

OFFICE OF THE CITY CONTROLLER



**MUNICIPAL COURTS DEPARTMENT
PERFORMANCE REVIEW
FOLLOW-UP**

Sylvia R. Garcia, City Controller

Judy Gray Johnson, Chief Deputy City Controller

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OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

August 10, 2001

The Honorable Lee P. Brown, Mayor
City of Houston, Texas

SUBJECT: Municipal Courts Department
Performance Review Follow-Up (Report No. 00-37)

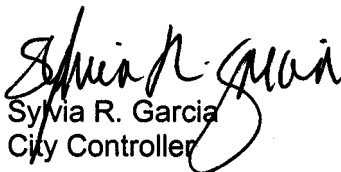
Dear Mayor Brown:

The City Controller's Office Audit Division has completed a Performance Review Follow-Up on the Municipal Courts Performance Review Report (report) that was issued in September 1997. The findings and recommendations that were presented at the time the report was distributed to the Mayor and City Council Members included both administration and judicial areas of the department. Subsequent to the distribution of the report, Ordinance No. 2000-325 was passed and adopted by City Council on April 26, 2000 to create the Municipal Courts Administration Department and the Municipal Courts Judicial Department.

Our review was designed to determine the progress the departments have made towards implementation of the recommendations made in the original report. The review consisted primarily of conducting on-site interviews with department personnel and reviewing relevant documentation related to recommendations implemented. The auditors concluded that the Municipal Courts Administration and Judicial Departments have made progress in the implementation of recommendations identified in the report or implemented alternative procedures in certain instances.

We appreciate the cooperation extended to our auditors by Department personnel during the course of their work.

Respectfully submitted,


Sylvia R. Garcia
City Controller

xc: City Council Members
Albert Haines, Chief Administrative Officer
Gerard Tollett, Chief of Staff, Mayor's Office
Ron Mangus, Director & Chief Clerk, Municipal Courts Administration Department
Berta Mejia, Director & Presiding Judge, Municipal Courts Judicial Department
Philip Scheps, Director, Finance and Administration Department

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SCOPE AND PURPOSE

We have completed a follow-up review of the findings and recommendations that were presented in the Municipal Courts Performance Review Report No. 97-134 (report) dated September 15, 1997. Our review was designed to determine the progress the department has made towards implementation of the recommendations made to the department in the original report.

The findings and recommendations that were identified at the time the report was distributed to the Mayor and City Council Members included both administration and judicial areas of the department. Subsequent to the distribution of the report, Ordinance No. 2000-325 was passed and adopted by City Council on April 26, 2000 to create the Municipal Courts Administration Department and the Municipal Courts Judicial Department.

The review consisted principally of conducting on-site interviews with department personnel; reviewing relevant documentation related to recommendations implemented; and creating a compliance matrix categorizing the status of action taken by management. The scope was limited to the recommendations from the report and the accompanying responses prepared by Municipal Courts management. The review included examining the responses in detail to determine whether management considered the recommendations and strategies for implementation as presented and whether progress was made since issuance of the report.

CONCLUSION

Based on the results of our review, we conclude the Municipal Courts Administration and Judicial Departments have made progress in implementation of the recommendations detailed in the report or has implemented alternative procedures in certain instances. Management provided explanations for recommendations not implemented.

Carolyn Y. Armstead
Auditor-in-charge

Rudy Garcia
Audit Manager

Steve Schoonover
City Auditor

EXHIBIT 1

**MUNICIPAL COURTS DEPARTMENT
FOLLOW-UP OF THE MUNICIPAL COURTS
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| MGT - AUDIT FINDING | RECOMMENDATION | ACTION STATUS | WORK PERFORMED | MUNICIPAL COURTS RESPONSES | |
|--|----------------|--|-------------------------|--|--|
| MUNICIPAL COURTS ORGANIZATION AND MANAGEMENT | | | | | |
| Although the Municipal Courts is commended for its recent steps to reorganize its operation in a more efficient manner, there are still some functions assigned to divisions that are not tied to the dept.'s core responsibilities. | 2-1 | Continue the court's reorganization effort by further aligning like functions within departments' responsible for similar areas and functions by consolidating operations under four divisions. | Alternative Implemented | The restructuring of Municipal Courts Admin. Department was not done precisely as recommended in the report. Examined December 1999 organizational chart. | The Department has been re-organized into five divisions, each headed by an Assistant Chief Clerk, Administrative Services, Public Services, Document Management, Parking Management, and Systems/Cash Management. This aligns like functioning areas into a reporting structure that is more efficient in the operation of the courts. |
| Same as above | 2-2 | Restructure the Office of Director and Chief Clerk to include three new functions while removing the Financial Services Division. | Alternative Implemented | Although the Chief of Staff position was not created as recommended and General Counsel is not a direct report of the Director/Chief Clerk, alternatively, the Legal Services section and an Internal Auditor position were created. Examined the organizational chart of December 1999. | The Financial Services Section has been incorporated into the Administrative Services Division. The Department hired an attorney who serves as the manager of the Legal Services section. In March of 1999 the Department hired a Certified Public Accountant who serves as the Department's Internal Auditor. |
| Same as above | 2-3 | Rename the Office of Ancillary Services the Office of Administrative Support and group all support functions for the Office of the Director and Chief Clerk in the new Office of Administrative support. | Alternative Implemented | The restructuring of Municipal Courts Admin Department was not done precisely as recommended in the Performance Review Report dated September 1997. However, the department was alternatively reorganized. Examined organizational chart as of December 1999. | The Department has been re-organized into five divisions, each headed by an Assistant Chief Clerk, Administrative Services, Public Services, Document Management, Parking Management, and Systems/Cash Management. In my opinion, this aligns like functioning areas into a reporting structure that is more efficient in the operation of the courts. |

