

**CITY OF SYRACUSE
REPORT OF THE
ELECTED CITY AUDITOR**

**CASH AUDIT OF THE
DEPARTMENT OF FINANCE
PARKING VIOLATIONS BUREAU**

**PHILIP J LATESSA
SYRACUSE CITY AUDITOR**

**Report of the Elected City Auditor
Philip J LaTessa**

Matthew J. Driscoll, Mayor
City of Syracuse, New York

Members of the Common Council
City of Syracuse, New York

Brian L. Roulin, Commissioner, Department of Finance
City of Syracuse, New York

This report presents the results of our cash audit of the Department of Finance-Parking Violations Bureau as of April 26, 2004.

We conducted our examination in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States and *Standards for the Professional Practice of Internal Auditing*, as promulgated by the Institute of Internal Auditors. Those standards require that we plan and perform the audit to afford a reasonable basis for our judgments and conclusions regarding the organization, program, activity or function under examination. An audit also includes assessments of applicable internal control and compliance with requirements of law and regulations when necessary to satisfy audit objectives. The management of the City of Syracuse, New York, is responsible for establishing, maintain and complying with the internal control structure and for compliance with applicable laws, regulations and contracts.

This report is intended solely for the information of the Mayor, the Common Council and the Department of Finance of the City of Syracuse, New York. However, this report is a matter of public record and its distribution is not limited.

We would like to thank all the Department of Finance and Parking Violation Bureau personnel who assisted and cooperated with us during our examination. If you have any questions, please contact the Department of Audit

Philip J. LaTessa
City Auditor

April 29, 2004

**City of Syracuse
Department of Audit
April 29, 2004**

Cash Audit of the Department of Finance – Parking Violations Bureau (PVB)

OBJECTIVES:

1. Determine if Cash is adequately safeguarded and accounted for
2. Confirm that the prior day's receipts are properly and timely deposited
3. Gain a general understanding of the operation to support future risk analysis

SCOPE

Our examination entailed a physical count on April 15, 2004, of the balances as of April 14, 2004, of the cash in the safe and the cash and checks in the cashiers' drawers. We then compared those balances to daily cash reconciliations prepared by the PVB as to the daily bank deposits. In addition, checks were examined with regard to date, payee and endorsement. We also interviewed PVB personnel responsible for daily cash drawer and management with regard to daily cash handling procedures. We gathered written procedures and documented others disclosed during our interviews. Our examination included testing of cash on hand only and did not encompass cash in banks. In addition, our examination did not entail the examination of cash in any other department of the City of Syracuse other than the PVB.

Our scope was expanded to include the Parking Ticket Tribunal which is an integral part of the parking ticket collection process.

FINDINGS

Finding 1: Accounting controls for daily processing of cash receipts are lacking.

We noted that the cash on hand in the registers reconciled to the established procedures and that receipts from the prior day were safeguarded before deposit. However, we found that the daily report used to reconcile the receipts was not complete. The form used to record daily receipts should be clear and easily understood by an independent observer. It should also be reviewed by the supervisor of the collection bureau as evidenced by a signature.

Recommendation 1: The daily cash control sheet should be revised to simplify the presentation of the receipt data and to include a certification by a management person.

Finding 2: The operation of the Parking Ticket Tribunal is not in compliance with the legislation establishing the tribunal.

The legislation establishing the Parking Ticket Tribunal specifically makes the Commissioner of Finance responsible for the establishment and operation of the Tribunal. We noted that the Tribunal is being managed by the Director of Budget, not by the Finance Commissioner. While the Parking Violations Bureau is listed nominally under the Finance Department and summary monthly reports are submitted, the Finance Commissioner was not involved directly in several key aspects of the tribunal including:

- the appointment of the Director or the Hearing Officers
- the selection of the software vendor and the establishment of a conversion process
- the creation of adequate accounting controls.

As a result, we found that there are no effective accounting controls over the financial operations. The General Ledger entries are not made on a timely basis. Month-end cash reconciliations are not confirmed independently. The total amount of the parking ticket revenue outstanding is not being monitored. There is no assurance that all of the tickets that are being written are being recorded.

Recommendation 2: The responsibility for managing the Tribunal should be transferred immediately to the Commissioner of Finance. The accounting controls that are necessary to safeguard the revenues generated by the issuance of parking tickets should be established as soon as possible.

Finding 3: The conversion process to a new parking ticket system is stalled.

The conversion to the new parking ticket collection system was originally scheduled for June 30, 2003, one month after the tribunal began formal operations. A primary goal of the conversion was to establish a link with the New York State Department of Motor Vehicles Bureau (DMV) so that automobile registrations could be suspended when parking tickets are unpaid. Another goal was to convert all of the unpaid tickets from the existing system to the new system. It should be noted that the Bureau of Information Systems was not part of the conversion planning and implementation.

We found that the Bureau of Parking Ticket Collections has been operating both systems since June 2003. Due to the incompatibility of the systems, until March, 2004 collection notices were not sent out on a regular basis, the clerical work of the bureau has been doubled, and the link with the DMV has not been effective. The duplication has also led

to an interruption in the referrals that had been made in the past to the City's contracted collection agency. We found that these difficulties have led to a substantial reduction in the revenues from the parking ticket operation. In fact, the budget for fiscal year ending June 30, 2004 projects revenue of \$2.5 million. Revenue to March 31 was at \$950,000, leading to a projected shortfall of over \$1 million.

Recommendation 3: The conversion process should be reviewed by management

The Finance Commissioner, in addition to establishing appropriate financial controls for day-to-day operations, should reconsider the conversion process. The Bureau of Information Systems should be included in the review process. Specifically, consideration should be given to establishing a firm cutover date to the new system. If this is not feasible, consideration should be given to investing additional resources in the existing system to access DMV records.