

# Parking Violations Bureau



**Submitted to:**

**Mayor Stephanie A. Miner**

**and**

**Hon. Members of the Syracuse Common Council**

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**City of Syracuse Auditor**

## **Introduction:**

The Office of the City Auditor conducted an audit on the *City of Syracuse Parking Violations Bureau* for the fiscal periods beginning in 2013 and ending in 2016. The Auditor's office is seeking assurances that all control systems are designed and functioning properly. The Auditor's primary duties relate to the control systems to assist management in their day to day operations and management is responsible for establishing, maintaining and complying with the internal control structures and compliance with applicable laws, regulations and contracts.

These standards require full cooperation from both entities and throughout the time frame in which the audit is being performed. This ensures that the audit will have a reasonable foundation for the judgments and conclusions regarding the functions under examination. This review also includes evaluations of applicable internal controls and compliance with requirements of law and regulations when necessary to satisfy audit objectives.

The information being reported is intended solely for the Mayor, Common Council and the Department of Finance yet it is understood to be a matter of public record and its distribution is not limited. Further information regarding this audit is available at the City of Syracuse's Audit Department upon request. The Audit Department would like to thank the Parking Violations Bureau management team who assisted and cooperated during the audit.

## **Objective:**

Analyze the (PVB) Parking Violations Bureau's effectiveness in managing ticket finances and vehicle immobilization productivity.

## **Scope:**

This audit is focused on, but not limited to, internal controls involving ticket operations and processing tickets with the computer system AIMS. The information on the vehicle immobilization program contracts, practices, procedures covering the fiscal periods of 2013 thru 2016.

## **Auditor's Note:**

Our office evaluated the number of open tickets compared to outstanding tickets throughout the AIMS (Automated Issuance/Management System) software, parking ticket regulations and fees, and the new "Paylock" booting agreement along with fee collection data.

## **Methodology:**

The City Auditor Office hosted two formal interviews with the parking bureau's management team accompanied by the City's Director of Administration. During the first meeting we supplied them with a questionnaire outlining the audit plan. Throughout this phase we collected data referencing violations, account balances and vehicle immobilization information. During phase two the collected data was compiled from the interview recordings and paper documentation. Throughout the entire process our office stayed in contact and communicated with management for inquiries that arose. During phase three a written draft audit report was produced and reviewed by the Auditor.

Management was contacted during this phase to respond to the findings of the audit. They were given the opportunity to provide a management response letter and have done so. Once all editing and audit procedures were satisfied, the management response was reviewed and responded to by the City Auditor. Finally, an official audit report is issued stating the reliability of this department's financial and control operations.

## **Background:**

**(Gen. Ord. No. 1-2003, 1-6-03)**

**Sec. 15-32D. - Duties of the parking violations bureau.**

To accept pleas and to hear and determine charges of parking violation, provide penalties other than imprisonment for parking violations in accordance with a schedule of monetary fines and penalties; however, that monetary penalties shall not exceed the maximum amount allowed by the New York State Vehicle and Traffic Law for each parking violation.

To compile and maintain complete and accurate records relating to all charges and dispositions and to prepare complete and accurate transcripts of all hearings conducted by the bureau and to furnish such transcripts to the person charged at said person's own expense upon timely request and upon said person complying with the regulations of the bureau.

If any person who has had a third notice of a parking violation mailed to his last known address and fails to answer within the specified time, the parking violations bureau may forthwith enter a default judgment and impound or immobilize said vehicle as more fully set forth in section 15-34 of article IIA herein.

The bureau shall keep records and submit summarized monthly reports to the Commissioner of Finance of all notices issued and all fines collected by the parking violations bureau, and of the final disposition or present status of every case of parking violations. The bureau shall, when so directed by the Commissioner of Finance, prepare and submit such additional certifications and notices as may from time to time be required to conform to the provisions of the Vehicle and Traffic Law of the state of New York. These reports shall be public information.

The Commissioner shall provide to the Mayor and Common Council annually in September of each year, commencing in 2004, a report summarizing the activities of the parking violations bureau for the prior fiscal year, including but not limited to an overall evaluation of the operation, number of tickets and notices issued, hearings held, appeals requested and revenue generated.

