



**Internal Audit Department
Performance Audit Report
Of
Audit 14-31
Civil Appeals Operations**

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City Auditor's Office Executive Summary

As part of our audit plan we conducted an audit of Civil Appeals Operations for the period November, 2013 to March 2014. As stated on page 5 of this report, our objectives were to determine if adequate controls exist to provide reasonable assurance that parking ticket appeals are handled accurately and on a timely basis. Our examination revealed two significant internal control problems. Specific limitations that may hinder the effectiveness of an otherwise adequate system of controls include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, and management overrides. Establishing controls that would prevent all these limitations would not be cost-effective; moreover, an audit may not always detect these limitations.

The following summary provides management with an overview of conditions requiring attention. Numbers in brackets [] refer to finding numbers in the report.

Significant Weaknesses:

- [1] Tickets not adjudicated by Civil Appeals on a timely basis**
- [2] Evidence shows tickets voided with no explanation in the records.**

Earl T. Jeter, CPA
City Auditor
August 5, 2014

Statement of Auditing Standards

The Internal Audit Department conducted a performance audit of Civil Appeals Operations for the fiscal year ended June 30, 2013. The objective of the audit was to determine whether internal controls are adequately designed and operating effectively.

Except as discussed in the following paragraph, we conducted our audit in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We have not met the requirement of section 3.96 of Government Auditing Standards that requires an audit organization performing audits in accordance with GAGAS to have an external peer review every three years.

An internal control system consists of many policies and procedures designed to provide management with reasonable assurance that organizational goals and objectives will be achieved. Management is responsible for establishing and maintaining an effective system of internal control.

Internal Audit Department
City of Wilmington
Wilmington, Delaware
July 2, 2014

Statement of Objectives

Determine if adequate controls exist to provide reasonable assurance that parking ticket appeals are handled accurately and on a timely basis.

Statement of Scope

The audit encompassed Civil Appeals process for the period between November 1, 2013 and March 20, 2014.

Statement of Methodology

The information used to perform this audit was obtained through:

- Discussion and interviews with Civil Appeals personnel,
- Observation and walk-thru of Civil Appeals operations,
- Testing of the Parking Violations Protest List spreadsheet.

ISSUES AND RECOMMENDATIONS

[1]

Tickets not adjudicated by Civil Appeals timely

Discussion and Background:

When a motorist is issued a parking violation ticket in the City of Wilmington (City), the motorist has the option of either paying the ticket or disputing it. If the motorist wishes to dispute the ticket, the first step in the process is to notify the City of Wilmington Office of Civil Appeals (OCA). The appellant must provide OCA with a protest statement specifying the reason for their disagreement with the violation and this statement must be received within twenty-one (21) days of the date of issuance of the parking ticket.

Within 30 business days from the date OCA receives the ticket protest statement, the OCA is required to notify the appellant of the decision regarding the appeal. The decision is generally made by the Director of OCA, but the Administrative Assistant I is authorized to make a decision in the Director's absence. When a decision is made, a Decision Letter is typed and mailed to the appellant explaining the reason for the decision. If the decision is favorable, a "VOID" letter is sent to the appellant notifying them that their parking ticket has been revoked. If the decision is unfavorable an "Upheld" letter is sent and the appellant is notified that their appeal has been rejected. After the "upheld" letter is sent, the appellant has fifteen (15) days to exercise their option to appeal the decision by completing a "Request for Court" form. When the form is returned to OCA, an OCA employee enters the ticket in the Delaware Justice of the Peace's computer system called "DELJIS". The Delaware Justice of the Peace Court will notify the City and the appellant of a trial date.

If the appeal is received within the 21 day deadline, the OCA Administrative Assistant I records the appeal on a Parking Violation Protest List. The Parking Violation Protest List is an excel spreadsheet maintained by OCA staff to keep track of appeal requests.

Issue:

1) The process of sending disputed tickets to Delaware state court could be taking too long. Delinquent outstanding tickets could lead to dismissal by the court causing a loss of revenue.

An analysis of the 82 parking tickets adjudicated by the Delaware Justice of the Peace Court from the period starting November 1, 2013 ending March 20, 2014 revealed that the number of days from the time of issuance of a ticket to its adjudication by the Court was an average of 404 days. The longest period between ticket issuance and adjudication by the Court was 892 days and the shortest was 114 days. Of the 82 tickets adjudicated by the Delaware Justice of the Peace Court, there was no record of 6 of the tickets on the Office on Civil Appeals' Parking Protest List; another 8 tickets had no Date of Decision Letter listed. Of the remaining 68 tickets, the Office of Civil

Appeals took an average of 39.6 days from the time of ticket issuance to making an upheld decision. The longest period between ticket issuance and an upheld decision was 78 days and the shortest was 14 days. The Office took more than 51 days to decide 16 of these 68 tickets, which is more than the absolute maximum time allowed for a decision to be made as dictated by the Procedure Manual.

2) Evidence shows tickets voided with no explanation in the records.

An examination of Office of Civil Appeals' Parking Protest List from November, 2013 to March, 2014 revealed that of 1,651 appeals there were 585 voids that included 63 voids with no explanation.

