

***The Corporation of the City of
Richmond Hill
By-Law & Licensing
Enforcement***

March 2019

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1. MANAGEMENT SUMMARY

We have performed a review of the Corporation of the City of Richmond Hill's ("the City") processes and procedures in place within the By-Law & Licensing Enforcement Division.

This report was prepared in accordance with *International Standards for the Professional Practice of Internal Auditing* as established by the Institute of Internal Auditors.

In our opinion, the By-Law & Licensing Enforcement Division is managing Administrative Monetary Penalties, licenses and complaints effectively. There are several areas where the City should focus on improving the system they have in place:

- The City should consider implementing additional performance measures for administrative monetary penalties and complaints tracking;
- The City should ensure that plate denials are forwarded to the Ministry of Transportation on a timely basis and ensure that there is monitoring of aging of penalty notices.
- The City should ensure that expectations are set in terms of the documentation required within the AIMS system on adjudicating penalty notices;
- The City should ensure that all documentation required for license applications is maintained on file; and
- The City should document the processes and procedures for documenting and handling customer complaints.

We have provided our detailed recommendations in the body of the report.

A draft copy of this report has been discussed with the Director, By-Law & Licensing Enforcement, who has provided us with her comments and has agreed to take the necessary action to implement the recommendations.

Should the reader have any questions or require a more detailed understanding of the risk assessment and work performed during this review, please contact the Director, Audit Services, Regional Municipality of York.

Audit Services would like to thank the By-Law & Licensing Enforcement management and staff for their cooperation and assistance in conducting this engagement.

2. BACKGROUND

In 2016 the City and the Regional Municipality of York ("York Region") entered into a memorandum of understanding for the delivery of audit services. As part of the Corporation of the City of Richmond Hill's ("the City") audit plan, the City requested that Audit Services perform an audit of By-Law & Licensing Enforcement. The audit plan was developed by the City using a Risk Assessment Methodology that helps to define the different risks associated with various processes.

The By-Law & Licensing Enforcement Division consists of three separate Sections: By-law & Licensing Enforcement, Administrative Monetary Penalty System, and Parking Control Enforcement.

3. OBJECTIVES AND SCOPE

The main objectives of this engagement were to:

- Assess controls in place for managing the By-Law & Licensing Enforcement Division.
- Ensure compliance with internal policies, procedures and by-laws.

The engagement objectives were accomplished through:

1. Review of procedures/policies and other related documents.
2. Interviews with appropriate personnel.
3. Detailed review and testing of by-law & licensing enforcement services.

4. ADMINISTRATIVE MONETARY PENALTIES

On July 1, 2017 the City moved to an Administrative Monetary Penalty System ("AMPS") for the administration of parking penalties. During 2018 there were 30,422 tickets which were issued with a value of \$1,835,861 as of February 13, 2019.

In August 2018 the City implemented a new parking software system (AIMS) to manage AMPS. Table 1 below summarizes the tickets issued by ticket status during the period of review.

TABLE 1: PARKING PENALTIES ISSUED BY TICKET STATUS

Ticket Status	Number of Tickets	%
Paid in Full	17,843	58.7%
Plate Denial	4,272	14.0%
Partial at Screening Closed	3,807	12.5%
Paid at Ministry of Transportation of Ontario	1,566	5.1%
Void Approved	876	2.9%
AMPS Notice Sent	573	1.9%
Pending Plate Denial	460	1.5%
Other	1,025	3.4%
	30,422	100.0%

We judgmentally selected a sample of 25 AMPS issued during 2018 to ensure the penalties followed the processes and procedures in place.

4.1 Performance Measures

Observation

Prior to the implementation of the City's new AIMS software in August 2018, detailed monthly statistics were gathered related to AMPS. We understand that The City is currently working with their software provider to resolve this issue. Some basic reporting is available; however, information previously relied upon now would have to be generated manually.

We note that Parking Tickets Processed to Resolution has been established within the City's 2017 Key Performance Indicators Program which is presented to Council.

