

**Prince George's County, Maryland
Office of Audits and Investigations**

**Police Department and the Revenue Authority of Prince
George's County**

Automated Speed Enforcement Program

December 2013



**David H. Van Dyke
County Auditor**

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December 2013

The County Council and County Executive
of Prince George's County, Maryland

We have conducted a performance audit of the

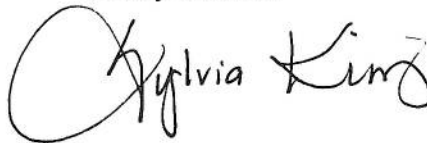
**POLICE DEPARTMENT AND THE REVENUE AUTHORITY'S AUTOMATED
SPEED ENFORCEMENT PROGRAM**

in accordance with the requirements of Article III, Section 313, of the Charter for Prince
George's County, Maryland. Our report is submitted herewith.

We have discussed the contents of this report with appropriate personnel of the
Police Department and the Revenue Authority of Prince George's County and wish to
express our sincere gratitude to them for the cooperation and assistance extended to us
during the course of this engagement.



David H. Van Dyke, CPA
County Auditor



Sylvia King
Auditor In Charge



Jude Moise
Auditor

Results In Brief

The Prince George's County (the "County") Automated Speed Enforcement Program (the "Program" or "ASE") is administered by the Police Department and is designed to help the County enforce traffic laws. Automated speed enforcement cameras are placed throughout the County to assist in reducing instances of speeding and motor vehicle/pedestrian accidents and to increase safety in school zones and within areas containing institutions of higher education. Other than the review of the Office of Central Services ("OCS") ASE Contract Award dated September 29, 2011, this is the first ASE Program audit conducted since the Program's inception in 2011, of the internal controls around various Program processes.

The following major findings are addressed in our report:

- *The Lack of Adequate Policies and Procedures* – There are either no policy and procedure documents or inadequate procedures for certain operations of the Program. This can affect the continuity of the Program in the event of unexpected staff/vendor turnover and increase the Program risks such as, incorrectly processing citations and improper accounting and handling of Program funds.
- *Contracting Issues* - Optotraffic, a division of Sigma Space Corporation ("Optotraffic" or the "Vendor") is not abiding by all the terms stipulated in the contract and there was no right to audit clause included in the contract. This has contributed to the Vendor initially refusing to be audited and refusing auditor access to audit certain areas of the Program, jeopardizing the integrity of the Program. In addition, the Vendor, contrary to contract terms, is using its own bank account to deposit Program revenues and is disbursing payments to itself prior to invoicing the County and without County personnel approval.
- *Memorandum of Understanding ("MOU") Issues* – The MOU between the Police Department and the Revenue Authority is still not signed a full two (2) years since the start of the Program. This has contributed to responsibilities not being carried out and can cause misunderstandings and/or disputes due to the lack of clarification regarding expectations of parties involved.
- *Various Issues with the Customer Service Center ("CSC")* - The CSC operations are not in strict accordance with County procedures and better business practices. Among other things, citizens Personal Identifiable Information ("PII") was not being securely maintained at all times, thus increasing the chances of identity theft and the possibility of fraud. In addition, deposits greater than \$100 were not being made on a daily basis to a County bank account, which could contribute to lost or misplaced funds and a potential loss in revenue.
- *Inadequate Vendor and Third Party Monitoring* - The lack of adequate monitoring of Vendor/third party providers can contribute to risks associated with outsourcing such as an increase of fraud and lack of adequate internal controls, which can lead to loss of data and revenue.

- *Outstanding Receivables* – Program Management has failed to account for and collect outstanding receivables, which may cause the County to understate its assets and contribute to the potential loss of millions of dollars.
- *Lack of Adequate Segregation of Duties* - The Revenue Authority's Finance Division has staff with System Administrator access to the accounting system, custody of blank checks, and the ability to initiate wire transfers. In addition, the ASE Vendor has the ability to collect Program funds and disburse payments to itself without proper authorization.
- *Inadequate Program Monitoring* – There is a failure to adequately monitor some aspects of the Program because Program Management is not using available reports to effectively manage the Program.
- *Use of Sworn Police Officers* - The unnecessary utilization of the services of sworn Police Officer personnel, both during normal work hours and off duty, is not the most effective use of Police Department resources and not an efficient use of Program resources.
- *Various Information Technology ("IT") Issues* – Among other issues, netbooks used to store Program data are unsecured. County auditors were denied the opportunity to test physical access controls at the data center housing County Program data, missing data and failure of the ASE Vendor to have an annual IT audit performed since 2010. All of these factors contributed to an increased risk to the County and the Program, including inappropriate disclosure and/or use of data and inefficiencies.

Other Opportunities for Improvement

Our report also includes other matters that relate to the existence of multiple customer service centers and the tracking of Program violations in instances where ASE violators are also committing other traffic related offenses and increasing the cost of enforcement and operations.

- *Multiple Tracking Databases* – The County has multiple tracking databases for traffic offenses such as red light, automated speed enforcement, parking, towing, etc., which are not linked and which could be more effective when it comes to enforcement as it relates to offenders with multiple violations across different programs.
- *Multiple Customer Service Centers* – The County has multiple customer service centers for traffic offenses such as red light (Beltsville, Maryland), automated speed enforcement (Lanham, Maryland), parking (Largo, Maryland), etc., which can be inconvenient and costly for citizens who have multiple violations across different programs.

Internal control activities are an important part of a program and ultimately an Agency's planning, implementing, and reviewing process. They are essential for effective and efficient operations and proper accountability of County resources. Hence, several recommendations for its improvement are made throughout this report.

Background of Automated Speed Enforcement Program

The County's ASE monitoring Program is based on House Bill ("HB") 313 and Senate Bill ("SB") 277 which were passed by the Maryland Legislature and signed into law by the Governor, effective October 1, 2009¹. In addition, HB 1477² was passed by the Maryland Legislature and signed into law by the Governor, effective June 1, 2010. The laws authorize local jurisdictions and municipalities to use manned and unmanned, as well as fixed and mobile, ASE systems in school zones and work zones in Prince George's County and throughout the State. Companion legislation, Council Bill ("CB") 37-2009³ was passed by the Prince George's County Council, signed into law by the County Executive, and went into effect on January 4, 2010. The County instituted the ASE Program in March 2010 under the authority of the Maryland Vehicle Law and the County Code. The County's ASE Program was launched in August 2011 and consists of ASE systems in the form of unmanned, mobile speed cameras in designated school zones⁴ and within areas containing institutions of higher education, which operate from Monday through Friday from 6 a.m. – 8 p.m., regardless of whether school is in session and irrespective of holidays. The ASE system is an enforcement technique with one or more motor vehicle sensors producing recorded images of motor vehicles traveling at speeds above a defined threshold.

The County's speed cameras enforce traffic laws by photographing the license plates of vehicles exceeding the posted speed limit by 12 miles per hour ("MPH"). Processing and reviewing of the images captured by the speed cameras is performed in an office environment and violation notices are mailed to the registered owner of the identified vehicle, in an effort to reduce aggressive driving, speeding, and speed related collisions.

Violating the ASE law by speeding in the County, currently results in a fine of \$40 in accordance with the law governing the Program. The violation is a civil speed citation and is handled similar to a parking citation. The registered owner of the vehicle is liable for the citation, not the driver of the vehicle. There are no points assessed on the violator's driver's license and the violation does not appear on a violator's driving record. The fine does not increase due to non-payment and there are no additional late fees assessed. If the fine is not paid within 90 days, the Maryland Department of Transportation ("MDOT") Motor Vehicle Administration ("MVA") is notified and a "flag" or indicator is attached to the vehicle's registration. When the registration is due for renewal, MVA mails a notification to the owner of the vehicle, which cannot be re-registered until the fine is satisfied. Flags are not placed on out-of state registrations.

Enforcement locations are published on the Police Department's website and in a local newspaper of record, the Gazette. The County currently has 72 mobile camera units operational at various locations throughout the County in designated school zones and in areas designated as institutions of higher education on both County and State roads.

¹ Speed Monitoring Bills passed by the Maryland Legislature HB313 and SB277, Maryland Motor Vehicle Law – (§ 21-809 and § 21-810).

² HB 1477, Institution of Higher Education Zones

³ County Code CB-37-2009, Subtitle 26, Vehicles and Traffic

⁴ A school zone is an area within a half-mile radius of any school established by the County and the State Highway Administration, pursuant to the Maryland Transportation Code.

Optotrafic is responsible for the deployment and operation of the County's speed cameras. The Vendor receives 37.5% of the fee charged per paid citation and the County receives 62.5% through the initial term of the agreement. The Revenue Authority administers the Program on behalf of the County's Police Department for a fee of 2% of net Program revenues. There is an MOU between the County's Police Department and the Revenue Authority to govern the administration and operation of the ASE Program.

The Police Department's Automated Enforcement Unit ("AEU") staff determine the locations where ASE cameras should be installed in the County and obtain the necessary permits. Optotrafic installs the cameras, retrieves the images and performs a first and second level review of the images using its proprietary software VioView. Vehicle owners information is obtained from the MVA and AEU staff or off duty County Police Officers perform final review of speeding events at the Revenue Authority location in Largo, Maryland. Upon approval by a Police Officer, the citations are batched and transmitted to Optotrafic's third party vendor for mailing. In-state citations have to be mailed within 14 days of the event occurring and out-of-state citations have to be mailed within 30 days of the event occurring, per the law governing the Program.

Citizens may pay a citation by mail to a lockbox, at the Customer Service Center operated by Optotrafic, by phone or via the web using cash, money order, check or credit card. Optotrafic uses third party vendors to process payments and/or correspondence received via the lockbox, by phone, or via the web. Citizens receive late notices at approximately 20 and 90 days after the initial event and Maryland State tag holders who have not paid a speeding citation will have a flag placed on their registration and will have to make payment before their registration can be renewed. Late fees or unflagging fees are not charged and there are currently no collection procedures in place to collect funds from out of state violators. Citizens may contest a citation by requesting a court date and may do so via correspondence to the lockbox service. Optotrafic prepares the court packages and the data is transmitted to the AEU staff who represent the County in District Court.

Optotrafic deposits funds received from the Program on a daily basis into its own bank account, retains its portion of the paid citations, and transfers the County's portion of the receipts (62.5%) on a weekly basis to the Revenue Authority's Program bank account. Optotrafic provides an invoice to the Revenue Authority on a weekly basis to correspond to the deposits made for the week. The Revenue Authority is responsible for depositing or transferring the appropriate funds to the County a month following the end of each quarter.

The law requires that speed camera sensors be calibrated on a daily and annual basis. Daily calibrations of sensors in the cameras are performed by Optotrafic and tracked in a log maintained by the AEU staff for use in court. Annual calibrations are performed by a third party vendor employed by Optotrafic on a rolling basis as needed. Optotrafic maintains the servers where the data is stored locally in Lanham, Maryland and a backup server is located in Salt Lake City, Utah.

Revenues for the Program totaled \$8.4⁵ million in Fiscal Year 2012 with net income of 4.9 million. As of February 5, 2013, there were 109,994 uncollected Program citations totaling \$4.35⁶ million, of which \$2.96 million, or approximately 68%, were 90+ days past due.

⁵ Revenue Authority Income Statement as of June 30, 2012 – Automated Speed Enforcement Program

⁶ Automated Speed Enforcement Document Aging Report

Objectives, Scope, & Methodology

Objectives

The objectives of the performance audit were to review the Internal Controls over the Automated Speed Enforcement Program. In addition, we addressed the overall internal control environment of the Revenue Authority for both the operational and financial aspects and specifically, as it relates to the Program.

Scope

The scope of the audit coverage was from October 1, 2011, to September 30, 2012.

Methodology

Through inquiry, observation, and other substantive testing, including testing of source documentation, we performed the following to achieve our audit objectives:

- Reviewed the Office of Central Services (“OCS”) ASE Contract Award memorandum and inquired of Program personnel to gain an understanding of prior issues with the Program (if any) and followed-up on outstanding remediation.
- Reviewed applicable State and County laws and regulations, existing policies and procedures, to gain an understanding of the laws, regulations, policies and procedures governing the County’s Program.
- Gained an understanding of the Program through research and interviews with key County and Vendor personnel from the Police Department’s AEU; the Revenue Authority’s Operations Division, Finance Division, and Human Resources Division; Senior Management for the Vendor, Optotraffic, as well as Vendor personnel at the Customer Service Center, and the Office of Central Services.
- Reviewed the County’s Program website, to gain an understanding of the Program and identify current ASE camera locations.
- Reviewed the Revenue Authority’s Fiscal Year 2012 Annual Financial Statement and inquired of the County’s Finance personnel and external Auditors, to determine the reporting of Program revenues and treatment of Program receivables and allowance for uncollectibles.
- Consulted County Council and Office of Law Attorneys to obtain legal interpretation for specific elements of the law.
- Obtained and reviewed copies of the contract documents governing the Program to assess contractual and legal compliance. These include: the Request for Proposal, the Two Party Agreement between the Vendor and the County, the Vendor’s Cost Proposal, and the MOU between the Police Department and the Revenue Authority. Consulted with personnel from OCS, Police Department, and Revenue Authority regarding finalized contract agreements.
- Consulted with OCS personnel to gain an understanding of specific elements of the contract.

- Visited the Customer Service Center in Lanham, Maryland, and conducted interviews with Customer Service Representatives to assess the collection and processing of payments and the handling of returned mail. During this visit, we also examined controls related to bank deposits, storage of customer's personal identifiable information, and physical access security.
- Created a narrative, Program organization chart (**Appendix A**), and flowcharted a high level overview of the County's ASE Program (**Appendix B**).

