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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

January 6, 2022

Preston Niblack
Commissioner
New York City Department of Finance
1 Centre Street, Room 500
New York, NY 10007

Re: Selected Aspects of Parking Violations
Operations to Collect Fines and Fees
Report 2021-F-13

Dear Commissioner Niblack:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article III, Section 33 of the General Municipal Law, we have followed up on the actions taken by officials of the New York City Department of Finance to implement the recommendations contained in our audit report, *Selected Aspects of Parking Violations Operations to Collect Fines and Fees* (Report [2017-N-8](#)).

Background, Scope, and Objective

The New York City Department of Finance (DOF) processes summonses issued to vehicles for parking, red light camera, and sanitation violations. In addition, DOF collects parking fines from diplomats under a Memorandum of Understanding (MOU) between New York City and the U.S. Department of State (DOS).

For a non-diplomatic plate, when a summons is issued, vehicle owners must respond within 30 days. They can either pay the fine or challenge the summons by requesting that the matter be heard by an Administrative Law Judge (ALJ) either in person, using an Internet application, or by mail. If found guilty by an ALJ, the vehicle owner is responsible for paying all late fees in addition to the fines. Almost 3.2 million summonses were adjudicated between July 1, 2017 and June 30, 2020, consisting of: 528,545 in-person hearings, 899,021 hearings by mail, and 1,771,868 online hearings.

For vehicle owners who neither request a hearing nor pay the fine after 90 days, DOF will seek a default judgment which remains in effect for 8 years. If an unpaid summons is not entered into judgment within 2 years and 7 days after the issue date, it is written off (eliminated from the books of account). One reason that summonses are not entered into judgment is out-of-state plates.

DOF's Collections Division is responsible for collecting all summonses that are in judgment. The Collections Division includes the Parking and Environmental Control Board Compliance Unit (Compliance Unit) and the Outside Collection Agency/External Inquiry Unit (External Inquiry Unit).

The Compliance Unit works to collect the amounts due on parking cases with the highest probability of collection, such as summonses issued to vehicles leased from a car rental company.

DOF's Computer Assisted Collection System (CACS) automatically assigns parking cases to in-house staff or to outside collection agencies (OCAs) using a dollar threshold of \$350, with the cases with the highest probability of collection going to in-house staff. Small-dollar cases are the responsibility of the External Inquiry Unit, which assigns these cases to either its primary or secondary OCA.

DOF provided us with a file of all summonses issued from December 1, 2019 to June 30, 2021. During this time period, 20,849,816 summonses were issued with a balance of \$444,471,070, as follows:

Fines and Fees Due From Respondents as of June 30, 2021

Amount Due for Plate	Number of Plates	Number of Summonses Issued to These Plates	Amount Due
No amount due	2,799,267	8,492,416	\$0
\$1-\$349	1,389,394	6,588,629	167,322,918
≥ \$350	272,298	5,768,771	277,148,152
Totals	4,460,959	20,849,816	\$444,471,070

We issued our initial audit report on December 4, 2019. The audit objective was to determine whether DOF identifies and collects fines and fees that are due for parking violations. Specifically, the audit found that parking summonses sent to collection agencies were not closely monitored to ensure the amounts had been collected; DOF expended minimal effort to collect amounts due for summonses issued to vehicles with diplomatic plates; and many summonses were dismissed as defective due to errors that occurred when the summonses were issued.

The objective of our follow-up was to assess the extent of implementation, as of December 16, 2021, of the 11 recommendations included in our initial audit report.

Summary Conclusions and Status of Audit Recommendations

DOF officials made progress in addressing the problems we identified in the initial audit report. Of the initial report's 11 audit recommendations, four were implemented, six were partially implemented, and one was not implemented.

Follow-Up Observations

Recommendation 1

Establish and document the policies and procedures addressing accounts receivable write-offs.

Status – Not Implemented

Agency Action – The New York City Comptroller issued Directive 21 regarding internal controls and accountability over revenue and receivable monitoring in November 2012. The Directive recommends city agencies adhere to a “sound write-off policy appropriate to their operations.” A sound write-off policy includes “...making reasonable efforts to

collect past due debts with well-documented procedures.” DOF provided documents that were previously reviewed, did not meet the intent of the recommendation, and did not address, among other things, processing parking violations issued to diplomats and their staff.

Recommendation 2

Ensure STARS properly accounts for all summonses that should be written off and summonses that should be in judgment.

Status – Partially Implemented

Agency Action – In January 2020, a DOF official in the Collection Division submitted a request to change the Summons Tracking Accounts Receivable System (STARS) write-off process to start aging judgment tickets when the summons enters judgment instead of the summons issuance date. The request also included identification of summonses that meet the 8-year date criteria in the coming month instead of the prior month. The change in programming was made effective June 2021. For the first 8 months of fiscal year 2020, DOF was writing off cases after 5 years when write offs were suspended due to the COVID-19 pandemic.

Recommendation 3

Establish and document policies and procedures addressing the collection of parking summonses in judgment.

