

AUDIT AND OPERATIONAL REVIEW COMMITTEE

MAY 26, 2008

INTERNAL AUDIT REPORT OF ENFORCEMENT SERVICES

(Referred from Council Meeting of May 12, 2008, Item 4, Report No. 2)

Council, at its meeting of May 12, 2008, adopted the following:

Recommendation of the Audit and Operational Review Committee, May 6, 2008:

"The Audit and Operational Review Committee recommends that this matter be referred to the next Audit and Operational Review Committee meeting."

Report of the City Auditor dated May 6, 2008.

Recommendation

The City Auditor recommends:

That the Internal Audit Report of Enforcement Services be received.

Economic Impact

The recommendations suggested by the auditor and the implementation of corrective actions in the audit report, will improve the effectiveness of risk management, control and governance processes of the department. Some impact will be economic and will be measurable in dollar terms, while others will provide intangible benefits which may not be measurable. Other benefits will be an improvement in the efficiency and effectiveness in the operations of the department. Internal Audit adds value to all areas of City activity which are audited.

Communications Plan

This is to be addressed by the Corporate Communications department.

Purpose

To present to the Audit Committee, the Internal Audit Report of Enforcement Services.

Background - Analysis and Options

The audit was part of the Internal Audit Work Plan which was approved by the Audit Committee.

The internal audit report is provided as an attachment. The report explains the definition and objective of internal auditing as well as the scope of internal audit work. The report includes, for all deficient items, (1) the observations of the auditor, (2) the implications, (3) the auditor's recommendations, (4) the commissioner's response for corrective actions and (5) the auditor's response to the corrective actions.

Relationship to Vaughan Vision 2020

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Regional Implications

Not applicable

Conclusion

1. Based on the scope of audit work mentioned in the beginning of the audit report, areas reviewed were considered to be operating effectively, except for the noted observations for which the auditor made recommendations for improvement.
2. The commissioner and director of the department/operation audited, have responded favourably to all observations and recommendations in the Internal Audit Report.
3. When all corrective actions are implemented, (1) internal controls will be improved, (2) the quality of performance in carrying out assigned responsibilities will be enhanced, (3) the department/operation will operate more effectively and efficiently and (4) the Internal Audit department will have added value to the organization and assisted members of the organization in the effective discharge of their responsibilities.

Attachments

Internal Audit Report of Enforcement Services.

Report prepared by:

Michael Tupchong, CA, CIA, CPA, CFE
City Auditor

Respectfully submitted,

Michael Tupchong, CA, CIA, CPA, CFE
City Auditor



The City Above Toronto

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April 9, 2008

Michael DeAngelis
City Manager
City Of Vaughan
2141 Major Mackenzie Drive
Vaughan, Ontario
Canada L6A 1T1

Dear Michael DeAngelis,

Re: Internal Audit of Enforcement Services

I have completed the internal audit of Enforcement Services. This audit was included in the three year audit work plan.

A follow-up letter will be sent to the auditee, 30 days from the issue date of this Internal Audit Report, requesting the status of Corrective Actions as noted in this report. Subsequent follow-up letters may be sent until all Corrective Actions have been satisfactorily implemented.

I would like to thank Commissioner Janice Atwood-Petkovski, Director Tony Thompson and their staff for accommodating me and providing me with unrestricted access to all staff and information during the audit.

I have exercised independence, objectivity and due professional care in accordance with the Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

The Internal Audit Department is committed to adding value, providing continuous improvement recommendations and professional service to the whole organization.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Tupchong".

Michael Tupchong CA, CIA, CPA, CFE
City Auditor

cc: J. Atwood-Petkovski C. Harris T. Thompson

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DEFINITION, OBJECTIVE AND SCOPE

1. **Definition:** Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
2. The **objective** of Internal Auditing is to assist members of the organization in the effective discharge of their responsibilities. To this end, Internal Auditing furnishes them with analyses, recommendations, counsel, and information concerning the activities reviewed. The internal audit objective includes promoting effective control at reasonable cost. In the end, Internal Audit is focussed on continuous improvement of the organization.
3. The **scope** of Internal Auditing encompasses the examination and evaluation of the adequacy and effectiveness of the organization's system of control and the quality of performance in carrying out assigned responsibilities. The Internal Auditors have authority to review any phase of City activity. The scope of this audit may include one or more of the following:-
 - Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.
 - Reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations, which could have a significant impact on operations and reports, and should determine whether the organization is in compliance.
 - Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
 - Appraising the economy and efficiency with which resources are employed.
 - Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
 - Reviewing the identification of risk exposures and use of effective strategies to control them.
 - Reviewing specific operations at the request of the Audit Committee or City Manager, as appropriate.

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FOLLOW-UP ON CORRECTIVE ACTIONS

1. It is extremely important that all Corrective Actions as stated in this Internal Audit Report are implemented as soon as possible.
2. The Internal Audit Department will perform regular follow-ups, the first being 30 days after the issue date of the Internal Audit Report, followed by subsequent 30 days until all Corrective Actions have been satisfactorily implemented. Follow-up audits may be done to verify the reported implementation.
3. The Corrective Actions will ensure that the deficiencies as raised by the Auditor will be addressed. After all Corrective Actions have been implemented; there will be improvement in the effectiveness of risk management, control, and governance processes. The department will operate more efficiently and effectively. Members of the organization will also have discharged their responsibilities.
4. At the discretion of the Commissioner/Director, this report may be distributed to the appropriate staff members under their jurisdiction. Deficient items which could be common across the organization should be globally addressed. Further consideration should be given to revise/update current policies and procedures, as deemed necessary.

