



**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
OFFICE OF INTERNAL AUDIT**

Professional Audit and Advisory Service

FINAL REPORT

**Audit of Traffic Citation Process
Part A and Part B**

Date Issued: June 18, 2010

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*The Metropolitan Nashville Office of Internal Audit is an independent audit agency
reporting directly to the Metropolitan Nashville Audit Committee*

EXECUTIVE SUMMARY – PART A

June 18, 2010

What We Found	Key Conclusions and Recommendations
<p>The Office of Internal Audit in Part A performed an audit of processes related to issuance and disposition of traffic citations, both moving and parking.</p> <ul style="list-style-type: none"> • Traffic Violations Bureau processed 362,068 traffic citations and 145,670 parking citations during the audit scope (January 1, 2007 through June 3, 2009), the vast majority of which were issued, processed, collected, and documented as intended. • Metropolitan Code of Laws § 2.56.060 (c) describes “retired” cases as: <i>“No cases may be retired in Division I of the metropolitan court or any other court having jurisdiction over metropolitan ordinances, regulations, resolutions or private acts, with the exception of moving and nonmoving traffic violations, until all costs have been paid;”</i> • During the 29 months of the audit scope, 6,421 (2%) traffic and 2,835 (2%) parking citations were retired. <p>Citations were retired due to a variety of reasons including indigence, invalid violations, slow pay/fine reductions, withdrawal by police/prosecutor, clerk errors, etc.</p> <ul style="list-style-type: none"> • Retired traffic citations observed in our audit procedures were adjudicated by judges in their official capacity or attorneys’ on days they were properly appointed as a special judge. • Generally, weak internal controls existed over the traffic citation process. For example, due to missing completion controls, potentially 5,714 citations issued by police officers may have not been received or not processed by the Traffic Violation Bureau. However, recently instituted controls appear to be adequate going forward. • Nothing came to our attention during the audit indicating traffic or parking citations were improperly retired by judges. 	<p>Key conclusions:</p> <ul style="list-style-type: none"> • <i>Does Circuit Court Clerk Traffic Violations Bureau have functioning key controls in place?</i> <p>Generally yes. However, numerous weaknesses were found to have existed prior to May 2009.</p> <ul style="list-style-type: none"> • <i>Were special judges properly appointed to serve the court when traffic citations were retired?</i> <p>Yes. Special judge appointment dates coincided with retired citation dates 263 (88%) out of 300 times in our sample. Required Appointment and Oath forms were properly used for appointments.</p> <ul style="list-style-type: none"> • <i>Were there individuals that performed a frequent or major role in requesting retirement of traffic citations?</i> <p>Identities of three Metropolitan Nashville Police Department (MNPD) officers were forwarded to MNPD management.</p> <p>The Traffic Violations Bureau should strengthen its system of internal controls by:</p> <ul style="list-style-type: none"> • Limiting access to its facilities to those on official business and institute a sign in log for visitors • Requesting a monthly report from citation issuing agencies that details the number of manual citations issued • Date stamping all citations upon initial receipt • Maintaining documentation to substantiate why deletion of citations in the computer system occurred • Developing a citation aging report to ensure all citations are acted upon as required • Sequentially numbering judge orders for unscheduled citation requests <p>Management’s response can be seen in Appendix A, page 49.</p>

EXECUTIVE SUMMARY – PART B

June 18, 2010

Results in Brief	Key Recommendations
<p>The Office of Internal Audit in Part B performed an audit of processes related to the collection of revenue related to traffic citations. Key audit objectives and conclusions are as follows:</p> <ul style="list-style-type: none"> • <i>Are reported revenues complete and accurate?</i> Generally, yes. However, our office noted that the recording of receipts lack adequate review. • <i>Is there segregation of duties between authorization, access, and accounting for revenues?</i> No. Our office determined that the bookkeeping function is responsible for handling cash, preparing deposits, and recording revenue. • <i>Are revenues deposited within one business day of receipt as recommended by the Metro Nashville Treasurer?</i> Yes. Revenues are deposited within one business day of receipt into the Circuit Court Clerk account then re-deposited into a Metro account monthly. However, daily deposits into Metro Nashville’s banking account would improve Metro Nashville’s daily cash position available to pay short-term obligations. • <i>Are collection practices efficient and cost-effective relative to benchmark peer cities?</i> Generally yes. However, a review of other collection methods should be conducted. 	<p>Key recommendations of this report are:</p> <ul style="list-style-type: none"> • Perform random reconciliations of daily receipts by someone independent of the process. • Samples of cash disbursements should be periodically tested at the supervisory level, or by the Circuit Court Clerk Internal Auditor, for validity of business purpose and authorization. • A listing of checks to be issued should be reviewed and approved by the signatory authority (Circuit Court Clerk) or his designated representative prior to issuance. • Check signature stamps should be kept locked up at all times when not in use. • The Traffic Violations Bureau should implement a policy to ensure that duties are properly segregated. • The Circuit Court Clerk should review collection methodologies, with a focus on cost-effectiveness and efficiency, to determine if their process could be improved. • The Circuit Court Clerk should develop a methodology to determine the value of collectible citations due Metro. <p>Management’s response can be seen in Appendix B, page 57.</p>

TABLE OF CONTENTS

INTRODUCTION	1
AUDIT INITIATION	1
REPORTING RELATIONSHIPS	1
ORGANIZATIONAL DESCRIPTIONS.....	3
CITATION FLOW.....	4
INFORMATION TECHNOLOGY SYSTEM USED FOR CITATIONS	5
TRAFFIC CITATION PROCESS.....	6
PARKING CITATIONS.....	10
SPECIAL JUDGE ASSIGNMENTS.....	11
REVENUE COLLECTION.....	11
OBJECTIVES AND CONCLUSIONS – PART A	14
OBJECTIVES AND CONCLUSIONS – PART B	22
OBSERVATIONS AND RECOMMENDATION – PART A	26
A - Ensuring Traffic Offense Moving Information Integrity	26
B - Metro Nashville Police Department Not Producing Citation Disposition Report	27
C - User Active Access Rights Review.....	28
D - Deletion of Citations	28
E - Controls of Ticket Book Issuance were Weak.....	29
F – Improve Identification of Judge Retiring or Dismissing Citations	31
G - Late Delivery of Parking Citations to Traffic Violations Bureau.....	32
H - Weak Internal Controls at the Traffic Violations Bureau	33
OBSERVATIONS AND RECOMMENDATIONS – PART B.....	39
I - Recording of Receipts Lacks Adequate Review.....	39
J – Inadequate Supervisory Review of Disbursements	40
K – Custody, Recording and Disbursement of Revenues are not Segregated	41
L - Ineffective Controls over User Access Rights to Assure Segregation of Duties.....	42
M – A Review of Other Collection Methodologies should be Conducted	43
N – No Viable Receivable System to Determine Outstanding Traffic Violation Fine Amounts Due Metro Nashville	44
O – Metro Nashville’s Daily Cash Position Not Maximized.....	45
GENERAL AUDIT INFORMATION	47
STATEMENT OF COMPLIANCE WITH GAGAS	47
SCOPE AND METHODOLOGY.....	47
CRITERIA.....	47
STAFF ACKNOWLEDGEMENT	48
APPENDIX A. MANAGEMENT RESPONSE – PART A	49
APPENDIX B. MANAGEMENT RESPONSE – PART B	57

INTRODUCTION

AUDIT INITIATION

The Davidson County Circuit Court Clerk, who is responsible for processing traffic and parking citations, sent a request on May 28, 2009 to the Metropolitan Auditor requesting an audit of the processes at the Traffic Violations Bureau. During the interim period between the request letter and the meeting with the Metropolitan Auditor (June 2, 2009), the Davidson County Circuit Court Clerk discovered 4,239 moving and 1,218 parking citations that were hidden in the desk drawers of two employees. The Davidson County Circuit Court Clerk also found another 297 parking citations inside a locked shredder receptacle ready to be removed for shredding. None of these citations had been entered in the information technology system used for traffic citations.

The Office of Internal Audit determined a process audit encompassing the issuance of traffic and parking citations through final adjudication and collection of fines was needed. This audit was approved by the Metropolitan Nashville Audit Committee on July 14, 2009. The Metro Nashville Police Department and the Presiding Judge of the Metro Nashville General Sessions Courts, readily agreed to furnish information and participate in the audit along with Metro Nashville Public Works, Metro Nashville Park Police, Vanderbilt Police, and the Metropolitan Nashville Airport Authority.

The audit was segmented into Part A and Part B (detailed below). This report covers both Parts A and B.

Part A: Moving and parking citation issuance, processing, adjudication, and special judge assignments.

Part B: Revenue and collections, citation charges, and best practices related to collections.

REPORTING RELATIONSHIPS

Circuit Court Clerk

The Circuit Court Clerk is an elected official that serves a four-year term. As per a Supreme Court of Tennessee ruling on November 3, 1975, the Circuit Court Clerk has the responsibility for operation of the Traffic Violations Bureau.

Traffic Violations Bureau

The Chief Clerk of the Traffic Violations Bureau reports to the Circuit Court Clerk and is responsible for keeping records related to traffic violations, receiving payments related to traffic citations, furnishing citation forms to the Metro Nashville Police Department and submitting various reports.

The Warrants Division

The Warrants Division Manager reports to the Chief Clerk of the Traffic Violations Bureau. All citations that have unpaid overdue balances are turned over to the Warrants Division for Collection.

Metro Nashville General Sessions Court

The General Sessions Court hears all Metro Nashville traffic charges as well as other types of cases. The eleven General Sessions Court Judges are elected to eight-year terms. The courts are subject to the policies and provisions dictated by the Tennessee Code Annotated and the Metropolitan Charter and Code.

Metro Nashville Police Department

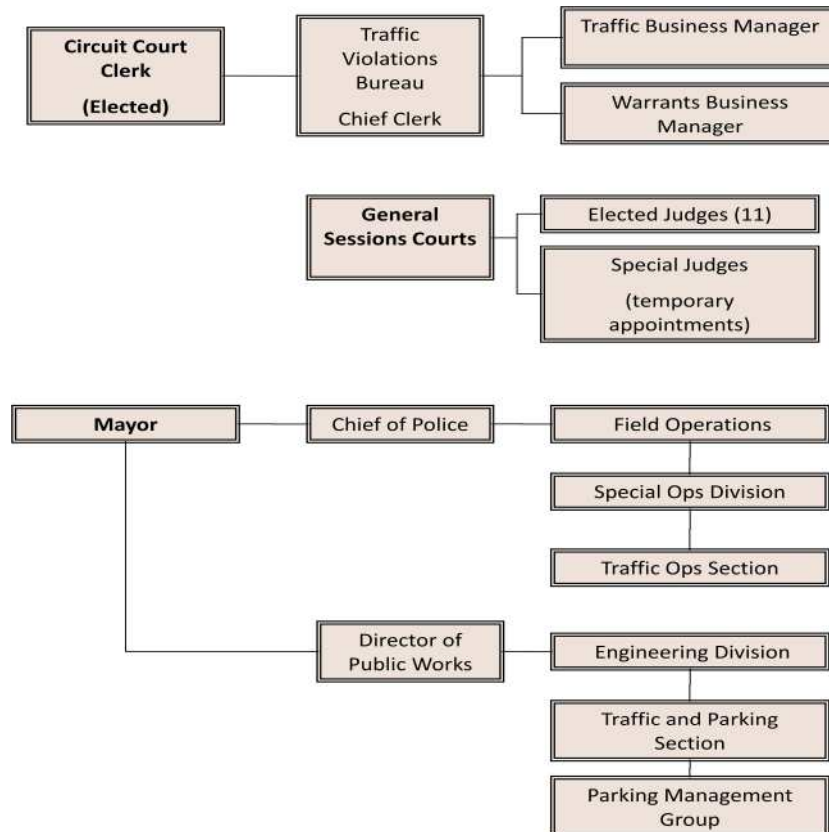
The Traffic Operations Section is responsible for reducing traffic crashes, traffic deaths, and impaired driving. This section is part of the Special Operations Division, which operates under the Field Operations Bureau. The Chief of the Metro Nashville Police Department is appointed by the Mayor. Traffic citations may be written by any Metro Nashville Police Officer.

Metro Nashville Public Works Department

The Parking Management Group manages parking resources in order to provide access for businesses and visitors to Metro Nashville. This group is part of the Traffic and Parking Section, which is one three of sections that make up the Engineering Division. The Director of Engineering reports to the Director of Public Works, one of the Metro Department Heads that report to the Mayor.

Exhibit A below shows the reporting relationship for entities involved in processing of traffic citations.

Exhibit A – Reporting Relationships



ORGANIZATIONAL DESCRIPTIONS

Circuit Court Clerk

In Davidson County, the Circuit Court Clerk is responsible for maintaining the records of the eight Circuit Courts and the civil records of the eleven General Sessions Courts. The jurisdiction of the General Sessions Court includes limited-jurisdiction torts and contracts, landlord-tenant disputes, and matters involving violation of the Metropolitan Code, including traffic and codes violations. This diversity of clerical responsibilities has resulted in the operation of four distinct offices; Circuit Court Clerk's Office, Probate Court Clerk's Office, General Sessions Civil Division Clerk's Office, and Traffic Violation Bureau, all under the purview of the Circuit Court Clerk.

Traffic Violations Bureau

The Traffic Violation Bureau is responsible for processing the citations issued by various law enforcement agencies for violation of the Metropolitan Code and/or State motor vehicle codes, scheduling court dates, maintaining the citation record, and collecting all fines and fees. The Traffic Violation Bureau has approximately 35 employees not including the Warrants Division and uses six full time employees for initial data entry of citations.

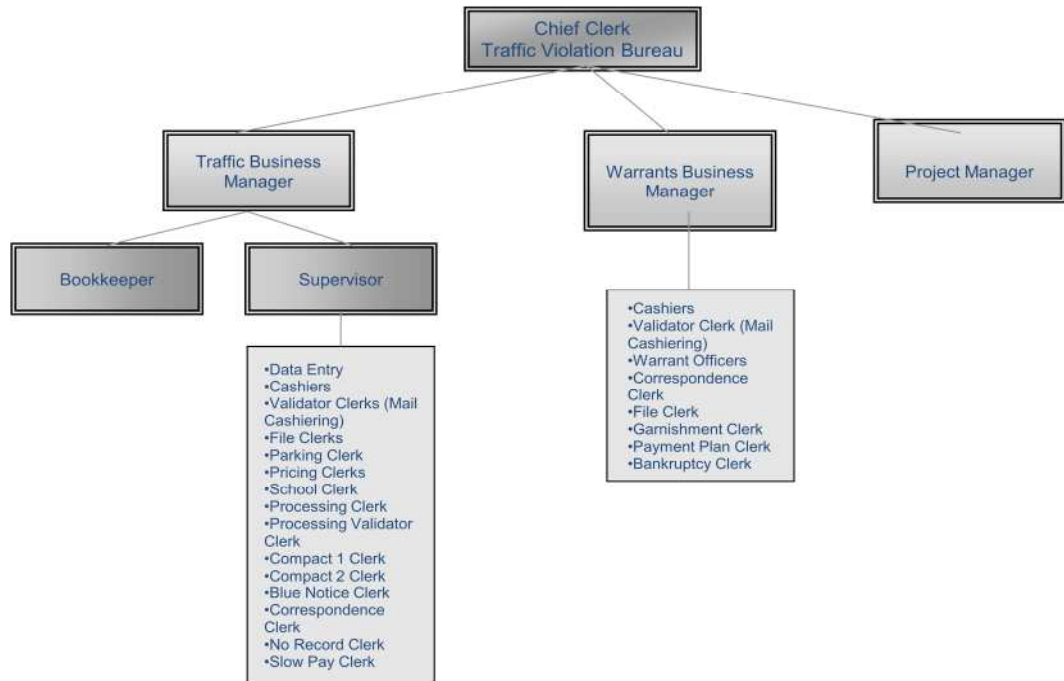
The Warrant Division is the enforcement arm of the Traffic Violations Bureau, actively pursuing motorists who voluntarily fail to satisfy their court ordered obligations. This Division utilizes approximately 19 full-time employees. Potential sanctions include driver's license suspension, garnishment of wages, or levy of property to satisfy the obligation.

