To:	Corporate Services Committee
From:	Beverly Hendry, Commissioner, Corporate Services Department
Report Number:	CORP-18-14
Date of Report:	February 22, 2018
Date of Meeting:	February 26, 2018
Subject:	Administrative Monetary Penalties Audit
File:	C-3100

1.0   Purpose

The purpose of this report is to present the K.P.M.G. Administrative Monetary Penalties audit report (Attachment 1).

2.0   Recommendation

That the Corporate Services Committee recommend to City Council:

That Report CORP-18-14, dated February 22, 2018, and Attachment 1, being the K.P.M.G. Administrative Monetary Penalties audit, be received for information and that the recommendations and management responses in the K.P.M.G. audit be endorsed as the general basis for implementing improvements to the City's administrative monetary penalty process.

3.0   Executive Summary

Not applicable.

4.0   Input From Other Sources

The Administrative Monetary Penalties audit by K.P.M.G. was conducted with the involvement of the appropriate City employees.

5.0 Analysis

On November 28, 2016, Council endorsed the 2017 Audit Plan. The Plan was comprised of six audits, as follows:

- Overtime Follow-up
- IT Function
- Work Order Management
- Cyber Risk and Maturity Assessment
- Recruitment and Retention of Staff
- Administrative Monetary Penalties (A.M.P.)

The Overtime Follow-up, IT Function, Cyber Risk, the Recruitment and Retention of Staff (subject of a separate report) and the Administrative Monetary Penalties (A.M.P.) audits are complete. The Work Order Management audit is expected to be reported on in the second quarter of 2018.

The A.M.P. audit contains seven recommendations (six medium risk and one low risk) related to the following inter-related aspects:

1. Policies and procedures for the A.M.P. program need to be adequately documented (medium risk)
2. Areas of improvement for the Officer software system (medium risk)
3. Trend analysis in relation to calls about the A.M.P. program (medium risk)
4. Collection agency evaluation (medium risk)
5. Improvements in the Municipal Law Enforcement process (medium risk)
6. Improvements in screening and hearing decisions (medium risk)
7. Improvements in finance processes (low risk)

The K.P.M.G. recommendations and the City's management response will be the basis for implementing improvements to the City's A.M.P. process.

6.0 Financial Implications

There are no financial implications at this time.

7.0　Relationship to the Oshawa Strategic Plan

This report responds to the Council-approved principle of financial stewardship, which underlies the Oshawa Strategic Plan. It also responds to the goals of Economic Prosperity – Ensure economic growth and a sound financial future, with specific connection to the theme of responsible taxation. This report also addresses the goal of Accountable Leadership – Ensure respect, responsiveness and transparency, which speaks to the themes of deliberate community engagement, and our corporate culture demands excellence and respect.

Helen Break, Director, Strategic Initiatives,
Office of the City Manager

Beverly Hendry, Commissioner,
Corporate Services Department

Attachment

City of Oshawa

Administrative Monetary Penalties (AMP) Review

Overall report rating:

Yellow – Green: Significant assurance with minor improvement opportunities

KPMG LLP

February 13, 2018

This report contains 33 pages

Appendices comprise 17 pages

KPMG

Contents

Appendices

Distribution

To (for action):

- Jerry Conlin – Director, Municipal Law Enforcement and Licensing Services
- David Potts – City Solicitor
- Brenda Jeffs – Customer Service Manager
- Tim Dwyre – Manager of Revenue and Taxation
- Rhonda VanderLinde – Municipal Prosecutor / Screening Officer
- Kevin Feagan – Manager, Municipal Law Enforcement
- Nancy Kavanaugh – ITS Business Analyst

cc (for information):

Sponsor

- Bev Hendry – Commissioner of Corporate Services

Section One

Executive Summary

Conclusion

We have provided a rating of **significant assurance with minor improvement opportunities (yellow-green)** for this Administrative Monetary Penalties (AMP) review. The Corporation has made great strides in developing this system as a way to speed up the hearings process for minor infractions and is considered one of the leading municipalities in the Province in this regard. As its coverage and roll out continues, we did identify some opportunities to further enhance the processes and systems in place for the administration of the AMP program. These include efforts to more appropriately categorize voided tickets, improved information around collections of penalties, enhancements to the Officer software system which stores all the data and further documentation of policies and procedures.

We reviewed processes around issuing of penalty infractions and found this is completed in a timely manner with the Officer software system used as the database for the administration of the process. Penalty infractions can be issued by municipal staff or in some cases third-party contractors. Relevant details required for issuing the penalty notices were documented, including copies of the original ticket as evidence. Ontario Regulation 333 "Administrative Penalties" requires the Corporation to have certain procedures documented. While most are covered in the various by-laws, we found that areas including financial management and reporting and public complaints as they relate to the AMP program are not covered in sufficient detail. While the Corporation's website includes information about the AMP program, there is an opportunity to include a greater level of information to cover these areas, similar to some other municipalities.

Customer Service processes are in place and provide a detailed history of customer calls relating to penalty infractions and reports are provided to Council and senior management on a periodic basis. However, the data and information collected from the public is not used to identify trends or issues in the service provided and formulate action plans. We also noted that the customer complaint process on the website could be publicized further which can help in continuous improvement of the AMP program.

Other than some minor exceptions noted, processes related to the collection of penalties at Service Oshawa were detailed with daily reconciliation of all payments performed at the end of the day. We followed up on recommendations raised in our Accounts Receivable audit in 2015 where accruals were not made in relation to the AMP program to ensure up-to-date records are available of the amounts owed to the Corporation. We also noted there

was no evaluation of the performance of the collection agency including recovery rates and time it takes to recover all such amounts.

There are potential opportunities to streamline the processes under the Municipal Law Enforcement and Licencing Services (MLELS) Branch. Of the tickets cancelled and voided (3,431 tickets out of a total of 54,251 tickets issued) in the years 2016 and 2017 from January to September, approximately 40% of those tickets (1,372) were issued with an error. It is important to note that approximately 90% of the tickets with errors that are voided, are, in fact, reissued immediately upon detection of the error while on site. The voiding and cancellation of tickets as a result of ticket errors means that administrative time could be wasted in having to update records. There were also control weaknesses and inconsistencies noted in the ticketing process where either the tickets were not booked in the correct category or tickets were being voided by administration staff on behalf of management but without formal (by-law) authorization and approval. The Corporation should undertake a continuous improvement exercise to address this and there are also opportunities for a greater level of training to enhance an understanding of the processes in relation to issuing correct tickets and ensuring the cancelled and voided tickets are administered properly.

The Officer software system is used for tracking penalty notices and payment status. We noted a number of system limitations which have been identified during the review and have been communicated with the IT team to ensure that these are covered in the current enhancement project for the software. These limitations include the inability to interface with the General Ledger (GL) and produce reports in the required format to be shared with other stakeholders.

Background

This internal audit will form part of the Internal Audit Plan for 2017 for the City of Oshawa ("City" or "Corporation"). Administrative Monetary Penalties (AMPs) are civil penalties imposed to assist the municipality in promoting compliance with its by-laws. The AMP system of enforcement transfers by-law disputes from the courtroom to the municipality through the use of Screening and Hearings Officers who are able to modify, cancel, or affirm penalties. This approach aids in reducing congestion in the courts as well as providing a more local and accessible dispute resolution system in a manner that is fair, effective and efficient. This is a system that could be expanded to other infractions and the City is advocating this for the Province. In doing so, the Corporation needs to ensure that the application of this process is efficient and effective.