INTENDED PURPOSE OF THE REPORT

This report is presented purely to add value and to improve the operation in terms of the scope of the audit for effectiveness, efficiency and continuous improvement. Areas reviewed were considered to be operating effectively, except where specifically noted as observations for which the auditor has made recommendations for improvement. The report is not intended to criticize/discredit any individual, or the management of the operation. The recommendations are suggestions of the auditor to achieve the objective of the audit.

End of Field Work: August 31, 2007

Auditor(s): Michael Tupchong.....**Signature:**.....

Approved:

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First Attendance Officer Discretion for Parking By-law Fine Reduction

Observations

When a municipal parking by-law is infringed , the violator may receive a Parking Infraction Notice (PIN).

1. The current process is that a violator who has received a PIN (Parking Infraction Notice) can book an appointment to see a First Attendance Officer to discuss the infraction. If this is the violator's first offence, the First Attendance Officer will offer a first time reduction of the fine, based on a chart showing the fixed reduced amount of the fine. The violator has the option to accept the reduced fine and pay it or request to go to court. If the violator requests the latter, then s(he) fills out a standard form. A court date is then set.
2. The City is allocated 14 trial days per year for parking infractions. As of July 4, 2007, the courts cancelled 4 ½ days and replaced 2 ½ days, resulting in a net loss of 2 trial days to-date. This pushes back all trials and creates a huge backlog of PINs to be dealt with in court. Parking Enforcement Officers also need to appear in court to discuss each PIN which they issued. This consumes a lot of their time.

Implications:

1. City Trial days are being reduced creating increasing backlogs.
2. Therefore the City has to wait longer periods to receive payment of fines from the courts.
3. Courts often reduce the fines to amounts lower than the discounted amount of the parking infraction. The City is therefore losing revenue.
4. More applications to court requires more trial days. This means more Parking Enforcement Officer time is required to go to court to defend/explain the charges.

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Recommendations:

It is recommended that:

The First Attendance Officer should be granted discretionary powers to grant an additional reduction of fines (limited to a certain amount) off the "First Time Reduction" amount. This additional incentive would improve the likelihood of the PIN being accepted in more cases by the violator rather than to go to court (to seek a lower fine) which would also consume their personal time. This would provide more revenue to the City which it would receive much sooner than from the courts. This will reduce the amount of cases going to court. It will also reduce Parking Enforcement Officers' time to go to court to defend the PINs.

Corrective Actions (Commissioner Janice Atwood-Petkovski Response)

The First Attendance Officer conducts reviews of disputed tickets by using guidelines on potential fine reductions. He has the discretion to reduce or eliminate fines in exceptional circumstances.

A report will be forwarded for Council's consideration in 2008 examining the possibility of adopting an Administrative Penalty system recently introduced through the Bill130 amendments to the Municipal Act. This will be a new process that will not include a court option for parking tickets.

Auditor's Response to Corrective Action:

Adopting an Administrative Penalty System as per Bill 130, will eliminate the court option and will address the issues raised.

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Payment of Parking Infraction Notices On-line

Observations

It was observed during the audit, that there is currently no system in place to pay a Parking Infraction Notice (ticket) on-line. To pay a ticket, one can pay in person at the Civic Centre with a credit card, cheque or cash or by mailing in a cheque.

Implications

1. Enabling offenders to pay on-line provides a quick, efficient method of payment. This will also reduce the number of people coming to the Enforcement office to personally pay the fine. This will free up more staff time to do other office work instead of having to deal with the walk-in public.
2. There will also be more incentive for the violator to pay the ticket online instead of having to personally go to the Civic centre to pay; time savings and convenience.

Recommendations

It is recommended that:-

Internet facilities should be available for on-line payment. Violators should be able to pay on-line with their credit card. This would provide them with a quick and easy method of payment. It would reduce public walk-in to the Civic Centre to pay the fine. This would also reduce bookings to see the First Attendance Officer. Front desk clerks will therefore have more time to do other duties as they will have fewer dealings with the walk-in public.

Corrective Action(s) (Commissioner Janice Atwood-Petkovski Response)

The On-Line Ticket Payment process was launched on November 29, 2007

Auditor's Response to Corrective Action(s)

As of November 29, 2007, the payment of fines on-line is now available.

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Parking Infraction Notice (PIN) – Potential Savings

Observations

1. Handhelds are used by the Parking Enforcement Officers to type up Parking Infraction Notices (PIN's), "the parking ticket".
2. "The parking ticket" is made up of the PIN (Parking Infraction Notice) which is attached to its twin called Certificate of Parking Infraction (CPI). The PIN is detached once it has been completed and is placed on the windshield of a violator's vehicle. The CPI (Certificate of Parking Infraction) is taken to the main office for filing. This requires staff filing time and filing space.
3. Municipalities like Pickering, Niagara Falls, and Stratford use only the one part PIN. The CPI is not used. This saves filing time and filing space. The municipalities of Kitchener and Waterloo are currently considering adopting the same process.
4. The stationery cost of the two part PIN and CPI, costs approximately 68 cents. With one part, there is a saving of 34 cents. The department issued approximately 40,105 PINs in 2006 and 27,072 PINs for year-to-date 27 August 2007 (41,344 projected for 2007 year).
5. The CPI can be generated from the Citation system should it be needed for court purposes.
6. The signature of the Parking Enforcement Officer can be printed electronically. The cost of the software for electronic signatures, called "MES (Mobile Enforcement Services) Command Centre" is approximately \$2,000.

Implications:

There is potential annual savings in printing costs of approximately \$14,000, filing time by staff and filing space in adopting the one-part PIN.

