



**Department of Finance**

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January 26, 2022

Carmen Maldonado  
Audit Director  
Office of the State Comptroller  
Division of State Government Accountability  
59 Maiden Lane, 21st Floor  
New York, NY 10038

**Re: Department of Finance's Response to NYS Comptroller's Office Follow-up Report, 2021-F-13, Issued on January 6, 2022.**

Dear Ms. Maldonado:

The attached is in response to your office's follow-up on DOF's implementation of recommendations in your initial audit report, *Selected Aspects of Parking Violations Operations to Collect Fines and Fees Report 2017-N-8*.

If you have any questions, you may contact Sam Mayer, Senior Director of Internal Audit, at 212-291-2536.

Sincerely,

A handwritten signature in blue ink that reads "Jeffrey Shear".

Jeffrey Shear  
Deputy Commissioner

cc: Preston Niblack, Commissioner  
Sam Mayer, Senior Director, Internal Audit  
Florim Ardolli, Associate Director, Mayor's Office of Operations  
Agnes Rusin, Director, Parking Operations  
Pamela Parker-Cortijo, Assistant Commissioner, Collections

Attachment

DOF comments on the status of eleven audit recommendations reviewed by the New York State Comptroller's follow-up report 2021-F-13 on Selected Aspects of "Parking Violations Operations to Collect Fines and Fees".

### **Recommendation 1**

*Establish and document the policies and procedures addressing accounts receivable write-offs.*

Status - Not Implemented.

Agency Action - The New York City Comptroller issued Directive 21 regarding internal controls and accountability over revenue and receivable monitoring in November 2012. The Directive recommends city agencies adhere to a "sound write-off policy appropriate to their operations. "A sound write-off policy includes "...making reasonable efforts to collect past due debts with well-documented procedures." DOF provided documents that were previously reviewed, did not meet the intent of the recommendation, and did not address, among other things, processing parking violations issued to diplomats and their staff.

DOF Comment: The Comptroller's Office has clarified that the submitted documents are insufficient due to their age and not reflective of DOF's current organizational structure. DOF will update the documents.

### **Recommendation 2**

*Ensure STARS properly accounts for all summonses that should be written off and summonses that should be in judgment.*

Status - Partially Implemented.

Agency Action - In January 2020, a DOF official in the Collection Division submitted a request to change the Summons Tracking Accounts Receivable System (STARS) write-off process to start aging judgment tickets when the summons enters judgment instead of the summons issuance date. The request also included identification of summonses that meet the 8-year date criteria in the coming month instead of the prior month. The change in programming was made effective June 2021. For the first 8 months of fiscal year 2020, DOF was writing off cases after 5 years when write offs were suspended due to the COVID-19 pandemic.

DOF Comment: The programming change implemented by DOF in 2021 will be maintained so that if the Comptroller's Office reviews parking summons data that is more recent than the period covered by the report, the recommendation will be considered to have been fully implemented.

### **Recommendation 3**

*Establish and document policies and procedures addressing the collection of parking summonses in judgment.*

Status - Implemented.

Agency Action - DOF's Collection Division implemented a standard operating procedure in July 2021. It was distributed to 17 employees via email in July 2021.

#### **Recommendation 4**

*Monitor the contracts with OCAs to ensure collections are maximized.*

Status - Partially Implemented.

Agency Action - DOF's Collection Division is in daily telephonic and email communication with the OCAs regarding collections efforts and trends. The OCAs report collection performance efforts daily, weekly, and monthly. DOF officials visited the OCA located in Staten Island in 2018. They advised us a visit that was planned for April 2020 was canceled due to the pandemic. The other two OCAs are located out of state. DOF has also created a monthly internal report for management of collections data, including the total collectible debt sent to the OCAs and the amount collected or recalled from the OCAs.

We sampled 50 cases in judgement to determine whether they were sent to OCAs and the outstanding debt was collected. We met with DOF and discussed 15 cases. We received documents for four cases sent to OCAs. Four cases were not sent to an OCA.

DOF Comment: DOF plans to physically visit the collection agencies offices upon the registration of new contracts moving forward.

#### **Recommendation 5**

*Retain backup documentation in accordance with provisions of the VTL.*

Status - Partially Implemented.

