

**APPENDIX 1**

**Front Yard and Boulevard Parking  
Improvements Needed to Enhance Program  
Effectiveness**

**February 7, 2012**



**Auditor General's Office**

---

Jeffrey Griffiths, C.A., C.F.E.  
Auditor General  
City of Toronto

---

## TABLE OF CONTENTS

---

<b>EXECUTIVE SUMMARY</b> .....	1
<b>BACKGROUND</b> .....	3
<b>AUDIT OBJECTIVES, SCOPE AND METHODOLOGY</b> .....	4
<b>AUDIT RESULTS</b> .....	5
<b>A. OPERATIONS NEED CENTRALIZED OVERSIGHT</b> .....	5
A.1. Sharing Effective Operations Between Districts.....	5
A.2. Centralized Information Management System Not Used By All Districts .....	6
<b>B. MANAGEMENT AND CONTROL OF LICENCE PLATES AND RELATED FEES</b> .....	7
B.1. Outstanding Arrears Not Collected on a Timely Basis .....	7
B.2. Terminated and Written Off Accounts .....	8
B.3. Physical Control of Licence Plates.....	9
<b>C. ENFORCEMENT</b> .....	10
C.1. Permit Fees Go Unpaid for Several Years in Some Cases.....	10
C.2. Investigations of Parking Without a Permit and Coordinating With Toronto Police Service Parking Enforcement Staff .....	12
<b>D. BY-LAW CHANGES</b> .....	13
D.1. City By-law Needs Updating to Reflect Operational Changes .....	13
<b>CONCLUSION</b> .....	14

---

## EXECUTIVE SUMMARY

---

***Front yard and boulevard parking***

The Auditor General's Audit Work Plan included a review of enforcement and revenue collection for commercial and residential encroachments (use of City property). More specifically, we selected the front yard and boulevard parking program for review.

Toronto Municipal Code Chapter 918, Parking on Residential Front Yards and Boulevards, sets out the specific requirements for granting, monitoring and enforcing front yard parking.

***Management of the program is decentralized***

Front yard and boulevard parking operations are, for the most part, decentralized. The four district offices in Transportation Services are accountable for their own business operations and performance. There is no centralized monitoring and management of the program other than some limited monitoring of accounts receivable.

***Inconsistent practices***

There are a number of issues related to oversight of the program. For example, outstanding arrears are not followed up on a timely basis in certain districts, enforcement practices are inconsistent and, complaint data is not reliable.

***Account terminations/ write offs***

District offices are responsible for following up any outstanding annual parking fees from residential and commercial owners. Failure to take timely collection and enforcement action is resulting in lost revenue to the City. In 2009 and 2010, a total of \$447,000 in accounts receivable was reversed through account terminations.

It was not practical to conduct a detailed analysis of each and every account receivable however we estimate that \$327,000 may have been appropriate adjustments but that approximately \$120,000 was a write off of accounts representing lost revenue for the City. This equals roughly two and a half percent of annual front yard and boulevard parking revenues.

These write offs were not pursued for recovery action as required in the Financial Control by-law. In the past three years, we only noted one defaulted account being forwarded to Accounting and Finance Division for more rigorous collection action.

Despite the account terminations, there was still \$200,000 in outstanding arrears as at December 31, 2010. In some instances fees had not been paid for as long as eight years yet no enforcement action had been taken.

Enforcement activities could be improved through better coordination with the Parking Enforcement Unit of the Toronto Police Service.

### *Other issues*

Other issues identified in this audit include:

- Interest and penalties are not imposed on overdue payments. Had interest been applied as required by City policy, it would have amounted to \$81,000 on balances outstanding as at December 31, 2010.
- There is inadequate security and control over the inventory of parking plates.
- Although staff obtained information necessary to meet the intent of the by-law, registration documentation on file did not meet specific by-law requirements. The by-law should be changed to current practices.

### **Conclusion**

The implementation of the recommendations contained in this report will strengthen controls, improve accountability and help ensure licence fees are billed and collected.