Recommendations:

It is recommended that the City adopt the one part PIN (Parking Infraction Notice) ticket without the CPI (Certificate of Parking Infraction). This would require (a) upgrading the handhelds (b) Designing new ticket rolls (c) provincial authority from the Ministry of the Attorney General.

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The advantages are:

- 1) 50% savings in printing material. This would amount to approximately \$14,000 per annum (41344 tickets * .34 cents) and would increase as more tickets are issued due to the growth of the City.
- 2) No more daily filing of the CPI (Certificate of Parking Infraction) by staff (41,344 CPIs projected for 2007; 40,105 CPIs - actual for 2006). Time can be used more effectively performing other duties or there may be potential savings in labour.
- 3) No more filing space required for approximately 41,000+ CPIs per year.

For manual tickets, the CPI (Certificate of Parking Infraction) is still required as a copy of the PIN, so there would be no change. Manual PINs are issued by security guards who have no handhelds; and by Parking Enforcement Officers who wish to issue a PIN quickly. Approximately 6794 manual tickets were issued in 2006 (6753 year-to-date 17 September, 2007).

Corrective Actions: (Commissioner Janice Atwood-Petkovski Response)

York Region courts have advised that they require both copies of the tickets, and the Certificate signed at the time of the infraction.

This recommendation will be reviewed as part of the Administrative Penalties project as in all likelihood new tickets will need to be designed.

Auditor's Response to Corrective Action:

The Administrative Penalties project may require a new design of tickets. This may be an opportunity to implement some/all of the recommendations.

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Out of Province Plates- no revenue

Observations:

1. It was observed that for the period January 1, 2002 to 27 August, 2007, approximately 1,931 Parking Infraction Notices (PINs) totalling approximately \$73,000, were issued to "Out of Province" plates. These plates would be from the US and other provinces in Canada. Currently the City is unable to collect these fines as the names and addresses are not accessible. The various notices cannot be sent. The City has no agreement with the Department of Motor Vehicle (DMV) for provinces/states outside of Ontario.
2. In contrast, the 407 ETR has agreements with the Department of Motor Vehicle in many US States and Canadian Provinces and are therefore able to get names and addresses of violators who own the vehicle plates. Billing invoices and notices are then mailed to them for payment.

Implications:

1. There is lost revenue to the City for parking infractions by drivers of vehicles with "out of province" plates, as they are currently uncollectible.
2. Some Parking Enforcement Officers may therefore not "ticket" vehicles with "out of province" plates because they are aware that their addresses are not available to send invoices for fine collections.

Recommendations:

It is recommended that:

Like the 407 ETR, the City should pursue agreements with the Department of Motor Vehicle in neighbouring US states and other Canadian provinces so that names and addresses of number plates can be obtained and notices of fines can be sent to them. This will increase revenues to the City since the issuance of PINs to "out of province" plates will no longer be a "worthless exercise" and will now be collectible.

Corrective Actions (Commissioner Janice Atwood-Petkovski Response)

The authority to seek this approval is at the provincial level only. Enforcement Services has inquired about this in the past.

Due to the reciprocal agreements between the other provinces and some US states are handled through the Ministry of Transportation, municipal fines are not included in those agreements.

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Auditor's Response to Corrective Actions:

As municipal fines are not included in provincial agreements, at this stage, the City will not be able to collect for Parking Infraction notices issued to "out of province" plates.

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Court Fine Payments, not reconciled

Observations:

1. It was observed that a legal department clerk maintains a record (spreadsheet) of all charges, relating to Building Standards, By-law, Fire and Body Rub, to be dealt with in court. The spreadsheet shows:-
 - i. Date
 - ii. Name of Violator
 - iii. Number of charges under each category of Building, By-law, Fire and Body Rub
 - iv. Court disposition with the amount owing
2. The spreadsheet does not have a column showing the dollar amount the accused is charged. The spreadsheet is also not updated to record (a) how much was paid, if any, by the violator (b) the date paid and (c) the balance owing. The City does not follow up on collections. If the violator paid the fine at the courts, the Region of York would send a cheque to the City monthly with a report showing the names and amounts paid. If the violator failed to pay the fine, there is no action undertaken by the City to collect, as it currently does not establish who has and has not paid. There is no ongoing list of balances owing and by whom. Therefore the amounts outstanding could be substantial as the current process goes back to many years.
3. The action taken by the City is to deposit the lump sum cheque it receives from the Region of York monthly. The Region is currently responsible for the collections.

Implications:

1. Once the courts decide how much the violator should pay, this amount is recorded on the spreadsheet. There is no control in place to ensure that the outstanding amount has been fully collected.
2. The spreadsheet can be improved to be more effective and to include more relevant information.

Recommendations:

It is recommended that

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1. The report from the Region of York which shows the names of who paid and the amounts paid should be used to update the spreadsheet of charges to include (a) how much was paid, if any, by the violator (b) the date paid and (c) the balance owing.
2. The spreadsheet should also have a column showing the \$ amount of the charges owing before the court disposition.
3. On discussion with the Region of York, they are now able to generate an aged trial balance of receivables report. This report should be requested and reviewed monthly. The report should be checked to the City's own records.
4. The City should have regular discussions with the Region on what further actions to take on those outstanding balances which are more than 90 days old.

Corrective Actions (Commissioner Janice Atwood-Petkovski Response)

York Region operates the courts and as such is responsible for collecting outstanding fines as per their policies. We cannot alter the process at the Region in any case.

Auditor's Response to Corrective Actions:

Based on the response and discussions with the department, York Region collects outstanding fines as per their policies, and the City has no say in the matter.

