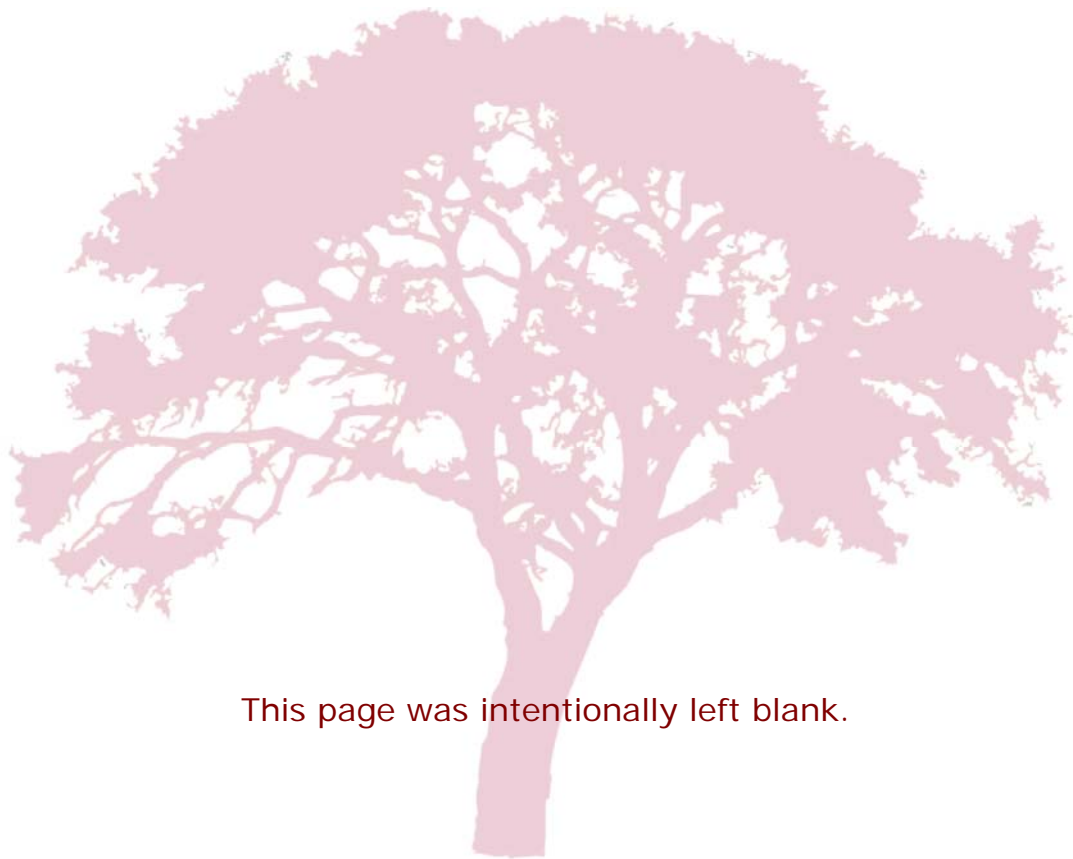
The Office conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). These standards require that the Office plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the audit's findings and conclusions based on the audit's objectives. The Office believes that the evidence obtained provides a reasonable basis for the audit's findings and conclusions based on the audit objectives.



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AUDIT RESULTS



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Finding 1.1

The City's management of parking tickets has improved significantly.

Changing to electronic ticket devices has increased the Parking Division's efficiency. Previously under the old legacy system, approximately 75% to 80% of tickets issued were handwritten and took six to eight weeks to enter. As of FY 2010-11, approximately 2% of tickets are handwritten and the City has implemented a new ticket management system that allows enforcement officers to use electronic devices that automatically upload tickets into the system on the same day that the tickets are issued. The switch to the new ticket management system – Citation Administration and Revenue Reconciliation System (CARRS) – has increased collections, reduced errors in tickets, and enabled faster ticket processing.

CARRS has improved the City's management of parking tickets. In 2010, the City contracted with ACS State and Local Solutions (ACS) to implement and manage the City's new parking ticket management system, CARRS. CARRS integrated and streamlined multiple functions, including ticket issuance and processing, the collection of delinquent fines and fees, and the management of residential parking permits. According to the Parking Division, CARRS offers several enhancements that have improved the Parking Division's operations, including:

- Reducing handwritten tickets from approximately 75-80% to 2%
- Increasing processing efficiency of entering handwritten tickets into the parking ticket management system
- Reducing customer service phone waiting times from 30 minutes to seven minutes
- Providing online and phone payment options to speed the receipt of payment and enhance convenience – 42% of FY 2010-11 payments were made by phone or online, compared to 12% prior to CARRS
- Offering the ability to view real-time ticket information in CARRS

Currently, the Parking Division has 100 electronic ticketing devices with digital photography capabilities from which it issues electronic tickets. These electronic devices enable enforcement officers to take up to four photos per ticket with the first photo printed on the ticket. According to the Parking Division, photos enable staff to easily verify vehicle information when a citizen calls or appeals a ticket.

Further, according to the Parking Division, the new customer service phone system reduced staff time needed to respond to calls about parking tickets. Under the prior legacy system, all calls were responded to by City staff. In the new system, most calls are self-served (such as making a payment or looking up a ticket); only a few are directed to representatives. The average wait time utilizing the customer service phone system is now seven minutes, which is down from 30 minutes in the past.

Conclusion

By implementing the City's new parking ticket management system, CARRS, transitioning to electronic ticket devices, and updating its customer service phone system, the City has made significant improvements to its management of parking operations. Improvements include reducing the number of handwritten tickets from approximately 75-80% to 2%, increasing processing efficiency, reducing customer service phone wait times from 30 minutes to seven minutes, and ensuring that the City has access to real-time parking ticket information.

Recommendations for additional improvements are addressed in Chapters 2 through 4 of the audit report.

Summary

While the City has made many improvements to its management of parking operations, there are some areas where the City needs to further improve its customer service. For example, the City is not proactively refunding parking ticket overpayments. In FY 2010-11 alone, the City held approximately \$316,000 in citizens' overpayments. Further, prior to FY 2010-11, the City may not have been in compliance with California State Law which requires the City to wait three years and notify citizens of overpayments before the City can use the overpaid monies.

Other areas the City needs to improve include its slow review process of parking ticket appeals, and the City's customer service phone system which could be improved to be more user-friendly.

Finding 2.1

The City did not refund approximately \$316,000 in parking ticket overpayments in FY 2010-11 and may not have complied with state requirements for prior years.

In FY 2010-11, citizens overpaid the City for at least 6,356 tickets (1.6% of all tickets issued during the fiscal year). As a result, the City received approximately \$316,000 in overpayments that the City has not refunded. California Government Code sections 50050-50051 require that government agencies wait three years and notify citizens of unclaimed funds (overpayments) over \$15 before the agency can use the funds. While the City is not out of compliance with this code for the \$316,000 in overpayments identified from FY 2010-11 because three years have not yet passed, it may have been out of compliance with California Government Code for overpayments from prior years. Our audit found no evidence that, prior to FY 2010-11, citizens were notified of parking ticket overpayments as required by the California Government Code. As such, the audit recommends the Administration create a process to notify citizens of over payments. According to the Administration, the City is developing a process to ensure compliance with the California Government Code¹.

Both electronic and handwritten tickets were overpaid (55% were electronic and 45% were handwritten). The audit found that 31% of these overpaid tickets showed the City received double the fine amount. The Administration claimed that CARRS will recognize a duplicate payment and prevent a second payment from being processed on the same ticket when the ticket is paid in full; the audit found this is not always true. Double payments or overpayments can occur in a variety of ways, including:

- When liens are put on a vehicle registration or a person's tax return is intercepted and the overdue amount is subtracted. A double payment can occur if the person decides to pay the original ticket without realizing the outstanding amount has already been paid through an alternate method
- When someone pays a ticket after the due date and then pays a second time after receiving a balance due notice

¹ According to the Administration, unclaimed parking overpayments are kept in the City's general fund (Fund 1010).

- As the result of missing, incorrect, or illegible fine amounts on the ticket
- When someone mistakenly pays the higher amount listed on the notice that is due if the ticket is paid late

Regardless of why tickets were overpaid, the City failed to notify payers and refund these overpayments. According to the Parking Division, a refund is only issued when requested by a citizen, usually as a result of a hearing decision that determines the citizen is not liable and the ticket is dismissed. An overpayment may be refunded or applied to the citizen's outstanding tickets. However, as this finding indicates, most overpayments are mistakes and are not related to the appeal process.

The Parking Division stated that the City does not proactively refund overpayments to citizens because it does not always know to whom to issue the refund. The person who paid the ticket may be different from the person who was cited for the ticket. The City's procedures place the burden of identifying an overpayment on the citizen by requiring that the citizen identify the overpayment and file a letter and proof of the overpayment with the City's Tax Administrator within one year from the date of payment. However, this process is flawed because citizens are unlikely to request a refund when they are not aware that they made an overpayment.

The audit examined how other cities in California handle overpayments and found that the following cities have proactive processes for refunding overpaid parking tickets: San Francisco, Los Angeles, Santa Monica, and Newport Beach. These cities proactively issue refund checks when an overpayment occurs if there are no other open tickets on the same license plate. Like Oakland, citizens can also request refunds with documented proof of an overpayment. The majority of these cities issue refunds to the ticketed vehicle's registered owner. Two cities – Los Angeles and Newport Beach– also provide an online search tool for citizens to search for overpayments.

EXHIBIT 4: Comparison of City's Processes for Refunding Parking Ticket Overpayments

City	Proactively Refund Overpayment	Refund Issued To	Online Overpayment Search Tool
Oakland	No – upon request only	Requester	No
San Francisco	Yes	Registered owner of vehicle	No
Los Angeles	Yes	Registered owner of vehicle	Yes
Santa Monica	Yes	Registered owner of vehicle	No
Newport Beach	Yes	Person who paid the ticket	Yes

Source: San Francisco, Los Angeles, Santa Monica, Newport Beach websites and staff interviews

Recommendation

We recommend that the Administration:

- Proactively notify and refund ticket overpayments to citizens
- Establish a clear refund process to ensure that the City complies with California Government Code sections 50050-50051 which requires government agencies to wait three years and notify citizens of unclaimed

funds (overpayments) before the agency can use the funds. Consider establishing a separate fund to track unclaimed parking funds

- Work with ACS to identify and establish additional controls that will address the CARRS system weakness of allowing payments to inappropriately be applied to a ticket even after the ticket has been paid in full

Finding 2.2

The Parking Division's review of parking ticket appeals is slow and inconsistent.

While the repayment process timeline has shortened from approximately four months to one month, the appeal process remains slow. For example, according to the Parking Division, it takes staff 10 to 30 days to review parking ticket appeals; however, the audit sample found that based on a judgmental sample of 22 appeals of FY 2010-11 tickets, it took staff an average of two months to review appeals, and for the six tickets in the sample that were dismissed and repaid, it took an average of over six months (from ticket issuance to cutting a repayment check) for the citizens to receive their repayments.

In addition to slow processing, the Parking Division also did not consistently place appealed tickets on hold, as required by California Vehicle Code (CVC) section 40215. By not placing appealed tickets on hold, citizens may receive extraneous collection notices and inappropriately accrue penalty fees.

A limited review of public complaints revealed that the Parking Division's lengthy and unclear appeal process was a common complaint. Citizens expressed frustration about the length of the process and the lack of information available about the timeline and process for appealing a ticket.

The efficiency and timeliness of the City's appeals review process and repayments to citizens may have been impacted by limited staffing resources including vacant positions, citizens not providing the correct paperwork, cases that require involvement from another department in order to obtain clarification on the ticket, and a backlog of tickets and appeals that had not been processed under the prior parking management contractor.

The Parking Division did not consistently place the appealed tickets on hold in the system. Nine of the 22 appealed tickets in the judgmental sample tested were not placed on hold, as required by CVC and the Parking Division's policy, resulting in citizens receiving extraneous notices and the CARRS system inappropriately accruing penalty fees in some cases. The Parking Division's policy requires that appealed tickets are put on hold pending the outcome of the division's review process. Once on hold, the ticket does not continue to trigger additional notices or penalty fees. In two instances, the audit found that the Parking Division had put the ticket on hold for a default of 60 days but it took longer than that to complete the review, subjecting these tickets to additional fees and extraneous notices. For example, the City dismissed a ticket in March 2011, but the City kept sending collection notices to the citizen for five months after the ticket was dismissed; the dismissed ticket also inappropriately accrued late fees in CARRS totaling \$170. While the City did not charge the citizen for these accrued late fees, the City is more likely to accept an incorrect payment when the amount due in the system is incorrect.

Recommendation

We recommend that the Administration:

- Implement a more efficient appeals review process
- Improve its process to better ensure that repayments identified through the appeal process are issued in a timely manner
- Ensure that it immediately places all appealed tickets on hold to ensure that citizens do not receive extraneous notices or inappropriately accrue late fees

Finding 2.3

The Parking Division's customer service phone system can be improved to be more user friendly and intuitive.

The Parking Division's customer service phone system, Interactive Voice Response (IVR) system, could be improved to be more user-friendly. For example, the option to speak with the operator is available but not as easy to access as it could be. The phone system provides callers with six main options and 13 sub-options of pre-recorded information; while there is an option to speak to an operator, the key code to access the operator is not intuitive. For example, instead of using "0" to access the operator, the IVR system uses "*#". Further, if a user asks the system to repeat information twice, the system automatically disconnects the caller.

According to the Administration, the City uses a standard IVR system. While pre-recorded options addressing common questions and payment functions are standard, the audit found that the City's code to access the operator ("*#") is not intuitive. The audit reviewed the following cities' parking IVR systems: San Francisco, San Jose, and Berkeley. In San Francisco and Berkeley a user can access the operator by pressing "0." In San Jose the IVR has eight options that can be accessed by selecting "1" through "8"; the operator is the eighth option ("8").

