

**Nassau County
Office of the Comptroller**



**Limited Review of
Public Security's Oversight
of Parking Meter Maintenance,
Revenue Collections and Violations Ticketing**

George Maragos
Comptroller

November 12, 2012

NASSAU COUNTY
OFFICE OF THE COMPTROLLER

George Maragos
Comptroller

Francis X. Moroney
Chief Deputy Comptroller

Joy M. Watson
*Deputy Comptroller for Audit and
Special Projects*

Christopher Leimone
Counsel to the Comptroller

Jostyn Hernandez
Director of Communications

Sergio Blanco
Counsel to the Comptroller

Audit Staff

JoAnn Greene
Director of Field Audit

Vincent Abbatiello
Assistant Director of Field Audit

Ellen Misita
Field Audit Supervisor

Executive Summary

Introduction

Nassau County owns, operates and is responsible for maintaining approximately 163 parking meters located on County Seat Drive and the adjacent court complex.

Purpose

Our office commenced this review to address lost revenue concerns from both meter collections and the enforcement of parking regulations in the Mineola complex. We estimate that parking meter revenue could approach \$200,000¹ annually, yet it has dropped to \$28,000.

Summary of Key Findings

During the course of our review we determined that:

- Nassau County is not optimizing potential revenue that could amount to over \$350,000 per year (meter collections \$200,000 and parking violations \$150,000);
- Parking meters were not being emptied on a regular schedule. This resulted in an increase in broken meters due to coins being jammed into the full meters;
- Meter maintenance has not been performed since 2009 when the Police Department's Public Security Unit took over the operation from the Department of Public Works ("DPW");
- There is a reduced staff in Public Security assigned to ticketing; and
- There is no segregation of duties over cash collections, which are not safeguarded, nor deposits made timely. Although meters should be emptied each week, we found a five month period with no bank deposits.

Summary of Key Recommendations:

The Police Department/Public Security should:

- Issue a directive that parking be enforced by both Public Security and the Third precinct;
- Ensure that all cash is adequately secured, counted and deposited with the bank by someone other than the person emptying the meters;
- Ensure that the collection, counting, safeguarding and deposit of cash receipts is performed in accordance with both the Comptroller's Cash Receipts Directive and Comptroller's Directive on Internal Controls; and
- Ensure that the new muni-meters are adequately monitored and that any operational issues are addressed immediately.

¹ Revenue estimated as follows: \$.25 per half hour times a 10 hour day (7AM to 5PM) is \$5 per meter times 163 meters times 247 business days (excludes holidays).

Executive Summary

Conclusion

Until 2009, DPW maintained the parking meters, while the Police Department recognized the revenue derived from the meters. The Police assumed all aspects of this function in 2009. Since this transfer, maintenance, collection and enforcement have been sporadic resulting in significant lost revenue.

As the mission of the Police Department is Public Safety and Law Enforcement, the Administration should consider transferring meter maintenance (and the associated revenue) back to DPW's Traffic Safety Division. The maintenance of the Muni-Meters and collection would be under DPW's Traffic Division and the enforcement of the parking regulations would remain under the Police Department/Public Safety. In these economic times, the County should be maximizing all sources of revenue.

Table of Contents

	<u>Page</u>
INTRODUCTION.....	1
Background.....	1
Scope and Methodology	1
FINDINGS AND RECOMMENDATIONS	2
The Elimination of Parking Meter Maintenance Has Resulted in Lost Revenue for the County.....	2
Replacement Parking Meter Heads Were Non-Operational After Three Months due to Lack of Maintenance.....	3
Parking Regulations have not been Enforced Due to Non-Operational Meters Resulting in Additional Lost Ticket Revenue	4
Poor Enforcement of the Pilot Project Muni-Meters Resulted in Lost Ticket Revenue.....	5
There are Inadequate Internal Controls over Cash Collections and Deposits are not made in a Timely Manner.....	5
Cash Receipts Are Not Properly Safeguarded.....	6
The County Delayed Issuing a Purchase Order for the Muni-Meter System	7
Appendix – NCPD Response and Auditor’s Follow-up.....	8

Introduction

Background

Nassau County owns, operates and maintains approximately 163 parking meters located on County Seat Drive and the adjacent court complex.² Until 2008, maintenance of the meters was included in the DPW operating budget³, while revenues were recorded by Public Security. For fiscal year 2009, operational control of the parking meters was turned over to Public Security.

