

**Nassau County  
Office of the Comptroller**



**Limited Financial Review  
of the  
Nassau County Traffic and Parking Violations Agency**

HON. GEORGE MARAGOS

*Comptroller*

**January 10, 2012**

**NASSAU COUNTY**  
**OFFICE OF THE COMPTROLLER**

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## Executive Summary

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### **Background**

The Nassau County Traffic and Parking Violations Agency (“TPVA”) was established in 1992 pursuant to New York State General Municipal Law and Nassau County (“County”) Local Law to assist the County’s District Court in the disposition and administration of alleged infractions of traffic and parking laws, ordinances, rules, and regulations.<sup>1</sup> We were informed by TPVA management that no such other agency exists for the other counties in New York State.

TPVA is responsible for adjudicating tickets issued for traffic and parking violations in the County, its three towns<sup>2</sup> and in several municipalities that do not have traffic courts<sup>3</sup>. In addition, TPVA is responsible for adjudicating tickets issued as a result of the Red Light Camera (“RLC”) Program<sup>4</sup> which was implemented by the County in August 2009. Currently there are 152 cameras at 50 locations.

TPVA contracted with a sole source contractor, Quest Computer Products (“Quest”) to provide a software system called CompuCourt for the electronic tracking and payment of parking and traffic tickets, as well as providing software enhancement services. CompuCourt was up and running in the spring of 1995. Currently, TPVA has signed a contract with a new vendor, “New Dawn” to develop a state-of-the-art real-time system to replace CompuCourt in order to utilize best practices technology to improve processes. TPVA extended its contract with Quest until such time as the new software system is operational.

TPVA selected American Traffic Solutions, Inc. (“ATS”) as its RLC vendor. ATS processes RLC tickets using ATS’s Axis Violation Processing System (“Axis”). TPVA has also contracted with two collection vendors, AllianceOne Receivables Management Inc. (“AllianceOne”) and Public Finance Strategies, LLC, (“PFS”). Vendor selection for the Boot and Tow Program was still in process as of the date of this report.

In the past, various organizations have examined TPVA’s operations and finances. The Nassau County Comptroller’s office previously audited and issued reports on TPVA in 1997 and 2003. In March 2002, the Nassau County Executive appointed a temporary administrator to examine the operation and outstanding fine collections. The administrator arrived at many of the same conclusions reached in the Comptroller’s audits and initiated a management plan to address the deficiencies. This plan was endorsed, supported and updated by the Executive Director of TPVA who was appointed by the County Executive, effective October 21, 2002. The current Executive Director was appointed effective January 2010.

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<sup>1</sup> New York State General Municipal Law §370 (McKinney 2002); Nassau County, N.Y., Local Law No. 5-1992 (April 6, 1992).

<sup>2</sup> Town of Hempstead, Town of North Hempstead and the Town of Oyster Bay.

<sup>3</sup> East Williston, Thomaston, Hewlett Harbor, Hewlett Neck, Great Neck, Manhasset, Port Washington and Baxter Estates.

<sup>4</sup> In June 2009, Nassau County received New York State legislative approval to initiate a Red Light Camera Program to reduce the number and severity of accidents resulting from motorists running red lights. In Nassau County, the overall program is administered by Nassau County Traffic and Parking Violations Agency with the support of the Traffic Safety Board, (which organizationally is within the County’s Department of Public Works (“DPW”)).

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TPVA's response to the 2003 audit report indicated that many of the recommendations made by the Comptroller's Office and in the reports of others were implemented and resulted in the significant reduction of backlogs, a better working climate for staff, less time waiting on lines, upgraded computer and telephone systems, and improved communication with the New York State Department of Motor Vehicles. The response also stated that the opening and processing of mail and depositing of checks were brought up to date and changes were implemented to allow payments by credit card, including phone payments and through the internet. Further, legislation authorizing the booting and towing of scofflaw vehicles was enacted, but did not allow for the services to be contracted out. In addition, the Nassau County Police Department did not have the resources to keep the program sustained. Steps were also being taken to aggressively pursue fine collection to maximize revenue.

In August 2009, six employees were fired from TPVA for allegedly fixing tickets for their friends and family and the matter was turned over to the Nassau County District Attorney's Office ("DA"). We were informed that the employees had, in violation of Department policy, accessed tickets that were not directly related to their normal duties and that one of the six employees inappropriately dismissed tickets and in one instance, generated a refund for someone who had already paid a fine. The employee responsible for generating a refund was charged and prosecuted with 5 counts of misconduct and received 3 years' probation. The DA did not file any charges against the other five employees and sent their cases back to the County Attorney's Office ("CA"). The CA could not file any charges with the Civil Service Employee Association ("CSEA") for the five employees because it had been more than one year since the employees were terminated.<sup>5</sup> An arbitrator decided that the five employees were to be reinstated under the same title(s) they held prior to being terminated. All five returned to work at TPVA. According to newspaper reports at the time, the tickets that were inappropriately dismissed cost New York State ("NYS") and the County up to \$25,000 in lost revenue.

### **Operations**

TPVA's responsibilities start after a ticket has been issued. TPVA employs individuals to work as prosecutors, court clerks, cashiers, data entry clerks and judicial hearing officers to process and adjudicate the tickets. Traffic and parking tickets are entered into CompuCourt and RLC tickets are entered into Axisis. All tickets can be paid by cash, check, money order and/or credit card at TPVA's cashier windows, by check and money order through the mail and by credit card on the phone or via the Agency's website or ATS's website.

The County receives revenues from every traffic ticket adjudicated by TPVA. The County also receives varying amounts of revenue from the parking tickets issued. Significant penalties and additional charges are added if payments are not made on time. The County collects all the revenue if the parking ticket was issued for a violation of a County law or ordinance; and it retains 25% of the total amount of fines and penalties collected for tickets issued for violations of

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<sup>5</sup> Section 10-7 of the CSEA contract states, "For any incompetence or misconduct alleged to have occurred, no discipline may be imposed more than one (1) calendar year after such occurrence unless said incompetence or misconduct would, if proved in a court of competent jurisdiction, constitute a crime."

## Executive Summary

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another municipality's parking<sup>6</sup> rules. RLC tickets are considered parking tickets and the County receives 100% of the revenue.

A motorist liable for a RLC violation must pay a \$50 fine and an additional \$25 penalty is imposed for the failure to respond to the ticket within 42 days of its mailing. Once a traffic, parking or RLC ticket is forwarded to a collection agency, the County receives all of the fines, penalties and fees and a collection fee is added to each ticket. The collection vendor is paid with the collection fee collected.

As a result of new legislation, the County started to assess a \$15 administrative fee on any ticket, other than tickets with "not guilty" dispositions, processed by TPVA on or after November 8, 2010 regardless of when the ticket was issued.<sup>7</sup> In addition, effective June 23, 2008, a \$2 per ticket credit card convenience fee was added to all credit card payments.<sup>8</sup>

The County's share of actual gross traffic and parking fines and fees and RLC<sup>9</sup> revenue for 2009, 2010 and the projected annual revenue for 2011 are shown in Exhibit I. Based on the data in Exhibit I, the County's share of the gross traffic and parking fines and fees in 2009 and 2010 averaged approximately 59% and 66%, respectively.

The County's share of gross traffic and parking fines and fees for 2011 is budgeted to be approximately \$28 million and the County's share for the first seven months of 2011 is \$11,524,731. Based on the actual monthly average of \$1,646,390, the County's share of gross traffic and parking fines and fees for 2011 is projected to be \$19,756,680.

Budgeted RLC fines and fees for 2011 are \$61,626,000 of which \$38,266,000 represents the red light cameras approved by NYS. The remaining projected RLC revenue of \$23,360,000<sup>10</sup> is an estimate of fines and fees for the additional red light cameras that are pending NYS approval.<sup>11</sup> Actual RLC revenue collected in the first seven months of 2011 totaled \$14,513,702. Based on the actual monthly average of \$2,073,386, the County's RLC fines and fees for 2011 is projected to be \$24,880,632.

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<sup>6</sup> The County and the Municipalities are authorized, pursuant to section 1 of Article 9 of the New York State Constitution and Article 5-G of the General Municipal Law, to enter into Intergovernmental agreements. As of July 9, 2009, the County and the Municipalities entered into an Intermunicipal Agreement ("IMA") which gives TPVA the authority to collect and retain 25%. The amount TPVA retains is increased from 25% to 35% if the amount is collected with the assistance of a collection agency.

<sup>7</sup> Nassau County Ordinance 186-2010 (repealed Section 2 of Ordinance 62-08).

<sup>8</sup> County legislation authorizes the fee collected by the County's credit card processing vendor, Global Processing.

<sup>9</sup> The source of the revenue data is a spreadsheet provided by TPVA summarizing traffic and parking fines and fees collected and recorded in CompuCourt and RLC fines and fees collected and recorded in ATS's (the outside RLC vendor) system, Axis Violation Processing System ("VPS").

<sup>10</sup> Projected 2011 revenue was obtained from Nassau County's 2011 Approved Budget provided by the Office of Management and Budget.

<sup>11</sup> According to a March 3, 2011 Newsday article, the bill has passed the State Senate, however passage in the State Assembly was still uncertain. In August 2011, the TPVA Executive Director confirmed that the bill is still pending.

## Executive Summary

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### Exhibit I

#### TPVA Revenue

	<u>2009</u>	<u>2010</u>	<u>2011 *</u>
Traffic & Parking <b>Gross Receipts</b>	<u>\$ 28,853,334</u>	<u>\$ 27,883,917</u>	<u>\$ 27,322,920</u>
Traffic & Parking <b>Net To Nassau</b>	16,927,920	18,398,884	19,756,680
Red Light Camera	<u>2,385,483</u>	<u>14,938,680</u>	<u>24,880,632</u>
Total TPVA Revenue	<u>\$ 19,313,403</u>	<u>\$ 33,337,564</u>	<u>\$ 44,637,312</u>

\* 2011 revenue represents 7 months actual and 5 months projected.

The projected portion was computed by multiplying the actual monthly average for the first 7 months by 12.

### Collection of Outstanding Receivables – Parking and Traffic Tickets

TPVA enters default convictions and notifies the New York State Department of Motor Vehicles (“NYSDMV”) to suspend driver’s licenses of motorists who do not answer or pay their traffic violations and to suspend registration renewals for parking scofflaws. The Agency also has an in-house collection process and utilizes AllianceOne and PFS to collect revenue from delinquent defendants.