Recommendation

We recommend that the Administration:

- Make the parking customer service phone system (IVR) more user-friendly and intuitive

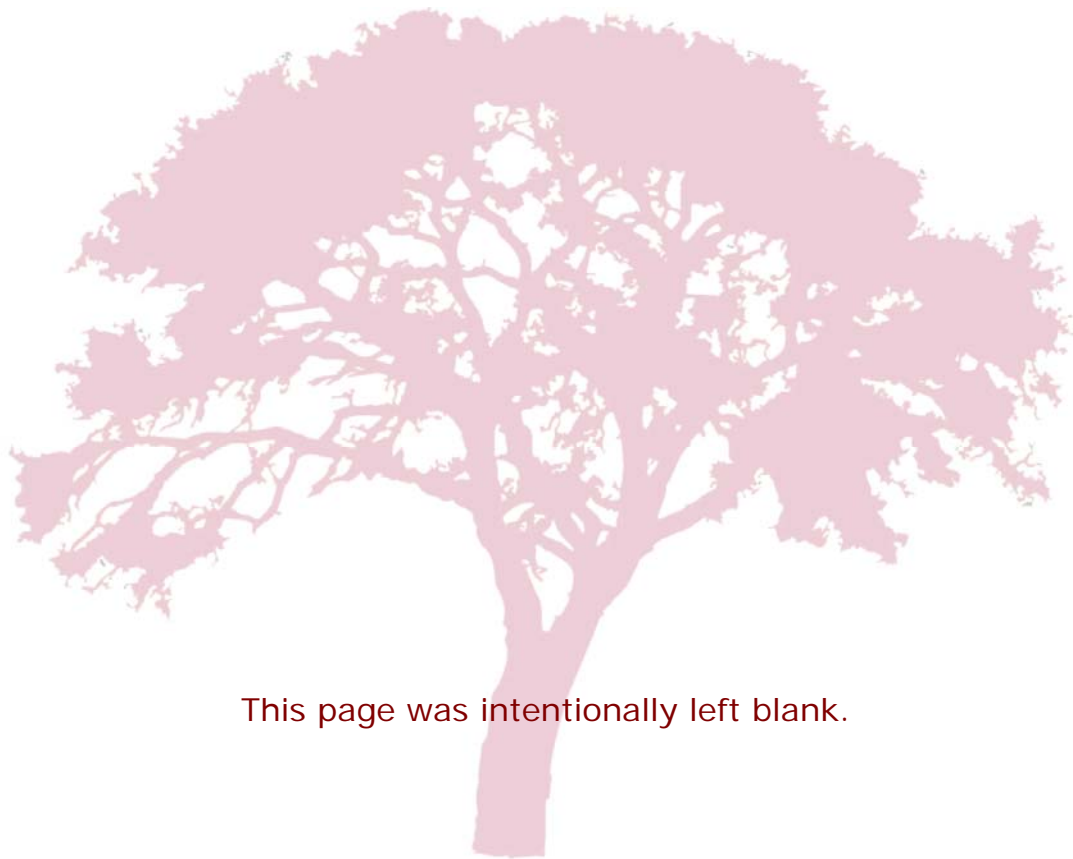
Conclusion

The City needs to make further customer service improvements regarding parking tickets. For example, in FY 2010-11, the City held approximately \$316,000 in citizens' overpayments. The City may have been out of compliance with California Government Code for how it has handled citizens' parking overpayments from prior years. Also, while the Parking Division has made improvements in its repayment of dismissed tickets, the Parking Division's review of parking ticket appeals remains slow, and the customer service phone system could be improved to be more user-friendly.

RECOMMENDATIONS: Chapter 2

We recommend that the Administration:

Recommendation #1	Proactively notify and refund ticket overpayments to citizens
Recommendation #2	Establish a clear refund process to ensure that the City complies with California Government Code sections 50050-50051 which requires government agencies to wait three years and notify citizens of unclaimed funds (overpayments) before the agency can use the funds. Consider establishing a separate fund to track unclaimed parking funds
Recommendation #3	Work with ACS to identify and establish additional controls that will address the CARRS system weakness of allowing payments to inappropriately be applied to a ticket even after the ticket has been paid in full
Recommendation #4	Implement a more efficient appeals review process
Recommendation #5	Improve its process to better ensure that repayments identified through the appeal process are issued in a timely manner
Recommendation #6	Ensure that it immediately places all appealed tickets on hold to ensure that citizens do not receive extraneous notices or inappropriately accrue late fees
Recommendation #7	Make the parking customer service phone system (IVR) more user-friendly and intuitive



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Summary

The switch to the new ticket management system CARRS (including the electronic ticketing devices) has increased the City's parking collections, reduced errors in tickets, and enabled faster ticket processing. However, the City needs to further improve its financial management of parking ticket revenue. For example, the audit found that in FY 2010-11:

- The City did not regularly reconcile the parking revenue recorded in the parking ticket management system (CARRS) to the City's financial system, Oracle. Currently, there is an unresolved \$345,000 difference between the two systems
- The City potentially lost \$27,700 due to improperly recorded tickets
- Five percent of courtesy notices were sent late
- Handwritten tickets account for approximately 2% of all parking tickets; however, slow relay of tickets from the Oakland Police Department resulted in these tickets not being processed for more than a month after issuance
- Some key parking information has not been communicated to City Council, such as the volume of uncollectable tickets and the fiscal impact of extending the City's ticket payment courtesy period
- The parking performance measures are not realistic or useful

Finding 3.1

The City did not regularly reconcile its parking revenue; there is currently an unresolved \$345,000 difference for FY 2010-11.

The City did not regularly reconcile revenue between the parking ticket management system (CARRS) and the City's financial system (Oracle). In response to this audit, the City's Revenue Division reconciled the two systems. The Revenue Division's reconciliation accounted for timing differences in the recording of parking ticket refunds, DMV receipts, adjustments for fees due to outside agencies, and bank fees. However, after the Revenue Division's reconciliation, the audit found that the CARRS system still showed \$345,000 more revenue than what the City recorded in its Oracle financial system.

The CARRS system is maintained by ACS and is used to record and track all issued tickets, including ticket payments and refunds. Oracle is used to record all City revenues, including parking ticket revenues in the City's financial statements. According to the Parking Division, regular reconciliation between the two systems was not done because of understaffing. During FY 2010-11 the Parking Division had two positions assigned to handle fiscal operations. However, one position was vacant and the employee staffing the other position was on leave. According to the Revenue Division, the limited staff assigned to manage the City's parking finances are already at workload capacity.

While the lack of staffing impacted the City's ability to reconcile the two systems, the audit also found that the Parking Division did not have policies and procedures to address appropriate controls over its parking revenue, including revenue reconciliation. Clear policies and procedures will help clarify processes and ensure appropriate controls for future staff. For example, the audit found

that the Parking Division lacked policies and procedures addressing the following issues:

- Documentation of reconciliations. For example, the reconciliation of the bank statement to the cashier's report and the Point of Sale System to the bank statement is not documented
- The monthly journal voucher adjustment process is not documented or performed in a timely manner
- Parking ticket surcharge fees were remitted to outside agencies, such as Alameda County and the State, on an ad-hoc basis
- There was no reconciliation of parking revenue between Oracle and CARRS

According to Government Finance Officers Association (GFOA) standards, all receipts and receivables should be recorded in accordance with generally accepted accounting principles (GAAP). All aspects of cash receipts shall be subject to proper internal controls, with standard controls documented and followed by revenue generating departments. Furthermore, reconciliation to the general ledger and other supporting accounting ledgers shall be performed in a timely manner.

Recommendation

We recommend that the Administration:

- Address the \$345,000 difference in parking ticket revenue recorded in CARRS and Oracle from FY 2010-11 and ensure that Oracle accurately reflects the City's parking ticket revenue
- Ensure that parking ticket revenue recorded in CARRS and Oracle is similarly reconciled for FY 2011-12 and forward
- Establish and implement written policies and procedures that provide appropriate controls over parking ticket revenue. These policies and procedures should address appropriate documentation and review of daily deposits, timely and clearly documented journal adjustments, processes to ensure that outside agencies are paid in a timely manner, and timely revenue reconciliation between CARRS and Oracle
- Determine the workload capacity of current staff assigned to the fiscal management of parking operations and identify if additional staff are needed

Finding 3.2

The City potentially lost \$27,700 due to improperly recorded tickets in Fiscal Year 2010-11.

A small percentage of tickets (867 tickets out of 387,001) were improperly recorded in FY 2010-11 — this includes tickets that were issued without indicating the violation or valid photos, voids without supervisor approval, and invalid tickets because the trainee login was used— potentially costing the City \$27,700 in lost revenues. Further, the City spent approximately \$860 in fees to process these tickets that could not be collected². While the amount of the improperly recorded tickets identified in this audit is small, there may be more tickets that have similar issues which, when totaled, may increase the impact on the City's revenue.

² ACS charges 99 cents per ticket processed. The audit estimated that the City wasted approximately \$860 in processing fees on the 867 improperly recorded tickets.

The majority of the improperly recorded tickets identified are tickets that were issued without a violation code. In FY 2010-11, there were 699 handwritten tickets issued without a violation listed on the ticket. Instead, these tickets were processed with a fine amount of \$0. The average ticket amount in FY 2010-11 was \$66. The audit estimates that by not listing violations on these tickets, the City may have lost approximately \$21,560³ in revenue. The audit also found that 31% (11 out of 35) of the handwritten tickets tested in the judgmental sample had no fine amount or an incorrect fine amount listed on the ticket.

There were also 154 electronic tickets that were inappropriately voided without a supervisor's approval, resulting in potential lost revenue of \$5,800⁴. The Parking Division's policy is that enforcement officers are supposed to print out the tickets they wish to void, send it to their supervisor for approval, and then the supervisor sends the ticket to the Parking Citation Assistance Center (PCAC) to process the void. However, the audit found that enforcement officers are able to skip obtaining their enforcement supervisors' approval by issuing tickets with "ZVOIDZ" listed in the license plate field on the ticket. This use of "ZVOIDZ" conflicts with the Parking Division's policy that the PCAC should only void tickets after the parking enforcement supervisor has approved the void. This is a control weakness that should be addressed.

The audit found three additional improperly recorded tickets in the sample of 70 tickets reviewed that were not already cited in earlier examples. Of the entire parking data, the additional findings from the sample indicate that there are more improperly recorded tickets that can be found by reviewing the supporting documentation for each ticket. As a result, the fiscal impact of improperly recorded tickets could be greater. In the sample tested:

- Two sampled electronic tickets did not include a valid photo of the vehicle's license plate or of the violation⁵. The City dismissed both tickets when citizens appealed them, resulting in lost revenue of \$370, not including the staff's time to investigate and dismiss these tickets. According to the Parking Division, enforcement officers are required to take two photos – a photo of the license plate and a photo of the violation – and can take up to four photos per ticket. However, these two tickets indicate that there is no control to ensure that officers take valid photos.
- One electronic ticket in the sample was issued using a trainee login, resulting in a potentially erroneous ticket for which the citizen paid the City \$66. According to the Parking Division, enforcement officers should not use a trainee login when issuing tickets on the job. However, it appears the use of a trainee login is not documented in the Parking Division's policies and procedures. Currently, tickets issued using the trainee login are often dismissed as "practice."

Overall, the audit found that the Parking Division did not have clearly documented policies and procedures on addressing the use of electronic devices and the use of the trainee login. Further, the Parking Division's controls over its

³ Of the 699 tickets, 128 tickets had a payment and 571 tickets did not have a payment. 571 tickets * (\$66 average fine amount – \$13 pass-through surcharges) * 95% tickets that are not dismissed * 75% collection rate = \$21,562. During FY 2010-11, the surcharge increased from \$10 to \$13 (effective 12/7/2010). The audit calculation conservatively reduced the fine amount by the larger surcharge (\$13), and did not account for the lower surcharge from the first half of FY 2010-11.

⁴ 154 tickets * (\$66 average fine amount – \$13 pass-through surcharges) * 95% tickets that are not dismissed * 75% collection rate = \$5,815.

⁵ The audit methodology excluded tickets that were issued during graveyard hours.

electronic devices, including voiding tickets and issuing tickets without valid license plate photos, need to be strengthened.

Recommendation

We recommend that the Administration:

- Create a comprehensive manual for parking enforcement officers that includes:
 - Clear policies and procedures on voiding tickets
 - Requirements that tickets are issued with valid photos, violation codes, and fine amounts
 - A prohibition against the use of the trainee login outside of training
 - Periodic monitoring
- Work with ACS to identify and establish additional controls that will address the CARRS' system weaknesses, including:
 - Removing the option to void a ticket from an electronic ticketing device without appropriate approval
 - Removing the option for enforcement officers to use the trainee login outside of training

Finding 3.3

Five percent (5%) of courtesy notices were sent late in the second half of FY 2010-11, down from 42% sent late in the first half of FY 2010-11.

The City does not always send the required, 21-day courtesy notice on-time, however, the City has made significant improvements in its timely issuance of courtesy notices. Out of 91,125 tickets reviewed from FY 2010-11, an average of 23% of these tickets received late courtesy notices. However, as EXHIBIT 5 shows, the City has made significant improvements in sending out timely notices. In the first half of FY 2010-11, approximately 42% of tickets received delayed courtesy notices. In the second half of FY 2010-11, approximately 5% of tickets received delayed courtesy notices.

EXHIBIT 5: Timeliness of Courtesy Notices, FY 2010-11

Period	Number of Tickets Reviewed	Tickets Receiving Delayed Notices	% of Tickets
7/1/10 – 12/31/10	44,020	18,461	42%
1/1/11 – 6/30/11	47,105	2,202	5%
FY 2010-11	91,125^a	20,663	23%

^a Total tickets out of 387,001 tickets issued in FY 2010-11

Source: Summarized by the Office based on FY 2010-11 parking data provided by ACS

In some cases, the City did not send a courtesy notice until months or a year after the ticket was issued. Delayed courtesy notices impact the timeliness of payments and reduce the amount of applicable fees that can be collected by the City. For example, when the City sends a courtesy notice one year late, the system does not calculate late fees for that entire year.