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| ADMINISTRATIVE AND PUBLIC SERVICES | | | | |
| <p>The Municipal Courts Department has a mainframe system with dumb terminals used throughout the courts for most functions. They have less than 100 personal computers, over half of which have 386 or 286 processors. These personal computers are loaded with various types of software programs, which are not standardized. Also, Systems Support has no software or hardware standards, no backup procedures, no disaster plan, and no technology plan.</p> | <p>3-1 Form a Technology Planning Committee and assign the Chief of Staff to be the facilitator of the committee and to coordinate with the technology consultant.</p> | <p>Alternative Implemented</p> | <p>Through discussions with the Director/Chief Clerk, we noted the Technology Steering Committee Task Force operating as a sub-committee of the Technology Steering Committee, has been formed to address the technology issues related to Municipal Courts. The Director/Chief and Presiding Judge are members of that committee. Examined the Management Briefing of Municipal Courts Strategic Information Plan as presented by the consulting group of Derek Consulting Group.</p> | <p>The Technology Planning Committee was identified in the Strategic Information Plan (S.I.P.) developed by Derek Consulting. From October 1998 to January 1, 2000, the Department's IT resources were devoted exclusively to Y2K remediation efforts. Since the successful calendar rollover, a working committee was formed consisting of staff from Municipal Courts Judicial, Administration, F&A and Police to pursue initial Municipal Courts technology initiatives. The first major hurdle was Council's approval of the technology fee that will provide the necessary funding for the development of the courts new computer system. Obtaining acceptance and approval of the technology fee ordinance on April 26, 2000 was a long and arduous task described in the Briefing and Presentation documents. The next phase, currently underway, consists of an analysis by Saga Software to determine what improvements can be made to the existing system to enhance user capabilities, provide web enablement, and extend the life of the MCS mainframe while we undergo the long term process to replace the current system.</p> |

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| Systems Support does not keep track of the reports that are automatically generated from the system. They keep no information on how many reports are generated for each division, the purpose of the reports, the frequency with which they are run, their size, or who designed them. | 3-2 Add a component to determine the need for Year 2000 changes to the Municipal Courts Systems Reports form and complete the record of reports generated by the system within two months. | Implemented | Through discussions with Finance & Administration Department (F&A) IS Systems Development Administrator, we noted the Total Report Management System (TRMS) contains a list of available reports. | All Y2K systems requirements have been successfully completed. We received a number "1" rating and a "green light" from the outside auditor illustrating that the Municipal Courts is Y2K compliant. With the January 1 calendar rollover, we experienced no Y2K problems. |
| No inventory of PCs and their owners is currently available. Also, there are no procedures or schedules for backing up the PCs. | 3-3 Complete the inventory of personal computers in the Municipal Courts and develop backup procedures for these personal computers. | Partially Implemented | Through discussions with Assistant Director of Systems we noted a complete inventory listing of Personal Computers (PC's) is maintained, however, backup procedures have not been written. Examined the inventory listing and judgmentally selected 10 PC's from the list and verified the existence and location. | Inventory of personal computers is complete, and back-up procedures for I.V.R. and Autocite are in place. Mainframe system backup nightly by F&A, IMS personnel. |
| There is no formal process to suggest improvements or changes to Municipal Courts computer systems. No documentation of the request is required. Also, no written information about the request is collected by Systems support staff before beginning changes. | 3-4 Develop a Programming Request Form to be used to collect information on programming changes. | Implemented | Examined the Request For IS Services form, which is an automated form in the Request For Services System (RFS). | A Request for Services form has been developed and implemented, and is maintained by F&A personnel. |

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| Performance evaluations of Systems Support employees have not been done in several years. Performance standards and performance plans have not been created for Systems Support employees. | 3-5 Develop performance standards for each position and performance plans for each employee and initiate and continue giving annual employee performance evaluations. | No Longer Applicable | Although programming staff was transferred to F&A, we noted through discussions with F&A Information Systems Development Administrator, performance standards and plans have been prepared. Performance evaluations have not been conducted since the programmers were only transferred in October 1999. | Programming staff has been transferred to F&A and standards and performance plans have been completed. |
| Of the 38 projects on the Systems support Project List in April 1997, only nine had been assigned to programmers and given a target date for completion. | 3-6 Assign targeted completion dates to all projects on the Systems Support Project List and assigns a programmer to at least 90 percent of the projects. | Partially Implemented | Examined the All Requests For Service report and only 70 percent of the projects are being assigned. All of the unassigned service requests were priority 2 (medium priority) and priority 3 (low priority) requests. Requests and targeted completion dates are still not included. | F&A's IT management staff indicate that a programmer has been assigned to each pending project listed in the Request for Services (RFS) file. Targeted completion dates have been designated for all current projects on the Systems Support Project List. |
| Unless specifically requested to do so, Systems Support staff does not keep track of how long it takes to complete a programming project. | 3-7 Track the number of hours spent on programming projects done by Systems Support. | Implemented | Examined All Requests For Service report, the number of hours are indicated for each project. | The system developed to track the number of hours spent on programming projects has been implemented. |
| Only one person has been assigned to work on the Year 2000 Project. It is clear that Systems Support is currently understaffed for its workload. | 3-8 Make the addition of a programmer to fill the vacant position a top priority. | Implemented | Examined Information Systems organization chart for Municipal Courts section. | Position filled and transferred to F&A. |