The By-law and Licensing Enforcement Division should consider developing additional performance measures such as:

- Number of penalty notices issued by City staff versus private parking control companies;
- Tickets issued by City staff per hour of surveillance by ward or coverage area;
- Proportion of penalty notices paid within 22 days;
- Number of days to initiate screening review or hearing;
- Percentage of penalty notices cancelled due to staff errors;

The above performance measures may be indicators that there is increased or decreased compliance within the community with the City's parking by-laws or the City's efficiency and effectiveness in dealing with penalty notices.

The City should ensure that these metrics are easily run within the system to enable monthly reporting and measuring the Division's performance.

Recommendation

We recommend that the City continue to work with the software provider to ensure that reporting capabilities within AIMS are resolved and that information in order to generate appropriate performance indicators can be run automatically. We encourage the City to develop further performance indicators related to AMPS in order to track performance within the Division.

Management Response

The AIMS reporting issue has been previously noted and work to configure additional reports is currently underway. Increased priority will be given to this work.

Target Completion – End of Q1 2020

4.2 Conversion to New System

Observation

The City implemented a new tracking system for AMPS in August 2018. The Ticket Tracker system used up to August 2018 reports 20,314 penalty notices issued in 2018. The AIMS system reports 20,226 penalty notices issued in 2018 from January 1, 2018 until the time that Ticket Tracer was shut down at 3:56pm on August 23, 2018. There is a difference of 88 tickets. The Town believes that this 88 ticket discrepancy is the result of data migration issues between the different software; however, the specifics of the migration issues have not yet been determined.

Recommendation

We recommend that the City ensure that a reconciliation between the two tracking systems is performed to ensure the AMPS system is reporting the number of tickets properly.

Management Response

The discrepancy between the data in the two software systems will be investigated.

Target Completion – End of Q4 2019

4.3 Manual Processes for Late Fees

Observation

In several instances we noted that there was manual intervention required to charge late payments. Tickets issued include a due date for payment which is 22 days after tickets have been issued. The City provides a buffer of five (5) days after the due date in applying late fees. In some instances these fees were added well after the deadline date provided to the vehicle owner. In other instances these fees are added automatically by the system. In discussions with City staff we understand that there were system issues when the AIMS software was initially installed and the City has already addressed some of these issues.

In some instances where a screening review or hearing occurred, we note that late fees and Ministry of Transportation of Ontario (“MTO”) fees, which should have been applicable, were not charged on tickets. Staff reported that the tickets in question had been adjudicated and the MTO fees were not subsequently added back to the ticket.

We also note an instance where MTO fees were charged on a ticket when a screening review previously took place and in other instances the fee is not charged. We understand that once the fee has been added to the system and removed due to a screening review or hearing that the fee cannot be added back.

MTO ownership information is supposed to be requested 5 days after the penalty notice due date. We note instances where the MTO ownership information is requested well after the required 5 days.

Recommendation

We recommend that the City ensure that all circumstances where late fees and MTO fees need to be added back are resolved. The City should consult with AIMS to understand the circumstances where late fees and MTO fees are not added to a ticket automatically. Staff should be made aware of the circumstances when late fees and MTO fees need to be added manually.

Management Response

Problem identification will be undertaken and a process for resolution determined and implemented.

Target Completion – End of Q1 2020

4.4 Plate Denials

Observation

If penalty notices are not paid on or before 45 days after the date of the penalty notice a plate denial notice is supposed to be sent to MTO.

In the sample of penalty notices we reviewed there was one instance where a ticket was issued on September 14, 2018, therefore, a notice of plate denial was supposed to be sent to MTO by October 30, 2018 (46 days after the penalty notice was issued). In this instance, the notice of plate denial was not sent to MTO until February 21, 2019 (160 days after the penalty notice was issued).

From discussions with staff we understand that license denials are supposed to be sent to the MTO every month. We note that during 2018 plate denials were only sent to the MTO four times. We understand from discussions with staff that the ultimate goal is to send the MTO a list of plate denials one per week.

