

UCLA AUDIT & ADVISORY SERVICES



Edwin D. Pierce, CPA, CFE
Director

CONFIDENTIAL

10920 Wilshire Boulevard, Suite 700
Los Angeles, California 90024-1366
310 • 794-6110
Fax: 310 • 794-8536

September 21, 2012

SENIOR VICE PRESIDENT & CHIEF COMPLIANCE AND AUDIT OFFICER SHERYL VACCA
EXECUTIVE VICE CHANCELLOR & PROVOST SCOTT WAUGH:

Re: Events & Transportation - Parking Citation Contract Review Audit #12-2214

Enclosed is the audit report covering our review of the Parking Citation Contract. The primary purpose of the review was to determine whether Turbo Data Systems (TDS) is in compliance with the parking citation contract and that all UCLA parking citations are appropriately processed and revenue is properly collected, recorded and deposited to the UC Regents account. Where applicable, compliance with University policies and procedures were also assessed. Our objective is to assist management in achieving its business objectives under the parking citation program. The scope of the audit focused on the following:

- Issuance and recording citations
- Payment receiving and processing
- Appeals and adjudication processing
- TDS service agreement compliance
- Systems access controls

Based on the results of the work performed within the scope of the audit, the functions performed by TDS are generally compliant with the parking citation contract and conducive to accomplishing the business objectives for the citation program. Our review identified a few areas where internal controls could be further strengthened to help ensure compliance with the parking citation contract and University policies and procedures. The following was noted:

Issuance and Recording Citations

- Current business practices do not include a reconciliation to ensure handheld citations are accurately transferred and received by TDS.

Payment Receiving and Processing

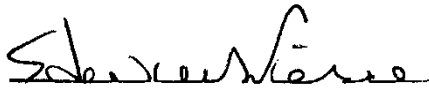
- Credit card payments made on-line through www.pticket.com are not reconciled against the campus general ledger to ensure all payments were properly recorded.

Appeals and Adjudication Processing

- Outstanding appeals are not always regularly monitored and documented.
- There are no written department procedures for the appeals process.

The corrective actions implemented or planned by management satisfactorily address the audit concerns and recommendations contained in the report. In accordance with our follow-up policy, a review to assess the implementation of our recommendations will be conducted approximately three months from the date of this letter.

Please feel free to contact us if we can be of further assistance.



Edwin D. Pierce, CPA, CFE
Director

Enclosure

cc: J. Powazek

CONFIDENTIAL

EVENTS & TRANSPORTATION
PARKING CITATION CONTRACT REVIEW
AUDIT REPORT #12-2214

EVENTS & TRANSPORTATION
FACULTY/STAFF CARPOOL PROGRAM
AUDIT REPORT #12-2214

Background

In accordance with campus administration's audit plan, Audit & Advisory Services (A&AS) has completed a review of the parking citation processing and administrative services performed by Turbo Data Systems, Inc. (TDS) under a service agreement established with UCLA Events & Transportation. The administrative adjudication process performed by Events & Transportation was also included in the review. UCLA originally entered into a contract with TDS in December 2001 to collect parking citation payments on behalf of the University. When the contract expired in December 2004, the University went out to bid and ultimately reissued the contract to TDS. The current contract will expire in December 2012.

Enforcement Officers issue parking citations utilizing a handheld unit. The citations are electronically transferred into the TDS parking citation database, which tracks the citations from issuance through payment. Payments can be made in person at the UCLA Transportation Office, mailed to a post office box established by TDS, or online via www.pticket.com. During 2011-12, annual parking fines and forfeitures totaled approximately \$2.26 million.

Events & Transportation administers and processes appeals at three different levels (administrative review, administrative hearing, and civil review) for those who believe the citation ticket was issued in error. The review process is separate and independent from Parking Enforcement. For fiscal year 2010-11, 12,146 appeals were submitted and of those, 3,171 were dismissed and 8,975 were upheld.

The Director for Parking & Finance, who reports to the Executive Director of Events & Transportation, is responsible for administering the contract with TDS, as well as overseeing Transportation's related administrative functions.

Purpose and Scope

The primary purpose of the review was to determine whether TDS is in compliance with the parking citation contract and that all UCLA parking citations are appropriately processed and revenue is properly collected, recorded and deposited to the UC Regents account. Where applicable, compliance with University policies and procedures were also assessed. Our objective is to assist management in achieving its business objectives under the parking citation program. The scope of the audit focused on the following:

- Issuance and recording citations
- Payment receiving and processing
- Appeals and adjudication processing
- TDS service agreement compliance
- Systems access controls

The review was performed in accordance with generally accepted auditing standards and included tests of records, interviews, and other auditing procedures considered necessary to complete the audit.

Summary Opinion

Based on the results of the work performed within the scope of the audit, the functions performed by TDS are generally compliant with the parking citation contract and conducive to accomplishing the business objectives for the citation program. Our review identified a few areas where internal controls could be further strengthened to help ensure compliance with the parking citation contract and University policies and procedures. The following was noted:

Issuance and Recording Citations

- Current business practices do not include a reconciliation to ensure handheld citations are accurately transferred and received by TDS.

Payment Receiving and Processing

- Credit card payments made on-line through www.pticket.com are not reconciled against the campus general ledger to ensure all payments were properly recorded.

Appeals and Adjudication Processing

- Outstanding appeals are not always regularly monitored and documented.
- There are no written department procedures for the appeals process.

The audit results and recommendations are detailed in the following section of the audit report.