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Kennel Inn contract

Observations

1. The City currently has a contract with Kennel Inn to provide animal shelter services. The contract (\$305,833 for 10 months June1, 2007 – March31, 2008 and \$394,000 for 12 month April1, 2008 – March 31, 2009). Kennel Inn is responsible for enforcing the municipality's animal control by-laws and ensuring that all dog owners have licenced their dogs. It also enforces the poop-and-scoop provisions, dogs running at large, and animal trespassing regulations of the by-law. The contract expires on March 31, 2009.
2. At the time of the audit, it was believed that Kennel Inn was not interested in continuing to provide this service and operate the facility beyond the contract expiry date. The current arrangement was also thought to be not sustainable due to:-
 - a. Oak Ridges Moraine limits expansion of the facility
 - b. Proximity to residential neighbourhood restricts outdoor animal runs
 - c. Location and visibility reduces ease of access for residents considering adoption
 - d. Quality of care is not up to the standard of other municipal operations.
3. Pathwise Group was hired as a consultant at a cost of \$5000, to do a feasibility study regarding the operation of animal shelter services and to provide its recommendations. The consultant has recommended that the City either own and operate a facility strictly for its own residents or alternatively for one municipality to be the host (owning and operating the facility) and enter into a purchase of service agreement with neighbouring municipalities.

Implications

As the contract expires on March 31, 2009, time is of the essence. Much work is required should the City decide to own and operate a facility strictly for its own residents.

Recommendations

Information should be brought forward as soon as possible to Council so that a decision and approval can be made relatively quickly as to which of the following options the City wishes to take:-

- 1) the City to operate and manage its own animal facility

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- 2) to be the host municipality (owning and operating the facility) and to contract with other municipalities, or contract with Richmond Hill as the host municipality, to provide animal shelter services.

If the City chooses to operate and manage its own animal facility (option 1) or to be the host municipality, then quick action would be required to (1) select the site,) 2) prepare the tender to select a contractors to do the required construction, renovations, furnishing and equipment, (3) hire and train staff required to operate the facility and launch the facility. The consultant estimated that it would take approximately 23 months from Council approval to be fully operational. As it is now September 2007, the City is approximately 6 months "behind".

Corrective Actions (Commissioner Janice Atwood-Petkovski Response)

The City was notified in late October that the ownership of Kennel Inn has changed. In a letter from the new owner, Kennel Inn has emphasized that they are committed to serving Vaughan for the foreseeable future.

As such, the need to pursue alternative options is less urgent.

Auditor's Response to Corrective Actions:

Due to a recent change in ownership, this is no longer an issue as Kennel Inn is now committed to serving Vaughan for the foreseeable future.

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Parking Permit limits

Observations

1. It was observed that overnight street parking is only allowed with a parking permit (which costs \$5 per night) and must be placed clearly visible on the dashboard. A resident is limited to purchase a maximum of only 5 permits for 5 nights per month i.e., \$25 per month per residence.
2. Parking permits are sold only by the department at the Civic Centre and cannot be purchased online.
3. The parking permit is assigned a number which is entered into a database with the Vehicle Licence Plate number, location and valid date of the permit.

Implications

1. Purchasing parking permits online is currently unavailable.

Recommendations

1. Purchase of parking permits should be available through the internet with a credit card or debit card. This would facilitate the purchase of permits, reduce public walk-ins to the department and make it more convenient for all residents.

Corrective Actions (Commissioner Janice Atwood-Petkovski Response)

The number of permits available was set by Council after considerable discussion. The number of requests for Visitor Permits is not excessive.

While, at this point in time, there are no mechanisms for issuing (and validating) permits over the internet, it is expected that by mid 2009, Enforcement Services will have the technology to scan permits from the field. A permit issuance program would need to be developed by ITM before such a program could be considered.

Auditor's Response to Corrective Actions:

As the number of requests for visitor permits is not excessive, at this time, the development of a permit issuance program by the Information and Technology Management department is not a priority. At the appropriate time, Enforcement Services should take the initiative.

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Mobile Signs – incorrect records

Observations

1. The department maintains a record on an Excel spreadsheet of mobile signs which have been confiscated. The spreadsheet shows (1) Name of sign owner (2) date confiscated (3) location where confiscated (4) name of officer who confiscated (5) Reason for POA (Provincial Offences Act) issued (6) Impound Fee (7) Date Claimed by sign owner (8) Date disposed by department(9) Receipt number of payment.
2. To be able to retrieve the signs, the sign owner has to pay the impound fee of \$300 per sign. If signs are not collected within 30 days, the City has the option to dispose of them.
3. It was observed that on April 12, 2007, thirteen mobile signs of a sign company "X" were collected, after the fine of \$3900 was paid. The spreadsheet was not updated. The auditor could not identify which signs were collected. The City had impounded a larger number of company "X's" signs. The "claim date", "receipt number" columns of the spreadsheet were not updated. As a result, receipt number 152508 for \$3900 could not be checked against the worksheet.
4. The worksheet shows signs from 2001 which were not disposed. However the auditor was informed that these and other signs dated from 2001 were disposed by the City. The "claim date", "date disposed", "receipt #" columns were not updated.

Implications

1. Without an updated record, the information on mobile signs cannot be relied on.
2. Unclaimed signs could represent potential revenue for the City when collected.

Recommendations

1. It is recommended that the worksheet of mobile signs should be updated and kept current so that the information is accurate and can be relied on.
2. Sign owners whose signs are still on hand, should be contacted to collect their signs (after paying the impound fee).

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Corrective Actions (Commissioner Janice Atwood-Petkovski Response)

1. Staff have been reminded of the protocol of updating the spreadsheet, including all disposals.
2. Signs that are in the City's possession for more than 30 days are sold for scrap metal, or otherwise disposed of as per the bylaw

Auditor's Response to Corrective Actions:

The corrective actions will address the issues raised.