The Agency also initiated a parking ticket Amnesty Program beginning May 16, 2011 through September 15, 2011 for tickets issued prior to January 1, 2010. During the program, the payments due on qualifying tickets will automatically reflect waived late fees and collection fees at a minimum. Once the Amnesty Program has concluded, TPVA will initiate a Boot and Tow Program. All vehicles that have three or more unresolved parking violations or three or more unresolved RLC Notices of Liability will be subject to boot or tow. We were informed by TPVA management that collections from the Amnesty Program totaled \$144,974 as of August 9, 2011. A vendor has been selected for the Boot and Tow Program. The contract is currently being drafted.

As of December 31, 2010, outstanding parking and traffic ticket receivables<sup>12</sup> totaled approximately, \$54,280,000 and \$69,411,000 respectively. TPVA officials estimated that approximately 63% and 37% respectively, of the outstanding parking and traffic ticket receivables as of December 31, 2010 will likely not be realized using conventional methods

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<sup>12</sup> The outstanding parking and traffic receivables totals include original fines and all applicable penalties, fees and surcharges.

## Executive Summary

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because they are too old to enforce collection.<sup>13</sup> However, the parking tickets issued prior to January 1, 2010 were eligible for the Amnesty Program initiated on May 16, 2011, which lasted through September 15, 2011. TPVA officials attributed the higher collectability rate of traffic ticket revenue to TPVA being able to suspend a motorist's driver's license on an individual ticket basis, whereas a motorist is not considered a parking scofflaw for purposes of denying the renewal of the motorist's vehicle registration, until the motorist fails to respond to three parking tickets issued within 18 months.<sup>14</sup>

### Outstanding Receivables – Red Light Camera Tickets

As of May 3, 2011 there were 107,841 outstanding RLC tickets with an estimated balance due of approximately \$9,192,677<sup>15</sup>. The number of outstanding RLC tickets in 2009 and 2010 were 7,884 and 46,862, respectively.<sup>16</sup> RLC violations were not included in the Amnesty Program. Once the Boot and Tow Program is instituted, all vehicles that have 3 or more unresolved RLC tickets will be subject to boot or tow.

### Audit Scope, Objective, and Methodology

Our audit focused on the Agency's cash receipts and the proper recording of the County's share of revenue for 2009, 2010 and for the first quarter of 2011.

As part of the audit, a review was performed of the 2009 ticket fixing allegations and the steps taken by TPVA management to improve controls and mitigate the risk of a reoccurrence. The status of the recommendations from the previous audit issued in January 2003 was also reviewed.

We interviewed key personnel, observed a cash closeout and the preparation of bank deposits, reviewed the details of traffic, parking and RLC tickets, examined courtroom records and reviewed revenue related vendor contracts. We also examined data extracts generated by TPVA's CompuCourt computer system, as well as reports generated by the RLC computer system, Axisis.

We believe our audit provides a reasonable basis for the audit findings and recommendations contained herein.

We would like to acknowledge the full cooperation of the Agency's management and staff during the course of this audit.

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<sup>13</sup> The source of the outstanding receivables data is a spreadsheet provided by TPVA officials summarizing open parking and traffic tickets in CompuCourt and open RLC tickets recorded in ATS's (the outside vendor) system, Axisis Violation Processing System ("VPS").

<sup>14</sup> Laws of New York, Vehicle and Traffic, Title 5, Article 20, Section 514 - 4- (a), (b).

<sup>15</sup> The estimated outstanding RLC balance includes the original \$50 fine, the \$15 TPVA administrative fee and where applicable, the \$25 failure to respond penalty and collection fees.

<sup>16</sup> The source of the outstanding receivables data is an email from TPVA management based on open RLC tickets recorded in ATS's (the outside vendor) system, Axisis Violation Processing System ("VPS").

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### **Summary of Significant Findings**

#### **Comptroller's Office Review of 2009 TPVA Ticket Fixing - System Security Access to Dismiss Tickets Has Not Been Corrected or Restricted**

Our review of the 2009 ticket fixing allegations and the steps taken by TPVA management to improve controls and mitigate the risk of a reoccurrence revealed that the system access ability to dismiss traffic and parking tickets had not been secured in CompuCourt. TPVA management thought the necessary changes had been made by the vendor. We found that anyone with access to CompuCourt could still change violation codes on individual tickets, fines, and dispositions, including dismissals. We also determined that personnel changes were not being monitored to ensure that system access to CompuCourt was granted and/or changed to coincide with the employee's job responsibilities. Had such a monitoring process been in place, TPVA management would have known prior to the commencement of this audit that the system access corrections had not been made in CompuCourt. In addition, a routine quality control process had not been developed to minimize the risk that traffic and parking tickets could be inappropriately dismissed in CompuCourt and not be detected in a timely manner.

Our review assessing the risk associated with the lack of system access controls during the audit period revealed that the majority of the tickets issued and dismissed in 2009 and 2010 were dismissed as a result of proper documentation being presented by the motorist. The analyses did not highlight any unusual or significant variations in the trend of dismissal activity during the audit period.

#### **Collection of Outstanding Parking and Traffic Tickets Requires Improvement**

As of December 31, 2010, outstanding parking and traffic tickets dated back to 1987 and 1979 respectively, and totaled approximately \$54 million and \$69 million, respectively. TPVA management estimated that if and when received, approximately 60% of this potential revenue belongs to the County and the remainder to the state and local municipalities.

Our review revealed that approximately \$34 million or 63% of the outstanding parking tickets and \$25 million or 37% of the outstanding traffic tickets were either uncollectible or would likely not be realized because they were generally too old to enforce collection due to the passage of time involved and motorists who have moved would not be locatable. These parking tickets were issued prior to 2006 and some dated as far back as 1987. The traffic tickets included in the 37% were issued prior to 2001 with some dating back to 1979. The parking tickets were eligible for the recent Amnesty Program and those that were issued in 2004 and 2005, totaling \$6,750,000 will be subject to the Boot and Tow Program.

The remaining approximately \$20 million or 37% of the parking tickets issued after 2006 and \$44 million or 63% of the traffic tickets issued after 2000 were considered to be somewhat to highly collectible. TPVA officials attributed the higher collectability rate of traffic ticket revenue to TPVA's authority to suspend motor vehicle licenses on an individual ticket basis, whereas

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TPVA is required by law<sup>17</sup> to wait until a defendant does not respond to three or more parking tickets issued within 18 months before it may denote the defendant as a scofflaw and request that the Commissioner of Motor Vehicles deny the renewal of the registration of the defendant's vehicle.

In addition, as of December 31, 2009 and 2010, there were 7,884 and 46,862 RLC tickets outstanding and as of May 31, 2011 the number of outstanding RLC tickets increased to 107,841 with a balance due of approximately \$9,192,677. We were informed that RLC tickets are considered parking tickets not traffic tickets.

Our review noted that TPVA management implemented many of the recommendations from the our prior audit including the parking ticket Amnesty Program, the anticipated Boot and Tow Program and the entering of default convictions. TPVA enters default convictions and notifies the New York State Department of Motor Vehicles ("NYSDMV") electronically on a weekly basis to suspend driver's licenses of motorists who do not answer or pay their traffic violations and to suspend registration renewals for parking scofflaws. The Agency also has an in-house collection process and utilizes AllianceOne and PFS to collect revenue from delinquent defendants.

The Agency, however, has not utilized its power to file default judgments with the County Clerk's Office for those defendants who fail to resolve outstanding obligations since 2008. TPVA management indicated that efforts to automate the notification process in CompuCourt were not successful and the entire process is still too labor intensive and cumbersome for the Agency to support with its current staffing levels. The entering of default judgments will enhance the Agency's collection efforts and increase the County's revenues. The Agency's goal is to code the necessary logic into the system being designed to replace CompuCourt by its new vendor, New Dawn. Our review noted the need for an interim process to file default judgments until the computer system being developed to replace CompuCourt is implemented.

### **Inadequate Segregation of Duties**

Our review revealed that the Agency has concentrated certain incompatible key duties with the Cashiers, the Head Cashier and the Court Clerks and this weakness increases the risk that errors or irregularities can occur and be undetected and uncorrected. We also found no evidence that TPVA had formally and adequately increased oversight as a mitigating control to the lack of segregation of duties. For example, the court clerks entered the judicial decisions made in the courtroom into CompuCourt, including violation codes and the associated disposition amounts and were also able to change the violation codes and disposition amounts in CompuCourt. These changes were not subjected to a supervisory review to ensure that the violation code changes entered in CompuCourt were approved by the judge and the changes to the disposition amounts were appropriate.

The lack of proper delegation of duties was also cited in the prior report issued by the County Comptroller in 2003.

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<sup>17</sup> Laws of New York, Vehicle and Traffic Law, Title 5, Article 20, Section 514 - 4- (a), (b).

### **Review of Daily Proof of Cash Receipts Was Not Adequately Documented**

Our review of the daily proof and reconciliation of cash receipts noted that errors found were documented but not signed off on and dated by the preparer. We also found no evidence that TPVA management reviewed the errors or the resulting corrections that were entered in CompuCourt. In addition, although our audit did not find a large volume or dollar amount of overages or shortages during the audit period, our audit recommended that the list of overages and shortages should be routinely provided to TPVA management for their review and sign off.

### **Poor Control and Oversight of Traffic and Parking Ticket Overpayments and Refunds**

Traffic and parking ticket refunds paid in the first quarter of 2011 totaled \$15,425 and \$10,285 respectively. According to traffic and parking overpayment reports printed from CompuCourt on April 29, 2011, 2,095 traffic tickets had outstanding credit balances totaling \$43,477 and 380 parking tickets had outstanding credit balances totaling \$8,333.

Our review revealed that due to CompuCourt's limitations, TPVA cashiers had to manipulate CompuCourt to accept overpayments which also prompted CompuCourt to generate a report of credit balances requiring a refund. A written policy or procedure did not exist to explain how this process should be performed or controlled. We found that the payment dates that generated the credit balances were not included on the CompuCourt report and the ages of the credit balances were not readily apparent or available from TPVA management. In addition, although CompuCourt created the report and tracked the changes the TPVA cashiers had to make to accept the overpayments, the change occurrences were not easily retrievable from CompuCourt for the purpose of determining that all changes made were accurate and appropriate.