The Traffic Violations Bureau processed 221,632 moving and parking citations during calendar year 2008. Most moving violations originate from the Metro Nashville Police Department; however, the following entities also submit moving violations.

- The Metro Nashville Park Police
- The Metropolitan Nashville Airport Authority
- The Vanderbilt Police Department

Parking citations are primarily issued by Metro Nashville Public Works Department but also may originate from any of the above entities.

Exhibit B – Traffic Violations Bureau Organizational Chart



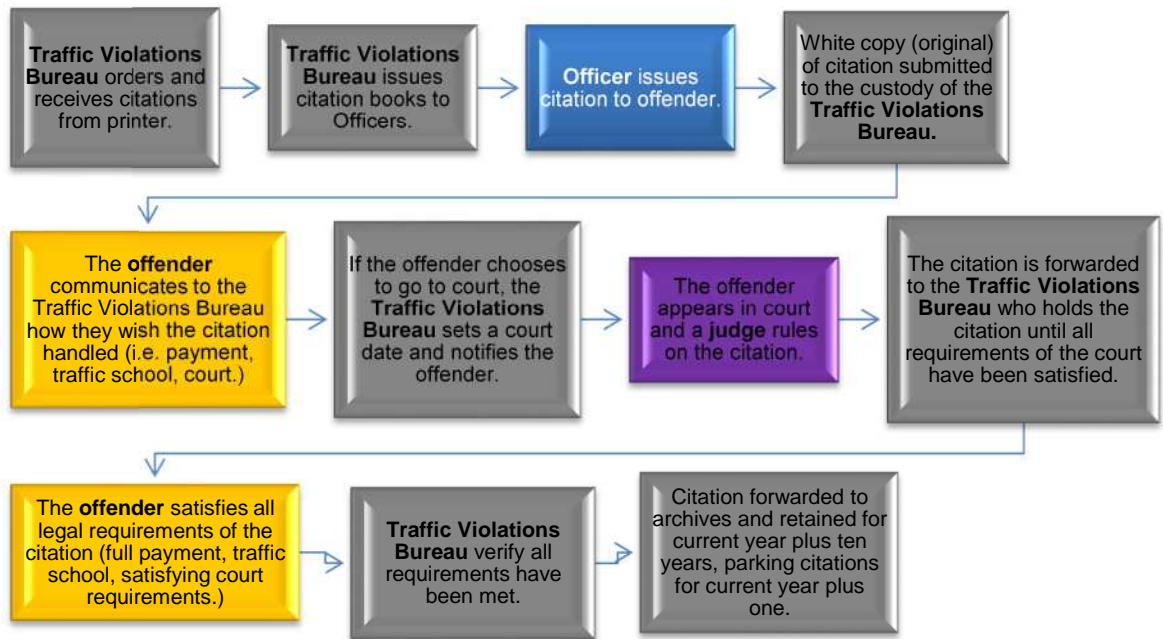
General Sessions Court

The General Sessions Court is served by eleven judges that are elected to eight-year terms. There are also five law-trained judicial commissioners and one referee. In 1971, voters approved a lower court reform bill consolidating the General Sessions Court with the Metropolitan Court, which had three divisions. Cases involving Metropolitan ordinance and traffic violations were incorporated and placed under the blanket jurisdiction of the General Sessions Court.

CITATION FLOW

Exhibit C on the next page gives a high level overview of the lifecycle of a citation. The processes involved in this chart will be described in more detail later in the report.

Exhibit C – Citation Process Flow



INFORMATION TECHNOLOGY SYSTEM USED FOR CITATIONS

Moving and parking citations are entered into a mainframe computer for processing and updating. For the purposes of this report, the system will be referred to as “*Traffic Offense Moving*.” The Traffic Offense Moving system stores all citations, both moving and parking in a database. User access to the information is accomplished through the mainframe. The Metro Nashville Police Information and Technology Division will grant access to the Traffic Offense Moving system after access authorization has been approved by a Metro Nashville Department Head. To obtain specific table access within the database, the user is added to specific security groups. The security group contains the specific access rights requested and approved.

Additionally, there are accounts that assist administrators responsible for supporting the Metro Nashville Police Department mainframe computer. With these accounts, there is no need to use the Traffic Offense Moving system to access information in the database. The Metro Nashville Police Information and Technology Administrator is responsible for creating and authorizing these administrative accounts.

By all indications, limitations to the Traffic Offense Moving system exist. The data entry process is problematic because all data entry is by manual means and there is a lack of data input validation. There are few programmatic data masks, which would ensure that data is entered correctly. As an example, the three digit field for “judge code” may be populated with three numbers, two numbers in any of the three positions, one number in any of the three positions, or not populated at all.

A new electronic system, *Advanced Records Management System (ARMS)*, with many significant enhancements is near implementation.

TRAFFIC CITATION PROCESS

In reading this report, it is important to note that the Traffic Violations Bureau updated several of their processes during May and June 2009 in light of the discoveries mentioned earlier. Consequently, this report will segregate these new processes, where applicable, between the “old process” and the “new process.”

Note: Although most of the process changes correctly focus on internal controls and appear reasonable, there can be no assurance that they will work as expected. Future management assessments will be needed to determine this.

The Traffic Citation

Traffic citations contain four copies:

1. *Bottom /Hard Copy*: provided to the offender.
2. *White Copy (Original)*: submitted by the issuing entity to the Traffic Violations Bureau.
3. *Yellow Copy*: retained by the Metro Nashville Police Department and stored in warehouse space for citations issued prior to January 26, 2009. Information related to the vehicle stop was also documented on the rear of this copy. The vehicle stop section is no longer used since the Metro Nashville Police Department placed an electronic Vehicle Stop Data system in service. The yellow carbon copies of the citations are now destroyed after the ticket is separated.
4. *Pink Copy*: retained by the issuing officer.

An offender has 45 days after the ticket is issued (known as the compliance date) to either plead guilty and pay, plead not guilty and request a court date, or plead guilty and submit fees for traffic school. Traffic citations that have not been satisfied by the compliance date are referred to as being in “compact status.” Once in compact status, an offender has ten days subsequent to the compliance date to satisfy the citation. If this is not done, the citation’s non-compliance status will be forwarded to the Tennessee Department of Safety and the Warrants Division. The Tennessee Department of Safety has the ability to take corrective action in terms of suspending an offender’s drivers license, whereas the Warrants Division serves as a collection agency for past due amounts.

Receiving and Processing of the White Copy of the Traffic Citation

The Traffic Violations Bureau sends one of their designated staff members to the Metro Nashville Police Department each morning to obtain newly issued white copy (original) citations. The other three entities who issue traffic citations deliver them directly to the Traffic Violations Bureau. Typically, the Metro Nashville Park Police, Metropolitan Nashville Airport Authority, and the Vanderbilt Police Department submit their citations on a weekly basis. The vast majority of traffic citations are received from the Metro Nashville Police Department on a daily basis.

The Old System

Under the old system, all citations were submitted to a Traffic Violations Bureau Supervisor who would count the total number of tickets received and distribute them to the various data entry operators. The number of tickets distributed to data entry operators would be entered into a spreadsheet. The data entry operators then entered the citation information into the Traffic Offense Moving system. At the end of the day each data entry operator would either verbally communicate to the supervisor the number of citations input into the system or handwrite the number on the supervisor's calendar. The number communicated would then be recorded into the spreadsheet. Data entry operators would also return any unprocessed citations to the supervisor who would lock the citations in a desk drawer and redistribute the citations the next day. Unprocessed citations were filed by the date they were received at the Traffic Violations Bureau. The citations that were processed into the Traffic Offense Moving system were forwarded to the Pricing Unit (within the Traffic Violations Bureau) by the data entry operators.

Note: The above described system could be described as an "honor system" since only verbal communications were required to indicate how many citations had been entered and forwarded on to pricing clerks. No checks of any kind were performed. This enabled two data entry operators not to process 5,754 citations without being detected.

The New System

Under the new system, the white (original) copy of traffic citations is submitted to the designated supervisor. The citations are then scanned into an image and inventory system (CP3) where they are systematically segregated by issuance date and given an "unassigned" status. All unassigned citations not distributed to a data entry operator are filed at the supervisor's desk by issuance date. The supervisor enters the name of the data entry operator citations are assigned to and then scans the bar code on the citations. The system then assigns the citations to a particular data entry operator. The data entry operator receives the citations from the supervisor and inputs citation information into the Traffic Offense Moving system. At the end of the shift, each data entry operator returns all citations to the supervisor who then segregates processed citations from unprocessed ones. The supervisor then enters the date the citations were processed and reassigns them to a "completed" status before being submitted to the pricing clerk. The supervisor can determine precisely which citations have not been processed and returned so that they may be reassigned the following day. The system also identifies unprocessed citations by issuance date so citations that have not been processed may be identified.

Filing the Citation

The Traffic Violations Bureau has two filing clerks who are responsible for ensuring that all citations are properly filed within the Traffic Violations Bureau. Citations are filed based on compliance date and are arranged by citation number in ascending order. The citations remain in the file until one of the following events takes place:

- Offender communicates with the Traffic Violations Bureau on how they wish to have their citation handled,

- A judge issues a court order regarding the disposition of the ticket, or
- The compliance date is reached and no action has yet been taken.

These events will be described in more detail in the “Adjudication of a Citation” section of this report (see page 8 below).

Outside Party Request for a Citation/“Pulling Tickets”

Frequently in the past, parties outside the Traffic Violations Bureau request to retrieve and review a citation. According to Traffic Violations Bureau management and employees, these parties typically consist of police officers, court officials, and attorneys. Under the old process, any court official or police officer could fill out a small check-out/place holder form. The citation was then “pulled” and the form put in the citations place in the citation files. If the citation was returned, the place holder form was then destroyed, since its only purpose was to identify where the record was temporarily located. Due to the destruction, there was no remaining audit trail of who checked out the citation.

The Traffic Violations Bureau modified this process on May 1, 2009 by requiring a court order or signed request from an elected General Sessions Court Judge in order for the citation to be checked out. A special form was created for this purpose. Special judges may not request citations under the policy. This coincides with an order from the General Sessions Court Presiding Judge signed on April 24, 2009 which prohibits special judges from causing any new matter to be docketed, adjudicating any case not on docket, or hearing any case not on their assigned docket.

Modifying or Deleting a Traffic Citation

Occasionally system citation information requires modification or deletion. Each time an offender receives a citation, it is placed on the offender’s record in the Traffic Offense Moving system. There are times when a data entry operator accidentally creates a new account for an existing offender or the offender’s name or address has changed. All personnel previously had the ability to delete. On many occasions, a deletion was performed when a “move” or “modify” action would have been the most appropriate action (see Observation D, page 28). According to internal audit interviews, some data entry operators were not aware that another method could more efficiently perform the required operation. Thus, they often deleted the citation and then reentered it.

As of June 3, 2009, if a citation needs to be deleted or modified, the data entry operator forwards the citation to a supervisor. If deletion is needed, the supervisor forwards the citation to one of five specified employees who have the ability to delete. The action is required to be documented and a monthly review is to be conducted to ensure that all deletions are properly authorized.

Adjudication of a Citation

Typically, offenders communicate how they wish to handle their citation through the mail or by personally coming into the Traffic Violations Bureau office. An offender has five options on how to satisfy a citation.

1. Plead guilty and pay all fines and fees,
2. Plead not guilty and request a court hearing,
3. Plead guilty and request Traffic School,

4. A combination of the first three choices (there can be up to five offenses per citations), or
5. Do nothing and receive an automatic “Default Judgment.”

The offender receives a return envelope when they receive their citation. On the back of the return envelope are the first four options listed above and a box for the offender to check when they mail their citation to the Traffic Violations Bureau. The offender is supposed to indicate which option they have chosen by marking the appropriate box.

- Citations where the offender pleads guilty and pays all fees and fines
Offenders who plead guilty must submit payment for all applicable fines and fees to the Traffic Violations Bureau by the compliance date.
- Citations where the offender pleads not guilty and requests a court date
For those requesting a court date, the court clerk reviews the citation to ascertain which officer issued the ticket and assigns a court date based on the issuing officer’s calendar.
- Citations where the offender requests Traffic School
Traffic school is administered through the General Sessions Court Traffic School. Offenders wishing to attend traffic school can register through the following four methods:
 1. Register online,
 2. Mail in request to the Traffic Violations Bureau,
 3. On-site at the General Sessions Court Traffic School, or
 4. Come into the Traffic Violations Bureau office and talk to one of the cashiers.

“Dismissed” and “Retired” Citations

Citations that are “Dismissed” due to nullification have certain fees that must be paid by the offender, including the \$42 administration fee. “Retired” citations do not require the offender to pay any fees or costs of any kind (provided all of the offenses on the citation are retired). Metropolitan Code of Laws § 2.56.060 (c) describes “retired” cases as follows:

“No cases may be retired in Division I of the metropolitan court or any other court having jurisdiction over metropolitan ordinances, regulations, resolutions or private acts, with the exception of moving and nonmoving traffic violations, until all costs have been paid;”

Adjudication of the White Copy

Once a citation has been satisfied they are routed to the adjudication clerk who reviews the citation to ensure that everything required to adjudicate the citation has been completed. If so, the adjudication clerk updates the Traffic Offense Moving system.

Miscellaneous Items

As mentioned above, offenders are required to satisfy their citation by the compliance date. If the compliance date passes and the offender has not satisfied the citation, the file clerk will pull the citation and forward it to the

compact clerk for the assessment of additional fees and to send the offender a “Blue Notice”, notifying them that the compliance date has passed. Once ten days have passed, the compact citation is forwarded to the Warrants Division for collection.

Slow Pay: If an offender desires they can file a request for slow pay and restricted license using forms provided by the Warrants Division, who also provides information and assistance if requested. The offender pays a total of \$35 in fees, \$25 for the court motion, and \$10 for seals required by the Department of Safety. The offender’s citation will then be placed on the “Slow Pay” docket. A judge will approve, reject, or modify the requested payment plan.

Hidden/Found Citations and New Compliance Date

According to Traffic Violations Bureau management, on May 29, 2009, an employee believed a money order was accidentally dropped into a locked shredder receptacle. The receptacle was found not to contain anything out of the ordinary. Circuit Court Clerk management decided to look in the other shredder receptacles and discovered 297 parking citations that had not been processed and filed as required. Loosely wrapped around the citations, were print screen documents that indicated they came from the desk of a particular employee.

Additionally, Circuit Court Clerk management conducted a search of all desks inside the facility and discovered 4,239 moving and 1,218 parking citations that were apparently being hidden in the desk drawers of two different data entry operators (one was the same employee identified by the print screen documents). None of these citations had yet been entered into the Traffic Offense Moving system. Both employees stated they had hidden the citations primarily so they would not have to spend time processing them in the Traffic Offense Moving system.

The citations found dated back approximately two years. Since most of the citations had exceeded the normal 45 day compliance date, the Circuit Court Clerk could not process them without direction or an order from the court. He subsequently was granted a court order on June 2, 2009, by the General Sessions Court Presiding Judge that set a new compliance date to be specified as 45 days after new notifications were sent to each offender.