The City of Oshawa is one of the first municipalities to have implemented the administrative penalty system and has achieved great success, which has been shared with other cities and municipalities who have recently implemented similar administrative

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penalty programs or are in the process of doing so. Being considered a leader in the field comes with its own challenges as there is no benchmark to adhere to but in the process of improving this program on a continuous basis through customer feedback.

Objectives

Objective	Description of work undertaken
Objective one To review selected process and controls around AMPs	We collected and analyzed AMP related data for the Corporation for 2016 and 2017. We focused on reviewing processes around AMPs to ensure that processes and controls are effective in streamlining minor by-law infractions. This included: • Initial infraction communication; • Customer service support for the AMP process; • Collections, and related accounting practices; • Following up with Municipal Law Enforcement to identify any common errors on fines that should be addressed with Officers to reduce the need for disputes; • Feedback received through the complaint process (in accordance with section 16 of Bylaw 24-2011) and how this is used to evaluate the AMP system and consider further opportunities for improvement; and • Following up on the internal audit recommendations made during the Accounts Receivable audit in 2015. • Reviewing the proposed system enhancements to Officer

Areas of good practice

✓ **Ticket oversight:** Currently the penalty notices are aged (i.e. how long they have been outstanding) in the Officer software system that manages and tracks the status of the penalty notices and payments. After testing the aging of tickets, we noted that the tickets are aged correctly in the system without any errors.

✓ **Customer Service:** Customer complaints related to the AMP program are managed by Service Oshawa representatives through multiple channels. Even though during testing we noted some anomalies the overall process of customer complaints is well managed with detailed tracking of customer calls with respective time of when these calls were serviced.

✓ **Refund process:** The Corporation does not process large volumes of refunds for the AMP program, however, refund process overall follows the approval process with supporting documentation filed for future references.

Areas for development (high and medium priority only)

- **Policies and procedures for the AMP program need to be documented:** Currently, the Corporation does not have documented policies and procedures which cover all the areas highlighted by the Ontario Regulation 333 for the AMP program. Areas such as conflict of interest and political interference are covered in clauses in various by-laws while information on areas such as filing and processing of complaints and financial management and reporting do not appear to be covered to the same degree as they are in other municipalities. **(Recommendation 1)**

- **Areas of improvement for the Officer software system:** During the review, we identified multiple areas of improvement for the Officer software system used for tracking the status of tickets and payments. These system limitations are currently restricting the flow of certain processes and raising questions on the credibility of some reports being produced. Most of the areas of improvement are being tracked by the IT team to undergo an enhancement project which will correct or fix all such instances of system limitations. **(Recommendation 2)**

- **Trend analysis on calls received in relation to the AMP program:** Monthly data on calls made by customers specific to the AMP program are shared with Council and senior management on a monthly basis. However, no trend analysis is performed on data relating to customer calls and how errors or other issues can be reduced. **(Recommendation 3)**

- **Collection Process needs improvement:** Currently, there are no performance evaluations performed on collection agencies used to inform which provide the best service to the Corporation. **(Recommendation 4)**

- **Improvements in the MLE process:** Payments received from MTO were not being inputted into the Officer software system to update the payment status of individual tickets due to administrative staff resource challenges. Furthermore, we noted some examples of staff not selecting the correct category for voiding tickets. **(Recommendation 5)**

- **Improvements in screening and hearing decisions:** We noted in multiple cases either the decision or reasoning behind the screening decision was not included on the in-person screening result notice shared with the applicant due to the Officer software system limitations. **(Recommendation 6)**

Recommendations raised

We have raised the following recommendations (high priority represents the most urgent and high-risk category):

	High	Medium	Low	Total
Raised	0	6	1	**7**
Accepted	0	6	1	**7**

Acknowledgement

We thank the staff involved for their help in completing this review.

Contact Information

The contacts at KPMG in connection with this report are:

Tony Malfara,
Partner
Tel: (416) 777-3461
Cell: (416) 918-5483
tmalfara@kpmg.ca

Nick Rolfe,
Partner
Tel: (416) 777-3543
Cell: (647) 242-2452
nicholasrolfe@kpmg.ca

Zoha Kazmi,
Senior Consultant
Tel: (416) 218-8055
Cell: (416) 878-6478
zkazmi@kpmg.ca

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Section Two

Recommendations

This section summarizes the recommendations that we have identified from our work. We have given each of our observations a risk rating as follows:

Priority rating for recommendations raised		
High – (Priority One): Issues arising referring to important matters that are fundamental and material to the system of internal control. The matters observed might cause a system objective not to be met or leave a risk unmitigated and need to be addressed as a matter of urgency.	**Medium – (Priority Two):** Issues arising referring mainly to issues that have an important effect on the controls but do not require immediate action. A system objective may still be met in full or in part or a risk adequately mitigated, the weakness represents a deficiency in the system.	**Low – (Priority Three):** Issues arising that would, if corrected, improve internal control in general but are not vital to the overall system of internal control. These recommendations are of leading practice as opposed to weaknesses that prevent systems objectives being met.

#	Risk	Recommendation	Management response, owner, and deadline
1	Med	**Policies and procedures for AMP program need to be adequately documented** <u>Issue:</u> In accordance with Ontario Regulation 333, the Corporation is required to develop policies and procedures to address areas including 1) political interference; 2) filing and processing of complaints; 3) conflicts of interest; 4) financial management and reporting; and 5) financial hardship. While areas 1), 3) and 5) are covered in various provisions of various By-laws (Parking Administrative Penalty System By-law, Administrative Penalty Process By-law, Hearings Officer By-law, Enforcement By-law, Council Code of Conduct By-law) 2) and 4) do not appear to be covered to the	Management agrees with the recommendation. Further clarity on filing and processing of complaints and financial management and reporting will be developed and made available to the public on the City's website and by other means, as appropriate. Owner: Jerry Conlin, Director, Municipal Law Enforcement and Licensing Services (MLELS), in

#	Risk	Recommendation	Management response, owner, and deadline
		same degree as they are in other municipalities. Below we set out more detail:	cooperation with Finance and Legal Services
		Filing and processing of Complaints (O.Reg.333/07, s.7(d))	Due Date: Q3 2018
		While the Parking AMP By-law mentions the provision on public complaints, it can further include details such as the scope of complaints and categories of complaints which may be routed to different teams in the Corporation.	
		Financial Management & Reporting (O.Reg.333/07, s.7 ©)	
		Currently, the Parking AMP By-law has a section on financial administration but it does not adequately cover the reporting aspect of the program which can include different operational reports and performance analysis which need to be presented and reviewed by the senior management to identify trends and opportunities for improvement.	
		<u>Impact:</u> The public may not be able to easily access the information required in relation to the AMP program.	
		<u>Recommendation:</u> We recommend that the Corporation should document the filing and processing of complaints and financial management and reporting in greater detail on the website and elsewhere, as appropriate.	
2	Med	**Areas of improvement for the Officer software system**	Management agrees with the recommendation.
		<u>Issue:</u> During the review, we identified areas of improvement for the Officer software system used for issuing and tracking of penalty notices by the Corporation. We have included some of the areas of improvement below:	a) MLELS staff have been working with ITS, Finance and others to finalize system requirements for an upgrade to the Officer