### **Deficiencies in the RLC Financial Controls and Reporting Process**

Our review revealed several deficiencies in the RLC Financial Controls and Reporting Process. The most notable included the following:

- ATS does not provide an automated link or interface to CompuCourt. This has caused TPVA to develop a separate manual financial reporting process outside of CompuCourt to report, analyze and monitor RLC revenue. We were informed by TPVA management that in addition to creating inefficiencies in its daily operations, there are more opportunities for errors to occur, requiring more oversight.
- The \$2 per ticket credit card processing fee paid by motorists is not shown on ATS's transaction report and the ATS report used to perform the cash proof for RLC receipts does not include certain cash receipts totals that are needed. As a result, receipt of the credit card processing fee from motorists must be tracked manually and the proof totals must be computed, both of which slow down an already time sensitive process and cause it to be unnecessarily error prone.

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- ATS does not provide a list of the outstanding RLC tickets. TPVA could provide us with the number of outstanding RLC tickets at a point in time, but the corresponding dollar value was not readily available and there was no aging. TPVA provided us with an email stating that there were 107,841 outstanding RLC tickets as of May 3, 2011 with an estimated balance due of approximately \$9 million. Supporting documentation for the information in the email was not provided.
- ATS does not always provide an Excel extract program to convert its reports into a format that TPVA could use to more effectively review and manage the RLC data.

### **Inadequate Security of Employee Entrance**

Our site visits revealed that the security of TPVA employee entrance was inadequate. Although individuals must go through a security check which includes a guard and metal detector, access to the entrance door for TPVA employees is not secured with a lock once past this checkpoint. Immediately beyond the entrance door is the room where the cashiers collect money from the public, frequently in the form of cash.

During the course of this audit, we noted other findings related to information not available from the CompuCourt system which should be incorporated into the design of its replacement system. In addition, the status of the recommendations from the previous audit issued in January 2003 were reviewed with TPVA management and the recommendations that still require management's attention that were not addressed elsewhere in the report were summarized in Audit Finding (10). None of these were considered to be major internal control issues.

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The matters covered in this report have been discussed with the officials of the Traffic and Parking Violations Agency during this review. An exit conference was held on September 22, 2011 and on September 26, 2011 we submitted a draft report to the Traffic and Parking Violations Agency for its comments. The Traffic and Parking Violations Agency's written comments and our responses to those comments are included as an appendix to this report.

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## Findings and Recommendations

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### Audit Finding (1):

#### Comptroller's Office Review of 2009 TPVA Ticket Fixing

##### a.) System Security Access to Dismiss Tickets Has Not Been Corrected or Restricted

The courtroom section of TPVA is responsible for the adjudication of traffic and parking violations and is where the court clerks enter motion information into the CompuCourt system to dismiss traffic and parking tickets in CompuCourt.

Our review revealed that the system access ability to dismiss traffic and parking tickets had not been secured in CompuCourt even though TPVA management thought the necessary changes had been made by the vendor. We found the following internal control weaknesses:

- anyone with access to CompuCourt could change violation codes in individual tickets, fines, and dispositions, including dismissals.
- CompuCourt did not limit employees from performing edit tasks unrelated to their normal duties.
- CompuCourt did track who enters the changes; however, a standard procedure did not exist that required that the changes be reviewed by management.
- a routine quality control process had not been developed to minimize the risk that traffic and parking tickets could be inappropriately dismissed in CompuCourt and not be detected in a timely manner.

The CompuCourt system's inability to limit employees from performing edit tasks unrelated to their normal duties and the lack of a standard procedure requiring a managerial review of the changes were previously noted in the Comptroller's Office's audit report issued in 2003.

Internal controls throughout the ticket adjudication process for traffic and parking tickets are essential for determining that dismissed traffic and parking tickets represent the findings of the court, are properly supported by appropriate documentation, and are approved and entered in TPVAs system, CompuCourt, in accordance with the Agency's Rules and General Municipal Law.<sup>18</sup> Strong internal controls reduce the likelihood that errors and irregularities may occur and go undetected, and ensure that the Agency's potential revenue receipts are protected from the risk of fraud and mismanagement.<sup>19</sup>

In August 2009, six employees were fired from TPVA for allegedly fixing tickets for their friends and family. We were informed that the employees had, in violation of Department policy, accessed tickets that were not directly related to their normal duties. One of the six employees was able to dismiss tickets because the security access to dismiss tickets in this employee's

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<sup>18</sup> New York State General Municipal Law §370 (McKinney 2002); Nassau County, N.Y., Local Law No. 5-1992 (April 6, 1992).

<sup>19</sup> As recommended by the N. Y. S. Comptroller's Office, *Local Government Management Guide Internal Controls*, pp. 1- 2.

## Findings and Recommendations

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capacity as a court clerk had not been revoked after the employee had been transferred to a different section in TPVA where the employee no longer needed such access. This employee was charged and prosecuted with five counts of misconduct and received three years' probation. The DA did not file any charges against the other five employees and sent their cases back to the County Attorney's Office ("CA"). The CA could not file any charges with the Civil Service Employee Association ("CSEA") for the five employees because it had been more than one year since the employees were terminated.<sup>20</sup> An arbitrator decided that the five employees were to be reinstated under the same title(s) they held prior to being terminated. All five returned to work at TPVA. According to newspaper reports at the time, the tickets that were inappropriately dismissed cost New York State ("NYS") and the County up to \$25,000 in lost revenue.

In order to assess the risk associated with the lack of system access controls during the audit period, we performed analyses of traffic and parking tickets issued and dismissed in 2009 and 2010. Tickets can be dismissed on production of proof of required documentation (such as the motorist's license, registration, insurance and parking permit) or repair of defective equipment. Other tickets can be dismissed in satisfaction of another ticket. For example, when there are multiple tickets issued at one time, tickets for minor violations may be dismissed when a guilty plea to a greater charge is made. Some tickets may also be dismissed in the interest of justice, such as when the police officer is unavailable to appear in court being they are no longer employed, retired etc., or the ticket is defective in some way. All dismissals other than "not guilty dispositions" are subject to the \$15 Administration fee. The motion to dismiss ticket(s) is recommended by the prosecutor and must be approved by the judicial hearing officer ("JHO") and so noted on the court calendar. The JHO signs and dates the court calendar. TPVA relies on the JHO's sign off of the calendar to ensure that the dismissals are appropriate and approved. The court clerks enter all ticket dispositions, including dismissals, in CompuCourt. Documentation is returned to the motorist unless there is a disposition entered. Documentation for tickets with dispositions is retained by TPVA as a matter of court record. The motorist brings the paperwork to the cashier, who will match the paperwork to CompuCourt, enter payment of the Administration fee in CompuCourt and issue a receipt to the motorist.

As shown in the Exhibits II and III, the CompuCourt system indicated that the majority of the tickets issued and dismissed in 2009 and 2010 were dismissed as a result of proper documentation being presented by the motorist. The analyses did not highlight any unusual or significant variations in the trend of dismissal activity during the audit period.

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<sup>20</sup> Section 10-7 of the CSEA contract states, "For any incompetence or misconduct alleged to have occurred, no discipline may be imposed more than one (1) calendar year after such occurrence unless said incompetence or misconduct would, if proved in a court of competent jurisdiction, constitute a crime."

## Findings and Recommendations

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### Exhibit II

Traffic Tickets Dismissed  
Upon Production of Documentation  
2009-2010

Violation Category	No. of Tickets Dismissed	% No. of Tickets	Corresponding \$ Value	% \$ Total
<b>2009</b>				
Uninsured Vehicle	19,023		\$ 25,748,800	
Defective Equipment	7,553		368,970	
Unlicensed Operator	4,101		575,530	
Unregistered Vehicle	1,812		207,610	
Uninspected Vehicle	1,247		64,150	
Documentation Subtotal	33,736	70%	26,965,060	96%
All Categories	<u>48,504</u>		<u>\$ 28,143,676</u>	
<b>2010</b>				
Uninsured Vehicle	18,924		\$ 26,955,450	
Defective Equipment	8,803		429,280	
Unlicensed Operator	4,083		573,890	
Unregistered Vehicle	2,310		267,395	
Uninspected Vehicle	2,333		120,075	
Documentation Subtotal	36,453	63%	28,346,090	94%
All Categories	<u>57,958</u>		<u>\$ 30,020,307</u>	

## Findings and Recommendations

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### Exhibit III

Parking Tickets Dismissed  
Upon Production of Documentation  
2009-2010

Violation Category	No. of Tickets Dismissed	%		Corresponding \$ Value	% \$ Total
		No. of Tickets			
<b>2009</b>					
Unregistered Vehicle	2,321			\$ 283,280	
Uninspected Vehicle	1,940			154,730	
No Handicap Permit	1,450			321,900	
Documentation Subtotal	5,711	48%		759,910	59%
All Categories	<u>11,800</u>			<u>\$ 1,280,920</u>	
<b>2010</b>					
Unregistered Vehicle	2,418			\$ 282,555	
Uninspected Vehicle	3,114			228,830	
No Handicap Permit	2,362			540,900	
Documentation Subtotal	7,894	50%		1,052,285	64%
All Categories	<u>15,797</u>			<u>\$ 1,656,965</u>	

### **b.) No Formal System Security Access Oversight Process is in Place**

TPVA did not monitor personnel changes to ensure that system access to CompuCourt was granted and/or changed to coincide with the employee's job responsibilities. Had such a monitoring process been in place, TPVA management would have known prior to the commencement of this audit that the system access corrections had not been made in CompuCourt.

### **c.) Poor Password Security**

Although CompuCourt has a feature that allows for the update of passwords, it does not require employees to change their passwords on a periodic basis. This finding was previously noted in the Comptroller's Office's audit report issued in 2003.

### **Audit Recommendations:**

We recommend that TPVA:

- immediately instruct the CompuCourt vendor to restrict access to dismiss tickets to only those employees whose job responsibilities require such access;

## Findings and Recommendations

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- develop and implement a quality assurance process to monitor traffic and parking ticket dismissal activity on a regular basis for the purpose of minimizing the risk that unauthorized and inappropriate dismissals of traffic and parking tickets would not be detected;
- establish system access security profiles for individual employees based on their job duties. In addition a process should be put in place whereby personnel changes are routinely monitored to ensure that employee system access security profiles are updated to coincide with their current job responsibilities and system security access is granted and/or changed accordingly; and
- request that the vendor enhance CompuCourt to require employees to change their passwords on a periodic basis.