PARKING CITATIONS

The Traffic Violation Bureau is responsible for processing parking citations issued to citizens for violating various Metropolitan ordinances and/or Metro/State vehicular codes. All entities that issue traffic citations may also issue parking citations as well as Metro Nashville Public Works, who issues the largest number of parking citations. Many of the processes for parking citations are, for the most part, similar to the processes in place for traffic citations as described above. Consequently, this report does not detail those processes.

SPECIAL JUDGE ASSIGNMENTS

Special judges are appointed in order to fill temporary vacancies when an elected General Sessions Court Judge will be off the bench. In response to the claims and news stories concerning special judges retiring traffic citations, the General Sessions Court Presiding Judge issued an order on April 24, 2009, "promulgating certain rules necessary for the supervision, conduct and administration of the court." The order requires that:

- Special judges shall only hear cases that are docketed.
- Special judges shall not adjudicate any cases that are not docketed on the special judge's docket.
- Special judges shall not cause any case to be docketed not previously docketed by the Clerk of the Court for the court where the special judge is designated.

REVENUE COLLECTION

The Office of Internal Audit examined revenues collected by the Traffic Violations Bureau between January 1, 2007, and May 31, 2009. Exhibit D below is a summary of cash receipts, attributed to Traffic Violations Bureau, per EnterpriseOne. This summary does not include amounts collected for Circuit Court Clerk Fees, Circuit Court Clerk Commissions, or State Taxes and Penalties.

Exhibit D – Traffic Violation Bureau Metro Receipts July 1, 2006 through May 31, 2009

Traffic Violations Bureau	FY 2007	FY 2008	FY 2009 (Note 1)	Totals
Traffic Violation Fine	\$6,203,908	\$5,151,510	\$5,030,042	\$16,385,460
Environmental Court Fine	86,760	61,311	56,700	204,771
Nullification Fee (Note 2)	605,018	416,992	272,956	1,294,966
Litigation Tax	957,912	820,425	704,315	2,482,652
Jail Construction / Upgrade Tax	315,271	271,036	248,183	834,490
Courthouse Security Tax			105,954	105,954
Not Sufficient Funds Checks	16,256			16,256
Grand Total	\$8,185,125	\$6,721,274	\$6,418,150	\$21,324,549

Note 1 – FY 2009 through May 31, 2009

Note 2 – Labeled in EnterpriseOne as "Traffic Violation Admin Fee"

Source: EnterpriseOne

Flow of Revenue

Traffic, parking, and misdemeanor violation fines that are collected by the Traffic Violations Bureau, including the Warrant Office, are routed to Metro and recorded in the General Fund on a monthly basis. Similarly, County Litigation Tax, Mediation Tax, Jail Tax, Courthouse Security Litigation Tax, Courtroom Security Enhancement Fee, Division VII Court Costs, Nullifications, and Metro

Sheriff Fees that are collected by the Traffic Violations Bureau are forwarded to Metro Government on a monthly basis.

State taxes are remitted directly to the State of Tennessee on a monthly basis and do not pass through Metro Government accounts. A monthly State Litigation Tax Return is prepared, approved by the Circuit Court Clerk, and submitted to the State.

Other monies collected by the Traffic Violation Bureau are not forwarded to Metro or recorded in EnterpriseOne. The Circuit Court Clerk's Fees and Commissions are submitted by the Traffic Violations Bureau on a monthly basis to the Circuit Court Clerk's Office. The Circuit Court Clerk's Office, a fee based entity, channels these fees and commissions to its operating fund. A summary of clerk's fees and commissions is shown below in Exhibit B.

Exhibit E – Clerk's Fees and Commissions – Reported by the Circuit Court Clerk's Office

Fiscal Year	Clerk's Fees	Clerk's Commissions	Total
2007	\$6,850,574	\$549,485	\$7,400,059
2008	6,056,758	480,251	6,537,009
2009	5,986,021	470,407	6,456,428
Total	\$18,893,353	\$1,500,143	\$20,393,496

Source: Metro Circuit Court Clerk

Excess collections, those beyond operating expenses, are submitted to Metro twice a year, during March and September. The Circuit Court Clerk's Office deposits these monies into the Metro General Fund as revenue and makes a corresponding accounting entry in EnterpriseOne.

Recording of Revenue: Computer Applications

Revenue Collector: This system is used by Traffic Violations Bureau to keep track of all cash receipts and for revenue reporting purpose. It was developed by System Innovators. Currently, the Traffic Violations Bureau and Traffic School use this program.

Cashier for Windows: This is a component program of Revenue Collector. It is installed on each cashier's workstation (register) and serves as front-end for payment processing. All payments are processed and recorded manually by cashiers who enter the information into a daily cash report. Cashier for Windows is connected to Revenue Collector.

VitalChek Product Suite: Internet based credit card processing program managed by the vendor. Customers can use the link on Circuit Court Clerk's website to get to the vendor's online payment site. The vendor was certified for Payment Card Industry Data Security Standard (PCI) compliance in 2009.

Viaduct: A program used by Traffic Violations Bureau Warrant Division to keep track of payments for "Slow Pay" and garnishments.

C3Plus: The Circuit Court Clerk's intranet site which contains extra features for Circuit Court Clerk managerial purposes such as bookkeeping and banking. The bookkeeping feature provides credit card payment information received daily from VitalChek. The banking feature provides information on banking related information such as printing checks and electronic data interchange like transactions.

Crystal Reports: A reporting program installed on top of the Revenue Collector server. It retrieves information from the consolidated database and feeds it to report templates. One report is the Daily Cash Receipt Report. This report is used every day by the bookkeeper to balance cash from the cashiers.

Excel Bookkeeping Spreadsheet: An Excel workbook is used for bookkeeping purposes. It contains a worksheet to record all daily totals of cash receipts from cashiers for the month, which populates into separate daily deposit worksheets with breakdowns of various accounts using formulas established based on Metro Nashville ordinances and state statutes for fees, fines, and commissions.

OBJECTIVES AND CONCLUSIONS – PART A

1. *Does the Circuit Court Clerk Traffic Violations Bureau have functioning key controls in place?*

Generally yes. However, numerous weaknesses were found to have existed prior to May 2009, many of which were addressed by management during May and June 2009. Additional recommendations to strengthen the control system are contained herein. This conclusion and our recommendations resulted from information gained by interviewing Traffic Violation Bureau personnel. We were able to gain an understanding of the significant processes and controls in place pertaining to the receipt, custody, safeguarding, tracking, and disposition of traffic citations. We also reviewed the standard operating procedures and observed various staff members perform critical tasks. Using this information, we conducted a control assessment and concluded that past design weaknesses of the internal controls at the Traffic Violations Bureau enabled and contributed to the risk that citations have been unprocessed, improperly destroyed or deleted. While it is important to note that Circuit Court Clerk Management has since enhanced several operating procedures to strengthen the control environment, the new controls have been implemented only since May and June 2009. Therefore, there is no assurance that these controls will work as desired (see Observation H, page 33).

Audit Scope Restriction: Destruction/non-retention of the Traffic Violation Bureau Citation check-out/placeholder forms amount to a scope restriction of a material nature on this area of the audit. Although not required, had this already collected information been retained, it would have greatly aided in the ability to identify individuals requesting citations from the Traffic Violation Bureau.

2. *Are all issued citations in the Traffic Offense Moving system?*

No. Test work revealed that not all citations issued by officers were resident in the Traffic Offense Moving system. Each citation has a unique number assigned to it. Citation books contain citations in sequential order. Based on these assumptions, the Office of Internal Audit performed three audit tests.

- a) *Gap Citations:* The Office of Internal Audit generated a listing from extracted information contained in the Traffic Offense Moving system of identified gaps in citation numbers. Using this method, we were able to generate a listing of 75,495 citation numbers from gaps between 2 and 25 citation numbers (inclusive). We then selected a random sample of 68 citations from this listing and attempted to ascertain if these citation numbers had a corresponding “yellow copy” from the Metro Nashville Police Department. If a yellow copy was present, a citation would have been issued at some point in time. A total of four such yellow copies were located. Other citations from this group may have been issued to offenders but did not wind up in the Traffic Offense Moving system (see Observation E, page 29).
- b) *Vehicle Stop Data:* Metro Nashville Police Department Vehicle Stop Data forms also contain citation numbers if a citation was issued at the time the

stop was made. The Metro Nashville Police Department provided a listing of all Vehicle Stop Data information issued during the audit scope. From this listing, we extracted the citation numbers provided on this form when the police officer did issue a citation to an offender. We then compared these citations to citations that were resident in the Traffic Offense Moving system.

We found 5,714 citation numbers listed in the Vehicle Stop Data system for citations written prior to January 26, 2009 (after which date the yellow copies were no longer used) that were not resident in Traffic Offense Moving¹ system. Out of 59 random citations sampled, the Office of Internal Audit was able to locate 49 (83%) citations that appeared to have been properly issued as a moving violation and for some reason may never have been forwarded to the Traffic Violation Bureau for processing. This sample data indicates that other such citations from this group of 5,714 citations may have been issued to offenders but not processed and collected. We have provided the listing to both the Metro Nashville Police Department and the Traffic Violations Bureau for review.

It should be noted that finding the yellow copy of the citation only indicates that a citation was written by an issuing officer, it does not necessarily follow that the original copy was actually provided to the Traffic Violations Bureau for processing.

- c) *Deleted Citations:* We reviewed citations deleted from the Traffic Offense Moving system and ascertained that no documentation was retained for the deletion of moving and parking citations that would provide an identifiable business or legal reason for each deletion. We extracted a listing of over 300 citations that had been deleted in the Traffic Offense Moving system by examining the delete log. We then filtered out citations that had been re-entered or were not properly formatted. We subsequently arrived at a remaining listing of 13 traffic citations that specific reasons for deletion could not be provided by Traffic Violations Bureau management after researching each instance. Traffic Violations Bureau management did provide six justifiable reasons why a citation may require deletion but could not specifically match these reasons to any of the 13 citation numbers that we found deleted. No documentation had been kept on deletions and most employees previously had the ability to delete citations (see Observation D, page 28).

Note: Given the small magnitude of the above numbers over a 29-month period, deleting citations did not appear to be a primary or frequently used means of improperly getting rid of citations. Rather, the small numbers are more indicative of error correction actions possibly coupled with one individual's infrequent but unexplained actions.

Exhibit F below indicates a very large percentage (83%) of the Vehicle Stop Data system citations were located but only a small percentage (6%) of the

¹ A preliminary review indicates that additional citation numbers from the Vehicle Stop Data system entered after January 26, 2009, are not resident in the Traffic Offense Moving system. However, we had no means to test this population since the yellow copies were not retained.

Traffic Offense Moving system “Gap” citations could be located. This data coincides with a very likely and logical explanation and presents precisely what someone would expect to find. Vehicle Stop Data citation numbers result from trained police officers noting what citations numbers they issued at that time, a highly reliable source. Conversely, “Gap” citation numbers were missing citations numbers that may or may not have ever been written.

Exhibit F – Citations Not in the Traffic Offense Moving System

Item	Population Size	Percent of Sample Found
Gap Citations*	75,495	6%
Stop Data Citations*	5,714	83%
Deleted Citations	13	N/A

*Overlapping Set

Source: Metropolitan Office of Internal Audit Analysis of Traffic Offense Moving System and Vehicle Stop Data System

3. What is the actual status of traffic and parking citations issued since January 1, 2007?

Traffic Citations

Traffic citations issued between January 1, 2007, and June 3, 2009, and resident in Traffic Offense Moving system as of June 11, 2009, numbered 362,068. Exhibit G below summarizes the status of these citations.

Exhibit G – Status of Traffic Citations Issued Between January 1, 2007 and June 3, 2009

Status	Citations	Percent
Offender Plead Guilty Paid Applicable Fines	180,659	49.9%
Offender Attended Traffic School	75,719	20.9%
Failure to Appear	44,763	12.4%
Dismissed (Note A)	30,092	8.3%
Still Pending Adjudication	19,422	5.3%
Retired - (2,087 individually listed on a scheduled docket)	6,421	1.8%
Retired – Void or missing violation	1,278	0.3%
Dismissed Prior to Court (Insurance Coverage)	2,084	0.6%
Miscellaneous Adjudication	1,630	0.5%
Total	362,068	100.0%

Source: Metropolitan Office of Internal Audit Analysis of Traffic Offense Moving System

Note A - Number includes, 27,963 citations dismissed by “nullification” at the TVB window

As can be seen in the chart, the vast majority (256,378) of the citations result in a guilty plea and/or attendance of traffic school.

Note: Each citation may contain up to five distinct offenses with each offense being adjudicated differently. The above classification is based on the first offense on each citation (normally the most severe).

Interesting to note is the large number of citations that did not require scheduling in traffic court but were dealt with by other means: paying all fines due, attending traffic school, etc. Of the citations adjudicated, only 11,167 citations (or 3% of the population) were individually listed on traffic court dockets prior to court date (see Exhibit H below).

Special Note: Some citations that are not individually listed on court dockets are handled on traffic court dockets along with prescheduled citations because they either are considered along with other docketed citations for the same offender or are requested to be brought to the traffic court on the day of court

Exhibit H – Docket Listed Traffic Citations from January 1, 2007 to June 3, 2009

	Citations	Percent
Total Citations	362,068	100%
Less (Not Individually Listed on Docket or Pending)	350,901	97%
Citations Listed On Traffic Court Dockets	11,167	3%

Source: Metropolitan Office of Internal Audit Analysis of Traffic Offense Moving System as of June 11, 2009

Exhibit I on the next page describes the 7,699 retired traffic citations between January 1, 2007, and June 3, 2009. Citations could be retired due to a variety of reasons including indigence, invalid violations, slow pay/fine reductions, withdrawal by police/prosecutor, clerk errors, etc.

The criteria we used for Exhibit I included:

- Citations that had been adjudicated
- First offense on each citation had been retired

**Exhibit I—Retired Traffic Citations Issued Between January 1, 2007
and June 3, 2009**

Citation Classification	Number of Citations			Percentage of Citations	
	Special Judges	Elected Judges ²	Combined Total	Special Judges	Elected Judges
Individually prelisted on a docket	293	1,794	2,087	14.0%	86.0%
Not on a scheduled docket or scheduled on a slow pay motion docket (Note 1)	3,126	1,208	4,334	72.1%	27.9%
Void/ missing violation	1,156	122	1,278	90.5%	9.5%
Total Citations with Violation One Retired	4,575	3,124	7,699	59.4%	40.6%

Note 1 – An undetermined number of citations in the classifications were included on a slow pay motion docket. A minimum of 337 citations were noted as slow pay motions in the Traffic Offense Moving System. Additional slow pay motion citations could exist that were not noted in the Traffic Offense Moving System.

Source: Metropolitan Office of Internal Audit Analysis of Traffic Offense Moving System as of June 11, 2009

It is important to note that one recurring issue in conducting analysis of these retired citations was ascertaining which judge adjudicated the citation. We were unable to make a determination of which judge signed or initialed most all of the citations (particularly those from special judges). Thus, we relied on members of the Traffic Violations Bureau staff to identify which judge adjudicated each citation. Even then, the Traffic Violations Bureau stated there could be errors in their identification and they were unable to determine who signed 41 (9%) out of 467 retired citations sampled.

Exhibit J on the next page lists the violation code for the 7,699 citations listed in Exhibit I above.

