



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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22-16 City of Colorado Springs Parking System Enterprise Internal Control Review

July 2022

Purpose

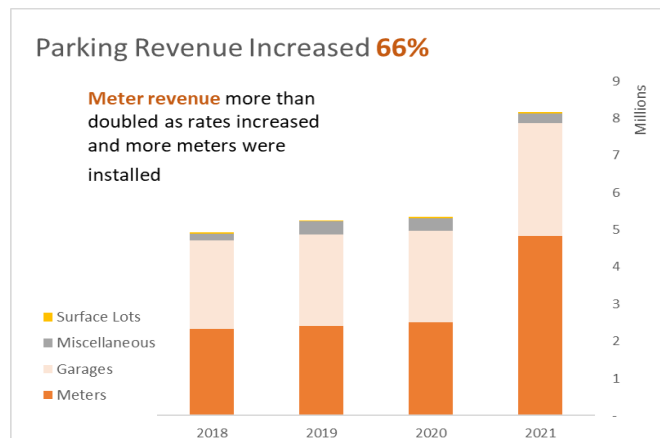
The purpose of this audit was to review internal controls, including parking enforcement and judicial processes, related to Parking System Enterprise revenue collection and parking ticket related fines.

Highlights

We conclude internal controls were generally effective regarding revenue collection and reporting, data integrity, and enforcement activities. The review included Parking System Enterprise (Parking) operations and Municipal Court (Court) judicial activities. Control improvements were identified for both Parking and Municipal Court processes. Our review identified seven recommendations to improve internal controls and operations. See pages 3 - 6 of this report for details.

Parking management requested this review. Substantial system improvements and management changes have occurred in Parking since 2018. Revenue from parking meters and parking garages was collected by Parking. All associated revenue systems and most meters were replaced over the past three years. Parking revenue increased each year since 2018 in spite of the effects of Covid.

Parking, Colorado Springs Police, and the Municipal Court have a shared responsibility regarding parking violations. Parking enforcement officers write tickets for parking violations of City Code in the downtown and Old Colorado City areas. Colorado Springs Police



(Continued on page 2)

Recommendations

1. Improve processes to enforce consequences for past due tickets.
2. Segregation of duty risks for Court referees should be addressed.
3. Clarify requirement to pay for parking when displaying a disabled placard.
4. Address improvements to revenue reconciliations.
5. Correct user access issues.
6. Enhance Court referee documentation.
7. Improve meter complaint process and communication.

Management Response

Management was in agreement with our recommendations. See detailed responses.

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22-16 City of Colorado Springs Parking Enterprise Internal Control Review

personnel primarily write tickets for parking violations in other parts of the City.

Parking's operation and enforcement activities, and Municipal Court's decisions on contested tickets were dependent on each other. The systems in use by each organization were separated with little opportunity for sharing of information. Parking tickets issued in calendar year 2021 and the processing of these tickets by Municipal Court were the focus of our data analysis for this audit.

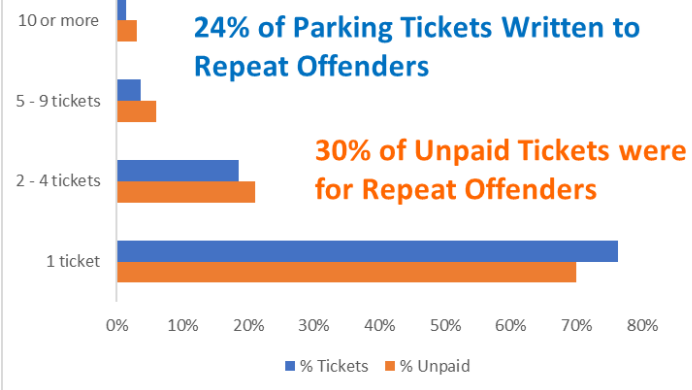
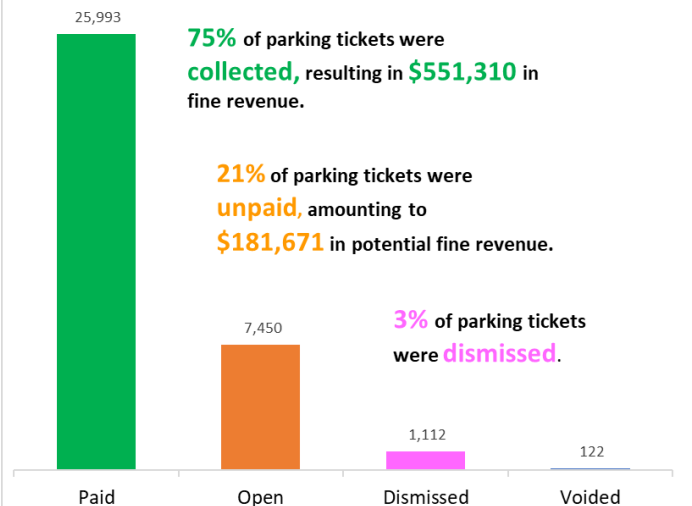
Parking ticket fine revenue was collected by Municipal Court. Citizens were directed to Municipal Court to contest a parking ticket. Municipal Court referees were responsible for working with citizens to resolve contested parking tickets. The percentage of referee sessions related to parking tickets has been growing relative to all other reasons for referee sessions.