During fiscal years 2009, 2010, and 2011, many of the meters were inoperable, either covered with red bags by Public Security or informally with plastic bags by unauthorized individuals.

To address this issue, in May 2011, 143 meter heads were replaced with heads that had been in a DPW storage facility. The other 20 were removed for a sixty day pilot program and were replaced with two centralized Muni-Meter kiosks on the east side of County Seat Drive. These kiosks were installed by two different vendors who submitted bids to the County on March 24, 2011. The County was to select a vendor after the 60-day pilot program.

Scope and Methodology

The scope of our review was to analyze the decrease in revenue and determine the cause of the lack of meter maintenance. Our methodology consisted of interviewing supervisory personnel in Public Security and DPW. We also reviewed the internal controls in place over the collection and deposit of meter receipts, and the Muni-Meter pilot program.

On August 1, 2012, we submitted a draft report to the Police Department for its comments. The Police Department's written response was received on October 4, 2012 and is included as an Appendix to this report. Our response to those comments is also included.

² Charges for the meters are \$.25 per half hour and are in effect 10 hours a day (7 AM to 5 PM).

³ DPW informed us that basic maintenance was approximately \$18,000 per year. We were informed that when maintenance was transferred to Public Security, funds were not budgeted for maintenance.

Findings and Recommendations

Review Finding (1)

The Elimination of Parking Meter Maintenance Has Resulted in Lost Revenue for the County

For fiscal year 2009, operational control of the parking meters was turned over to Public Security. The maintenance contract held by DPW costing approximately \$18,000 annually (\$9 per month per meter plus parts) was eliminated. Without a maintenance meter contract, meters fell into disrepair. When a meter was determined to be non-operational, Public Security placed a red bag over the meter and unauthorized individuals also began placing plastic bags over meters. Once covered, this allows for free all day parking and also lessens the turnover and availability of metered spots for County taxpayers who have business in the area.

The decision to eliminate funds for the meter maintenance was costly. The average lost revenue in 2009 and 2010 was twice the annual maintenance amount. We estimate lost revenue for 2009-2010 to have been over \$75,468.

The reason revenue increased in 2011 was due to the implementation of the Muni-Meter pilot project, as many of the replacement meters were again non-operational shortly after installation. (See Review Finding 2)

Schedule of Parking Meter Revenue 2003-2011			
Year	Budget	Actual	Over (Under) Budget
2003	\$ 59,236	\$ 59,236	\$ -
2004	\$ 80,000	\$ 57,357	\$ (22,643)
2005	\$ 60,000	\$ 55,658	\$ (4,342)
2006	\$ 60,000	\$ 55,960	\$ (4,040)
2007	\$ 60,000	\$ 42,677	\$ (17,323)
2008	\$ 60,000	\$ 35,480	\$ (24,520)
2009	\$ 60,000	\$ 13,651	\$ (46,349)
2010	\$ 60,000	\$ 13,003	\$ (46,997)
2011	\$ 60,000	\$ 27,958	\$ (32,042)

The table illustrates that meter revenue declined considerably in the last two years of DPW's oversight from \$55,960 in 2006 to \$35,480 in 2008. For the years 2009 and 2010, revenue declined even further under Public Security. Over the past five years, from 2007 through 2011, the County has lost approximately \$167,000 in budgeted revenue. This was attributable, in part, to a lack of manpower for Public Security to empty the meters on a regular basis, which resulted

Findings and Recommendations

in an increase in broken meters due to coins jammed into the full meters. In addition, there was no contract to repair the normal wear and tear on the meters.

Review Recommendation:

The Administration should install new Muni-Meter technology used in New York City and other municipalities. (The new Muni-Meters were installed in September 2012 at a cost of over \$100,000.)