### **Audit Finding (2):**

#### **Collection of Outstanding Parking and Traffic Tickets Requires Improvement**

Uncollected tickets represent a significant amount of potential revenue. TPVA management estimated that if and when received, approximately 60% of this potential revenue belongs to the County and the remainder to the state and local municipalities. A review of the financial analysis schedules provided by TPVA indicated that the County retained an average of approximately 59% and 66% of its gross receipts in 2009 and 2010, respectively and therefore, management's 60% estimate is reasonable.

As shown in Exhibits IV and V, as of December 31, 2010, outstanding parking and traffic tickets dated back to 1987 and 1979 respectively, and totaled approximately, \$54,280,000 and \$69,411,000, respectively.

### **Exhibit IV**

*Aged Outstanding Parking Ticket Receivables  
12/31/2010  
(in Thousands)*

Ticket Issued Date	Count (000's)	Disposition Fine	Disposition Penalty	Fees & Surcharges	Total Charges	Total Paid	Net Due to TPVA	Collectibility	% of total
1987-2003	214	\$ 7,310	\$ 12,380	\$ 8,040	\$ 27,730	\$ 260	\$ 27,470	Uncollectible	51%
2004-2005	48	2,860	2,240	1,890	6,990	240	6,750	Not Likely	12%
2006 -2008	72	5,120	2,570	2,910	10,600	180	10,420	Somewhat	19%
2009-2010	53	4,960	2,950	1,990	9,900	260	9,640	Highly	18%
<b>Totals</b>	<b>387</b>	<b>\$ 20,250</b>	<b>\$ 20,140</b>	<b>\$ 14,830</b>	<b>\$ 55,220</b>	<b>\$ 940</b>	<b>\$ 54,280</b>		<b>100%</b>

## Findings and Recommendations

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### Exhibit V

*Aged Outstanding Traffic Ticket Receivables  
12/31/2010  
(in Thousands)*

Ticket Issued Date	Count (000's)	Disposition Fine	Disposition Penalty	Fees & Surcharges	Total Charges	Total Paid	Net Due to TPVA	Collectibility	% of total
1979-1991	80	\$ 4,878	\$ 5,112	\$ 3,118	\$ 13,108	\$ 1	\$ 13,107	Uncollectible	19%
1992-2000	80	3,376	4,165	4,713	12,254	37	12,217	Not Likely	18%
2001-2003	36	3,085	1,306	3,024	7,415	50	7,365	Somewhat	11%
2004-2005	17	2,777	622	1,573	4,972	45	4,926	Somewhat	7%
2006-2008	29	6,010	1,212	2,921	10,143	190	9,953	Highly	14%
2009-2010	52	14,820	1,526	5,868	22,214	371	21,843	Highly	31%
<b>Totals</b>	<b>294</b>	<b>\$ 34,946</b>	<b>\$ 13,943</b>	<b>\$ 21,217</b>	<b>\$ 70,106</b>	<b>\$ 694</b>	<b>\$ 69,411</b>		<b>100%</b>

### Parking Tickets Issued Prior to 2004 and Traffic Tickets Issued Prior to 1992 are No Longer Considered Collectible Through Existing Collection Methods

TPVA officials reported that the outstanding parking ticket receivables as of December 31, 2010, for tickets issued prior to 2004, totaled approximately \$27,470,000 and were too old to enforce collection. This was largely due to the passage of time involved and that motorists who have moved would not be locatable. In addition, according to the NYS Office of Court Administration (“OCA”) rules, the outstanding traffic ticket receivables as of December 31, 2010 for tickets more than 20 years old totaled approximately \$13,107,000 and were no longer collectible. These tickets represented 51% and 19% of the outstanding parking and traffic receivables as of December 31, 2010 and were scheduled to be purged from CompuCourt. We were informed by TPVA officials that these parking and traffic tickets had only been retained in CompuCourt in the event the motorist happened to be issued a more recent ticket. In addition, the Agency initiated a parking ticket Amnesty Program beginning May 16, 2011 through September 15, 2011 for tickets issued prior to January 1, 2010, to be followed by a Boot and Tow Program. However, once the parking ticket Amnesty Program is completed, these tickets will be purged from CompuCourt because they are too old to enforce collection. The Boot and Tow Program will not apply to these tickets. As of August 9, 2011 collections from the parking ticket Amnesty Program totaled \$144,974. The portion applicable to this group of tickets, if any, was not shown on the Amnesty Performance Report provided by TPVA.

### Parking Tickets Issued in 2004 and 2005 and Traffic Tickets Issued between 1992 and 2000 are Unlikely to be Realized

TPVA officials estimated that as of December 31, 2010, outstanding receivables from parking tickets issued in 2004 and 2005 and traffic tickets issued between 1992 and 2000, totaling approximately \$6,750,000 and \$12,217,000, respectively were also unlikely to be realized. When added to the receivables considered uncollectible, approximately 63% and 37% of the outstanding parking and ticket receivables as of December 31, 2010 would likely not be realized.

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It should be noted that the parking tickets are eligible for the Amnesty Program and will be subject to the Boot and Tow Program once the parking ticket Amnesty Program is completed.

### Parking Tickets Issued between 2006 and 2010 and Traffic Tickets Issued between 2001 and 2010 are Considered Somewhat to Highly Collectible

TPVA officials estimated that as of December 31, 2010, 18% of outstanding parking ticket receivables totaling approximately \$9,640,000 were considered highly collectible, with another 19% of the total or approximately \$10,420,000 being considered somewhat collectible.

In contrast, TPVA officials estimated a better collectability rate for traffic ticket receivables as of December 31, 2010. We were informed that as of December 31, 2010, 45% of the outstanding traffic ticket receivables totaling approximately \$31,796,000 were considered highly collectible, with another 18% of the total or approximately \$12,291,000 being considered somewhat collectible. TPVA officials attributed the higher collectability rate of traffic ticket revenue to TPVA's authority to suspend motor vehicle licenses on an individual ticket basis, whereas TPVA is required by law<sup>21</sup> to wait until a defendant does not respond to three or more parking tickets issued within 18 months before it may denote the defendant as a scofflaw and request that the Commissioner of Motor Vehicles deny the renewal of the registration of the defendant's vehicle.

### RLC Tickets Issued in 2009 and 2010

TPVA management advised us that, as of December 31, 2009 and 2010, there were 7,884 and 46,862 RLC tickets outstanding and as of May 31, 2011 the number of outstanding RLC tickets increased to 107,841 with a balance due of approximately \$9,192,677. We were informed that RLC tickets are considered parking tickets not traffic tickets.

### Collection Efforts

In addition to the current parking ticket Amnesty Program and the anticipated Boot and Tow Program, we were advised that TPVA enters default convictions and notifies the New York State Department of Motor Vehicles ("NYSDMV") electronically on a weekly basis to suspend driver's licenses of motorists who do not answer their traffic violations and to suspend registration renewals for parking scofflaws.

The Agency also has an in-house collection process and two vendors, AllianceOne and PFS are contracted to improve collections on both delinquent parking and traffic tickets. Beginning November 1, 2008, TPVA assigned delinquent parking and traffic tickets issued within the last 5 years to AllianceOne for collection. AllianceOne is paid on a contingency basis and provides a variety of collection services including, but not limited to, initiating a call center, sending notices, linking to NYSDMV (for skip tracing purposes) credit reporting, the collection of payments directly from debtors and the transfer of these payments to the County by wire. AllianceOne also provides updated data to CompuCourt electronically.

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<sup>21</sup> Laws of New York, Vehicle and Traffic Law, Title 5, Article 20, Section 514 - 4- (a), (b).

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## Findings and Recommendations

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Although TPVA made the aforementioned changes to its collection efforts, we noted the following exceptions indicating that more improvements are necessary:

**a.) Lack of Compliance with Contract Terms by Public Finance Strategies, LLC (“PFS”)**

Beginning February 1, 2009, TPVA began assigning delinquent parking tickets issued prior to the last two years and traffic tickets issued prior to the last five years to PFS for collection. PFS was contracted to provide the same variety of services associated with collections as was required of AllianceOne, including credit bureau reporting. We were advised by TPVA management that PFS was not performing as well as they had anticipated and was not reporting delinquencies to the credit bureaus, although it is a service PFS listed in Exhibit A of their contract as one it performs. TPVA officials indicated that their satisfaction with AllianceOne’s collection rate could in part be attributed to AllianceOne’s use of credit bureau reporting.

**Audit Recommendation:**

We recommend that TPVA management consult with the Nassau County Attorney’s office to enforce PFS’s compliance with the contract and/or identify other remedies available to TPVA, such as terminating the contract prior to its scheduled expiration on January 31, 2012 and seeking another debt collection agency.

**b.) Collection Efforts Do Not Include the Entering of Default Judgments**

The New York State Vehicle and Traffic Law<sup>22</sup> (“VTL”) allows TPVA to initiate license suspensions whenever defendants do not appear for a return date (arraignment date), a scheduled hearing or a trial or fail to pay. The VTL also provides TPVA with the ability, within two years of the ticket-return dates, to enter default judgments against violators who fail to answer a traffic summons. Our prior audit found that TPVA had not taken these actions.

During our review, we were advised by TPVA management that defendants who failed to appear are identified by CompuCourt and default convictions are being filed and NYSDMV is receiving weekly updates to initiate license suspensions. However, the Agency has not filed any default judgments since 2008 because the process to do so is still manual and very labor intensive. The efforts to have CompuCourt automate the process were not successful. We were informed that the failure of a defendant to appear does not in and of itself mean that the Agency automatically has the right to file a default judgment. Other criteria, such as verifying that there are no pending conferences, have to be met. Currently several CompuCourt queries have to be run and reviewed by the Assistant Director to narrow down from the population of tickets where the defendants failed to appear, those tickets that meet all the criteria for filing a default judgment. TPVA management stated that it does not currently have enough staff with the necessary knowledge to support the effort. We were advised that TPVA plans for the necessary logic to be coded into the new system that is being designed by New Dawn to replace CompuCourt.

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<sup>22</sup> Laws of N.Y., Vehicle and Traffic Law §514(1)(b), 1806-a(1) (McKinney 2002).