**(Gen. Ord. No. 1-2003, 1-6-03)**

**Sec. 15-33. - Issuance of notice of parking violation.**

<b>Penalties for Failure to Respond to a Notice of Parking Violation</b>		
	<b>Number of Days from Issuance of First Notice of Violation</b>	<b>Penalty in Addition to the Initial Fine and Mandatory Surcharge</b>
a.	1 through 20 days	No penalty; liable for the initial fine plus the \$15.00 mandatory surcharge
b.	21st day	Total of above, plus a late penalty equal to \$20.00, unless the fine is for handicap parking, a late penalty of \$75.00 is assessed
c.	31 to 75 days, if a third notice of violation has been mailed	Total of above, plus second penalty of \$20.00
d.	75 days or more	Total of above, plus third penalty of \$30.00
e.	90 days	Total of above, plus deemed an admission of liability, subject to default judgment; and/or towing or immobilization, and fees.

Whenever any vehicle, without operator is found by a police officer, member of the police department or public servant, stopped, standing or parked in such a manner as to constitute a traffic infraction, such public servant, officer or member of the Police Department shall take any information displayed on the vehicle which may tend to identify its users, and if a motor vehicle or motorcycle, the registration thereof, and affix conspicuously to such vehicle a notice in writing, on a form provided by the Commissioner of Finance, for the driver to answer the charge against him within fifteen (15) calendar days from the date of violation, during the hours and at a place specified in the notice.

**(Gen. Ord. No. 1-2003, 1-6-03; Gen. Ord. No. 9-2003, § 3, 4-21-03)**

**Sec. 15-36. - Impounding and immobilizing vehicles**

Local law required by sections 15-32E, 15-33 and 15-34H states at least three (3) separate violations of a state or local law, ordinance, or rules or regulations concerning parking, stopping or standing of any vehicle for these three (3) separate notices of violations, if remaining unpaid or unsatisfied beyond the date of penalty, the vehicle may be impounded by or under the direction of an officer or member of the Police Department, giving authorization to a commercial towing or wrecker service to tow the vehicle and store in a safe place until claimed by the owner or may be immobilized by or under the direction of the Commissioner of Finance or a designated employee of the City of Syracuse Department of Finance in such a manner as to prevent its operation.

**(Gen. Ord. No. 1-2003, 1-6-03)**

**Sec. 15-39. - Certification of noncompliance; suspension of vehicle registration**

Three or more notices of violations served upon him/her within a period of eighteen (18) months, the bureau shall certify such fact to the Commissioner of Motor Vehicles of the State of New York. The Commissioner of Motor Vehicles will deny any registration or renewal of registration of the charged person's vehicle until proof is provided that the charged person has complied with the provisions of this article in connection with all judgments or final determination so certified

## **Sec. 15-41. - Fines to be designated by commissioner of finance for parking violations.**

The Commissioner of Finance shall designate the fines with the approval of the Common Council and the Mayor to be paid for all parking violations which may be satisfied at the Parking Violations Bureau as provided in this article, provided these fines are within the limits established as penalties for violations of traffic laws, ordinances, rules and regulations.

### **Findings:**

During the analysis we compared **open** tickets values to **outstanding** ticket values because the total balances presented did not match, although these two categories are said to be one in the same:

#### **Fiscal YR 2014 – 2015**

**Open Tickets: \$326,963.25**

**Outstanding Tickets: \$296,735.00**

The ticket information was provided by the Parking Violations Bureau management team. These two categories read differently in the system; open tickets are allocated to various subcategories of open. For example, tickets in judgement are technically open but may not appear that way in AIMS or vice versa. Tickets in judgement may also be in collections status instead of judgement. Tickets in promise to pay may also overlap with judgment. Furthermore, open tickets are outstanding, but they don't include any late surcharges, judgment interest, court fees, post judgement interest or any other post action fees, whereas outstanding tickets do reflect surcharges.