Delays in sending notice of plate denials to MTO can delay the collection of funds.

Recommendation

The City should develop improved processes to ensure notices of plate denials are forwarded to MTO on a more timely basis. The City should further monitor the aging of penalty notices which are classified as "Pending Plate Denial" within AIMS.

Management Response

A protocol for sending penalty notices to MTO for plate denial will be written and approved to provide staff with strict and definitive timelines for executing this function. Back-up responsibility for this task will also be assigned.

Target Completion – End of Q4 2019

4.5 Tickets Status

Observation

There is inconsistency in how tickets are classified within AIMS. If a penalty notice goes to a screening process and the screening results in a partial penalty which is ultimately paid, the status of the penalty notice should be "Partial at Screening CLS". We note instances where penalty notices have gone through this process and the status is designated as "Paid In Full" within AIMS.

In another instance we noted a ticket was classified as "Time Extension Approved"; however, a screening has been performed finding the enforcement officer had written the wrong license plate number on the ticket.

From a review of the AIMS system we note that the City has tickets that are classified as "Issued" dating back to 1993. From a sample review of tickets we note that these tickets have balances owing recorded within the system. We understand that in many cases these tickets are considered uncollectible.

We understand that the system automatically assigns ticket statuses as the tickets progress through the system.

Recommendation

The City should ensure that the AIMS system classifies tickets appropriately as they progress through the system. Further, the City should establish protocols for uncollectible tickets.

Management Response

We will review the AIMS classification of status as tickets move through the system to determine if there are possible refinements to the statuses that can be implemented. We will also work with the Corporate and Financial Services Department to determine a process for resolving the "Issued" tickets.

Target Completion Date: End of Q2 2020

4.6 Adjudication of Penalty Notices

Observation

In some instances the factors assessed during a Screening Review are not documented in review Decisions and the ultimate reasoning behind the "Decision" is also not documented.

For example, where a vehicle owner parked in a fire route within the Decision field it is documented "[adjudicator] explains the options. He is looking to plead guilty with a lesser penalty. He was late in dropping off his daughter to school. Confirm the penalty." The fine was partially approved and reduced by fifty percent in the circumstance.

Fully and consistently documenting the adjudicator's reasoning behind decisions can assist in ensuring the adjudication process is fair should a complaint arise over the process.

Recommendation

The City establish expectations on what information on adjudicating penalty notices is included within the "Decision" field of the AIMS system.

Management Response

Guidelines and template responses for information to be provided in the AIMS Decision fields will be determined so that information is entered consistently.

Target Completion Date: End of Q2 2020

4.7 Voided Tickets

Observation

The sample of AMPs we selected included one ticket which had been voided. This ticket was voided as the private security company issuing the ticket wrote down the wrong license plate number when issuing the ticket.

Our sample of transactions also included two other instances where incorrect license plate information was recorded within AIMS. In one case a ticket issued by a City enforcement officer had a status of "Time extension approved" but the City could find no MTO ownership information, presumably because the license plate number had been recorded incorrectly.

In most cases during our review we note that the City's enforcement officers typically attach pictures of the vehicles within AIMS of the vehicle parked to show the violation. In the above instances we note that the only picture included within AIMS did not include an angle of the vehicle with the license plate visible or the image is not of sufficient quality to identify the license plate number.

Recommendation

We recommend that the City implement a process to monitor the number of voided tickets by issuer to identify whether there are any particular issuers that record more license plate errors. Further, employees should be instructed to ensure that they include a clear photograph of the license plate of the offending vehicle.

Management Response

An AIMS report on statistics associated with "Voided" tickets will be produced and used as a performance measure (see first recommendation in this section/above).

It is noted that plate errors could be avoided if the system required license plate information to be confirmed at the end of the data input process (when issuing a penalty notice) rather than immediately following the initial input of the plate information (as this

would prevent memorization). Staff will investigate whether the field input order for ticket issuance can be altered.

Finally, it is noted that some of the plate errors result from the issuance of manual tickets by Private Security Companies. A process for mitigating the occurrence of errors of this nature will be investigated and implemented.