² This category includes 446 citations with no judge code in Traffic Offense Moving
Audit of Traffic Citation Process – Part A and Part B

**Exhibit J– Retired Traffic Citations by Violation Type Between
January 1, 2007 and June 3, 2009**

Violation 1	Count
12.20.030 - Speeding / Posted Zone	2,419
12.20.030 - Speeding Unspecified	72
12.20.070 - Speeding in School Zone	45
00-00-000 - Void / No Violation on Citation	1,278
05.32.150 - Metro Sticker Law	664
55-12-139 - Proof of Insurance	552
55-04-108 - Registration Certificate Not in Vehicle	341
12.24.040 - Stop/Yield Marked Intersection	309
12.32.030 - Lights Required	305
55-09-603 - Seat Belt Law	285
55-03-102 - Driving Unregistered Vehicle	222
12.12.090 - Running Red Light	182
12.12.110 - Traffic Lane Violation	133
12.68.170 - Careless Driving	121
12.08.090 - Unlawful Use License Plates	94
Other Violation Codes	677
Total	7,699

Source: Metropolitan Office of Internal Audit Analysis of Traffic Offense Moving System as of June 11, 2009

Zip Code Analysis

The zip codes of citizens who had their citations retired are shown in Exhibit K below. The purpose of this listing was to ascertain if any areas within Davidson County that had significantly higher concentrations of retired citations. We did not note any significant findings related to the zip code data.

**Exhibit K – Top 20 Most Frequent Offender Zip Codes for Retired Traffic
Citation between January 1, 2007 and June 3, 2009**

Rank	Zip Code	Number of Citations Retired	Area
1	37013	494	Antioch
2	37211	463	Woodbine
3	37207	357	Northeast
4	37115	306	Madison
5	37206	281	East End/Eastwood
6	37076	254	Hermitage
7	37214	252	Donelson
8	37209	244	Charlotte Avenue
9	37217	210	Glenview
10	37221	209	Bellevue
11	37216	196	Opryland/Donelson
12	37138	179	Old Hickory
13	37208	172	Elizabeth Park/Fisk/Meharry/Salemtown
14	37072	170	Goodlettsville
15	37075	156	Hendersonville
16	37218	146	Bordeaux
17	37122	144	Mt. Juliet
18	37027	142	Brentwood
19	37205	120	Belle Meade
20	37210	111	South Nashville

Source: Metropolitan Office of Internal Audit Analysis of Traffic Offense Moving System, excluding retired Void / No Violation Citations

Metro Nashville Employee Match of Retired Citations

We attempted to determine how many of the retired moving and parking citations were issued to employees of Metro Nashville. We matched the offender's address against employee addresses from the Metro Nashville Human Resources system. Our analysis indicates that approximately 222 (3%) out of the 6,421 traffic citations, that contained a violation code (does not include the 1,278 voided citations) were issued to someone at the residence of an address listed by a Metro Nashville employee. Similarly, 116 (4%) out of the 2,810 not pre-docketed retired parking citations were issued to someone at the residence of addresses listed by a Metro Nashville employee.

Parking Citations

A total of 145,670 parking citations were issued during the scope of the audit and were resident in the Traffic Offense Moving system. Only 141 of these parking citations were listed on a prescheduled court docket. The remaining 145,528 were not pre-docketed, although some could have been adjudicated with other citations. One conclusion is that most parking citations do not require a court appearance.

Of these not pre-docketed parking citations, 2,810 (2%) were retired. In most all instances, the Traffic Offense Moving system contains no identifiable judge code for parking citations as a default judge code of "0" was entered for parking citations, even though the Traffic Offense Moving system has a three-digit field for judge code use on parking citations. We did find 72 exceptions to this rule when a two or three digit elected General Sessions Court Judge code was used. Thus, in order to attempt to identify which judge retired a parking citation (for all but a small number of citations) it was necessary to look at the citation itself and attempt to indentify the signature. Again, we relied on Traffic Violations Bureau staff to make many of the determinations since we were unable to.

The General Sessions Courts Presiding Judge stated:

"The General Sessions Courts of Tennessee are not Courts of record. This means that all parking citations signed by a General Sessions Judge are appealable by right to the Circuit Court for a "de novo" hearing. This means that the matter is heard in Circuit Court as if it were never adjudicated in the General Sessions Court. Consequently, it is the best practice in matters involving parking citations or in fact, pretty much any other matter, that there be no notation written on the citation. Evidentiary documents or Clerk's notes may be exceptions to the best practice in certain situations. Thus not having documentation or notations in regard to an individual parking citation does not indicate anything was done improperly and in fact is the best practice in many cases."

The Office of Internal Audit reviewed a random sample of 94 retired parking citations, issued after September 13, 2007, but before June 1, 2009, which were not on a scheduled docket. We found that the majority of these citations included a Clerk's note or document attached to the citation. Twenty (20) of the citations had miscellaneous types of Clerk's notes. Twenty-five (25) of the citations were retired because the individual produced an approved handicap

placard. Sixteen (16) were retired because the citation was initially turned in to the Traffic Violation Bureau by the issuing agency on or after the original 45-day compliance date (see Observation G, page 32). The Metro Nashville Public Works Department requested that 15 of the citations be retired. Eighteen (18) of the citations had no notation evident on the document.

Additionally, during the review of this random sample of 94 retired parking citations, the Office of Internal Audit observed 62 (66%) citations were retired by special judges. Thirteen (13) (14%) were retired by elected General Sessions Court Judges. Nineteen (19) (20%) had signatures or initials that were not identifiable (see Observation F, page 31).

4. *Are all citation books and citations issued to police accounted for?*

No. We interviewed Traffic Violation Bureau staff, conducted analytical procedures, reviewed relevant supporting documentation, and noted that controls governing the issuance of ticket books were weak. We concluded that citation books were not being systematically issued in sequential order. The Traffic Violations Bureau did not consistently receive completed Officer's Acknowledgement Forms, which indicate which ticket books were issued and to whom. Consequently, there was not a methodology in place to accurately capture and reconcile information to track which ticket books have been issued and to whom.

We also attempted to conduct an inventory of issued and unissued citations with the goal of determining whether a significant number of citations were missing. The results of the inventory were inconclusive, primarily because there was no inventory of tickets previously conducted in recent years to use as a starting point.

The previously presented information on sample citation number analysis gained from the Vehicle Stop Data and Traffic Offense Moving systems indicated that citations were issued to offenders but do not always result in a citation being processed and collected. No resulting exception caused any action by the Traffic Violations Bureau or the Metro Nashville Police Department occurred with regard to these "missing" citations. This further indicates a lack of control of the citation books (see Observation B, page 27 and Observation E, page 29).

5. *Were special judges properly appointed to serve the court when traffic citations were retired?*

Yes. The Office of Internal Audit concluded that Appointment and Oath forms were being used and generally, citations could be reconciled to special judge appointments. This was based on examination of special judge Appointment and Oath forms and a random sample of citations retired by special judges as described below.

Note: Traffic court dockets shows that special judges presided on traffic court 39 different days (7%) during this 29-month period. All other special judge appointments were on other court dockets, not traffic court. Thus, our review

was only to determine if the special judge was actually appointed as a special judge on the date of the retirement. To accomplish this task required a review of all court dockets in order to collect special judge appointment data.

First, we reviewed all General Sessions Court dockets between January 1, 2007, and May 30, 2009, to collect information on which judge presided over each particular docket in order to determine the total population of special judge appointments. We then obtained special judge Appointment and Oath forms from each of the eleven General Sessions Court Judges and compared these forms to the court docket information. There were 575 special judge appointments served by attorneys during the period, representing 76 different attorneys. Except for a small, non-material number of missing forms, attorneys serving as special judges completed an Appointment and Oath form.

Next we reviewed a random sample of citations retired by special judges and sorted them by special judge, relying on Traffic Violations Bureau personnel to make the determination by examining the signature. Since many retired citations do not include a date of the actual retirement, it is often not possible to determine precisely which day a citation was retired. All adjudicated citations are returned to the Traffic Violations Bureau for processing by manual entry into the Traffic Offense Moving system. Since at any given date, there may be a backlog of citations to be entered, the citation's adjudication status may not be entered for several business days. Thus, the date shown as adjudicated in the system may vary by several days with the date actually acted on by a judge.

Special judge appointment dates coincided with the retired citation date 263 (88%) out of 300 times when allowing for eight calendar days for the citations to be processed. The remaining 12% could not be reconciled. However, given the variation in the process and the lack of specific documentation, it is possible the exceptions could have been accounted for had the information been available.

6. *Were there individuals that performed a frequent or major role in requesting retirement of traffic citations?*

The identities of three Metropolitan Nashville Police Department officers were communicated to Metropolitan Nashville Police Department management.

OBJECTIVES AND CONCLUSIONS – PART B

7. *Are reported revenues complete and accurate?*

Generally, yes. The Traffic Violations Bureau currently uses two systems to record the collections of receipts. One system, Revenue Collector, records all incoming revenue transactions, prints customer receipts and maintains register (journal roll) tapes for back up. An Excel bookkeeping spreadsheet is also used to consolidate information in a monthly format. The Excel bookkeeping spreadsheet captures Revenue Collector information via Crystal Reports, and

contains various other pieces of information (such as mail overages, bad checks, etc)..

Reconciliation: The Office of Internal Audit obtained a random sample of 77 workdays, reconciled the register tapes to Revenue Collector, and then compared the revenue recorded in the Excel bookkeeping spreadsheet to total receipts recorded in Revenue Collector. Finally, we compared the daily deposit slip(s) to the Excel bookkeeping spreadsheet and bank statements.

In reconciling Revenue Collector to the Excel bookkeeping we found six instances of duplicate entry of revenues due to “tape errors” (see Observation I, page 39).

Completeness: In order to check the completeness of fines, taxes, and court costs we obtained a random sample of 119 adjudicated and paid traffic citations from the 281,373 citations in the population. A total of 117 of the physical citations were found in archives while two could not be located. Test results revealed that receipt amounts endorsed on physical citations agreed with collection amounts in Revenue Collector in all 117 instances.

For parking citations, we selected a random sample of 119 paid citations adjudicated after January 1, 2008, from the population of 103,608. Out of 119 citations, 99 (83%) of the citations were located in archives, the remainder of the citations were not found. Test results showed that endorsements on the 99 physical citations agreed with receipt amounts in Revenue Collector. No determination could be made for the other 20 parking citations.

Reasonableness: The Office of Internal Audit performed analytics on Revenue Collector and Traffic Offense Moving data. These annual (calendar year) collection amounts, including fines, court costs, and taxes for traffic, parking and environmental citations, are summarized below (also includes environmental citations, Circuit Court Clerk fees, commissions, and state taxes and penalties).

Exhibit L – Total Collections: Moving, Parking & Environmental Citations

	CY 2006	CY 2007	CY 2008	January 1, 2009 thru May 31, 2009
Total Collections	\$19,650,699	\$18,092,078	\$15,994,457	\$6,719,142

Source: Office of Internal Audit Computation from Traffic Offense Moving and Revenue Collector

Traffic Citations Issued within Audit Scope: A total of 362,068 traffic citations were issued between January 1, 2007, and June 3, 2009. Of those issued, 82% were adjudicated within the same 29-month period (computation from earlier Exhibit G, page 16). Analysis of Traffic Offense Moving, fines, costs and taxes for citations issued during this 29-month period indicates that if collected in full, the amount would total \$32,089,419. As noted in Exhibit L above, total collections (includes other items and collections from earlier citations as well) during the same 29-month period was in excess of \$40 million. Contrasting the two amounts, as shown in Exhibit M on the next page, reveals a reasonable

relationship, in that total actual collections is significantly higher than costs and fines.

Exhibit M – Total Revenue Collections and Adjudicated Traffic Citation Costs and Fines for Citations Issued between January 1, 2007 and June 3, 2009 Contrasted

Adjudicated Citation Cost and Fines	Total Collections
\$32,089,419	\$40,805,677

Source: Office of Internal Audit Computations from Traffic Offense Moving and Revenue Collector

Parking Citations Issued within Audit Scope: A total of 145,670 parking citations were issued between January 1, 2007, and June 3, 2009. Of those, 78% (113,871) were adjudicated within the same 29-month period and 91% of these citations (71% of issued citations) were receipted. The Traffic Offense Moving system does not store fines and costs attributed to parking citations; although it would be possible to calculate total fines and costs due. For the sake of timeliness, we have excluded that information in our examination. Actual collections from Revenue Collector are reported.

Exhibit N – Total Collections: Parking Citations issued between January 1, 2007 and May 31, 2009

Categories	Number of Citations	Actual Collections
Total parking citations issued within scope	145,670	N/A
Parking citations adjudicated within scope	113,871	\$2,346,560

Source: Office of Internal Audit Computations from Traffic Offense Moving and Revenue Collector

Overall, none of the reasonableness analytics we performed indicated that an extreme out of norm or unreasonable condition exists with respect to reported Traffic Violations Bureau revenue collections at the time of our analysis.

Refunds: The Office of Internal Audit tested the reasonableness of mail overage and refund checks by reviewing a random sample of 77 checks written between January 1, 2007, and May 31, 2009. We tested our sample for sufficiency of supporting documentation, physical copy of citation and other attributes. In 73 (95%) of 77 instances, we found adequate supporting documentation. In the remaining four items Traffic Violations Bureau staff indicated the citations were never turned in by the Metro Nashville Police Department (as described earlier in this report) thus they returned the already collected payments. Thus, little documentation would exist. In summary, we did not note any material findings directly tied to our test of refunds; however, several internal control enhancement opportunities were manifested (see Observation J, page 40).

Audit Scope Restriction: The Office of Internal Audit intended to test the escheat process for disbursement checks issued by the Traffic Violations Bureau; however, Bank of America was unable to provide the Office of Internal Audit sufficient documentation to verify the completeness and accuracy of escheat records provided by the Circuit Court Clerk's Internal Auditor.

8. *Is there segregation of duties between authorization, access, and accounting for revenues?*

No. We analyzed governance, the current receipt process and Revenue Collector user rights to determine if segregation of duties between authorization, access, and accounting for revenues were sufficient. We found the segregation of duties inadequate (see Observation K, page 41 and Observation L, page 42).

9. *Are revenues deposited within one business day of receipt as recommended by the Metro Nashville Treasurer?*

Yes. Revenues are deposited within one business day of receipt into the Circuit Court Clerk's banking account then re-deposited into a Metro Nashville general government account monthly. However, daily deposits into Metro Nashville's banking account would improve Metro Nashville's daily cash position available to pay short-term obligations (see Observation O, page 45).

10. *Are collection practices efficient and cost-effective relative to benchmark peer cities?*

Generally yes. However, the Circuit Court Clerk should review collection methodologies with a focus on cost-effectiveness and efficiency to determine if they could be improved (see Observation M, page 43).

OBSERVATIONS AND RECOMMENDATION – PART A

A - Ensuring Traffic Offense Moving Information Integrity

The integrity of Traffic Offense Moving information could be compromised. A review of system support general controls disclosed the following:

Demand Session Privileges

Knowledgeable users with “Demand Session” privileges can execute commands to modify or delete Traffic Offense Moving information without the benefit of the application’s integrity controls. “Demand Session” initiated programs or scripts containing SQL add, delete, or update statements could compromise Traffic Offense Moving information. In addition, specific changes made by the user would not be recorded in a readily available printable or viewable format.

Privileged User Accounts

A review of the listing of the 40 mainframe user accounts with “Demand Session” privileges disclosed out of four administrator accounts, two accounts were tied to specific users and one account was shared by users responsible for system support, and the remaining account was used during the initial configuration set up and was no longer used. There were 20 generic accounts (accounts that are not tied to specific persons). The Metro Nashville Police Information and Technology Division Manager explained that these accounts were used by developers to run batch processes and that all developers know they exist.