Audit Results and Recommendations

Issuance and Recording Citations

Discussions with management and review of the job description for an Enforcement Officer were conducted to determine the adequacy of training related to parking regulations. The transfer of handheld issued citations to the TDS database was reviewed to determine whether adequate controls are in place. Additionally, the electronic logs for handwritten citations from January to June 2012 were examined for timely entry into the TDS database.

Our review indicated that there is no process in place to ensure that all handheld issued citations are accurately transferred and received by TDS. Although TDS provides Events & Transportation access to Handheld Ticketwriter Counts to view citation file counts sent to TDS for uploading, no verification is performed by Parking & Finance.

Recommendation: To ensure that the transfer of handheld citation tickets is accurate, a reconciliation of the ticket count should be performed on a regular basis between how many citations were sent and how many were received by TDS. Any discrepancies should be investigated, resolved and the review should be documented.

Response: We concur. Transportation is in the process of upgrading the T2 citation writing software currently used to electronically transfer citation data between UCLA and TDS. The upgrade will include an electronic reconciliation of the ticket count transferred to the ticket count received and processed by TDS, thereby addressing the issue of discrepancies. The software upgrade is expected to be completed by December 2012.

Payment Receiving and Processing

Deposit records and corresponding supporting documentation related to citation payments from April 16 to April 20, 2012, were reviewed to ensure compliance with

University policies and procedures. General ledger reconciliation procedures and documentation were also examined for adequacy.

Citation payments received by Parking & Finance and TDS are reconciled to ensure that the revenue was accurately reflected in the general ledger. However, test work indicated reconciliations are not performed on credit card payments received on-line through www.pticket.com. Without performing reconciliations, inaccurate charges or credits to the wrong revenue account could go undetected.

Recommendation: Management should ensure that on-line citation payments made through www.pticket.com are reconciled to the general ledger to ensure that revenue is properly captured and recorded. Parking & Finance in conjunction with UCLA's Corporate Financial Services should develop a procedure to reconcile the on-line citation payments to the general ledger. Once determined, the process should be included in the department's business practices.

Response: We concur. Electronic reconciliation of on-line citation payments made through www.pticket.com to the general ledger will be incorporated into the CashNet electronic reconciliation process, which is included on the Events & Transportation Information Technology development project list for the coming months. Completion is expected by December 2012.

Appeals and Adjudication Processing

A sample of 10 appeals (five 1st level and five 2nd level) was selected for review to ensure adequate documentation and proper approval. Discussions were held with management to ensure that outstanding appeals and delinquent citations are regularly monitored.

A. Monitoring Appeals

Outstanding appeals are not always regularly monitored and documented. Testing found the following:

- Due to a data entry error, an appeal was requested for the wrong citation. The appeal was requested in September 2011; however, the error was not detected until seven months later in April 2012. Regular review of the “Outstanding Administrative Review Requests” and “Outstanding Hearings in Person and in Writing” reports could have identified the error more timely.
- A decision for a 1st level appeal was made in December 2011; however, Parking Programs & Citation Review staff failed to enter the decision in the system until four months later in April 2012 and at that time a refund was issued.
- Although a decision to dismiss the citation was made in January 2012, the decision was not communicated to the customer until three months later in April 2012.

Recommendation: All outstanding appeals should be reviewed and monitored on a monthly basis to ensure timely decisions and proper notifications. In addition, any follow-up reviews performed should be documented.

Response: We concur. When brought to Management’s attention during the course of the audit, each of the issues noted above were immediately investigated and rectified. As a result of the audit, the citation appeals process has been significantly strengthened. The monthly “Outstanding AR” report provided to the Citation Review and Adjudication (CRA) Manager by TDS is now reviewed by the CRA Manager upon receipt and forwarded to CRA staff who review any appeals over 30 days old and follow up as appropriate. Staff are expected to respond to the CRA Manager via email within five days from the date the report is initially

forwarded to them confirming that the report has been reviewed and transactions completed.

B. Appeals Policies and Procedures

There are no written departmental procedures surrounding the appeals process. Without written procedures, management may be unable to ensure efficient and consistent processes as well as continuation of workflow should a critical position become vacant.

Recommendation: Management should establish departmental written procedures surrounding the appeals process.

Response: We concur. Management will enhance the existing *First Level Review Process* procedure manual by writing and incorporating additional procedures describing the remaining aspects of the appeals process. The supplemental procedures will be completed by December 2012.

TDS Service Agreement Compliance

TDS invoices for a three month period were reviewed to ensure services charged were in accordance with established contract rates, and to ensure invoices were reviewed and approved prior to payment. A&AS found that the services charged per the invoices agreed to current contract terms and all three invoices were properly approved.

There were no significant control weaknesses found in this area.

System Access Controls

T2 Flex is the system used to record citation payments collected by Parking & Finance. Discussions were held with the Events & Transportation Applications & Systems Development Manager to determine if access to the T2 Flex system is appropriate and properly secured. A&AS found the following:

- A supervisor/manager must send an email to the Information Technology (IT) group to request new users. The email requests are maintained for documentation.
- Customer Service Representatives (CSR) who intake citation payments at the lobby have a standard systems profile.
- Modifications can be made upon request only based on specific job duties.
- The list of users is reviewed quarterly by the IT group.
- Each user has a unique User ID and password.
- Access is terminated when an employee separates and is initiated by the supervisor.
- In cases that require disciplinary action, Human Resources notifies IT that access should be removed.
- Passwords are masked when entered on the screen and are stored in the system.

Access to the T2 Flex citation system appears to be appropriate and properly secured. There were no significant control weaknesses found in this area.

Ma07 Parking