Target Completion Date: End of Q3 2020

5. LICENSES

By-law & Licensing Enforcement approves and issues some licenses. Table 2 below summarizes the number of licenses issued and the corresponding dollar value of licenses issued during 2018.

TABLE 2: Licenses Issued During 2018

	Number of Licenses	%	\$	%
Dog Tags	1,551	66%	34,000	8%
Tow Trucks	382	16%	316,271	72%
Taxi and Limousine	289	12%	55,830	13%
Tobacco Retailer	81	3%	24,267	5%
Other	53	2%	11,551	3%
	2,356		441,919	

The City is currently using a system that has been in place for 30 years. We understand from discussions with staff that the system does not provide functionality to manage the licensing process and many of the processes they have in place are manual. We also understand from discussions with staff that the current system in place is expected to be replaced.

5.1 Payment for Licenses

Observation

We noted during our review that in many instances the payment receipt on file verifying that tow truck licenses has been paid does not specify the actual license numbers that were paid. This presents issues when a tow truck vendor pays for multiple licenses at the same time. In some instances Access Richmond Hill ("ARH") will document the actual licenses that are paid on the receipt that is forwarded to By-law & Licensing Enforcement.

In the sample of 15 tow truck licenses that were reviewed during the year we noted that there were:

- two instances where the license numbers or the number of licenses paid were not documented;
- eight instances where the license numbers were not documented but the number of licenses paid were documented; and
- five instances where the licenses paid were documented.

Recommendation

We recommend that staff retain documentation on file that specifies the tow truck licenses which are being renewed at the same time to verify the appropriate amount is paid.

Management Response

As mentioned above, the City is in the process of transitioning from the existing license management software, which is very outdated and has limited functionality, to new Planning and Regulatory Management software ("Energov"). The new software will be configured to resolve this issue. In the interim we will revise the AccessRH payment receipt request form to ensure that licenses being paid are documented.

Target Completion Date: Revise AccessRH payment receipt request Q4 2019. Energov implementation end of Q2 2020.

5.2 License Applications

Observation

The City's Tow Truck Plate Holder & Driver application form includes a checklist of documentation that is required to be submitted which includes:

- Proof of eligibility to gain employment in Canada;
- Proof of insurance;
- MTO Safety Certificate;
- Canadian Police Clearance;
- Vulnerable Sector Screening (with initial application and repeated every 5 years);
- Schedule of Rates.

We reviewed a judgmental sample of 21 taxi and tow truck licenses that were renewed during the year and note there were several instances where the documentation included on the City's checklist of documentation required were not on file. We understand from discussions with City staff that turnover for clerks handling the licensing has been high. We note that in many instances the checklist on the tow truck license application has not been completed by staff.

In one instance we note that the insurance certificate provided did not identify the actual vehicle that was insured. Based on the documentation available, the City has not verified in this instance that appropriate insurance is in place.

The City's Tow Truck Licensing By-law requires that applicants for tow truck licenses submit proof of commercial general liability insurance of a minimum of \$5,000,000 per occurrence and automobile insurance of a minimum of \$2,000,000. While the City is obtaining evidence of automobile insurance minimum requirements, we did not identify instances in our sample where proof of commercial general liability insurance was maintained within the tow truck license application files.

Recommendation

We recommend that the City provide training to staff to ensure they understand the documentation requirements of the Tow Truck Licensing By-law. The City should ensure that staff are diligently completing the checklist for documentation required by the Tow Truck Licensing By-law. The City should ensure that supervisory staff review a sample of licensing applications assessed by staff to ensure appropriate information is collected.

Management Response

The process for accepting, reviewing and approving tow truck license applications will be documented and approved. Energov will be configured so that completion of the license application checklist is mandatory.

Target Completion Date: Approval of documented process end of Q1 2020. Energov implementation end of Q2 2020.

6. COMPLAINTS

By-law enforcement and licensing complaints are received by email either through a generic email account, by telephone, to staff email addresses or in person.