Distribution of Demand Session Configuration File

User access to a “Demand Session” was granted through a network configuration file. This configuration file was to be installed only on computers permitted for this access. However, it was determined that all Metro Nashville Police Department desktops and laptops had the “Demand Session” configuration file and possible access capabilities. Note: Metro Nashville Police Information and Technology Division corrected this issue the following business day by rectifying the configuration files. Although skill sets required to initiate and execute these “Demand Session” activities are not commonly found in the workplace, it is unknown what users may have been knowledgeable enough to perform such actions. However, no one has been identified as doing so.

Application Programmers Privileges to Traffic Offense Moving Production Environment

Individuals responsible for the development and maintenance of the Traffic Offense Moving system have application privileges to update or delete traffic citation information in the production environment. Deletion transactions attributed to Metro Nashville Police Information and Technology Developers were recorded in the application transaction log file (TLOG) for some operation types; however, demand session activities or master console activities would not be recorded in a readily available printable or viewable format. Additionally, we were informed that a separate testing environment is configured, but never utilized.

Criteria:

International Organization of Standards Information Technology Security Standards 27002, Section 10.1.4, Communications and Operations; and Section 11.2, Access Control

Risk:

Weak system support controls can be detrimental to data integrity if privileged access rights are not carefully controlled and monitored.

Recommendation:

Metro Nashville Police Department Information and Technology management should:

1. Review "Demand Session" accounts and the privileged access rights associated with them, document the justification for each account and establish procedures to limit the use of these accounts. Further, activities from the accounts should be logged and a periodic review of the activities for these accounts implemented.
2. If the Advanced Records Management System (ARMS) system is not fully functional on the target implementation date, evaluate the cost effectiveness of using the testing environment for system test for the remaining life of the current Traffic Offense Moving system

B - Metro Nashville Police Department Not Producing Citation Disposition Report

The Metro Nashville Police Department has not been producing, and the Traffic Violation Bureau was not receiving, a traffic citation disposition report to the Traffic Violations Bureau as stipulated by Metropolitan Code of Laws § 2.56.210. The report, if compiled independently from the Metro Nashville Police Department Traffic Offense Moving system, would enable the Traffic Violation Bureau to reconcile Traffic Offense Moving information and identify outstanding citation numbers. The Metro Nashville Police Department previously (approximately 10 years ago) produced a Citation Certification Report that contained a log of all issued and voided (damaged or improperly completed forms) citation numbers. Such a report would satisfy the requirement.

Criteria:

The COSO Internal Control Integrated Framework establishes a common definition of internal controls, standards, and criteria by which organizations can assess their internal control systems. One component, Information and Communication, involves developing and implementing a system whereby information is effectively communicated across an organization.

Metropolitan Code of Laws § 2.56.210 Traffic Violations Bureau, Powers and Duties, instructs that the Traffic Violation Bureau shall:

"...obtain and furnish the police department with suitable forms in triplicate serially numbered for notifying traffic violators to appear in answer to charges of violating traffic ordinances or traffic regulations of the city. The [Traffic Violation Bureau] shall take receipts for such

forms delivered to the police department and shall require a report from the police department on the disposition of such forms, which report shall be kept available at all times for inspection by the judge of the metropolitan court and the finance director or his authorized representative."

Risk:

Without a report of this type, reconciliation between issued traffic citations and citations entered in the Traffic Offense Moving system is impossible to perform. Outstanding citations are unlikely to be identified.

Recommendation:

Metro Nashville Police Department management should produce a monthly report of the number of traffic citations actually issued by its officers and forward this report to the Traffic Violations Bureau. After the implementation of the scheduled Advanced Records Management System (ARMS), a monthly report should be produced and forwarded that details the manual citations that have been issued by officers without mobile data computers.

C - User Active Access Rights Review

A review of the Traffic Violation Bureau user's assigned rights indicated there were five users who were not current Traffic Violation Bureau employees; but still have the rights to modify Traffic Offense Moving citation information. Of less significance, 16 users that were not current Traffic Violations Bureau employees had query access to citation information. Traffic Violation Bureau has recently reduced the number of users who have rights to delete citations from 53 accounts down to five accounts.

Criteria:

International Organization of Standards Information Technology Security Standards 27002, Section 11.1, Access Control.

Risk:

The lack of effective user access monitoring increases the risk of information integrity issues to Traffic Offense Moving information.

Recommendation:

The Circuit Court Clerk should establish and implement a policy to define user access to Traffic Offense Moving information based on job functions. Unnecessary access privileges should be removed. Only employees who have data entry and modification as daily job requirements should be assigned these privileges. In addition, the Circuit Court Clerk should establish a quarterly review of system account privileges.

D - Deletion of Citations

Moving and parking citations were deleted from the Traffic Offense Moving system without a documented reason. Accounting for re-entered tickets and improperly formatted citation numbers from the Traffic Offense Moving system

delete log, the Office of Internal Audit determined 13 traffic citations were deleted that could not be specifically explained by Traffic Violation Bureau management (all parking citation deletion were explained).

Criteria:

International Organization of Standards Information Technology Security Standards 27002, Section 11.2, Access Control.

Risk:

Deleting citations without justification and proper authorization can compromise Traffic Offense Moving information integrity.

Recommendation:

The Circuit Court Clerk should:

1. Replace the DTOM operation (delete citation) with MTOM operation (modify citations) in all instances when it can be used and ensure separation of the authorization of DTOM use from the actual performance of daily entry operation.
2. Document and retain reasons for each deleted record. A monthly management review of deleted citations should be documented as well.

E - Controls of Ticket Book Issuance were Weak

Ticket books and citations were sequentially numbered; however, controls to ensure that they were issued in order were weak. A review of management controls for ticket book issuance disclosed the following.

Acknowledgment Forms

The Traffic Violations Bureau attempts to collect forms acknowledging receipt at the time of issuance; however, this procedure was not followed consistently. There was no tracking system, beyond possible submittal of the Acknowledgement Form. Further, data collected on Acknowledgment Forms was not captured in a searchable or reconcilable format. As a result, it was all but impossible to identify outstanding citations. Citation books that were destroyed, discarded or left unused were not reported to the Traffic Violations Bureau. Thus, it was not possible at any given time to identify citations that have been written but not turned in or otherwise cut off from the normal ticket flow.

Ticket Book Reconciliation

The Office of Internal Audit attempted to inventory all unissued moving and parking citations as well as those issued, but not entered in the Traffic Offense Moving system. This figure was compared with those purchased by the Traffic Violation Bureau over the scope of our audit. While the goal of this endeavor was to determine whether a significant number of citations were missing, the results of the inventory were inconclusive.

Vehicle Stop System Information

The Office of Internal Audit attempted to locate the police (yellow) copy of tickets (normally stored in Metro Nashville Police Department storage) identified from information contained in the Metro Nashville Police Department Vehicle Stop Data system for citations that were found not to reside in the Traffic Offense Moving system. Accounting for improperly formatted citation numbers from the Vehicle Stop Data system, 5,714 citations could not be accounted for in the Traffic Offense Moving system that were issued during the audit scope but before January 26, 2009. We extracted a random sample of 59 citations and were able to locate 51 of the police (yellow) copy citations from a listing of these unmatched citation numbers; however, only 49 appeared to be valid citations since one was voided and one was a warning citation. Thus, 83% (49/59) of the sample were located and appeared to be valid citations issued to offenders.

Traffic Offense Traffic Citation Number Gaps

A review of ticket number gaps in the Traffic Offense Moving system identified 17,325 gap occurrences between two and 25 citation numbers resulting in 75,495 citation numbers. Out of 68 sample gap ticket numbers identified, four tickets (6%) were located. Potentially, additional citations from this group may have been issued and either never turned in or not processed by the Traffic Violations Bureau. Tickets found in desk drawers and in a shredder receptacle were not part of this group as they had already been entered in the Traffic Offense Moving system.

Stronger issuance controls and monitoring might have allowed the Traffic Violations Bureau to identify instances of outstanding or missing citations.

Criteria:

- The COSO Internal Control Integrated Framework establishes a common definition of internal controls, standards, and criteria by which organizations can assess their internal control systems. One component, control activities, is the policies and procedures that help ensure management directives are carried out. Control activities include a wide range of activities including approvals, authorizations, verifications, and reconciliations, security of assets and segregations of duties.
- Metropolitan Code of Laws § 2.56.210 Traffic Violations Bureau, Powers and Duties, instructs that the Traffic Violation Bureau shall:

"...obtain and furnish the police department with suitable forms in triplicate serially numbered for notifying traffic violators to appear in answer to charges of violating traffic ordinances or traffic regulations of the city."

Recommendation:

The Circuit Court Clerk should ensure that:

1. Ticket books issuance is tracked in a database or spreadsheet format with beginning and ending citation numbers.
2. Ticket books should be issued sequentially, without exception.

3. Submittal of Acknowledgement Forms should be mandatory at the time of issuance and the data captured in an issuance database or spreadsheet (recommended above).

F – Improve Identification of Judge Retiring or Dismissing Citations

The Traffic Offense Moving system does not contain data indicating the identity of the General Sessions Court Judge (elected or special) who adjudicates parking citations. A default code of "0" was entered in the judge field by the Traffic Violations Bureau data entry operators. Physical inspection of citations to determine which judge retired a citation requires that someone decipher the initials that were handwritten on the citations. The Traffic Violations Bureau attempted to determine the signatures on the parking citations in a sample of 98 citations; however, this process was subjective and unreliable. Out of 98 citations, the Traffic Violations Bureau was not able to identify the retiring judge for 20 (20%) records. For the 78 signatures identified by Traffic Violations Bureau management, 16 citations were from elected General Sessions Court Judges and 62 were from special judges. For traffic citations, from a sample of 467 citations retired by special judges not scheduled on a docket (14 different special judges were identified), 11 citations could not be located by the Traffic Violations Bureau and six were determined to have been adjudicated by an elected General Sessions Court Judge after having previously been attributed to a special judge. From a sample of traffic citations retired on a scheduled docket, three of 40 (7%), Traffic Violations Bureau staff could not determine which judge adjudicated the citation by inspecting the signature on the citation.

Criteria:

- The COSO Internal Control Integrated Framework establishes a common definition of internal controls, standards, and criteria by which organizations can assess their internal control systems. One component, information and communication, involves developing and implementing a system whereby information is effectively communicated across an organization.
- Metropolitan Code of Laws § 2.56.210 Traffic Violations Bureau, Powers and Duties, instructs that the Traffic Violation Bureau shall:

"...keep an easily accessible and properly arranged record of all arrests, convictions or violations of traffic ordinances or traffic regulations, including such explanatory data as will reflect the disposition made of such cases."

Risk:

Trust in local government services and appearance of equity for citizens' within the judicial system will be harmed when documentation of the judge retiring parking tickets is not available.

Recommendation:

The Circuit Court Clerk should:

1. Determine a concrete method so that after-the-fact identification of which judge adjudicated a citation, both moving and parking, is easy to identify when the judge's signature or initials cannot be deciphered.

2. Use uniquely identifiable judge codes for all elected and special judges for both moving and parking citation entry. As each special judge appears on the bench for the first time, a unique code should be created and retained for them and used on each citation they adjudicate so that this information will be electronically recorded for parking citations in the Traffic Offense Moving system. Generic judge codes should never be used.

G - Late Delivery of Parking Citations to Traffic Violations Bureau

Parking citation revenue has been lost because citations have not been consistently delivered to the Traffic Violation Bureau within 45 days of issuance. A random sample of 98 retired parking citations indicated that 16 (16%) of the citations were classified as having been turned in past their 45 day compliance period. Note: Classification of timeliness exceptions were based only on Traffic Violations Bureau management’s assertions of when citations were received at the Traffic Violation Bureau and documented by handwritten notations from management on the citation itself.

Exhibit O below details the origination of the 16 citations in our audit sample turned in past the 45-day compliance period.

Exhibit O –Sample of Citations Turned-In Past 45 Day Compliance Period

Issuance Agency	Number	Percent
Metropolitan Nashville Airport Authority	6	38%
Metro Nashville Police Department	5	31%
Metro Nashville Public Works	4	25%
Bicentennial Capital Mall	1	6%

Source: Metropolitan Office of Internal Audit Test Sample

None of these agencies reported that a tracking system, sufficient to support the timeframe for submitting these citations to the Traffic Violations Bureau was used during the scope of this audit.

Criteria:

The COSO Internal Control - Integrated Framework establishes a common definition of internal controls, standards, and criteria by which organizations can assess their internal control systems. One component, information and communication, involves developing and implementing a system whereby information is effectively communicated across an organization.

Risk:

When citations are turned in past the compliance date, revenue is lost.

Recommendation:

The Circuit Court Clerk should:

1. Formally request that each issuing agencies expeditiously turn-in citations and document citation turn-in by citation number.
2. Date stamp, upon initial receipt, all citations.

Metro Nashville Public Works, Metropolitan Nashville Airport Authority, Metro Nashville Parks Police management should:

3. Expeditiously turn-in moving and parking citations to the Traffic Violations Bureau and document citation turn-in by citation number (except for citations created using the Advanced Records Management System (ARMS), when implemented).

H - Weak Internal Controls at the Traffic Violations Bureau

Past design weaknesses of the internal controls at the Traffic Violations Bureau enabled and contributed to the ability of the Traffic Violations Bureau staff to conceal 5,754 citations from being processed. There was not consistent documentation of who “pulled” or checked-out citations that were retired and not prescheduled on a court docket. Weak controls facilitated and/or enhanced the risk of citations being improperly destroyed, deleted or going unprocessed. Traffic Violations Bureau management has since enhanced many operating procedures to strengthen the control environment.

In order to assess the control structure, the Office of Internal Audit conducted a control assessment. The control assessment below lists control observations, a brief description of enhancements to the control environment by the Traffic Violations Bureau to address the observations, any residual risks that may still exist, and recommendations, if applicable.

- i. *Insufficient controls over access to Traffic Violations Bureau operations and citations being "pulled" or "checked out" to parties other than Traffic Violations Bureau staff.*

The Old Process: Insufficient controls over access to the Traffic Violations Bureau resulted in outside parties (attorneys, police officers and court officials) having almost unrestricted access to offices where citations were kept in open filing drawers. The Traffic Violations Bureau Chief Clerk and staff members stated in internal audit interviews that this has been the practice for years. Outside parties such as any court official or any police officer could "pull" or check out a parking or traffic citation at any time³. The outside party would only have to wave to be buzzed through, complete a small check-out/placeholder form, then have the citation pulled from the file, leaving the form in its place. When the citation was returned, the outside party would either drop the citation in the adjudicated basket (presumably after taking it to a judge) or submit the citation to a staff member who would re-file the citation and discard the check-out/placeholder form, leaving no record or audit trail of who checked out the citation. Additionally, nine Traffic Violations Bureau staff internal audit interviews confirm that many times no check-out/placeholder form was used.

³ Metro Nashville Police Department has opened an internal review of this issue.

The citation was simply removed without documentation, which was against Traffic Violation Bureau policy. The Traffic Violations Bureau had no formal established criteria, either mandated or internally created, on who was authorized to "pull" or check out a citation, although these outside parties, according to Traffic Violations Bureau staff, were primarily police officers and court officials.

Traffic Violations Bureau's Enhancement to the Process: Access to Traffic Violations Bureau facilities has been limited for outside parties not on official business. Traffic Violations Bureau management has posted signs on doors stating that no admittance will be granted to unauthorized parties. Employees have been informed not to grant access to outsiders. Any request for a citation to be checked out must be accompanied by a court order or signature by an elected General Sessions Court Judge. Supervisors must review the court order before the citation is released. The Traffic Violations Bureau retains the documentation and follows up to ensure the citation is returned.

Current Risk: The Office of Internal Audit noted that enhancements to the control environment implemented by the Traffic Violations Bureau could ensure the proper tracking and history retention of the citation. The signed judges orders for citations are retained as paper documents and kept in a folder; but, since they are not numbered, there is no way to ensure any have not been removed and the folder is complete.