We determined the data used in this review were sufficiently reliable and believe the evidence obtained provides a reasonable basis for our findings.

Management's Responsibility for Internal Controls

During our audit of the Prince George's County (the "County") Police Department's Automated Speed Enforcement Program and subsequent reviews of the various Program areas, we noted internal control weaknesses around certain financial and operational areas of the Program that require management's attention and which are addressed throughout this Report.

Internal controls are systems, policies, procedures, and practices that are used to detect or prevent errors of commission and omission. Internal controls should safeguard the Program's assets, which include accurate financial records. Internal controls also promote operational efficiency and encourage adherence to prescribed managerial policies and procedures, as well as laws, rules, and regulations. Effective internal control is a cornerstone of successful management.

Internal control is a process, effected by people at every level of the organization, designed to provide reasonable assurance that the following objectives are being achieved⁷:

- Effectiveness and efficiency of operations;
- Reliability of financial reporting; and,
- Compliance with applicable laws and regulations.

Management is responsible for establishing and maintaining an environment that sets a positive and supportive attitude towards internal control. When the importance of internal control is communicated to employees, particularly through management's own actions and beliefs, the process is more likely to function effectively.

While management sets the tone, parameters, and structures, the responsibility of compliance belongs to all employees, and their attitudes will help determine the success or failure of established controls. Management must demonstrate the importance of controls by ensuring their consistent application and, by showing that compliance and controls are an integral part of the Program and Agency operations.

⁷ Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission, Copyright 1994

A strong internal control environment is essential in minimizing operational risks and improving accountability. This further helps in the achievement of Program and ultimately, Agency objectives. While a well-designed internal control system, when utilized, cannot prevent errors, it can reduce the probability of their occurrence and/or lack of detection.

Program Management should seek to establish a stronger and more effective internal control environment. Although an adequate internal control system should prevent errors, an effective system will help detect errors when they occur within a reasonable time period. There are several tools available to assist in the design of an internal control system. These methods highlight strengths and weaknesses which may exist in the internal control system. Program Management should seek to implement a sound internal control environment and can do so by using some of the tools outlined below:

- *A checklist review* process is one form of evaluating a system. Issues of separation of duties, completeness of data, checks and balances, effect on operating efficiency, and possible overrides should be addressed. Checklists can be directed to the general environment as well as cycles within the operation. The checklist should state the objective to be achieved, possible risks if it's not achieved, and question if the controls achieve the objective. The questions should relate to whether or not the controls are actually in use. If the questions are answerable by "yes/no", then they need to be worded in such a way that "yes" is not automatically the "correct" answer. An "incorrect" answer indicates a weakness and requires additional questions or investigation.
- *Flowcharting* is another means of designing and evaluating an internal control system. Flowcharts can show the flow of document processing and/or the controls of a system. *Decision trees* are similarly helpful in designing proper controls, but these tools are useful only if they are updated as changes occur.
- *"Walk-throughs"* and *"transaction tracing"* can be a useful tool. A transaction is walked through the system to determine if the procedure on paper can be accurately translated to actuality.

A successful internal control environment needs the cooperation of the employees, with executives and senior management taking the lead. Because of the possibility of human error, a system may need redundant and/or compensating controls. The extent of additional controls should be determined through cost/benefit analysis. The implementation of a sound internal control system must be well thought out, weighing compliance against cost/benefit. The risk of non-compliance and its results must also be weighed. In order to maximize the effectiveness of the internal control system, management needs to pay attention to employee feedback about what does and does not work. One set of controls may not govern every transaction.

Program Management should seek to ensure completeness of records and an adequate audit trail. An audit trail is a chain of evidence. It is the path of an original source document to its final record in the accounting records. To establish an audit trail, all transactions, routine and non-routine, need to be documented, especially, the non-routine, exception transactions.

Documenting internal control is vital in assuring all transactions are recorded. Managers need to understand the flow of documents, which should be outlined in a manual. Written job descriptions should designate the roles of employees in document processing. As a processing phase is completed, it should be documented (initialed, dated, etc.). If a computer is completing some of the processing steps, computer access should be restricted to authorized users and applications. The program should contain controls and checks for completeness, limits, and reasonableness.

Lack of Adequate Program Policies and Procedures

During our audit of the Prince George's County (the "County") Police Department's Automated Speed Enforcement Program and subsequent reviews of the various program areas, we noted the lack of adequate documentation in the form of policies and procedures related to all aspects of the Program. We noted that none of the following Program areas had documented policies and procedures:

- i. The Revenue Authority's (the "Authority") Operations Division – responsible for managing the Program on behalf of the Police Department.
- ii. The Revenue Authority's Finance and Human Resources Divisions – responsible for ensuring the correct accounting for Program revenues and expenses.
- iii. Optotraffic, a division of Sigma Space Corporation ("Optotraffic") non-IT process area is responsible for providing all services related to the Program such as: camera equipment and maintenance, imaging, mailing of citations, payment processing, etc.

We noted that while the Police Department, Automated Enforcement Unit, which is responsible for daily calibrations, reviewing automated speed enforcement events and approving citations prior to issuance, reporting, etc., provided a document dated November 2012, titled "Standard Operating Procedures," the document was not approved and did not adequately address the Program operations. We noted that the document incorrectly referenced the red light camera program in the automated speed enforcement section as follows Section IV (H):

"All red light violations are to be approved within 14 days of the violation."

In addition, while the document refers to Officer (s) conducting daily set-up logs (Section IV-C) at the beginning of his/her duty to verify calibration and ensuring that all requirements necessary to issue a citation have been met prior to approval (Section IV-D), the document does not provide any procedures or guidance on how to accomplish these critical Program tasks and therefore does not appear to be adequate.

The General Accountability Office ("GAO") in its publication Standards for Internal Control in the Federal Government (November 1999) recommends the following:

"Internal control and all transactions and other significant events need to be clearly documented, and the documentation should be readily available for examination. The documentation should appear in management directives, administrative policies, or operating manuals and may be in paper or electronic form. All documentation and records should be properly managed and maintained."

The Program Managers have not made this a priority for the Program and this, coupled with staffing constraints and the lack of adequate resources, have contributed to the lack of existing Program documentation such as policies and procedures.

Without written procedures, the continuity of an activity may be threatened if there is unexpected staff/vendor turnover and the introduction of new employees to an unfamiliar activity. The lack of written procedures may also result in Program activities, such as the review of events by Police Officers, being carried out inconsistently by different staff. Written procedures may protect the County from unplanned interruptions in that activity. Further, it establishes proper procedural guidelines to abide by, which lends to the integrity of the process and serves to reduce risks such as improper accounting or

handling of funds. Written procedures serve to reinforce management's objectives for the activity and to ensure that these objectives are consistently considered.

1a) We recommend that Program Management seek to develop or ensure that written procedures are developed for all activities related to the Program and implement periodic quality control reviews to ensure staff and/or Vendor compliance with developed procedures.

Various Contracting Issues

During our review of the Automated Speed Enforcement Program and the contract agreement documents between the Vendor Optotrafic, a division of Sigma Space Corporation ("Optotrafic" or the "Vendor") and Prince George's County (the "County"), which include the Request for Proposal ("RFP"), the two-party contract between the Vendor, and the County and Optotrafic's Technical and Cost Proposals, we noted the following issues:

- **Optotrafic's Initial and Subsequent Refusal to be Audited** – Optotrafic initially declined to participate in the audit citing that the contracting documents did not include a "right to audit clause." The Vendor subsequently relinquished this position after a meeting with the County Auditor. However, the Vendor was still not fully co-operative and declined to allow auditors access to the data facility to test physical access security. We noted that although the County code stipulates the right to periodically monitor work performed under a contract awarded, there was no unqualified right to audit provisions in the contract with the Vendor and there is apparently no policy requiring the inclusion of a "right to audit clause" in vendor contracts.
- **Optotrafic's Use of Prince George's County's Name for Bank Deposits** – We noted that Optotrafic currently collects Program funds and deposits the funds into a bank account in Optotrafic's name, even though amounts are made payable to "Prince George's County."
- **Funds Not Deposited on a Daily Basis** – We noted that while Optotrafic is making deposits on a daily basis, the funds are not being deposited into the County's bank account once every 24 hours as stipulated in the Contract, but instead into Optotrafic's bank account and transferred to the County's bank account once a week.
- **Invoicing Not in Accordance with Contract Agreements** – We noted that Optotrafic withdraws their earned percentage of the Program fees collected from the account held in their name on a weekly basis, prior to the issuance of an invoice to the County and approval by the County, and not in accordance with the agreement documents.
- **Failure to Disclose All Third Party Vendors** – We noted that Optotrafic in its Technical Proposal submitted to the County in response to the Program RFP, dated January 28, 2011, failed to disclose all of its third party vendors suggesting that the Vendor was not fully prepared to meet the County's needs as it relates to the Program. We noted the following disclosure by Optotrafic:

"Optotrafic plans to use one subcontractor, the Traffic Group Inc., to support this contract with the County. Contact information is:"

During the course of the audit, we noted the use of the following nine (9) sub-contractors, other than the Traffic Group Inc., who were actively engaged by Optotrafic to carry out key portions of the ASE Program for the audit period and continue to do so, and who were not previously

disclosed in the contract documents or all of whom were not made known to County ASE personnel. The list includes:

Count	Sub-contractor's Name	Function/Location
1.	The PNC Financial Services Group, Inc.	Lockbox Service for payments and contested citations – New Jersey.
2.	United States Postal Service (USPS)	Transfers the PNC lockbox contents from the Post Office box in Baltimore, Maryland to the processing center in New Jersey.
3.	Corporate Press Communications Company	Prints and mails approved citations, Lanham, Maryland.
4.	Merchant Banking Services (M&T Bank)	Processes payments received via website.
5.	TeleRep	Processes payments received via phone.
6.	Falcon Express	Courier service which transmits receipts including cash from the customer service center to PNC bank on a daily basis.
7.	John O'Connor	Administers training/certification of police officers who review ASE events.
8.	CustomCal	Performs independent tests of County's speed cameras.
9.	Motor Vehicle Administration ("MVA")	Provides vehicle owner information to the Program Vendor.

- **Failure to Provide Required Reporting Support** – Optotrafic agreed to provide reporting services to the County in its response to the Program RFP. However, when the services of Optotrafic were requested to comply with State Highway Administration ("SHA") required reporting, Optotrafic refused to provide the services and had its third party vendor, The Traffic Group Inc., send the County a bill for the cost of the needed services in the amount of \$19,500 to provide the required reporting information. Furthermore, The Traffic Group Inc., indicated in its cost proposal to the County representative, that Optotrafic has directed them to contract directly with the County for future needs.

Contracting

According to industry standards, best practices in contracting for services indicate that:

"Contracts for the purchase of services must be formal, written documents. Specifically, the contract should:

- Clearly state and define the scope of work, contract terms, allowable renewals, and procedures for any changes.*
- Contain inspection and audit provisions.*
- Include provisions for contract termination. Contain appropriate signatures, approvals, acknowledgements, or witnesses."*

"Furthermore, the reviewing of service contract statuses should be done as part of the monthly or quarterly program review with the program team. The contracting office should keep an

inventory of open service contracts by customers for ready reference and as an aid in the initiation of planning for follow-on contracts. A graphic inventory of activities looking out for at least two years is most appropriate where many contracts are involved. This helps to ensure that planning will commence in sufficient time to allow for overlapping coverage."

The current contract between the County and Optotrafic provides the County with an unconditional right to audit the records of Optotrafic as stipulated in the Two-Party Agreement dated July 18, 2011 as follows:

- (a) "Clause 10 Governing Law: This Agreement shall be governed by and construed in accordance to the laws of Prince George's County and the State of Maryland.*
- (b) Clause 14 Ownership of Data: All data related to the Automated Speed Enforcement Program is and shall remain the property of Prince George's County. This includes but is not limited to images, motor vehicle records, personal information, and statistical data.*
- (c) Clause 22 Further Assurances: The parties agree that they shall at any time and from time to time prior to or after the execution of this Agreement, execute and deliver any and all additional writings, instruments and other documents and shall take such further action as shall be reasonably required or requested by the other party to effectuate the transactions contemplated by this Agreement."*

The County Code on Award of Contracts Sec. 10A-123, Inspection of contractor's plant and records states that:

- (a) "The County may inspect the plant or business of a contractor or any subcontractor under any contract awarded or to be awarded by the County.*
- (b) The County shall be entitled to audit the books and records of a contractor or any subcontractor under any contract or subcontract entered under this Subtitle. Such books and records shall be maintained by the contractor for a period of three (3) years from the date of final payment under the prime contract and by the subcontractor for a period of three (3) years from the date of final payment under the subcontract. (CB-1-1992)"*

Furthermore, the Vendor took advantage of the Minority Business Enterprise ("MBE") requirement when soliciting the contract, as such, the Prince George's County Code Sec. 10A-137 on contract monitoring related to the Minority Business Opportunities Program states that:

- (a) "The Purchasing Agent and the Commission shall have the right to periodically monitor work performed under a contract awarded under this Subtitle to ensure compliance with all applicable provisions of the contract. All contractors and subcontractors shall grant the Purchasing Agent, the Commission, and any authorized representative access to the contractor's or subcontractor's work site place of business, and applicable business records.*
- (b) The Purchasing Agent and the Commission may perform or contract to perform periodic or random compliance audits of contracts awarded under this Subtitle. (CB-1-1992)"*

Use of County's Name

Optotrafic's use of a bank account in its own name to make deposits made payable to Prince George's County is simply not a prudent and sound business practice.