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Telus invoices not signed

Observations

1. A review of Telus Mobility charges revealed a charge of \$325.00 for "equipment exchange" on the 30th April, 2007 invoice. When the auditor queried the details of the charge, Telus confirmed that this was an error and would be reversed out in the next month's bill.
2. The phones are shared by a number of employees throughout the 24 hour shift.

Implications

Monthly Telus bills are not reviewed, approved and signed.

Recommendations

Monthly Telus bills should be signed and dated by the office administrator for reasonableness as to their accuracy.

Corrective Actions (Commissioner Janice Atwood-Petkovski Response)

The department has modified the way that the Telus invoices are approved in order to verify the amount.

Auditor's Response to Corrective Actions:

The corrective actions will address the issues raised.

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Internal Fuel Charge-no supporting documentation

Observations

1. The department is charged monthly for fuel usage by the Fleet department. The amount is in excess of \$5000 per month.
2. There is no supporting verification for the charge except for what has been posted to the department's general ledger account through journal entry from the Fleet department.

Implications

The department is charged in excess of \$60,000 per annum for internal fuel usage without reviewing and verifying any details.

Recommendations

1. The department should request from the Fleet department, a monthly report of fuel usage to support the monthly charge.
2. The report should be reviewed by the office co-ordinator to verify that the charges for the employees on the report are correct and reasonable. The co-ordinator should then sign and date the report.

Corrective Actions (Commissioner Janice Atwood-Petkovski Response)

The Office Coordinator will request the monthly report from fleet to verify that any charges to the department are proper.

Auditor's Response to Corrective Actions:

The corrective actions will address the issues raised.

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Posting Errors

Observations

It was observed that there were some posting errors (which were insignificant) as follows:

- 1) Computer Hardware a/c 0801427211 posted \$387.00 (should be \$388.80) – wrong PST amount posted.
- 2) Service Contracts a/c 0801437531 posted \$1989.86 (should be \$1990.68) – incorrect amount posted.

Implications

Incorrect postings immaterial in this case, but if material, could result in incorrect financial records.

Recommendations

It is recommended that the underlying reasons for the incorrect posting should be determined and corrected by the Finance department, so that posting errors do not re-occur.

Corrective Actions (Commissioner Janice Atwood-Petkovski Response)

The Finance department has been made aware of the errors by the Auditor.

Auditor's Response to Corrective Actions:

The Auditor met with the Manager of Accounting to discuss the errors to prevent re-occurrence.

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Annual Machine Time charge needs revision

Observations

1. The department has been charged an annual machine time of \$20,000 for a number of years.
2. The annual machine time charge is to provide for replacement of the department vehicles at the end of their useful lives. The department has 17 vehicles. The estimated cost of a vehicle is approximately \$ 30,000. The estimated useful life of a vehicle is approximately 7-10 years. Based on this, the annual machine time charge should be in excess of \$51,000 and not \$20,000.
3. The annual machine time charge has not been updated for a number of years.

Implications

The annual machine time charge is inadequate for the replacement of the 17 vehicles at the end of their estimated 7 year useful lives.

Recommendations

The department should check with the Fleet department to ensure that the annual machine time charge is adequate for the replacement of the vehicles at the end of their lives. It appears that the annual machine time charge should be increased as it is currently insufficient to cover the total cost of vehicles.

Corrective Actions (Commissioner Janice Atwood-Petkovski Response)

The budget process, as it is today, relies on the "billing" department to provide the proper charge backs to user departments. The amount budgeted by Enforcement Services is using data provided to them.

It is incumbent, in this case, for Fleet to update the figures during the budget preparation process.

Auditor's Response to Corrective Actions:

A copy of this observation has been sent to the Manager of Fleet who has indicated that a new calculation of annual machine time charge will be done.

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In-house Collections

Observations

1. For parking infraction fines which are not paid after several notices have been issued to the violator, the City issues CRPD (Certificate Requesting Plate Denial) to the MTO(Ministry of Transportation of Ontario). The MTO will not issue a new licence to the violator for his/her vehicle plate until the arrear fines are paid.
2. In many instances, the violator does not re-new the licence. Therefore the fines outstanding on the old plate will remain.
3. In the past, the City used a collection agency to collect from people who had not renewed their licences and therefore had old outstanding balances. The City decided to do its own collections on outstanding amounts going back to 1998. The amounts collected are posted to a separate general ledger account # 1000.1110.33 which is not the revenue account but a receivable account.
4. A review of this general ledger account showed payments received as a result of the City's collection efforts as follows:-

2004	\$13,454
2005	\$8,209
2006	\$7,402
August 27, 2007 year-to-date	\$9,927

5. Some refunds have been re-imbursed back to the offenders as duplicate payments were made by them (once to the City through the collection process and once to the MTO in order to get their new licence.)
6. As of September 6, 2007, the following parking infraction receivables were outstanding:-

2002	\$64,951
2003	99,241
2004	135,853
2005	304,174
2006	376,306

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7. It is the responsibility of a full-time employee to devote a majority of her time to the collection process. It is time consuming to track down the new addresses and mail notices to them. The employee also relieves in other duties as required.

Implications

The full-time collections employee collected an average of \$10, 634 per year from 2004 to 27 August, 2007 year-to-date. The employee's annual wages are in excess of this amount. It is understood that the clerk puts more effort into the collection process than what the results show from the payments received. However, the collection process is currently not cost effective as the annual wages of the clerk exceeds the amount collected.

Recommendations

It is recommended that it should be evaluated (1) whether the clerk should continue to do the collection, or (2) whether a collection agency should be used or (3) whether there should be a re-alignment of duties with other department employees.