According to the Parking Division, there was an unusually large backlog of handwritten tickets in the beginning of FY 2010-11 that had to be entered into

the system before courtesy notices could be issued. In addition, in the beginning of FY 2010-11, ACS mistakenly excluded vehicle mismatches⁶ from the notification process. However, in January 2011, ACS realized its mistake and fixed its process to include sending courtesy notices to vehicles with mismatches. This helped reduce the number of tickets receiving delayed notices in FY 2010-11.

Recommendation

We recommend that the Administration:

- Regularly monitor the timeliness of ACS' ticket notification process. If courtesy notices are not being mailed in accordance with the City's policy, the City should work with ACS to improve the timeliness of its process and/or determine what recourse the City has under its contract with ACS to ensure timeliness

Finding 3.4

Slow relay of handwritten tickets from the Oakland Police Department resulted in tickets not processed for over a month; however, the number of handwritten tickets issued is minimal (approximately 2% of all parking tickets).

The number of handwritten tickets issued in FY 2010-11 decreased from approximately 75-80% to 2%, however, handwritten tickets are not being processed in a timely manner. On average, in FY 2010-11, handwritten tickets were entered into the system 42 days after issuance, while the longest took 406 days. Handwritten tickets only account for approximately 2% of the City's total tickets, which is approximately 7,740 tickets per year. As shown in EXHIBIT 6, the majority (67%) of handwritten tickets issued between January 2011 and June 2011 were issued by the Oakland Police Department and 32% of handwritten tickets were issued by the Alameda County Sheriff.

When an enforcement officer issues a handwritten ticket, the officer must send a copy of the ticket to the Parking Division who then consolidates and ships the tickets to ACS for processing. Although the City may not be able to control the timeliness of the tickets submitted by the Alameda County Sheriff, the City can implement better controls and processes to ensure that its own departments, such as the Oakland Police Department, are submitting handwritten parking tickets in a timely manner.

⁶ Vehicle mismatches are when the vehicle information listed on the ticket, such as the make or model, differs from the information listed in the California Department of Motor Vehicles' (DMV) database.

EXHIBIT 6: Agencies Issuing Handwritten Tickets, January Through June 2011

Issuing Agency or Department	# of handwritten tickets	% of total handwritten tickets
Oakland Police Dept	2,922	67%
Alameda County Sheriff (Airport)	1,323	30%
Alameda County Sheriff (Port)	104	2%
California Highway Patrol	16	0%
Parking Enforcement	12	0%
Oakland Fire Dept	0	0%
Total Handwritten Tickets	4,377	100%

Source: ACS, based on parking tickets data in CARRS as of October 2012

The majority of handwritten tickets issued in FY 2010-11 were entered into CARRS 31-60 days after the ticket was issued. Additionally, ten tickets were entered into the system after six months and one ticket was processed one year after it was issued. As shown in EXHIBIT 7, the City has made some improvements in entering handwritten tickets into CARRS. In the second half of FY 2010-11 (January through June 2011), the majority of handwritten tickets were entered into CARRS 31-60 days after the ticket was issued. However, only four tickets were entered into the system after six months. The impact of delayed entry into CARRS is that the system does not start the clock on fees and penalties until the ticket is entered into the system.

EXHIBIT 7: Delays in Processing Handwritten Tickets, January Through June 2011

Processing Time	0-30 Days	30-60 Days	60-90 Days	> 90 Days
Number of Handwritten Tickets issued in Jan-June 2011	1,390	1,854	973	105
Percentage of Total Handwritten Tickets issued in Jan-June 2011 ^a	32%	43%	23%	2%

^a 4,322 handwritten tickets were issued between January and June 2011 as of October 2011. After October 2011, an additional 55 handwritten tickets were entered into the system for the period between January and June 2011. The difference in total handwritten tickets noted in EXHIBIT 6 and EXHIBIT 7 is due to slight timing differences in the data used.

Source: Summarized by the Office based on FY 2010-11 parking data provided by ACS

ACS' contract requires that handwritten tickets be entered into the system within two working days upon receipt of the tickets. However, when tickets are not received for months after issuance, ACS' compliance timeline is ancillary. As noted above, delayed processing of handwritten tickets can impact the City's ability to promptly notice citizens and collect fees and penalties.

Recommendation

We recommend that the Administration:

- Work with the City departments that issue handwritten tickets to identify and implement ways to improve the timeliness of remitting issued parking tickets for processing
- Reach out to other agencies that issue parking tickets, such as the Alameda County Sheriff, and attempt to identify ways to improve the timeliness of remitting issued parking tickets to the City for processing

Finding 3.5

Some key parking information was not communicated to the City Council.

For several years, parking revenue and operations have been a concern for the City Council. While the Administration is not required to ensure that it communicates all information to the City Council, the audit found that some key parking information was never communicated. For example:

- The City can no longer collect approximately \$104 million in delinquent tickets that have passed the five-year statute of limitations
- In July 2010, the Administration decided to extend the period that citizens have to pay their tickets (the courtesy period). While extending the courtesy period seems to align with best practices, the estimated financial impact of this decision is approximately \$545,000 annually in forgone parking revenue

Based on a review of City Council reports from May 2009 to October 2012, it appears that the City Council was not made aware of the volume of uncollectible tickets or of the courtesy period extension and its financial impact.

Approximately \$104 million in delinquent tickets have passed the five-year statute of limitations and cannot be collected. At the end of 2011, there was approximately \$89 million in outstanding payments from 2007 through 2011 that the City can still collect, in theory. The City stated that it is currently addressing additional strategies such as the sticker program⁷ that will aid collections. However, according to the Revenue Division, collecting unpaid tickets that are more than a year old is difficult, with less than ten percent chance of collection.

When benchmarking the City's uncollectible tickets against Los Angeles (LA), the audit found that the City's number of uncollectible tickets are higher than LA. As EXHIBIT 8 shows, in FY 2009-10, LA had approximately 1.24 years worth of tickets that were uncollectable. In FY 2010-11, Oakland had 1.95 years worth of uncollectable tickets.

EXHIBIT 8: City Comparison of Uncollectible Parking Tickets		
	Los Angeles	Oakland
Fiscal Year	FY 2009-10	FY 2010-11
Tickets issued	2,588,533	387,001
Unpaid tickets over 5 years	3,217,488 ^a	754,345 ^b
Years of Uncollectible Tickets	1.24	1.95
^a From FY 2005 and prior.		
^b From FY 2006 and prior.		
Source: ACS, based on parking tickets data in CARRS as of October 2012		

In 2010, the City also decided to extend the parking ticket payment courtesy period. In July 2010, the courtesy period extension from 32 days to 42 days

⁷ According to the Revenue Division, when a vehicle has three to four parking tickets, an orange sticker is placed on the vehicle informing the citizen the car will be towed if the vehicle receives five or more tickets. According to the Revenue Division, this program is likely to increase collection by 25%.

went into effect. Tickets do not begin accruing penalty fees until after the courtesy period. By increasing the courtesy period by ten days, the audit estimates that the City may have potentially forgone approximately \$545,000⁸ in parking revenue. While extending the courtesy period seems to align with best practices, this decision was never communicated to the City Council.

According to ACS, it recommends a 42-day courtesy period to increase the number of citizens that pay their tickets “off the windshield,” which are payments made prior to receiving any noticing from the City. ACS stated that San Francisco and Los Angeles also use a 42-day courtesy period. The audit found that the extended courtesy period resulted in an additional 10,223 tickets (2.7% of the total tickets) that were paid to the City of Oakland during those extra ten courtesy days. According to the Parking Division, increasing the number of citizens that pay their tickets within the courtesy period reduces the City’s postage on mailing courtesy notices as well as the number of complaints the City receives regarding parking tickets.

Recommendation

We recommend that the Administration:

- Communicate all key information to the City Council, including a complete status of delinquent tickets, strategies to improve collections, and any future parking decisions that may have a financial impact on the City’s parking revenue
- Thoroughly consider the costs and benefits of a more comprehensive collections strategy governing its delinquent tickets to ensure the City maximizes collection revenues

Finding 3.6

The Parking Division’s annual performance measures are not useful or realistic.

The Parking Division has four measures that were established by the Administration to track the Division’s performance. According to the Parking Division, these measures are not tracked by the division nor considered realistic; as a result, these performance measures are not used to assess the efficiency of the City’s parking operations. According to the Parking Division, one of its performance measures is the percentage of revenue collected without adjudication efforts, with a goal of 99%; however, according to the Parking Division, 50% would have been a more realistic target. The performance measures for parking operations are listed in EXHIBIT 9 below.

EXHIBIT 9: Annual Performance Measures for Parking Operations		
Performance Measures	FY 2009-10 Target	FY 2010-11 Target
% of revenue collected without adjudication efforts	99%	99%
% of cases resolved prior to court hearings	88%	90%
% of meters collected weekly	95%	95%
% of parking meters working properly	95%	95%
Source: City of Oakland Adopted Policy Budget FY 2009-11		

⁸ 10,233 tickets that were paid during the ten-day courtesy extension * average penalty fee \$55.7 = \$569,000 in penalty revenue for the year. Postage savings = 65,767 reduced notices * \$0.3679 postage fee = \$24,000. Therefore, net financial impact is potentially \$545,000.

According to the Government Accountability Office (GAO) 1996 Executive Guide, leading public sector organizations commonly took three key steps to becoming more results oriented: (1) define clear missions and desired outcomes, (2) measure performance to gauge progress, and (3) use performance information as a basis for decision making. Without clear performance measures, Parking Division management may be unable to determine if they are improving services.

Recommendation

We recommend that the Administration:

- Create and implement useful performance measures to track the City's performance in its parking ticket management

Conclusion

The switch to the new ticket management system (CARRS), including the use of electronic ticketing devices, has increased the City's parking ticket collections, reduced errors in tickets, and enabled faster ticket processing. However, the City needs to further improve its financial management of parking ticket revenue. The City needs to regularly reconcile its parking revenue, ensure that its tickets are properly recorded, continue to improve on issuing timely courtesy notices, ensure handwritten tickets are submitted in a timely manner, communicate all key parking information to the City Council, enhance its collection efforts, and update the performance measures for parking operations to be more realistic and useful.

RECOMMENDATIONS: Chapter 3	
We recommend that the Administration:	
Recommendation #8	Address the \$345,000 difference in parking ticket revenue recorded in CARRS and Oracle from FY 2010-11 and ensure that Oracle accurately reflects the City's parking ticket revenue
Recommendation #9	Ensure that parking ticket revenue recorded in CARRS and Oracle is similarly reconciled for FY 2011-12 and forward
Recommendation #10	Establish and implement written policies and procedures that provide appropriate controls over parking ticket revenue. These policies and procedures should address appropriate documentation and review of daily deposits, timely and clearly documented journal adjustments, processes to ensure that outside agencies are paid in a timely manner, and timely revenue reconciliation between CARRS and Oracle
Recommendation #11	Determine the workload capacity of current staff assigned to the fiscal management of parking operations and identify if additional staff are needed
Recommendation #12	<p>Create a comprehensive manual for parking enforcement officers that includes:</p> <ul style="list-style-type: none"> • Clear policies and procedures on voiding tickets • Requirements that tickets are not issued without the valid photos, violation codes and fine amounts

	<ul style="list-style-type: none"> • A prohibition against the use of the trainee login outside of training • Periodic monitoring
Recommendation #13	<p>Work with ACS to identify and establish additional controls that will address the CARRS' system weaknesses, including:</p> <ul style="list-style-type: none"> • Removing the option to void a ticket from an electronic ticketing device without appropriate approval • Removing the option for enforcement officers to use the trainee login outside of training
Recommendation #14	<p>Regularly monitor the timeliness of ACS' ticket notification process. If courtesy notices are not being mailed in accordance with the City policy, the City should work with ACS to improve the timeliness of its process and/or determine what recourse the City has under its contract to ensure timeliness</p>
Recommendation #15	<p>Work with the City departments that issue handwritten tickets to identify and implement ways to improve the timeliness of remitting issued parking tickets for processing</p>
Recommendation #16	<p>Reach out to other agencies, such as the Alameda County Sheriff, and attempt to identify ways to improve the timeliness of remitting issued parking tickets for processing</p>
Recommendation #17	<p>Communicate all key information to the City Council, including a complete status of delinquent tickets, strategies to improve collections, and any future parking decisions that may have a financial impact on the City's parking revenue</p>
Recommendation #18	<p>Thoroughly consider the costs and benefits of a more comprehensive collections strategy governing its delinquent tickets to ensure the City maximizes collection revenues</p>
Recommendation #19	<p>Create and implement useful performance measures to track the City's performance in its parking ticket management</p>

CHAPTER 4

ACS NEEDS TO IMPROVE ITS COMPLIANCE WITH SOME CONTRACT PROVISIONS AND THE CITY NEEDS TO IMPROVE ITS CONTRACT MONITORING.

Summary

In 2010, the City entered into a three-year contract with ACS to implement and manage the new ticket processing system, CARRS. As noted in Chapter 1, the contract with ACS has significantly improved the City's management of parking tickets. While a number of positive changes resulted from the City's contract with ACS, there are additional improvements that should be made. ACS needs to improve its compliance with some contract provisions and the City needs to improve its monitoring of its contract with ACS. For example, ACS failed to meet its collection targets. Additionally, the City did not effectively monitor ACS' compliance with all contract provisions, such as resolving skeleton tickets, timely ticket processing, and data accuracy requirement.

Finding 4.1

Had ACS met its promised collection targets, the City would have received an additional \$401,000 to \$620,500 in parking revenue; instead, ACS paid \$10,128 in penalties for missing targets.

For the period of January to September 2012, ACS failed to meet six of the nine contractual collection rate targets. Had ACS met its collection target as promised, the City would have received additional ticket revenue ranging between \$401,000 and \$620,500 in FY 2010-11. However, under the contract, ACS appropriately paid the City \$10,128 in total penalty fees for missing its collection targets.