#	Risk	Recommendation	Management response, owner, and deadline
		• Officer software system does not interface with the General Ledger (GL) and has to be manually uploaded. • It limits the documentation of the screening process as it does not allow the screening officer to document the reasoning behind the decision taken for each screening. • It does not produce reports in the format required by MTO which requires manual formatting of the reports before they are shared with MTO. • The text included on the front of the penalty notice itself instructs the review to be requested within 15 days of the penalty infraction date, after which the penalty will be deemed to be affirmed, whereas the by-laws refer to 21 days from the penalty infraction date. Furthermore, it has also been observed in various processes that different categories within the system are not being used properly by the process owners (MLE Administration staff and MLE Officers) which questions the accuracy of the data being used and analyzed in various reports. It's important to note that before the start of the review the Information Technology Services (ITS) team was involved in identifying such limitations and constant communication channels were established to ensure all such limitations that came to light during the review were communicated with the team. Impact: Incomplete or inaccurate information could be produced in the reports and tasks may be inefficient due to the manual processes needed alongside the system with a greater risk of human error. Recommendation: We recommend the following:	Command Software, taking into account identified system limitations including those identified by the Accounts Receivable and Cash Handing Audit. The proposed enhancements will address the system related concerns outlined in this audit. Once the City's requirements are finalized, the software vendor will be engaged to define the scope of work and budget required for the changes. Funding was requested through the 2018 annual technology project fund. Owner: Jerry Conlin, Director, MLELS in cooperation with ITS and Finance Services. Due Date: Q1 2019 b) MLE discussions are underway with Legal Services to ensure the accuracy of penalty notices. Owner: Jerry Conlin, Director, MLELS in cooperation with David Potts, Legal Services

#	Risk	Recommendation	Management response, owner, and deadline
		a) Work closely with all the process owners involved in the AMP process and ensure that the scope of the enhancement project is comprehensive to cover all such limitations and improvements. b) Any text on the penalty notice itself or any changes in the future should be updated after consultation with Legal Services to ensure that all by-law provisions or processes mentioned on the penalty notice are accurate. c) Arrange for local training sessions with different process teams (MLE Administration staff and MLE Officers) to ensure that employees are aware of the various categories and functionalities of the Officer software system.	Due Date: Q1 2018 c) Refresher training on Officer software will be undertaken in the short-term for MLE Administration and Officers, Legal Services and Service Oshawa. In the longer term, training will be provided on the system enhancements. Owner: Jerry Conlin, Director, MLELS in cooperation with ITS. Due Date:Q1 2019
3	Med	**Trend analysis in relation to calls about AMP program** <u>Issue</u>: Monthly data on calls (request for service) made by customers specific to the AMP program is shared with the City Council and the senior management on a monthly basis. However, no trend analysis is performed on data relating to customer calls in relation to errors or issues noted. Some trends and issues noted included calls not being answered by MLE staff in a timely manner in line with service standards. Other trends included high percentage of customers calls received under the category "Notice received but not original ticket/AMP" and "Plate number wrong on the ticket". **Refer to Appendix D for detail.** We also noted that there is limited information on the Corporation's website in relation to the complaint process. <u>Impact:</u> Inability to identify trends and formulate action plans out of the customer call data will result	Management agrees with the recommendation. MLE will work with Service Oshawa to better understand the complaints and requests being submitted and develop continuous improvement action items as appropriate; and; MLE will work with Corporate Communications to improve the website information about the complaint process. Owner: Jerry Conlin, Director, MLELS in

#	Risk	Recommendation	Management response, owner, and deadline
		in lack of continuous improvement of the AMP program. **Recommendation:** We recommend that MLE staff should analyze the data on customer calls on a periodic basis and identify and validate any trends and formulate an action plan with owners and timelines to execute such plans.	cooperation with Service Oshawa and ITS Due Date: Q4 2018
4	Med	Collection agency evaluation **Issue:** We identified that there is no performance evaluation of the collection agency to assess recovery rates and how well they are performing. **Impact:** Inability to monitor and review such consolidated information results in the Corporation being unable to make informed decisions about services from the collection agency. **Recommendation:** We recommend that the performance of the collection agency should be evaluated on an ongoing basis against pre-agreed KPIs.	Management agrees with the recommendation. A collection agency tender is currently advertised. It will require the collection agency to provide more elaborate, informative and traceable reporting. Owner: Tim Dwyre, Manager of Revenue and Taxation Due Date: Q2 2018
5	Med	Improvements in the Municipal Law Enforcement (MLE) process **Issue:** A ticket can be voided by the enforcement staff in the field under the category of Void Approved (VA) and MLE management and administration staff in the office under the category of Retired Approved (RA), whereas a ticket can be cancelled by screening and hearing officers under the category of Cancelled Approved (CA). **Please refer to Appendix D for definitions and explanations of canceling and voiding tickets.** The following areas of improvement were identified in the MLE process:	Management agrees with the recommendation. a) The Office software system enhancements and associated training will ensure the correct use of void approved, retire approved and cancelled categories and provide clarity regarding responsibilities/authority for process owners.

#	Risk	Recommendation	Management response, owner, and deadline
		• MLE administration staff have the authority upon approval from management to void a ticket, however, these voided tickets are currently recorded as cancelled under the category of Cancelled Approved (CA). It is imperative to record these voided tickets under the correct category so that the system is able to generate accurate reports. Furthermore, for multiple tickets voided by MLE Administration staff, we noted the absence of formal authorization before the tickets were voided. • For 2016 and 2017, 3.9% and 4% of issued tickets (parking and non-parking) were voided, whereas 2.4% and 2.3% of issued tickets (parking and non-parking) were cancelled respectively. • Payments received from MTO collected after plate denial status are forwarded to the Corporation to update the Officer software system with payment status, however, these are not updated in a timely manner. Impact: The impact of these issues can lead to inefficiencies in the processing, and further complaints related to the system and process, as well as risks around not appropriately categorizing all voided tickets. Recommendation: We recommend the following: a) A continuous improvement review should be undertaken within the Corporation to identify ways to minimize voided tickets and ensure appropriate review and approval. Training will then be required for frontline staff to ensure tickets are recorded in the correct categories. b) All penalty notices with incorrect information should be identified and sent to the Operations	Owner: Jerry Conlin, Director, MLELS Due Date: Complete b) All penalty notices with incorrect information will be reviewed by the Operations Coordinator and /or Manager, MLE. Owner: Jerry Conlin, Director, MLELS in cooperation with ITS and the software vendor. Due Date: Q1 2019 c) Paid after plate denial files are being uploaded to the Officer software system monthly since November 2017. Owner: Jerry Conlin, Director, MLELS Due Date: Complete