Review Finding (2)

Replacement Parking Meter Heads Were Non-Operational After Three Months due to Lack of Maintenance

In May 2011, new meter heads were installed in the Mineola complex, which were obtained from the DPW inventory. At the same time, 20 meter heads were removed for a pilot project for a centralized or Muni-Meter system, which accepts credit and debit cards in addition to coins. On August 19, 2011, we observed that meters once again were covered with plastic bags. We contacted Public Security and were informed that when the meters were emptied on August 12, plastic bags had been removed from the meters. We then performed a survey of the meters on the west side of County Seat Drive to ascertain how many appeared to be non-operational, a total of 42 meters were examined:

Twenty-six meters or 62% were non-operational as follows:

- six meters had the yellow violation tab showing in the window of the meter which can indicate a malfunction;⁴
- fourteen meters had non-official paper and plastic bags covering the meters;
- six meters had an official red bag, which Public Security places on meters that they have confirmed to be non-operational.

When we first spoke with Public Security in May 2011, we were informed that the most significant issue with the meters is broken springs and that they only had a key to empty the coin box, not to access the spring mechanism to attempt a repair (which had formerly been done by Public Works or a contract vendor).

As of June 2012, the majority of the meters in the Mineola complex were once again covered with either red bags or unauthorized plastic bags placed by individuals, resulting in continued lost revenue to the County.

⁴ We were informed by Public Security that the yellow violation tab can appear in the meter window either when the meter will not accept any more money, or when the meter accepts money yet does not properly show the time paid for.

Findings and Recommendations

Review Recommendation:

The Police Department/Public Security should monitor the new Muni-Meters daily and report any maintenance issues to the Vendor in a timely manner.

Review Finding (3)

Parking Regulations have not been Enforced Due to Non-Operational Meters Resulting in Additional Lost Ticket Revenue

In addition to the lost revenue from the parking fees, the County has also lost the opportunity to receive revenue from parking tickets for expired meters. Based on a report from the Traffic and Parking Violations Agency (“TPVA”), no ticket revenue was received from January through mid-May 2011 for meters in the vicinity of the Mineola Complex. Ticket writing recommenced in May 2011 and the Parking Enforcement Aide from the Third Precinct issued \$30,381 in tickets as of the first week of November 2011.⁵ Extrapolating the dollar value of the tickets issued on a monthly basis, the revenue was approximately \$6,076 per month and would have approached \$72,912 for 2011, if tickets had been issued since January.

Although the County Legislature authorized Public Security to issue tickets, we were told that Public Security has been relying on the Third Precinct for enforcement. We were informed that some Public Security officers do not ticket cars that they know belong to County employees, and that one officer signed off as sick after receiving orders to enforce the parking regulations. If Public Security were to issue a minimum of five tickets per day, and supplement the enforcement efforts of the Third Precinct, the County could conservatively receive an additional \$74,100 in additional annual revenue, exclusive of administrative fees and surcharges. Therefore, the potential revenue from parking meter tickets could approach \$147,000 annually, when combined with the revenue from the Third Precinct’s enforcement efforts.

In addition, Public Security is not using hand-held ticket writers and is relying on a manual ticket writing system. The Parking Enforcement Aide from the Third Precinct uses a hand-held ticket device, which reduces the risk of human error.

Review Recommendations:

The Police Department should work to maximize revenue for the County by:

- a) issuing a directive that parking regulations in the Mineola complex are to be enforced by both Public Security and the Third Precinct and that failure to comply with the directive could result in disciplinary action; and
- b) equipping Public Security patrols with hand-held ticket writers, which would eliminate unnecessary paperwork and reduce the risk of human error.

⁵ The run of tickets issued only included those issued by the Parking Enforcement Aide at the Third Precinct. Public Security does not maintain a log of tickets issued by their officers.

Findings and Recommendations

Review Finding (4)

Poor Enforcement of the Pilot Project Muni-Meters Resulted in Lost Ticket Revenue

As part of our review on August 19, 2011, we surveyed the 20 spots that were part of the Muni-Meter pilot project, which commenced in the summer of 2011, to determine if the vehicles using those spots were properly displaying a valid parking slip.