Recommendation:

The Circuit Court Clerk should:

- 1) Continue to limit access to its facilities to only Traffic Violations Bureau staff or individuals that have a business requirement to meet with the staff. A log of outside parties granted access to Traffic Violations Bureau facilities should be maintained.
 - 2) Ensure signed judge's orders for citations are sequentially numbered, scanned and kept electronically. Additionally, a copy should be attached to each citation to document the movement of the citation.
- ii. *Insufficient controls to ensure that all citations received by the Traffic Violations Bureau were entered into the Traffic Offense Moving system.*

The Previous Process: Citations were distributed to various data entry operators by a supervisor. The supervisor would note the amount given to each data entry operator. At the end of the shift, all unprocessed citations were forwarded back to the supervisor. All citations processed by the data entry operator's were forwarded to the various, appropriate Traffic Violations Bureau staff for processing. The data entry operators would verbally communicate to the supervisor how many citations were processed or simply place a sticky note on the supervisor's calendar. Traffic Violations Bureau management did not have a mechanism in place to verify that the amounts being reported by data entry operators as being processed were accurate. The honor system was used regarding the number of citations processed by a data entry operator in a given day.

Four Traffic Violations Bureau staff internal audit interviews stated that Metro Nashville Police Department Officers sometimes were inside the Traffic Violations Bureau in the mornings searching for citations that had been given to the Traffic Violations Bureau but not entered into the Traffic Offense Moving system. Once removed by the police officer, no record would exist if the citation was not returned to the Traffic Violations Bureau. The Traffic Violations Bureau did not receive a monthly report from the Metro Nashville Police Department of the number of citations actually issued by its officers.

Traffic Violations Bureau Enhancements to the Process: The Traffic Violations Bureau implemented a new scanning system (CP3). With the new system, the Traffic Violations Bureau Supervisor now has the ability to electronically track the number of citations issued, the number of citations processed, and the number returned as unprocessed by data entry operator. At the end of the day, the supervisor will run a report, which details the number of citations issued to each data entry operator, the number processed in the Traffic Offense Moving system, and the number returned. If the number of citations processed and returned does not equal the amount originally distributed, the discrepancy is investigated.

Traffic Violations Bureau facility access policy prohibits Metro Nashville Police Department Officers or others from searching for and removing citations.

Current Risk: Control measures implemented by Traffic Violations Bureau management should be sufficient to mitigate risk of citations not being entered into the Traffic Offense Moving system once they have been provided to the Traffic Violations Bureau Supervisor. However, the controls should be constantly applied and not overridden to be effective. No controls have been noted to ensure that the Traffic Violations Bureau is being provided all of the citations issued by the Metro Nashville Police Department and other agencies as no report was received on issued citations.

Recommendation:

The Circuit Court Clerk should request a monthly report from the Metro Nashville Police Department and other issuance agencies of the citations actually issued by its officers (See Observation B, page 27).

- iii. *Insufficient controls to ensure all citations received by the Traffic Violations Bureau were properly processed through adjudication and/or transferred to the Warrants Division and archived.*

The Previous Process: Traffic Violations Bureau data entry operators organize the citations they were processing by compliance date (45 days past issuance). Consequently, citations with older compliance dates would be easily identified by the respective clerk and either processed or sent to the Traffic Violations Bureau Compact Unit. However, this manual process was heavily reliant on the proper filing, diligence, and integrity of the individual clerks as well as the completeness of the citation files. Simply removing and destroying a citation would not create a later event that would cause Traffic Violations Bureau personnel to know that a citation had been lost and subsequently not adjudicated.

In order to test citations that had been entered in the system, but not yet adjudicated even though they had greatly exceeded the compliance date, the Office of Internal Audit randomly selected a sample of 119 citations over 75 days old, as of June 3, 2009, that had no adjudication code in the Traffic Offense Moving system. The sample items were classified as follows:

- 92 (77%) citations had been properly adjudicated but not updated in the system,
- Nine (8%) citations were in Warrants (collection status),
- Seven (6%) citations had been sent to juvenile authorities,
- Five (4%) citations were in archives for no apparent reason,
- Four (3%) citations were not located,
- One citation was awaiting traffic school, and
- One citation was a mis-keyed entry.

In summary, 110 of the 119 citations had been moved through the system as intended but 92 of them did not reflect the complete information in the Traffic Offense Moving system, while nine (7%) citations were either missing or misfiled without proper processing.

Traffic Violations Bureau Enhancements to the Process: None noted

Current Risk: The Traffic Violations Bureau does not have a methodology in place to monitor and investigate citations that have been at the Traffic Violations Bureau after the normal compliance date has elapsed without being adjudicated or transferred to the Warrants Division. A citation could be misfiled, misplaced, or destroyed while at the Traffic Violations Bureau, never be processed and not be identified by Traffic Violations Bureau management.

Recommendations:

The Circuit Court Clerk should:

1. Develop a Traffic Offense Moving system report that will provide an "aging" of all citations entered that have not been adjudicated and/or forwarded to the Warrants Division after the normal compliance date has elapsed. The report and any "missing" citations should be promptly investigated.
- iv. *Insufficient controls in place to ensure that citations have been properly adjudicated in the Traffic Offense Moving system.*

The Old Process: The adjudication of a citation required either the submission of the fees owed by the offender, the actions of a judge, or the offender's participation in traffic school. Payments received by an offender were evidenced by a stamped receipt on the back of the citation. Rulings of a judge were notated by the judge on the back of the citation and signed by the judge. Offender's attendance in traffic school was monitored by Traffic Violations Bureau staff and can be verified by a third party system. Most importantly, the Traffic Violations Bureau had a designated adjudication clerk who was

responsible for reviewing all processed citations and ensuring that all the necessary steps have been taken to adjudicate a citation properly. Once this has been done, the adjudication clerk would update the Traffic Offense Moving system with the citation adjudication status. However, since the Traffic Offense Moving system lacked field level security, other Traffic Violations Bureau staff had the ability to adjudicate a citation also. The Traffic Violations Bureau had no reports that would monitor anyone improperly adjudicating a citation.⁴

Traffic Violations Bureau Enhancements to the Process: None noted.

Current Risk: A risk exists that an employee could improperly adjudicate a citation within the Traffic Offense Moving system.

Recommendation:

Traffic Violation Bureau management should ensure the ability to adjudicate a citation within the Traffic Offense Moving system is limited to select Traffic Violations Bureau staff. If this is not possible, the Traffic Violations Bureau should work with Metro Nashville Police Information and Technology Division to generate a report detailing all citations adjudicated within a specific period. Any citation adjudicated by anyone other than the adjudication clerk should be investigated.

Criteria for Observations I.i through I.iv:

- The COSO Internal Control Integrated Framework establishes a common definition of internal controls, standards, and criteria by which organizations can assess their internal control systems. The COSO internal control framework consists of five interrelated components, which are critical for ensuring an effective framework. These five components are briefly summarized below:
 - *Control Environment:* The control environment sets the tone of the organization. It is the foundation of all the other control components. Control activities include the integrity, ethical values, and managements operating style, delegation of authority systems, as well as the processes for managing and developing people in the organization.
 - *Risk Assessment:* The identification and analysis of risk that could impede the ability of an entity to achieve its objectives.
 - *Control Activities:* Control activities are the policies and procedures that help ensure management directives are carried out. Control activities include a wide range of activities including approvals, authorizations, verifications, and reconciliations, security of assets, and segregations of duties.
 - *Information and Communication:* Information and communication involves developing and implementing a system whereby information is effectively communicated across an organization.
 - *Monitoring:* This involves the periodic and systematic evaluation of the internal control systems.

⁴ The Traffic Violations Bureau does not own the Traffic Offense Moving system but relies on the Metro Nashville Police Department to create and generate any needed reports.

- Metropolitan Code of Laws § 2.56.210 Traffic Violations Bureau, Powers and Duties, instructs that the Traffic Violation Bureau shall:

"...keep an easily accessible and properly arranged record of all arrests, convictions or violations of traffic ordinances or traffic regulations, including such explanatory data as will reflect the disposition made of such cases."

OBSERVATIONS AND RECOMMENDATIONS – PART B

I - Recording of Receipts Lacks Adequate Review

The Office of Internal Audit found six instances of receipt amounts due to “tape errors” recorded in Revenue Collector resulting in duplicate entry of the same payment. Additionally, books closed at month end were reopened and possibly modified after the fact. A small number of other instances of Revenue Collector and Excel Books not matching were noted but each one was resolved by back up documentation.

The Traffic Violations Bureau currently uses two systems to record the collections of receipts. One system, Revenue Collector, records all incoming revenue transactions, prints customer receipts and maintains register (journal roll) tapes for back up. Excel Books is also used to consolidate information in a monthly format. The Excel Books product captures Revenue Collector information via Crystal Reports, and contains various other pieces of information (such as mail overages, bad checks, etc).

Criteria:

- *The COSO Internal Control - Integrated Framework* establishes a common definition of internal controls, standards, and criteria by which organizations can assess their internal control systems. Management review of revenue reports is critical in ensuring a strong internal control framework. Such a review enhances the control activities and monitoring component of a strong internal controls framework.
- The Internal Control and Compliance Manual for Tennessee Municipalities, June 2009, Title 5, Chapter 2 “*Books and Records*” Section 1.

Risk:

Not having accurate, reliable financial records with supporting documentation increases the risk of misappropriation of assets and decreases the integrity of management reporting.

Recommendation:

The Circuit Court Clerk should:

- 1) Replace the current “tape error” process with use of the Payment Adjustment Module in the Revenue Collector system. Additionally attach copies of the original transaction payments and citations that support each use. This process should have documented management approval and access to the Payment Adjustment Module should be retained by management.
- 2) Perform random reconciliations of daily receipts by someone independent of the process, preferably someone with accounting knowledge.
- 3) Ensure all changes to monthly books, once closed, have documentation of the required necessity and management’s approval.

J – Inadequate Supervisory Review of Disbursements

Cash disbursements from bank accounts administered by the Traffic Violation Bureau were not tested adequately for validity of business purpose and proper authorization. This is a repeat finding from *Report on Traffic Violations Bureau Agreed-Upon Procedures* issued by the Metro Nashville Finance Department's Internal Audit Section on October 31, 1994.

Mail overage and refund disbursements are not specifically approved by the signatory authority, the Circuit Court Clerk, prior to issuance. Checks are issued using signature stamps that are issued to various offices of the Circuit Court Clerk and imprinted with the Circuit Court Clerk's signature. Further, the Traffic Violations Bureau's signature stamp is kept in a desk drawer in the bookkeeping office, rather than a locked safe; however, this office is locked after close of business hours. No record or audit trail exists indicating specifically when the signature stamp is used, who is the user and what check numbers were issued on each usage.

Criteria:

- *The COSO Internal Control- Integrated Framework* establishes a common definition of internal controls, standards and criteria by which organizations can assess their internal control systems. Authorizations and approval procedures and controls over access to resources enhance the control activities components of a strong internal control framework.
- *Report on Traffic Violations Bureau Agreed – Upon Procedures*, Internal Audit Section, Metropolitan Government of Nashville and Davidson County, October 31, 1994, page 6.
- *Internal Control and Compliance Manual for Tennessee Municipalities*, Title 5, Chapter 10, "Cash" Section 7: Municipal officials should ensure that two authorized signatures are required for all checks. Authorized signature cards at the bank must be current. Before signing checks, each signatory should review adequate supporting documentation (such as vendor invoices, purchase authorizations, etc). Signature stamps, if used, must be safeguarded by the official. Signature stamps intended for administrative purposes only, such as for letters, etc. must also be safeguarded.

Risk:

Without adequate controls, the risk of cash misappropriations or errors in cash disbursements increases.

Recommendation:

The Circuit Court Clerk should ensure:

- 1) Samples of cash disbursements are periodically tested at the supervisory level, or by the Circuit Court Clerk Internal Auditor, for validity of business purpose and authorization.
- 2) A listing of checks to be issued is reviewed and approved by the signatory authority (Circuit Court Clerk) or his designated representative prior to issuance. Such a review should be documented by initials, signature, or

system sign-off. Implementing a double signature system would further enhance control.

- 3) Signature stamps are kept locked up at all times when not in use. A record should be kept of each usage of the signature stamp indicating when it was used, who used it and the beginning and ending check numbers.

K – Custody, Recording and Disbursement of Revenues are not Segregated

The current cash receipt system lacks proper segregation of duties. The bookkeeping function is responsible for handling cash, preparing deposits and recording revenue. In addition, supervisory review of end-of-shift balances is not required when cashiers close their register. The bookkeeper verifies that the amount in the cash till agrees with Revenue Collector system and records the receipts, prepares the deposit, and records the journal entry in the EnterpriseOne accounting system. In the bookkeeper's absence, the duties are performed by employees who have cashier-level access to Revenue Collector. Thus, in both instances, one individual is effectively responsible for transactions from beginning to end. The bookkeeper also maintains custody for and uses the check signature stamp.

Seven (7) employees have access to the safe where deposits are stored. The combination to the safe has not been changed for several years.

Custody of receipts and record keeping for those receipts should be segregated wherever possible. Person who are checks signers, or person who use signatory stamps, should be independent of cash receipts. No single person should be effectively capable of processing any transaction from beginning to end. If possible, different persons should be responsible for the authorization, recordkeeping (posting), custodial, and review procedures, to prevent manipulation of records and minimize the possibility of collusion.

Criteria:

- Prudent business practice
- *The COSO Internal Control - Integrated Framework* establishes a common definition of internal controls, standards, and criteria by which organizations can assess their internal control systems. Control activities are the policies and procedures that help ensure management directives are carried out. Control activities include segregation of duties.
- *Internal Control and Compliance Manual for Tennessee Municipalities*, Title 5, Chapter 1, "General", Section 1: Municipal officials should separate duties of employees so that no one person has control over a complete transaction from beginning to end. Workflow should be established so that one employee's work is automatically verified by another employee working independently. When possible, different persons should be responsible for the authorization, recordkeeping (posting), custodial (cash and materials handling), and review procedures, to prevent manipulation of records and minimize the possibility of collusion.

Risk:

Lack of segregation of duties enhances the risk of theft, fraud, inaccurate reporting, and lost collections.

Recommendation:

The Circuit Court Clerk should:

- 1) Improve revenue collection internal controls by implementing a policy to ensure wherever possible, incompatible duties are properly segregated.
- 2) Access to the safe should be limited to members of management or management and one or two specified employees.
- 3) The combination to the safe should be changed as soon as practical and periodically thereafter.

L - Ineffective Controls over User Access Rights to Assure Segregation of Duties

Revenue Collector computer security privileges allow users to perform incompatible business and/or application support functions. Inappropriate control over the access to this application might compromise data integrity and lead to potential misappropriation of Traffic Violations Bureau collections.

Based on internal audit interviews with Traffic Violations Bureau employees and a review of security tables in the application, the Office of Internal Audit observed there are no policies or procedures implemented to identify and review proper user groups and their access rights to programs in the Revenue Collector computer system. In addition, a generic administrator user name is used for operational purposes. While such a user name may be necessary on some occasions, it compromises the security log because it is not attached to an identifiable single user. The fact that this application is shared by the Traffic Violation Bureau with Metro's Traffic School heightens data integrity concerns.

The Revenue Collector Payment Adjustment Module allows users to modify collection records. Establishing controls over this module is critical to maintaining the accuracy of collection records. Currently, use of the Payment Adjustment Module is not consistently supported with documented authorization. Additionally, the same user may authorize a payment adjustment and process the adjustment using the Revenue Collector Payment Adjustment Module. Additionally, there are no procedures in place to monitor application security logs and review collection records for accuracy.