---

## BACKGROUND

---

***Program operated  
by Transportation  
Services Division***

The City's front yard and boulevard parking program is operated by the Transportation Services Division (TSD). TSD has four district offices, Toronto and East York, North York, Etobicoke and, Scarborough. Each district office has a Right of Way Unit, responsible for front yard and boulevard parking permit services. The Scarborough district does not have front yard and boulevard parking permits.

***Right of Way Unit  
mandate***

The mandate of the Right of Way Unit is to ensure public safety, issue and administer permits and licences and, enforce City regulations pertaining to the use of city streets and right of ways. Residents and commercial property owners who want to park their vehicles in their front yard or on part of the City boulevard have to apply for a permit from TSD. Parking in these locations without a permit is subject to fines levied by the Parking Enforcement Unit of the Toronto Police Service.

***Residential front  
yard parking by-  
laws were  
harmonized in  
2007***

Prior to amalgamation most of the former municipalities had their own by-laws authorizing the issuance of permits for front yard or boulevard parking for both residents and businesses. These various by-laws remained in force on amalgamation in 1998 leading to a wide variety of criteria and specifications for front yard and boulevard parking across the new City of Toronto.

By-laws related to residential front yard parking were harmonized in April 2007. The development of one by-law for the whole City ensures consistency in front yard parking dimensions and requirements.

Harmonized by-laws for commercial boulevard parking were approved at the February 2012 meeting of Council.

***Extent of front  
yard and  
boulevard parking  
in the City***

As at December 31, 2010, there were just over 20,000 City approved permits for front yard, and commercial boulevard parking. The annual fee for each residential parking permit is \$226. Commercial front yard or boulevard parking permits cost between \$369 and \$487, depending on the area. The annual total for these fees was \$4.8 million in 2010.

An analysis of the permits issued, by District, is as follows:

<u>Front Yard Parking</u>	<b>Number of permits/spaces</b>
Toronto and East York	8,617
North York	2,967
Etobicoke and York	3,257
	<hr/>
	14,841
	<hr/>
<u>Commercial Boulevard Parking</u>	
Toronto and East York	3,064
North York	1,349
Etobicoke and York	1,238
	<hr/>
	5,651
	<hr/>
<b>Total</b>	<b>20,492</b>

---

## **AUDIT OBJECTIVES, SCOPE AND METHODOLOGY**

---

The Auditor General's Audit Work Plan included a review of compliance with City by-laws relating to encroachments. We selected front yard and boulevard parking as the focus of our review.

***Audit objective***

The objective of this review was to evaluate the adequacy of internal controls and to assess the extent of compliance with by-laws and policies for front yard and boulevard parking.

***Audit scope***

Our review covered policies and procedures established by Transportation Services Division for issuing parking permits and collection of revenues for the period from January 1, 2009 to December 31, 2010.

***Audit methodology***

Our audit methodology included the following:

- review of minutes of meetings of City Council and Committees
- review of documents, management reports, policies, procedures and related records
- interviews with TSD staff
- physical inspection of licence plate inventory
- evaluation of management controls and practices
- analysis of financial data using specialized audit software
- other procedures deemed appropriate.

***Compliance with generally accepted government auditing standards***

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence that provides 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.

---

## **AUDIT RESULTS**

---

### **A. OPERATIONS NEED CENTRALIZED OVERSIGHT**

#### **A.1. Sharing Effective Operations Between Districts**

***Decentralized operation - Toronto and East York district has most experience in managing parking operations***

The three City districts that issue front yard and boulevard parking permits each operate with their own staff. The Toronto and East York district has by far the largest number of parking permits in the City and therefore has more staff assigned to the function. It was evident from our review that this district was for the most part, better managing front yard and boulevard parking permit operations.

***No common performance measurement objectives between districts***

TSD does not have a centralized reporting unit and framework to coordinate, focus and monitor activities carried out by the districts in order to achieve the program objective. More centralized oversight would allow for comparison of performance between districts and the ability to identify and share effective operating procedures across the City.