These two categories **open** and **outstanding** should correlate with each other; where open tickets reflect the outstanding ticket totals but this does not seem to be the case. After acknowledging this, we requested for the department to display AIMS financial break down of **open** tickets and **outstanding** tickets. Upon our request we received a report titled "Ticket Status w/ Balance," from the AIMS computer system. The difference between the **open** ticket values and **outstanding** ticket totals wasn't clearly expressed by this document. The documents supplied to us showed various ticket categories where **open** tickets exist and flow throughout the system via these sub-categories. This document displayed a total of **\$4,402,226.10** in parking debts owed in combination of all viable categories, spanning from calendar year 2013 to 2016. The largest portion of this number is located in collections for **\$4,267,675.15**, leaving a cash flow ticket value of **\$134,550.95**. The outstanding ticket assessment was never disclosed.

After examining the various categories of ticket statuses, we have come to the conclusion that the current system (AIMS) does not track ticket violators with enough accuracy. This does not mean that account balances are materially misrepresented, there would need to be a further investigation on a forensics level. One concern with the PVB's tracking system AIMS is that a person could have one vehicle in the system with several tickets but if this same person registers that vehicle with a different license plate number, the AIMS system will treat a ticket on that plate as a new violation. The AIMS system did not appropriately link the persons pre-existing obligations, thus leading to uncollectable debts and loss of potential revenue.

The PVB has updated its software to communicate with the NY State DMV from the old "NYS DMV dial in account" to the new "NYS DMV PREED account" (Parking Regulations Electronic Enforcement and Disposition System). This software allows the DMV to assist municipalities by suspending an offender's vehicle registration. Providing this information through the PREED System will also restrict existing offenders attempting to register a vehicle for the first time or renewing a registration. We believe the updated system will help with the collection on parking summonses and deter individuals from trying to avoid the three ticket booting rule by obtaining new registrations. This ongoing problem for Syracuse has caused thousands of dollars to fall into collections and has potentially made these fines unaccountable for the City. Although the City has experienced this set back in the past, we believe it is now moving in the right direction with PREED.

In 2013, the vehicle immobilization operations were fully transferred from Syracuse Police Department to a vendor called “Paylock” for improvement. A contractual agreement was created between Syracuse and Paylock; the city will compensate Paylock \$50 per boot plus 28% par the individual parking fines. The boots are removable 24 hours a day, 7 days a week, all year round including holidays; thanks to Paylock using a “Smart boot,” self-releasing technology. Paylock is a simple and yet an effective change for Syracuse’s enforcement difficulties.

Here are the numbers from Paylock since 2013:

<u>Year</u>	<u>Total Collected</u>	<u>Paylock Collected</u>	<u>Number of Tickets Paid in Full</u>
2013-2014	\$3,108,615	\$613,318.00	66,191
2014-2015	\$2,911,729	\$464,363.00	55,508
2015-2016	\$2,777,690	\$610,328.00	53,785

The “**Total Collected**” column presented above reflects the number of fees collected by year; this includes people that pay on time. The “Paylock Collected” dollar amounts are what Paylock collected through the booting program as it is included in the total amount. What you will notice is a decrease in the total number of all PVB parking fees collected before Paylock takes their percentage for booting. The decrease in the last column represents an increase in the number of tickets paid in full; this certainly impacts a direct effect against the total fees collected.

**Conclusion:**

It is the opinion of the City Auditor that the Parking Violations Bureau is overall managed well and is effective in managing ticket finances.

Prior to the outsourcing of the vehicle immobilization program to Paylock, it was handled “in house” by the Syracuse Police Department. We acknowledge that the outsourcing has increased revenues while reducing the burden on Syracuse Police staffing and overtime.

While it is concerning that the open and outstanding ticket amounts seem high, we believe that the institution of the PREED system will be effective in reducing that amount and note the good work of the PVB management team to institute this system. Assuming the PREED system remains active, a follow up Audit could compare the effectiveness once adequate data is available.

## Management Response Letter

This is an official response from the City of Syracuse (hereafter “City”) to the audit of the Syracuse City Parking Violations Bureau (PVB) prepared by the City Auditor. The City made the appropriate staff available to explain how the PVB and its policies and procedures work; as well as sharing all documentation requested for the review. The City has the following issues and concerns with the audit.