#	Risk	Recommendation	Management response, owner, and deadline
		Coordinator and/or Manager, MLE for approval. All such approvals and supporting documentation should be filed for future reference.	
		c) The Report highlighting the payments received from MTO should be updated on a monthly basis. The MLE Manager shall ensure on a monthly basis that these files are successfully uploaded to the Officer software system.	
6	Med	**Improvements in screening and hearing decisions** <u>Issue</u>: Generally the decision and reasoning for the decision reached at a screening is recorded by the Screening Officer on the screening forms submitted by the applicants for internal use; however we noted in multiple cases either the decision or reasoning behind the decision was not included on the in-person screening result notice shared with the applicant due to the Officer software system limitations. We also noted inconsistent documentation as supporting documentation submitted by the applicant was missing in multiple cases. Also, the documentation of when the screening review details and screening result notices were shared with the applicant was missing. A similar trend was noted in hearing cases where the applications submitted for a hearing review (this can occur after a screening review) were exceeding the time frame of 21 days from the screening date. In addition, there was inconsistent documentation of hearing result notices and the dates these were shared with the applicants were missing in some cases. <u>Impact</u>: Without proper documentation of these areas it is not possible to confirm the timing of	Management agrees with the recommendation. a) and b): The current Hearing and Screening Officer records a rationale in the software but it does not appear on the decision notice due to software limitations. In addition, supporting documentation provided by applicants is not currently captured by the Officer system. Both of these issues will be addressed by the planned enhancements to the Officer software. Owner: David Potts, City Solicitor in cooperation with Screening/Hearing Officers. Due Date: Q1 2019 c) A process has been put in place to review all hearing applications to ensure they are received

#	Risk	Recommendation	Management response, owner, and deadline
		documents being submitted or to support the decisions made. **Recommendation:** We recommend the Screening and Hearing Officers do the following: a) All screening and hearing result notices should include documentation of the final decision and basis of how the decision was reached. b) Create a documentation checklist highlighting all documents or areas that should be filed for future references including but not limited to supporting documentation submitted by the applicants, timing of screening and hearing notices shared with the customers with exact date/time and method of delivery. c) Perform a review before processing all hearing applications to check whether the application was made within the timeframe prescribed by the By-law following a screening.	within the timeframe prescribed by the By-law. Owner: Jerry Conlin, Director, MLELS in cooperation with Service Oshawa and Legal Services Due Date: Complete
7	Low	**Improvements in Finance processes** **Issue:** The following area of improvement was identified in the finance process: • Online refund transactions related to duplicate payments that are not recorded in the Officer system are processed without authorization. **Impact:** Processing refund transactions without approval can lead to inappropriate or incorrect refunds. In addition, without documentation maintained on file, it is difficult to understand particular cases or audit whether the decision made was appropriate.	Management agrees with the recommendation. Finance will create a process for authorization from the Manager, Financial Services and Systems Development to approve refunds not recorded in the Officer system before processing Owner: Jay Martin, Manager, Financial Services and Systems Development in

| #	Risk	Recommendation	Management response, owner, and deadline
		<u>Recommendation</u>: We recommend the Finance Branch should approve refunds before processing all refunds not recorded in the Officer system.	cooperation with Service Oshawa Due Date: Q2 2018

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Appendices

Appendix A: Data Analytics

Number of Issued Tickets by Month – 2016 & 2017 (Jan-Sept)

The graph below represent the number of issued parking and non-parking tickets in each month for 2016 and 2017. The highest number of tickets were issued in the month of January in both years. Generally, the months with less activity for both years are from May till August, whereas the busiest months are from December to March.
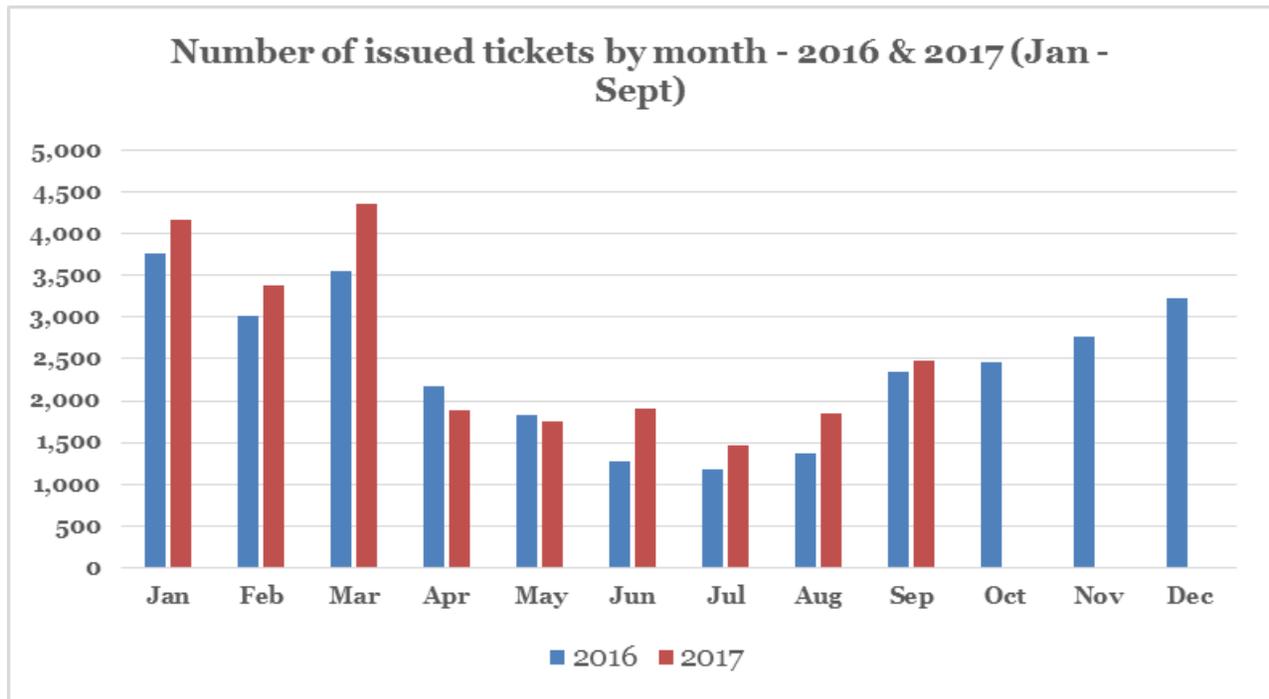
Customer calls by category – 2016 & 2017 (Jan-Sept)*

The diagram below represents statistics on customer calls received by Service Oshawa representatives and forwarded to MLE for investigation and response. Calls relate to parking and non-parking tickets during the year 2016 and 2017 (Jan-Sept). The categories are based on the reasoning provided by customers for calling Service Oshawa and does not represent actual outcomes.

The highest number of calls in 2016 was recorded in the category "Notice received but not original ticket/AMP" which accounts for almost 89% of the 246 calls. In 2017 (to Sept) the highest number of calls were recorded in the category "Plate number wrong on ticket" which accounted for 50.3% of the 199 calls. In some areas performance improved between 2016 and 2017, such as fewer calls claiming that notices were received but not the original ticket / AMP. However in other areas, there were increases in calls in 2017 in relation to the wrong plate number being included on the ticket, and in relation to individuals having an occasional use parking permit but being issued a ticket.