Cause:

The OCA is using excel spreadsheets to track tickets and appeal requests rather than solely using eTIMS that has the same functionality. In audit of Civil Appeals operations, the staff consists of two employees that have authority to access DELJIS. The OCA is the sole department that DELJIS for parking ticket violation.

Effect:

Using two separate methods for recording parking ticket appeals is a duplication of effort that will hinder efficiency within the department. In addition if one of the two employees is unable to work for a long period the risk of a backlog of appeals is high. Backlogs of tickets increase the risk of outstanding tickets being improperly voided and Court dismissals.

Recommendation:

1) To prevent a backlog and speed up the process of handling its workload, the OCA should use the eTIMS software package as the only tool to manage parking ticket appeals. The eTims software package is the record of original entry for all parking tickets issued by the City of Wilmington. When a ticket is issued by a Parking Regulation Enforcement Officer (PREO) all pertinent information is captured in eTims. The use of the excel spreadsheets to manage the civil appeals of parking ticket process results in duplication of work and the possibility of there being an incomplete record of tickets in process.

2) To further guard against a backlog occurring, the OCA should consider contracting with Xerox to provide a "first level" of review of parking tickets, similar to what is currently done in Washington, DC. Under this process, the City of Wilmington would provide Xerox with a set of strict business rules concerning what tickets can be voided while XEROX would provide a website on which customers could upload evidence concerning why their ticket should be voided. This first level of appeal would eliminate obvious void decisions and free up OCA personnel for more difficult tasks. Xerox would provide this service for a onetime fee of \$15,000 and a negotiated hourly rate.

3). The rationale for voiding tickets should be documented based on an established criterion.

Management Response:

Per the Auditor's recommendation, the Office of Civil Appeals has already eliminated the use of Excel spreadsheets and relies exclusively on eTims. In addition, since Civil Appeals has moved under Constituent Services there has been no backlog and appeals have been handled within the mandated 30-day turnaround period.

The recommendation of contracting with Xerox is taken with great consideration. As the Office of Civil Appeals is a two-employee shop, a backlog could occur very quickly with absences due to illness or vacation. Having an initial review by an outside vendor may assist in alleviating that risk. This is an avenue that the office will investigate.

Criteria for ticket adjudication are based on Wilmington Code. However, there are times when discretion comes into play, for example, funeral procession lineups, broken meters, PREO error, etc.

[2]

Voided tickets

Discussion and Background:

When a customer appeals a parking ticket, the Civil Appeal Assistant records the appeal on a Parking Violation Protest List (this is a manual process, in which the appeal information is inputted into an excel spreadsheet). This list is numbered sequentially and all correspondence regarding an appeal is maintained in a file folder, labeled with a date received and a protest list number. The appeal decision is generally performed by the Director of Civil Appeals, but can also be done by the Assistant of Civil Appeals. The Civil Appeals Assistant enters the ticket # into the eTIMS software package, a Xerox product that supports all aspects of the parking ticket lifecycle. When the ticket is accepted for appeal it is classified as "suspended" in eTims, meaning that it is not subject to late fees.

Within thirty (30) business days from the date Civil Appeals receives the ticket protest statement, the Department is required to notify the appellant of the decision regarding the appeal.

A letter is typed and mailed to the appellant explaining the reason for the decision. If the decision is favorable, a "VOID" letter is sent to the appellant notifying them that their parking ticket has been revoked. If the decision is unfavorable an "Upheld" letter is sent and the appellant is notified that their appeal has been rejected. The appellant then has fifteen (15) days to exercise their option to appeal the Office of Civil Appeals decision to the State of Delaware Justice of the Peace Court. The percentage of voided tickets has increased by 11.3% since 2011. However, there are a number of errors and/or discrepancies on the Parking Violation Protest excel spreadsheet from 2011. Factors such as the significant increase in voids since 2011 and the numbers of discrepancies in the Parking Violation Protest excel spreadsheet from 2011 indicate that there are insufficient controls in place to ensure that tickets are voided in a consistent and valid manner absent of personal

discretion.

Issue:

Tickets may be voided inappropriately

Cause:

Controls over voiding tickets are weak.

Effect:

Tickets may be voided inappropriately.

Recommendation:

Rationale for voiding tickets should be documented. Establish a set criterion for evaluating whether a ticket should be voided. The number and percentage of voided tickets should be tracked and submitted to management for periodic review.

Management Response:

Xerox's eTims product provides many reporting capabilities which are not being utilized. One of which is a report that lists all suspended tickets. This report can be used to "settle up" daily with decisions rendered substantially lowering the possibility of tickets being suspended or dismissed improperly.

Criteria for ticket adjudication are based on Wilmington Code. However, there are times when discretion comes into play, for example, funeral procession lineups, broken meters, PREO error, etc. The criteria the decision is based on is noted on the eTims worksheet and transferred into eTims database.

As part of Civil Appeals' strategic planning goals, statistics regarding number of appeals received, dismissals, upholds, etc. will be kept. This will allow for the process to be more closely monitored and perhaps indicate trends.

CONCLUSION

We would like to express our appreciation to the Staff of Civil Appeals for their assistance during this audit.