Criteria:

International Organization of Standards Information Technology Security Standards 27002 standards over information technology provides guidance for controls over segregation of duties (10.1.3) and over user access controls (11.1.1 Access control policy, 11.2 User access management, 11.2.2 Privilege management, 11.2.4 Review of user access rights).

Risk:

Inadequate setting of user access rights and privileges potentially leads to a lack of segregation of duties and increases the risk of intentional or unintentional data alteration or loss.

Recommendation:

The Circuit Court Clerk should ensure:

1. Revenue Collector users and user group privileges implement proper segregation of duties between authorization and operations.
2. Procedures facilitate proper documentation of any changes made to financial records.
3. Procedures facilitate periodic review of audit logs by management and documentation of any observations.

M – A Review of Other Collection Methodologies should be Conducted

The Office of Internal Audit conducted a benchmark survey of collection practices at several peer cities. We made contact with three in-state municipalities; Memphis, Chattanooga and Knoxville; along with Plano, Texas and Seattle, Washington (similar size to Nashville).

Nashville

- 17 staff members, annual payroll cost of \$624 thousand
- Notifies DMV, administers court approved “Slow-Pay” agreements, pursues garnishments, issues warrants
- No outside collection agency
- 82% of traffic citations issued during the 29-month period were also adjudicated and collected during the same 29 months (includes dismissals, traffic school, retired citations, voluntary payments, involuntary payments and nullifications).
- 78% of parking citations were similarly adjudicated and collected during this period

Memphis

- Collections performed in-house
- Debt Recovery Office (5 Full-time Equivalents) administers “Drive While You Pay” and “time to pay” plans
- As of May 24, 2010, 62% of FY 2008 issued citations have been collected, 55% of FY 2009 citations have been collected and 37% of FY 2010 citations have been collected

Chattanooga

- All collections outsourced
- Defendants pay all collection costs in addition to fines
- 33% of moving and 73% of parking paid within 30 days

Some innovative practices at Knoxville, Seattle, and Plano include:

- Reporting outstanding traffic violation and parking fines to credit reporting bureaus in order to incentivize payment, even on old citations. (Seattle)
- Publishing online, at City Court website, a list of outstanding traffic and parking warrants, including defendants name and offense. Online payments options are linked and payment instructions posted directly next to listing. Listing is updated weekly. (Plano)
- Outsourcing collections or using a mixed model of in-house and outsourced efforts. (Seattle, Plano)
- Renting space to collection agencies within municipal court facilities. (Seattle)
- Universal cashiering allows collection agencies to receive payment at the same location for debts owed in eighty different jurisdictions. (Seattle)
- Utilizing municipal tax collection departments, during their off-season, for traffic violations collection efforts in order to maximize cost-effectiveness of collections. (Knoxville)
- Passing the cost of collection on to traffic violation defendants through service charges and commissions. (Chattanooga, Seattle)

The Office of Internal Audit noted in the minutes from a March 9, 2009, meeting of the Metro Traffic and Parking Commission, that the idea of outsourcing collections had been broached by the Vice Chairperson. We did not note follow-up discussion on this topic in subsequent meetings. We also noted that Metro Council considered a “one-time traffic amnesty program” to accept 50% of outstanding balances of unpaid traffic violation fines but the measure was subsequently withdrawn on October 6, 2009.

Recommendation:

The Circuit Court Clerk should review collection methodologies, with a focus on cost-effectiveness and efficiency, to determine if they could be improved.

N – No Viable Receivable System to Determine Outstanding Traffic Violation Fine Amounts Due Metro Nashville

Other than performing educated estimates, the Traffic Violations Bureau does not currently have a method to determine the total value of outstanding traffic violations that are still collectible. While at any given time, it is possible to determine the amount owed on any particular citation or by any particular offender, there is no such method currently in use to determine the composite

value of all outstanding citations added together. The Traffic Offense Moving system contains no tools for totaling fine due columns or easily exporting these data fields. Some type of methodology should be developed so that Metro Nashville can determine, on a regular and periodic basis, the value of all outstanding citations. Additionally, this capability should be built into any future system requirements.

Criteria:

The COSO Internal Control - Integrated Framework establishes a common definition of internal controls, standards and criteria by which organizations can assess their internal control systems. Information and communication involves developing and implementing a system whereby information is effectively communicated across an organization.

Risk:

Not having the capability of determining the amounts owed Metro Nashville deters future actions to apply some type of global response. Additionally, accurate comparisons of outstanding balances over time are not possible; thus, it is impossible to know when progress has been made.

Recommendation:

The Circuit Court Clerk should develop a methodology to accurately and periodically determine the value of collectible citations due Metro Nashville and ensure that this capability is factored into any future system.

O – Metro Nashville’s Daily Cash Position Not Maximized

The Circuit Court Clerk regularly deposits collected revenues within one business day of receipt (see objective nine, page 25). However, these revenues are not deposited into a Metro Nashville general government bank account on a daily basis; rather, they are deposited into a non-Metro Nashville account. The Circuit Court Clerk, an elected official, and a statutory office is not required to abide by Metro Treasury Policy #9 that requires use of an official Metro Nashville depository account for daily business deposits. However, while the Circuit Court Clerk collects some state revenues as well as Clerk’s fees and commissions, traffic and parking fines, and taxes shown earlier in Exhibit D (Page 11) belong solely to Metro Nashville and total over \$6.5 million per year. The receipts are properly collected and safeguarded by the Circuit Court Clerk but are not used to finance daily operations of the Circuit Court Clerk. As discussed earlier, Clerks Fees, and Commissions are collected for that purpose (Exhibit E, page 12).

Metro Nashville’s daily cash position would be enhanced by daily receipt of Metro Nashville’s revenues rather than monthly receipt. Daily receipt would enhance the safety, stability, and liquidity of the Metro Nashville Investment Pool and since they are not used by the Circuit Court Clerk to finance daily operations, their availability would be more beneficial to Metro Nashville than to the Circuit Court Clerk.

Criteria:

- Metro Charter, Section 8.106 - “The Metropolitan Treasurer shall supervise and be responsible for the custody and disbursement of all funds belonging to the Metropolitan Government and all funds handled by Metropolitan Government officers as agents or trustees except as otherwise provided in this Charter or by ordinance or general law not inconsistent with this Charter....”
- Metro Treasury Policy #11, Bank Account Establishment Policy states that the Metro Department of Law has determined that the Circuit Court Clerk among others is required to maintain bank accounts.
- Metro Nashville commissioned KPMG “Consolidate Banking Relationship” study (July 2001): consolidated accounts provide additional negotiating leverage when renewing Metro’s banking contracts.

Risk:

Metro Nashville’s daily cash position and Metro Investment Pool balances are reduced by the revenue not being available to Metro Nashville. The Metro Nashville Treasurer may be confronted with instances of short-term cash needs while the cash to meet available needs sits idle and unused in Circuit Court Clerk accounts.

Recommendation:

The Circuit Court Clerk should ensure all revenues belonging to Metro Nashville are deposited, swept or transferred into an official Metro Nashville depository account within one business day of receipt and recorded in EnterpriseOne within two business days.

GENERAL AUDIT INFORMATION

STATEMENT OF COMPLIANCE WITH GAGAS

We conducted this performance audit from June 2009 through November 2009 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

SCOPE AND METHODOLOGY

The audit period included traffic and parking citations issued between January 1, 2007, and June 3, 2009. Information related to elected and special judges of the General Sessions Courts was from the same period. Initial informational datasets related to the citations was as of June 11, 2009, when the data was extracted from the Metro Nashville Police Department Traffic Offense Moving system.

In Part A, we encountered a weakness in the internal control framework for the Traffic Violations Bureau that was substantial enough to cause a scope limitation on a segment of this engagement. Such as was the case for the destruction/non-retention of the Traffic Violation Bureau Citation check-out/placeholder forms.

In Part B, we encountered an audit scope restriction in the escheat process for disbursement checks issued by the Traffic Violations Bureau. Bank of America was not able to provide sufficient documentation to allow us to independently verify the completeness and accuracy of escheat records provided by the Circuit Court Clerk's Internal Auditor.

The methodology employed throughout this audit was one of objectively reviewing various forms of documentation, including written policies and procedures, financial information and various forms of data, reports and information maintained by the Traffic Violations Bureau, General Sessions Court and the Metro Nashville Police Department. Management, administrative and operational personnel, as well as personnel from other Metro Nashville departments and other stakeholders were interviewed, and various aspects of the operations were directly observed. Flowcharting various processes, calculating composite totals, and sampling was also performed.

CRITERIA

In conducting this audit, the existing processes and controls in place pertaining to traffic citation processes were evaluated for compliance with:

- Committee of Sponsoring Organizations of the Treadway Commission's (COSO) *Internal Control - Integrated Framework*
- The Internal Control and Compliance Manual for Tennessee Municipalities

- International Organization of Standards Information Technology Security Standards (ISO 27002)
- Metropolitan Code of Laws § 2.56.210
- Metro Treasury Policy #9 and #11
- KPMG “Consolidated Banking Relationship” study of July 2001

STAFF ACKNOWLEDGEMENT

Carlos Holt, CPA, CIA, CFE, CGAP - Audit Manager, In-Charge, Part A

Roxanne Caruso - Staff Auditor, In-Charge, Part B

Jennifer Maxwell - Staff Auditor

Joe McGinley, CISA, CISSP - Staff Auditor

William Walker, CPA - Staff Auditor

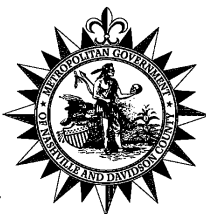
Qian Yuan, CISA - Staff Auditor

APPENDIX A. MANAGEMENT RESPONSE – PART A

- Management's Responses for Part A Starts on Next Page –

Davidson County

P.O. Box 196303
Nashville, Tennessee 37219-6303



RICHARD R. ROOKER

CIRCUIT COURT CLERK
1 PUBLIC SQUARE, ROOM 302
615-862-5181

October 12, 2009

Mr. Carlos Holt, Auditor
Internal Audit Dept.
222 Bldg., 4th Floor
Nashville, TN 37201

Re: Traffic Violation Bureau

Dear Mr. Holt:

Enclosed please find my responses to the draft report audit recommendations-Part A for the Traffic Violation Bureau.

Please do not hesitate to contact me if you have any questions concerning my responses.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard R. Rooker".

Richard R. Rooker
Circuit Court Clerk

RRR:rms

Enclosures



METROPOLITAN POLICE DEPARTMENT
of Nashville and Davidson County

Karl F. Dean, Mayor
Ronald W. Serpas, Ph.D.
Chief of Police

October 13, 2009

Mr. Mark Swann
Metropolitan Auditor
Office of Internal Audit
222 3rd Avenue North, Suite 401
Nashville, TN 37201


Re: Report of the Traffic Citation Process – Part A

Dear Mr. Swann:

This letter is to acknowledge receipt of the report entitled, “Final Draft 2010-003 – Traffic Citation Process – Part A.” This department has reviewed and evaluated all of the observations and recommendations contained in the report. As a result, MNPd, working in cooperation with Traffic Violations Bureau, are in the process of implementing recommendations and/or improvements to the processes involved.

The Metropolitan Police Department expresses its appreciation for your assistance and support during the audit process. Recommendations for improving the operation of MNPd Functions are always welcome.

Sincerely,



Ronald W. Serpas
Chief of Police



200 James Robertson Parkway • P.O. Box 196399 • Nashville, Tennessee 37219-6399 • Phone (615) 862-7400



Audit of Traffic Citations – Part A
Management Response to Audit Recommendations – October 2009

Audit Recommendation	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
<p>Metro Nashville Police Department Information and Technology Division management should:</p> <p>A.1 Review “Demand Session” accounts and the privileged access rights associated with them, document the justification for each account and establish procedures to limit the use of these accounts. Further, activities from the accounts should be logged and a periodic review of the activities for these accounts implemented.</p> <p>A.2 If the Advanced Records Management System (ARMS) system is not fully functional on the target Oct. 2009 implementation date; evaluate the cost effectiveness of using the testing environment for system tests for the remaining life of the current Traffic Offense Moving system.</p>	<p>A.1 Agree.</p> <p>A.2 Disagree. It is not practical or cost effective to develop a test environment at this time. No development/testing enhancements are allowed to the Traffic Offense Moving system due to the decommissioning of the platform it is running on as of December 2009.</p>	<p>Police IT</p>	<p>B.1 Complete as of Aug. 11, 2009</p>
<p>B.1 Metro Nashville Police Department management should produce a monthly report of the number of traffic citations actually issued by its officers and forward this report to the Traffic Violations Bureau. After the implementation of the scheduled Advanced Records Management System (ARMS), a monthly report should be produced and forwarded that details the manual citations that have been issued by officers without mobile data computers.</p>	<p>Agree: This item has been completed and MNPD is currently supplying automated monthly reports on Parking, Traffic, and Voided citations. The report has been reviewed and approved by Traffic Violations Bureau.</p>		<p>Completed</p>

Audit of Traffic Citations – Part A
Management Response to Audit Recommendations – October 2009

Audit Recommendation	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
<p>C.1 The Metro Circuit Court Clerk should establish and implement a policy to define user access to Traffic Offense Moving information based on job functions. Unnecessary access privileges should be removed. Only employees who have data entry and modification as daily job requirements should be assigned these privileges. In addition, Traffic Violation Bureau management should establish a quarterly review of Traffic Offense Moving system user account privileges.</p>	<p>Agree: Our office identified this as a requirement for our new integrated Traffic Management System and will be standard functionality within the system. Currently, the Circuit Court Clerk agrees to define and enhance TVB's user access policy and to limit, to the computer system's ability, user access to Traffic Offense Moving information based on job functions. Any unnecessary access privileges that exist will be removed. Due to the Legacy system's inability to have field-level security, any end-user who requires the ability to modify any field will have the ability to modify all fields. The Traffic Violations Bureau will continue to review the Legacy Traffic Offense Moving System user account privileges. As recommended, they will now be reviewed on a quarterly basis.</p>	<ul style="list-style-type: none"> - Chief Clerk - Project Manager - Business Managers 	<p>September 30, 2009</p>
<p>The Metro Circuit Court Clerk should:</p> <p>D.1 Replace the DTOM operation (delete citation) with MTOM operation (modify citations) in all instances when it can be used and ensure separation of the authorization of DTOM use from the actual performance of daily entry operation.</p> <p>D.2 Document and retain reasons for each deleted record. A monthly management review of deleted citations should be documented as well.</p>	<p>Agree: Our office identified this as a requirement for our new integrated Traffic Management System and it will be standard functionality within the system.</p> <p>The Traffic Violations Bureau Management implemented a DTOM operational policy that was effective as of June, 2009.</p>	<ul style="list-style-type: none"> - Chief Clerk - Project Manager - Administrative Assistant - Business Manager - Supr. (data entry) 	<p>Completed</p>

Audit of Traffic Citations – Part A
Management Response to Audit Recommendations – October 2009