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| Systems Support currently follows the City of Houston Finance and Administration Procedures and Policy manual. Systems Support has no documentation of procedures and policies of its own. | 3-9 | Develop a procedure manual for Systems Support documenting the processes and procedures performed in the division. | No Longer Applicable | Systems Support was transferred to F&A in October 1999. | A meeting was held with the F&A Director and Technology Steering Committee and it was decided that the division be transferred to F&A, who will be developing processes and procedures. |
| The above recommendations require the development of several new procedures and performance standards and plans for annual performance evaluations. However, they will require additional effort on the part of the manger of the section. The manager will need guidance in the implementation of these tasks. | 3-10 | The manager of Systems Support should report to the Chief of Staff regarding the implementation of these recommendations. | No Longer Applicable | Systems Support was transferred to F&A in October 1999. | This position and responsibility was transferred with the programming division to F&A. |

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| Although the public service counter reps. perform the processing steps for jail bonding and paying fines, they do not take the fines or cash bonds. | 3-11 Make the public service windows at the Municipal Courts complete service windows by cross-training the public service counter clerks and cashiers in both processing and payments functions. | Not Implemented | Through discussions with Assistant Director of Public Services the following are concerns that resulted in the recommendation not being implemented: <ul style="list-style-type: none"> • Processing forms and receiving payment by the same person does not provide adequate control. • Allowing all clerks to receive payments would result in more employees handling money. • There is no security at public service windows. There are no cameras or doors to prevent unauthorized persons from getting behind the cashiers. | We disagree. This has not been pursued, as it does not allow for a clear separation of duties and a good audit trail. |
| Customers waiting to bond someone out of jail become frustrated at the lack of adequate waiting areas and the long waiting times. Frequent disturbances occur as a result. | 3-12 Send people who are waiting to bond prisoners to the bonding room in the Houston Police Department. | Not Implemented | Auditors concur with Municipal Courts response. | We disagree. This suggestion is not feasible due to lack of available space at H.P.D. |
| Currently, the lockbox is not prominently displayed and is not labeled by any signage. Consequently, customers do not often use the lockbox to drop off payments. | 3-13 Purchase and hang signage to clearly indicate the uses of the payment box in the Municipal Court lobby. | Not Implemented | Auditors concur with Municipal Courts response. | Use of the payment box proved unsatisfactory and has been discontinued. Improved service at the Customer Service and Cashiers' windows have made use of the payment box unnecessary by reducing congestion virtually eliminating long waiting periods. |

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| Public Service counter traffic has never been evaluated to determine peak hours for traffic. | 3-14 Create an automated report to track peak customer traffic hours. | Alternative Implemented | Examined the Public Service Counter Monthly Activity Report which reflects activities by type completed by each employee during a given month. Although this report does not identify the hours in which the activities occurred, employees report to work at different times to ensure that counters are staffed during peak hours. | Completed through the use of hourly transmittal reports. |
| Rather than a management data report, the present format of the monthly report is mainly financial. It is not activity-oriented and does not help in evaluating the quality of service provided by Public Service representatives. | 3-15 Evaluate the monthly Public Service Counter report to determine the usefulness of the inf. presented. Determine the data necessary for both financial and management data collection and revise the report to reflect revised data collection needs. | Implemented | Per discussion with Assistant Director of Public Services, the revised report tracks the types of transactions processed at public service counters, including transactions at satellite courts. | A revised data collection report for the Public Services Counter has been developed and implemented. |
| Evaluation performance plans and employee performance evaluations have not been completed regularly on employees in Public Service in past years. | 3-16 Develop performance plans for each employee and initiate annual performance evaluations. | Implemented | Judgmentally selected and examined <u>15</u> employee files. Perf. plans and evaluations have been developed. | Development of employee plans and evaluations is up-to-date and on going. |
| Several divisions of the court were reorganized in March 1997 and have been in flux for several months. | 3-17 The managers of Public Service should get together with the Public Service Section Chief and supervisors at least monthly in a formal staff meeting. | Implemented | Through discussions with the Assistant Director of Public Services the meetings do not occur on a regular schedule but more often than monthly, often times on a daily basis. | This has been implemented. |