ACS' contract with the City requires an increase in the ticket collection rate from 68% to 80% after two years. In a January 2012 contract amendment, ACS and the City established the methodology for the ticket collection rate target and the penalty fee should the target be missed. Under the contract amendment, ACS is assessed a penalty fee of 1.5% of the total ticket issuance invoice amount for each percentage point it missed from its target rate. This penalty is assessed each month that ACS does not meet the collection rate target. EXHIBIT 10 shows the contracted collection target rate.

EXHIBIT 10: ACS' Contracted Collection Targets

Time Period	Collection Rate Target
6-month	72%
12-month	74%
18-month	78%
24-month	80%

Source: ACS Contract

ACS was supposed to meet a 72% ticket collection rate target for its six month milestone. According to a staff report submitted to the City Council, the six-

month collection rate could not be accurately measured because ACS had to accommodate a large backlog of unprocessed tickets from the previous parking vendor. Under the contract, ACS' collection rate from January 2012 to April 2012 was 74% and 78% from May 2012 to September 2012. As shown in EXHIBIT 11, from January through September 2012, ACS missed its required collection target in six out of nine months reviewed; for these six months, the collection target was missed by 2% to 5%. The audit estimates the impact to the City's parking revenue for these months is between \$401,000 and \$620,500.

EXHIBIT 11: The Fiscal Impact of ACS' Actual Ticket Collections

Month (2012)	Contracted Target	Actual Collection	Target Shortfall	Penalty Paid	Fiscal Impact A ^a	Fiscal Impact B ^b
January	74%	71%	3%	\$1,111	\$53,391	\$82,604
February	74%	73.7%	0%	\$0	\$0	\$0
March	74%	74.1%	0%	\$0	\$0	\$0
April	74%	76.2%	0%	\$0	\$0	\$0
May	78%	73%	5%	\$2,279	\$85,955	\$132,988
June	78%	73%	5%	\$2,323	\$90,752	\$140,409
July	78%	74%	4%	\$1,704	\$71,213	\$110,178
August	78%	73.9%	4%	\$1,880	\$69,756	\$107,925
September	78%	75.7%	2%	\$831	\$29,974	\$46,374
Total				\$10,128	\$401,041	\$620,478

^a Revenue impact is calculated as: Percentage shortfall * no. of tickets issued in the period being measured * (average fine amount in FY 2010-11 – surcharges). Average fine (does not include penalties and fees) per ticket in FY 2010-11 was \$66. State and County surcharges was \$13.

^b Revenue impact is calculated as: Percentage shortfall * no. of tickets issued in the period being measured * (average fine + penalty amount in FY 2010-11 – surcharges). Average fine + penalty amount per ticket in FY 2010-11 was \$95. State and County surcharges was \$13.

Source: Developed by the Office based on data provided by ACS

In response to missing its collection rates, ACS appropriately assessed the penalty fee per the contract and paid the City a total of \$10,128. However, the penalty fee received by the City is minor compared to the additional revenue that the City would have received had ACS met its collection target.

Recommendation

We recommend that the Administration:

- Work with and monitor ACS' progress on meeting its contracted collection rates
- In future contracts, consider including penalty fees that are more monetarily comparable to revenue that the City may lose

Finding 4.2

One percent (1%) of electronic tickets were not entered into the system timely; ACS may owe the City \$41,000 in penalty fees, however, the City does not know who was at fault.

The City did not monitor ACS' processing of electronic tickets to ensure that the tickets were entered into the system within one working day of issuance, as required by the contract. One percent (1%) of tickets issued in FY 2010-11 were

entered into the system four days or more after they were issued. Some tickets took as long as 216 days to be entered into CARRS. Because the Parking Division did not monitor when tickets were entered into the system, it was unable to determine whether the City or ACS was at fault.

According to the ACS contract, failure to enter tickets into the system within one working day shall result in a credit to the City of \$500 per day. On 82 separate days, tickets were entered into the system late. The audit conservatively estimates that, with better monitoring, the City may have been able to receive \$41,000 in penalty fees from ACS for failing to meet this contract requirement.

Recommendation

We recommend that the Administration:

- Regularly monitor ACS' ticket processing to determine whether or not ACS is complying with its contract provision for timely ticket entry into the system. If ACS is not entering all tickets into the CARRS system per the contract, the City should promptly pursue the appropriate penalty fees from ACS

Finding 4.3

ACS may not be meeting its contract obligation for 98% data accuracy.

ACS is required to meet a 98% accuracy rate for its ticket processing. In the judgmental sample of 70 tickets tested, the audit found five handwritten tickets that had significant errors such as payment documentation scanned to the wrong ticket and data entry errors, including incorrect dates and fine amounts. As a result, the City was unable to correctly assess ticket fees and penalties due to these data inaccuracies. Because the sample was not statistically significant, the Office cannot determine whether or not ACS met its contract requirement for 98% data accuracy. However, this finding does confirm that some tickets have data errors and that there is a possibility that ACS may not be meeting its contract requirement for data accuracy. Failure to meet the 98% data accuracy requirement shall result in a credit to the City of \$500 per day. The City does not monitor ACS' compliance with this provision.

Recommendation

We recommend that the Administration:

- Monitor ACS' data entry to ensure it meets the 98% accuracy rate and if not, the City should correctly assess and collect contract penalty fees

Finding 4.4

ACS does not resolve all skeleton tickets in a timely manner.

ACS does not proactively resolve all skeleton tickets. A skeleton ticket is an entry into CARRS made by Parking staff when a citizen pays for a ticket that has not yet been entered into the system. Fourteen out of 70 tickets tested in the judgmental audit sample were skeleton tickets and seven of these skeleton tickets were left unresolved for at least 15 months, on average. Under its contract, ACS is to generate two reports, the *Pre-Paid Citations Report* and the *Incomplete Citations Report* to help resolve skeleton tickets. However, ACS is not periodically generating these reports to ensure timely reconciliation of unresolved skeleton tickets. The City is also not monitoring ACS' compliance with this contract provision. Further, when asked about the number of skeleton tickets, ACS could not provide the total number of skeleton tickets.

When a skeleton ticket is left unresolved, the CARRS system cannot validate the correct fine amount. For example, if a citizen underpays the ticket, the City is unable to collect the full ticket revenue or if a citizen overpays the ticket, the City may not have all necessary information included to properly refund the payment.

Recommendation

We recommend that the Administration:

- Work with ACS to establish an adequate process for resolving skeleton tickets in a timely manner. This process should include ACS regularly generating the *Pre-Paid Citations Report* and the *Incomplete Citations Report*, resolving skeleton tickets, and the City regularly monitoring the status of all skeleton tickets

Conclusion

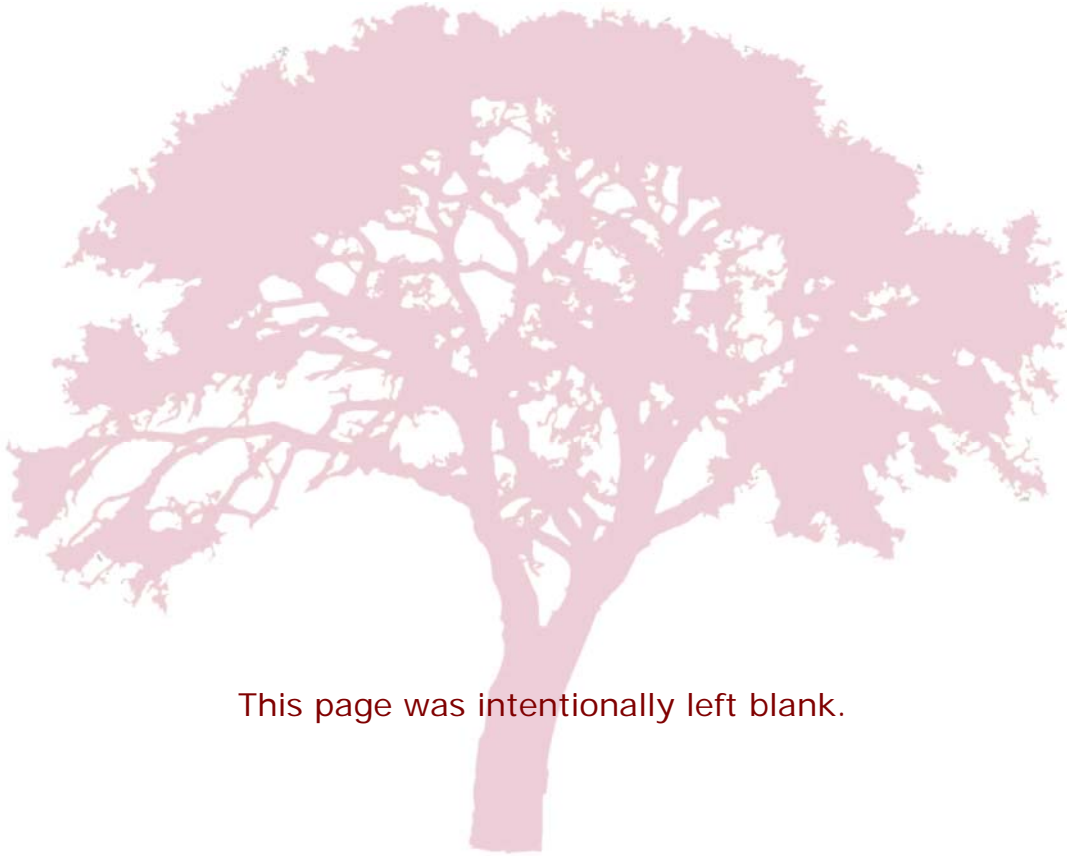
In conclusion, the Parking Division has implemented new parking ticket management technology and has contracted with ACS, which has increased the timeliness and ease of ticket management for both staff and citizens. However, ACS has not met its collection rate target, resulting in between \$401,000 and \$620,500 in lost revenue. Additionally, the City is not monitoring ACS to ensure that it is meeting all of its contract provisions such as timely processing of tickets, 98% data accuracy, and prompt resolution of skeleton tickets.

RECOMMENDATIONS: Chapter 4	
We recommend that the Administration:	
Recommendation #20	Work with and monitor ACS' progress on meeting its contracted collection rates
Recommendation #21	In future contracts, consider including penalty fees that are more monetarily comparable to revenue that the City may lose
Recommendation #22	Regularly monitor ACS' ticket processing to determine whether or not ACS is complying with its contract provision for timely ticket entry into the system. If ACS is not entering all tickets into CARRS per the contract, the City should promptly pursue the appropriate penalty fees from ACS
Recommendation #23	Monitor ACS' data entry to ensure it meets the 98% accuracy rate and if not the City should correctly assess and collect contract penalty fees
Recommendation #24	Work with ACS to establish an adequate process for resolving skeleton tickets in a timely manner. This process should include ACS regularly generating the <i>Pre-Paid Citations Report</i> and the <i>Incomplete Citations Report</i> , resolving skeleton tickets, and the City regularly monitoring the status of all skeleton tickets

FINDINGS

The audit found the following:

Finding 2.1	The City did not refund approximately \$316,000 in parking ticket overpayments in FY 2010-11 and may not have complied with State requirements for prior years
Finding 2.2	The Parking Division's review of parking ticket appeals is slow and inconsistent
Finding 2.3	The Parking Division's customer service phone system can be improved to be more user friendly and intuitive
Finding 3.1	The City did not regularly reconcile its parking revenue; there is currently an unresolved \$345,000 difference for FY 2010-11
Finding 3.2	The City potentially lost \$27,700 due to improperly recorded tickets in FY 2010-11
Finding 3.3	Five percent (5%) of courtesy notices were sent late in the second half of FY 2010-11, down from 42% sent late in the first half of FY 2010-11
Finding 3.4	The slow relay of handwritten tickets from the Oakland Police Department result in tickets not processed for over a month; however, the number of handwritten tickets issued is minimal (approximately 2% of all parking tickets)
Finding 3.5	Some key parking information was not communicated to the City Council
Finding 3.6	The Parking Division's annual performance measures are not useful or realistic
Finding 4.1	Had ACS met its promised collection targets, the City would have received an additional \$401,000 to \$620,500 in parking revenue; instead, ACS paid \$10,128 in penalties for missing targets
Finding 4.2	One percent (1%) of electronic tickets were not entered into the system timely; ACS may owe the City \$41,000 in penalty fees, however, the City does not know who was at fault
Finding 4.3	ACS may not be meeting its contract obligation for 98% data accuracy
Finding 4.4	ACS does not resolve all skeleton tickets in a timely manner



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RECOMMENDATIONS: Chapter 2

We recommend that the Administration:

Recommendation #1	Proactively notify and refund ticket overpayments to citizens
Recommendation #2	Establish a clear refund process to ensure that the City complies with California Government Code sections 50050-50051 which requires government agencies to wait three years and notify citizens of unclaimed funds (overpayments) before the agency can use the funds. Consider establishing a separate fund to track unclaimed parking funds
Recommendation #3	Work with ACS to identify and establish additional controls that will address the CARRS system weakness of allowing payments to inappropriately be applied to a ticket even after the ticket has been paid in full
Recommendation #4	Implement a more efficient appeals review process
Recommendation #5	Improve its process to better ensure that repayments identified through the appeal process are issued in a timely manner
Recommendation #6	Ensure that it immediately places all appealed tickets on hold to ensure that citizens do not receive extraneous notices or inappropriately accrue late fees
Recommendation #7	Make the parking customer service phone system (IVR) more user-friendly and intuitive

