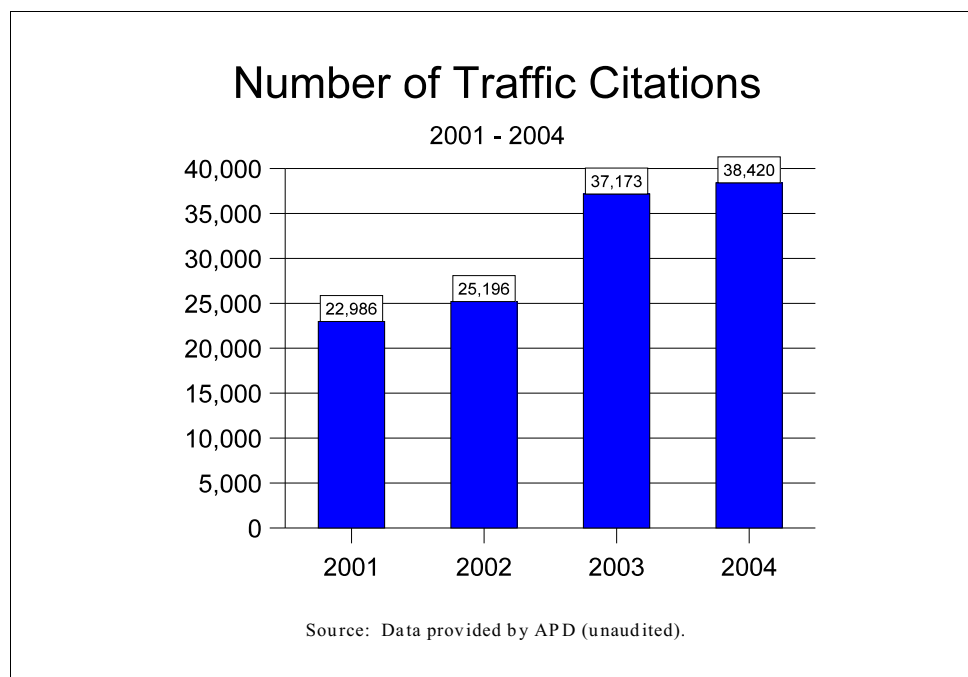


August 25, 2005

**Internal Audit Report 2005-9**  
**Traffic Citation Revenue**  
**Anchorage Police Department**

**Introduction.** The Anchorage Police Department (APD) is responsible for issuing traffic citations to alleged violators of any provision of the Municipal traffic ordinance. A police officer who cites a person for such a violation takes down name, address, license number and other pertinent information and issues a traffic citation outlining the charges as well as the possible recourse. Traffic citations generally fall under two categories: correctable and optional. Correctable citations give defendants the options to either pay, contest, or fix the violation and thus avoid paying the fine. Optional citations can either be paid or contested. All traffic citations are initially processed by APD. The traffic citation data is then forwarded to the State of Alaska Department of Public Safety and, if necessary, to the Alaska Court System (Court) and the Municipality's Treasury Division (Treasury) for further processing. According to APD records, the department issued 38,420 traffic citations in 2004, a 3.4 percent increase from the previous year.



***Exhibit 1***

In the Fall of 2003, a Traffic Unit was created to help enforce traffic laws. According to APD management, from November 29, 2003, to May 1, 2004, five officers were assigned to the Traffic Unit. In May 2004, five more officers were added to the Traffic Unit.

In 2004, \$3.5 million was collected, although \$7.2 million in traffic citation revenue had been budgeted. However, about one-third of the collections were for prior-year citations. From 2001 to 2004 actual revenue increased by about 32 percent, while the number of traffic citations increased by 67 percent during the same period.

We also noted that less than half of traffic citation revenue was collected at APD in 2004 before sending traffic citations to the Court. The table below represents all traffic citation revenue collected for each given year.