Customer Calls Forwarded to MLE by Category - 2016 & 2017 (Jan-Sept)_

21
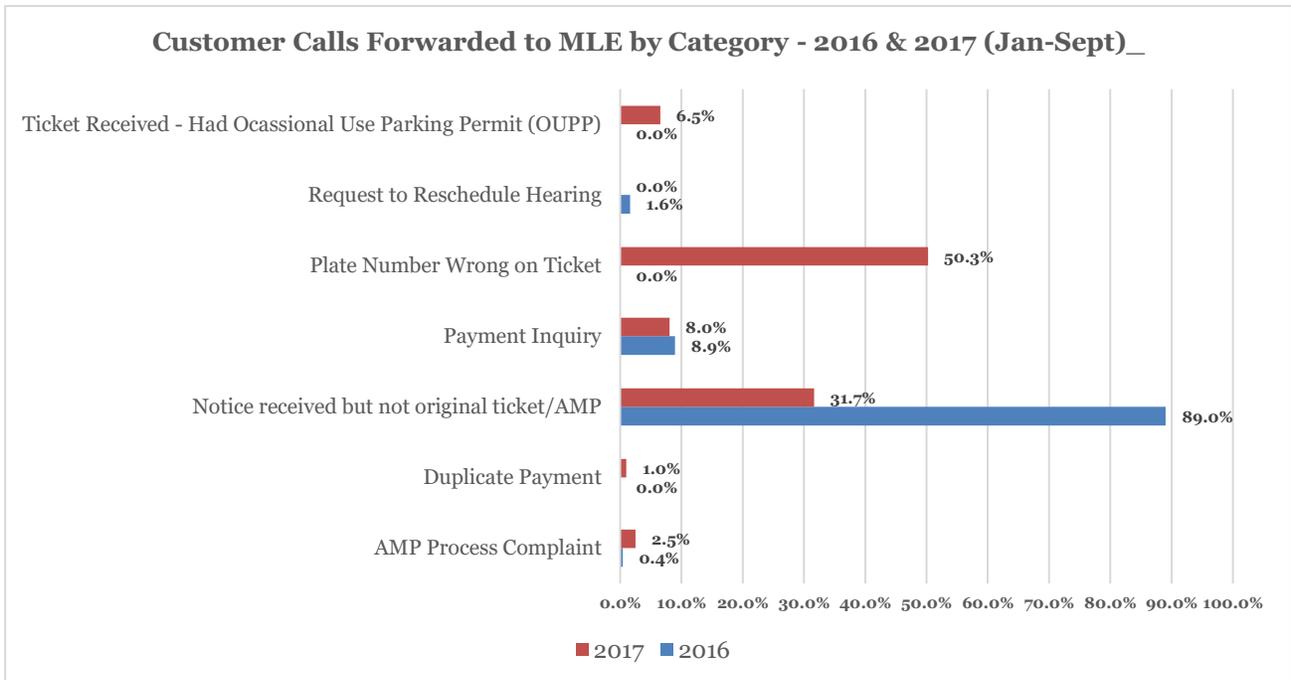
Appendix B: Summary of Testing Results

Initial Notification

Yes ■ No ■ Not Applicable
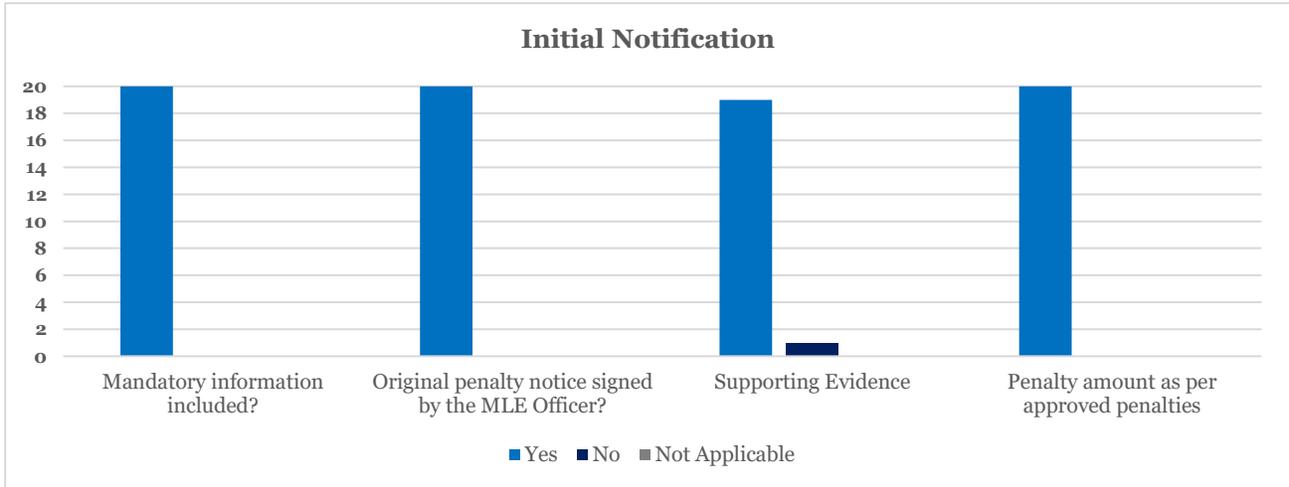
We selected a sample of 20 penalty notices provided to the customer between the period of January 2016 and September 2017. There were 15 tickets handed out through handheld devices and 5 tickets given out manually. We noted the following:

- ✓ 20/20 initial notifications of penalty notices included all the mandatory information
- ✓ 20/20 tickets had documentation of MLE Officer signatures
- ✓ 19/20 documents had appropriate supporting evidence
- ✓ 20/20 initial notifications had a correct penalty amount as per approved penalties
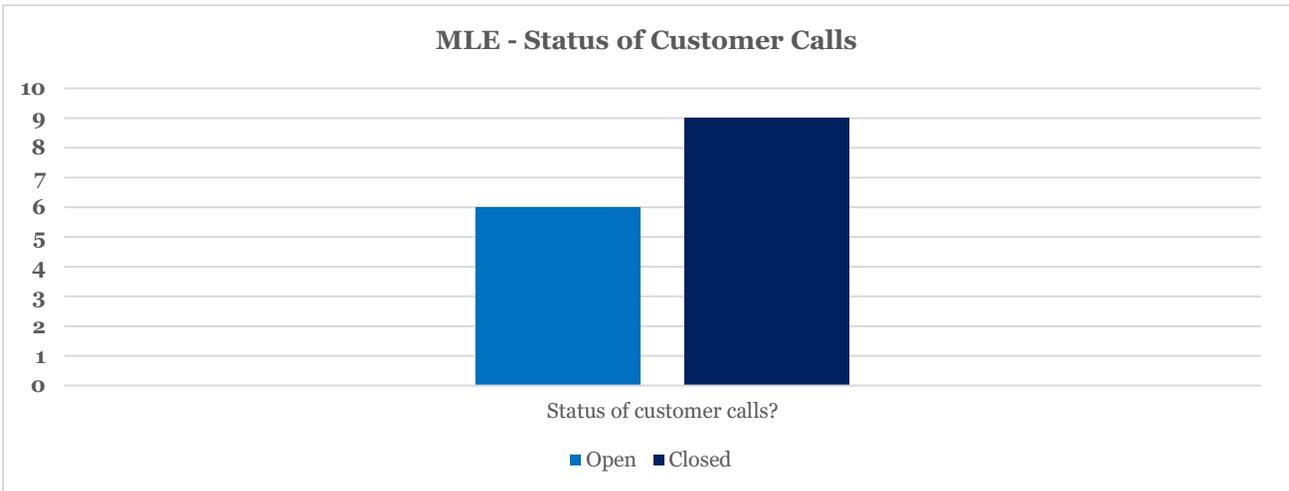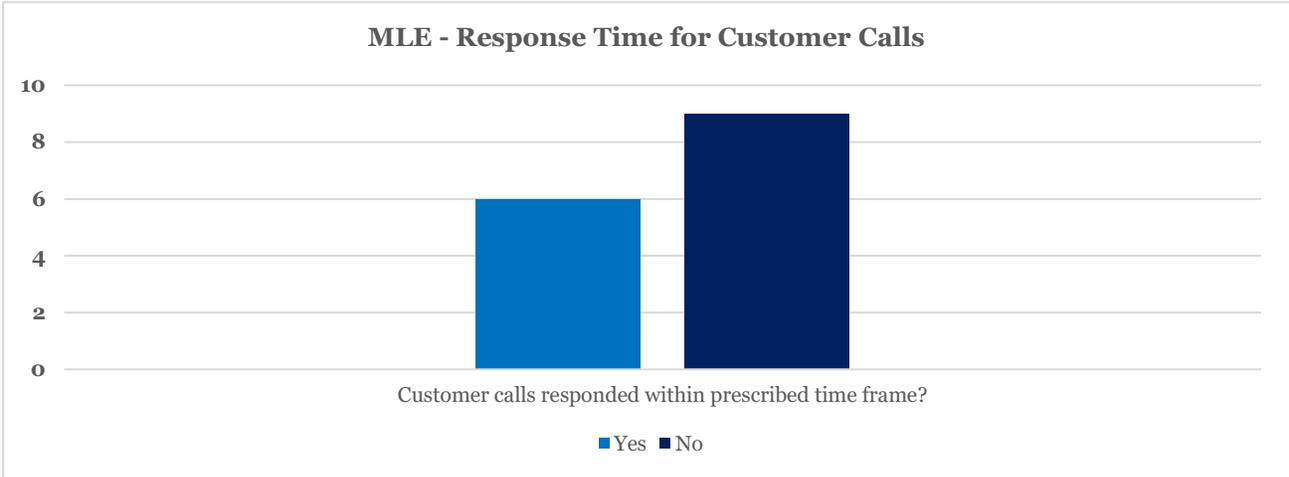