Although there is room for operating improvements in all districts, an opportunity exists to share certain best practices of the Toronto and East York district with other districts. This sharing would improve the effectiveness of operations and help in the development of standard criteria and indicators to measure the performance of the separate operating units. Reporting performance results regularly to one manager would allow for comparison of performance between the districts to identify where improvements are necessary.

**Recommendation:**

- 1. City Council request the General Manager, Transportation Services to consider establishing an alternate model, such as centralized reporting and monitoring, for managing front yard and boulevard parking operations.**

**A.2. Centralized Management Information System Not Used By All Districts**

*Two different software systems needed to manage operations*

TSD's primary operating system is the Transportation Maintenance Management System. This system is used by several city divisions for various operational purposes including tracking complaints to the division from various sources, including 311. While the Transportation Maintenance Management System is a convenient system for tracking service calls and complaints, it was not designed to manage the detailed operations of front yard and boulevard parking so these needs are met by TSD's Road Allowance Control System (RACS).

*Etobicoke and North York districts do not enter detailed information on enforcement into the Road Allowance and Control System*

RACS is the designated location for recording front yard parking operational information, including enforcement activities.

Toronto and East York district staff track all complaints in both systems and the enforcement actions in the RACS. However, North York and Etobicoke staff only track these actions as they relate to complaints recorded in the Transportation Maintenance Management System. As a result, detailed information, such as number of parking tickets, investigations conducted and other actions taken, is not consistently recorded making it difficult to manage enforcement actions.



It is our understanding that entering the required data in the RACS is not an onerous task. All districts should be using the RACS to ensure reliable information is available for analysing and managing enforcement of front yard and boulevard parking.

**Recommendation:**

- 2. City Council request the General Manager, Transportation Services to ensure necessary information is recorded in a manner to allow for proper management and control of the front yard and boulevard parking operations.**

**B. MANAGEMENT AND CONTROL OF LICENCE PLATES AND RELATED FEES**

**B.1. Outstanding Arrears Not Collected on a Timely Basis**

*Fees totalling \$200,000 were unpaid as at December 31, 2010*

At the beginning of each year, TSD issues renewal and reminder notices to holders of front yard and boulevard parking permits. It is the responsibility of each district office to ensure that the outstanding permit fees are collected on a timely basis. As of December 31, 2010, there was \$200,000 in outstanding fees for front yard and boulevard parking permits. Annual revenues for front yard parking permits were approximately \$4.8 million in 2010.

In an analysis of outstanding fees, we noted approximately 100 accounts with permit fees outstanding for more than one year. In one case, the fees had not been paid for eight consecutive years. In all of these instances, we were advised that the parking location was still being used.

The City by-law governing front yard parking includes provisions for action to be taken when fees are not paid. Such action has not been taken in instances where fees have not been paid for up to eight years.

In addition to delays in collecting outstanding amounts, the division has not been charging interest on overdue amounts.

According to Corporate Accounts Receivable Collection Policies and Procedures, all outstanding receivables should be charged interest at a rate of 1.25% per month. Front yard and boulevard parking fees outstanding at December 31, 2010 included amounts dating back as far as 2002. The Division could have received an additional \$81,000 in revenue had interest been charged on these accounts.

## **B.2. Terminated and Written Off Accounts**

*\$120,000 in accounts were written off over two years*

From 2009 to 2010, TSD terminated 1,400 accounts, totalling \$447,000. Terminating an account results in reversing any outstanding balance and deleting the licence from the system. In reviewing the reasons for termination we found that some were necessary as the resident had moved and was no longer responsible for the permit. In others there was inadequate documentation in some districts to the extent that we could not determine if the termination was appropriate. It appears that some of the terminations should have been treated as account write offs.

It was not practical to conduct a detailed analysis of each and every account however we estimate that \$327,000 may have been appropriate adjustments but that approximately \$120,000 was a write off of accounts representing lost revenue for the City. This equals roughly two and a half percent of annual front yard and boulevard parking revenues.

*Account write offs not processed according to normal collection procedures*

Corporate procedures require that accounts to be written off be reviewed by the City Solicitor for action and, on her recommendation, sent to a collection agency. This was not done.