<b>Traffic Citation Revenue Collected at APD Customer Service Center 2001 - 2004</b>				
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Total Traffic Citation Revenue:	\$2,709,457	\$2,325,806	\$3,019,374	\$3,583,885
Traffic Citation Revenue Collected at APD Customer Service Center:	\$871,856	\$1,019,082	\$1,227,240	\$1,734,839
Percentage Collected at APD Customer Service Center:	32%	44%	41%	48%

Source: PeopleSoft Financial Data.

***Exhibit 2***

**Objective and Scope.** The objective of this audit was to evaluate the adequacy of the traffic citation revenue collection process from the time of issuance to final disposition of the citation. We also evaluated the reasonableness of the amount budgeted for citation revenue. Specifically, we

identified demographic categories for traffic citations and attempted to determine the percentage of tickets in each category. Also, we analyzed the budget methodology to identify issues concerning the budgeting process and compared budgeted amounts to actuals for 1999 to 2004. In addition, we identified the computer systems involved in the traffic citation process, determined the purpose of each system, and attempted to obtain basic citation statistics.

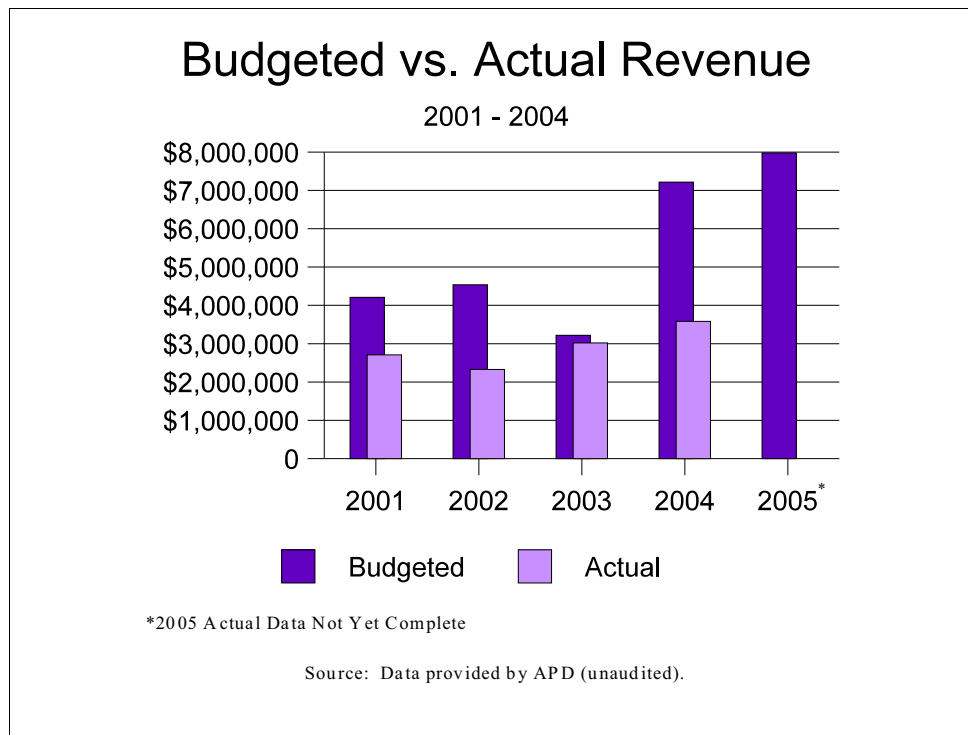
The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed during the period of February through June 2005. The audit was requested by the Administration.

**Overall Evaluation.** APD's budgeting and collection process for traffic citations needs improvement. The budget for traffic citation revenue was not supported by traffic citation data because comprehensive statistical information was not available regarding traffic citations. In addition, APD's process for collecting traffic citation revenue was not timely and penalties were not assessed to unpaid traffic citations. Finally, APD did not maintain one computer system or data base that tracked traffic citations from date of issue to final disposition.

## **FINDINGS AND RECOMMENDATIONS**

### **1. Budgeted Revenue Not Adequately Supported.**

- a. Finding.** The budgeted amount for traffic citation revenue for 2004 was not based on traffic citation revenue data. Our review revealed that statistical citation information was not readily available for budgetary and decision making purposes. During the period of 2001 through 2004, only in one year did the actual revenue come close to the budgeted amount. The following chart shows budget to actual comparison from 2001 through 2004.