Screening Review

Yes ■ No ■ N/A
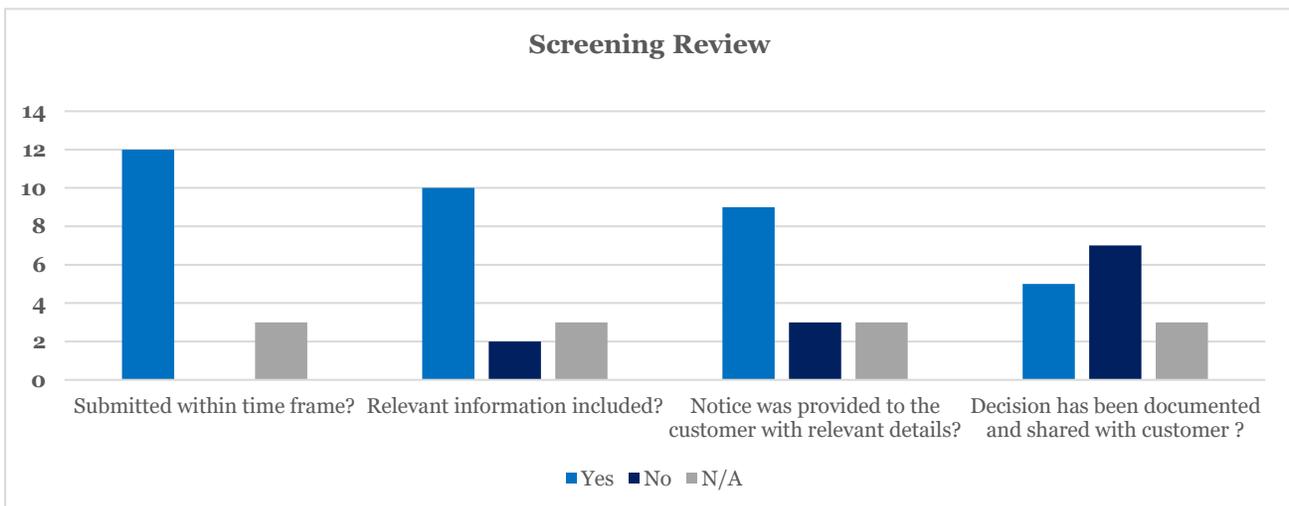
We selected a sample of 15 screening packages processed between the period of January 2016 and September 2017. 3/15 screening samples were voided due to ticket error without screening review. Therefore only 12 screening samples were eligible to test. We noted the following:

- ✓ 12/12 screening samples were submitted within the appropriate timeframe by customer
- ✓ 10/12 screening samples had all the relevant information included
- ✓ 9/12 screening samples had a screening notice provided to the customer with relevant details
- ✓ 5/12 screening samples had evidence of screening decision documented and shared with the customer
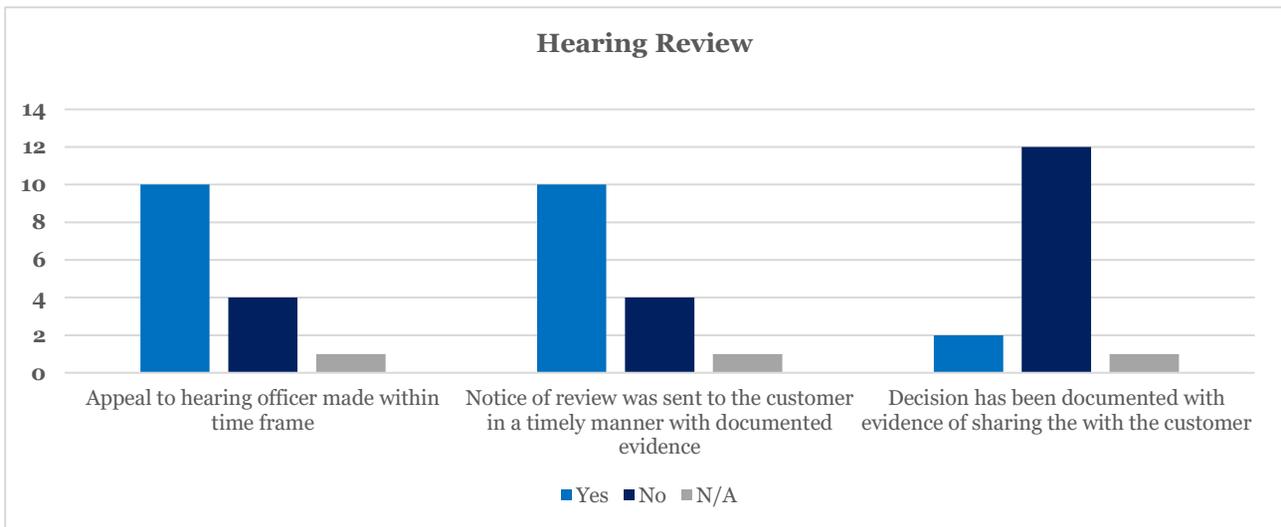
Hearing Review

We selected a sample of 15 hearing packages processed between the period of January 2016 to September 2017. 1/15 of the selected sample was issued in error and had to be voided before the hearing review. We noted the following:

- ✓ 10/14 hearing samples had evidence of the customer appealing to the Hearing Officer within the correct timeframe
- ✓ 10/14 hearing samples had the notice of review sent to the customer in a timely manner with documented evidence
- ✓ 2/14 hearing samples had sufficient proof of the decision being documented and evidence of the hearing results shared with the customer

MLE - Response Time for Customer Calls

Customer calls responded within prescribed time frame?