In effect, little collection effort was taken on these accounts. In addition, since neither the City Solicitor nor Accounting Services were advised of these write offs, the amounts written off have not been included in the Treasurer's annual accounts receivable write off report to Council.

### **B.3. Physical Control of Licence Plates**

When a permit for front yard or boulevard parking is approved, the applicant receives a physical licence plate that must be prominently displayed at the parking location. These plates are the evidence to residents, City staff, and members of the Parking Enforcement Unit, that the parking location has been approved by the City. The annual fee for a front yard parking permit is \$226. Since the licence plate is the physical proof that a permit has been granted, the City's inventory of unused plates should be appropriately safeguarded.

#### ***Plates and log book not secured in locked cabinet***

Each district office is responsible for issuing, recording and storing parking licence plates. Although plate information is recorded in a log book in each district, we noted deficiencies in control over the plates as follows:

1. Plates and log books are stored in unlocked cabinets in all 3 districts.
2. TSD does not have inventory control policies and procedures.
3. Physical counts of licence plates or reconciliations to log book records are not performed.
4. There is no tracking of transfer of physical plates between districts.

To summarize, controls over unused plates are weak.

#### ***Missing or unaccounted plates***

In addition, we noted numerous instances where the plate log books were incomplete. For example:

- There were 25 plates in Toronto log book that were shown as missing
- There were 6 plates in Toronto, 7 plates in North York and 12 plates in Etobicoke with no related client information.

The lack of information on these plates means that annual fees cannot be collected. Based on our findings above, representing only a sample of items, annual revenues in the range of \$10,000 may be lost. A more thorough reconciliation of plate inventory could identify additional problems. Staff should conduct a thorough analysis of the licence plate inventory to ensure all plates are accounted for and plate holders billed where appropriate.

## **Recommendations:**

- 3. City Council request the General Manager, Transportation Services, to actively enforce the provisions of the City by-law governing front yard and boulevard parking to ensure appropriate fees are paid on a timely basis.**
- 4. City Council request the General Manager, Transportation Services to ensure that overdue accounts are charged interest in the manner prescribed by the Corporate Accounts Receivable Collection policies and procedures.**
- 5. City Council request the General Manager, Transportation Services to ensure that accounts are only terminated or written off after following corporate procedures for the collection and write off of accounts receivable.**
- 6. City Council request the General Manager, Transportation Services to ensure that unused licence plates for front yard and boulevard parking are properly accounted for and controlled.**

## **C. ENFORCEMENT**

### **C.1. Permit Fees Go Unpaid for Several Years in Some Cases**

#### ***By-law sets out penalty for non-compliance***

Toronto Municipal Code Chapter 918 prohibits the parking of vehicles on front yards or boulevards without a valid permit. By-law contraventions may be subject to a fine of \$50 and up to \$5000 in extreme cases.

According to the by-law, where a permit has been issued but the corresponding fees not paid, the General Manager will provide the owner 30 days' written notice for payment of outstanding fees. Where payment is not made the General Manager may erect barricades or restore the boulevard or curb to its original condition at the owner's expense and recover the costs by adding amounts incurred to the property tax bill.

***Enforcement  
guidelines***

In implementing the by-law, some leniency is granted in enforcement as noted in the guidelines set out below:

<b>Enforcement action</b>	<b>Days before next Step</b>
Renewal notice	1 month
Final reminder notice	14 days
First warning notice	7 days
Final warning notice	7 days
First, second and third parking tag	Judgemental decision
Remove car / Install curb stone	Judgemental decision

Earlier in this report we noted that there was some \$200,000 in uncollected permit fees at December 31, 2010. We also noted that some of the accumulated balances have built up over several years. This led us to do some additional steps to determine what enforcement actions had been taken to stop the accumulation of unpaid fees.

In some specific examples reviewed, we noted that little or no enforcement action was taken in the following examples:

- Five years of unpaid fees for a total outstanding balance of \$1,510
- In two instances, fees had not been paid for more than 9 years with outstanding balances of \$1,200 and \$1,100
- In one instance, a \$3,600 outstanding balance for a commercial boulevard parking permit accumulated over five years.