We found that 12 of 20 vehicles had a valid slip properly displayed on the dashboard. For the eight remaining, we found the following:

- one vehicle had a Long Island Railroad receipt displayed;
- one vehicle had a “firefighter” placard and displayed no parking slip;
- one vehicle had been ticketed earlier in the day for an expired meter;
- three vehicles had parking slips for the proper day, but time had expired;
- two vehicles had a parking slip displayed but with a prior date on the slip.

Therefore, there were at least seven vehicles that had invalid slips.

Review Recommendation:

Public Security should properly train parking enforcement personnel. It is essential that enforcement efforts check not only for time, but for proper date, and that the slip is valid.

Review Finding (5)

There are Inadequate Internal Controls over Cash Collections and Deposits are not made in a Timely Manner

Public Security is responsible for the collection, counting and depositing of the coins collected in the parking meters in the Mineola complex. The meters are not emptied often enough and there is no segregation of duties with supervisory oversight. Each meter holds \$25 to \$30, depending on the mix of coins in the coin box. This would suggest that meters should be emptied at least once a week to prevent them from becoming jammed with coins.⁶ Based on our review of the Nassau Integrated Financial System (“NIFS”), from 2008 forward we determined that deposits were done sporadically with sometimes as much as five month lapsing without any deposits.

Public Security is not in compliance with the Comptroller’s Control Directive on Cash Receipts that states deposits should be made timely.⁷ We confirmed with the Captain in charge of the meter revenue collection, as well as the supervising Police Sergeant, that there are no written procedures in place for the safeguarding of meter receipts.

⁶ Estimated revenue is \$5.00 per meter per day. Therefore, meters could be full at the end of a five day period.

⁷ The Comptroller’s Cash Receipts Directive states: “Control procedures, including tracking, recording and accountability measures, must be implemented to ensure that funds are properly managed and cash is deposited in a timely manner”.

Findings and Recommendations

Meters are emptied into large metal containers and brought to a Public Security facility for counting and preparation for deposit. Only the Public Security Captain performs this function. There is no segregation of duties as only one employee is controlling all phases of emptying, transporting the monies, counting, preparing the deposit and going to the bank. The Comptroller's Directive on Internal Controls emphasizes the need for an adequate segregation of duties, stating that "Departments must assign staff duties so that the possibility of fraud, inefficiency and human error is minimized, and to avoid overlap and conflict of interest".

Review Recommendations:

The Police Department should promulgate procedures to:

- a) ensure that the collection, counting, safeguarding and deposit of cash receipts is done in accordance with both the Comptroller's Cash Receipts Directive and the Comptroller's Directive on Internal Controls; and
- b) institute a process whereby the collection and counting of the receipts is done by at least two individuals.

Review Finding (6)

Cash Receipts Are Not Properly Safeguarded

A fundamental element of an adequate control environment is that cash should be safeguarded in a restricted area, accessible only to authorized personnel.

To ascertain proper safeguarding of cash, we asked to see the area where the cash receipts were stored and counted for the bank deposit. We were directed to a Public Security facility that is used for general storage. There was a change counting machine next to uniform jackets and other supplies. The tray of the machine had uncounted change, as well as several dollar bills that the Captain indicated were obtained when he made change. There were coins on the floor. The Captain explained that the coin counter has only been programmed to accept quarters, dimes and nickels, therefore, the pennies fall to the floor.

After coins are counted and sorted into canvas bags, they are left unsecured on either the floor or in a shopping cart in an open area of the storage facility. In addition to the canvas bags of money, there were coin containers for both Muni-Meter vendors that contained uncounted coins.

Bank deposits are handled by the Captain and another officer and they bring the deposit ticket to the personnel in the Accounting Section of the Police Department where the revenue receipt documents are posted into NIFS. The Captain stated that the gaps in collections and deposits were due to the previous police supervisor assigning him to patrol duty; at that time there had been approximately \$5,000 in unrecorded receipts stored in Public Security for several months.

Findings and Recommendations

Review Recommendations:

The Police Department should ensure that all cash is adequately secured and that all currency is counted and deposited in the bank by someone other than the person emptying the meters. They should consider the use of a Police Service Aide or an Accounting Civilian.