■ Yes ■ No

MLE - Status of Customer Calls

Status of customer calls?

■ Open ■ Closed

We selected a sample of 15 customer service calls between the period of January 2016 – September 2017. We noted the following:

✓ 6/15 service calls were responded within the prescribed time frames

✓ 9/15 service calls status was closed
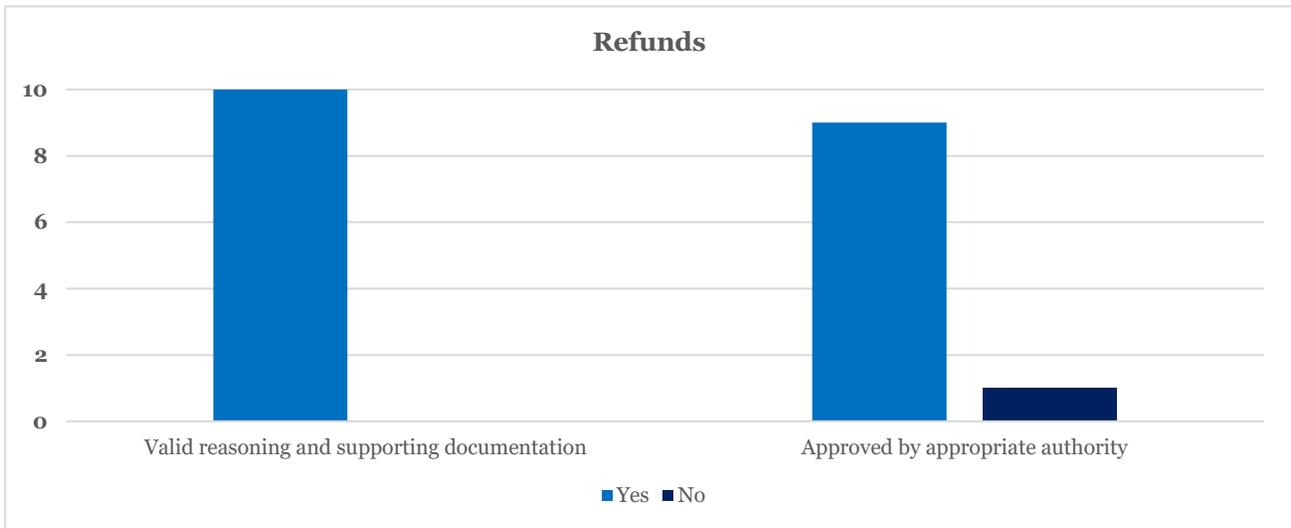
Refunds

We selected a sample of 10 refunds (combination of cheque requisition and online refunds) processed between January 2016 – September 2017. We noted the following:

- ✓ 10/10 refunds had valid reason and supporting documentation
- ✓ 9/10 refunds had evidence of approval by the appropriate authority

Appendix C: Summary of Work and Assurances

In line with the objectives of the scope, we have assessed the processes and controls in place around AMPs. The following Appendix demonstrates the relevant processes we have identified and the key controls in place to mitigate risks. We have commented on the design of these controls in the right-hand column. Where controls have been deemed to be designed effectively, we have gone on to test their operating effectiveness in Appendix B.

Process	KPMG commentary on control design
Initial Notification	
Penalty Tickets are given to customers by Municipal Law Enforcement (MLE) Officers. The ticket can be provided through a handheld device or manually and includes parking and non-parking offenses. Some of the cases where manual tickets are issued include third-party private contractors.	✓ Penalty amounts are system generated once the infraction type is selected in the Officer software system "Officer" decreasing the risk of human errors. However other details need to be manually inputted from the handheld device which can result in errors. ✓ Officers take pictures or evidence to support the penalty notice wherever possible. ✓ Manual tickets issued by third-party private contractors cannot be voided once they are issued. For cancellation, MLE administration staff needs to be contacted.
The information feeds into the Officer software system and manual tickets need to be entered into the system by the end of the day.	✓ The interface of the handheld devices is delayed by roughly four hours when the devices are synchronized with the Officer software system.
Penalties are automatically aged within the Officer software system, with 1st and 2nd payment notices distributed to the individual at predetermined intervals. Contraveners have 15 days to pay the ticket, or else challenge the ticket and	✓ The aging rules and additional charges are stored in the Officer software system and automatically calculated and accrued based on the infraction date.

move onto the screening and hearing procedures.	
Screening Review	
Once a customer has been issued a ticket, they have 21 days to request a screening. There is also an option to request an extension of time to request a screening within 42 days from the penalty notice date. The customer must have a reason for the dispute. The registered owner of the vehicle must fill out a Request for Screening form.	✓ MLE has not requested that Service Oshawa representatives ask for vehicle registration ✓ Service Oshawa representatives stamp the screening application form when the application is received.
The Customer has a choice to send the Request for Screening form by mail/e-mail/fax or in person at Service Oshawa. The Customer can also elect for a written screening for which they don't have to be physically present rather than an in-person screening.	✓ Service Oshawa representatives accept the Request for Screening form and check if the form is complete with all the required information.
A written screening decision will be sent by mail, whereas for the in-person screening the result notice is handed directly to the applicant.	✓ For in-person screening result notices, the decision and basis of decision are not consistently documented on the notices.
Hearing Review	
The Customer has 21 days from the screening decision date to request a hearing. There is also an option to request an extension of time to request a hearing within 42 days from the screening decision date.	✓ A manual check is performed by the Hearing Officers to assess whether the application for hearing was submitted within the time frame.
The customer has to fill out the Hearing Request form with all required details,	✓ Service Oshawa representatives verify that all the information included on the

sign the form and submit it to Service Oshawa or send it through other means such as email, mail or fax.	Hearing Request form is accurate and complete. ✓ Service Oshawa representatives stamp the Hearing Request form when the application is received.
The decision reached by the hearing officer is the final decision and the hearing result notice is shared with the applicant.	✓ Hearing result notices do not consistently record the decision and basis of decision due to a system limitation.
Customer Service	
Complaints can be sent through phone, email, online chat, and fax or in person at Service Oshawa. Each call is routed to the appropriate team depending on the nature of the query or complaint.	✓ Response times are set internally for MLE staff which requires them to respond to queries within the prescribed time. ✓ If the calls are routed to other teams there is no follow up process which can result in certain calls not serviced within the prescribed time frame.
Customer Relation Management (CRM) software being used – lagan. There are knowledge-based documents in the software to help Service Oshawa representatives with any customer service inquiries.	✓ Each request for a service call is given a unique reference number and is tracked through the CRM software which reports on the total number of calls received and if calls were serviced within the prescribed time frames or not.
Complaints received under the AMP program are consolidated and reported to City Council and senior management on a monthly basis.	✓ Even though monthly reporting is done to senior management, no action plan is formulated as a result of this feedback.
Collections	
Customers can pay their tickets by cheque or in person by visiting Service Oshawa Center.	✓ The payments are processed through CLASS POS which is integrated with the Officer software system so it updates the status of the tickets and payments as soon as the payment is received.