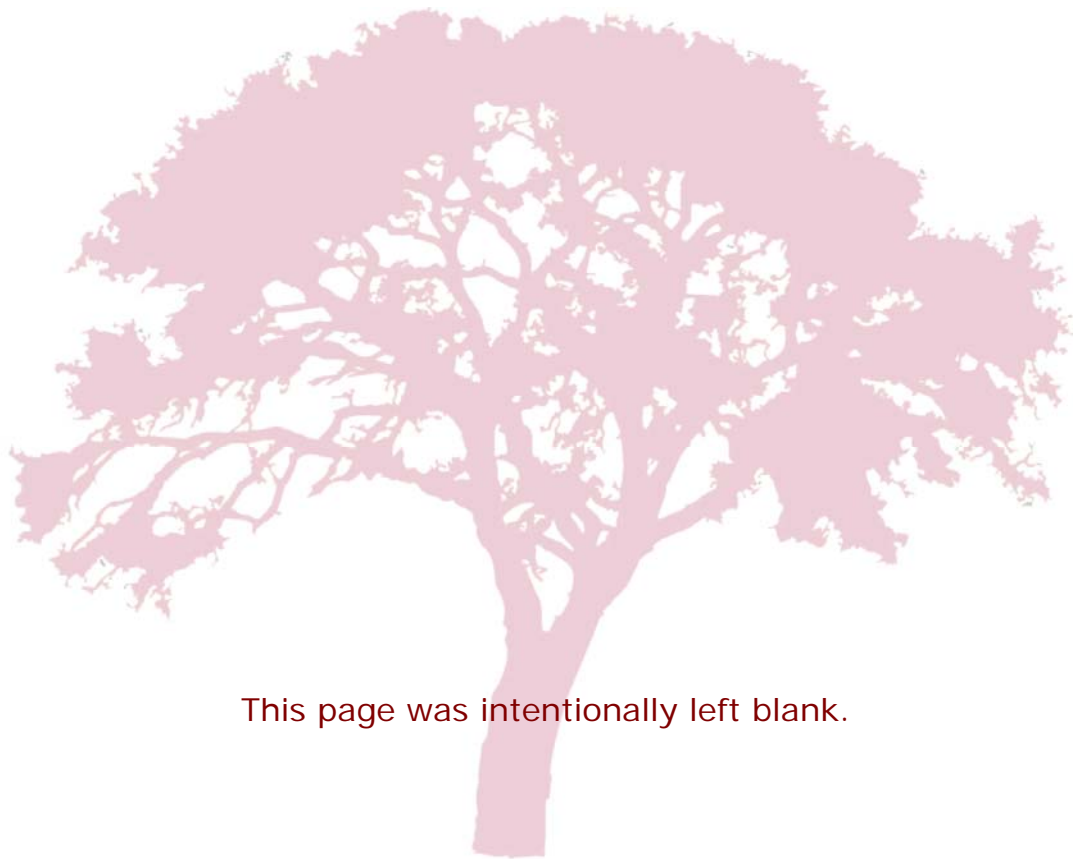
RECOMMENDATIONS: Chapter 3

We recommend that the Administration:

Recommendation #8	Address the \$345,000 difference in parking ticket revenue recorded in CARRS and Oracle from FY 2010-11 and ensure that Oracle accurately reflects the City's parking ticket revenue
Recommendation #9	Ensure that parking ticket revenue recorded in CARRS and Oracle is similarly reconciled for FY 2011-12 and forward
Recommendation #10	Establish and implement written policies and procedures that provide appropriate controls over parking ticket revenue. These policies and procedures should address appropriate documentation and review of daily deposits, timely and clearly documented journal adjustments, processes to ensure that outside agencies are paid in a timely manner, and timely revenue reconciliation between CARRS and Oracle
Recommendation #11	Determine the workload capacity of current staff assigned to the fiscal management of parking operations and identify if additional staff are needed
Recommendation #12	Create a comprehensive manual for parking enforcement officers that includes:

	<ul style="list-style-type: none"> • Clear policies and procedures on voiding tickets • Requirements that tickets are not issued without the valid photos, violation codes and fine amounts • A prohibition against the use of the trainee login outside of training • Periodic monitoring
Recommendation #13	<p>Work with ACS to identify and establish additional controls that will address the CARRS' system weaknesses, including:</p> <ul style="list-style-type: none"> • Removing the option to void a ticket from an electronic ticketing device without appropriate approval • Removing the option for enforcement officers to use the trainee login outside of training
Recommendation #14	<p>Regularly monitor the timeliness of ACS' ticket notification process. If courtesy notices are not being mailed in accordance with city policy, the City should work with ACS to improve the timeliness of its process and/or determine what recourse the City has under its contract to ensure timeliness</p>
Recommendation #15	<p>Work with the City departments that issue handwritten tickets to identify and implement ways to improve the timeliness of remitting issued parking tickets for processing</p>
Recommendation #16	<p>Reach out to other agencies, such as the Alameda County Sheriff, and attempt to identify ways to improve the timeliness of remitting issued parking tickets for processing</p>
Recommendation #17	<p>Communicate all key information to the City Council, including a complete status of delinquent tickets, strategies to improve collections, and any future parking decisions that may have a financial impact on the City's parking revenue</p>
Recommendation #18	<p>Thoroughly consider the costs and benefits of a more comprehensive collections strategy governing its delinquent tickets to ensure the City maximizes collection revenues</p>
Recommendation #19	<p>Create and implement useful performance measures to track the City's performance in its parking ticket management</p>
RECOMMENDATIONS: Chapter 4	
We recommend that the Administration:	
Recommendation #20	<p>Work with and monitor ACS' progress on meeting its contracted collection rates</p>
Recommendation #21	<p>In future contracts, consider including penalty fees that are more monetarily comparable to revenue that the City may lose</p>

Recommendation #22	Regularly monitor ACS' ticket processing to determine whether or not ACS is complying with its contract provision for timely ticket entry into the system. If ACS is not entering all tickets into CARRS per the contract, the City should promptly pursue the appropriate penalty fees from ACS
Recommendation #23	Monitor ACS' data entry to ensure it meets the 98% accuracy rate and if not the City should correctly assess and collect contract penalty fees
Recommendation #24	Work with ACS to establish an adequate process for resolving skeleton tickets in a timely manner. This process should include ACS regularly generating the <i>Pre-Paid Citations Report</i> and the <i>Incomplete Citations Report</i> , resolving skeleton tickets, and the City regularly monitoring the status of all skeleton tickets



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**ADMINISTRATION'S
RESPONSE**

FILED
CITY AUDITOR'S OFFICE

2012 DEC 10 PM 5:37



INTER OFFICE MEMORANDUM

TO: Courtney Ruby
City Auditor

FROM: Scott P. Johnson
Assistant City Administrator

CC: Deanna J. Santana, City Administrator
David McPherson, Revenue and Tax Administrator
Annie To, Administrative Services Manager II
Ira Christian, Acting Parking Manager

SUBJECT: Responses to Parking Ticket
Management Audit

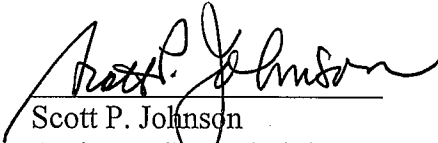
DATE: December 10, 2012

I am pleased to provide you with the City Administrator's response to the Parking Ticket Management Audit. We welcome performance audits conducted cooperatively to improve the efficiency, effectiveness, and customer service of City Government. It should be noted that the time period selected for the audit was the first year of the implementation and transition to a new parking management system. As a result, many of the issues highlighted by the audit resulted from the incomplete implementation of the system during the audit time period. In addition to the change management initiatives that were implemented as a result of implementing the new system, the administration has also put in place new policies, procedures and better management oversight that address many of the issues highlighted in the Audit. It should also be noted that the Parking Division has been restructured, with enforcement operations housed in OPD, fiscal and collections functions housed in the Revenue Division, and meter repairs housed within Public Works.

During the time period selected for the performance audit, the Parking Division was faced with a unique series of concurrent circumstances including: transitioning to a new citation management and collection system, vacancies and long-term leaves of absences of key staff, budgetary constraints, and a flood that occurred in the Parking Citations Assistance Center. Since the audit period, many of these circumstances have been remedied and the City's parking operations have been enhanced through technological, procedural, and management improvements.

Attached to this cover letter is the Administration's detailed response on the audit findings, recommendations, and other content. I look forward to working with your office to target key issues identified in the audit process that could result in ways to improve the parking citations procedures.

Respectfully submitted,



Scott P. Johnson
Assistant City Administrator

Chapter 2 Recommendations	Chapter 2 Responses
<p>Recommendation #1 Proactively notify and refund ticket overpayments to citizens</p>	<p>Partially Agree/In-Progress ~ The City will generate a monthly report and proactively refund accounts with over payment amounts greater than \$200. Due to the cost of issuing refunds and limited staff resources, it is not cost effective to proactively refund all accounts. The City has developed an automatic reapplication process by which overpayments on one citation can be credited against other citations with the same license plate number. This process will reduce the number of outstanding repayments and prevent certain parking customers from accruing penalties and late fees on tickets if they have sufficient payment credits to cover those tickets. Repayments not reapplied to other citations and under \$200 will be refunded in accordance with Government Code sections 50050-50051.</p>
<p>Recommendation #2 Establish a clear refund process to ensure that the City complies with California Government Code sections 50050-50051 which requires government agencies to wait three years and notify citizens of unclaimed funds (overpayments) before the agency can use the funds. Consider establishing a separate fund to track unclaimed parking funds</p>	<p>Agree/In-Progress ~ The City will implement a process by which the public is notified annually of unclaimed funds. Claimants will be required to submit documentation asserting their claim. This process is consistent with California Government Code 50050-50051. The City will financially record unclaimed parking funds in manner consistent with Generally Accepted Accounting Principles (GAAP).</p>
<p>Recommendation #3 Work with ACS to identify and establish additional controls that will address the CARRS' system weakness of allowing payments to inappropriately be applied to a ticket even after the ticket has been paid in full</p>	<p>Disagree/Completed ~ Due to a multitude of payment processes including electronic payment, payment by credit card, payment by mail, and collections at the Department of Motor Vehicles and Franchise Tax Board, it is not feasible for the City to completely prevent multiple payments on the same ticket. The current CARRs system will not permit a second payment over the ticket value if that payment is made by web, phone, kiosk, or through the cashier at PCAC; however, additional payments from other payment portals (mail, DMV, FTB) cannot be prevented. The Administration believes it is more efficient to apply the overpayment to the citation for tracking purposes and to pursue the reapplication process and unclaimed processes noted in the responses to recommendations 1 and 2. Accepting multiple payments also reduces the impact of bank back charges and bounced checks. It also ensures that other violations by the same licensed vehicle do not accrue penalties and interest, thus the City will initiate refund processes after allowing sufficient time for payments to clear. Furthermore, changing the CARRs system to disallow multiple payments from additional payment portals would require major software modifications, requiring additional costs to the City, therefore it is not recommended. As the City promotes payment by web, by phone, and kiosk, the number of duplicate payments by mail should be reduced.</p>

1

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Recommendation #4 Implement a more efficient appeals review process

Agree/Completed ~ The review of appeals for FY2010-11 was not timely due to the system conversion, staff shortages, the flood that occurred in the Parking Citations Assistance Center during this period and the return of unprocessed transactions by the prior contractor. This backlog has been cleared and staff is currently reviewing appeals within 10 - 30 days of receipt. Changes that were made to improve the appeal process include:

- Reports were developed to track assigned work and completion dates but they cannot provide statistics by individual tickets.
- Appeals are put on hold if they cannot be resolved upon initial review.
- The monitoring of curb, meter and sign checks have improved by the development of a tracking mechanism to identify the status of the request.
- A suspended expiration report has been created which alerts the Supervisor to any citation coming off hold.
- The department is now fully staffed to work accounts timely.
- Appeals dropped off at PCAC office are processed within 24 hours. Mailed appeals are now assigned within 1 to 3 business days upon receipt.

Additional cross-training has been conducted so that phone representatives can also process appeals during down time.

Recommendation #5 Improve its process to better ensure that repayments identified through the appeal process are issued in a timely manner

Agree/Completed ~ During FY 2010-11, the delay in handwritten tickets being entered into the system and the backlog of appeals would have an impact on the refund process if measured from the ticket issuance date. PCAC processed refunds but a backlog occurred as a result of the deletion of the Account Clerk position. In addition, the Parking Citations Assistance Center office experienced a severe flooding which contributed to the delay of processing the appeals. There was no one to process the refund requests in Oracle. The Account Clerk position has since been restored and filled. The refund requests are now current. We have implemented changes for the FTB process that eliminated a large volume of refunds due to wrongful intercepts.

Recommendation #6 Ensure that it immediately places all appealed tickets on hold to ensure that citizens do not receive extraneous notices or inappropriately accrue late fees

Partially Agree/Completed ~ Staff will continue efforts to minimize inappropriate late fees. During this time period, the severe backlog of work prevented the limited staff resources from processing appeals in a timely manner. Many of the appeals reached PCAC staff with late fees already added. The process of putting a citation on hold and then resolving the appeal involves reviewing the citation twice. Based on the large backlog, a decision was made to use the limited staff resources to work the appeals and reduce the backlog as quickly as possible. If a citizen mails in their appeal near the end of the 21 day deadline, the next notice and a late fee may be added before the appeal is even received. Putting a citation immediately on hold, would not eliminate the notice and late fees in these cases. If a citizen has appealed on time, all late fees are waived regardless of the time of a review, and staff will continue this practice. Currently most appeals mailed or dropped off at PCAC are being assigned and handled within 24 hours. If the appeal cannot be resolved during the initial review, the citation is put on hold. This would be done for supervisor referrals or when a meter, sign or curb check is required. This process is a more effective and efficient use of staff resources. For appeals that are emailed to PCAC, we have expanded the number of staff who would have access to the email accounts in order to process them more timely.

2

Recommendation #7 Make the parking customer service phone system (IVR) more user-friendly and intuitive

Partially Agree/In-Progress ~ The IVR works as it is designed. It allows citizens to review all options before transferring to a live operator. Currently, we only have 23% of the calls being transferred to an operator which frees up staff's time by 77%. This provides staff the opportunity to work on more complex calls and to provide better customer service. The audit finding states "if a user asks the system to repeat information twice, the system automatically disconnects the caller". In our testing of the IVR, we found that if a user asks the system to repeat information three times, the system states "We are unable to process your request at this time..." and then disconnect the caller. In this situation, we will work with the vendor and review the option of transferring the user to a live operator.