## **Findings and Recommendations**

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### **Audit Recommendation:**

We recommend that TPVA develop and implement an interim process to file default judgments as allowed by law until the computer system being developed to replace CompuCourt is implemented. The entering of default judgments will enhance the Agency's collection efforts and increase the County's revenues.

### **Audit Finding (3):**

#### **Inadequate Segregation of Duties**

Our review of the Agency's internal controls revealed that the Agency has concentrated certain incompatible key duties with the Cashiers, the Head Cashier and the Court Clerks.

An effective internal control system requires the separation of duties so that no one single employee has control of, or performs, all phases of an accounting function. Concentrating key duties, such as receiving, counting and recording cash receipts, preparing bank deposit slips, and entering data into the accounting and control records with one individual weakens internal controls and increases the risk that errors or irregularities can occur and be undetected and uncorrected.

The Agency's management and staff comprises 47 full time positions including the Executive Director, two Assistant Executive Directors, one Financial Systems Administrator, two Accountants, one Head Cashier, 9 Cashiers, 17 Clerks, 8 Multikey Operators, 3 Prosecutors and 3 support staff. The Agency also employs 4 part-time cashiers, 21 part-time clerks and 10 part-time prosecutors.<sup>23</sup>

The Office of the New York State Comptroller notes that "...When it is neither practical nor cost-effective to segregate the basic responsibilities discussed above [custody of assets, authorization or approval of transactions affecting those assets, and recording or reporting of related transactions], compensating controls should be considered. Compensating controls are supervisory or other oversight procedures designed to reduce the risk of errors or fraud not being detected."<sup>24</sup> We found no evidence that TPVA had formally and adequately increased oversight as a mitigating control to the lack of segregation of duties. The lack of adequate cross training and proper delegation of duties was also cited in the prior report issued by the County Comptroller in 2003.

Discussions with management and a review of the employees' responsibilities revealed the following segregation of duties weaknesses:

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<sup>23</sup> Information was taken from the NUHRS employee Roster as of June 2011.

<sup>24</sup> N.Y.S. Comptroller's Office, *Local Government Management Guide Internal Controls*, p. 3.  
[http://www.osc.state.ny.us/localgov/pubs/lmg/internal\\_controls.pdf](http://www.osc.state.ny.us/localgov/pubs/lmg/internal_controls.pdf)

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## **Findings and Recommendations**

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### **Head Cashier**

The Head Cashier assigns cashiers their duties for the day and ensures cashier windows, phones and mail functions are staffed as well as possible and monitors incoming mail for check payments to be processed. He directly supervises the cashiers and the cashier line to make sure it doesn't get too long, including working behind the cashiers to quicken the process. The Head Cashier also certifies the money count for each cashier at the end of the day, compares the actual count to the data entered in CompuCourt and Axxis by the cashiers and performs follow up on differences in the cashiers' proofs. However, this individual also performs the following incompatible functions listed below:

- enters corrections in CompuCourt and in the general ledger;
- prepares the bank deposits for all TPVA bank accounts;
- interfaces with the employee in the County's Treasurer's Office who receives the bank statements for the TPVA bank accounts; and
- prepares and submits the weekly cash receipts reporting spreadsheet package to TPVA management.

For example, the Head Cashier should not initiate and review his own work and then enter correcting transactions into the books and records.

### **Cashiers**

The cashiers are responsible for the receipt of payments of fines and entering the payment information into CompuCourt and ATS. The payments are accepted at TPVA windows, by mail, telephone and through the internet. TPVA will accept cash, money orders, certified checks and credit cards. Cashiers may assist in opening the mail. We noted that, as part of their duties, the cashiers also have the ability to:

- change or eliminate a traffic or parking ticket's suspension fee, collection fee, deferred payment fee and the convenience fee without supervisory oversight and approval;
- enter the disposition for traffic or parking tickets in CompuCourt unless the disposition was already entered by the court clerk. This would occur when the motorist pleads guilty and pays the fine by mail, telephone or at the cashier window.

### **Court Clerks**

The court clerks are responsible for entering in CompuCourt the judicial decisions made in the courtroom, including violation codes and the associated disposition amounts. However, the court clerks are also able to change the violation codes and disposition amounts in CompuCourt. These changes are not subjected to a supervisory review to ensure that the violation code changes entered in CompuCourt were approved by the judge and the changes to the disposition amounts were appropriate. Changes to the original violation codes and disposition amounts are not uncommon and occur for a variety of reasons. For example, if a motorist appears after a default

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## Findings and Recommendations

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conviction was entered, the default conviction has to be vacated and the updated violation code(s) and disposition amounts must be entered.

### **Audit Recommendation:**

The Agency should segregate incompatible functions by identifying the functions that can be reassigned among employees. If, due to work responsibilities and staff size this cannot be accomplished, a comprehensive and formal supervisory review of the employees' work should be implemented.

### **Audit Finding (4):**

#### **Preparation and Review of the Daily Proof of Cash Receipts are Not Adequately Documented**

We observed the daily proof of cash receipts and noted the following control weaknesses:

- errors found in the daily cash receipt reconciliation process were documented but not signed off on and dated by the preparer. We also found no evidence that TPVA management reviewed the errors.
- there was no policy in place to ensure that the corrections that were entered in CompuCourt as a result of the daily proof were reviewed and approved by management.

### **Audit Recommendations:**

We recommend that all documents that are prepared during the cash proof clearly bear the signature and date of the preparer. We also recommend that TPVA management review the cash proof process and establish a protocol for the documents that management should review. The protocol should be in writing and all management reviews should be evidenced with the signature and date of the reviewer.

### **Audit Finding (5):**

#### **Cashiers are not Accountable for Overages and Shortages**

Overages and shortages occur when a TPVA cashier's money drawer does not match what the CompuCourt and Axis systems say the cashier should have in the drawer. Shortages can result from bills sticking together or from the cashier giving back too much change, or maybe even "pocketing" some money from the register. Overages occur from taking too much money from customers. Prior to September 2007, it had been TPVA's long standing policy to require cashiers to pay for cash shortages out-of-pocket. This practice was put to an end at the direction of the prior TPVA Executive Director.

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The audit revealed that an acceptable standard for cashier performance had not been established and there was no accountability or resolution process in place for unexplained discrepancies. As shown in Exhibit VI, we did not find a large volume or dollar amount of overages or shortages during the audit period. In 2009 overages and shortages totaled \$309 and \$382, respectively. In 2010, overages and shortages totaled \$687 and \$861, respectively.

### Exhibit VI

<b>Cashier Overages and Shortages</b>				
	<b>2009</b>		<b>2010</b>	
<b>Type</b>	<b>Count</b>	<b>Amount</b>	<b>Count</b>	<b>Amount</b>
<b>Shortages</b>	21	\$ 382	30	\$ 861
<b>Overages</b>	33	(309)	37	(687)
<b>Net Total</b>	54	\$ 73	67	\$ 174

We noted that whenever a discrepancy such as an overage or shortage occurred, the money was recounted by the cashier and Head Cashier to verify the amounts in the original count and a review was done for obvious mistakes, such as transposing numbers. If after the recounts, the cashier's drawer was still not in balance, the cashier's transaction paperwork and the CompuCourt and ATS reports were reviewed to search for the amount of the outage. If the reason for the outage could not be determined, the Head Cashier posted the outage on a manual list.

Our review of the list noted that it was not signed and dated by the preparer and could not be easily scrutinized to identify repeat offenders and/or patterns. We were informed by the Head Cashier that a formal process was not in place to deal with repeated differences or for large overages and shortages and that the time restrictions associated with completing the daily close out of cash inhibited performing follow-up procedures. The Head Cashier stated that he would advise TPVA management of unusual overages and shortages; however there was no evidence to support this statement or that the list was routinely reviewed by TPVA management.

### **Audit Recommendations:**

We recommend that TPVA management put a follow-up plan in place for overages and shortages, such as:

- formalizing the list of overages and shortages to easily identify repeat offenders and patterns and routinely circulate it to management for review. The list should include the employee's name, date of occurrence, amount per occurrence and evidence of management's review. The list should be signed and dated by the preparer and management's review should be evidenced. The employee should also sign and date the list in acknowledgement;

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- providing training and/or assistance that may be helpful to improve the cashier's performance; and
- exploring the possibility of taking disciplinary action.

### **Audit Finding (6):**

#### **Poor Control and Oversight of Traffic and Parking Ticket Overpayments and Resulting Refunds**

Our review revealed that TPVA was accepting overpayments for traffic and parking tickets as recommended in our prior audit. However, in order to do so, the TPVA cashiers had to manipulate CompuCourt to accept the overpayment. We were advised that CompuCourt could not be modified to accept overpayments without this manual intervention. We found that a formal written policy or procedure did not exist to explain how it should be done or controlled.

Overpayments can occur as a result of the officer writing the ticket for the incorrect amount or using an incorrect violation code. Overpayments can also occur when the motorist ignores the amount due on the ticket and for whatever reason, writes the check for more than the amount due.

Our review noted that in order for a check in excess of the amount due to be recognized by CompuCourt, the TPVA cashiers had to change a fee field (increase it for the excess amount being paid). Once increased, CompuCourt would accept the payment. The TPVA cashier must also immediately change the fee field to what it was originally in order for CompuCourt to recognize the overpayment and produce a report for traffic and parking overpayments. A review of this report revealed that while it contained the ticket number, it did not include the name of the defendant. Thus, it was not apparent if a defendant repeatedly overpaid tickets. Further, we were advised that in the majority of the cases, the defendant paid the ticket, however another individual could have paid the ticket on the defendant's behalf. As a result, TPVA obtains a copy of the cancelled check to determine the name of individual who is due the refund and where to send the refund check. Our review also noted that although the ticket issued and return dates were shown on the CompuCourt reports, the payment dates that generated the credit balances were not included and the age of the credit balances were not readily apparent. We were advised by TPVA management that an aging of the credit balances was not readily available.

Further, although CompuCourt creates the overpayment reports and tracks the changes made to fee amounts, the change occurrences are not easily retrievable for the purpose of validating the reports. Thus, there is no assurance that all changes made to fee amounts are accurate and appropriate or that the changes back to the original fee were performed.