Status – Implemented

Agency Action – DOF’s Collection Division implemented a standard operating procedure in July 2021. It was distributed to 17 employees via email in July 2021.

Recommendation 4

Monitor the contracts with OCAs to ensure collections are maximized.

Status – Partially Implemented

Agency Action – DOF’s Collection Division is in daily telephonic and email communication with the OCAs regarding collections efforts and trends. The OCAs report collection performance efforts daily, weekly, and monthly. DOF officials visited the OCA located in Staten Island in 2018. They advised us a visit that was planned for April 2020 was canceled due to the pandemic. The other two OCAs are located out of state. DOF has also created a monthly internal report for management of collections data, including the total collectible debt sent to the OCAs and the amount collected or recalled from the OCAs.

We sampled 50 cases in judgment to determine whether they were sent to OCAs and the outstanding debt was collected. We met with DOF and discussed 15 cases. We received documents for four cases sent to OCAs. Four cases were not sent to an OCA.

Recommendation 5

Retain backup documentation in accordance with provisions of the VTL.

Status – Partially Implemented

Agency Action – A DOF official stated that memos were sent to ALJs reminding them to maintain documentation and follow the filing system. However, evidence that such memos or other documentation that reminders were sent was not provided to the auditors. A sample of 50 adjudicated cases were randomly selected for review to determine if the documentation was kept in accordance with the Vehicle Traffic Law (VTL). Three of the 50 cases were not in compliance with the VTL.

Recommendation 6

Communicate with issuing agencies the number of errors on summonses and suggest they take corrective action, such as additional training for their employees on writing summonses.

Status – Implemented

Agency Action – DOF sends monthly reports to summons-issuing agencies regarding errors identified in the summonses. DOF suggests training to issuing agencies with a high number of errors. The New York City Sheriff's Office offers summons training, which includes how to complete a summons, what information must be on the summons, and where to find that information on a vehicle's registration sticker. DOF advised they have evidence that summons error reports were sent to Department of Sanitation, and DOF worked with the Department of Sanitation to update its ticketing technology, which is expected to reduce the number of summonses with errors.

Recommendation 7

Ensure all fines, interest, and penalties are collected from respondents found guilty.

Status – Partially Implemented

Agency Action – We reviewed 50 cases to determine the actions taken to collect (including being sent to OCAs) and whether the outstanding debt was collected. We received documentation to support the collection efforts for four cases. The documents for three cases were letters OCAs sent to the respondents notifying them their case was assigned to a collection agency. One case was sent to DOF's Legal for further action. Four cases were not sent to the OCAs.

Recommendation 8

Retain documentation in support of efforts made to recoup outstanding diplomatic debt.

Status – Implemented

Agency Action – Since December 2019, DOF communicated with three diplomat entities regarding payment of outstanding debt. DOF reached an agreement with two missions. One was a settlement for 67% of the debt, while another mission agreed to a payment plan in May 2021 and paid the down payment. The third mission has not made any payments. DOF Collections, Parking Violations, and Legal met with representatives from the missions.

Recommendation 9

Enlist the cooperation of DOS' Office of Foreign Missions and the New York City Mayor's Office for International Affairs for their assistance in addressing outstanding issues related to the MOU, including collection of money due for summonses issued to vehicles with diplomatic plates prior to November 1, 2002.

Status – Partially Implemented

Agency Action – DOF automatically sends monthly outstanding debt reports to DOS' Office of Foreign Missions and the New York City Mayor's Office for International Affairs. DOF officials reiterated that it has no enforcement authority to collect the debt, and pre-2002 debt is virtually uncollectible. Only DOS can take actions, such as revoking diplomat plates, to encourage the entities to pay the outstanding parking debt.

Recommendation 10

Correct STARS to reflect only the base fines owed for summonses issued (excluding staff plates) starting November 1, 2002 to vehicles with diplomatic plates, as specified in the MOU.

Status – Implemented

Agency Action – DOF implemented a programming change in January 2019 to remove excess fees from diplomatic plates but not staff plates. We confirmed the programming code change in the system. Of the 3,299 summonses issued to diplomatic plates from December 2019 through June 2021, we found the diplomatic plates for consulates and missions had only base fine amounts (fine amount stated on Notice of Parking Violation).

Recommendation 11

Ensure that all vendors providing data processing services obtain service organization reports and provide these reports to DOF.

Status – Partially Implemented

Agency Action – DOF's response to the audit stated that requests for SSAE and SOC1 certificates became a formal vendor management policy for DOF's Office of Procurements in October 2019, and vendors have been providing DOF with certificates. However, DOF provided a SOC1 report for only one of the five vendors providing data processing services.

Major contributors to this report were Abe Fish, Christine Chu, Marsha Millington, and Alassane Kinda.

We would appreciate your response to this report within 30 days, indicating any actions planned to address the unresolved issues discussed in this report. We also thank the management and staff of DOF for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

Carmen Maldonado
Audit Director

cc: S. Mayer, Senior Director, Internal Audit, DOF
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