Collections and Invoicing

The collections and invoicing requirements governing the relationship between the County and Optotrafic is defined in the contracting documents as follows:

- RFP No. S11-064, dated January 6, 2011, Section 3.14 Collections

"The Offeror shall be required to deposit into the County's bank account, once every 24 hours during normal banking hours, an amount equal to the gross receipts of the current day's revenue received."

The Two-party Contract document between the County and the Vendor dated July 18, 2011, states that:

Section 4 – Compensation: *"The Contractor shall invoice the County for all fees. The County shall reconcile information provided and send payment within 30 days of a proper invoice."*

Section 28: Final Agreement: *"This Agreement contains the final, entire agreement between the parties hereto, and shall supersede all prior correspondence and agreements or understandings with respect hereto. This agreement shall not be modified or changed orally, but only by an agreement in writing, signed by the authorizing official for each party."*

Use of Third Party Vendors

The use of third party vendors to service the contract between the County and Optotrafic is defined in the contracting documents as follows:

- RFP No. S11-064, dated January 6, 2011, Section 3.14 Collections

"The Offeror shall provide the name, address, and telephone number of all subcontractors and vendors, if any, proposed for this project. Include a brief qualifications summary discussing the responsibilities and experience of each firm." RFP: S11-064

Reporting

The reporting requirements for the Vendor as stipulated in ASE RFP Section 3.13 – Reporting states that:

"The Contractor shall provide all reports mandated by State law and County code. In addition, the Contractor shall provide a monthly report including statistical analysis of violations, fines, collections and related data over the course of the program."

"The Contractor shall provide an annual report. This report shall include year-to-date statistics, an analysis of the initial program data, and an explanation of the program improvements that have been planned and implemented. The annual report will be required by

January 15 of the following year to allow the County to file its own annual report on use of traffic control monitoring devices."

"The Contractor shall provide any other such report(s) and documentation requested by the County that is useful to further the mission of reducing speed violations and reducing motor vehicle accidents."

Optotraffic's Technical Proposal Section 3.5.14 Reporting Capabilities [4.2.5.C.5.a 4th bullet; 3.13] states that:

"Optotraffic will provide all reports mandated by State law and County Code as required by RFP Section 3.13."

It appears as though OCS, the Revenue Authority and the Police Department who are responsible for the maintenance and monitoring of the contract with the Vendor failed to adequately monitor the services provided by the Vendor to ensure contract compliance and good business practice.

Furthermore, it appears as neither the Program staff at the Revenue Authority nor the Police Department have a system in place to adequately monitor and report on contract performance and penalize the Vendor for non-compliance.

Finally, the contract with the Vendor was derived from OCS's standard template for RFPs, which includes the two-party agreement template to be signed by the parties. Those templates do not contain general unqualified right to audit provisions and there is apparently no County policy requiring the right to audit language in County contracts.

The key to successful vendor management lies in defining the relationship correctly before it begins, and in actively managing the relationship once it has been established. During the life of an outsourcing relationship, the County must continually manage supported processes to ensure its requirements are being met. All programs, and in particular those that are required to meet specific regulatory requirements as in the case of the Automated Speed Enforcement Program, should develop and implement a mature vendor management program that includes the critical component of the right to audit.

The current relationship between the County and Optotraffic, which processes payments on its behalf, poses increased risk to the Program and the County and requires careful due diligence and monitoring. By allowing the Vendor free access to County funds in its own personal account, the County is exposing itself to certain risks, including but not limited to:

- **Commingling** – the possibility of the mixing of funds belonging to the County with those of Optotraffic, which is generally prohibited as a conflict of interest and puts County assets at risk for Optotraffic's liabilities.
- **Fraudulent or improper activities** – may pose heightened risks if business practices are not reviewed closely.

Finally, the contract between the County and the Vendor is legally binding and therefore when Program personnel do not hold the Vendor responsible for performing services as outlined in the contract, there is an increased cost to both the Program and County, both in time and resources.

2a) We recommend that Program Management seek to immediately discontinue the practice of allowing Optotrafic to deposit funds made to Prince Georges' County in its own bank account and seek to establish County bank accounts/lockboxes etc., in the County's name. Furthermore, we recommend that access to conduct transactions related to these bank accounts be restricted to appropriate County personnel only.

2b) We recommend that the Office of Central Services and/or the Revenue Authority establish a system to monitor the Program contract to ensure that the Vendor is providing services as agreed upon and follow the due process in place to ensure compliance is followed.

2c) We recommend that the Office of Central Services ensure that County contract instructions, administrative regulations, purchasing manual, and other guidelines are updated, if needed, to include language specifying the County's right to audit. In addition, the Office of Central Services, as a good business practice, should ensure that future agreement documents include a right to audit clause.

Various Memorandum of Understanding Issues

We noted the following issues with the existing MOU received from Program personnel on November 16, 2012, governing the Automated Speed Enforcement Program between the Revenue Authority and Prince George's County (the "County"):

- The Revenue Authority began providing services related to the Program on behalf of the Police Department in 2011. However, as of July 31, 2013, and approximately two (2) years later, the MOU remains unratified by all parties.
- The MOU states that *"the Revenue Authority shall receive an administrative fee of \$500.00 per month, to be deducted from funds reimbursed to the Police Department for salaries from the Automated Enforcement (Speed/Red Light) Programs. Upon 30 days written notice, the Revenue Authority or the Police Department may cease this arrangement."* This fee is not being deducted by the Revenue Authority.
- The MOU section Fiscal Management is not being followed, is confusing and lacks clarity. The following issues were noted:
 - The MOU states that *"the Revenue Authority shall deposit quarterly all Program Funds, minus the Revenue Authority's Operating Expenses for the quarter, into a County bank account identified by the County in accordance with the schedule identified below:*
 - Quarter #1 January 1 to March 31 – Due April 30*
 - Quarter #2 April 1- June 30 – Due July 31*
 - Quarter #3 July 1 to September 30 – Due October 31*
 - Quarter #4 October #1 to December 31 – Due January 31,"*

We noted that Program disbursements for the audited period were not made to the County until July 2012 and September 2012; and not in accordance with the schedule stipulated in the MOU.

- *"Operating Expenses incurred by the Revenue Authority shall be transferred from the Program bank account to the Revenue Authority bank account in accordance with the schedule above. With the exception of the Revenue Authority Operating Expenses*

transferred in accordance with this Section 4 [of the MOU] no Program Funds shall be withdrawn, encumbered or spent in any way prior to the Revenue Authority's transfer of such."

We noted that the Program operating expenses are not being transferred to the Revenue Authority's bank account and are instead expensed through the Revenue Authority's Program account.

- *"In consideration of the Revenue Authority's provision of the services set forth herein [the MOU], the County shall pay annually to the Revenue Authority two percent (2%) of the Net Revenues of the Program Fund, such payment to be made within thirty (30) days of the County's receipt of the Revenue Authority's Annual Audit Statement. Net Revenues shall mean the gross receipts of Program funds for a fiscal year less all Operating Expenses of the Program incurred by the Revenue Authority and the Police Department."*

It is unclear whether the 2% compensation amount should be considered a part of the Operating Expenses of the Program or whether it was intended to be separate. As such, the Authority added in the 2% compensation as part of the Operating Expenses prior to calculating the net revenues. Furthermore, the Authority authorized and transferred its 2% compensation for management fees from the Program bank account at the same time as the disbursement to the County and prior to being audited.

- The MOU states that: *"The Revenue Authority shall ensure quality assurance for all Sigma responsibilities as set forth in the Sigma Contract, including tracking of camera downtime and court mandated forms compliance with applicable laws and regulations. The Revenue Authority shall monitor Sigma's performance in accordance with the Sigma Contract and provide to the Contract Administrator the amounts of any liquidated damages to be assessed against Sigma invoices."*

We noted that camera downtimes were not being tracked by the Revenue Authority and as such no liquidated damages were provided to the Contract Administrator for assessment against Sigma invoices. Furthermore, as previously noted (NFR – Contract Issues), the Vendor takes their percentage due prior to disbursing funds to the County and the current vendor payment set-up does not allow for invoices to be assessed liquidated damages (if any) prior to the Vendor being paid.

- The MOU states that *"the Revenue Authority shall submit to the County an audited fiscal year (July 1st – June 30th) annual statement of the Program's revenues, expenses and fees with comparisons to the prior year. This annual report shall be submitted contemporaneous with the Revenue Authority's existing annual financial audit reporting obligations to the County as set forth in Section 21A-120 of the County Code."*

While the Revenue Authority was providing a statement to the County for the Fiscal Year, there was no evidence that the information was audited and there is no comparison to the prior fiscal year. In addition, there is no clarity as to whether the audit should be internal or external in nature.

- The MOU states that: *"the Revenue Authority agrees to maintain certification and qualification records intended for court testimony concerning each employee, each speed camera and each location including the following items:*
 - a. Employee training and certification records.*
 - b. Calibrations of speed cameras (upon placement, daily, semi-annual, and annually), camera productivity and camera malfunctions."*

The Revenue Authority is not maintaining any records of training and certification records for employees and no semi-annual calibrations of speed cameras is being performed and as such no records exist.

While not required, better business practices indicate that there are many benefits to formalizing a partnership through an MOU. The value of this document is evident in the existence of an MOU between the County and the Revenue Authority as it relates to the Automated Speed Enforcement Program. The MOU:

- Ensures that all parties are in agreement on the partner roles and activities, thereby decreasing misunderstandings and future conflicts;
- Outlines how decisions about the partnership will be made during implementation;
- For many alliances, represents the only document that formalizes the relationship between two partners; and,
- Can help keep the partnership on track and focused on the original objectives/activities.

Among other things, better business practices for an effective MOU generally include the following areas that the parties have reached agreement on:

- The role of each party;
- Responsibilities of each party;
- Tasks to be undertaken by each party;
- Quality and performance monitoring or performance management;
- Agreed protocols or policies and procedures;
- Risk management;
- Rights and safeguards (such as confidentiality, privacy);
- Resource use arrangements; and,
- Reporting and accountability.

The Law governing the Program (21-809, Section B) stipulates the requirements for the Program operators as follows:

*(2) (i) A speed monitoring system operator shall complete training by a manufacturer of speed monitoring systems in the procedures for setting up and operating the speed monitoring system.
(ii) The manufacturer shall issue a signed certificate to the speed monitoring system operator on completion of training.
(iii) The certificate of training shall be admitted as evidence in any court proceeding for a violation of this section."*

There are several reasons which have contributed to the issues noted with the Program MOU. Among the reasons are:

- The MOU remains unsigned by County Executive Management and no reason has been provided.
- The MOU document was written in such a manner that roles and responsibilities for parties are not clearly defined, which has caused certain responsibilities stipulated in the MOU to remain undone. For example, the document refers to the Revenue Authority, but does not clearly define which Division of the Revenue Authority (Operations or Finance) is responsible for providing monthly and annual reports. The report provided by the Revenue Authority's Finance Division does not meet all of the criteria stipulated in the MOU.
- As Program processes have evolved over time and roles and responsibilities have shifted, the MOU has not been amended.

An MOU that is not signed shows that there is in fact no mutual agreement or understanding between the two parties involved, which can cause misunderstandings and/or disputes due to a lack of clarification regarding the expectations of both parties involved.

Furthermore, the integrity of the Program is at risk for non-compliance with laws, rules, and regulations when parties fail to fulfill certain obligations.

Finally, because the MOU remains unsigned by County Executive Management, there is no recourse for the Revenue Authority's failure to fulfill its obligations under the Agreement.

3a) We recommend that the Revenue Authority and/or County personnel seek to update, amend, and ratify the current unsigned Memorandum of Understanding. All parties should work together to modify the Memorandum of Understanding to fully reflect current Program operations, which would promote greater transparency and provide a clear definition of the roles and responsibilities of all parties.

3b) We recommend that Program Management notify the Revenue Authority's Board of Directors (the "Board") about the unratified Memorandum of Understanding and have the Board seek to obtain the County's concurrence on the document and address concerns, if any, as soon as possible.

Customer Service Center Processing Issues

During our review of the Prince George's County's (the "County") Automated Speed Enforcement Program Vendor's walk-in Customer Service Center ("CSC") operations operated by Optotraffic, a division of Sigma Space Corporation ("Optotraffic"), we identified the following issues:

- Optotrafic was not properly and consistently securing customers' Personally Identified Information ("PII") being maintained in the CSC. We noted unprocessed nixies (returned mail) containing PII were left unsecured while Optotrafic contractors were cleaning the facility and they were afforded unsupervised access to the information. Examples of information left unattended included copies of citations with customer's names, address and vehicle tag information.
- Cash received at the CSC, in the thousands of dollars, is being deposited on a daily basis; however, the deposits are being made to Optotrafic's PNC Bank account and not the County's bank account as stipulated in the contracting documents. In addition, PNC deposit slips are not provided to County personnel for reconciliation purposes.
- Checks and/or money orders received at the CSC are not being endorsed upon receipt by the staff at the CSC. Instead, these payment types are batched and mailed to the PO Box in Baltimore, Maryland for processing and deposit.
- Mailed payments for County ASE citations are being received at two separate Optotrafic locations. The two Optotrafic owned addresses printed on the citations are: Police Department Processing Center, PO Box 806, Lanham, Maryland and Prince George's County, PO Box 17416, Baltimore, Maryland.
- While we noted the existence of signage at the CSC with Payment Rules specific to Prince George's County in the back office, the sign was not posted for customers to see and had been removed by CSC staff. The reason given by CSC staff for removal was that it caused confusion, since the CSC also serves other Optotrafic customers. Prior to leaving the CSC, we noted that the sign was reinstalled. In addition, we noted that although receipts were being provided to customers, the signage did not inform customers to obtain receipts for all payments.
- The hours of operation of the CSC as posted on the door are between 8:30 a.m. and 4:00 p.m., Monday through Friday, which is not in accordance with the Contract Agreement. Furthermore, we noted that the Vendor initially refused to operate a CSC and the CSC did not become operational during the first few months of the Program and the Vendor was not penalized.
- CSC staff were unaware of a panic button under the counter in the event of a hold-up.

