



City of Gloversville Parking Violation Operations

Report of Examination

Period Covered:

January 1, 2014 – April 30, 2016

2016M-231



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

September 2016

Dear City Officials:

A top priority of the Office of the State Comptroller is to help local government officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and City Council governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

Following is a report of our audit of the City of Gloversville, entitled Parking Violation Operations. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

This audit's results and recommendations are resources for local government officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*

Introduction

Background

The City of Gloversville (City) is located in Fulton County and has approximately 15,000 residents. The City is governed by the City Council (Council), which is composed of an elected Mayor and seven elected councilpersons: one representing each of the six City wards, and one councilperson-at-large. The Council is responsible for the general management and control of the City's financial affairs, including establishing appropriate internal controls over financial operations. The Commissioner of Finance, as chief fiscal officer, is responsible for the receipt, disbursement and custody of the City's money, in addition to maintaining accounting records and providing financial reports to the Council.

The City provides various services to its residents, including maintaining and improving City streets, snow removal, public improvements, recreation and cultural activities, public safety through paid fire and police departments, water, sewer and general government support. The City's budgeted general fund appropriations for the 2016 fiscal year were approximately \$16.3 million, funded primarily by real property taxes, sales tax and State aid.

City police officers issue parking tickets, and the administrative assistant maintains a database of the tickets issued and paid. The Finance Department is responsible for handling collections for fines and depositing the collections into the City's bank account. The Police Department administrative assistant receives reports of collections from the Finance Department and enters the receipts into the parking ticket software to track the paid tickets.

Objective

The objective of our audit was to review the City's parking violation operations. Our audit addressed the following related question:

- Is the City properly pursuing collection of all parking violations issued, and are parking violation collections recorded accurately and deposited timely and intact?

Scope and Methodology

We examined parking violation operations for the period January 1, 2014 through April 30, 2016. We extended our scope period back to January 1, 2011 to review unpaid parking violations.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix B of this report. Unless otherwise indicated in

this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

**Comments of City Officials
and Corrective Action**

The results of our audit and recommendations have been discussed with City officials, and their comments, which appear in Appendix A, have been considered in preparing this report. City officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

The Council has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and forwarded to our office within 90 days, pursuant to Section 35 of General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Council to make this plan available for public review in the Clerk's office.

Parking Violation Operations

Parking violation fines and penalties provide a revenue source for City operations. The Council is responsible for adopting policies for collecting and enforcing unpaid parking violations. The Commissioner of Finance and Police Chief are responsible for implementing Council policy and establishing procedures to ensure that unpaid parking violations are properly pursued. Enforcing unpaid parking violations will help ensure that the City receives the correct amounts owed and the receipts are deposited into the City's bank accounts.

City officials have not established sufficient procedures for pursuing the collection of unpaid parking violations or set a benchmark for collection rates. The City collected \$110,000 in revenues for 4,367 violations from January 2011 through April 2016, which represents 61 percent of total parking violations. We determined the City could have collected an additional 1,757 parking violations totaling approximately \$44,000 if it collected fines for 85 percent of the parking violation tickets issued. If the City collects 24 percent of the over 2,800 parking violations that are still outstanding, dating back to January 2011, the City could receive approximately \$83,000 in additional revenue. We also found that the Finance Department staff deposited the receipts for fines collected intact¹ and in a timely manner.

Parking Violation Enforcement

Because a fine will not necessarily be collected for each parking violation issued, a benchmark rate for collections should be established to periodically assess how effectively the City's parking violation management system is operating, including a periodic assessment of the number and value of unpaid violations. This would help the Finance and Police Department managers determine whether the City's collection practices are working effectively and if the maximum amount of fines is being collected. If City officials determine that fine collections are not meeting the established benchmark rate, they can take action to explore and remedy the shortfall's causes.

The City has a variety of options available for enforcing unpaid parking violations. For example, the Police Department could cause the issuance of an arrest warrant for the vehicle registrant, undertake civil action (i.e., place a default judgment against a violator), implement a program that impounds (tows) or boots (immobilizes with a locking device) vehicles, offer an amnesty program to collect outstanding fines or contract with a collecting agency to supplement the Department's enforcement efforts.

¹ Intact means the same amount and form (e.g., cash, coins, checks) as collections.

City officials can also send the violator’s information to the New York State Department of Motor Vehicles (DMV) Scofflaw Program if the violator has received at least three parking tickets in an 18-month period. Once the violator’s information is sent to the DMV Scofflaw Program, the violator will not be able to renew the vehicle’s registration until the DMV Scofflaw Program fine and parking violations have been paid. City officials should weigh the costs to pursue these actions against the potential benefit. The City is not utilizing any of these options for collecting parking violation fines.

The Police Department uses a computerized records management system (system) to manage and track parking violations. City police officers generate parking violations from handwritten ticket books. The Police Department’s administrative assistant manually enters the violation information into the system. Figure 1 summarizes the Council-adopted parking violation fine and penalty structure.