While most parking tickets were paid timely, the consequences for having unpaid parking tickets were not effectively enforced during 2021. Tickets more than seven days past due should trigger mailing of a delinquency notice from Municipal Court to the owner of record. Vehicles with repeated tickets and past due fines could be restrained by booting the tires until payment is made. However the delinquency notice mailings were behind schedule and booting of cars was not done during 2021.

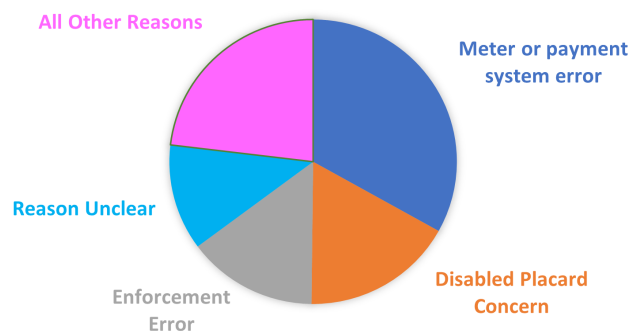
The Court referees met with citizens to determine the outcome on 3,200 contested parking tickets in 2021. Referees dismissed 1,112 contested tickets. The most frequently documented reasons for dismissal were meter or payment system error, disabled parking placard concerns, and apparent enforcement errors, such as an incorrect license plate. For 12% of dismissed tickets the reason for the referee dismissal of ticket was not clearly documented.

We would like to thank members of the Parking System Enterprise and Municipal Court for their participation and assistance during this audit.

Status of Parking Tickets issued
1/1//2021 - 12/31/2021



REFeree DISMISSAL REASONS



Commendable Practice

Parking Enterprise staff is commended for their work to document desktop procedures to date. We encourage Parking to continue their efforts to document policies and procedures related to their newly installed systems.

22-16 City of Colorado Springs Parking Enterprise Internal Control Review

Observation 1

After seven days, unpaid parking tickets should cause the Municipal Court to contact the owner informing them of the delinquency. Court personnel generated and mailed delinquent ticket notices periodically once tickets had been flagged.

There were 7,450 unpaid tickets that were more than 20 days past due at the time of the audit. Delinquent notices had been mailed for 4,058 of these, however 3,392 past due parking tickets had not been sent delinquency notices. The Court was only able to send delinquency notices to registered owners in Colorado. The Court did not have a method to relate an out of state license plate to the owner's mailing address. Therefore, out of state owners were not being notified.

Historically, the consequence for delinquent parking tickets was to immobilize, or boot, the vehicle. Booting of vehicles was suspended by Municipal Court in February 2020. Without notifications and booting, there were no consequences for not paying the fine. This results in loss of parking fine revenue to the City. 2021 past due tickets totaled approximately \$181,670 in unpaid fine revenue.

Management Response

Municipal Court Management agrees with the recommendation. For a variety of reasons beyond the court's control, including, but not limited to, the global coronavirus pandemic and an unanticipated lack of access to state license plate information, the court was unable to use our enforcement capabilities for an extended period of time. We have reestablished access to the state information and delinquency notices are going out. These notices will soon include a QR code for immediate access to the Court's website for payment options. We should regain our capability to boot the vehicles of repeat offenders by the end of Q3 of 2022.

Recommendation

Municipal Court management should improve processes to address past due tickets and resume enforcement of penalties for repeated violations.

Observation 2

During the review of dismissed parking tickets, we noted duties were not properly segregated for Court referees. Conflicting duties included the ability to dismiss tickets issued to Court referees.

Court referees should not have the ability to modify or dismiss tickets issued to their vehicles or those of friends and family members.

City Finance Administrative Regulation 2.3 - Separation of Duties requires that responsibilities be assigned to individuals in such a way as to encourage checks and balances. In cases where duties cannot be adequately separated, mitigating controls can be put in place.

Management Response

Municipal Court Management agrees with the recommendation. We are in the process of replacing our records management system and requirements have been identified and documented that mitigate segregation of duty risks regarding court referees. Referees have been instructed to avoid even the appearance of impropriety in carrying out their duties. It is anticipated that the new records management system will go live in Q4 of 2024.

Recommendation

Municipal Court management should implement and document controls that mitigate segregation of duty risks regarding Court referees.