The Government Accountability Office (GAO) states in its publication for internal controls (GAO/AIMD-00-21.3.1) that:

"Access to resources and records should be limited to authorized individuals, and accountability for their custody and use should be assigned and maintained."

The County's Administrative Procedure 346 – Revenue Collection Procedure is in-line with good business practices which states that:

3-b-1: Internal Controls are designed to provide (among other things) reasonable assurance regarding "The safeguarding of revenue collections against loss from unauthorized use or disposition."

3-d: *"In certain cases, it may not be possible to establish the recommended internal controls due to an insufficient number of employees or because the cost of the procedure may exceed the potential loss of revenue due to unauthorized use or disposition. In these cases, the Department should develop alternatives that will achieve the same measure of control."*

4-b-1: *Cashiers should "immediately endorse checks restrictively with a stamp that indicates "For Deposit Only to the Account of Prince George's County, Maryland."*

5-b: *Cashiers assigned to accept revenue collections should "Issue a receipt for the money collected."*

8-3: *"Collections over \$100 should be deposited daily before the bank closes for business."*

County requirements for the CSC are stipulated in the Program's RFP No.:S11-064 – Section 3.18 – Customer Service which states:

"The Offeror shall establish a Customer Service Center centrally located within Prince George's County to provide all of the customer services required in this RFP....The Offeror and its designee shall make every effort to work with the County in resolving citizen inquiries or complaints made concerning the use of the Automated Speed enforcement Program, at a minimum between the hours of 8:00 a.m. and 5:00 p.m. Monday through Friday."

Optotrafic's Technical Proposal 3.5.1.3 Customer Service Operations [4.2.5.C.5.a.3rd bullet;3.18] states that:

"The Customer Service Center is staffed live from 8:00 a.m. to 5 p.m. Monday through Friday. These times meet the County requirements. We propose extending the Customer Service Center hours of operation from 8:00 a.m. to 5:00 p.m. to 8 a.m. to 8 p.m. and adding Saturday hours 9 a.m. to 2 p.m. This enhancement serves as a significant convenience to violators, and improves likelihood of payment."

Several reasons have contributed to the issues noted at the CSC center, as noted below:

- Lack of adequate policies, procedures, requirements, training, and monitoring of the operations at the CSC appears to be the cause of most of the issues noted at the CSC.
- Signage specific to Prince Georges County was not posted because it causes confusion since the CSC also accepts payments for other jurisdictions at the Prince George's County facility.
- County ASE citations mailed to customers have two separate post office boxes listed on the citation. We noted that Optotrafic's PO Box address in Lanham is printed in a much larger font and is more prominent than the County's remittance PO Box information in Baltimore.

The lack of adequate internal control measures and the monitoring of those controls around revenue collection functions can contribute to a potential loss in revenue.

Improper security of PII compromises the private information of customers. If information is compromised, there is an increased chance of identity theft for customers and the possibility of fraud. Improperly secured PII can also jeopardize the personal safety of customers. Due to a lack of personal information security, customers are at risk of falling victim to anyone that may want to cause harm or

commit a malicious act against the customer. The loss of customer's data can also cause harm to the integrity of the program.

When a customer mails a citation to the wrong PO Box, not only does the processing time and expense increase but also the risk of the payment being lost, stolen, or misplaced.

4a) We recommend that Program Management monitor the operations of the Vendor as it relates to the collection of funds and maintenance of data related to the Program to ensure contract compliance and adequate internal controls are in place to protect the County and customers' interests. We strongly encourage Management to ensure that adequate controls are in place around reconciliation procedures to include, among other things, source documents such as deposit slips.

4b) We recommend that Program Management communicate to Optotrafic Management the importance of training their employees and subcontractors to adequately secure customers' Personally Identifiable Information at all times to avoid unauthorized persons access to customer's Personally Identifiable information.

4c) We recommend that Customer Service Center personnel secure and begin using a stamp to endorse check or money order payments immediately upon receipt.

4d) We recommend that Program Management consider moving the Automated Speed Enforcement Customer Service Center collection/deposit operations in-house at the Revenue Authority. The Revenue Authority already has a similar unit to process parking citations, which can then be used as leverage to lower fees paid to the Vendor and allow for better control over this aspect of Program collections.

4e) We recommend that Program Management seek to obtain access to monitor this Customer Service Center location remotely using the existing camera system and perform surprise random audits of the cash desk since this facility represents a high risk area because cash is collected at the facility.

4f) We recommend that Program Management seek to change the citation document mailed to customers such that only one remittance address is printed on the citation. Using a barcode instead of the actual address for nixies (returned mail) or pre-printed return address on envelopes will avoid any confusion caused by having two separate addresses printed on the citations.

Accounting For and Collections of Outstanding Receivables

Outstanding receivables for the Automated Speed Enforcement Program are not being reported by the Revenue Authority (the "Authority") to Prince Georges County (the "County") or disclosed in the County's Comprehensive Annual Financial Report (CAFR). In addition, an allowance for doubtful accounts has not been established for the Program. As of February 5, 2013, open Program receivables for 109,994 citations were \$4.354 million, of which \$2.961 million, or 68%, were greater than 90 days past due.

We also noted that there are currently no collection activities being pursued by the County for outstanding receivables related to the Program. Generally Accepted Accounting Principles ("GAAP") requires that Proprietary Funds and Discrete Component Units using the accrual basis of accounting should recognize revenues and receivables when all eligibility requirements have been met. Governmental Accounting Standards Board ("GASB") 33, paragraph 20 I, states that "the reimbursement eligibility requirement is met when a recipient has incurred allowable costs under the applicable program." Therefore, receivables

should be recognized when allowable costs have been incurred, assuming all other eligibility requirements have been met. In addition, if the entity determines that part of the receivables recognized may not actually be collected, then GAAP requires that an allowance for doubtful accounts should be established for the amount of the receivable that is not expected to be collected.

Although the amounts due the County for the Program as receivables may not be recorded on the financial statements or may not currently be recorded in any account because the Program revenues are treated on a cash basis in the financial statements, it is good business practice to ensure adequate controls are in place to ensure that:

- Reasonable collection efforts are made.
- Proper/independent supervisory personnel approve any non-collection.
- Non-collection approval is documented.

Adequate policies, procedures, monitoring and reporting mechanisms are not currently in place for the Program as it relates to tracking, reporting, and collecting outstanding receivables.

The assets, as reported on the County's CAFR, may be understated and may not be in strict accordance with GAAP.

The County may be forgoing potentially millions of dollars in revenues because adequate collection procedures are not in place.

5a) We recommend that the Office of Finance ensure that all County agencies/components units take responsibility for tracking and reporting accounts receivable information on a regular basis.

5b) We recommend that the Office of Finance work closely with the County's external auditors and the Revenue Authority's Finance and Operations Divisions staff to determine whether the receivable amounts for the Automated Speed Enforcement Program should be reported in the County's Comprehensive Annual Financial Report and/or disclosed in the financial statements and notes to the Revenue Authority's financial statements.

5c) We recommend that should the County and its external auditors decide to report the receivables for the Program, that a prior period adjustment or disclosure be made in next year's Comprehensive Annual Financial Report, and the amounts of the outstanding receivables (net of allowances for uncollectibles) be disclosed.

5d) We recommend that the Office of Finance work closely with the County's external auditors and the Revenue Authority's Finance and Operations Divisions staff to develop a policy to determine how the estimate of receivables, that will not be collected, will be made for the Program. Professional judgment should be exercised, since the County has no prior experience in collecting receivables from the Program. Any amount established as an allowance should be supported by documentation demonstrating how the allowance was developed and to ensure aging information is collected, maintained, reported, and acted upon in a standardized and consistent manner.

5e) We recommend that the Revenue Authority begin tracking the receivables as it relates to the Program, and report the amounts to the County's Office of Finance on a regular basis.

5f) We recommend that Program Management develop policies and procedures and seek to identify various ways and means to facilitate the collection of open receivables.

5g) We recommend that Program Management consider whether amounts that remain uncollected through routine follow-up, should be followed up with a letter from the Office of Law or referred to collection agencies for further collection efforts.

Unapproved Invoices and Non-Interest Bearing Bank Account

We noted the following issues related to the general financial management of the Program:

- 1) **PNC Bank Account Disbursements** - We noted that the Program Vendor Optotrafic, a division of Sigma Space Corporation ("Optotrafic"), had exclusive ownership of the Program bank account where funds are initially deposited, and disburses their portion of amounts due prior to invoicing the County and without County approval. We also noted that after the issue was identified to the Program personnel, the bank account was changed to the County's name; however, the Vendor still had access to the funds and continued to initiate transfers to itself without proper approval. We examined weekly invoices from Optotrafic, for the period July 2012 - September 2012 and inquired of Program personnel and noted that none of Optotrafic's invoices were approved by County personnel for payment.
- 2) **Bank of America Disbursements** - We reviewed thirteen (13) disbursements from the Program account owned by the Revenue Authority, and noted four (4) instances where the invoice was not approved for payment by the appropriate Program personnel. We were subsequently provided with a sticky note of the authorization to pay one of the invoices.
- 3) **Program Expenses** - We noted in our review of the FY 2012 expenses for the Program that the expenses were not paid from the Program bank account. These were paid out of the Revenue Authority's Operating account, however, the expenses were being coded to the Speed Camera account in the accounting system.
- 4) **Wire Transfers** - We noted two (2) instances when wire transfers were requested by the Revenue Authority's Senior Accountant and no evidence was available to support whether the bank contacted the Controller or the Chairman of the Board to obtain approval prior to initiating the transfer. We noted that in one (1) of the two (2) instances, the Senior Accountant copied the Controller on the email requesting the wire transfer.
- 5) **Bank Account Setup** - We examined the Bank of America account balance for the Program and noted that the average account balance for the 12 months reviewed (October 2011 – September 2012) was \$2.692 million. We noted that the interest rate for Treasury Inflation-Protected Securities (TIPS), which protects against inflation, fluctuated between 1.981% (July 31, 2011) and 1.696% (June 30, 2012). Using the lower interest rate we estimate that had the funds from the Program been invested in an interest bearing account for the one (1) year period reviewed, the County could have potentially earned \$46,013 in interest.

The Two-party Contract document between the County and the Vendor dated July 18, 2011, states that:

Section 4 – Compensation: *"The Contractor shall invoice the County for all fees. The County shall reconcile information provided and send payment within 30 days of a proper invoice."*

Section 28: Final Agreement: *"This Agreement contains the final, entire agreement between the parties hereto, and shall supersede all prior correspondence and agreements or understandings with respect hereto. This agreement shall not be modified or changed orally, but only by an agreement in writing, signed by the authorizing official for each party."*

The MOU between the Police Department and the Revenue Authority states that:

"The Revenue Authority shall review and approve the accuracy of Sigma invoices submitted to the County for payment of Sigma's Program Fund percentage. The Revenue Authority shall monitor Sigma's performance in accordance with the Sigma Contract and provide to the Contract Administrator the amounts of any liquidated damages to be assessed against Sigma invoices."

It is good business practice to ensure that invoices are properly reviewed and analyzed, and that payments are made to vendors only for goods and services received and accepted pursuant to contractual terms and conditions. The individual who signs off on an invoice is essentially providing authorization for the disbursement of the Program funds and is ultimately held accountable for the transaction. The Government Accountability Office ("GAO") states that *"Accountability is established by having the signature or initial be traceable to the individual providing the approval, whether manual or electronic."*

In the publication on Standards for Internal Controls (GAO/AIMD-00-21.3.1) (11/99) the GAO states that:

"Key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets. No one individual should control all key aspects of a transaction or event."

The MOU between the Police Department and the Revenue Authority states that:

"Operating expenses incurred by the Revenue Authority shall be transferred from the Program bank account to the Revenue Authority bank account in accordance with the schedule (a month following the end of the quarter). Operating Expenses shall include the costs of all necessary equipment, supplies, personnel and services acquired in connection with the Program."

As stewards of money that is generated by the Program, Program Management have a fundamental responsibility for ensuring that revenues are used efficiently and effectively (such as being held in an interest bearing account or being transferred to the County more frequently).

The processes and privileges afforded the Vendor are the result of inadequate monitoring of the contract terms by the Revenue Authority staff. It was not the policy of the Revenue Authority during the audit period to require the approval of the Program Manager or other Program personnel with the authority to ensure that invoices are valid and approved prior to disbursement and to retain the necessary documentation to evidence approval. We noted that recurring monthly payments were not required to be approved and payments were disbursed based on an approved purchase order request and not approval of the actual invoice.

The Revenue Authority Finance staff had very little time to get the Program up and running and as a result the Program bank account was set up as a non-interest bearing account. In addition, because the MOU has not been ratified by all parties, roles and responsibilities stipulated in the agreement were not being followed and there is no monitoring of the performance of either the Vendor or the Revenue Authority by the County.

The possibility of fraud/embezzlement exists by the Vendor and/or accounting personnel who have both the authority to disburse payments and access to Program assets. By allowing the Vendor free access to County funds in its own personal account the Program and the County are exposed to certain risks including but not limited to:

- **Commingling** – the possibility of the mixing of funds belonging to the County with those of Optotrafic, which is generally prohibited as a conflict of interest and puts County assets at risk for Optotrafic's liabilities.
- **Improper Use** – the use of County assets to fund Optotrafic operations and/or earn interest.