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| <p>The Interactive Voice Response (IVR) section is the "voice" of the Municipal Courts to thousands of people who call to find out their court dates, fine amounts, or other information. No system is presently used to monitor IVR calls.</p> | <p>3-18</p> | <p>Include a monitoring component as part of the new Interactive Voice Response (IVR) system.</p> | <p>Implemented</p> | <p>Observed online monitoring system. The system lists the operators receiving calls and any that are holding.</p> | <p>A monitoring component is included in our new IVR system to determine number of persons holding, number of hang-ups, length of waiting time, number of daily calls received, etc.</p> |
| <p>The employees of the IVR section are currently taking credit card payments over the phone, but they are unable to verify if the amounts charged will be validated by the credit cards companies.</p> | <p>3-19</p> | <p>Include an automated credit card acceptance and validation component as part of the IVR system.</p> | <p>Not Implemented</p> | <p>Recommendation no longer applicable.</p> | <p>While we agree that this finding would provide customer service convenience for citizens, there still remains a statutory Plea Waiver requirement that may not be satisfied through the use of an automated credit card acceptance component of the IVR telephone system. With the implementation of the on-line Ticket Payment Project (KPMG's target date for implementation is June 1, 2001) there are appropriate measures incorporated into the validation and verification process to affirmatively address this mandated requirement. Also, proposed legislation currently under consideration removes this requirement for the online payment of most Class C misdemeanors punishable by fine only.</p> |

City of Houston
Office of the City Controller
Audit Division

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| The Interactive Voice Response (IVR) section is currently being supervised by the Public Services Section Chief who is also over the Public Service Counter because the supervisory position over the IVR section was unfilled and had not been posted at the time of the review. | 3-20 | Post and fill the supervisory position in the Interactive Voice Response section. | Implemented | Met the supervisor of the Public Service Phones and the IVR section and was given a tour of the phone center. | The supervisory position has been filled. |
| The payment of fines and handling of other court business at the Municipal Court downtown location is not convenient for many customers. | 3-21 | Add locations around the City of Houston to take payments for the Municipal Courts. | Implemented | Through discussions with Director/Presiding Judge, annex courts have been established at satellite locations. Examined notices and map locations. | Satellite and annex courts have been established in five outlying areas: Kingwood, Clear Lake, Acres Homes, Westside, and Southeast. |

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| <p>In interviews with bonding companies in Houston, it was found that telephone access to the courts is limited. Representatives from bonding companies said they had a difficult time getting through on the phone lines in order to find out information about clients they were going to bond out of jail.</p> | 3-22 | <p>Provide a link to information on the Municipal Courts web page on defendants in the system who may be bonded out of jail.</p> | <p>Alternative to be Implemented</p> | <p>Auditors concur with Municipal Courts' response.</p> | <p>We agree that this recommendation will provide an added customer service convenience for attorneys and bonding companies doing business with the courts. The City's current E-Government initiatives include the development of an Internet On-line Ticket Payment component for the convenient resolution of both pending and delinquent citations. The planned citation screens and data fields include individual case information relative to fine amounts, court dates, etc. This information will be easily accessible by citizens, attorneys and/or bonding companies who provide the appropriate case or defendant information. (KPMG's target date for implementation of this effort is June 1, 2001). This E-Government component will provide 24-hour / 7 day access to pertinent information relative to citizens' cases on file with the Municipal Courts.</p> |
| <p>Several divisions located in departments of the Municipal Courts Department have no relation to the other divisions in that department.</p> | 3-23 | <p>Combine the sections which have customer service functions from Post-Court Operations and Administrative and Public Services to a new Customer Service Division</p> | <p>Alternative Implemented</p> | <p>With the recent reorganization, the Court Services, Public Service Counter, and Community Service Sections now fall under the Public Service Division.</p> | <p>Combination of these sections does not provide for an adequate audit trail, however, areas with direct public contact have been combined into one division where feasible.</p> |

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| The Public Service area is divided into 1st and 2 nd shifts. Each shift has a manager and supervisors of its own. In addition, there is a public service section chief who is over the supervisors. All these layers of supervision are unnecessary and contribute to communication problems addressed in Recommendation 3-16. | 3-24 | Eliminate one managerial position in Public Service. | Implemented | Examined organizational chart. | We concur and this is complete. |
| The Administrative and Public Services Division primarily serves the public directly in timely progress towards disposition of cases. However, Administrative and Public Services also includes Systems Support, which does not deal with the public in the disposition of cases. | 3-25 | Move the Systems Support section to the newly formed Administrative Services Division. | No Longer Applicable | Programmers were transferred to F&A in October 1999. | Programmers have been transferred to F&A and this is no longer applicable. This transfer was approved by the Technology Steering Committee and the Director of Finance and Administration. |
| Although the public service clerks are located under the Customer Service Division, Revenue Management will continue in its functional management role. Remaining Revenue Management employees will continue to track funds collected. It will continue as a financial operation, which does not deal with the public directly and should not remain under the customer service umbrella. | 3-26 | Move the Revenue Management section (not including cashiers) to the new Financial Services Division. | Not implemented | Management used own judgement. | This has not been done as the current staff is used to reconcile and deposit cash on a daily basis. We have hired an internal auditor to perform the necessary duties of the recommended staff. We do not agree with this recommendation. |