Corrective Actions (Commissioner Janice Atwood-Petkovski Response)

Several steps have been created to better monitor this position.

Each collection case now has a time and activity tracking form associated to it in order to monitor the amount of time, and what action has been taken for every case. In addition, the incumbent will be reporting on a monthly basis regarding the revenue received each month.

A collection company was used initially in this process, however they were very limited in their success. The City was receiving no more than 8% of the invoices sent to the company.

The other duties that the Collection Clerk has been assigned are being reviewed in order to permit more time for collection activities.

Auditor's Response to Corrective Actions:

The corrective actions will address the issues raised.

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Amounts owing for POA Part 1-Licencing Offences

Observations

1. POA (Provincial Offences Act) Part 1 tickets are issued by Enforcement Officers for by-law violations other than parking. These are sent to the courthouse by the department and is unrelated to the work done by the legal department clerk.
2. For POAs, the accused are required to pay at the courthouse or go to trial. A spreadsheet of POAs issued by licence enforcement officers of the City, are maintained by the department officers. The spreadsheet shows:
 - a. Certificate of Offence Number
 - b. CSMS(Customer Service Management System) Number
 - c. Issuing Officer
 - d. Name or business name
 - e. Address
 - f. Total payable Fine Amount
3. As of June 20, 2007, the report showed \$54,200 of licence fines were issued for 2007 year-to-date.
4. The spreadsheet is not updated to record (a) how much was paid by the accused (b) the date paid and (c) the balance owing. The department does not follow up nor collect as it relies on the Region of York. The City receives a monthly cheque from the Region of York and deposits the lump sum cheque. The City also presently receives a names list showing amounts paid.

Implications

There is currently no process in place to ensure that the amounts owing to the City have been fully collected.

Recommendations

1. It is recommended that the spreadsheet should be updated to record how much was paid by the violator. The Region of York is able to produce an aged balance of receivables report. This report should be requested and used to verify balances owing by the violators.

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2. The Region of York should be contacted for those violators who have not paid. These should be sent to the collection agency which is hired by the Region to recover outstanding debts.

Corrective Actions (Commissioner Janice Atwood-Petkovski Response)

As mentioned earlier in this report on Page 6, the Administrative Penalties process could create a solution to this issue. A report will be forwarded in 2008.

Auditor's Response to Corrective Actions:

The Administrative Penalties process would do away with the court option and therefore may address the issues raised with the collection process.

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In-house Collections not reconciled to Ticket Tracer System

Observations

1. Amounts collected by the collections clerk are entered into the Ticket Tracer System and are deposited with the Central Cashier. The receipts are posted to a separate general ledger account number 1000.1110.33. It was observed that information from the Ticket Tracer System is not agreed to or reconciled to the amount recorded in the separate general ledger account. The Ticket Tracer System and the general ledger are currently used as stand-alone recording systems.
2. The auditor compared the amounts recorded in the general ledger to the report from the Ticket Tracer and found big differences e.g.,

2004	Ticket Tracer	\$1,695	Peoplesoft	\$13,454.52
2005		\$ 3,375		\$ 8,209.76
2006		\$ 6,135		\$ 7,402.19
2007(30 Aug YTD)		\$ 1,405		\$ 9,927.80

3. It was discovered that the Ticket Tracer report does not pick up payments relating to unpaid parking infractions which are not sent to the MTO under CRPD (Certificate Requesting Plate Denial). The Ticket Tracer only picks up payments which are sent to the MTO under CRPD. This is the way it was programmed. Therefore, currently Ticket Tracer will not agree with Peoplesoft.

Implications

Without agreeing or reconciling payments deposited in the general ledger account with the information in the Ticket Tracer System, the integrity of the information in one or both may be in question.

Recommendations

1. It is recommended that the collections (payments received) for unpaid parking infractions which were originally sent to the MTO under CRPD(Certificate

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Request for Plate Denial) should be entered into Ticket Tracer with a unique batch type code to differentiate the payment received.

2. On a monthly basis, the collections entered into Ticket Tracer should agree or be reconciled to the deposits in the specific general ledger account by Enforcement Services staff. This will ensure the integrity of the payment information in both the Ticket Tracer System and the general ledger account.
3. Since the auditor's discussion with the service provider in Ottawa, point (1) above has been programmed to allow the batch type code "col" to be used to differentiate the payment received. As of September 10, 2007, the collection clerk is now using this code for input of all payments received under CRPD. This will now make it possible to extract from the Ticket Tracer the proper information to agree with or reconcile with the general ledger account.

Corrective Actions (Commissioner Janice Atwood-Petkovski Response)

This issue has been resolved as per the suggested recommendation.

Auditor's Response to Corrective Actions:

Follow-up will be done to determine if Ticket Tracer is reconciled with the General Ledger, now that it is possible to do so.

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Cancelled Parking Infraction Notices

Observations

1. It was observed that between January 1, 2007 and August 28, 2007, approximately 2032 PINs (Parking Infraction Notices) were cancelled. A total of approximately 27,072 PINs were issued. The cancelled PINs represent approximately 7.5% of total PINs issued in quantity. The total dollar value of PINs cancelled amounted to \$97,000. Cancelled PINs are slotted into approx 28 category reasons. The main categories were:

Voided by officer – unable to serve	39.4% of cancelled PINs
Ticket Error	13.5
No Ownership available	9.4 (out of state, plate errors)
Violation Age	8.0 (elapsed time frame)

	70.3%

2. Four employees in the department have the ability to cancel any PIN. Two of the employees may also receive cheque payments in the mail.
3. A monthly report of cancelled PINs is available from the Ticket Tracer System but is not printed out and reviewed for reasonableness and control by a supervisor.