3

Chapter 3 Recommendations	Chapter 3 Responses
<p>Recommendation #8 Address the \$345,000 difference in parking ticket revenue recorded in CARRS and Oracle from FY 2010-11 and ensure that Oracle accurately reflects the City's parking ticket revenue</p>	<p>Partially Agree/In-Progress ~ Ideally the City would seek to reconcile all past years of CARRs with the Oracle system; however, due to the departure of staff who performed financial operations for parking, a flood which caused damage to documentation, and the limited time of current staff, reconciliation is not practical. This task could be accomplished if there were significant new staff resources available. It should be noted that the discrepancy represents 1.5% of the FY2010-11 parking citation revenue.</p>
<p>Recommendation #9 Ensure that parking ticket revenue recorded in CARRS and Oracle is similarly reconciled for FY 2011-12 and forward</p>	<p>Partially Agree/In-Progress ~ The City will ensure that CARRs and Oracle are reconciled for Fiscal Year 2012-13 and future years. The administration agrees that monthly reconciliation of Bank Fee Charges, DMV Collections, and Refund should be conducted.</p>
<p>Recommendation #10 Establish and implement written policies and procedures that provide appropriate controls over parking ticket revenue. These policies and procedures should address appropriate documentation and review of daily deposits, timely and clearly documented journal adjustments, processes to ensure that outside agencies are paid in a timely manner, and timely revenue reconciliation between CARRS and Oracle</p>	<p>Agree/In-Progress ~ The City will develop policies and procedures regarding the fiscal operations of parking citation revenue; including procedures for processing journal vouchers, deposits, CARRS-Oracle reconciliation, and accounts payable. The City will combine these procedures with existing financial procedures regarding parking operations into a single volume.</p>
<p>Recommendation #11 Determine the workload capacity of current staff assigned to the fiscal management of parking operations and identify if additional staff are needed</p>	<p>Agree/In-Progress ~ The Revenue Division has conducted this assessment and believes that an additional Accountant II is necessary to ensure that all functions are efficiently conducted and to allow for cross training and continuity of operations in the case of vacancies or extended leave. However, adding additional staff is subject to the City's budgetary constraints.</p>

Recommendation #12 Create a comprehensive manual for parking enforcement officers that includes:

- Clear policies and procedures on voiding tickets
- Ensuring that tickets are not issued without the valid photos, violation codes and fine amounts
- That the Trainee login is not used outside of training

Agree/In-Progress ~ Administration has identified the need to update the Parking Enforcement Standard Operating Manual to include new policies and procedures considering the transition from handwritten citations to the handheld devices. By way of updating the manual it will include a comprehensive procedure on voiding citations. Current technology doesn't allow the voiding of citations in the handheld, therefore internal controls will be developed to ensure compliance. There has been an increased volume of voids due to the limited technology enhancements, current practices such as the five minute grace period policy and free meter holiday parking. Currently, City of San Francisco Parking Control Officers has the capability of voiding citations while in the field. Therefore, this policy will be examined and addressed with the vendor. Currently, Parking Control Officers have migrated to handhelds which have been programmed to require photos, violation codes and fine amounts. The updated manual will include procedures requiring Parking Control Officers to take a picture of the license plate and a picture of the violation whenever possible. If the vehicle drives off while issuing the citation, the comments on the citation will precisely note that the vehicle drove off while issuing the citations. The training mode password has been disabled for the Parking Control Officers and is no longer used outside of training. Supervisors maintain the password and will only provide it to the officers during training. The manual will reflect the updated policy.

Recommendation #13 Work with ACS to identify and establish additional controls that will address the CARRS' system weaknesses, including:

- Removing the option to void a ticket from an electronic ticketing device without appropriate approval
- Removing the option for enforcement officers to use the Trainee login outside of training

Agree/In-Progress ~ Current technology does not allow the voiding of citations in the handheld, therefore internal controls will be developed to ensure compliance. Due to the limited technology enhancements to current practices, such as the five minute grace period policy and the free meter holiday parking, there has been an increased volume of voids. Currently, City of San Francisco Parking Control Officers has the capability of voiding citations while in the field. Therefore, this policy will be examined and addressed with the vendor. The training mode password has been disabled for the Parking Control Officers and is no longer used outside of training. Supervisors maintain the password and will only provide it to the officers during training. The manual will reflect the updated policy.

<p>Recommendation #14 Regularly monitor the timeliness of ACS' ticket notification process. If courtesy notices are not being mailed in accordance with city policy, the City should work with ACS to improve the timeliness of its process and/or determine what recourse the City has under its contract to ensure timeliness</p>	<p>Agree/In-Progress ~ Noticing for FY 2010-2011 was delayed due to a number of system conversion issues. Currently PCAC staff is proactively working a weekly "No Hit" and "Make Mismatch" reports which will improve the DMV confirmation time and the notification process. There will always be some notices that are sent out past the 21 day deadline such as:</p> <ul style="list-style-type: none"> - If a citizen contests a ticket from the windshield copy and the citation is put on hold. - DMV confirmation is not received on initial attempt. - Handwritten tickets are not turned into PCAC on a timely basis. - Obtaining vehicle registration information for license plates that are out-of-state takes longer to obtain. - Notices are mailed out only twice a week and there is a maximum limit of each mailing in order to avoid high volumes of phone calls and walk-in customer visits that may overwhelm the PCAC staff. - We do not mail on Holidays or furlough days. - When plates are changed due to a "vehicle error" staff resets the noticing and a new Notice 1 goes out to the correct registered owner. - Rental car companies may delay providing renter information prolonging the notice process.
<p>Recommendation #15 Work with city departments that issue handwritten tickets to identify and implement ways to improve the timeliness of remitting issued parking tickets for processing</p>	<p>Agree/In-Progress ~ The following actions will improve the timeliness of remitting parking tickets for processing. During fiscal year 2012-13, a Parking Manager position was created (Police Service Manager I) in the Oakland Police Department. This position's primary role is to serve as a liaison for all Departments and parking functions. In addition, due to this position residing in the Police Department, it will be able to facilitate and develop a process in the remitting of parking tickets for processing. It will also provide outreach and education to city departments to ensure the timeliness of remitting issued parking tickets for processing.</p>
<p>Recommendation #16 Reach out to other agencies, such as the Alameda County Sheriff, and attempt to identify ways to improve the timeliness of remitting issued parking tickets for processing</p>	<p>Agree/In-Progress ~ The following actions will improve the timeliness of remitting parking tickets for processing. During fiscal year 2012-13, a Parking Manager position has been created (Police Service Manager I) in the Oakland Police Department. This position's primary role is to serve as a liaison for Agencies and parking functions. In addition, due to this position residing in the Police Department it will be able to facilitate and develop a process for the remittance of parking tickets for processing and to provide outreach and educating to other Agencies to ensure the timeliness of remitting issued parking tickets for processing.</p>

Recommendation #17 Communicate all key information to the City Council, including a complete status of delinquent tickets, strategies to improve collections, and any future parking decisions that may have a financial impact on the City's parking revenue

5

Partially Agree/In-Progress ~ The City Council should be informed of administrative decisions which have fiscal impacts. The Administration believes that the Council has provided direction to ensure that the parking citation process is citizen friendly. The Audit notes that a courtesy period of 42 days is a best practice used by both Los Angeles and San Francisco. The Administration believes adopting this best practice was consistent with direction given by council to make parking processes citizen friendly.

Furthermore, Administration believes that providing Council data on uncollectable citations is unnecessary as: the City's collection rates are within industry standards, the ability to collect on a citation more than 1 year old is generally 10% or less, and providing that data does not impact policy decisions. The Administration does not routinely report to Council the status of uncollected revenues from other revenue sources (Business License Tax, Utility Users Tax, etc) because there are no policy options the Council could consider to notably change the City's collection rate.

Recommendation #18 Thoroughly consider the costs and benefits of a more comprehensive collections strategy governing its delinquent tickets to ensure the City maximizes collection revenues

2

Partially Agree/In-Progress ~ While the Administration agrees that the City should continue to study and examine collections strategies that are more effective and cost efficient, the current collections rates & practices are within industry norms. More aggressive collection techniques would require additional expenditures for either staff and/or contract fees. In addition, one of the reasons the City consolidated parking collections under the Revenue Division was to capitalize on the division's expertise and resources to improve collections. Staff is currently working on a variety of strategies, including: a sticker program, reciprocal booting programs with other Cities and modification of collections practices, which will increase parking revenues and streamline collections practices.

Recommendation #19 Create and implement useful performance measures to track the City's performance in its parking ticket management

2

Partially Agree/In-Progress ~ Performance measures are a management best practice that are useful in evaluating the efficiency of an organization. The Parking Division performance measures were developed as a component of a City-wide performance measure system, which is no longer in place. While updated performance measures could be useful, there may be other more effective management strategies that should be prioritized. The Parking Division at the time of the audit has been reorganized and the functions absorbed into three different departments/divisions (Revenue, Public Works, and Police) so performance measures would need to be assessed separately for each reorganized unit.

Chapter 4 Recommendations	Chapter 4 Responses
<p>Recommendation #20 Work with and monitor ACS' progress on meeting its contracted collection rates</p>	<p>Partially Agree/In-Progress ~ The Administration will continue to monitor ACS's collection rates in light of the contracted targets. The Administration does not agree that ACS is out of compliance. The contract stipulates that changes to City procedures which alter the collections environment similarly alter the collections targets to which ACS is bound. The City's free holiday parking program, five minute grace period policy, and other policies have increased the number of dismissals and thus affected the ACS collections environment. The Administration will work with ACS to determine new targets in consideration of these policy changes.</p>
<p>Recommendation #21 In future contracts, consider including penalty fees that are more monetarily comparable to revenue that the City may lose</p>	<p>Disagree/Completed ~ While the Administration agrees that reexamining penalties is a prudent step in negotiating future contracts, the intent of the penalties was not to make the City whole, but rather to incentivize compliance from the contractor. It should be noted that during the RFP process, a provision for penalties which would make the City whole was presented to the applicants, but was removed when all prospective bidders objected to the provision. Depending on the size of any future contractor, City revenues at risk may greatly exceed the financial scale of that firm. Penalties which are very large in proportion to the size of the firm may result in unwillingness to contract with the city.</p>
<p>Recommendation #22 Regularly monitor ACS' ticket processing to determine whether or not ACS is complying with its contract provision for timely ticket entry into the system. If ACS is not entering all tickets into the CARRS system per the contract, the City should promptly pursue the appropriate penalty fees from ACS</p>	<p>Partially Agree/In-Progress ~ Delays in entering tickets into the system may be caused by staff not complying with maintenance procedures to download data prior to submitting unit for repair. Delays can also be caused by defective units. For example the finding states "some tickets took as long as 216 days to be entered into CARRS". In reviewing the list of delayed tickets, these were all issued by the same officer on the first day of the handheld implementation (for example one officer issued 23 citations on 10/1/10 that were entered on Etims 5/5/11). The repair record for this unit showed that the SD card was dislodged and prevented the tickets from uploading. A fix has since been implemented that prevents a unit with a dislodged SD from issuing tickets. Ticket entry can also be delayed when an officer creates the ticket in the training mode. An example of this was the 7 tickets issued by one officer on 1/3/11. These citations are not uploaded into CARRS. The password for the training mode has now been modified to prevent officers from using training mode in the field. In addition, daily batch reports could be reviewed to determine if any tickets were uploaded but it would not detail if tickets from a missing or broken handheld unit are missing. Maintenance logs would need to be reviewed to determine if staff or ACS is at fault. This would require additional staff resources to perform a daily audit of each handheld unit.</p>

<p>Recommendation #23 Monitor ACS' data entry to ensure it meets the 98% accuracy rate and if not the City should correctly assess and collect contract penalty fees</p>	<p>Disagree/Completed ~ The audit finding refers to "data entry errors including incorrect date and fine amounts". We disagree with this finding as ACS does not enter fine amount listed on the handwritten ticket. Fine amounts are assigned by a system table based on the violation code. Reviewing the accuracy of data entry for hand written tickets would require significant additional staff resources.</p>
<p>Recommendation #24 Work with ACS to establish an adequate process for resolving skeleton tickets in a timely manner. This process should include ACS regularly generating the <i>Pre-Paid Citations Report</i> and the <i>Incomplete Citations Report</i>, resolving skeletons, and the City regularly monitoring the status of skeleton tickets</p>	<p>Partially Agree/In-Progress ~ We will request the generation of the Pre-paid Citations Report and the Incomplete Citations Report. However ACS is not contractually required to resolve skeleton tickets. As a courtesy they have historically researched and resolved skeleton records created during the processing of lockbox payments. Additional staff resources would be required to review all skeletal tickets including the ones created by staff and citizens.</p>

Additionally, the Administration would like to respond to narrative beginning on Page 20 of the audit, which is not part of the 24 recommendations.

Audit statement: The majority of the improperly recorded tickets identified are tickets that were issued without a violation code. In FY 2010-11, there were 699 handwritten tickets issued without violation on the ticket. Instead, these tickets were processed with a fine amount of \$0.

We reviewed a sample of 35 out of the 699 audited tickets and found that some citations were written with a violation code on the actual ticket. However, when ACS enters the handwritten ticket into the system, the violation code will reject if the violation is not on the Etims lookup table. When this occurs, the violation fine amount shows as \$0 since the fine amount is linked to a valid violation code on the table.

Some of the violations that appeared on the handwritten citations were valid violations but not the ones that are approved for the Etims lookup table (4 out of 35 or 11.43%).

Ticket Number	Comment
821878024	Officer wrote 10.52.020 - not on the Etims lookup list
838811369	Officer wrote code 22651(d)-Not on the Etims lookup list
838820939	Officer wrote code 4462B-Not on the Etims lookup list
839244527	Officer wrote code 22651(D)- not on the Etims lookup list-code for blocking driveway

Others were invalid violations where the Officer entered an invalid violation (3 out of 35 or 8.57%).

Ticket Number	Comment
842989642	Officer wrote wrong code - wrote 10.26.030, S/B 10.36.020
842989675	Officer wrote wrong code - wrote 10.26.030, S/B 10.36.020
839913481	Violation code written on tix as 4004A - officer error

In 10 out of 35 tickets, the violation code was listed on the citation and should have been entered by ACS. These citations would have been flagged on the "Fields in error" report. Additional staff resources would be required to review the report to ensure that ACS is correctly entering handwritten tickets.