- 1) Objective and Scope: The stated Objective and Scope do not agree. As stated, the Objective is to analyze the PVB’s effectiveness and productivity. However, the scope states that one of the areas it will focus on is “vehicle immobilization protocols and procedures”. The vehicle immobilization program, which is contracted out to Paylock, cannot and should not be used to measure the effectiveness and productivity of the PVB. However, in the Findings the Auditor makes statements and assumptions linking the PVB and the Paylock program activities which cannot be correlated.

*Auditor’s response – Disagree, the scope states it is “focused on, but not limited to, internal controls”. We believe that the fact Paylock is an outside contractor has a direct correlation to the PVB’s effectiveness of collection (ie, “productivity”).*

- 2) Methodology: The first sentence under Methodology states “The City Auditor Office hosted interviews with the parking bureau’s management team; ...”. It should be noted that the City’s Director of Administration was present during the two formal meetings that were held and therefore is the person responded to the audit on behalf of the City.

*Auditor’s response –Agreed, we acknowledge the Director of Administration was included in the conversations in the two formal meetings. However, the Audit Department believes that it is more effective to hear directly from the department head. We have accepted the management response from the Director of Administration but not that we believe it would’ve been more effective directly from the department head.*

- 3) Under Findings:

- a. In paragraph 1 the Auditor attempts to outline the difference between “open tickets” vs. “outstanding tickets”. This is a major flaw and a concern since “open tickets and outstanding tickets” are one in the same. The Auditor does not understand how tickets are categorized even though staff tried numerous times to explain this to him and his staff. Because the Auditor does not understand how tickets are categorized, he makes incorrect assumptions and statements in the report. In paragraph 2, the second to last sentence states “ ...spanning from calendar year 2013 to 2016.” This is inconsistent with the Scope of the audit which states that the period covered is from 2014 to 2016

*Auditor’s response – Disagree, if “open tickets and outstanding tickets are one in the same” why are they categorized in two separate categories? The statement “does not understand how tickets are categorized even though staff tried numerous times to explain this to him” relates directly to that. It was explained as two such categories and separated as two separate categories in every communication. We have email communication to document this exchange and the lack of any adequate explanation.*

The date of 2014 was a typo and has been corrected

- b. In paragraph 3 the Auditor states when trying to describe the difference between “open” and “outstanding” tickets that “[a]fter examining the various categories of tickets status, we have come to the conclusion that the current issuing system ‘AIMS’ is unsatisfactory when it comes to tracking an individual with multiple license plates.” There is no correlation between plate merger and ticket status. Ticket status does not affect the merger of multiple plates.

*Auditor’s response* - The Audit Department stands by its statement that AIMS is unsatisfactory when tracking an individual with citations and then registers a new license plate. The audit does not state any “correlation between plate merger and ticket status”

- c. In paragraph 4, first sentence, the Auditor states when speaking of PREED “[i]t assists municipalities in obtaining vehicle registration information and enforcing collections of fines on parking summonses by prohibiting renewal of a registration or immediately suspending the registration.” Further in the Conclusion, paragraph 1, the Auditor summarizes that PVB will suspend registration privileges under PREED. The above statements are incorrect because:

- i. PREED does not prohibit the re-registering of a vehicle.

*Auditor’s response* - According to the NY State DMV website <https://dmv.ny.gov/dmv-records/other-products-0> under the third bullet point it states directly...

“PREED - DMV’s Parking Regulation Electronic Enforcement and Disposition system. It assists municipalities and toll agencies to obtain vehicle registration information and enforce collection of fines on parking summonses by prohibiting renewal of a registration or immediately suspending the registration.”

- ii. As the PVB is a tribunal and not a court system it will not have the same authority to suspend registrations as the court system. This was brought to the attention of the auditor and his staff.

*Auditor’s response* - In the initial formal meeting, the Director of Administration stated that PREED had the authority to suspend registrations and that is confirmed on the above mentioned NYS DMV website.