Implications

Controls over cancelled PINs can be improved.

Recommendations

1. It is recommended that a monthly report of cancelled PINs should be printed out from Ticket Tracer. This report will show the reason for the cancellation, who cancelled the PIN and the amount of the PIN. The report should be reviewed for reasonableness and control, and should be signed and dated by a supervisor.
2. The two employees who receive cheque payments should also not be able to cancel PINs and vice versa. These two functions should be segregated for better control.

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Corrective Actions (Commissioner Janice Atwood-Petkovski Response)

1. The report on cancellation will be printed monthly and reviewed by the supervisor responsible for parking administration as recommended.
2. While the rationale for segregating the two functions is understood, it is not viable under current conditions. The two individuals are responsible for inputting data into Ticket Tracer that includes changing the status of a ticket. Staffing levels do not permit this change in process. A clerk, likely part time, would be required to receive and log in payments. There is no clerical position currently available for that function.
3. The report of cancelled PINs will be reviewed monthly by management, to ensure the cancellations are appropriate.

Auditor's Response to Corrective Actions:

The corrective actions will improve the process. The auditor has accepted the explanations given.

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Parking Infraction Notice (PIN) Revenue not reconciled

Observations

1. The City received payment of approximately \$1.6 million for Parking Infraction Notices for the year 2006. This is also budgeted for 2007.
2. Payments for PINs are posted to a revenue account 080145.3568 in the general ledger. If the payment is as a result of the Enforcement Services department's special collection process, then this payment is posted to a separate account 1000.1110.33 in the general ledger.
3. The department may receive cheques in the mail for PINs (Parking Infraction Notices). PINs can also be paid in person at the department with a credit card only (no cash). All other payments in person with cash, cheques or credit cards are paid at the Central Cashier downstairs. The Cashier will make out a four-part receipt with the PIN number entered. A copy of the receipt is given to the Enforcement Services department to enter the payment into the Ticket Tracer System.
4. It was observed that the payment information which is posted into Ticket Tracer is not agreed to or reconciled with the amount posted to the general ledger account 080145.3568.

Implications

The integrity of the information in the general ledger account and/or Ticket Tracer may be in question. The information in one or the other may be incorrect.

Recommendations

It is recommended that

For each month, a report from Ticket Tracer showing all PIN payments received (excluding receipts for special collections which is dealt with separately), should agree with or be reconciled to the general ledger account 080145.3568. This will ensure the integrity of the information in both the general ledger account and the Ticket Tracer.

Corrective Actions (Commissioner Janice Atwood-Petkovski Response)

As per the previous item discussed above, staff will be asked to reconcile the accounts with Ticket Tracer

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Auditor's Response to Corrective Actions:

The corrective actions will address the issues raised.

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Cheques received in the mail

Observations

1. It was observed that when cheques are received in the mail from violators for payment of Parking Infraction Notices (PINs), a clerk enters the information into Ticket Tracer. She checks the name and PIN number. She also enters the cheques onto an Excel spreadsheet. The spreadsheet total is then agreed to the report total from Ticket Tracer. This “ensures” that total cheques received, agrees to the total input into Ticket Tracer; unless a cheque is not entered into Ticket Tracer and is also not entered on the Excel spreadsheet.
2. The spreadsheet has the following information:
 - i. Amount
 - ii. Tag Number (PIN number)
 - iii. Name of Payer
3. The PIN number is entered on all cheques received in the mail. When a cheque is NSF (Non Sufficient Funds), a copy of the cheque is sent from the Finance department to the Enforcement Services department. A clerk will then reverse the original payment entry using the information on the cheque.
4. There is an increasing pile of manual PINs which have not been entered into Ticket Tracer due to inadequate resources.

Implications

1. Controls over cheques can be improved.
2. The cost in time required to record the daily spreadsheet of cheques exceeds the benefit of the spreadsheet.

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Recommendations

1. There should be segregation of duties in that an employee who is enabled to cancel a PIN in Ticket Tracer should not have access to any cheques and vice versa. This will improve control over cheques.
2. The spreadsheet should not be done. It is time consuming and has little benefit. A tape of the cheques should be taken. The total of the tape should be agreed to the report total from Ticket Tracer. This will ensure that the total of the cheques have been entered into Ticket Tracer. The clerk can then use the saved time to catch up on the manual tickets which have not been entered into Ticket Tracer.

Corrective Actions (Commissioner Janice Atwood-Petkovski Response)

- 1) As discussed above, this is not viable at this stage. Due to overlapping duties within the parking administration, unless a clerk is retained specifically to receive payments but not enter them in to Ticket Tracer, this recommendation cannot be implemented.
- 2) Staff have discussed this and feel very strongly that this process remain in place. The spreadsheet provides a resource to verify receipt of a cheque. Often, inquiries are made relating to cheque payment. This spreadsheet allows staff to determine whether the specific cheque in question has been received, or not. With no mail logging system at the City, staff feel this is a valuable tool and should not be eliminated.

Auditor's Response to Corrective Actions:

After discussions with the department, the auditor accepts the department's explanations.

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No Night Duty Supervisor

Observations

1. During the evening from 4:30 pm, the officers on duty would be (a) 1 Licencing Officer until 2 a.m., (b) 2 Special Enforcement Officers for park control until 3 a.m. and (c) 4/5 Parking Enforcement Officers until 8a.m. Parking Enforcement Officers cover 24 hours seven days a week. All officers are unionized. It was observed that there is no supervisor on night duty after 4:30 pm. until 8:30am (16 hours duration) to assist/coach any night duty officers.
2. During the day, from 8:30 a.m until 4:30 pm., the officers on duty would be 2 Parking Enforcement Officers, 7 Property Standards Officers and 1 Licencing Officer. There are at least 2 Supervisors and a Director on duty during the day.