***Exhibit 3***

Without a basic understanding of the traffic citation population, it is difficult to arrive at a reasonable budget estimate for traffic citation revenue. For example, data from 2004 and before was not available for basic information such as:

- How many traffic citations were paid outside of APD.
- How many traffic citations were dismissed by a Court magistrate.
- How many traffic citations were revenue-bearing citations.
- Which citations have been paid.
- How many traffic citations were correctable tickets (non-revenue).

In 2004, APD upgraded their computer system, resulting in an increased capacity to capture and query traffic citation data. However, even with this upgrade, comprehensive information was not always available at the time of this audit. In

addition, APD has not been able to adequately query State and Court computer systems for disposition and payment information.

- b. **Recommendation.** The Chief of Police should develop a budget methodology that is based on actual traffic citation data to arrive at a realistic revenue forecast.
- c. **Management Comments.** Management stated, “**Concur:** APD does not have comprehensive statistical data on which to base revenue forecasts.

“**Action:** the APD will continue its already ongoing work with the State of Alaska (SOA) Court System, Department of Motor Vehicles, Department of Public Safety and MOA Prosecution and Treasury to compile comprehensive data to be used as the basis for Traffic Citation Revenue. These agencies have most of the data required to build a sound methodology for revenue forecasting, however not all of the information is kept in electronic databases and these databases do not currently share information between agencies (see response to **Finding #4**). Ongoing meetings have been held with these agencies, and others, since early in 2005 with the next meeting scheduled for August 2005. Some of the information may already be available such as:

- How many traffic citations were paid outside of APD data should be available through MOA Treasury.
- How many traffic citations were dismissed by a court magistrate may be tracked in the Anchorage State Court’s Crime View system or on paper record.
- How many traffic citations were revenue-bearing citations and how many were non-revenue citations can be determined by careful analyses of existing information within the APD RMS.
- Which citations have been paid at the APD front counter is available, information on citations paid through the court system and citations paid through MOA Treasury should be able through the Treasury database records.

“The APD will continue to analyze existing data within its RMS for quality and the methods used to filter the data for reporting purposes. The other agencies are working with APD on data availability and data transfer methodologies thru our ongoing interagency meetings.”

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

2. **Collection of Citation Payments Not Timely.**

- a. **Finding.** The process for collecting traffic citation revenue was not timely. As a result, in 2004 only 37 percent of the traffic citations were paid at the APD front counter.

<b>Traffic Citations Paid at APD 2001 - 2004</b>				
	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>
Total Traffic Citations:	22,986	25,196	37,173	38,420
Traffic Citations Paid at APD:	7,182	8,159	10,590	14,319
Percent Paid at APD:	31%	32%	28%	37%

Source: Data provided by APD.

***Exhibit 4***

The traffic citation states that, “If you fail to respond within five days . . . A default judgment will be entered against you for the maximum penalty permitted by law . . . -OR- A warrant will be issued for your arrest . . . .” Although collection action could start after five days, there was an informal policy to wait 30 days after issuing

a traffic citation to send a warning letter if the fine has not been paid. After sending the warning letter, traffic citations were held another 30 days before they were forwarded to Court for further processing and collection action.

If the delinquent citation is not paid at the Court, the Court issues a writ of execution necessary for the garnishment of the Permanent Fund Dividend. By this time, at least two to five months have passed since the citation was first issued. After three months have passed, the probability of collecting a delinquent account drops to 72.2 percent. The Commercial Law League of America found that after six months the probability of collecting a delinquent account drops to 44 percent. The National Center for State Courts also found that one of the common problems inhibiting collection of fines was the “Failure to take quick and authoritative action in response to nonpayment.”

