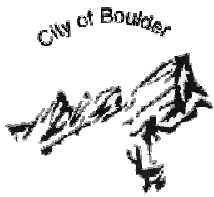
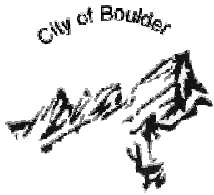


City of Boulder - Municipal Court
Photo Radar/Red Light Violation Processing and Parking
Ticket Payment Collection Vendor Controls
December 2003

Internal Audit Division
City Manager's Office





Audit Report Summary

City of Boulder – Municipal Court Photo Radar/Red Light Violation Processing and Parking Ticket Payment Collection Vendor Controls

Tests and observations were performed to assure:

- Vendor activities performed on behalf of the City of Boulder comply with contract terms.
- The vendor's internal controls are appropriate and adequate.
- The city's use of information to monitor the vendor's compliance with contract terms is effective.
- Contract language provides adequate descriptions and measures for services provided to the City of Boulder by the vendor.

Process improvements planned include:

- The present contract language measures timeliness of mailing the first notice of violation to registered vehicle owners from the date the city gives the film to the contractor (inferring delivery by the City of Boulder.) The contractor actually picks up the film and data cards from the devices. The vendor and the City of Boulder have agreed to modify the contract standard to measure timeliness from date of violation – a more easily measurable date available in vendor's system.
- Contractor reports to City of Boulder do not include monthly summaries of results for compliance with contract requirement for timely mailing of first notices of violations or for the informal goal for mailing of second notices. The vendor has agreed to provide monthly summaries tracking compliance to the first notice (Courtesy Letter) contract processing time requirement and to the second notice timing informal goal.

No changes were recommended for the following areas:

- Current contract requirement for timeliness of First Notice issuance (90% within 10 days of receipt of film by vendor) are being met. Audit sample result was 93%.
- Controls over vendor's cash collection activities are appropriate and adequate.

Guy E. Wiley, Internal Auditor
City of Boulder

City of Boulder – Municipal Court
Photo Radar/Red Light Violation Processing and Parking Ticket Payment
Collection Vendor Controls

INTRODUCTION

The City of Boulder contracts with a vendor, ACS, for the provision of equipment and processing and other services to enable it to use Photo-Radar and Red-Light camera systems to enforce its traffic laws. The vendor also processes payments received at Post Office boxes, documents receipt of payments and deposits funds from parking tickets as well as from Photo-Radar and Red-Light violation fines. Boulder Municipal Court requested an audit of the vendor to assure that contract requirements were being met and to assure that adequate internal controls are in place over processing of payments the vendor collects for the City of Boulder.

AUDIT SCOPE

Tests and observations were performed to assure:

- Vendor activities performed on behalf of the City of Boulder comply with contract terms.
- The vendor's internal controls are appropriate and adequate.
- The city's use of information to monitor the vendor's compliance with contract terms is effective.
- Contract language provides adequate descriptions and measures for services provided to the City of Boulder by the vendor.

OVERVIEW

Photo Radar and Red Light programs provide for recording data in two parts. One part is a position or speed record and the other photo identification. The result is an electronic entry on a data card for each transaction for each site and corresponding film. Data cards and film are picked up by ACS employees three times per week. The card information is read into a computer file and the film is sent to a subcontractor for developing. When developed film is returned to ACS from the subcontractor, the images are loaded onto a computer, matched to the card data, and analyzed to assure adequate information exists to identify the vehicle license number and the driver as required by Colorado law.

The license information is then sent (in batches) to ACS' mainframe for matching to Colorado and other states' DMV records to identify the owner of record of each vehicle and the owner's address.

Recent system and equipment upgrades have improved this process, including a process to send unmatched records back through to the mainframe for re-match to DMV records. (Previously, unmatched records were not processed, resulting in loss of potential revenue.)

For those photos that provide useable images to identify a driver and license plate, and for which there is a match identifying the vehicle manufacturer and vehicle type, a “courtesy letter” (referred to in this report as a first notice) is issued to the vehicle’s owner of record. That notice may be sent to:

1. a private owner (when driver gender can be presumptively determined from the image),
2. a business owner (with a request that the business identify the vehicle driver), or
3. a private vehicle owner with a request for the owner to identify the vehicle driver (when the driver’s gender differs from the private owner). This process was recently added. Previously, tickets were not pursued if the driver’s and owner’s gender did not match.

A second notice will be sent unless payment is received, or action is taken by Municipal Court staff to suspend the violation on the vendor’s system.

If there is a request by the notice recipient or by the Boulder Police Department or City Attorney’s Office to pursue a Municipal Court Hearing, ACS prepares a package of documents and actual photographs (from the film rather than from the digitized computer image) for the prosecutor’s office of the Boulder City Attorney.

Photo Radar and Red Light violation notices as well as Parking Tickets include a preprinted Post Office Box address that is serviced by ACS for collection and deposit of funds to City of Boulder bank accounts.