	✓ When processing the payment through CLASS POS, the system allows for the amount to be changed which can result in over and underpayment.
Service Oshawa accepts cash, credit and debit payments from the customer.	✓ The daily tills are reconciled at the end of each day and cash and cheques are submitted to the bank. Supporting documentation is sent to Finance Branch for filing purposes.
Customers can also pay their ticket online by visiting the City of Oshawa website.	✓ Moneris is the software that processes the online payments. Daily payments received through this online channel are reviewed and inputted in the General Ledger.
For parking offenses, if the payment is not received within the prescribed time frame, it is sent to MTO for plate denial. This essentially means that the contravener will have to pay the fine at the plate renewal process. This fine amount will then be collected by MTO and transferred to the City of Oshawa. For non-parking offenses, the channel of recovery depends on whether the fines are above $1,000 or less. If the fines are above $1,000, it is routed to Legal for the case to be handled in small claim court. If the fines are less than $1,000 the ticket is sent to a collection agency for retrieval. The collection agency sends a monthly report to the City (Revenue and Taxation Branch) highlighting total collections.	✓ Currently, the amounts received through the collection agency is not inputted into the Officer software system, therefore a consolidated collection report cannot be produced. ✓ To share the list of tickets with MTO, the Officer software system generates a report on a weekly basis which needs to be formatted to conform to the requirements set out by MTO. This involves manual formatting of data which can increase the risk of incomplete and/or inaccurate data sent over. ✓ Collection reports are sent monthly to Revenue and Taxation Branch detailing what has been collected and the tickets along with it. ✓ All the cheques received from the collection agency are sent to Service Oshawa and reconciled.

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Cancellations	
The tickets issued by the MLE Officers can be voided by the officers themselves if they realize a mistake has been made on the information on the ticket. MLE Administration staff can also pick up on incorrect information on the ticket and request a cancellation. Screening and hearing officers can also cancel the issued tickets based on the evidence presented to them during a screening or hearing review.	✓ The approval process for cancellations is not consistent and at times tickets are voided without documented approval.

Appendix D: Supporting Detail for Recommendations

Recommendation 3

Following trends have been noted in the customer call data received by Service Oshawa representatives from January 2016 to September 2017.

- Out of the population of 445 calls made for the AMP program for the audit period 13 times calls were not serviced by MLE staff within service level out of which 9 are still open.

- 63% of the calls made during the audit period related to the category "Notice received but not original ticket/AMP" which is a significantly high number.

- 22.5% of the calls related to the category "Plate number wrong on the ticket" which needs to be investigated as this represents potential lost revenue as some of the tickets with ticket error would be eventually voided.

Recommendation 5

The following table describes the current ticket statuses being used for cancelled and voided tickets:

Ticket Status	Designed Purpose	Source	Who
VA (Void Approved)	For voiding tickets in the field (error correction).	Android App	Enforcement Staff in the field
RA (Retire Approved)	For voiding tickets from the web app in the office.	Command Centre	MLE Admin MLE management in the office
CA (Cancel Approved)	To cancel a ticket for an authorized reason.	Appointment Result Window Ticket Profile	Screening & Hearing Officer MLE Admin in the office on behalf of management

Appendix E: Staff Involvement and Documents Received

We undertook interviews from October 2017 to November 2017 with key stakeholders to inform this work, including:

Name	Title
Jerry Conlin	Director, Municipal Law Enforcement and Licensing Services
David Potts	City Solicitor
Brenda Jeffs	Customer Service Manager, Service Oshawa
Tim Dwyre	Manager of Revenue and Taxation, Finance Services
Rhonda VanderLinde	Municipal Prosecutor / Screening Officer, Legal Services
Kevin Feagan	Manager, Municipal Law Enforcement, and Licensing Services
Nancy Kavanaugh	Business Analyst, IT Services

We received the following documentation over the course of fieldwork:

- List of by-laws with AMP provisions
- Summary of AMPs issued for 2016 and 2017 (Jan-Sept)
- Summary of total Screenings for 2016 and 2017 (Jan-Sept)and breakdown by type of AMP
- Structure of software used to track AMPs/Screenings/Hearings (how it functions, what it does)
- List of AMPs sent to Revenue and Tax Services for collections [2016, 2017 (Jan-Sept)]
- Reports provided to Association of Municipalities of Ontario (AMO) and the Province regarding improvements to legislation and regulations governing administrative penalties
- Parking Administrative Penalty System By-law 24-2011, as amended
- Administrative Penalty Process By-law 63-2013
- Enforcement By-law 92-2014
- Hearings Officer By-law 26-2008, as amended
- Law Commission of Ontario report "Modernization of the Provincial Offences Act" dated August, 2011
- Ministry of Attorney General public consultation re potential on-line AMP system (2015)
- Oshawa submission to Ministry of Attorney General dated April 27, 2015

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- Oshawa submission to Ministry of Municipal Affairs and Housing dated October 30, 2015
- Oshawa submission to AMO dated August 16, 2016, submission
- Ministry of Attorney General presentation to Association of Municipalities of Ontario, "Provincial Offences Act Modernization", dated August 16, 2016
- Oshawa submission to Association of Municipalities of Ontario dated June 28, 2017
- Any AMP policy documents(s)/guidelines
- Proposed system enhancements, documentation of process changes and functional requirements, in relation to MES updates for Collections / MES Phase IV (ITS project)

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Appendix F: Follow Up on Previous Recommendations

As part of the engagement, we also followed up on the previous recommendations related to Administrative Monetary Penalty system made in the report of Accounts Receivable and Cash handling audit (2015). The following table documents the current status of these recommendations.

No	Observation	Comments	Status
1	The expected revenues from penalties raised should be accrued for within the GL on a regular basis to reflect the City's true financial position at a point in time.	Currently, the Finance Branch and the MLE team are working together with the IT Consultants to switch to an accrual system of recognizing revenue. Since there is no interface between the Officer software system and the GL which is part of the scope of the current enhancement project, accrued revenue will only be recorded once the Officer software system has been enhanced and upgraded.	Open
2	The number of AMPs raised should be compared against the total penalties paid to calculate the true amount owing. An adjustment should be processed to accrue for this amount, and this exercise completed on a regular basis going forward.	Currently, no reconciliations are performed to reconcile the tickets issued and payments received from various channels. The amounts received from the collection agency are not interfaced or entered in the Officer software system which makes the reconciliation process inaccurate.	Open
3	At a minimum, a reconciliation should be conducted on an annual basis to determine the total value of AMPs issued against the total amount received for payment on an aggregate level to allow the General Ledger to accrue for the revenues owing.		

| 4 | All manual tickets issued and voided tickets should be entered into the Officer software system to allow for monitoring of completeness of tickets books. | Currently, the manual tickets issued relate to private property contractors such as security companies who are given the right to the ticket on private properties and regional roads. All manual issued tickets are entered in the Officer software system on a daily basis with the exception of weekends where they are entered on the first day of the week.

However, voided (spoiled) tickets are not entered into the system as the information on the ticket is not complete to be entered in the system.

An example of a spoiled ticket would be when a security guard is issuing a ticket and the driver returns to his/her vehicle. In this case, the information required on the ticket page is not completed and its termed as a spoiled ticket. | Closed |
| 5 | System updates or alternative systems for the administration of AMPs should be investigated to allow an automatic or manually assisted interface between MES and CLASS PeopleSoft. | Officer software system is automatically interfaced (real time) with CLASS Point of Sale (POS) system but it is still not interfaced with the GL. This is included as part of the enhancement project. | Open |