There also is the loss of potential interest income that is being forfeited by not using an interest bearing account.

6a) We recommend that Revenue Authority Management and/or County Office of Finance personnel ensure that the funds collected for this Program are not only collected but also maintained and disbursed in a manner that represents good business sense and are of maximum benefit to the citizens that the Program is set up to serve. As such, the County should ensure that the Vendor and the Revenue Authority are in compliance with the contracts and agreements governing the Program. The County should ensure that the Vendor is immediately removed from having any access to handle or disburse Program funds. In addition, so that the funds can be put to better use, the County should require that the Revenue Authority place the funds in an interest bearing account to maximize the benefits of holding such large revenue balances or have the funds transferred to the County on a more frequent basis than the four (4) times a year stipulated in the Memorandum of Understanding or twice a year as was the practice in 2012.

6b) We recommend that the Revenue Authority Finance Division review its policies and procedures to ensure that there is adequate segregation of duties as it relates to the disbursement of Program funds and that consistent and prudent business practices are followed when disbursing payments.

Lack of Adequate Monitoring of Vendor/Third Party Providers

The Automated Speed Enforcement Program relies exclusively on the operations of a vendor, Optotrafic, a division of Sigma Space Corporation ("Optotrafic"), to provide Prince George's County (the "County") with a turn-key program. In order to fulfill the requirements of the contract and comply with legal requirements, Optotrafic utilizes several third party vendors to execute the contract with the County. During the course of the audit we noted the use of the following third party vendors by Optotrafic:

- 1) **PNC Bank ("PNC")** – operates the lockbox service to process Program payments and correspondence mailed to a lockbox in Baltimore, Maryland and then transferred to the processing center in New Jersey via the United States Postal Service ("USPS").

- 2) **USPS** - Transfers payments and correspondence made to the lockbox in Baltimore, Maryland to the PNC operated Vendor processing center in New Jersey.
- 3) **TeleRep** - Operates the Vendor's customer phone service option, responsible for processing payments and inquiries via phone.
- 4) **Merchant Banking Services ("M&T Bank")** - responsible for operating the website which allows citizens to pay citations using a credit card or echeck.
- 5) **Corporate Press Communications Company ("Corporate Press")** - mails citations that have been approved by County Police Officers.
- 6) **Falcon Express** – Courier service making daily deposits from the Customer Service Center in Lanham, Maryland to PNC Bank and delivering notices and other mail received at the Optotrafic lockbox to the Customer Service Center.
- 7) **Custom Calibrations Solutions Inc. ("Custom-Cal")** - responsible for the annual independent calibrations of speed cameras as required by law.
- 8) **The Traffic Group Inc. ("TGI")** - Third party servicer responsible for providing Optotrafic with consultation on all aspects of a project dealing with the movement of vehicles and pedestrians to, from, and within the confines of a specified site or through a defined area. TGI's services include traffic engineering and transportation planning studies, expert testimony, roadway and parking lot design, and data collection services.
- 9) **John O'Connor** – provides Maryland Police and Corrections Training Commission ("PCTC") training to police officers.
- 10) **National Law Enforcement Telecommunications System ("NLETS")** - provides the means to obtain the registered owners information for out of state tag holders.

We also noted that while the Vendor maintained a USPS lockbox in Baltimore, Maryland where payments and/or correspondence is initially mailed, the contents of the lockbox, unknown to Program Management, were being transferred a second time to another state, New Jersey for actual processing.

GAO Standards for Internal Controls in the Federal Government – November 1999 states that:

"Internal control should generally be designed to assure that ongoing monitoring occurs in the course of normal operations."

Good business practices stipulate that the Board of Directors and Senior Management of an Agency are ultimately responsible for managing activities conducted through third-party relationships, and identifying and controlling the risks arising from such relationships, to the same extent as if the activity were handled within the Agency. The use of third-party relationships does not relinquish responsibility of the Board of Directors and Management. The Agency officials are expected to have a clearly defined system of risk management controls built into the management system that governs the Agency's compliance operations, including controls over activities conducted by affiliates and third-party vendors. The more significant the third party program, the more important it is that the Agency conduct regular periodic reviews of the adequacy of its oversight and controls over third-party relationships.

In order for the County to effectively execute the Program, it has had to secure the services of an outside vendor, Optotraffic. In the interest of efficiency and in order to meet deadlines set by law, Optotraffic has had to outsource various key aspects of the Program to fulfill its obligations under the current contract with the County. Areas outsourced include the mailing of citations and processing of payments. Program Management does not have adequate controls, policies and oversight procedures in place to monitor the Vendor and/or its third parties.

The following are some of the potential outsourcing risks:

- There are chances of fraud by the third party. For example, there may be risk of data leakage of customer's Personally Identifiable Information such as tag numbers, name, and addresses.
- Failure of mailing citations on time. The third party may fail to deliver citations before the deadline incurring potential substantial losses to the County.
- Loss of revenue. If the Vendor or third party collecting Program revenues does not have adequate internal controls in place, revenue may be lost/stolen.

Furthermore, citations or requests made using the mailbox in Baltimore have to undergo additional processing time and the risk of being lost/stolen since the contents of the Baltimore lockbox are transferred a second time to New Jersey.

7a) We recommend that Program Management and the Vendor adopt appropriate controls, policies, procedures, and oversight to mitigate outsourcing risks effectively.

7b) We recommend that Program Management ensure that the Vendor is disclosing the use of all third party vendors and take the necessary steps to ensure that adequate controls and monitoring procedures are in place for the type of service being outsourced. These include (but are not limited to):

- Obtaining and reviewing Statement on Standards for Attestation Engagements No. 16 Type II auditor's reports (if possible) to gain comfort over the existence and effectiveness of adequate internal controls and ensure that user controls are in place and are being followed.
- Obtaining and reviewing other auditor's reports (such as Service Organization Control ("SOC") commonly known as SOC 2 Report - Reporting on Controls at a Service Organization relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy.
- Ensuring adequate business continuity and contingency plans are in existence at third parties' facilities (such as U.S. Bank processing center) to avoid possible disruptions and loss of revenues in the event of a disaster.
- Ensuring that courier servicers (if used) are licensed, bonded, and insured.
- Changing the lockbox process such that payments and/or correspondence are processed as efficiently and expeditiously as possible.

Lack of Adequate Segregation of Duties

During the course of the audit, we noted that one individual, the Senior Accountant, Revenue Authority (the "Authority") Finance Division, has Administrator rights to the Accounting system and can create,

change, and/or delete accounting transactions, maintain custody of blank Program checks, and also has the ability to initiate payments and wire transfers without Supervisory approval. We also noted that the previous Controller also had the same capabilities.

We also noted that the Accounting system in use by the Authority does not allow for the automatic routing of accounting transactions to the next level of Management and the approval process in place is entirely manual. As such, the Senior Accountant or the Controller can singlehandedly disburse Program funds and remain undetected.

Furthermore, we noted that Program funds are collected and deposited by the Program Vendor into their own bank account and that the Vendor is afforded the opportunity to disburse funds from this account prior to invoicing the County and without County personnel approval. This issue is captured in the NFR titled "Contract Issues."

In the publication on Standards for Internal Controls (GAO/AIMD-00-21.3.1) (11/99) the Government Accountability Office ("GAO") states that:

"Key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets. No one individual should control all key aspects of a transaction or event."

GAO also states that:

"Access to resources and records should be limited to authorized individuals, and accountability for their custody and use should be assigned and maintained. Periodic comparison of resources with the recorded accountability should be made to help reduce the risk of errors, fraud, misuse, or unauthorized alteration."

The Committee of Sponsoring Organizations of the Treadway Commission ("COSO") Framework defines segregation of duties as a monitoring activity and states that:

"Appropriate organizational structure and supervisory activities provide oversight of control functions and identification of deficiencies. Also, duties of individuals are divided so that individual personnel serve as a check on each other. This is also a deterrent to employee fraud since it inhibits the ability of an individual to conceal his or her activities."

Finally, segregation of duties serves as a deterrent to fraud because it requires collusion with another person to perpetrate a fraudulent act.

Limited personnel to adequately segregate duties and the lack of sufficient accounting software licenses to ensure responsibilities are properly segregated contributed to the lack of segregation issues noted within the Revenue Authority's Finance Division. The incorrect initial set-up of the ownership of the bank account related to the Program, and the practice of allowing the vendor to disburse payments to itself contributed to the segregation of duties issues noted as it relates to the Program vendor.

Segregation of duties is critical to effective internal controls and where there is inadequate segregation of duties there is an increased risk of both erroneous and inappropriate actions and the possibility that errors or fraud may go undetected.

8a) We recommend that the Chief Financial Officer ensure that the approval function, the accounting/reconciling function, and the asset custody functions are separated among employees. When these functions cannot be separated, a detailed supervisory review of related activities is required as a compensating control activity and should be documented.

8b) We recommend that if the Revenue Authority continues to use its current accounting software that Management secure additional software licenses (as needed) to ensure that adequate segregation of duties is maintained. System Administrator rights should not be afforded to individuals who are responsible for accounting transactions, as this may provide an opportunity to perpetuate a fraud and/or manipulate or make changes in the system and go undetected.

8c) We also recommend that the Revenue Authority Management consider whether the Agency has outgrown the current Peachtree accounting system because of its limited functionality and a growing need for more users to simultaneously access the system than Peachtree allows, and invest in a system that is better suited to the needs of a growing organization. Additionally, having an accounting system that will automatically require next level approvals will ensure a stronger control framework than the current manual controls in place.

Program Monitoring Issues

During the course of our audit we noted the following Program monitoring issues:

- **Reporting -** We noted that although certain statistical reports are available for use by Program personnel, the reports are not being used to effectively manage the Program. Examples are listed below:
 - *Aged Receivables Report.* We noted that the February 5, 2013, Aged Receivables report shows 109,994 outstanding citations classified as "Number of Open Citations" representing approximately \$4.354 million owed to the County since 2011, and no attempt is being made by Program personnel to either perform collection activities internally or ensure that a reasonable attempt is made to collect the funds.
 - *Approved Citations Not Mailed.* We noted that 1,305 citations, which were approved by Police Officers, were not mailed which resulted in potential lost revenues of \$52,200. In addition, we noted that the reason the citations were not mailed was not documented.
- **Daily Calibrations Log -**
 - We reviewed 65 days of daily calibration log sheets for all cameras deployed on those days and noted 265 instances where data was missing. We were unable to determine if the Police Officer did not review the camera calibration for the missing locations for that day, whether the information for the camera is in fact missing because the camera was not calibrated that day, or if the camera had been moved to another location.

▪ **Inefficient Tracking of Annual Calibrations -**

- *Inefficient Tracking of Annual Calibration.* We noted that the process to track the annual calibrations of sensors placed in each camera is an inefficient and time consuming process because each sensor has to be checked every time the control is performed and the process to obtain the sensor information is time consuming. We also noted that Optotrafic will at times swap out a sensor in a camera and fail to notify Program personnel.
- *Frequency of the Performance of the Control.* Although the control may be in place to ensure certificates are current, the frequency with which the control is being performed, approximately every four (4) months is not sufficient since certifications expire on a rolling basis. We also noted that there is no evidence to support the performance of the control.

▪ **ASE Program Website -** We noted the following issues with Program information appearing on the County's website:

- *Program Frequently Asked Questions ("FAQ")* – as of 3/11/2013, the site incorrectly advised citizens that their vehicles will be eligible for booting or towing if they failed to pay their citation.
- *Camera Locations* – as of 2/14/2013, the website stated that effective 4/1/2012, several added locations will be in operation, however, the website did not indicate whether the locations became operable.
- *Missing Program Information* – as of 9/13/13, we were unable to verify whether updates have been made to the website since the Program information is currently missing from the County's website.

▪ **Tracking Camera Downtime -** We noted that camera downtimes are not being tracked and this finding is reported in the Memorandum of Understanding ("MOU") NFR.

Monitoring

Monitoring, as defined in the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") Framework, is implemented to help ensure "*that internal control continues to operate effectively.*" When monitoring is designed and implemented appropriately, programs benefit because they are more likely to:

- Identify and correct internal control problems on a timely basis;
- Produce more accurate and reliable information for use in decision-making;
- Prepare accurate and timely financial statements; and,
- Be in a position to provide periodic certifications or assertions on the effectiveness of internal control.

Ongoing monitoring activities evaluate and improve the design, execution, and effectiveness of internal control. Over time effective monitoring can lead to program efficiencies and reduced costs, because problems are identified and addressed in a proactive, rather than reactive, manner.

Daily Calibrations, Annual Calibrations, Website Requirements

Regarding the maintenance of the daily calibration log, posting of camera locations, and annual calibrations, the law governing the Program is derived from the Maryland Transportation Article Section §21-809 and states that:

(b) (1) (vii) "Before activating an unmanned stationary speed monitoring system, the local jurisdiction shall:

- 1. Publish notice of the location of the speed monitoring system on its website and in a newspaper of general circulation in the jurisdiction.*

(3) A speed monitoring system operator shall fill out and sign a daily set-up log for a speed monitoring system that:

(i) States that the speed monitoring system operator successfully performed the manufacturer-specified self-test of the speed monitoring system prior to producing the recorded image;

(ii) Shall be kept on file; and,

(iii) Shall be admitted as evidence in any court proceeding for a violation of this section.

(4) (i) A speed monitoring system shall undergo an annual calibration check performed by an independent calibration laboratory.