22-16 City of Colorado Springs Parking Enterprise Internal Control Review

Observation 3

Sections of City Code mention parking privileges for disabled placard holders. Parking enforcement personnel were issuing tickets for expired meters to disabled placard holders when a vehicle was parked in a reserved accessible space. The Municipal Court referees were dismissing some tickets issued to disabled placard holders based on an older opinion from the City Attorney's office regarding parking privileges for the disabled.

Parking enforcement and Municipal Court referees had different interpretations of City Code. Without consensus on disabled parking violations, inefficiencies and inconsistencies occurred.

Prior to issuance of this report, the City Attorney's office provided an opinion letter to address City Code related to disabled parking enforcement.

Management Response

The Parking Enterprise and Municipal Court have agreed to follow the guidance provided by the City Attorney's Office regarding City Code provisions related to parking privileges for the disabled.

Recommendation

The City Attorney's office should provide guidance to Municipal Court and Parking to clarify City Code regarding parking privileges for the disabled.

The City Code should be revised, if applicable, to ensure consistency in interpretation of City Code.

Observation 4

Our review of Parking Enterprise revenue reconciliations found that some reconciliations did not properly apply controls such as resolving or explaining reconciling items, attaching supporting documents, or evidence of management review for adjustments and completed reconciliations. Eight different parking vendor systems required a reconciliation. Reconciliation formats were inconsistent from system to system and month to month which made it more difficult to prepare and review.

Revenue reconciliations ensure system transactions for revenue and receipts are accurate and complete. Management should review and approve adjustments made and reconciliations completed.

Management Response

We agree with the recommendation. Analyst II for the Parking System Enterprise is responsible for implementing these recommendations. Office Policies and Procedures Version #1 Approved 3/01/22 documents the recommended corrective actions.

Recommendation

Parking management should ensure reconciliations are prepared and reviewed consistently with all reconciling items resolved.

22-16 City of Colorado Springs Parking Enterprise Internal Control Review

Observation 5

Audit reviewed user access and privilege for eight newly implemented parking enterprise systems. There were issues of privileged, unnecessary, or inappropriate job duty access that needed to be corrected.

Where segregation of duties cannot be achieved on user accounts, controls were recommended such as regular management user access review to secure system accounts.

Management Response

We agree with the recommendation. Analyst II for the Parking System Enterprise and Parking Manager, are responsible for implementing these recommendations. We will work with all the system vendors to limit control of access from their support staff. Internally we will review all Parking Enterprise system user access to ensure that it is necessary and at the appropriate level to maintain system security. We will work with our vendors to accomplish by the end of Quarter 3 2022.

Recommendation

Parking management should review and correct the access and privilege issues cited in order to minimize system access.

Management should perform and document user access and privilege reviews at least annually.

Observation 6

During Municipal Court contested parking ticket sessions, Court referees reviewed tickets and documentation provided by citizens and Parking Enforcement. Contested tickets could be modified to lower the fine, dismiss the ticket, or referred to a hearing with a judge, following review by the referee.

System documentation for referee decisions of contested tickets was inconsistent or inadequate. The Court did not have standard guidance on decision making or documentation required by referees.

Adequate documentation would aid identification of frequently contested tickets. Information could be utilized for process improvements by Court referees and Parking enforcement officers to better serve the community.

Management Response

Municipal Court Management agrees with the recommendation. We will continue to refine and implement guidelines for referees when researching and documenting contested parking tickets. We will also promptly communicate to parking enterprise management issues and areas that contribute to frequently contested violations. The guidelines will be updated by Q4 of 2022.

Recommendation

Municipal Court management should implement guidelines for referees to follow when researching and documenting contested parking tickets.

The Court referees should promptly communicate to Parking management regarding areas that contribute to frequently contested violations.

22-16 City of Colorado Springs Parking Enterprise Internal Control Review

Observation 7

Parking had responsibility for operation of meters. Parking received complaints when citizens called the phone number on the meter. Meter function complaints and parking violation errors were also presented to the Court referees.

Court records show 33% of dismissed tickets were due to meter system failure. Complaints to Court referees regarding meters has grown from 78% of sessions in 2021 to 85% in 2022.

Current processes do not include timely and accurate information exchange between Parking and Municipal Court regarding contested tickets.

Parking and Municipal Court need timely and accurate information to support customer service and employee utilization.

Recommendation

Municipal Court and Parking should improve communication by defining effective, efficient processing of meter complaints.

Citizen complaints about meter operations should be addressed and resolved timely.

Management Response—Parking System Enterprise

We agree with the recommendation. Parking will work with Municipal Court to improve meter complaint communication processes between organizations. Process updates will be completed by Q4 2022.

Management Response—Municipal Court

Municipal Court Management agrees with the recommendation. Communication should improve to provide effective, efficient processing of meter complaints so citizen complaints about meter operations are addressed and promptly resolved. Processes will be in place by Q4 2022.