Review Finding (7)

The County Delayed Issuing a Purchase Order for the Muni-Meter System

In March 2011, the Office of Purchasing opened bids for a Muni-Meter parking system to replace the traditional coin-only meters. The County had a pilot project with the two lowest bidders. The original time frame for the pilot project was sixty days. The Muni-Meters were installed in July 2011 and were allowed to remain operational through February 2012, five months longer than previously anticipated.

In December 2011, Purchasing made a recommendation to the Police Department for one of the two vendors. However, purchase orders were not issued until April 2012 with a delivery date of August 1, 2012. By failing to act timely, the County lost thousands of dollars per month in meter revenue as well as the associated lost revenue from tickets.

Review Recommendation:

The Police Department should work with the Department of Purchasing to ensure that the Muni-Meters are delivered and installed. (As noted earlier, the Muni-Meters were installed in September 2012.)

Review Finding (1)

The Elimination of Parking Meter Maintenance Has Resulted in Lost Revenue for the County

Review Recommendation:

The Administration should install new Muni-Meter technology used in New York City and other municipalities.

NCPD Response:

We are unsure why this recommendation was made. As clearly stated in the auditor’s finding, we initiated a Muni-Meter pilot program in 2011 to address mechanical problems and declining revenues. Also, as described in the finding, our revenue collections more than doubled after the pilot program was implemented. Additionally, prior to the release of the audit, a purchase order was approved to obtain 13 additional Muni-Meters to replace the older, unreliable mechanical meters

Auditor’s Follow-up Response:

We are aware 2011 collections more than doubled after Public Security became aware of the Comptroller’s Office review. In the first five months of 2011, no revenue was recorded in NIFS. Some of the increased revenue resulted from installation of the new meter heads and a regular collection process. As of the date of the department’s response, new signage, notifying the public to pay at the Muni-Meters, has not been installed. Therefore, enforcement is not taking place.

Review Finding (2)

Replacement Parking Meter Heads Were Non-Operational After Three Months due to Lack of Maintenance

Review Recommendation:

The Police Department/Public Security should monitor the new Muni-Meters daily and report any maintenance issues to the Vendor in a timely manner.

NCPD Response:

Our current Muni-Meter program, initially implemented as a pilot program in 2011, renders this finding irrelevant as the mechanical meters are no longer in use. We concur that the new Muni-Meters should be monitored frequently to address any mechanical problems.

Auditor’s Follow-up Response:

It is essential that the new Muni-Meters be monitored on a daily basis to ensure that coin boxes are emptied as needed and any maintenance issues, such as paper for the receipt printer, be addressed promptly. During the pilot program, we were informed on numerous occasions that the kiosks, including the one for the selected vendor, were not operating properly.

Review Finding (3)

Parking Regulations have not been Enforced Due to Non-Operational Meters Resulting in Additional Lost Ticket Revenue

Review Recommendations:

The Police Department should work to maximize revenue for the County by:

- a) issuing a directive that parking regulations in the Mineola complex are to be enforced by both Public Security and the Third Precinct and that failure to comply with the directive could result in disciplinary action; and
- b) equipping Public Security patrols with hand-held ticket writers, which would eliminate unnecessary paperwork and reduce the risk of human error.

NCPD Response:

As mentioned by the auditors in their finding, Public Security has already addressed this problem, which the auditors also noted was ill-received by one officer. Supervisors in the command routinely take disciplinary action on command personnel per official Police Department procedures and will continue to do so.

Hand-held ticket writers are already in use by personnel dedicated to writing tickets on a full time basis however purchase and maintenance of additional writers to be used for this purpose would not be cost effective. The audit suggests a minimum of five tickets a day but even at double or triple that amount a purchase of additional writers cannot be justified.