Audit Recommendation	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
<p>The Metro Circuit Court Clerk should ensure that:</p> <p>E.1 Ticket books issuance is tracked in a database or spreadsheet format with beginning and ending citation numbers.</p> <p>E.2 Ticket books should be issued sequentially, without exception.</p> <p>E.3 Submittal of Acknowledgement Forms should be mandatory at the time of issuance and the data captured in an issuance database or spreadsheet (recommended above).</p>	<p>Agree: The Traffic Violations Bureau will ensure that ticket book issuance is tracked in an Excel spreadsheet or database with beginning and ending citation numbers.</p> <p>The Circuit Court Clerk will work with the MNPD to implement a system in which ticket books and/or cases of ticket books could be issued sequentially and for acknowledgement forms to either be turned in at the time of issuance or tracked for submittal.</p>	<ul style="list-style-type: none"> - Administrative Assistant - Supervisor – data entry - Citation Issuance Clerk - Case Issuance Clerks <p style="text-align: center;">Metro Police Department – Central Records Division</p>	<p>September 1, 2009</p>
<p>The Metro Circuit Court Clerk should:</p> <p>F.1 The Metro Court Clerk should determine a concrete method so that after-the-fact identification of which judge adjudicated a citation, both moving and parking, is easy to identify when the judge’s signature or initials cannot be deciphered.</p> <p>F.2 Use uniquely identifiable judge codes for all elected and special judges for both moving and parking citation entry. As each special judge appears on the bench for the first time, a unique code should be created and retained for them and used on each citation they adjudicate so that this information will be electronically recorded for parking citations in the Traffic Offense Moving system. Generic judge codes should never be used.</p>	<p>Partially Agree: Our office identified this as a system requirement for our new integrated Traffic Management System in RFP reference numbers 1.11.26 and 1.4.22.</p> <ul style="list-style-type: none"> - The Traffic Violations Bureau will ensure that any documentation provided by the courts on a retired citation be attached to the citation. The Traffic Violations Bureau does not have the authority to ensure that the Judge will note the reason for the Judge’s disposition on the citation. - The Traffic Violations Bureau will ensure that the Judge’s name will be written on the docket for reference to any citation signed in Court. - The Traffic Violations Bureau will enter a code for all special judges on parking citations. The name of the special judge will be written on top of the docket for reference as well as being listed on the Special Judge Excel Spreadsheet. As a reference guide for electronic reporting of special judges, the Tennessee Administrative Office of the Courts requires a generic code for all special judges electronic reporting. 	<ul style="list-style-type: none"> - Court Clerks - Adjudication Clerks 	<p>September 1, 2009</p>

Audit of Traffic Citations – Part A
Management Response to Audit Recommendations – October 2009

Audit Recommendation	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
<p>The Metro Circuit Court Clerk should:</p> <p>G.1 Formally request that each issuing agencies expeditiously turn-in citations and document citation turn-in by citation number.</p> <p>G.2 Date stamp, upon initial receipt, all citations.</p>	<p>Agree: The Traffic Violations Bureau will formally request that each issuing agency expeditiously turn in citations and document citation turn in by citation number.</p> <p>The Traffic Violations Bureau will implement a procedure for all citations to be date stamped upon initial receipt.</p>	<ul style="list-style-type: none"> - Chief Clerk - Scan Clerk 	<p>-September 1, 2009</p> <p>-Citations will be date stamped upon receipt of the date stamp machine</p>
<p>Metro Public Works, Metro Airport Authority, Metro Parks Police should:</p> <p>G.3 Expeditiously turn-in moving and parking citations to the Traffic Violations Bureau and document citation turn-in by citation number (except for citations created using the Advanced Records Management System (ARMS), scheduled for October 2009 implementation).</p>	<p>Metro Public Works: Agree.</p> <p>Metro Airport Authority: Agree. The Airport Traffic Enforcement Program will implement internal procedures to document parking citation notices into the management tracking system. Parking citation notices are turned into TVB every Friday, weekly via airport carrier to ensure compliance. Utilization of the management tracking system and implementation of a designated delivery date will indicate relevant tracking data as it relates to audit recommendations. It will also provide an internal control process for submitting citations to the Metropolitan Traffic Violations Bureau.</p> <p>Metro Parks Police: Agree.</p>		<p>Implemented</p>
<p>The Metro Circuit Court Clerk should:</p> <p>H.i.1 Continue to limit access to its facilities to only Traffic Violations Bureau staff or individuals that have a business requirement to meet with the staff. A log of outside parties granted access to Traffic Violations Bureau facilities should be maintained.</p> <p>H.i.2 Ensure signed judge's orders for citations are sequentially numbered, scanned and kept electronically. Additionally, a copy should be attached to each citation to document the movement of the citation.</p>	<p>Agree: The Traffic Violations Bureau will continue to limit access to its facilities to only Traffic Violations Bureau staff or individuals that have a business requirement to meet with the staff. Anyone who is granted access that does not have a card key access will be required to sign a log that will be maintained.</p> <p>All signed judge's orders for citations will be numbered and then scanned and kept electronically. A copy of the order will continue to be attached to the citation.</p>	<ul style="list-style-type: none"> - Cashiers - Administrative Assistant 	<p>September 1, 2009</p>

Audit of Traffic Citations – Part A
Management Response to Audit Recommendations – October 2009

Audit Recommendation	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
<p>H.ii.1 The Metro Circuit Court Clerk should request a monthly report from the Metro Nashville Police Department and other issuance agencies of the citations actually issued by its officers.</p>	<p>Agree: The Traffic Violations Bureau will request a monthly report from the MNPB and other issuing agencies of the citation numbers actually issued by its officers.</p>	<ul style="list-style-type: none"> - TVB Chief Clerk - Project Manager 	<p>September 1, 2009</p>
<p>H.iii.1 The Metro Circuit Court Clerk should develop a Traffic Offense Moving system report that will provide an “aging” of all citations entered that have not been adjudicated and/or forwarded to the Warrants Division after the normal compliance date has elapsed. The report and any "missing" citations should be promptly investigated.</p>	<p>Agree: Our office identified this as a requirement for our new integrated Traffic Management System and it will be standard functionality within the system.</p> <p>The Traffic Violations Bureau Management will work with the MNPB ITS Department and request that an aging report be provided monthly of all citations entered that have not been adjudicated and/or forwarded to the Warrants Division after the normal compliance date has elapsed. Management will investigate any “missing” citations immediately.</p>	<ul style="list-style-type: none"> -TVB Chief Clerk -Project Manager -Business Managers 	<p>Sept. 1, 2009</p>
<p>H.iv.1 The Metro Circuit Court Clerk should ensure the ability to adjudicate a citation within the Traffic Offense Moving system is limited to select Traffic Violations Bureau staff. If this is not possible, the Traffic Violations Bureau work with MNPB IT to generate a report detailing all citations adjudicated within a specific period. Any citation adjudicated by anyone other than the adjudication clerk should be investigated.</p>	<p>Agree: Due to the legacy system’s inability to have field level security, any end user who requires the ability to modify any field will have the ability to modify all fields. The Traffic Violations Bureau management agrees and will request the MNPB IT Department to develop a monthly report detailing all citations adjudicated by any unauthorized user with that month. Any citation adjudicated by anyone other than the designated adjudication clerks will be investigated.</p>	<ul style="list-style-type: none"> -Chief Clerk -Project Manger 	<p>Request made for Sept. 2009 report.</p>

APPENDIX B. MANAGEMENT RESPONSE – PART B

- Management's Responses for Part B Starts on Next Page –

Davidson County

P.O. Box 196303
Nashville, Tennessee 37219-6303



RICHARD R. ROOKER

Circuit Court Clerk
1 Public Square, Room 302
615-862-5181

June 1, 2010

Mark Swann
Metropolitan Auditor
Office of Internal Audit
222 3rd Avenue North, Suite 401
Nashville, TN 37201

Re: Audit of Traffic Citation Process
Part A and Part B.

Dear Mr. Swann:

This letter acknowledges that the Circuit Court Clerk received the report entitled Audit of Traffic Citation Process Part A and Part B. The Circuit Court Clerk has evaluated all of the observations and recommendations cited in the report. We appreciate the recommendations in the report and have initiated implementation as stated in our responses.

As you know, the Traffic Violations Bureau has been operating as an end-user of the Metropolitan Police Department's Legacy computer system since the inception of maintaining records on computer. Several years ago we assessed the need for an integrated computer system programmed for the specialized needs of the Court and the Traffic Violations Bureau Clerk's Office. As a result, the Traffic Violations Bureau is slated to roll out our new integrated computer software system, Traffic Violations "Case Management System" (CMS) in conjunction with the Metro Police Department's ARMs project. This will allow the Traffic Violations Bureau to improve our efficiency with fewer errors, have better access to information, increase security measures and reduce our work-force duplication that challenges our office as we currently maintain five manual stand-alone applications.

It is noteworthy to point out that the RFP requirements prepared for the functionality of the new software addresses many of the Traffic Violation Bureau recommendations in this audit with a seamless simplified business process.

I would like to express my appreciation to you and your staff for your professionalism and quality of work your office demonstrated in the audit process.

Sincerely,

Richard R. Rooker
Circuit Court Clerk

Audit of Traffic Citations – Part B
Management Response to Audit Recommendations – April 2010

Audit Recommendation	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
<p>I.1 Replace the current “tape error” process with use of the Payment Adjustment Module in the Revenue Collector system. Additionally attach copies of the original transaction payments and citations that support each use. This process should have documented management approval and access to the Payment Adjustment Module should be retained by management.</p>	<p>Partially Agree. Our office identified this as a system requirement for our new integrated Traffic Management System in RFP reference numbers 1.13.1 and 1.5.1. However, due to limited staffing resources it is not feasible to implement an additional layer of documentation as recommended. We will continue to document transaction modifications that already require management approval with our current tape error process (which documents the request for correction, reason and the employee’s and supervisor’s initials) until our Traffic Management system is implemented. In addition, the Circuit Internal Auditor will continue to audit these transactions and now document findings/no findings, which will be retained for five years.</p>	<p>Circuit Internal Auditor</p>	<p>May 1, 2010</p>
<p>I.2 Perform random reconciliations of daily receipts by someone independent of the process, preferably someone with accounting knowledge.</p>	<p>Agree. The Circuit Internal Auditor will continue to perform random reconciliations and will now document findings/no findings, which will be retained for five years.</p>	<p>Circuit Internal Auditor</p>	<p>May 1, 2010</p>
<p>I.3 Ensure all changes to monthly books, once closed, have documentation of the required necessity and management’s approval.</p>	<p>Agree. After the end of the month close, the TVB Bookkeeper will email the Circuit Internal Auditor and the Circuit IT Dept. and advise that the excel sheet is ready to be converted to read-only. If any modifications need to be made after the close, the Circuit Internal Auditor will notify the Circuit IT Dept. and the modification will be made by the Circuit Internal Auditor with a comment inserted in the field that has been adjusted with an explanation of when and why the modification was made.</p>	<p>TVB Bookkeeper Circuit Internal Auditor Circuit IT</p>	<p>May 1, 2010</p>
<p>J.1 Samples of cash disbursements should be periodically tested at the supervisory level, or by the Circuit Court Clerk Internal Auditor, for validity of business purpose and authorization.</p>	<p>Agree. The Circuit Internal Auditor will continue to periodically test cash disbursements and will now document findings/no findings, which will be retained for five years.</p>	<p>Circuit Internal Auditor</p>	<p>May 1, 2010</p>

Audit of Traffic Citations – Part B
Management Response to Audit Recommendations – April 2010

Audit Recommendation	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
J.2 A listing of checks to be issued should be reviewed and approved by the signatory authority or his designated representative prior to issuance. Such a review should be documented.	Partially Agree. Our office identified this as a system requirement for our new integrated Traffic Management System in RFP reference numbers 1.13.11. However, due to limited staffing resources and the volume of checks issued it is not feasible to implement as recommended at this time. The TVB will implement a process for management approval of all overages and refunds. The Circuit Internal Auditor will continue to periodically review and verify the validity of checks issued.	TVB Management Circuit Internal Auditor TVB Bookkeeping TVB Staff	May 1, 2010
J.3 Signature stamps should be kept locked up at all times when not in use. A record should be kept of each usage of the signature stamp indicating when it was used, who used it and the beginning and ending check numbers.	Agree. Although the stamp was in a secured location in the day and locked up at night, the stamp will now be locked at all times when not in use. A record will be kept of each usage of the signature stamp.	TVB Bookkeeping	April 1, 2010
K.1 The Traffic Violation Bureau should improve revenue collection internal controls by implementing a policy to ensure wherever possible, incompatible duties are properly segregated.	Agree. The TVB Bookkeeping job duties will be segregated by restricting access to 'query only' in the point of sale software (CFW/RC). The Bookkeeper will count the cash drawer with the Cashier present and the Bookkeeper and the Cashier will sign the Crystal workstation summary report indicating the amount verified. If the cashier drawer was over or short, it will be documented on the workstation summary report. The Circuit Internal Auditor will periodically verify that the bank deposits match the workstation summary reports and the bookkeeping Excel spreadsheet.	Circuit Internal Auditor TVB Bookkeeping Cashier	May 1, 2010
K.2 Access to the safe should be limited to members of management or management and one or two specified employees.	Agree.	Circuit Internal Auditor Management TVB Bookkeeping	Implemented on February 22, 2010
K.3 The combination to the safe should be changed as soon as practical and periodically thereafter.	Agree.	Circuit Internal Auditor Bookkeeping	Implemented on February 22, 2010

Audit of Traffic Citations – Part B
Management Response to Audit Recommendations – April 2010

Audit Recommendation	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
<p>L.1 The Traffic Violation Bureau should review users and user groups in order to implement proper segregation of duties between authorization and operation pertaining to group and user privileges in Revenue Collector.</p>	<p>Agree.</p>	<p>Chief Clerk Managers</p>	<p>May 1, 2010</p>
<p>L.2 Implement procedures to ensure proper documentation of any changes made to financial records.</p>	<p>Agree. Managers will continue to use the description field for all changes made in the Payment Adjustment Module.</p>	<p>Managers</p>	<p>May 1, 2010</p>
<p>L.3 Implement procedures for a periodic review of audit logs by management and documentation of any observations.</p>	<p>Agree. The Circuit Internal Auditor will periodically review audit logs and document any observations.</p>	<p>Circuit Internal Auditor</p>	<p>May 1, 2010</p>
<p>M.1 The Circuit Court Clerk should review collection methodologies, with a focus on cost-effectiveness and efficiency, to determine if they could be improved.</p>	<p>Agree. Our office identified more efficient collection methodologies and has included them as a system requirement for our new integrated Traffic Management System in RFP requirement section 1.15 and intends to use the services of a collection agency, pursuant statute guidelines, once this fully integrated system is implemented.</p>	<p>Circuit Court Clerk, TVB Chief Clerk, TVB Project Manager</p>	<p>Upon integration of Traffic Violation Bureau Case Management System (CMS)</p>
<p>N.1 The Circuit Court Clerk should develop a methodology to accurately and periodically determine the value of collectible citations due Metro and ensure that this capability is factored into any future system.</p>	<p>Agree. Our office identified this as a system requirement for our new integrated Traffic Management System in RFP reference numbers 1.13.1 and will be utilizing this functionality when the computer system is implemented.</p>	<p>Circuit Court Clerk, TVB Chief Clerk, TVB Project Manager</p>	<p>Upon integration of Traffic Violation Bureau Case Management System (CMS)</p>

Audit of Traffic Citations – Part B
Management Response to Audit Recommendations – April 2010

Audit Recommendation	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
<p>O.1 The Circuit Court Clerk should ensure all revenues belonging to Metro Nashville are deposited, swept or transferred into an official Metro Nashville depository account within one business day of receipt and recorded in Enterprise One within two business days.</p>	<p>Disagree. The Circuit Court Clerk is an officer defined in Title 18 of the T.C.A. and in this capacity is the Clerk for four separate Clerk’s Office. The Clerk is responsible for collection of fees/fines for many different governmental and non-governmental agencies. Metro Code states “all money collected by or paid into the traffic violations bureau shall be transmitted daily to the clerk of the metropolitan court” and state statutes refer to monthly transmittals of funds collected. Pursuant to these statutes and in order to efficiently process money collected to all of the agencies, the Circuit Court Clerk remits the funds monthly.</p>	<p>n/a</p>	<p>n/a</p>