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| COURT OPERATIONS | | | | | |
| <p>The existing data entry process is very tedious and time consuming for Data Entry section staff. Staff consistently has an average monthly backlog of 25,350 tickets, which have not been processed through the system.</p> | <p>4-1</p> | <p>Outsource data entry functions for the Court Operations Division Data Entry Section to eliminate the backlog.</p> | <p>Not Implemented</p> | <p>Issue resolved. Examined 3 months of the Data Entry Production Report.</p> | <p>There is no backlog in the Data Entry section and, thus, no reason to outsource the function. The backlog was eliminated with existing staff.</p> |
| <p>Houston police officers and other City employees who issue tickets and citations have the authority to assign an arraignment date, appearance time, and courtroom number to each ticket as soon as it is written and issued to a citizen. Each officer is assigned one day a week for court duty by the Police Department, and court appearance dates on each ticket are written to meet the police officer's schedule. As a result, Municipal Court staff often have little or no control over the number of cases which will appear on each court docket.</p> | <p>4-2</p> | <p>Print on each ticket or citation that if the penalty amount is not paid within 20 days, the person receiving the ticket or citation must stop by a public service counter to set the case for trial by judge or jury.</p> | <p>Not Implemented</p> | <p>Auditors concur with Municipal Courts' response</p> | <p>We disagree. Houston Police Officers and other City employees who issue tickets and citations do not have the authority to assign an arraignment date, appearance time, and courtroom number to each ticket/citation. The Presiding Judge's Office provides them with a specific arraignment date, appearance time, and courtroom number with which to write on the ticket. What we have no control over is the number of tickets per docket for arraignment settings only. This is not the case for trial courts, which have docket caps.</p> <p>Additionally, on March 30, 2001 results of the Deloitte and Touche audit were released. They completed a Municipal Courts Process, Technology, and Organization Strategy Plan wherein it was recommended that the Municipal Courts maintain the current arraignment system which is essentially a "modified pay or set" system. We agree with this conclusion.</p> |

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| MGT - AUDIT FINDING | 4-3 | RECOMMENDATION | ACTION STATUS | WORK PERFORMED | MUNICIPAL COURTS RESPONSES |
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| <p>The Pending Files section uses a very cumbersome filing system. Files are often stored in open paper containers by court date without any effective security.</p> | | <p>Implement a new system to effectively manage paper document flow in the Pending Files section.</p> | <p>Not Implemented</p> | <p>Auditors concur with Municipal Courts' response.</p> | <p>We agree that a new automated document workflow process would increase the efficiency of the Pre-Court Services sections. However, we disagree with MGT of America's (MGT) apparent recommendation to replace a manual system with another manual process. An automated/imaging base solution will vastly improve the case-flow management operations. A contract project consultant is currently developing final systems requirements for an automated work and case flow document management system. This will function as a component of the overall new courts system and will replace the labor-intensive manual processes currently in place. Management concluded that available funding resources would be better spent to pursue an automated solution rather than merely upgrading within an antiquated manual environment.</p> |
| <p>The Pending Files section reports a significant level of employee turnover and ongoing problems of retraining well-qualified and motivated staff. The cramped working area and repetitive and tedious nature of the tasks they perform are the major causes of the high staff turnover.</p> | <p>4-4</p> | <p>Implement a program of staff rotation throughout the Court Operations Div. that would allow employees to spend several days a month in other sections of the div. performing varied tasks and providing cross-training opportunities.</p> | <p>Not Implemented</p> | <p>Auditors concur with Municipal Courts' response.</p> | <p>We have implemented a new tiered-pay approach in the Pending Files Section for Senior Clerk staff to provide a pay differential for experienced clerks. Also, routine meetings with clerical staff have addressed other issues relating to clerical staff's work areas, assignment and staffing.</p> |

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| Employees voiced concern to review team members over the low level of satisfaction with the working conditions in the Court Operations Division. Staff want to have more positive, constructive feedback on their job performance and recognition of efforts for jobs well done. | 4-5 Hold regular monthly staff meetings, at a minimum, with all supervisors, employees and a representative from the Director/Chief Clerk's office. | Alternative Implemented | Examined memo from Director/Chief Clerk to Municipal Court employees indicating an open door policy and providing a forum for discussing employee concerns. | This has been re-implemented on a bi-weekly basis, wherein the Director and Assistant Directors set aside a designated time to allow employees to voice concerns, interact, and contribute ideas. |
| While some general types of standards exist in several sections of the department, the Court Operations Division does not uniformly use performance standards to clearly define acceptable levels of employee job performance and achievement, or use these standards to evaluate individual employees on a regular basis. | 4-6 Create clearly defined measures of acceptable job performance and achievement for all job positions and classifications in the division. | Implemented | Since last Performance Review Report, as recommended, measures of job performance have been defined. Judgmentally selected and examined 7 employee files. Performance standards and evaluations have been developed. | We concur with this finding. The Assistant Directors have assured that this is ongoing. |
| Maintaining accurate records of daily work activities is not considered a high priority of Court Operations Division staff. Pending Files section staff have no accurate monthly records of work production available prior to January 1997. | 4-7 Maintain accurate records of daily, weekly, and monthly work production and regularly prepare a report (i.e., monthly) of work activities for distribution to other sections and appropriate individuals on request. | Implemented | Examined monthly activity reports provided by Assistant Director of Document Management. | We concur with this finding. We are working in an on-going effort to comply within each area, section, and division. |