(ii) The independent calibration laboratory shall issue a signed certificate of calibration after the annual calibration check that:

- 1. Shall be kept on file; and,*

- 2. Shall be admitted as evidence in any court proceeding for a violation of this section.*

Tracking Camera Downtimes

The Two-Party Agreement dated July 18, 2011, pages 6-7 Liquidated Damages between the County and the ASE Vendor Optotraffic, states that:

"In order for the Program to be effective, it is essential that the cameras remain operational at all times. Therefore, for each camera that is not operational after 72 hours of downtime, the Contractor shall pay the County liquidated damages in the amount of \$100 per hour, based on the number of hours the camera is unable to record violations."

The Program MOU, page 3, between the Police Department and the Revenue Authority states that:

“The Revenue Authority shall monitor Sigma’s performance in accordance with the Sigma Contract and provide the Contract Administrator the amounts of any liquidated damages to be assessed against Sigma invoices

Program Management has failed to effectively use the information that is available to adequately manage certain aspects of the Program.

The issues noted for the daily and annual calibration are caused by a failure to adequately document the performance of the control. Also, there is currently no comprehensive list of daily calibration results or of the serial numbers of sensors deployed in the County’s 72 ASE cameras to reduce the time spent to perform the controls. The review of the annual calibrations control is not being performed as frequently as it should be in order to be effective.

The County is in the process of updating its website and the information related to the Program was inadvertently lost in the conversion to the new site. Also, the information on the website that was available prior to the conversion does not appear to be monitored for accuracy.

Failure to adequately use the information available for managing the Program causes the Program and the County to forego millions of dollars, which could be spent on improving public safety.

The lack of a comprehensive list of camera locations for daily calibrations causes Program personnel to have to access each of the camera locations every day. This is both inefficient and time consuming.

In addition, for annual calibrations, Program personnel have to access each of the camera locations every four months or so, to identify the sensor number and then check each individual folder of certificates for the expiration date every time, which is also inefficient and time consuming. In the event that a certificate is not current, the issue may remain undetected for months and put the County at risk of non-compliance with the law.

Failure to document the reason that information is missing from the daily log sheet or that a review was performed of the annual calibration certificates does not allow for a good audit trail, and as such, it appears as though the controls were not performed.

Finally, not having any information or having incorrect information on the website is possibly non-compliant with the law governing the Program, as it relates to camera locations, and provides the public with misinformation regarding the County’s ASE Program.

9a) We recommend that Program Management ensure that the reporting that is received is not only accurate and reliable, but also utilized to better manage the Program. The County should also seek to penalize the Vendor when approved citations are not mailed on-time without a reasonable explanation.

9b) We recommend that Program Management seek to work with Optotrafic to enhance the reporting features needed to better manage the Program. Specifically, as it relates to the daily calibration log, a single report should be developed in VioView to automatically generate a complete list of all of the cameras deployed and their daily calibration results.

9c) We recommend that Program Management work with Optotrafic and the Revenue Authority’s IT staff to provide a report from the VioView system, which lists all of the serial numbers of the sensors for each of the cameras deployed. The list should be used to create a database using Microsoft Excel or

Access to document the serial numbers of the camera sensors and their expiration dates. Upon review of the certificates, the database should be updated with the expiration date of the certificates and evidence of the review of the certificates and follow-up should be documented and maintained. The database should be checked on a regular basis to ensure that certificates are current or programmed to send an alert to the Program Manager when a certificate is nearing its expiration or has expired. In addition, Optotrafic should be required to notify the County when sensors are removed and replaced in a camera and Program Management should implement controls of unexpired certificates to ensure that sensors have not been removed and replaced.

9d) We recommend that Program Management continue to work with the County to seek to have the Program information restored to the County website as soon as possible, and monitor and update the site content for accuracy and reliability.

Use of Sworn Police Officers

During the course of our audit we noted that sworn Police Officers from the Prince George's County ("County") Police Department's Automated Enforcement Unit ("AEU") and off-duty County Police Officers have unnecessarily assumed the responsibility for various Program processes such as, but not limited to, the review and approval of automated speed events; daily logging of calibrations; representing the County in Court; and installing, tracking and reporting data using MetroCount equipment. The Officers are paid at a rate of \$50/hour. For the audit period, sixty-six (66) Police Officers incurred expenses totaling one-hundred-and-twenty-eight thousand dollars (\$128K) for 2,567 hours of off-duty time spent performing various Program related activities.

The law governing the Program is derived from the Transportation Article, Section §21-809, of the Annotated Code of Maryland and states that:

- (a) (2)(i) "Agency means: A law enforcement agency of a local political subdivision that is authorized to issue a citation for a violation of the Maryland Vehicle Law or of local traffic laws or regulations.*
- (6) Speed monitoring system operator means a representative of an agency or contractor that operates a speed monitoring system.*
- (b) (2)(i) A speed monitoring system operator shall complete training by a manufacturer of speed monitoring systems in the procedures for setting up and operating the speed monitoring system.*
- (2)(ii) The manufacturer shall issue a signed certificate to the speed monitoring system operator on completion of the training).*
- (2)(iii) The certificate of training shall be admitted as evidence in any court proceeding for a violation of this section.*
- (3) A speed monitoring system operator shall fill out and sign a daily set-up log for a speed monitoring system that:*
- (3)(i) States that the speed monitoring system operator successfully performed the manufacturer-specified self-test of the speed monitoring system prior to producing the recorded image;*

- (3)(ii) Shall be kept on file; and,*
- (3)(iii) Shall be admitted as evidence in any court proceeding for a violation of this section.*
- (d) (1)(viii) A signed statement by a duly authorized law enforcement officer employed by or under contract with an agency that, based on inspection of recorded images, the motor vehicle was being operated in violation of this subtitle.*
- (h) A violation for which a civil penalty is imposed under this section:*
 - (3) May be treated as a parking violation for purposes of § 26–305 of this article;*
 - (j) (1) An agency or an agent or contractor designated by the agency shall administer and process civil citations issued under this section in coordination with the District Court.”*

We noted that the criteria stipulated in the law governing the Program does not specify the use of sworn Police personnel and there is no specific limitation in the statute limiting enforcement in District Court to sworn Police personnel, and that Revenue Authority or Vendor staff, as authorized to enforce these and other civil citations, should have ample authority to appear in Court actions for the County. Furthermore, we noted that a County vendor, American Traffic Solutions, Inc. represents the County in Court hearings for Red Light Camera Enforcement and Revenue Authority staff is responsible for County parking enforcement, which are similar types of County programs.

The County's Program began operating in 2011 and the use of sworn Police personnel to conduct various aspects of the Program is a result of the interpretation of the Transportation Article, Section §21-809 of the Annotated Code of Maryland governing the Program by the Office of Law.

Inadequate reporting by Optotrafic's VioView system causes the Police Officers to expend a significant amount of time logging the results of the daily calibrations.

The use of sworn Police Officers to perform automated speed enforcement events, both during normal work hours and off-duty, at a rate of \$50/hour, when the Revenue Authority, civilian personnel, or the Vendor can be duly authorized to perform these functions is not an effective use of Police Department resources and not an efficient use of Program resources.

Furthermore, the use of large numbers of different personnel, who are only performing these types of duties occasionally, increases the chances of errors.

10a) We recommend that since there is no specific limitation in the statute governing the Program limiting enforcement in District Court to sworn Police personnel, and since Police Department personnel do not currently represent the County in court cases related to similar type programs, that the Revenue Authority staff, or the Vendor, as authorized to enforce these and other civil citations, such as parking and red light camera enforcement, use their authority to appear in Court actions for the County. The use of authorized personnel would include, but not be limited to, the review of automated speed events, issuance of citations, preparation of daily calibrations, and responsibility for the installation of devices used for tracking and reporting speed data.

10b) We recommend that if sworn Police Officers continue to review automated speed enforcement events, that the Automated Enforcement Unit and Program Management work closely with the Police Department's Risk Management Division and seek to utilize the services of Police personnel who are on light duty assignments or civilian personnel to both reduce the cost to the Program and minimize the unnecessary reliance on fully active sworn Police Officers.

10c) We recommend that Program Management consult with other Maryland state jurisdictions administering an Automated Speed Enforcement Program to determine whether procedures are in use by those Programs to reduce the reliance on the large numbers of sworn Police personnel currently being used by the County and consider adopting changes to reduce operating costs, such as review of citations by a full time civilian personnel and final sign-off by a Police Officer.

Use of Various Information Technology Related Issues

During the course of the audit we noted the following IT related issues:

- **Unsecured Netbooks** – Police Officers who represent the County in Court utilize data regarding Court cases that is downloaded to two (2) netbook computers. The data stored on the laptops include, but is not limited to, vehicle images, tag numbers, make, model, and owner's names and addresses. We noted no access controls to the laptops and/or the data stored on the devices as neither were adequately secured either with password protection or encryption software.
- **Auditors Denied Access to Test Physical Access Security at Datacenter** – Optotraffic is responsible for the collection and storage of all of the Prince George's County (the "County") Program data such as images, vehicle tag numbers, owner's names and addresses, etc. Optotraffic indicated that the data is stored in Lanham, Maryland. However, upon request by the Auditors to test whether adequate physical access security controls are in place at the datacenter, Optotraffic denied access to the Auditors.
- **Missing and Possible Manipulated Data** – The Auditor requested a system generated list of users who accessed the Lanham datacenter from October 2011 – September 2012. The Auditor was not afforded access to generate the data themselves or view the data being generated. No data was available for the period October – December 2011. Furthermore, the data provided by Optotraffic appears to be manipulated and not in fact automatically system generated because there was no data in the report for the month of March 2012 and data for April 26, 2012 and April 27, 2012 were out of sequence suggesting it was copied and pasted and possibly manipulated.
- **No Annual IT Audit Since 2010** – We noted that Optotraffic has not had an audit performed of its IT security measures for over three (3) years, prior to being awarded the County's automated speed enforcement contract in 2011 (the "Contract"). Furthermore, Optotraffic has not had an IT audit performed by National Law Enforcement Telecommunications System since being awarded the contract and obtaining possession of County data.
- **IT Access Policy Not Being Followed** - Although Optotraffic had IT access policy and procedures in place, one (1) policy was not being followed because a user was still allowed access to the VioView system even though they had not signed off on the User Account Acceptable Use Policy agreement. The user had read-only access to the data.

- **Inadequate Reporting** – We noted the following reporting issues with Optotrafic’s VioView system:
 - *Long wait times.* Reporting from Optotrafic’s VioView system sometimes takes a few hours to run.
 - *Output.* The data output is only in Excel format which can be easily manipulated/changed.
 - *Cumbersome.* Police Officers spend a great deal of time on a daily basis gathering the data to complete the daily calibration logs because the information needed is being reported individually by location instead of as a whole. The Officer has to access a separate report for each of the 72 different locations where a camera is deployed instead of running one report with all of the information.
- **Largo Physical Access Security** – We noted adequate access security at the Largo facility for the Program as provided by the GE Topaz system. However, the following areas of improvement were identified:
 - Use of the name “Speed Manager” instead of the actual employee’s name may cause issues as Managers change.
 - Use of the temporary id “Employee6 ASE” is not restricted to one type of user such as IT or maintenance; as such we were unable to identify the individual who accessed the facility.
 - An authorized user’s name is misspelled.

The Government Accountability Office (GAO) states in its publication for internal controls (GAO/AIMD-00-21.3.1) that:

“Access to resources and records should be limited to authorized individuals, and accountability for their custody and use should be assigned and maintained.”

Government Accountability Office (GAO) Federal Information System Controls Audit Manual (FISCAM) (GAO-09-232G, February 2009), Section Access Controls (“AC”) 2 states that:

“Access controls limit or detect inappropriate access to computer resources (data, equipment, and facilities), thereby protecting them from unauthorized modification, loss, and disclosure. Such controls include both logical and physical controls. Logical access controls require users to authenticate themselves (through the use of secret passwords or other identifiers) and limit the files and other resources that authenticated users can access and the actions that they can execute.

Physical access controls involve restricting physical access to computer resources and protecting them from intentional or unintentional loss or impairment.”

Section AC - 3 states that:

"Access rights, also known as permissions, allow the user to look, read, or write to a certain file or directory....Maintaining access rights, permissions, and privileges is one of the most important aspects of administering system security."