The City currently uses a system called By-law Tracker to track by-law cases. We understand that the City will be transferring to a new software provider early in 2019. In 2018 there were 3,336 by-law enforcement and licensing cases opened during 2018, of which 2,896 were closed as of February 14, 2019 and 442 remained open.

6.1 Performance Measures

Observation

The City does not currently have any performance measures in place to assess the department's overall performance in handling complaints. In discussions with staff we understand that By-law Tracker only provides the capability to produce basic reporting such as the number of files by year and ward. IT staff are able to generate more sophisticated reports on request.

Key performance metrics that the City could consider related to addressing customer complaints include:

- Complaint volume by month or quarter;
- Complaint backlog;
- Number of complaint resolutions;
- Percentage of complaint resolutions under a particular time ;
- Average time to resolution; and
- Percentage of initial responses within a particular time frame.

Benchmarking service standards should be established and measured over time. Trend analysis can be performed to gauge the City's efforts. These standards can also be measured against other comparable municipalities with similar standards.

Recommendation

The City should ensure that the new software that will be used for by-law complaint tracking has the ability to track information which will allow for the generation of performance metrics.

Management Response

One of the goals of the transition to the new Energov software is improvement of data/statistical tracking and reporting abilities. Energov has very comprehensive data tracking and reporting functionality.

Target for Completion: Energov implementation/Go Live targeted for end of Q2 2020.

6.2 Process for Opening Complaints

Observation

From a review of file documentation, when complaints are received by phone which we understand is a common occurrence, the person receiving the call makes hand written notes on a designated form.

In some cases details such as caller's name, address or phone numbers are not collected or input into the system.

Recommendation

We recommend that this process be streamlined with the implementation of the City's new software by having the person taking the call input the caller's complaint directly into the system. We further recommend having mandatory fields when setting up new complaints such as caller's name, address and phone number and the description of the complaint.

Management Response

One of the goals of the transition to Energov is to modernize by-law processes through elimination of paper-based documentation and filing. Energov software allows for all documentation and records associated with a service request, complaint, inquiry or case to be linked and/or uploaded to the file (this is not possible in By-law Tracker) so that staff will no longer need to record information in two places. Energov provides the ability to create mandatory fields and we will make use of this feature as recommended.

Target for Completion: Configuration of Energov software will be complete by end of Q1 2020.

6.3 Process for Handling Complaints

Observation

From discussions with staff we understand that there are currently no documented processes and procedures for documenting and handling of by-law complaints.

We understand from discussions with staff that there is not currently a main point of contact for complainants. The City is not always using BY-law Tracker to track details related to the status of complaints and the outcomes of reviews or correspondence with the complainants.

We understand from discussions with staff that when complainants call in for follow-up, there can be inconsistency in messaging as they might speak to different people at

different times. As By-law Tracker is used inconsistently to track correspondence and details of complaint investigations, maintaining consistent messaging can be challenging.

We understand that the City will be implementing a new system in early 2019 to monitor and track complaints.

Recommendation

We recommend that the City ensure the system that will be implemented has the capability to track conversations with the complainants. The City should set guidelines for staff on the use of the system and set out processes and procedures for documenting and handling by-law complaint reviews. We further recommend that the City ensure staff are documenting the results of their complaint reviews in a consistent and complete manner within the new system.

Management Response

Guidelines for using the new Energov system as well as processes and procedures for logging and processing complaints consistently will be developed and approved.

Target Completion date: End of Q1 2020.

6.4 Open Calls

Observation

As of February 14, 2019 there were 442 calls which are classified as "Open" in the City's BY-law Tracker system. We reviewed a sample of five (5) of these files and in many cases there is no apparent reason for the complaint files to remain open. Table 3 below details the results of our review.