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| The existing organizational structure of the Court Operations Div. is cumbersome and does not facilitate smooth communication among staff or the useful flow of documents and case file materials throughout the system | 4-8 Reorganize the Court Operations Division to reflect requirements for a more manageable case file system using the latest modern technology and rapid communication among staff members. | Not Implemented | Discussed with Assistant Director of Public Services and technology upgrades have been included in the budget but not approved. Management will continue to pursue funding. | We partially agree. The reorganization of the Court Operations Division will add no improved functionality in the manual paper process. However, the planned implementation of data imaging and scanning, which is a component of the ongoing new systems development, will address the issues identified in MGT's report. |
| POST-COURT OPERATIONS | | | | |
| During the on-site review, MGT performed a customer service survey. MGT surveyors found that the cashiers at the downstairs windows had few customers and spent much of their time waiting for customers to arrive. | 5-1 Eliminate the cashier positions, which service the downstairs windows and train the Driving Safety Course (DSC) clerks to take DSC payments. | Alternative Implemented | Discussed with Assistant Director and auditors concur with Municipal Courts' response. | We disagree with this finding, however, we have modified our process that allows citizens to apply for DSC and pay from 7am – 8pm. The downstairs cashier windows serve not only Courtrooms, Bond Administration, but walk-in citizens as well. |
| People performing similar duties in Community Service are being paid on different pay scales. | 5-2 Create job descriptions and determine appropriate salaries for staff in Community Service to reflect functions of that position. | Implemented | Assistant Director of Public Services stated, Human Resources conducted a job audit and salaries were adjusted. | We agree with this finding and have complied by upgrading and reclassifying the entire staff as a part of the Enhanced Community Service project. |
| Community Service and Appellate units have no full-time supervisor to perform supervisory functions such as completion of reports, evaluation of job performance, or training and procedures development. | 5-3 A supervisory position should be created to cover the Community Service and Appellate sections. | Alternative Implemented | Managers, rather than supervisors (as recommended) oversee operations of the Community Services and Appellate Sections. | Recent reorganization of the department has established a higher level of management of these areas with an operational manager directly over Community Service and manager (attorney) directly overseeing the Appellate Section. |

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| The Juvenile unit of Alternative Disposition receives an average of 1,855 new cases a month. Only one person is assigned to the Juvenile section, and this person performs all duties related to juvenile cases including docket preparation. | 5-4 Cross-train staff in Alternative Disposition to perform Juvenile unit duties. | Implemented | Through discussions with Human Resources Supervisor, Customer Service Rep. III now supervises two Senior Service Clerks in the duties related to juvenile cases. | Additional staff has been cross-trained to perform Juvenile Section responsibilities and no backlog exists. |
| There is a backlog of cases to be filed in Juvenile because there is too much for one person to do. No identification systems are used to speed up the filing and case pulling processes or to prevent misfiling. | 5-5 Purchase a color-coded filing system to file juvenile cases in color-coded case files. | Not Implemented | Auditors concur with Municipal Courts response. | We see no need for a color-coded system because Juvenile cases are maintained separately from all other adult cases as required by State law. Additional staff in the Juvenile Section has ensured there is no backlog of cases to be filed. |
| The current process of filing and pulling cases is inefficient and time-consuming. | 5-6 The filing system for the Delinquent Files section should be redesigned to improve the process of pulling cases and protect the files from environmental damage. | Alternative to be Implemented | Through discussions with Assist. Director of Document Mgmt., budget constraints limited implementation of this recommendation. However, an alternative will be addressed. | This recommendation is currently being addressed as a part of the Municipal Courts new systems development efforts in conjunction with F&A's Information Technology staff, the Mayor's Technology Steering Committee, as well as ongoing development by contract technology consultants. Proposed "To Be" business processes include an automated work and case flow document management system as well as an imaging component to eliminate many manual processes and significantly reduce reliance on hardcopy documents. |
| There are over 822,000 delinquent cases 240 days or more past due for parking violations alone in the Municipal Courts. | 5-7 Coordinate public information efforts between City departments to increase publicity about the next amnesty program and monitor results of the amnesty. | Implemented | Examined amnesty advertisement. | With the 2000 Amnesty, the Chief Clerk and Chief Judge acted as PIOs to ensure that adequate coverage is given to the amnesty program. A mail-in component was added to the March 2000 Amnesty. |