Optotrafic indicated in its Technical Proposal in response to RFP: S11-064 that its *"compliance with IT security measures is verified annually by an audit from the National Law Enforcement Telecommunications System ("NLETS").*

The current contract between the County and Optotrafic provides the County with an unconditional right to audit the records of Optotrafic as stipulated in the Two-Party Agreement dated July 18, 2011 as follows:

- (a) *"Clause 10 Governing Law: This Agreement shall be governed by and construed in accordance to the laws of Prince George's County and the State of Maryland.*
- (b) *Clause 14 Ownership of Data: All data related to the Automated Speed Enforcement Program is and shall remain the Property of Prince George's County. This includes but is not limited to images, motor vehicle records, personal information, and statistical data.*
- (c) *Clause 22 Further Assurances: The parties agree that they shall at any time and from time to time prior to or after the execution of this Agreement, execute and deliver any and all additional writings, instruments and other documents and shall take such further action as shall be reasonably required or requested by the other party to effectuate the transactions contemplated by this Agreement."*

The County Code on Award of Contracts Sec. 10A-123, Inspection of contractor's plant and records states that:

- (a) *"The County may inspect the plant or business of a contractor or any subcontractor under any contract awarded or to be awarded by the County.*
- (b) *The County shall be entitled to audit the books and records of a contractor or any subcontractor under any contract or subcontract entered under this Subtitle. Such books and records shall be maintained by the contractor for a period of three (3) years from the date of final payment under the prime contract and by the subcontractor for a period of three (3) years from the date of final payment under the subcontract.(CB-1-1992)"*

Furthermore, the Vendor took advantage of the Minority Business Enterprise ("MBE") requirement when soliciting the contract, as such, the Prince George's County Code Sec. 10A-137 on contract monitoring related to the Minority Business Opportunities Program states that:

- (a) *"The Purchasing Agent and the Commission shall have the right to periodically monitor work performed under a contract awarded under this Subtitle to ensure compliance with all applicable provisions of the contract. All contractors and subcontractors shall grant the Purchasing Agent, the Commission, and any authorized representative access to the contractor's or subcontractor's work site place of business, and applicable business records.*
- (b) *The Purchasing Agent and the Commission may perform or contract to perform periodic or random compliance audits of contracts awarded under this Subtitle.*

(CB-1-1992)”

Optotraffic indicated in its Technical Proposal in response to RFP: S11-064 [3.5.1.4 Reporting Capabilities [4.2.5.C.5.a 4th bullet;3.13] that :

“Optotraffic will provide all reports mandated by State Law and County Code as required by RFP Section 3.13....VioView’s database structure also provides for the “ad-hoc” generation of reports by the County using Crystal Reports, which is a widely used third-party reporting software package produced by SAPOptotraffic will ensure that the required County personnel are trained in using Crystal Reports and have remote access to our templates and databases using either a full version of Crystal Reports that we would provide or the free Crystal Reports Reader...”

It is neither a good business practice or prudent to allow system reports to be easily manipulated.

The lack of adequate IT internal controls and failure to follow controls that are in place have contributed to the majority of the IT issues noted.

In addition, Optotraffic indicated that County auditors were not allowed physical access to their Server Room or IT facilities, which was in accordance with their security measures and a right to audit clause was not included in the contract documents with Optotraffic. It also appears as though the Vendor is not aware of the County Code and the rights afforded to the County when vendors are doing business with the County.

The length of time it takes to generate VioView reports and the output medium of VioView reports in Excel format suggests that the data processing resources and capabilities of VioView or Optotraffic IT Staffing may be inadequate for the large volume of transactions, reporting requirements, and level of security County Program data requires.

Inadequate access controls and reporting capabilities diminish the reliability of computerized data and increase the risk of destruction or inappropriate disclosure and/or use of data. The following examples illustrate the potential consequences of such vulnerabilities:

- By obtaining direct logical access to data files, an individual could obtain sensitive information and use it for personal gain.
- Without adequate access controls, unauthorized individuals, including outside intruders and former employees, can surreptitiously read and copy sensitive data and make undetected changes or deletions for malicious purposes or personal gain.
- In addition, authorized users can intentionally or unintentionally read, add, delete, modify, or exfiltrate data or execute changes that are outside their span of authority.

Failure to monitor vendor operations also increases the risk of inappropriate disclosure and/or use of data.

Finally, the lack of adequate resources to handle the volume of data or inefficient processing/reporting of the data can cause personnel to expend hours of downtime while reports are being generated or require unnecessary amounts of time gathering data, which is not an efficient use of personnel time.

11a) We recommend that Program Management communicate to the Vendor the importance of abiding by County rules and regulations and seek to ensure that the Vendor is abiding by the terms of their agreement and seek to penalize the Vendor for non-compliance.

11b) We recommend that Program Management seek to implement necessary controls around the Information Technology components of the Program and perform periodic tests of these controls to ensure their effectiveness.

11c) We recommend that Program Management work with Optotrafic to ensure that system resources are adequate to handle the requirements of large quantities of data. While it is good to have the data output to Excel for ease of use, it is better to have the data also output to a more secured format, such as Crystal Reports, where it cannot be easily manipulated or inadvertently changed.

11d) We recommend that Program Management work with Optotrafic software developers to provide better reporting as it relates to the daily calibrations log to reduce the time spent by Police personnel to check the individual calibration of each camera on a daily basis. We recommend a single report that produces a complete list of all cameras deployed and includes all of the camera sensors that have been calibrated for that day. Such a report would enable the Police Officer to simply review and sign the log.

11e) We recommend that system administrators for the GE Topaz system, who control access records to the Largo facility, consider the following improvements:

- Use of the name "Speed Manager" should be discontinued and the employee's name should be used to identify the Speed Manager.
- Change/add temporary code(s) such as "Employee6 ASE" to identify the user(s) by job description, such as Maintenance/Information Technology Personnel.
- Correct the spelling of the user's name which is misspelled.

Other Opportunities for Improvement

In addition to the previously identified issues, as part of the review of the Red Light Camera Enforcement Program, we noted the following areas for improvement, which, if addressed, could further improve the efficiency of how the County processes and handles violations of offenders across multiple County programs.

Use of Multiple Databases to Track Offenses

During the audit it came to our attention that there is no County-wide system to track whether offenders with a red light citation have other outstanding County citations, such as parking or speeding tickets assessed. In some instances, an offender may have hundreds of dollars owed to the County from other programs, but the cost and efforts put forth to collect funds from one program does not carry over to other County programs for similar type offenses.

Similarly, an offender may have a vehicle impounded because of a failure to pay a parking citation and have that vehicle released, even though they may owe the County substantial amounts in red light camera and/or automated speed enforcement fines, because there is no centralized database of fines owed to the County.

GAO guidance states that:

“efficiency measures tend to be most useful for similar, repeated practices. Efficiency measures are not appropriate for every program, project, or goal but every agency, program, and goal-focused effort should continually search for practices to accomplish more with the same resources or the same value with fewer resources after effective actions have been identified.”

Each County program operates separately and independent of each other and includes multiple, different vendors and/or enforcers and there is no communication between the various Program participants.

Having several different systems, which do not share information, is not an efficient or effective use of County resources such as staff, equipment, supplies, space, etc. There is an increase in cost and duplication of efforts.

12a) We recommend that the Police Department and/or Revenue Authority personnel seek to conduct a cost/benefit analysis to determine whether they should create a comprehensive database of violators across multiple program areas, such as red light enforcement, automated speed enforcement, parking, towing, etc.

12b) We recommend that the Police Department and/or Revenue Authority utilize a shared database tool to reduce the number of outstanding citations across the various programs by using a uniform collection service to reach out to offenders with multiple offenses, thus reducing the cost and redundancy of having each program conduct separate mailings, collections, etc.

12c) We recommend that the Police Department and/or Revenue Authority utilize a shared database to leverage the capabilities allowed for one Program, such as the ability to boot or tow a vehicle for failure to pay a parking citation, to ensure that other outstanding County citations are also satisfied prior to the release of such a vehicle.

Multiple Customer Service Centers

The County has multiple customer service centers for traffic offenses such as red light (Beltsville, Maryland), automated speed enforcement (Lanham, Maryland), parking (Largo, Maryland), etc. We noted that the locations of the various Customer Service Centers are not in close proximity to each other and a customer with violations across multiple programs would have to provide several separate checks/money orders.

Providing a good customer service experience to citizens who already have to expend valuable resources is key to ensuring the continued co-operation of citizens and support for these programs.

Each County program operates separately and independent of each other and includes multiple providers of customer service.

Having several customer service centers can be inconvenient and costly for citizens who have multiple violations across different programs and may cause a customer to expend significant effort, time, and money to satisfy all violations. In addition, the cost to the County increases as both time and money must be spent to adequately monitor each of the separate locations.

13a) We recommend that the Police Department and/or Revenue Authority personnel conduct a cost/benefit analysis to determine whether it would be beneficial to both the County and customers to have one service center across multiple program areas, such as red light enforcement, automated speed enforcement, parking, towing, etc.

13b) We recommend that the Revenue Authority consider whether they have the space and facilities available to lease to the various vendors who are currently administering customer service centers on behalf of the County, such that each separately operated facility is in close proximity to one another. This will provide for better convenience for the customer, creating a better customer service experience and serving to generate revenue for the Revenue Authority. In addition, this also will help County staff to better monitor the operations of the Customer Service Centers and reduce the cost of doing so.

List of Titles and Terms

Term	Definition
AC	Access Controls
AEU	Automated Enforcement Unit
ASE	Automated Speed Enforcement
Authority	The Revenue Authority
CAFR	Comprehensive Annual Financial Report
CB	County Bill
Corporate Press	Corporate Press Communications Company
COSO	Committee of Sponsoring Organizations of the Treadway Commission
County	Prince George's County
CSC	Customer Service Center
Custom-Cal.	Custom Calibrations Solutions Inc.
FAQ	Frequently Asked Questions
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GASB	Governmental Accounting Standards Board
HB	House Bill
IT	Information Technology
MDOT	Maryland Department of Transportation
MOU	Memorandum of Understanding
MPH	Miles Per Hour
MVA	Motor Vehicle Administration
NLETS	National Law Enforcement Telecommunications System
OCS	Office of Central Services
Optotraffic and/or Vendor	Optotraffic, a division of Sigma Space Corporation
PCTC	Police and Corrections Training Commission
PII	Personally Identifiable Information

Term	Definition
PNC	PNC Bank
PO	Post Office
Program	Automated Speed Enforcement Program
RFP	Request for Proposal
SB	Senate Bill
SHA	State Highway Administration
SOC	Service Organization Control
TGI	The Traffic Group Inc.
TIPS	Treasury Inflation-Protected Securities
USPS	United States Postal Service
§	Law Section



**REVENUE
AUTHORITY
OF PRINCE
GEORGE'S
COUNTY**

October 15, 2013

David H. Van Dyke
County Auditor
14741 Governor Oden Bowie Drive
Upper Marlboro, Maryland 20772

Dear David,

The Revenue Authority of Prince George's County has reviewed the Audit Report for the Automated Speed Enforcement Program.

Please accept this document as our official response and acknowledgement of the Audit Report.

We appreciate the time and effort that the Office of Audits and Investigations provided during the audit process and we see this as a welcome resource for improving our processes.

Below is a summary of our response and comments for each finding and recommendation in your report.

=====

Lack of Adequate Program Policies and Procedures

Response: Management concurs.

Various Contracting Issues

Response: Management concurs.

Comments: We have immediately created, and included in our operational procedures, a form to monitor the vendor and ensure proposal compliance.

****See attached

Various Memorandum of Understanding Issues

Response: Management concurs.

Comments: We signed an MOU with the County on October 3, 2013, and it is proceeding through the ARC process.

Customer Service Center Processing Issues

Response: Management concurs.

Comments: We have created a form for unscheduled cash counts to be conducted at the CSC location. This task will become part of our operational procedures for the Speed Enforcement program management and will be conducted twice per month.

**** See attached

Accounting For and Collections of Outstanding Receivables

Response: Management concurs

Comments: We are exploring the financial impact (staffing/postage) vs. an increased collection rate if we were to mail additional collections letters from the Office of Law (OOL). We have attached the OOL collection letter as a template, if we decide to move in that direction.

**** See attached

Unapproved Invoices and Non-Interest Bearing Accounts

Response: Management concurs.

Lack of Adequate Monitoring of Vendor/Third Party Providers

Response: Management concurs.

Comments: Monitoring of all third party vendors will be a part of the primary vendor's annual performance evaluation.

Lack of Adequate Segregation of Duties

Response: Management concurs.

Comments: The Revenue Authority has addressed and corrected this matter as of May 30, 2013.

Program Monitoring Issues

Response: Management concurs.

Comments: Different issues may prevent a citation from being mailed post approval by a Police Officer. For example, automated speed cameras capture Police (marked and unmarked) vehicles that are "on call". The frequency of these types of speed captures

may account for a percentage of the 1,305 citations that were approved but not mailed. We will continue to investigate this. Please note that calibrations are completed daily or the next available day and that no violations are issued unless the calibrations (daily and annually) are complete. Also, the website has been restored, though there are some OITC-related issues that are still being resolved.

Use of Sworn Police Officers

Response: Management does not concur.

Comments: It is our interpretation that the use of sworn personnel to review and sign violations is required by law. In addition, we use sworn officers as Speed Monitoring System Operators (instead of the vendor) to comply with the law and to validate our control over the system. In addition, sworn officers calibrate and test the systems and appear in court. Finally, we use sworn officers to do traffic/vehicle test counts. Maryland law requires the operator to be the County and not the vendor. There are no civilian employees assigned to this unit other than the Revenue Authority Program Manager. Per your recommendation, light-duty sworn officers may be useful in reviewing/approving violations if he/she has police powers.

Use Various Information Technology Related Issues

Response: Management concurs.

Comments: The Revenue Authority has password protected each of the notebook computers since August 2013. The issues outlined with the GE Topaz system have been corrected.

Use Multiple Databases to Track Offenses

Response: Management concurs.

Comments: Consolidation of Parking, Towing, Speed and Red-Light Programs will involve renegotiating existing contracts with vendors and possibly, new County legislation.

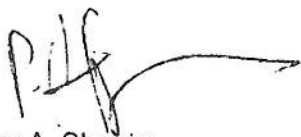
Multiple Customer Service Centers

Response: Management concurs.

Comments: Consolidation of Parking, Towing, Speed and Red-Light Programs will involve renegotiating contracts with vendors.

Again, we thank you for your time and effort. If you have additional questions or concerns, feel free to contact me, or Mark Graves, our Chief Financial Officer.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Shapiro', with a long horizontal flourish extending to the right.

Peter A. Shapiro
Executive Director
Revenue Authority of Prince George's County

Attachments

Cc: Major Robert Liberati, Police Department
Tonya James, Automated Speed Program Manager
Troy Thompson, Operations Division Manager

ASE CONTRACT COMPLIANCE CHECKLIST

* All Tasks listed below are outlined within RFP No. S11-064 and legally binding pursuant to Speed Enforcement Agreement 7/18/2011.