Traffic and parking ticket refunds paid in the first quarter of 2011 totaled \$15,425 and \$10,285 respectively. According to traffic and parking overpayment reports printed from CompuCourt on April 29, 2011, 2,095 traffic tickets had outstanding credit balances totaling \$43,477 and 380 parking tickets had outstanding credit balances totaling \$8,333.

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### **Audit Recommendations:**

We recommend that the security access profile for cashiers be changed to prevent cashiers from changing a fee field to accept overpayments without management oversight. A workaround procedure should be developed to enable TPVA to continue to accept overpayments while also providing more control. This workaround procedure should include the preparation of a list by the individual(s) granted the authority to change a fee field to accept an overpayment in CompuCourt and should include the relevant information needed for review and control purposes, including but not limited to the name of the defendant and the payer, if different, as well as the date of the payment.

We also recommend that TPVA's new system be designed to accept overpayments without requiring manual intervention. The payment dates that generate the credit balances should be recorded by the system that is being developed to replace CompuCourt for purposes of generating an aging of the credit balances.

### **Audit Finding (7):**

#### **Deficiencies in the RLC Financial Controls and Reporting Process**

##### **a.) There is No Interface between Axis and CompuCourt Resulting in Inefficiencies and Requiring More Oversight**

ATS does not provide an automated link or interface to TPVA's current system, CompuCourt. This has caused TPVA to have to develop a separate manual financial reporting process outside of CompuCourt to report, analyze and monitor RLC revenue. We were informed by TPVA management that in addition to creating inefficiencies in its daily operations, the lack of an automated link also introduces more opportunities for errors to occur, requiring more oversight. Further, TPVA management reported that such a link or interface had been included in the original RFP but was removed as a requirement by Nassau County's Information Technology ("IT") Department's prior administration over TPVA's objections. Thus, the opportunity to improve this process through automation when TPVA replaces CompuCourt with the system being developed by its new vendor, New Dawn, has been jeopardized.

##### **Audit Recommendation:**

We recommend that TPVA management request that ATS develop an automated interface between Axis and the system being created to replace CompuCourt.

##### **b.) Axis Report Does Not Reflect the Credit Card Processing Fee Resulting in Inefficiencies and Requiring More Oversight**

We were informed by TPVA management that ATS has refused to make the necessary modifications to its Axis "Payment Detail by Transaction Date Report" to include the additional

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\$2 per ticket credit card processing fee that was added to telephone and online payments in 2008. As a result, each TPVA cashier must make a note on the back of each RLC telephone or online credit card receipt to record the \$2 fee charged. This is poor internal control and as such, requires more attention and oversight by TPVA.

We also noted that this report does not include cash receipts totals by payment type (cash, check, money order, credit card). As a result, the Head Cashier must review the Axis report and compute these totals every day as part of the cash proof, which slows down an already time sensitive process and causes it to be unnecessarily error prone.

### **Audit Recommendation:**

We recommend that TPVA management request that ATS modify the Axis Payment Detail by Transaction Date Report to include the credit card processing fee and all payment type totals (cash, checks, money orders, credit cards).

### **c.) Inadequate Reporting and Monitoring of RLC**

#### **Overpayments and Unapplied Payments**

ATS provides TPVA the ability to print an Axis “Overpayment Liability Detail Report” as of any given date in an Axis format. The Axis “Overpayment Liability Detail Report” is broken down into two sections, as follows:

#### **Overpayments**

The first section of the Axis “Overpayment Liability Detail Report” is the longest and lists each payment that, when applied using the ticket number included with the remittance, generated an overpayment. The report displays the RLC ticket notice number, the account number, the name of the defendant and the amount overpaid. It is sorted by RLC ticket notice number.

Our review of the Axis “Overpayment Liability Detail Report” as of April 29, 2011 noted that it was 12 pages long and contained 360 overpayments totaling \$24,232.54. The age of the overpayments could not be determined from the report since the payment date for each overpayment is not shown. It should be noted that the payments have been deposited in the bank and posted to NIFS (“Nassau Integrated Financial System”). We were informed that payments on this report may not necessarily represent overpayments with regard to the ticket notice number provided by the defendant. This occurs when defendants refer to the RLC ticket notice number associated with the first RLC ticket they received and paid, instead of the RLC ticket notice number associated with the RLC ticket that they are paying. In these cases, the overpayment may be transferred to an open liability owed by the same motorist if such exists.

The TPVA employee who is responsible to review and follow up on RLC overpayments stated that she must research each overpayment listed on the report in the Axis system to obtain the relevant payment information, identify open unpaid RLC tickets and when possible, reapply the

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overpayment. In situations where no open RLC tickets are found in Axisis, a voucher request is generated in NIFS to refund the overpayment. She manually notes her findings on the hard copy report and uses these notated hard copy reports to compare to subsequent hard copy reports and determine the status of her efforts.

Our review also noted that using hard copy reports to control, monitor and document the follow up of overpayments is both antiquated and time consuming and it also inhibits TPVA's ability to perform analysis, such as identifying patterns including how many times a defendant may appear on the report.

### **Unapplied Payments**

The second section of the Axisis "Overpayment Liability Detail Report" lists each unapplied payment. An unapplied payment is a payment that has not been applied to a ticket. This section of the report displays the payment number, check number, a lookup value which consists of a date and how the payment was received (lockbox paper check, lockbox money order), the check/money order amount and an unapplied amount. The name of the defendant and a ticket number do not appear on the report.

Our review of this section of the Axisis "Overpayment Liability Detail Report" as of April 29, 2011 noted that there were 32 items and the total unapplied amount was \$3,821.06. Unlike the first section of the report, the age of the unapplied amounts could be determined from the date shown in the lookup value field. We were informed by TPVA that only the vendor, ATS, performs the follow-up work on the unapplied amounts. Our review revealed that many of the unapplied amounts were over a year old and were not being resolved. We found the following:

- 20 of the 32 unapplied payments still appeared on the report as of July 11, 2011;
- one of the 32 unapplied payments related to a money order received in 2009;
- 18 of the unapplied payments related to 2010; and
- for 6 of the 18 unapplied payments relating to 2010, the check amount was greater than the unapplied amount, implying that a portion of the 2010 payment had been applied. When we inquired as to what the remaining unapplied amount represented and why it had not been refunded, we were informed that TPVA had asked ATS for the defendant's name and the RLC notice number for the portion of the check that was applied, but ATS was unable to provide this information. Thus, in these instances, it is not clear what the unapplied amount represents and when or if they will be resolved.

### **Audit Recommendations:**

We recommend that TPVA management request that ATS:

- modify the Axisis Overpayment Liability Detail Report (section for applied payments) to include the payment date and any other payment and ticket information that would facilitate a more efficient follow up process by TPVA;

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## Findings and Recommendations

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- provide additional sorts of the Axisis Overpayment Liability Detail Report that would facilitate a more efficient follow up process by TPVA, such as a sort by defendant name; and
- modify the Axisis Overpayment Liability Detail Report (section for unapplied payments) to incorporate additional information such as the defendant's name and the RLC ticket notice number and obtain a resolution status from ATS for the stale unapplied payments that appear on this section of the report.

### **d.) ATS Does Not Always Provide an Excel Extract Program**

Our review noted that ATS does not always provide an Excel extract program to convert its Axisis reports into a format that TPVA could use to more effectively review and manage the RLC data.

#### **Audit Recommendation:**

We recommend that TPVA management request that ATS routinely provide an extract program that allows the Axisis format to be downloaded into Excel to facilitate a more efficient and in depth follow up review of RLC reports by TPVA.

### **e.) Lack of Reporting of the Dollar Amount and Aging of Outstanding RLC Tickets**

We requested the number and value of outstanding RLC tickets as of December 31, 2009, December 31, 2010 and March 31, 2011. We were informed by TPVA management that the number of outstanding tickets in 2009 and 2010 were 7,884 and 46,862, respectively; however the dollar value was not readily available. We were informed in an email that there were 107,841 outstanding RLC tickets as of May 3, 2011 with an estimated balance due of approximately \$9 million. Supporting documentation for the information in the email was not provided. An aging of the estimated balance due was also not available.

#### **Audit Recommendation:**

We recommend that TPVA management request that ATS provide an Axisis report which reflects the quantity and dollar value of the outstanding RLC tickets, including the aging of the outstanding balances. The aging should be periodically reviewed by TPVA management.

#### **Audit Finding (8):**

### **Inadequate Security of TPVA Employee Entrance**

Individuals who arrive at the TPVA location must go through a security check which includes a guard and metal detector. However, once past this checkpoint, access to the entrance door for TPVA employees is not secured with a lock. Immediately beyond the entrance door is the room where the cashiers collect money from the public, frequently in the form of cash.

## **Findings and Recommendations**

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Occupational Safety and Health Administration (“OSHA”) guidance<sup>25</sup> states that employees who exchange money with the public are at an increased risk for workplace violence. OSHA suggests that to help protect employees, employers should secure the workplace through safety programs including video surveillance, extra lighting, alarm system, and minimize access by outsiders through identification badges, electronic keys and guards.

### **Audit Recommendation:**

We recommend that TPVA management establish a security swipe system to minimize unauthorized access by outsiders.

### **Audit Finding (9):**

#### **TPVA’s CompuCourt System Does Not Provide Adequate Daily Reporting of Receipts**

Monies are received by TPVA at the cashier windows, by phone, by mail, through the E-gov website and by wire transfer from its RLC camera and collection vendors. Monies are received in the form of cash, checks, credit cards and wires. A report is not generated by CompuCourt to summarize cash, check, money order and credit card totals on a combined basis for traffic and parking receipts. For example, the Head Cashier has to manually flip through the Traffic Deposit Receipts Report and the Parking Deposit Receipts Report generated by CompuCourt and creates adding machine tapes to support the totals for traffic and parking receipts combined. The combined totals are needed to prove out each cashier's cash, check and credit card totals to the receipts entered by each cashier in CompuCourt during the day. The need to generate these combined traffic and parking receipt totals manually is time consuming and slows down the daily proof process which is already a time sensitive process. It also makes the process more prone to error because it unnecessarily introduces human error.

In addition, the Head Cashier enters the daily receipt totals on an Excel spreadsheet that he maintains at the request of TPVA’s Executive Director. The Executive Director uses this spreadsheet to review and monitor daily traffic and parking receipts and no such other report is available from CompuCourt.