Implications

1. By not having a night duty supervisor, night employees have to make their own decisions with no support or coaching from a supervisor. Some decisions taken may not be in the best interest of the City.
2. A potential liability situation could result from a “questionable” employee decision which could place the City at risk.

Recommendations

It is recommended that there should be a night supervisor/co-coordinator to coach and assist night employees on what decisions/actions should be made in the best interest of the City.

Corrective Actions (Commissioner Janice Atwood-Petkovski Response)

Since July 2007, a supervisor has been conducting a pilot project where afterhours supervisory coverage is provided several times per month.

Funding to ensure additional ‘after-hours’ supervision has been included in the 2008 budget requests.

Auditor’s Response to Corrective Actions:

The additional “after hours” supervision will address the issues raised.

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Monitoring of “Open” Complaints

Observations

1. The Case Tracking System (CTS) is used to keep abreast of all complaints received by the department. When they are entered, they are marked as “open”. When the Officer has initiated an action to address the complaint, the latter should be marked as “active” by the Officer.
2. As of September 13, 2007, there were approximately 272 “open” complaints which were more than 5 calendar days old. The oldest complaint was January 4, 2007 (“truck on the street: nights”). The service delivery target for the department to conduct the first inspection of the potential problem location is within 5 calendar days as per the department’s Standard Operating Procedure. On reviewing a few “open” complaints, it was observed that a number of first inspections were done and that the CTS (Case Tracking System) was not updated correctly to show them as “active” or closed off. For other complaints, initial inspections were not done.
3. The complaints were summarized as “22 Vehicle, 54 Zoning, 9 Signs, 91 Miscellaneous, 2 General, 43 Property Standards, 16 Animal, 11 Noise, 18 Licence, 6 Dumping”.
4. The complaints were analysed into wards as follows:

i. Ward 1	81
ii. Ward 2	64
iii. Ward 3	52
iv. Ward 4	39
v. Ward 5	36
5. On the Issueview software, one is able to see the distribution of complaints represented by dots (green, yellow or red) by ward. “Green” = unresolved but <60 days; “yellow”= unresolved 61-120 days; “red”=unresolved 120+ days. As of 17 September, 2007 there were 224 “yellows” (unresolved 61-120 days) and 160 “reds” (unresolved 120+ days).
6. The auditor did a test to verify if the information on the report (from the CTS system) for “open” complaints, also showed up on the “Issues by Severity and Type” report from Issueview. This was not always the case. Some complaints on CTS were not shown on Issueview.

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Implications

1. The Case Tracking System were not updated correctly in some cases and in other cases were not updated on a regular basis by department officers, hence many “active” complaints are still shown as just “open”.
2. The response time to commence addressing some complaints is unsatisfactory. This could result in resident dissatisfaction with the department’s complaint handling.
3. Without attending to complaints promptly, a potential liability situation could develop and place the City at risk.
4. The report from Issueview is not picking up all the information in CTS (Case Tracking System).

Recommendations

1. It is recommended that the department’s Officers should review all “open” complaints under their responsibilities and should update the Case Tracking System (CTS) as to whether the first inspections were done, failing which the officer should take prompt action to address all outstanding complaints.
2. There should be regular performance measurements in the form of a report to monitor if the service delivery target (1st inspection within 5 calendar days), is being met and the reasons if they are not met.
3. The “Issues by Severity and Type” report (from Issueview) which shows complaints designated “yellow” and “red”, should be reviewed frequently. The red complaints should be monitored and addressed as quickly as possible. The aim is to reduce all the red complaints.
4. An investigation should be made as to why the Issueview report does not pick up all the information from CTS. The problem should be rectified so that the Issueview report is accurate.

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Corrective Actions (Commissioner Janice Atwood-Petkovski Response)

1. A review has been commenced of all open files. It would appear that most of the files indicating an "open" status for more than five days were the result of a process error by staff when closing the file and assigning it to the supervisor for review. Supervisory staff have now gone through each case to ensure that status code is correct.
2. Response times for complaints is generally 5-10 business days. While some calls fall outside those parameters due to vacations, peak complaint periods, or other factors, the vast majority fall within acceptable parameters. ITM has been requested to create a script similar to Issueview to allow an accurate assessment of call response times.
3. Supervisory and field staff have access to the issueview program. It is monitored on a weekly basis by management to ensure timely investigations. It would be impossible to eliminate all "red" calls as there are circumstances where investigations may take longer than the prescribed parameters. A reasonable goal would be no more than 10 – 15% "red" calls.
4. Issueview is designed to capture data from specific call types. Also, calls without specific addresses cannot be displayed. The program was designed this way, it is not an error.

Auditor's Response to Corrective Actions:

The correction performed, and the request to ITM to create a script similar to Issueview to allow an accurate assessment of call response times, will improve on the current process..

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CONCLUSION

1. Based on the scope of audit work mentioned in the beginning of the audit report, areas reviewed were considered to be operating effectively, except for the noted observations for which the auditor made recommendations for improvement.
2. The commissioner and director of the department/operation audited, have responded favourably to all observations and recommendations in the Internal Audit Report.
3. When all corrective actions are implemented, (1) internal controls will be improved, (2) the quality of performance in carrying out assigned responsibilities will be enhanced, (3) the department/operation will operate more effectively and efficiently and (4) the Internal Audit department will have added value to the organization and assisted members of the organization in the effective discharge of their responsibilities.