Auditor’s Follow-up Response:

- a) *The success of the Muni-Meter program and the return on the County’s investment in this technology is dependent not only upon regular collections but also upon enforcement of the parking regulations. We concur with the Department’s response that disciplinary action will be taken on personnel who refuse to comply with directives to enforce the parking regulations.*
- b) *It is our understanding that the Department owns 18 hand-held electronic ticket writing devices and that not all of them are in use. Public Safety should be issued one of the unused hand-held ticket writing devices which will result in more effective enforcement and additional revenue for the County.*

Review Finding (4)

Poor Enforcement of the Pilot Project Muni-Meters Resulted in Lost Ticket Revenue

Review Recommendation:

Public Security should properly train parking enforcement personnel. It is essential that enforcement efforts check not only for time, but for proper date, and that the slip is valid.

NCPD Response:

Testing occurred only once, on one day and on a limited number of meters. Additionally, there is no indication that auditors continued to observe the meters to verify the vehicles were not ticketed or verified that officers were not engaged in enforcement activities, including ticket writing, elsewhere in the County. As such, we believe this finding is not valid.

Auditor’s Follow-up Response:

Our test was limited to the 20 parking spaces that were part of the initial Pilot program. By August 2011, many of the meter heads replaced in May 2011 were non-operational (See Review Finding (2)) and therefore could not be ticketed. We also were informed by Public Security that the main enforcement effort is done by the Parking Enforcement Aide assigned to the Third Precinct and acknowledge that this employee has other enforcement responsibilities outside of the Mineola complex. We reiterate our recommendation that Public Security should properly train their personnel to supplement the efforts of the Parking Enforcement Aide.

Review Finding (5)

There are Inadequate Internal Controls over Cash Collections and Deposits are not made in a Timely Manner

Review Recommendations:

The Police Department should promulgate procedures to:

- a) ensure that the collection, counting, safeguarding and deposit of cash receipts is done in accordance with both the Comptroller’s Cash Receipts Directive and the Comptroller’s Directive on Internal Controls; and
- b) institute a process whereby the collection and counting of the receipts is done by at least two individuals.

NCPD Response:

This finding details cash collections procedures for mechanical meters that are no longer being used. The new Muni-Meters utilize lock-boxes with printed reports detailing collections in each

Appendix – NCPD Response and Auditor’s Follow-up

machine, preventing loss upon meter collections. Two employees open and count proceeds in the lock box and verify and reconcile to the printed reports. Public Security is currently training additional individuals in lock-box processing which will improve timely deposits of collections.

Auditor’s Follow-up Response:

We concur with the corrective action taken by the Department to address the weakness in internal controls we observed. We reiterate that the new procedure should comply with the Comptroller’s Cash Receipts Directive as well as the Comptroller’s Directive on Internal Controls.

Review Finding (6)

Cash Receipts Are Not Properly Safeguarded

Review Recommendations:

The Police Department should ensure that all cash is adequately secured and that all currency is counted and deposited in the bank by someone other than the person emptying the meters. They should consider the use of a Police Service Aide or an Accounting Civilian.

NCPD Response:

Each Muni-Meter lock-box will now be counted separately and reconciled to the printed report from the machine requiring that all coins are accounted for. Additional staff is currently being trained to enhance segregation of duties over cash collections and will be instructed to secure any currency prior to bank deposit.

Auditor’s Follow-up Response:

We concur with the corrective action being taken by the Department.

Review Finding (7)

The County Delayed Issuing a Purchase Order for the Muni-Meter System

Review Recommendation:

The Police Department should work with the Department of Purchasing to ensure that the Muni-Meters are delivered and installed.

Appendix – NCPD Response and Auditor’s Follow-up

NCPD Response:

The purchased Muni-Meters are currently being installed. We could not begin the purchasing process in December due to annual countywide fiscal year processing limitations and rules set forth by the County Office of Purchasing.

Auditor’s Follow-up Response:

As noted in our finding, the pilot project for the Muni-Meters began in July 2011, and was to proceed for 60 days. The Muni-Meter kiosks were allowed to remain operational through February 2012. Although the Purchase Order was issued in April 2012, the new kiosks were not installed until late September 2012. As noted previously, significant revenue was again lost due to the lack of operational meters and the related enforcement. As of October 2012, the new meter kiosks are still not fully operational and due to the lack of signage directing motorists to use the kiosks for payment, not all individuals are paying to park and enforcement is not being performed.