In order to maintain the integrity of the program and ensure that fees are paid as they come due, the division must take timely action where permit holders do not pay their annual fees on a timely basis.

**Recommendation:**

- 7. City Council request the General Manager, Transportation Services, to update enforcement policies and procedures and implement effective controls to ensure that enforcement protocols are clearly established and consistently followed.**

## **C.2. Investigations of Parking Without a Permit and Coordinating With Toronto Police Service Parking Enforcement Staff**

Instances of non-compliance with front yard parking rules are generally brought to the City's attention through a complaint. TSD's by-law enforcement officers are responsible for following up non-compliance with the by-law.

Currently, TSD's by-law enforcement officers are only scheduled to work during normal business hours. We noted numerous instances where complaints regarding residents parking in a front yard without a permit were investigated, but no vehicle was parked when the location was visited. These investigations, involving as many as three trips to the location, generally took place during normal business hours. In some cases by-law officers are paid overtime to perform investigations after normal business hours but this usually means a few hours after the end of a normal shift.

The current process could be more effective. Greater success in investigations could be achieved by shifting the investigation to a time when residents are most likely to have their car at home. For most residents this would be overnight.

In certain cases, the Toronto Police Parking Enforcement Unit, (PEU) is asked to investigate front yard parking infractions. PEU has staff regularly scheduled on overnight shifts and provide an efficient alternative to scheduling by-law enforcement officers to overnight shifts. It may be more efficient to direct additional enforcement work, including proactive measures, to the PEU. With the bulk of the enforcement work redirected to PEU it would be possible to reallocate by-law enforcement officers currently dedicated to enforcing front yard and boulevard parking.

While referring more enforcement activity to the PEU appears advisable, we did note that there are some deficiencies in the communications between PEU and TSD. The PEU does not provide adequate information to TSD on tickets issued in the enforcement process. Although the Toronto and East York district office manages to follow up with PEU on a case by case basis, this takes time and is not as efficient as a regular reporting process. Without knowing the results of enforcement measures taken, by-law enforcement officers cannot effectively escalate enforcement action to the next level.

**Recommendation:**

- 8. City Council request the General Manager, Transportation Services, in consultation with the Chief of Police:**
- a. to consider the benefits and feasibility of transferring appropriate aspects of the front yard and boulevard parking enforcement function to the Parking Enforcement Unit of the Toronto Police Service; and**
  - b. to implement communication protocols to ensure enforcement actions taken by the Parking Enforcement Unit are recorded in Transportation Services Divisions database on a timely basis.**

**D. BY-LAW CHANGES**

**D.1. City By-law Needs Updating to Reflect Operational Changes**

***Insufficient documentation for registration***

Toronto Municipal Code Chapter 918 stipulates the documentation an applicant must submit to be considered for a front yard or boulevard parking permit. Required documents include an application form, landscape proposal, motor vehicle registration, public poll, signed agreement, property deed and land survey.

***New information sources have changed the need for previously required documentation***

TSD has been accepting applications that include either a property deed or land survey as opposed to both documents. Technically this approach does not comply with the by-law. Staff explained that this is an accommodation to applicants since supplying both documents can be onerous and staff can readily use either of two City web based applications (IVIEW and Toronto Mono Viewer) to confirm the required information.

These web based applications were not available at the time the by-law was written. Given that staff are confident that current procedures provide them the assurances they need, the by-law should be amended to reflect current practice.

**Recommendation:**

- 9. City Council request the General Manager, Transportation Services, to identify and recommend to Council appropriate amendments to front yard parking documentation requirements in the next revision to Chapter 918 of the Toronto Municipal Code.**

---

## **CONCLUSION**

---

The management and control of front yard and boulevard parking operations require improvement. Arrears of outstanding permit fees are resulting in material write offs and enforcement activities should be improved.

Providing some centralized oversight of district operations, combined with better coordination of enforcement activities with the Toronto Police Parking Enforcement Unit will likely result in improved collection of fees due to the City.