Ticket Number	Comment
842989532	Violation code written on tix-data entry error
842989796	Violation code written on tix-data entry error
838655169	Violation code written on tix-data entry error
825160204	Violation code checked off
839688267	Violation code written on tix-data entry error
839918684	Violation code written on tix-data entry error
H183022	Violation code is showing on Tix/etims
821777583	Officer checked 10.16.110/Obedience to Barriers & Signs-data entry error
826637152	Officer checked 10.16.070-data entry error
816925164	Officer checked 10.16.070/Vehicle on Private Property

Audit statement: The average ticket amount in FY 2010-11 was \$66, so the audit estimates that by not listing violations on these tickets the City may have lost approximately \$26,400 in revenue.

We disagree with this finding. In reviewing the list of 699 tickets, 128 tickets had a payment showing which totaled \$9,978 collected (see column listed as "Total Paid SUM"). The impact of lost revenue to the City is lower than the \$26,400 stated in the finding.

RESPONSE TO THE ADMINISTRATION'S RESPONSE

The Office of the City Auditor (Office) provided a draft report to the City Administration (Administration) for review and comment. The Administration's comments regarding the actions it has taken or plans to implement in response to the report's recommendations have been included in the previous section of the audit report. This section of the report provides clarification to the Administration's responses.

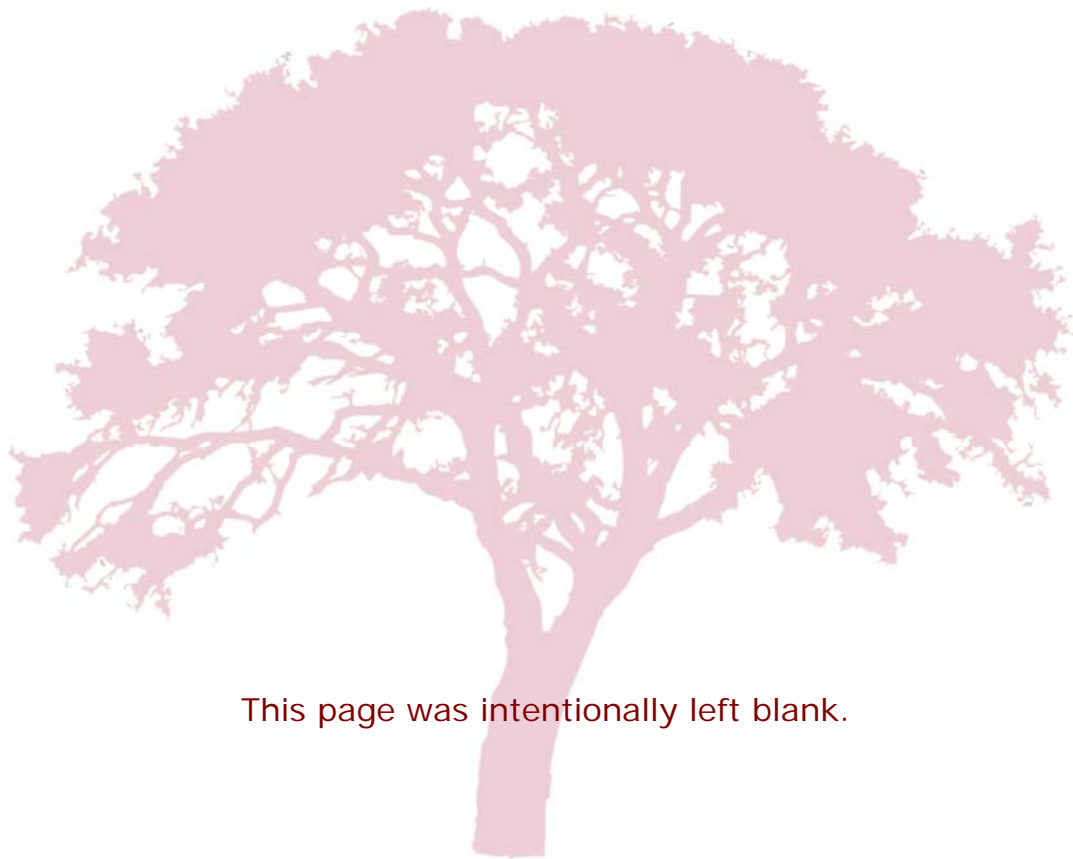
The Office maintains that the audit report findings and conclusions are accurate based on the information provided by the Administration.

Below is the Office's clarification to the Administration's responses. The reference numbers in the left column correspond directly to the reference numbers placed in the Administration's response.

Reference	Administration's Response	The Office's Response
1	<p><i>The City will generate a monthly report and proactively refund accounts with over payment amounts greater than \$200.</i></p> <p><i>...Repayment not reapplied to other citations and under \$200 will be refunded in accordance with Government Code sections 50050-50051.</i></p>	<p>The Administration's response is in agreement with the recommendation's intent. One thing to note, the Administration's proposed process for proactively refunding overpayments greater than \$200 may not yield many refunds to citizens. The audit found that the average overpayment in FY 2010-11 was \$50 and only 0.4% of overpayments exceeded \$200.</p>
2	<p><i>Partially Agree or Disagree</i></p>	<p>In Recommendations #1, #3, #6, #18, and #19, the Administration stated that it partially agreed and/or had completed part of the recommendations. The Office finds that the Administration's responses show full agreement with the recommendations' intent rather than partial agreement.</p>
3	<p><i>The IVR works as it is designed. It allows citizens to review all options before transferring to a live operator. Currently, we only have 23% of the calls being transferred to an operator which frees up staff's time by 77%. This provides staff the opportunity to work on more complex calls and to provide better customer service.</i></p>	<p>The Administration's response notes that the IVR meets the City's operational needs. However, the audit recommendation addresses that the City should continue to ensure that its customer-response phone system is meeting citizens' needs.</p>

<p style="text-align: center;">4</p>	<p><i>Ideally the City would seek to reconcile all past years of CARRs with the Oracle system; however, due to the departure of staff who performed financial operations for parking, a flood which caused damage to documentation, and the limited time of current staff, reconciliation is not practical...</i></p> <p><i>The City will ensure that CARRs and Oracle are reconciled for Fiscal Year 2012-13 and future years.</i></p>	<p>The City is responsible for timely reconciliation of all of its financial tracking systems, which includes reconciling CARRS to the City's Oracle system to ensure parking revenue stated is accurate for all years, including FY 2010-11, FY 2011-12 and all future years.</p>
<p style="text-align: center;">5</p>	<p><i>The City Council should be informed of administrative decisions which have fiscal impacts. The Administration believes that the Council has provided direction to ensure that the parking citation process is citizen friendly... The Administration believes that providing Council data on uncollectable citations is unnecessary... The Administration does not routinely report to Council the status of uncollected revenues from other revenue sources (Business License Tax, Utility Users Tax, etc) because there are no policy options the Council could consider to notably change the City's collection rate.</i></p>	<p>The Office maintains its recommendation that the Administration should communicate all key information to the City Council, including status on collections and strategy to improve collection rates. As documented in the audit, Oakland lags behind Los Angeles in collections.</p>
<p style="text-align: center;">6</p>	<p><i>The Administration will continue to monitor ACS' collection rates in light of the contracted targets. The Administration does not agree that ACS is out of compliance. The contract stipulates that changes to City procedures which alter the collections environment similarly alter the collections targets to which ACS is bound. The City's free holiday parking program, five minute grace period policy, and other policies that have increased the number of dismissals and thus affected the ACS collections environment. The Administration will work with ACS to determine new targets in consideration of these policy changes.</i></p>	<p>ACS paid \$10,128 in penalties for failing to meet contracted collection targets. The tickets that the audit measured to ACS' collection rate targets were tickets that were issued in FY 2010-11, which is before both of the programs noted in the Administration's response were implemented. Both the free holiday parking program and the five minute grace period pilot program were introduced in FY 2011-12. Further, the Office questions whether the City's free holiday parking program and five minute grace period policy have a significant impact on the collections environment. Regardless, more proof should be obtained regarding the impact of these new parking policies before amending ACS' contracted collection rates.</p>
<p style="text-align: center;">7</p>	<p><i>While the Administration agrees that reexamining penalties is a prudent step in negotiating future contracts, the intent of the penalties was not to make the City whole, but rather to incentivize compliance from the contractor. ...It should be noted that during the RFP process, a provision for penalties which would make the City whole was presented to the applicants, but was removed when all prospective bidders objected the provisions... Penalties which are very large in proportion to the size of the</i></p>	<p>The Office maintains its recommendation that in future contracts, the City should consider including penalty fees that are "more monetarily comparable" to revenue that the City may lose. Out of nine months reviewed, ACS missed six of its contracted collection targets for which it paid the City just over \$10,000. However, had ACS met the collection rate that it agreed to in its contract with the City, the City would have received an additional \$401,000 to \$620,500 in parking revenue.</p> <p>Based upon results, these fees clearly are not</p>

	<i>firm may result in unwillingness to contract with the city.</i>	incentivizing compliance. Such fees should be designed to encourage compliance.
8	<p><i>The audit finding refers to “data entry errors including incorrect date and fine amounts.” We disagree with this finding as ACS does not enter fine amount listed on the handwritten ticket. Fine amounts are assigned by a system table based on the violation code. Reviewing the accuracy of data entry for handwritten tickets would require significant additional staff resources.</i></p> <p><i>We reviewed a sample of 35 out of the 699 audited tickets and found that some citations were written with a violation code on the actual ticket. However, when ACS enters the handwritten ticket into the system, the violation code will reject if the violation is not on the Etims lookup table. When this occurs, the violation fine amount shows as \$0 since the fine amount is linked to a valid violation code on the table.</i></p>	<p>The Office maintains its recommendation that the Administration should monitor ACS to ensure that it meets the 98% accuracy rate. The audit found at least one instance where ACS scanned payment to the wrong ticket. By monitoring the accuracy of parking ticket data, the City will be able to ensure ACS' compliance with its contract as well as to identify any systemic issues that may be causing errors in the City's parking data. For example, in response to this audit finding, the Administration reviewed the data and identified an issue with its fine table being incomplete and/or inaccurate. Once issues, such as this one, are identified, the City can work to correct them.</p>
9	<p><i>We will request the generation of the Pre-paid Citations Report and the Incomplete Citations Report. ...ACS is not contractually required to resolve skeleton tickets. As a courtesy they have historically researched and resolved skeleton records created during the processing of lockbox payments.</i></p>	<p>The audit recommendation is to work with ACS to establish an adequate process for resolving skeleton tickets in a timely manner. The audit recommendation does not state that ACS must be the party to resolve the tickets. However, ACS is the one who is contracted to manage the City's parking data, so they are able to give the City what it needs to help manage unresolved skeleton tickets.</p> <p>As stated in the audit, when a skeleton ticket is left unresolved, the CARRS system cannot validate the correct fine amount. If a citizen underpays the ticket, the City is unable to collect the full ticket revenue or if a citizen overpays the ticket, the City may not have all necessary information included to properly refund the payment.</p>
10	<p><i>The Audit states, “The average ticket amount in FY 2010-11 was \$66, so the audit estimates that by not listing violations on these tickets the City may have lost approximately \$26,400 in revenue.”</i></p> <p><i>The Administration disagrees with this finding. In reviewing the list of 699 tickets, 128 tickets had a payment which totaled \$9,978 collected... The impact of lost revenue to the City is lower than the \$26,400 stated in the finding.</i></p>	<p>The Office has reviewed the Administration's response and amended the audit report to reflect that the estimated amount lost is \$21,560. This takes into account that there were 128 tickets out of 699 tickets reported with missing violation codes that had been paid.</p> <p>The audit methodology was applied to the remaining 571 tickets, conservatively reducing the fine amount by the larger surcharge effective December 7, 2010 (\$13): 571 tickets * (\$66 average fine amount - \$13 pass-through surcharges) * 95% tickets are not dismissed * 75% collection rate = \$21,562.</p>



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SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT

The "Summary of Actions Necessary to Close the Report" provides the Office of the City Auditor's (the Office) analysis of the City Administration's (Administration) proposed actions required to close the report. At the time of the Administration's response, 15 recommendations are resolved, 7 recommendations are partially resolved and 2 recommendations are unresolved. **The Administration has agreed to implement 92 percent of the recommendations that were provided in the report.**

Recommendation #1

The Administration should proactively notify and refund ticket overpayments to citizens.

Resolved – The Administration stated that it partially agreed with the recommendation. However, the Office's review of the Administration's response to the recommendation found the Administration to be in agreement with the recommendation's intent. The Office considers this recommendation resolved.

The Administration stated that it will proactively refund accounts with overpayment amounts greater than \$200. Overpayments under \$200 will be refunded in accordance with California Government Code sections 50050-50051.

To close this recommendation, the Administration should provide evidence of the repayment process to the Office by July 5, 2013.

Recommendation #2

The Administration should establish a clear refund process to ensure that the City complies with California Government Code sections 50050-50051 which requires government agencies to wait three years and notify citizens of unclaimed funds (overpayments) before the agency can use the funds. Consider establishing a separate fund to track unclaimed parking funds.

Resolved – The Administration agrees with this recommendation and stated that it will implement a process by which the public is notified annually of unclaimed funds. The Administration will also financially record unclaimed parking funds consistent with Generally Accepted Accounting Principles.

To close this recommendation, the Administration should provide evidence that the Administration has developed and implemented the unclaimed funds process. This information should be provided to the Office by July 5, 2013.

Recommendation #3

Work with ACS to identify and establish additional controls that will address the CARRS system weakness of allowing payments to inappropriately be applied to a ticket even after the ticket has been paid in full.

Resolved – The Administration stated that it disagreed with the recommendation. However, the Office's review of the Administration's response to the recommendation found the Administration to be in agreement with the recommendation's intent. The Office considers this recommendation resolved.