TABLE 3: Results of Review of Open Calls within BY-Law Tracker

File Number	Creation Date	Description
2018-1248	June 5, 2018	Issued Property Standards Order with date of June 28, 2018 for compliance date. No follow up on compliance date on file.
2018-1725	July 5, 2018	Issued a Zoning Notice for front yard parking with a compliance date of July 19, 2018. Followed up seven times after July 19, 2018 with no further vehicles parked in front yard. Staff advised to put complaint on hold due to petition taken to Council.
2018-1885	July 18, 2018	Complaint that fence along Yonge Street has fallen down.

2018-245	February 27, 2018	The matter is being left open pending prosecution.
2018-54	January 16, 2018	Complaint about a business in the plaza. From our review of the file there is no active work being performed related to the case. The file is being kept open as staff want to assess the business that moves into the space.

We note that there are other by-law complaints that are open in By-law Tracker prior to 2018. The oldest complaint has a creation date of February 3, 2006.

Recommendation

We recommend that the City ensure its new software to handle by-law complaints has the capabilities to preset alerts to staff on aged complaints. Management should actively review aged opened complaints to ensure there is a reason for the complaints to remain open.

The City should review by-law complaints that are currently classified as open to determine if they should be deemed closed.

Management Response

As part of the transition to the new Energov software, "open" cases in By-law Tracker will need to be migrated to the new system. Work underway to facilitate the data migration has brought this issue to the attention of management and preliminary steps to close cases that unnecessarily remain open have been taken. Work in this regard will continue so that only cases that are required to be open will be migrated to Energov. Once we are working in Energov we will establish a system whereby the Supervisor reviews the oldest cases. The new software does have the ability to send alert email notifications and use of these alerts will be investigated through phase 2 of the software transition.

Target Completion Date: Closure of By-law Tracker files – Q4 2019. Configuration of alerts in Energov – Q4 2020.

6.5 Documentation of Complaints

Observation

The City does not currently have standard operating procedures in place detailing how by-law complaint investigations should be documented. From discussions with staff we understand that in many cases they have difficulty connecting to the system while offsite and do not make notes within the system immediately. In some instances, staff also noted that they have additional communications with property owners or developers that are not documented within the system.

There is variation in the way staff document actions taken during investigations of complaints. We note that in most instances actions taken (including details of site visits and correspondence with complainants) are documented within By-law Tracker and in other cases the actions taken are not documented within the system. For example:

- On June 29, 2018 a complaint was received that “green bin and blue box at the curb”. The only resulting action detailed was on November 14, 2018: “No further Bylaw action is required at this time. File closed.”
- On August 27, 2018 a complaint of long grass was received for a particular address. No actions were noted within By-law Tracker; however, a hand written Long Grass Weed Complaint Form, site photos and a Noncompliance Notice letter was completed and included within the hard copy file.

In some instances, the classifications of complaints vary. For example, in some cases complaints related to long grass are classified as “Long Grass & Weeds” and in other cases they are classified as “Zoning”.

We note that in some instances there is no documentation available on the source of a complaint or how the complaint was made (i.e. by phone, email or in person). When case files are opened by staff as a result of active monitoring, staff input their own names into the By-law Tracker system as the “Caller Name”.

Recommendation

We recommend that the City establish protocols for inputting information in the City’s new system for tracking by-law complaints to ensure that the system is being used consistently between staff.

Management Response

Guidelines for using the new Energov system as well as processes and procedures for logging and processing complaints consistently will be developed and approved.

Target Completion date: End of Q1 2020.

6.6 Scheduling Follow Up

Observation

During our review we noted several instances where noncompliance notices were sent out as a result of complaint investigations. These noncompliance notices provide a date at which action has to be taken (“Compliance Date”). We noted instances where inspections did not occur around the Compliance Date or the inspections occurred long after the Compliance Date.

From discussions with City staff we understand that there are no mechanisms available to automatically alert staff to Compliance Dates that are set with respect to noncompliance notices.

Recommendation


We recommend that the City set up a protocol for ensuring that compliance dates are adhered to.


Management Response

The Energov software has the ability to send alert email notifications at compliance dates. The use of these alerts will be investigated through phase 2 of the software transition.

Target Completion Date: Configuration of alerts in Energov – Q4 2020.



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