- iii. The PVB staff discussed the topic of registration suspension with the Department of Motor Vehicles over 12 months ago. The suspension of registrations for government agencies (i.e. tribunals) goes by plate number and not by driver’s license number. Therefore, a person with a suspended registration could easily turn in plates, and after the mandatory waiting period, re-register the vehicle with no problem. Additionally, they could turn in their plates and registration and re-register the vehicle under a spouse, adult child, other relative, or friend. This is a loophole in the state system and the PVB has no control over it.

- iv. The cost of registration suspension is \$100.00. It is not immediate or automatic. Further, the City would not be able to recover this cost.

***Auditor's response*** - This is the first reference of the \$100 cost to the PVB. If that were communicated to the Auditor before the management response, I would have recommended only a suspension on the highest outstanding violators as to make it worth the additional expense

- d. In paragraph 4, the second to last sentence states “This ongoing problem for Syracuse has caused thousands of dollars over the years to fall into collections and has potentially made these fines unaccountable for the City.” The word “unaccountable” appears to be incorrectly used. We believe the Auditor may have meant “uncollectable”.

***Auditor's response*** - Agreed and corrected

4) Under Conclusion:

- a. In paragraph 2, first sentence, the Auditor states he has concerns over the effectiveness of the PVB to collect revenue in a timely manner. We disagree. This is a broad statement for which he provides no evidence or facts that show how he came to this conclusion.

***Auditor's response*** - The Auditor stands by his concern

- b. In paragraph 2, second sentence, the Auditor states “[t]he internal notification process seems to lack controls necessary to monitor whether the violator has been notified.” This is an untrue statement. The system sends out notices according to the statute and notices are available to be reprinted or resent upon request. Per the statute, three notices are sent out on every ticket issued. During the work week (Monday through Friday) notices are printed from AIMS in the morning and go out in the mail that same day. Furthermore, each of the notices clearly states the deadline by which the fine needs to be paid, where to pay and method of payment.

***Auditor's response*** - Because the Director of Administration doesn't agree with the Auditor's opinion that “the internal notification process seems to lack controls necessary to monitor whether the violator has been notified” doesn't make it an untrue statement. While the Director of Administration believes that the notices are sent in accordance with statute, there are too many instances in which our office receives complaints that this was not followed properly.

- c. In paragraph 2, last sentence, the Auditor states “[w]e will also look to see what actions have been taken controls implemented to notify violators more effectively and optimize the collection of fines within the PVB before they need to be sent to collections.” How, when and where motorists are notified is pursuant to statute. The PVB must and does follow the current statute. If the Auditor has any concerns regarding inadequate notification, he should suggest legislative changes.

***Auditor's response*** - The Auditor has concerns over inadequate notification and will discuss legislative changes with the Syracuse Common Council.

- d. In paragraph 3, the Auditor begins by stating [i]n closing, we believe there is a close relationship between “Parking Meter Revenues” and the boot operations of “Paylock. We will continually monitor and analyzing [sic] those revenues to see if there are any changes in the amount of parking meter revenues and parking citations being issued with the fees associated.” This is not a supported conclusion because:

- i. The PVB has nothing to do with parking meter revenue or issuing of tickets.

***Auditor's response*** - Audit does NOT say PVB issues tickets

- ii. Parking meter revenue has nothing to do with the ‘booting’ of cars. Paylock will still boot cars that pay the parking meters.

***Auditor's response*** – Disagree, due to the threat of a vehicle being “booted”, we believe a driver is more likely to adequately pay the meter thus driving up revenue at meters.

- iii. The PVB does not collect parking meter money. DPW collects money from the parking meters.

***Auditor's response*** - Audit does NOT say PVB collects money from meters

- iv. Parking citations are issued for violations other than failure to pay a parking meter.

***Auditor's response*** - Agreed

- v. Parking citations are not issued by the PVB.

***Auditor's response*** - Audit does NOT say PVB issues citations

It should be noted that the City did request to meet with the Auditor after receiving this report to once again explain the problems with the report and give him an opportunity to correct the misstatements before the audit was released. He declined the invitation.

***Auditor's response*** - City Audit Department agrees that an additional meeting was requested and Auditor Masterpole declined until a management response letter was received. The “misstatements” that are referenced are the opinions of the Director of Administration and not in fact not “misstatements”.