According to the Administration, due to limitations in the CARRS

	<p>system, it is more efficient to apply the overpayment to the citation for tracking purposes and to pursue the reapplication process and unclaimed processes noted in its response to recommendations #1 and #2 .</p> <p>To close this recommendation, the Administration should provide evidence of reapplication and repayment process and evidence of the unclaimed funds process to the Office by July 5, 2013.</p>
<p><u>Recommendation #4</u></p> <p>The Administration should implement a more efficient appeals review process.</p>	<p>Resolved – The Administration agrees with this recommendation and stated that improvements have been made to the appeals review process and currently appeals are being reviewed within 10 – 30 days.</p> <p>To close this recommendation, the Administration should provide evidence that appeals are reviewed more efficiently. This documentation should be provided to the Office of by July 5, 2013.</p>
<p><u>Recommendation #5</u></p> <p>The Administration should improve its process to better ensure that repayments identified through the appeal process are issued in a timely manner.</p>	<p>Resolved – The Administration agrees with this recommendation and stated that changes have been made to the repayment process and that the refund requests are now current.</p> <p>To close this recommendation, the Administration should provide evidence that repayments are issued in a timely manner to the Office by July 5, 2013.</p>
<p><u>Recommendation #6</u></p> <p>The Administration should ensure that it immediately places all appealed tickets on hold to ensure that citizens do not receive extraneous notices or inappropriately accrue late fees.</p>	<p>Resolved – The Administration stated that it partially agrees with this recommendation. However, the Office’s review of the Administration’s response to the recommendation found the Administration to be in agreement with the recommendation. The Office considers this recommendation resolved.</p> <p>The Administration stated that improvements have been made to process appeals more timely in order to minimize inappropriate late fees.</p> <p>To close this recommendation, the Administration should provide evidence of timely processing of appeals to the Office by July 5, 2013.</p>
<p><u>Recommendation #7</u></p> <p>The Administration should make the parking customer service phone system (IVR) more user-friendly and intuitive.</p>	<p>Partially Resolved – The Administration stated that it partially agreed with this recommendation. According to the Administration, it will work with the vendor to review the option of transferring the user to a live operator when the user asks the system to repeat information three times. It appears that the Administration does not agree that the actual code to reach a live person should be more user-friendly.</p> <p>To close this recommendation, the Administration should provide evidence of the improvements made to the IVR system to the Office by July 5, 2013.</p>

<p><u>Recommendation #8</u></p> <p>The Administration should address the \$345,000 difference in parking ticket revenue recorded in CARRS and Oracle from FY 2010-11 and ensure that Oracle accurately reflects the City's parking ticket revenue.</p>	<p>Partially Resolved – The Administration stated that it partially agreed with this recommendation. The Administration stated that it cannot perform past year (FY 2010-11) reconciliations without additional staff.</p> <p>The City is responsible for timely reconciliation of all of its financial tracking systems, which includes reconciling CARRS to the City's Oracle system to ensure parking revenue stated is accurate for all years, including FY 2010-11, FY 2011-12 and all future years.</p> <p>To close this recommendation, the Administration should provide documentation that it has reconciled the \$345,000 difference in parking ticket revenue from FY 2010-11. This information should be provided to the Office by July 5, 2013.</p>
<p><u>Recommendation #9</u></p> <p>The Administration should ensure that parking ticket revenue recorded in CARRS and Oracle is similarly reconciled for FY 2011-12 and forward.</p>	<p>Partially Resolved – The Administration partially agrees with this recommendation and stated that CARRS and Oracle will be reconciled for FY 2012-13 and forward.</p> <p>The City is responsible for timely reconciliation of all of its financial tracking systems, which includes reconciling CARRS to the City's Oracle system to ensure parking revenue stated is accurate for all years, including FY 2010-11, FY 2011-12 and all future years.</p> <p>To close this recommendation, the Administration should provide evidence of the reconciliations from FY 2011-12 and forward to the Office by July 5, 2013.</p>
<p><u>Recommendation #10</u></p> <p>The Administration should establish and implement written policies and procedures that provide appropriate controls over parking ticket revenue. These policies and procedures should address appropriate documentation and review of daily deposits, timely and clearly documented journal adjustments, processes to ensure that outside agencies are paid in a timely manner, and timely revenue reconciliation between CARRS and Oracle.</p>	<p>Resolved – The Administration agrees with this recommendation and stated that it will develop and amend its policies and procedures regarding fiscal operations of parking citation revenue.</p> <p>To close this recommendation, the Administration should provide a copy of the policies and procedures to the Office by July 5, 2013.</p>
<p><u>Recommendation #11</u></p> <p>The Administration should determine the workload capacity of current staff assigned to the fiscal management of parking operations and identify if additional staff are needed.</p>	<p>Resolved – The Administration agrees with this recommendation and stated that the Revenue Division's conducted this assessment and found that an additional Accountant II is necessary to ensure that all functions are efficiently conducted. However the additional staff is subject to the City's budgetary constraints.</p> <p>To close this recommendation, the Administration should provide evidence of the Revenue Division's assessment to the Office by July 5, 2013.</p>

<p><u>Recommendation #12</u></p> <p>The Administration should Create a comprehensive manual for parking enforcement officers that includes:</p> <ul style="list-style-type: none"> • Clear policies and procedures on voiding tickets • Requirements that tickets are not issued without the valid photos, violation codes and fine amounts • A prohibition against the use of the trainee login outside of training • Periodic monitoring 	<p>Resolved – The Administration agrees with this recommendation and stated that it will update the Parking Enforcement Standard Operating Manual to include new policies and procedures since the CARRS system implementation.</p> <p>To close this recommendation, the Administration should provide a copy of the manual to the Office by July 5, 2013.</p>
<p><u>Recommendation #13</u></p> <p>The Administration should Work with ACS to identify and establish additional controls that will address the CARRS’ system weaknesses, including:</p> <ul style="list-style-type: none"> • Removing the option to void a ticket from an electronic ticketing device without appropriate approval • Removing the option for enforcement officers to use the trainee login outside of training 	<p>Resolved – The Administration agrees with this recommendation and stated that it will work with ACS to examine the capability of voiding tickets in the handheld and the training mode password has been disabled for the enforcement officers.</p> <p>To close this recommendation, the Administration should provide evidence of the additional controls that have been implemented to address the CARRS’ system weaknesses. This documentation should be provided to the Office by July 5, 2013.</p>
<p><u>Recommendation #14</u></p> <p>The Administration should regularly monitor the timeliness of ACS’ ticket notification process. If courtesy notices are not being mailed in accordance with city policy, the City should work with ACS to improve the timeliness of its process and/or determine what recourse the City has under its contract to ensure timeliness.</p>	<p>Resolved – The Administration agrees with this recommendation and stated it has developed a process to proactively monitor DMV confirmation time and the notification process.</p> <p>To close this recommendation, the Administration should provide evidence of its monitoring process to ensure timely notification. This information should be provided to the Office by July 5, 2013.</p>
<p><u>Recommendation #15</u></p> <p>The Administration should work with the City departments that issue handwritten tickets to identify and implement ways to improve the timeliness of remitting issued parking tickets for processing.</p>	<p>Resolved – The Administration agrees with this recommendation and stated that due to additional parking manager position in the Oakland Police Department the Administration will improve its process to better ensure the timeliness of remitting issued parking tickets for processing.</p> <p>To close this recommendation, the Administration should provide evidence of its process improvements to ensure the timeliness of remitting issued parking tickets for processing. This documentation should be provided to the Office by July 5, 2013.</p>
<p><u>Recommendation #16</u></p> <p>The Administration should reach out to other</p>	<p>Resolved – The Administration agrees with this recommendation and stated that due to additional parking</p>

<p>agencies, such as the Alameda County Sheriff, and attempt to identify ways to improve the timeliness of remitting issued parking tickets for processing.</p>	<p>manager position in the Oakland Police Department the Administration will improve its process to better ensure the timeliness of remitting issued parking tickets for processing.</p> <p>To close this recommendation, the Administration should provide evidence that the new process has improved the timeliness of remitting issued parking tickets for processing. This documentation should be provided to the Office by July 5, 2013.</p>
<p><u>Recommendation #17</u></p> <p>The Administration should communicate all key information to the City Council, including a complete status of delinquent tickets, strategies to improve collections, and any future parking decisions that may have a financial impact on the City's parking revenue.</p>	<p>Partially Resolved – The Administration partially agrees with this recommendation. The Administration agrees that City Council should be informed of administrative decisions which have fiscal impacts. However, the Administration believes that the Council has provided direction to ensure that the parking citation process is citizen friendly and further stated that providing Council data on uncollectable citations is unnecessary.</p> <p>To close this recommendation, the Administration should provide evidence that the Administration has communicated all key information to council, including strategies to improve collections and decisions that have a financial impact on the City's parking revenue. This documentation should be provided to the Office by July 5, 2013.</p>
<p><u>Recommendation #18</u></p> <p>The Administration should thoroughly consider the costs and benefits of a more comprehensive collections strategy governing its delinquent tickets to ensure the City maximizes collection revenues.</p>	<p>Resolved – The Administration stated that it partially agrees with this recommendation. However, the Office's review of the Administration's response to the recommendation found the Administration to be in agreement with the recommendation's intent. The Office considers this recommendation resolved.</p> <p>The Administration stated that staff is working on a variety of strategies to increase parking revenues and streamline collections practices.</p> <p>To close this recommendation, the Administration should provide evidence of the additional collection tools considered to increase parking revenue. This information should be provided to the Office by July 5, 2013.</p>
<p><u>Recommendation #19</u></p> <p>The Administration should create and implement useful performance measures to track the City's performance in its parking ticket management.</p>	<p>Resolved – The Administration stated that it partially agrees with this recommendation. However, the Office's review of the Administration's response to the recommendation found the Administration to be in agreement with the recommendation's intent. The Office considers this recommendation resolved.</p> <p>The Administration stated that updated performance measures could be useful, there may be other more effective management strategies that should be prioritized. Ultimately, the recommendation is to ensure that performance is being measured in a useful way.</p> <p>To close this recommendation, the Administration should provide evidence of update performance measures or</p>

	<p>other more effective management strategies that have been implemented. This information should be provided to the Office by July 5, 2013.</p>
<p><u>Recommendation #20</u></p> <p>The Administration should work with and monitor ACS' progress on meeting its contracted collection rates.</p>	<p>Partially Resolved – The Administration partially agrees with this recommendation. The Administration stated that it will continue to monitor ACS' collection rates in light of the contracted targets but that it does not believe that ACS is out of compliance</p> <p>To close this recommendation, the Administration should provide evidence that the Administration is monitoring ACS' collection rates per the contract. This documentation should be provided to the Office by July 5, 2013.</p>
<p><u>Recommendation #21</u></p> <p>In future contracts, the Administration should consider including penalty fees that are more monetarily comparable to revenue that the City may lose.</p>	<p>Unresolved – The Administration disagrees with this recommendation and stated that the goal is to incentivize compliance from the contractor but penalties which are very large in proportion to the size of the contractor may result in unwillingness to contract with the city.</p> <p>The Office maintains its recommendation that in future contracts, the City should consider including penalty fees that are "more monetarily comparable" to revenue that the City may lose.</p> <p>To close this recommendation, the Administration should provide a copy of its future parking contract(s) that include penalty fees that are more monetarily comparable to revenue that the City may lose. This documentation should be provided to the Office by July 5, 2013.</p>
<p><u>Recommendation #22</u></p> <p>The Administration should regularly monitor ACS' ticket processing to determine whether or not ACS is complying with its contract provision for timely ticket entry into the system. If ACS is not entering all tickets into CARRS per the contract, the City should promptly pursue the appropriate penalty fees from ACS.</p>	<p>Partially Resolved – The Administration partially agrees with this recommendation and stated that reports and logs could be reviewed to ensure timely ticket processing but this would require additional staff resources. It is the Administration's responsibility to monitor contractor performance. The intervals of monitoring should be appropriate given the risk and available resources; however, contract monitoring should occur.</p> <p>To close this recommendation, the Administration should provide evidence of monitoring ticket processing to ensure timeliness. This documentation should be provided to the Office by July 5, 2013.</p>
<p><u>Recommendation #23</u></p> <p>The Administration should monitor ACS' data entry to ensure it meets the 98% accuracy rate and if not the City should correctly assess and collect contract penalty fees.</p>	<p>Unresolved – The Administration disagrees with this recommendation and stated that ACS does not enter fine amounts listed on the handwritten ticket. Fine amounts are assigned by a system table based on the violation code. However, the audit found at least one instance where ACS scanned payment to the wrong ticket.</p> <p>By monitoring the accuracy of parking ticket data, the City will be able to ensure ACS' compliance with its contract as well as to</p>

	<p>identify any systemic issues that may be causing errors in the City's parking data.</p> <p>To close this recommendation, the Administration should provide evidence of monitoring ACS' data accuracy. This documentation should be provided to the Office by July 5, 2013.</p>
<p><u>Recommendation #24</u></p> <p>The Administration should work with ACS to establish an adequate process for resolving skeleton tickets in a timely manner. This process should include ACS regularly generating the Pre-Paid Citations Report and the Incomplete Citations Report, resolving skeleton tickets, and the City regularly monitoring the status of all skeleton tickets.</p>	<p>Partially Resolved – The Administration partially agrees with this recommendation and stated that it will request the Pre-Paid Citations Report and the Incomplete Citations Report from ACS. However, additional staff resources would be required to review all skeleton tickets.</p> <p>To close this recommendation, the Administration should provide evidence of monitoring the status of all skeleton tickets to the Office by July 5, 2013.</p>

Unresolved status indicates no agreement on the recommendation or the proposed corrective action. Implementation of proposed corrective action is directed in the City Auditor's Analysis and Summary of Actions Necessary to Close the Report.

Partially Resolved status indicates partial agreement on the recommendation or the proposed corrective action. Implementation of the proposed corrective action is clarified in the Analysis and Summary of Actions Necessary to Close the Report.

Resolved status indicates agreement on the recommendation and the proposed corrective action. Implementation of the proposed corrective action forthcoming from the auditee.