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| The Municipal Courts has not had an amnesty period for parking since March of 1994. | 5-8 Organize a parking amnesty program to be completed in 1998. | Implemented | Examined amnesty advertisement. | We agree. A Parking Amnesty has been included in the March 2000 Amnesty. |
| The amnesty program can be a source of funding for system improvements. | 5-9 The Municipal Courts Department should consider requesting that a percentage of the amnesty program proceeds be used for system improvements. | Alternative Implemented | Examined City Ordinance regarding technology fee. | We disagree with this recommendation. This finding was formulated before the Legislature authorized municipalities to implement a Court Technology Fee applicable to all paid convictions in Municipal Court. With Council's approval of the Technology Fund, the courts now have an available revenue source to help provide additional needed funding for systems improvements. We are currently working with F&A's Information Technology staff to develop a Technology Fee budget to properly detail the proposed appropriation and expenditures from this fund for Council's approval. (We anticipate a July 1 st completion date). |
| The amount of time it takes to get verification from the courts was an important issue for Houston police officers who complained of long waiting periods. | 5-10 Track peak hours for warrant verification and reassign staff to cover needs during peak hours. | Implemented | Examined the Warrant Verification Peak Hours Report which indicated data collected over the period January 24 – March 5, 2000. The report is a one-time report that will not be regenerated at reg. intervals. | We have determined peak hours for warrant verification and have assigned staff to provide adequate coverage during these times. This section is continuously monitored and staffing is adjusted to accommodate needs. |
| Facility Services was moved to the Post-Court Operations Division in the reorganization of March 1997. However, Facility Services does not have contact with the public in the disposition of their cases. It is a support function of the court, which provides operational support to staff. | 5-11 Move the Facilities Services section to the proposed Administrative Services Division. | Alternative Implemented | Examined organizational chart and correspondence indicating the move of facilities. | The Building Services Department is now in charge of building upkeep. All Engineering and Custodial personnel currently operate under the direction of another department with expertise in these areas. |

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| The sections remaining in Post-Court Operations after the removal of Facilities Services serve the public and keep track of cases as they move toward final disposition. | 5-12 Move Post-Court Operations, Alternative Disposition and Delinquent Files to the proposed Customer Services Division. | Alternative Implemented | See worked performed in Recommendation No. 2-1. | We disagree with this recommendation. Other changes have been implemented to better align the organizational structure of this department. |
| PARKING MANAGEMENT AND ARCHIVES | | | | |
| While the current automation has helped make the parking management system fairly efficient, the automated system currently in use could be improved. | 6-1 Implement a state-of-the-art Parking Citation Processing and Customer Service System. | Not implemented | Discussed response with Municipal Courts Director/Chief Clerk. | We disagree with this finding. Our response to this recommendation is attached. See Exhibit 2 |
| Parking Mgmt. personnel expressed concern about the large percentage of adjudicated citation cases that are dismissed because the respondents are found not liable. | 6-2 Review the criteria used by Hearing officers to make decisions in parking adjudication cases and monitor the way in which those criteria are used by Hearing Officers to render decisions in those cases. | Implemented | Through discussions with Presiding and Administrative Judges of Municipal Courts, the criteria used to render decisions are based on City Ordinance. Reasons for cases found not liable are also reviewed monthly. Examined City Ordinance and monthly reports used for review. | The Parking Bureau Hearing Officers report to the Administrative Judge in the Presiding Judge's Office who provides training and supervision of the Hearing Officers and regularly reviews performance. |
| Division management is currently struggling to find adequate measurements to measure the performance of Parking Enforcement Officers (PEO) without appearing to establish "ticket quotas" that officers would have to meet. | 6-3 Establish additional performance standards that will help measure the productivity of Parking Enforcement Officers. | Implemented | Discussed method of the "GAP" reporting mechanism with Assistant Director of Parking Management and examined report for examples. Also examined additional performance stds. established. | We agree with this finding and have complied with the development of an automated "GAP" reporting mechanism to measure productivity. This report is used to evaluate the Parking Enforcement Officers, formally titled, "Sr. Parking Meter Collectors" on their EPE "Daily Search Standards". These standards are given to the employee when they sign their performance plan. |

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| Data Entry carries a substantial backlog on entry for other court activities as well as an estimated average of 4,000 tickets written by Houston Police Officers. | 6-4 | Eliminate the temporary backlog in data entry by using a private contractor as recommended in Recommendation 4-1. | Implemented | The Officer Performance Log and the Report Of Total Citations were developed. Examined <u>3</u> month(s) of reporting as indication no backlog exists. | This backlog was eliminated when the data entry function of parking tickets was transferred from the Data Entry Division to the Parking Management Division. No backlog currently exists. |
| Several sections located in divisions of the Municipal Courts have no direct relation to the other sections in that department. | 6-5 | Archives should be moved to the Administrative Services Division and officially renamed Records Management. | Not Implemented | Auditors concur with Municipal Courts response. | We disagree with this finding. There is no relationship between any of the sections Administrative Services and Archives. All of the sections under the purview of Administrative Services are active departmental maintenance functions, i.e., budget, revenue, procurement, human resources, and payroll. Archives are solely a file retrieval warehouse function that does not actively serve the daily needs of the department's admin operations. |