Agency Action – A DOF official stated that memos were sent to ALJs reminding them to maintain documentation and follow the filing system. However, evidence that such memos or other documentation that reminders were sent was not provided to the auditors. A sample of 50 adjudicated cases were randomly selected for review to determine if the documentation was kept in accordance with the Vehicle Traffic Law (VTL). Three of the 50 cases were not in compliance with the VTL.

DOF Comment: DOF will continue sending memos to the Administrative Law Judges reminding them to maintain documentation and follow the filing system.

#### **Recommendation 6**

*Communicate with issuing agencies the number of errors on summonses and suggest they take corrective action, such as additional training for their employees on writing summonses.*

Status - Implemented.

Agency Action - DOF sends monthly reports to summons-issuing agencies regarding errors identified in the summonses. DOF suggests training to issuing agencies with a high number of errors. The New York City Sheriff's Office offers summons training, which includes how to complete a summons, what information must be on the summonses, and where to find that information on a vehicle's registration sticker. DOF advised they have evidence that summons error reports were sent to Department of Sanitation, and DOF worked with the Department of Sanitation to update its ticketing technology, which is expected to reduce the number of summonses with errors.

### **Recommendation 7**

*Ensure all fines, interest, and penalties are collected from respondents found guilty.*

Status - Partially Implemented.

Agency Action - We reviewed 50 cases to determine the actions taken to collect (including being sent to OCAs) and whether the outstanding debt was collected. We received documentation to support the collection efforts for four cases. The documents for three cases were letters OCAs sent to the respondents notifying them their case was assigned to a collection agency. One case was sent to DOF's Legal for further action. Four cases were not sent to the OCAs.

DOF Comment: DOF is in the process of securing a new case tracking system with functionality to capture additional information on actions taken in the collection of outstanding debt. Such actions include but are not limited to capturing the images of dunning notices, increasing the system bandwidth to retain additional information found via skip-tracing, standardizing collection notes, etc. In addition, DOF will continue to update and streamline case treatment flow based on outside consultant's recommendations.

### **Recommendation 8**

*Retain documentation in support of efforts made to recoup outstanding diplomatic debt.*

Status - Implemented.

Agency Action - Since December 2019, DOF communicated with three diplomat entities regarding payment of outstanding debt. DOF reached an agreement with two missions. One was a settlement for 67% of the debt, while another mission agreed to a payment plan in May 2021 and paid the down payment. The third mission has not made any payments. DOF Collections, Parking Violations, and Legal met with representatives from the missions.

### **Recommendation 9**

*Enlist the cooperation of DOS' Office of Foreign Missions and the New York City Mayor's Office for International Affairs for their assistance in addressing outstanding issues related to the MOU, including collection of money due for summonses issued to vehicles with diplomatic plates prior to November 1, 2002.*

Status - Partially Implemented

Agency Action - DOF automatically sends monthly outstanding debt reports to DOS' Office of Foreign Missions and the New York City Mayor's Office for International Affairs. DOF officials reiterated that it has no enforcement authority to collect the debt, and pre-2002 debt is virtually uncollectible. Only DOS can take actions, such as revoking diplomat plates, to encourage the entities to pay the outstanding parking debt.

DOF Comment: DOF will continue to send monthly outstanding debt reports to the U.S. Department of State and the City Office for International Affairs and ask them to urge foreign missions to make payment. As indicated above, DOF has no enforcement authority to collect pre-2002 diplomatic debt.

### **Recommendation 10**

*Correct STARS to reflect only the base fines owed for summonses issued (excluding staff plates) starting November 1, 2002 to vehicles with diplomatic plates, as specified in the MOU.*

Status - Implemented.

Agency Action - DOF implemented a programming change in January 2019 to remove excess fees from diplomatic plates but not staff plates. We confirmed the programming code change in the system. Of the 3,299 summonses issued to diplomatic plates from December 2019 through June 2021, we found the diplomatic plates for consulates and missions had only base fine amounts (fine amount stated on Notice of Parking Violation).

### **Recommendation 11**

*Ensure that all vendors providing data processing services obtain service organization reports and provide these reports to DOF.*

Status - Partially Implemented.

Agency Action - DOF's response to the audit stated that requests for SSAE and SOC1 certificates became a formal vendor management policy for DOF's Office of Procurements in October 2019, and vendors have been providing DOF with certificates. However, DOF provided a SOC1 report for only one of the five vendors providing data processing services.

DOF Comment: DOF's Office of Procurements and Contracts (OPC) is currently following up with the vendors on the outstanding certificates and going forward OPC will ensure that certificates are secured.