### **Audit Recommendations:**

We recommend that TPVA require that the new computer system that is being developed by New Dawn to replace CompuCourt, be designed to generate the necessary cash proof totals, as well as the revenue report which is currently being generated for the Agency’s Executive Director using an Excel spreadsheet.

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<sup>25</sup> OSHA Fact Sheet issued by the U.S. Department of Labor dated 2002.

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## Findings and Recommendations

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### **Audit Finding (10):**

#### **Other Prior Audit Recommendations Requiring Management's Attention**

The statuses of the recommendations from the previous audit issued in January 2003 were reviewed with TPVA management. The following are the recommendations that still require management's attention, but have not been addressed elsewhere in this report.

##### **a.) Poor Controls over Checks Received in the Mail**

In our previous report we recommended that the person(s) who opens the mail restrictively endorse and list the check remittances. In its response to the prior audit, TPVA management stated that "The problem that arises when endorsing checks and money orders before posting is that if the payment does not belong to TPVA, or is an overpayment, a restrictive endorsement would negatively impact the defendants' ability to get a refund. This procedure would also lengthen the mail process. In the same respect, listing checks and money orders received at TPVA would also add hours to the mail process. Current staffing levels could not handle this additional burden."

The Office of the NYS Comptroller's Local Government Management Guide outlines cash receipts controls for reducing the risk of theft or errors during the collection, recording, and depositing of cash receipts. One such control is to restrictively endorse checks as soon as they are received because immediately limiting the negotiability of checks ensures that checks received can only be deposited into a local government's bank account.<sup>26</sup> The purpose of the prior audit recommendation to list the checks when received is to provide a mechanism to identify checks that were not entered in CompuCourt or possibly misplaced.

In addition, our current audit revealed that since TPVA did implement the prior audit recommendation to accept overpayments, management's concern about the negative impact on the defendant's ability to get a refund would no longer extend to overpayments. Thus, while the Agency does receive payments that belong to other jurisdictions, such instances occur only occasionally.

#### **Audit Recommendations:**

We recommend that TPVA comply with the NYS Comptroller's Local Government Management Guide by modifying its cash receipt process to require that checks received in the mail be restrictively endorsed by the clerk at the time the mail is opened. In addition, TPVA management should reconsider the recommendation to create a list of the checks as the mail is being opened or design a control procedure to ensure that all checks received are entered into CompuCourt and accounted for at the end of each day.

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<sup>26</sup> N.Y.S. Comptroller's Office, *Local Government Management Guide Internal Controls*, p. 4.

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## Findings and Recommendations

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### **b.) Interface between CompuCourt and SWIFT**

The prior audit's recommendation to create an interface between CompuCourt and the County's Police SWIFT Justice System, for the purpose of eliminating the need to manually enter tickets into both systems was not implemented.

Traffic tickets are still individually input into three different systems. The police, the NYSDMV and TPVA all input the same tickets. An interface between CompuCourt and the County's Police's SWIFT Justice System was recommended by a TPVA Technology Working Group in February 2001 and also included in our prior report. TPVA's response to the prior report stated that the interface between CompuCourt would be operational the First Quarter of 2003.

#### **Audit Recommendation:**

We recommend that TPVA pursue the development of an interface between the new system being designed to replace CompuCourt and SWIFT to eliminate the need to manually enter SWIFT tickets into TPVA's system.

### **c.) No Interface between CompuCourt and NIFS**

The prior audit recommendation to create an interface between CompuCourt and the County's NIFS system so that requisite refund checks can be automatically generated was not implemented. TPVA management stated in its response to the prior audit that linking CompuCourt to the NIFS system had been discussed but would require coordination of several departments: TPVA; Treasurer; Comptroller; OMB; and the assistance of IT. We did not note any progress on this effort.

#### **Audit Recommendation:**

We recommend that TPVA pursue the development of an interface between the new system being designed to replace CompuCourt and NIFS for the purpose of automatically generating refund checks through NIFS.

### **d.) Parking Tickets - No Ability to Plead Not Guilty over the Internet**

Our prior audit noted that in contrast to the TPVA's website, New York City's Department of Finance's ("DOF") website allows defendants who received parking tickets to submit his/her defense over the internet. Adoption of this technology by TPVA could reduce mail volume, parking ticket-related telephone calls and paper transactions. Although TPVA management agreed and stated in its response to the prior audit that it would research the use of an interactive website, progress on this recommendation was not noted.

#### **Audit Recommendation:**

We recommend that TPVA pursue the development of its website to allow defendants who received parking tickets to submit his/her defense over the internet.

**Audit Finding (1):**

**Comptroller’s Office Review of 2009 TPVA Ticket Fixing**

**Audit Recommendations:**

We recommend that TPVA:

- immediately instruct the CompuCourt vendor to restrict access to dismiss tickets to only those employees whose job responsibilities require such access;

**TPVA Response:**

This was implemented. The access to dismiss tickets has been limited to certain employees.

**Auditor’s Follow-up Response:**

*We agree with the corrective action taken by TPVA.*

We recommend that TPVA:

- develop and implement a quality assurance process to monitor traffic and parking ticket dismissal activity on a regular basis for the purpose of minimizing the risk that unauthorized and inappropriate dismissals of traffic and parking tickets would not be detected;

**TPVA Response:**

While the suggestion is welcome in an ideal work environment – abundant staffing, due to resource constraints, it is difficult to have the process monitored on a regular basis. Periodically we can monitor the process.

**Auditor’s Follow-up Response:**

*Although we are cognizant of the severe staffing issues in the County, this is a serious Internal Control weakness. Lax controls in this area will contribute to a loss of much needed county revenue. We therefore reiterate that we recommend that TPVA implement a quality assurance process to monitor traffic and parking ticket dismissal activity on a regular basis for the purpose of minimizing the risk of unauthorized and inappropriate dismissals of traffic and parking tickets.*

We recommend that TPVA:

- establish system access security profiles for individual employees based on their job duties. In addition a process should be put in place whereby personnel changes are routinely monitored to ensure that employee system access security profiles are updated to coincide with their current job responsibilities and system security access is granted and/or changed accordingly;

**TPVA Response:**

These profiles were setup based upon job role and title. In the future, reviews will be conducted to ensure computer accesses align with current roles and responsibilities.

**Auditor’s Follow-up Response:**

*We agree with the corrective action taken by TPVA.*

We recommend that TPVA:

- request that the vendor enhance CompuCourt to require employees to change their passwords on a periodic basis.

**TPVA Response:**

This was submitted to the vendor to modify the login program and is partially enacted at this time.

**Auditor’s Follow-up Response:**

*We agree with the corrective action being taken by TPVA.*

**Audit Finding (2):**

**Collection of Outstanding Parking and Traffic Tickets Requires Improvement**

**a.) Lack of Compliance with Contract Terms by Public Finance Strategies, LLC. (“PFS”)**

**Audit Recommendation:**

We recommend that TPVA management consult with the Nassau County Attorney’s office to enforce PFS’s compliance with the contract and/or identify other remedies available to TPVA,

such as terminating the contract prior to its scheduled expiration on January 31, 2012 and seeking another debt collection agency.

**TPVA Response:**

Prior to the audit, it was already determined that the PFS contract would be terminated based upon poor performance. The contract terminates 10/17/11.

**Auditor’s Follow-up Response:**

*We agree with the corrective action taken by TPVA.*

**b.) Collection Efforts Do Not Include the Entering of Default Judgments**

**Audit Recommendation:**

We recommend that TPVA develop and implement an interim process to file default judgments as allowed by law until the computer system being developed to replace CompuCourt is implemented. The entering of default judgments will enhance the Agency’s collection efforts and increase the County’s revenues.

**TPVA Response:**

As stated above, the process will run automatically when the New Dawn solution is implemented. An interim process will be resource intensive.

**Auditor’s Follow-up Response:**

*We reiterate our recommendation to develop and implement an interim process until the New Dawn system will file default judgments automatically, as this will increase County revenues*

**Audit Finding (3):**

**Inadequate Segregation of Duties**

**Audit Recommendation:**

The Agency should segregate incompatible functions by identifying the functions that can be reassigned among employees. If, due to work responsibilities and staff size this cannot be

accomplished, a comprehensive and formal supervisory review of the employees’ work should be implemented.

**TPVA Response:**

The alignment of job roles and titles has been updated to reflect proper computer access. There are times that cashiers have to adjust surcharge and suspension lift fees due to the State mandated thresholds. Also there are times when a cashier has to modify amounts due to an overpayment – CompuCourt cannot accept an overpayment – it can only process for actual amounts due or underpayments.

Corrections in the general ledger are now made by accounting staff as opposed to cashier staff.

The interface with the Treasurer’s Office is usually initiated by the Treasurer’s Office. They reach out to the Head Cashier, who has the most experience with the issues that need to be resolved at the Treasurer’s Office.

**Auditor’s Follow-up Response:**

*We agree with the corrective actions taken by TPVA.*

**Audit Finding (4):**

**Preparation and Review of the Daily Proof of Cash Receipts is Not Adequately Documented**

**Audit Recommendations:**

We recommend that all documents that are prepared during the cash proof clearly bear the signature and date of the preparer. We also recommend that TPVA management review the cash proof process and establish a protocol for the documents that management should review. The protocol should be in writing and all management reviews should be evidenced with the signature and date of the reviewer.

**TPVA Response:**

The current process is that the cashier who made the error usually fixes the error. Any changes to posting errors are reflected in the printed reports. The reports already contain the cashiers’ initials and are also initialed by the Head Cashier.

**Auditor’s Follow-up Response:**

*The TPVA response does not address the review of the cash proof process by a manager not actively involved with the process. The Head Cashier is very involved in all facets of the cash proof process. We reiterate the recommendation for TPVA management to review the cash proof process and establish a protocol for the documents that a manager other than the Head Cashier should review.*

**Audit Finding (5):**

**Cashiers Not Accountable for Overages and Shortages**

**Audit Recommendations:**

We recommend that TPVA management put a follow-up plan in place for overages and shortages, such as:

- formalizing the list of overages and shortages to easily identify repeat offenders and patterns and routinely circulate it to management for review. The list should include the employee’s name, date of occurrence, amount per occurrence and evidence of management’s review. The list should be signed and dated by the preparer and management’s review should be evidenced. The employee should also sign and date the list in acknowledgement;

**TPVA Response:**

Logs have been generated which list the details of the overages and shortages.