Enforceable Contractual Task	Date of Compliance Check	In Compliance	Not In Compliance	Penalty Incurred
Permitting and Licensing (State Roads)				
Installation/Removal of Equipment				
Equipment Maintenance				
Processing of Violations				
Notices and Correspondence				
Flagging of MD Registrations				
Reporting				
Collections				
Hearing Requirements				
Customer Service				

*Note these tasks will be reviewed on a monthly basis. The review will be but not limited to: Site review, telephone, email and samples.

AUTOMATED SPEED ENFORCEMENT CUSTOMER SERVICE CENTER AUDIT

Suprise Cash Count Worksheet

Auditor: _____

Audit Date/Time: _____

Cashier: _____

Count	Denomination	Total \$
Loose Coins:		
	\$0.01	=
	\$0.05	=
	\$0.10	=
	\$0.25	=
	\$0.50	=
	\$1.00	=

Currency:

	\$1.00	=
	\$2.00	=
	\$5.00	=
	\$10.00	=
	\$20.00	=
	\$50.00	=
	\$100.00	=

Total Currency & Coin in Drawer	
Total Amount of Checks	
Drop Number	1
	2
	3
	4
Total Drop Amount	

Total Cash, Drops & Checks

Less Original Bank	\$()
--------------------	-------

Total Amount in Cashier Drawer

Total Per Computer Read Out

Over/ (Short)

\$ %

Comments:

Prince George's County Office of Law

14741 Governor Oden Bowie Drive, Suite 5121
Upper Marlboro, Maryland 20772
Telephone: (301) 952-5585 Facsimile: (301) 952-3071
Collections and Enforcement Section

Date _____

VIA FIRST-CLASS MAIL

Customer Name _____

Customer Address _____

Re: _____

Dear _____:

Please be advised that the _____ has forwarded this matter to the Office of Law to bring legal action against you for the expense incurred as a result of your failure to pay _____ in the amount of \$ _____.

Unless payment in the amount of \$ _____ is received within fifteen (15) days of receipt of this letter, legal action will be commenced. Please make the check or money order payable to _____ and mail it to the undersigned. Please include the account number, noted above, on your check or money order so that this office may correctly process your remittance.

Please find enclosed a copy of the _____ Invoice for your review. The invoice reflects fees for _____.

Please direct all inquiries to _____ at _____ . Your prompt attention to this matter is greatly appreciated.

Sincerely,

Associate County Attorney



PRINCE GEORGE'S COUNTY GOVERNMENT
Office of Central Services

Rushern L. Baker, III
County Executive

Monica J. Johnson
Director

Floyd E. Holt
Deputy Director

Stephanie P. Anderson
Deputy Director

MEMORANDUM

TO: David H. Van Dyke, County Auditor
Office of Audits and Investigations

FROM: Monica J. Johnson Director
Office of Central Services

DATE: October 31, 2013

RE: Audit Report – Automated Speed Enforcement Program

The Office of Central Services (OCS) has reviewed the Performance Audit of the Police Department and Revenue Authority's Automated Speed Enforcement Program dated September 2013. Our agency's response is enclosed. If you have any questions or need additional information, please contact me at 301-883-6450.

Thank you for the opportunity to review and comment on the report.

Attachment(s)

cc: Thomas Himler, Deputy Chief Administrative Officer for Budget, Finance and Administration
Stephanie P. Anderson, Deputy Director, Office of Central Services
Peter A. Shapiro, Executive Director, Revenue Authority
Mark A. Magaw, Chief of Police, Police Department

"One Mission – One Team"

1400 McCormick Drive, Suite 336, Largo, MD 20774 Tel (301) 883-6450 Fax (301) 883-6464

Automated Speed Enforcement Program Audit

December 2013

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OFFICE OF CENTRAL SERVICES MANAGEMENT RESPONSE
Audit Report – Automated Speed Enforcement Program
September 2013

Audit Finding 2 Various Contract Issues/Compliance Enforcement

Office of Central Services Response: OCS concurs with the finding to establish a system to monitor the Program contract to ensure compliance with the contract.

Audit Recommendations:

2b. We recommend that Office of Central Services and/or the Revenue Authority establish a system to monitor the Program contract to ensure that the vendor is providing services as agreed upon and follow the due process in place to ensure compliance is followed.

Office of Central Services Response:

The contract dated July 18, 2011 required the designation of a Program Manager. OCS believes the Program Manager is responsible for the day to day administration of the Contract. OCS does not provide contract administration for agency contracts. Contract administration is the responsibility of the using agency. To assist the agencies with this task, OCS issued Procurement Directive No. 13-001 regarding Agency Contract Administrator Procedures. OCS will work with the Police Department to ensure understanding of the requirements of this procedure and to offer guidance on issues involving contractor performance. One of the useful tools that will assist with contract compliance is the Quarterly Vendor Report Card. This tool will help monitor vendor performance and encourage corrective action on a regular basis.

Audit Finding 2 Various Contract Issues/Audit Rights

Office of Central Services Response: OCS concurs with the finding to add an audit clause to the solicitation documents and contract documents.

Audit Recommendations:

2c. We recommend that Office of Central Services ensure that County contract instructions, administrative regulations, purchasing manual and other guidelines are updated if needed, to include language specifying the County's right to audit. In addition, Office of Central Services, as a good business practice, should ensure that future Agreement documents include a right to audit clause.

Office of Central Services Response: OCS has revised its contract documents to include an audit clause. However, OCS believes that the current contract provided the County with an unconditional right to audit the records of Optotrafic.

County Code: Section 10A-123 of the Prince George's County Code provides:
(a) "The County may inspect the plant or business of a contractor or any subcontractor under any contract awarded or to be awarded by the County." (b) "The County shall be entitled to audit the books and records of a contractor or any subcontractor under any contract or subcontract entered under this Subtitle. Such books and records shall be maintained by the contractor for a period of three (3) years from the date of final payment under the prime contract and by the subcontractor for period of three years from the date of final payment under the subcontract."

Contract dated July 18, 2011: What follows are the contract provisions OCS believes support contractor providing audit rights.

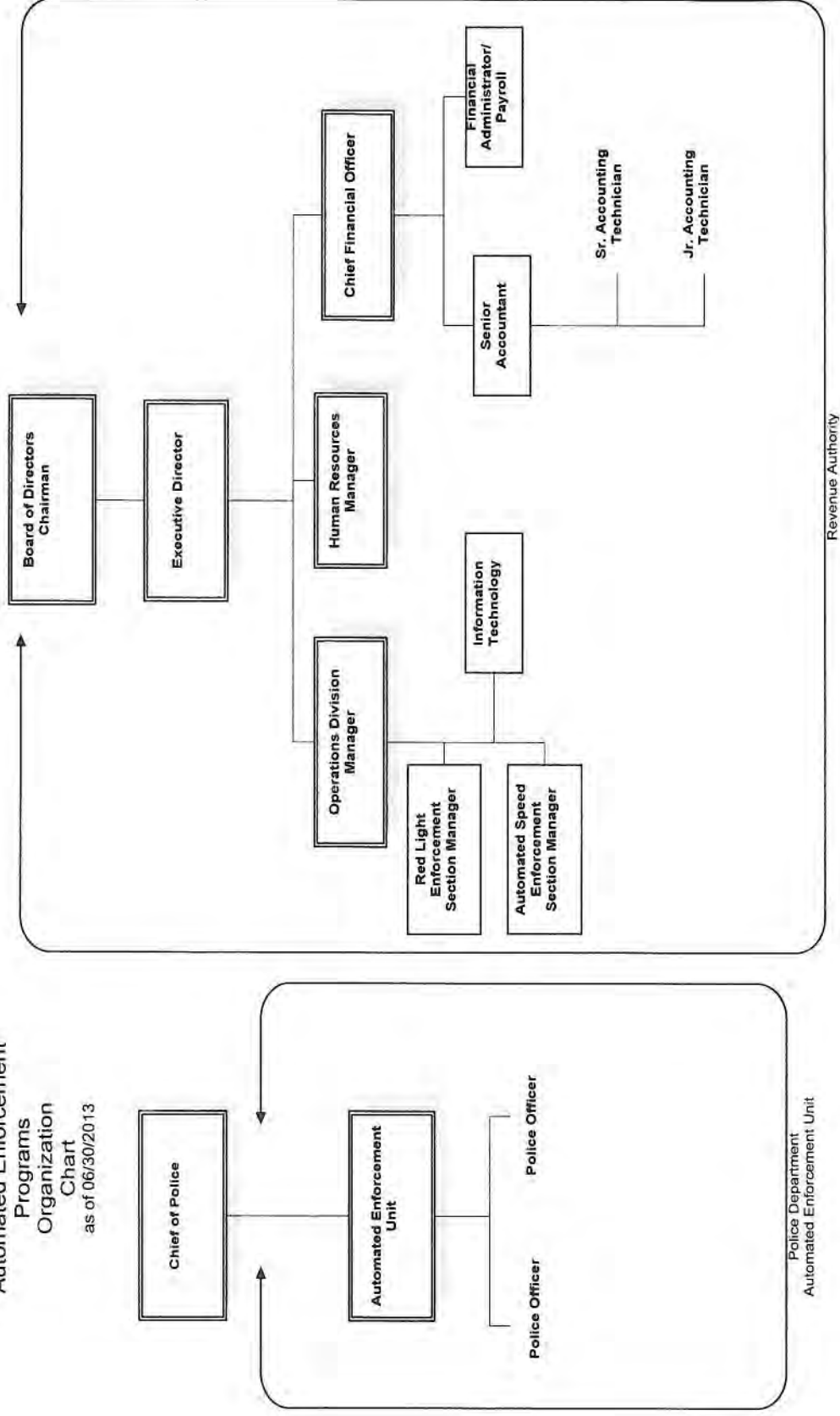
Clause 10 Governing Law: The Agreement is governed by and construed in accordance to the laws of Prince George's County and the State of Maryland.

Clause 14 Ownership of Data: All data related to the Automated Speed Enforcement Program is and shall remain the Property of Prince George's County. This includes but is not limited to images, motor vehicle records, personal information, and statistical data

Clause 22: The parties agree that they shall at any time and from time to time prior to or after the execution of this Agreement, execute and deliver any and all additional writings, instruments and other documents and shall take such further action as shall be reasonably required or requested by the other party to effectuate the transactions contemplated by this Agreement.

Appendix A – Program Organization Chart

Revenue Authority and
Police Department
Automated Enforcement
Programs
Organization
Chart
as of 06/30/2013



Prince George's County - Automated Speed Enforcement Process - Overview	
Optotrac, a division of Sigma Space Corp.	<pre> graph TD START([START]) --> Image[Image retrieved from cameras] Image --> F1R[First Level Review] F1R --> PVO{Possible violation occurred?} PVO -- No --> END1([END]) PVO -- Yes --> VOW[Vehicle owner information obtained from MVA] VOW --> VioView[(VioView Database)] VioView --> S[Schedule hearing and prepare Court dockets or process payments and issues VR119 to unflag tags] S -- A --> POL1[Police Officer represents County in Court] POL1 --> END2([END]) POL1 --> T[Tags flagged by MVA] T --> RH{Request Hearing?} RH -- No --> END3([END]) RH -- Yes --> MSLH{Maryland State tag holder?} MSLH -- No --> END4([END]) MSLH -- Yes --> T T --> PC{Pays citation?} PC -- No --> END5([END]) PC -- Yes --> ACM[Approved citation mailed on time?] ACM -- No --> END6([END]) ACM -- Yes --> DP[Disburses payments and performs bank reconciliations] DP --> SRF[Submit revenues to County Finance to record in Financial Statements] SRF --> END7([END]) </pre>
Automated Enforcement Unit - Police Department	<pre> graph TD POL2[Police Officer Reviews event] --> REJ1{Rejected?} REJ1 -- Yes --> END8([END]) REJ1 -- No --> SLR[Second Level Review] SLR --> REJ2{Rejected?} REJ2 -- Yes --> END9([END]) REJ2 -- No --> P[Processes customer service center payments/ issues VR119 to unflag tags] </pre>
Corporate Press	<pre> graph TD ACM[Approved citation mailed on time?] --> PC[Pays citation?] PC -- No --> END10([END]) PC -- Yes --> RH[Request Hearing?] RH -- No --> END11([END]) RH -- Yes --> MSLH[Maryland State tag holder?] MSLH -- No --> END12([END]) MSLH -- Yes --> T[Tags flagged by MVA] T --> PC </pre>
Citizen	<pre> graph TD T[Tags flagged by MVA] --> RH[Request Hearing?] RH -- No --> END13([END]) RH -- Yes --> MSLH[Maryland State tag holder?] MSLH -- No --> END14([END]) MSLH -- Yes --> T T --> PC[Pays citation?] </pre>
PNC Bank, M&T Bank and TeleRep	<pre> graph TD PC[Pays citation?] -- No --> END15([END]) PC -- Yes --> RH[Request Hearing?] RH -- No --> END16([END]) RH -- Yes --> MSLH[Maryland State tag holder?] MSLH -- No --> END17([END]) MSLH -- Yes --> T[Tags flagged by MVA] T --> PC </pre>
Revenue Authority - Finance	<pre> graph TD T[Tags flagged by MVA] --> RH[Request Hearing?] RH -- No --> END18([END]) RH -- Yes --> MSLH[Maryland State tag holder?] MSLH -- No --> END19([END]) MSLH -- Yes --> T T --> PC[Pays citation?] </pre>