- b. **Recommendation.** The Chief of Police should consider revising the policy to wait 30 days before sending a warning letter if there has been no response to the traffic citation within five days. In addition, delinquent traffic citations should be forwarded to the Court no later than 30 days from date of issuance so that a default judgment can be entered for the maximum penalty.
- c. **Management Comments.** Management stated, “**Concur:** The process used in 2004 and during the first half of 2005 for collecting delinquent traffic citations was not timely.

“**Action:** 30 days after a citation is issued and not paid or contested a warning letter is generated and mailed to the person cited for the offense. 15 days after the warning letter is sent the citation is forwarded to the court to process default judgment. This timetable allows the court to process a default judgment as early as 45 days after the citation is issued.

“APD is working with the Alaska Court System to look into shortening the informal policy from 30 days before issuing a warning letter to 15 days after the citation is issued. One key aspect of this is the electronic routing of all traffic citations. Today APD issues both electronic (Packet Writer) and hand written citations. APD Records then manually enters the citation information into Tiburon and updates the State computer system APSIN. Both handwritten and electronic copies are then forwarded to the court with the electronic batch for processing.

“APD is working with Tiburon and Packet Writer to create a bridge between to two systems, this effort will enable Tiburon to accept Packet Writer information electronically, therefore negating the need to reenter the data prior to processing the warning letter.”

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

### 3. **Penalties Not Assessed.**

- a. **Finding.** A penalty was not assessed for late payments of traffic citations. As a result, there was little incentive to pay tickets timely. In contrast, the Anchorage Community Development Authority (Parking Authority) assesses a late payment penalty of \$15.00 if the payment is not received within 30 days of the issuance of the parking citation. In addition, a penalty of \$25 is assessed by the Municipality every 30 days if miscellaneous accounts receivable are not paid in full. Penalties are an integral part of the collection process because they provide an incentive for prompt payment. Therefore, they should be set at a level to deter individuals from becoming delinquent. The National Center for State Courts stated that, “Having a range of effective sanctions for noncompliance . . .” is a characteristic found among successful collection programs.



b. **Recommendation.** The Chief of Police should consider adding penalties or incentives to encourage timely payments.

c. **Management Comments.** Management stated, “**Concur:** Providing there are not legal restrictions to preclude imposing penalties, the Department should institute a penalty schedule.

“**Action:** The APD will research State Law and Municipal Code to determine if they contain restrictions on imposing a penalty, work to eliminate any restrictions if they exist and then prepare and implement a system of penalties.”

d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

#### 4. **Computer Resources Used Inefficiently.**

a. **Finding.** APD did not maintain one computer system or data base that tracked traffic citations from date of issue to final disposition. Instead, several stand-alone systems were maintained that contained partial information. As a result, basic management information was not available to manage traffic citations.

Some of the stand-alone systems were as follows:

- ***Tiburon*** - Traffic citation data, except payments and final disposition, is entered into this system.
- ***Packetwriter*** - Used by police officers to write traffic citations electronically. This system does not interface with Tiburon and requires manual data entry from the printed copy of each electronic traffic citation.

- ***Receipting System*** - Payments received for traffic citations only at APD are entered into this system. This system does not interface with either Tiburon or Packetwriter.
- ***Delinquent Criminal Fines & Fees (DCF)*** - The Court transfers unpaid traffic citations to Treasury. These traffic citations are maintained in Treasury's DCF database for collection action. APD has no way of knowing if these traffic citations have been paid since none of their computer systems interface with the DCF database. According to a traffic citation aging report generated from the DCF database, most of the traffic citations are currently less than a year old because Treasury has started sending delinquent citations to collection agencies.
- ***Traffic Spreadsheet*** - This standalone spreadsheet was created and maintained by the Traffic Section to track, among other things, how much revenue is lost due to dismissal of traffic citations by the Court.
- ***Data Table*** - This table was created and maintained by the Prosecutor's Office to help track the number of contested citations set for trial.
- ***APSIN*** - Traffic citation data are electronically transferred from Tiburon to the Alaska Public Safety Information Network (APSIN). Payments received by APD and disposition actions made by the Court are entered into APSIN. According to APD, they are not granted access to extract management reports from APSIN.
- ***CourtView*** - CourtView does not interface with APD systems. However, traffic citation data can be electronically transferred from APD to the Court through facilitating software. Court staff enter payments received at Court

into CourtView. CourtView also generates writs of execution for the Municipality to garnish Permanent Fund Dividends.