OBSERVATIONS

1. Contract Language Issues

- a. The present contract language refers to the city giving film to the contractor (inferring delivery by the City of Boulder.) The contractor actually picks up the film and data cards from the devices. Since there is contract language including penalties for non-performance to a contract standard relating to the date the film is received by the contractor, this needs to be clarified.
- b. The contract provides for a penalty from the date the contractor receives film. This date is not entered on ACS’ records and is not readily available for measurement in reports, making measurement for contract compliance very difficult.
- c. A contract requirement measures compliance for “Colorado licenses in accordance with criteria.” The actual practice is to process violation notices for vehicles registered in all states. Measurements by the vendor also reflect all states.
- d. The Photo Radar, Red Light contract does not include terms for receiving and processing parking ticket payments sent to the City of Boulder’s designated Post Office box but does include pricing for that service in Exhibit A to the contract.

Recommendation:

a., b. and c. The City of Boulder should request that the contractor change the contract language to accurately state the services to be provided and to measure the timeliness of first notice issuance from the violation date for all violations, regardless of state of issue of license. Violation date is tracked on the ACS system but not film pickup date or the state of license issuance. If the allowable timeframe were negotiated to include reasonable additional time for the difference between violation date and the average film pick-up date, the result would be easily measurable contract compliance.

d. The contract should include language for services associated with collection and deposit of funds for parking tickets that are sent to the City of Boulder's designated Post Office box.

Response:

a., b. and c. The City of Boulder and the vendor have arrived at a mutually agreeable modification to the contract standard. The new standard will be 13 days from the date of violation for 85% of the violations for Colorado registered vehicles. Expanding this requirement to include vehicles registered in other states is not feasible as response time for other states varies greatly. Specific language describing the revised requirement for issuance of violation notices to the owners of Colorado registered vehicles will be included in the next contract revision, due in March 2004.

d. The City of Boulder will work with the vendor to insert the following language in the contract: "ACS will collect, process and deposit parking ticket funds for the City of Boulder."

2. Tests of Compliance with Contract Requirement for Timeliness of Issuance of First Notices

A sample of 171 first notices sent to businesses and individuals in October 2003 were reviewed for compliance to contract timeliness requirements. This requirement reads: "send initial letter to ninety percent of Colorado licensees identifiable in accordance with criteria within ten days of receipt (emphasis added) of film."

Audit tests showed that 93% of sample notices were sent within the current contract requirements (including those for non-Colorado licensed vehicles.) ACS is in compliance with current contract requirements for timeliness of first notice issuance.

No recommendation or response is required.

3. Monitoring of Contract Requirements by Municipal Court

Municipal Court personnel regularly review the time from violation date to issuance of first notice (shown on ACS reports.) No change is required if the contract requirement is restated, as recommended agreed in the response to observation 1. above, to be 13 days from the date of violation.

4. Measurements to Goals/Statutory Requirements

In addition to the contract requirement for mailing first notices, there is an ACS/City of Boulder informal goal of sending second notices 20 days after the first notice for individual and business violations and for turning over files to the Police Department for Service of Summons 60 days after a violation. There is also a Colorado Statutory requirement to “perfect service” within 90 days of a violation but the vendor is not responsible for meeting this requirement.

The exhibit below shows results for the audit sample for these key measures:

Exhibit 1 - Measurement to Goals/Requirements

<u>Current Goals/Requirements in Photo Radar/Redlight Ticket Process</u>	<u>Results for Audit Sample</u>
Contract Requirement - 90% of First Notices sent within 10 days of violation date.	93% (Plus 7% First Notices sent 1 day late)
Informal Goal - Second Notice sent within 20 days of first notice.	91% (Plus 9% Second Notices sent 1 day late)

Recommendation:

Overall performance to these goals/requirements is good, but results could be managed better if this data were regularly monitored. The City of Boulder should request that ACS develop monthly reports to display this data to assist in monitoring program results and performance.

Response:

ACS has agreed to provide monthly summaries tracking compliance to the contract requirement for first notice (courtesy letter) processing time and to the informal goal for second notice (courtesy letter) timing.

5. Controls over Cash Collection Activities

Payments sent by Photo Radar or Red Light violators to the Post Office box on the notice. ACS also processes payments for parking tickets. Parking ticket payments are sent to another Post Office Box. Payments are picked up from both Post Office boxes and opened by ACS. If the payment is in cash, it is processed immediately and entered on the system, including being counted by a second individual. Cash payments are included in a separate deposit ticket from check and money order payments. (Few cash payments are received by ACS.) Any tickets that include communication are taken out of the deposit process and batched to be sent to Municipal Court for processing.

Most payments for parking tickets are checks or money orders. Payments for Photo Radar and Red Light tickets can also include credit card payment information filled out on the ticket copy that is mailed to the Post Office Box.

Check and Money Order payments are “franked” (coded with the amount and deposit account information on the check or money order) as the payment is recorded in the system. This allows for comparison of the amount paid in the deposit total with the amount processed on the system.

For credit card payments, the entry is made manually on a credit card terminal and then entered in the system. Totals can be matched to assure that payments processed from credit card information on tickets tie to payments entered on the ACS system. Card numbers entered are validated at the time of entry to assure valid card numbers were received.

A supervisor reconciles amounts shown as paid in the ACS system with deposit amounts on a daily basis. Paid tickets are batched and sent with a deposit ticket copy to Municipal Court. Municipal Court does its own reconciliation to verify that the ACS reconciliation is correct.

The audit included detailed observation of cash collection processes and independent verification of ACS reconciliation. Controls observed were adequate and functioning.

No recommendation or response is required.