	Within 10 Business Days of Offense	After 10 Business Days but Less Than 30 Business Days of Offense	After 30 Business Days of Offense
Standard Parking Violation	\$20	\$40	\$120
Handicap Parking Violation	\$100	\$200	\$400

The City issued 7,203 parking violations during the period January 1, 2011 through April 30, 2016. According to the City’s collection records, 4,367 of these violations were paid, resulting in revenue of \$110,000, a collection rate of 61 percent and an average collection amount of approximately \$25 per violation paid. The Commissioner of Finance and Police Chief acknowledged that the 61 percent collection rate is low and the City could improve it. If the City collected 85 percent of the parking violation tickets issued, it could have collected an additional 1,757 parking violations totaling approximately \$44,000 (\$8,300 annually), based on the average collected parking violation fine.

The City has more than 2,800 unpaid parking violations totaling approximately \$340,000 dating back to January 2011. Using the \$120 late fine rate, we project that the City could collect an additional \$83,000 of cumulative unpaid parking violations by collecting 24 percent (the difference between a benchmark collection rate of 85 percent² and the actual collection rate of 61 percent) of those outstanding as of April 2016.³

² City officials agreed that 85 percent was a reasonable benchmark collection rate.

³ We used a more conservative estimate of 24 percent of the current outstanding parking violations that the City could now collect rather than 24 percent of the total violations issued.

Because the City does not participate in the DMV Scofflaw Program, we reviewed the outstanding parking violations from January 2011 and found 143 violators that had at least three parking violations within an 18-month period. These violators had 595 outstanding violations. If the City submitted information to the DMV Scofflaw Program, it could have collected up to \$72,800 in additional parking violation revenue using that program alone.

Without a system to followup on outstanding parking violations and established benchmarks for collection rates, City officials are not maximizing parking violation revenues and cannot effectively assess the sufficiency of the parking violation enforcement procedures.

Parking Violation Collections

The Council and the Commissioner of Finance are responsible for establishing a control environment that adequately safeguards cash receipts for parking violations. This is accomplished, in part, through the development of adequate procedures that provide assurance that all collections are accounted for and deposited in a timely manner (i.e., within three days of collections being received) and intact.

We judgmentally selected two months from our scope period to include two separate years and based on the parking tickets issued during the month. We tested all parking violations issued to determine if the Finance Department collected the fines or if the tickets were still outstanding as of April 30, 2016. For June 2014 and October 2015, the City Police issued 141 violations and the Finance Department collected fines for 90 tickets totaling \$2,460. Except for minor discrepancies we discussed with Finance Department officials, we found the collections were deposited intact and in a timely manner.

Recommendations

City officials should:

1. Establish a standard benchmark collection rate with which to periodically assess the Department's parking violation collection system effectiveness.
2. Examine the effectiveness of collection strategies and consider enhanced or alternative measures that may increase the collection of fines and related penalties.
3. Periodically monitor and review unpaid violations to track the effectiveness of the Department's collection system.

APPENDIX A

RESPONSE FROM CITY OFFICIALS

The City officials' response to this audit can be found on the following page.

City of Gloversville

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Gloversville, New York 12078 - 2897



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* * *

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..... 736-2100

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September 13, 2016

██████████
Office of the State Comptroller
Division of Local Government and School Accountability
One Broad Street Plaza
Glens Falls, NY 12801

Dear ██████████

In response to your "Report of Examination" covering the period from January 01, 2014 through April 30, 2016, we submit the following information:

1. We are in agreement that the methods employed by the City of Gloversville in managing the collection of parking tickets should be improved.
2. Police Chief Marc Porter has contacted two (2) nearby cities to determine their policies in the enforcement, collection, and management of parking tickets.
3. Police Chief Marc Porter has been researching to determine the necessary legislation that needs to be enacted to employ the required measures for utilization of a "parking enforcement boot", possible scoff law, and issuing of a summons.
4. Police Chief Marc Porter has made inquiries into two (2) separate service companies that provide citation management to include ticket collection. These service organizations have stated their collection rate would be between 85%-91%.
5. For the year 2017, the City is budgeting for a clerk to manage our parking tickets.
6. Although the City has not made a final decision on the path which it would follow, we will continue to evaluate procedures to improve the collection rate of parking tickets.

Sincerely,

Bruce Van Genderen
Commissioner of Finance

Marc Porter
Police Chief

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We interviewed City officials and reviewed policies, procedures and correspondence related to practices and procedures for parking violation operations.
- We performed an assessment of internal controls in place to determine their overall existence and effectiveness.
- We obtained and reviewed a report of parking violations issued and violations paid during our audit period.
- We obtained and reviewed a report of all unpaid and outstanding parking violations as of January 1, 2011.
- We reviewed the City's parking violation records for our audit period and calculated the collection rate.
- We obtained a report, calculated the number of outstanding parking violations that dated back to January 1, 2011, and calculated the potential additional revenue that could be generated from collecting the related fines and penalties.
- We sorted the outstanding parking violations by offender and violation date to determine the number of offenders and violations that qualify to be enforced under the DMV Scofflaw Program.
- We traced June 2014 and October 2015 parking violations issued to receipts and bank deposits or determined if the violations were outstanding as of April 30, 2016.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

APPENDIX C

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