Maintaining several stand-alone systems that do not interface nor contain complete information is not an efficient use of personnel and resources, and does not provide important management information to manage traffic citations. According to the Parking Authority, the electronic parking citation system they use provides for electronic data transfer into the main data base system. The system also provides a complete record of each parking citation from time of issue to final disposition, as well as the ability to run required management reports.

- b. **Recommendation.** The Chief of Police should assess each of the stand-alone systems to determine how the systems can be improved to provide complete information and/or interface electronically. Any duplication of effort should be eliminated to reduce the time and effort required to manage traffic citations. In addition, the Chief of Police should ask the Court for a record of disposition of all traffic citations so that a complete record of the citations can be maintained.
  
- c. **Management Comments.** Management stated, “**Concur:** APD concurs additional information is needed and is diligently working with other agencies such as: Delinquent Criminal Fines & Fees (DCF), Prosecutor’s Office, State of Alaska’s APSIN and Court View. Hosted by other agencies, these systems and other information gathered contain the essential information necessary to track the progress and fate of citations. APD participates in an inter-agency data sharing discussions with the intent of exchanging that data. Within APD, a data interface between the two highest-volume databases - Packet Writer and Tiburon - is under active planning. Also a number of other systems are generated through out the department for various tabulations and calculations. For example, the temporary spreadsheet managed by the Traffic section tabulates unit-level data for a special

study of citation disposition. For department-wide citation data hosting and retrieval, staff rely on the Tiburon and Packet Writer systems.

“There is an established practice of checks and balances in citation cash accounting. In this case, the cash receipting database is kept separate from the other citation databases by design. This parallel system serves as a cross check to reduce the potential of the fraudulent practice of what is known as “ticket rolling”. Ticket rolling is the taking cash payments and deleting the record of both citation issuance and payment, a practice abetted when the cash accounting and citation disposition systems and users are identical. The separate Receipting database’s recording of payment transactions preserves the integrity of citation financial accounting.

“The audit focuses on FY2004 a period in which substantial levels of automation was initiated but not completed. In April 2004, the Tiburon systems upgrade has opened vast new capabilities and avenues for Citation reporting. With that new capability, critical operational and citation data residing with other agencies can now be accessed through a common data exchange. In support of citation tracking, APD and other public safety agencies have formed a technical committee to set forth standards and have already begun exchanging core citation information. Under this Global Justice XML technical committee, all 2004 and 2005 citations are now electronically sent from the Tiburon system to the State of Alaska’s CourtView database. The expected outcome of these continuing discussions is a reciprocal exchange of data from other agencies to APD that permits APD to track of citation disposition through its entire lifecycle.

“Currently Packet Writer does not interface with Tiburon the lack of an interface results in re-entry of the citations information. An interface between Tiburon and Packet Writer is being planned and funding is being sought. Packet Writer is undergoing an active upgrade/software development and its final design has not yet reached the stage of maturity sufficient to support an electronic interface with the

Tiburon system. In support of the Department's Strategic Plan, once the Packet Writer software design matures (estimated to be early 2006), a data interface between the two will be commissioned. The primary functions of these enterprise scale databases service largely independent Police functions ranging well outside the task of citation generation and tracking.

**“Action:**

- 1) APD will assess the data within its systems and that resident with other agencies, identify a mechanism to electronically interface, aggregate and report Citation tracking and disposition information.
- 2) To reduce duplication of effort in managing traffic citations, a data interface between the Packetwriter and the Tiburon system will be established for the purposes of, among others, Citation tracking.”

- d. Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

**Discussion With Responsible Officials.** The results of this audit were discussed with appropriate Municipal officials on July 11, 2005.

Audit Staff:  
Birgit Arroyo