**Auditor’s Follow up Response:**

*We reiterate the recommendation to routinely circulate the list of overages and shortages to management for its review and that the list should be signed and dated by the preparer and management’s review should be evidenced.*

We recommend that TPVA management put a follow-up plan in place for overages and shortages, such as:

- providing training and/or assistance that may be helpful to improve the cashier’s performance;

**TPVA Response:**

Cashiers do provide periodic ‘tutor’ time and update each other with new ‘tips and tricks’.

**Auditor’s Follow-up Response:**

*We recommend that TPVA management consider developing a more formal training program to ensure all cashiers receive the benefit of new tips and tricks as well as an awareness of recent errors and how to improve their performance.*

We recommend that TPVA management put a follow-up plan in place for overages and shortages, such as:

- exploring the possibility of taking disciplinary action.

**TPVA Response:**

Noted. We will explore when action is necessary. On average, more than \$200,000 a day is processed by TPVA for Traffic, Parking and Red Light Camera violations. Of that amount, an average of \$85,000 is processed in-house by our cashiers. The amount of errors due to overages and shortages is less than one-hundred thousandth of one percent.

**Auditor’s Follow-up Response:**

*We agree with the corrective action being taken by TPVA.*

**Audit Finding (6):**

**Poor Control and Oversight of Traffic and Parking Ticket Overpayments and Resulting Refunds**

**Audit Recommendations:**

We recommend that the security access profile for cashiers be changed to prevent cashiers from changing a fee field to accept overpayments without management oversight. A workaround procedure should be developed to enable TPVA to continue to accept overpayments while also providing more control. This workaround procedure should include the preparation of a list by the individual(s) granted the authority to change a fee field to accept an overpayment in CompuCourt and should include the relevant information needed for review and control purposes, including but not limited to the name of the defendant and the payer, if different, as well as the date of the payment.

**TPVA Response:**

Done.

**Auditor’s Follow-up Response:**

*We agree with the corrective action taken by TPVA.*

We also recommend that TPVA’s new system be designed to accept overpayments without requiring manual intervention. The payment dates that generate the credit balances should be recorded by the system that is being developed to replace CompuCourt for purposes of generating an aging of the credit balances.

**TPVA Response:**

The new software already has this functionality. Over 2,500 refunds are issued annually. Of the over 2,000 traffic tickets in refund queue, approximately 1,800 were sent letters where the motorist failed to claim the overpayment. Guidance should be given to TPVA by the proper authority as to a dollar threshold for issuing a refund and the timeframe to issue a refund (ex. over \$10 and a payment made within the past 6 years).

**Auditor’s Follow-up Response:**

*We agree with the corrective action taken by TPVA to include functionality in the New Dawn that does not require manual intervention in order to accept overpayments.*

*We recommend that TPVA contact the Nassau County Executive and/or Nassau County Attorney for guidance as to a dollar threshold and timeframe for issuing a refund. We also recommend that TPVA retain of a copy of the guidance it receives for future reference and audit purposes.*

**Audit Finding (7):**

**Deficiencies in the RLC Financial Controls and Reporting Process**

**a.) There is No Interface between Axis and CompuCourt Resulting in Inefficiencies and Requiring More Oversight**

**Audit Recommendation:**

We recommend that TPVA management request that ATS develop an automated interface between Axis and the system being created to replace CompuCourt.

**TPVA Response:**

ATS will build the interface with the CompuCourt replacement as stated in the contract executed June 2009. The difficulty is finding funding from the County to build the interface.

**Auditor’s Follow-up Response:**

*We agree with the corrective action being taken by TPVA.*

**b.) Axis Report Does Not Reflect the Credit Card Processing Fee Resulting in Inefficiencies and Requiring More Oversight**

**Audit Recommendation:**

We recommend that TPVA management request that ATS modify the Axis Payment Detail by Transaction Date Report to include the credit card processing fee and all payment type totals (cash, checks, money orders, credit cards).

**TPVA Response:**

A new receipt was created over 6 months ago that includes the credit card convenience fee. The suggestion will be submitted to the vendor for report enhancement.

**Auditor’s Follow-up Response:**

*We agree with the corrective actions being taken by TPVA.*

**c.) Inadequate Reporting and Monitoring of RLC**

**Audit Recommendations:**

We recommend that TPVA management request that ATS:

- modify the Axis Overpayment Liability Detail Report (section for applied payments) to include the payment date and any other payment and ticket information that would facilitate a more efficient follow up process by TPVA;
- provide additional sorts of the Axis Overpayment Liability Detail Report that would facilitate a more efficient follow up process by TPVA, such as a sort by defendant name; and
- modify the Axis Overpayment Liability Detail Report (section for unapplied payments) to incorporate additional information such as the defendant’s name and the RLC ticket

notice number and obtain a resolution status from ATS for the stale unapplied payments that appear on this section of the report.

**TPVA Response:**

All report modification report suggestions will be forwarded to the vendor. The data does exist on current reports; it would be the preference of a reviewer to view the data in a different order.

To note – 596,315 RLC NOL’s (“Notice of Liability”) have been paid (as of 10/5/11).

**Auditor’s Follow-up Response:**

*We agree with the corrective action being taken by TPVA.*

**d.) ATS Does Not Always Provide an Excel Extract Program**

**Audit Recommendation:**

We recommend that TPVA management request that ATS routinely provide an extract program that allows the Axis format to be downloaded into Excel to facilitate a more efficient and in depth follow up review of RLC reports by TPVA.

**TPVA Response:**

We will submit the suggestion to the vendor. As previously relayed, NCTPVA is not the only client that uses the ATS system; over 300 other municipalities use the AXIS system.

**Auditor’s Follow-up Response:**

*We agree with the corrective action being taken by TPVA.*

**e.) Lack of Reporting of the Dollar Amount and Aging of Outstanding RLC Tickets**

**Audit Recommendation:**

We recommend that TPVA management request that ATS provide an Axis report which reflects the quantity and dollar value of the outstanding RLC tickets, including the aging of the outstanding balances. The aging should be periodically reviewed by TPVA management.

**TPVA Response:**

We will submit the suggestion to the vendor. A report does exist that provides the count and remaining outstanding Notice of Liabilities by month.

**Auditor’s Follow-up Response:**

*We agree with the corrective action being taken by TPVA.*

**Audit Finding (8):**

**Inadequate Security of TPVA Employee Entrance**

**Audit Recommendation:**

We recommend that TPVA management establish a security swipe system to minimize unauthorized access by outsiders.

**TPVA Response:**

NCTPVA has been working with other County agencies for a period of time to obtain funding to secure the door access system. It should be noted that over the past 3 years, TPVA has upgraded its security alarm systems as well as its CCTV system. TPVA is also attempting to obtain older TSA carry-on scanning equipment to enhance the security screening function.

**Auditor’s Follow-up Response:**

*We agree with the corrective actions being taken by TPVA.*

**Audit Finding (9):**

**TPVA’s CompuCourt System Does Not Provide Adequate Daily Reporting of Receipts**

**Audit Recommendations:**

We recommend that TPVA require that the new computer system that is being developed by New Dawn to replace CompuCourt, be designed to generate the necessary cash proof totals, as well as the revenue report which is currently being generated for the Agency’s Executive Director using an Excel spreadsheet.

**TPVA Response:**

The suggestion will be submitted to the vendor.

**Auditor’s Follow-up Response:**

*We agree with the corrective action being taken by TPVA.*

**Audit Finding (10):**

**Other Prior Audit Recommendations Requiring Management’s Attention**

**a.) Poor Controls over Checks Received in the Mail**

**Audit Recommendations:**

We recommend that TPVA comply with the NYS Comptroller's Local Government Management Guide by modifying its cash receipt process to require that checks received in the mail be restrictively endorsed by the clerk at the time the mail is opened. In addition, TPVA management should reconsider the recommendation to create a list of the checks as the mail is being opened or design a control procedure to ensure that all checks received are entered into CompuCourt and accounted for at the end of each day.

**TPVA Response:**

While we welcome the suggestions, it should be noted that usually 2 PT employees are responsible for opening and routing 10,000 pieces of mail a week. It may not be feasible to list checks with our current resource constraints. We are researching the issue of endorsing all checks as they are received. To note – the new system comes with hardware that will both frank and scan check and money orders.

**Auditor’s Follow-up Response:**

*We agree with the corrective action being taken by TPVA.*

**b.) Interface between CompuCourt and SWIFT**

**Audit Recommendation:**

We recommend that TPVA pursue the development of an interface between the new system being designed to replace CompuCourt and SWIFT to eliminate the need to manually enter SWIFT tickets into TPVA’s system.

**TPVA Response:**

An attempt was made in 2003 but failed due to data validation issues when the data was imported into Compucourt. Compucourt required more fields than what was provided. This topic has been an ongoing discussion for a period of time. To note: with the increase in the issuance of electronic tickets, this interface may not be as critical as it once was. Also to note, the SWIFT system is being replaced by NCPD’s new RMS system which has the functionality to transfer the data of parking and traffic tickets to TPVA electronically.

**Auditor’s Follow-up Response:**

*We agree with the corrective action taken whereby the NCPD system that will replace SWIFT has the functionality to transfer the data of parking and traffic tickets to TPVA electronically.*

**c.) No Interface between CompuCourt and NIFS**

**Audit Recommendation:**

We recommend that TPVA pursue the development of an interface between the new system being designed to replace CompuCourt and NIFS for the purpose of automatically generating refund checks through NIFS.

**TPVA Response:**

This suggestion was included in the IT RFP issued more than 2 years ago and the original RFP issued more than 5 years ago as an optional component. The prior IT administration chose to exclude the interface. We will have to revisit once the New Dawn solution is up and running as well as when the County Financial replacement system is operational.

**Auditor’s Follow-up Response:**

*We agree with the corrective action being taken by TPVA.*

**d.) Parking Tickets - No Ability to Plead Not Guilty over the Internet**

**Audit Recommendation:**

We recommend that TPVA pursue the development of its website to allow defendants who received parking tickets to submit his/her defense over the internet.

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**Appendix – TPVA Response and Auditor’s Follow-up**

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**TPVA Response:**

The suggestion is welcomed. In addition to research the legal ability to allow pleading online, an enhancement will have to be requested of the new IT system.

**Auditor’s Follow-up Response:**

*We agree with the corrective action being taken by TPVA.*