

**Red Light Cameras Follow-Up Audit
March 2013**

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Office of the City Auditor
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City Auditor

Report #13-05

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Executive Summary

Prior Audit Recommendation - Partially Implemented

The City Auditor's Office has completed a follow-up to the Red Light Cameras Audit released in September 2011. The audit was conducted in accordance with generally accepted government auditing standards, except for peer review. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit objective was to determine the implementation status of prior audit recommendations. The initial audit report included one recommendation for which management concurred. Follow-up audit results indicate that management has partially implemented the prior audit recommendation.

During the initial audit, the City Auditor's Office concluded that the red light camera vendor had not provided the City with a CPA report on existing controls and whether those controls were operating effectively. Furthermore, the APD had not performed a risk assessment of the vendor's red light camera operating system. Because the vendor's offices were located in Arizona, the City Auditor's Office did not perform a site visit to document and test the vendor's internal controls. The following potential risk areas were identified and included in the initial audit report.

Risk	Impact
All events captured by the red light cameras may not be transferred to the vendor's database and, therefore, not reviewed for potential violation	Valid events that do not result in a notice and thus affect revenue. Invalid events that are not rejected and thus affect the vendor's performance measures.
The vendor's initial review of an event could result in a false rejection which reduces the number of violations, as well as possible revenue	Events rejected by the vendor are not placed on the vendor's website for the APD to review. Rejected events are therefore not verified.
There is no sequential listing of violations that are issued on a daily basis	Difficulty identifying missing events
Mailing violations to vehicle owners with a different return address; thereby, possibly allowing payments to be sent to a personal mailbox (rather than to the City of Arlington)	Payment by the owner, but funds being received by an unauthorized person. The violation would remain on the user's outstanding list and not shown as paid.
Since the vendor has control over its own operating system, changes to documents could possibly be made without the consent or knowledge of the City.	Event status from rejected to accepted, mailing address change, etc.

Audit Scope and Methodology

The audit was conducted in accordance with generally accepted government auditing standards, except for peer review. The City Auditor's Office held discussions with Arlington Police Department staff in order to determine the implementation status of the prior audit recommendation.

Status of Prior Audit Recommendation

Recommendation:

The Chief of Police should ensure that a risk assessment is performed for the red light camera operating system. Management should then determine whether to perform steps to mitigate those identified risks or make a decision to accept the risks associated with the system.

Management's Response:

Concur. The Police Department will align with the City's current risk assessment strategies and partner with Internal Audit to ensure that risks are identified and addressed as deemed feasible.

Target Date: August 31, 2012

Responsibility: Debbie Wentworth, Information Resources Manager

Implementation Status:

Partially Implemented. Arlington Police Department (APD) management indicated that the red light camera vendor is currently conducting a controls audit in preparation for a future public offering. Although the controls audit report has not yet been released, APD indicated that they plan to review the report to ensure that risks identified in the initial audit are adequately addressed. Until such measures are taken, the APD is willing to accept the current risks associated with the program while also continuing to discuss controls with the vendor's executive team.

Additionally, APD management indicated that since the initial audit, the vendor has reduced the possibility of violation manipulation by separating review and mailing operations into two locations.