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| <p>Several sections located in divisions of the Municipal Courts have no direct relation to the other sections in that department. The Parking Management and Archives Division's major function is operating the parking management process for the Municipal Courts. The placement of these two functions together is not logical from an organizational point of view.</p> | <p>6-6</p> | <p>Parking Management functions should be placed under the Customer Services Division.</p> | <p>Not Implemented</p> | <p>Auditors concur with Municipal Courts response.</p> <p>We disagree with this finding. The Parking Management Division is a full scale operation consisting of in-depth training and supervision of field officers; generating and collecting revenue; fleet management and maintenance; driving and safety certification and training; data entry, filing, and processing of manual parking citations; and computer programming and maintenance of Autocite ticket-issuance devices. The adjudication process—customer service—is only a small portion of this unique court process in that, among other things, parking citations are civil and not criminal violations. The Parking Management Division would not be served well under the purview of the Customer Service Division, which is presently called the "Public Service" Division, serves the Municipal Courts in the adjudication of criminal citations.</p> |
| <p>ADMINISTRATIVE SERVICES OPERATIONS</p> | | | | |
| <p>The Human Resources Section does not currently have a way to systematically provide supervisors and managers in Municipal Courts with information on employees in a format that would be useful to them.</p> | <p>7-1</p> | <p>Evaluate and purchase an "off the shelf" software package that will allow the Human Resources Section to produce employee profiles that include information on the employee's job history, disciplinary history, and other relevant information.</p> | <p>Partially Implemented</p> | <p>Through discussions with HR Supervisor, the programmer has developed a database program to address the recommendation. However, all reports to be used were not completed. Information was examined.</p> <p>We agree that a Human Resources software package is beneficial and we have engaged a contract programmer to write a customized program to fit this department's needs. We have re-engaged the services of a contract programmer who initially developed the Human Resources software package for implementation of this recommendation. Although the program is substantially complete, this has been assigned as one of her programming priorities to be completed by June 30, 2001.</p> |

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| During interviews, some Municipal Courts employees expressed dissatisfaction with the quality of the janitorial service provided by the in-house janitorial crew. | 7-2 Develop performance standards for the Facilities Services Section. | No Longer Applicable | Section was transferred August 1999. Only one person was retained to act as liaison. | This section was transferred to the Building Services Department. |
| There is currently no building safety and evacuation plan in place for the Municipal Courts facilities, though the Facilities Services Supervisor said that one was under development. | 7-3 Develop and implement a building evacuation plan for Municipal Courts facilities. | Implemented | Examined written evacuation plan dated September 1999. Plan was tested December 1999. | We have initiated and tested a written evacuation plan developed by a team of court employees. |
| There are currently no performance standards in place for employees in the Bond Administration Section. | 7-4 Develop and implement performance standards for employees in the Bond Admin. Section. | Implemented | Examined the performance standards for each position in the Bond Admin. Section. | Performance standards have been developed and implemented for employees in this area. |
| The Bond Administration Section does not currently have a set of established operational procedures that would guide section employee in doing their jobs. | 7-5 Develop an operational procedure manual for Bond Admin. employees. | Implemented | Examined and reviewed the Bond Admin. operational procedure draft manual. | Operational Procedures manual for Bond Administration section has been completed. |
| There is currently a backlog of approximately 5,000 bond forfeiture cases that cannot be set on a docket because of a limitation placed by Municipal Court judges on the number of cases that can be set for hearing during the year. | 7-6 Assign associate judges to hear bond forfeiture cases. | Implemented | Through discussions with the Presiding Judge, the bond docket case level was raised per hour, which has decreased the backlog. | According to the MCAD Administration Manager there currently is no backlog in Scire Facias cases that need to be adjudicated. The Scire Facias dockets were expanded by the new Presiding Judge to address this issue. |

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| During interviews, Municipal Courts employees consistently mentioned a lack of adequate training as a problem. There is currently no mechanism in place to assess the training needs of Municipal Courts employees and no requirements that court employees receive any training except as a part of certain disciplinary actions. | 7-7 Eliminate the training functions for Municipal Courts and give each manger responsibility for providing training to their employees. | Partially Implemented | Examined department wide training material as well as observed the training room and materials for one of the divisions. | We partially disagree with this finding. While each manager is currently responsible for providing operational training o their employees, administrative training is required by State Law, City ordinances, Mayor's Executive Order, as well as special citywide endeavors. To comply with this mandatory training, our training successfully coordinate these department-wide seminars, as well as providing "new employee orientation" and "EPE" training. |
| Same as above | 7-8 Conduct a training need assessment of Municipal Courts employees. | Implemented | Examined department wide training material as well as observed the training room and materials for one of the divisions. | We agree with this finding. In compliance with the Mayor's initiative for Continuous Management Improvement, the need assessment training for upper management has been conducted. Presently, the supervisors and mangers conduct training needs assessment of their employees, and enroll them in recommended training classes and seminars—i.e., Texas Municipal Courts Education Center (TMCEC), computers, and customer service—(as the budget permits). |
| Same as above | 7-9 Work with other training departments within the City and with entities such as the Texas Municipal Courts Education Center to develop curricula for training classes, emphasizing training specifically related to their job requirements. | Implemented | We determined that Municipal Courts met with Texas Municipal Courts Education Center (TMCEC). Examined example of training material from TMCEC. | The Director, Assistant Director and management of the Courts' Professional Development section have initiated steps for FY 2002 to begin mandatory training and attendance at TMCEC sponsored seminars for designated clerical staff throughout the department. |
| Same as above | 7-10 Measure the effect that training has on an employee's performance in annual performance reviews. | Implemented | Judgmentally selected <u>10</u> employee files and examined for noted evaluation of training in the employee's performance. | It is the supervisors' responsibility to compare employee's past evaluation with their current evaluation to determine effectiveness of training. |

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| In different documents provided, the Administrative Services Division was referred to as Administrative Services, Legal Services and Human Resources, and Governmental Affairs and Contracts. | 7-11 Officially, rename the division the Administrative Services Division. | Implemented | Agreed to organizational chart as of December 1999. | The Administrative Services Division has been established and reorganized. |
| Same as above | 7-12 Relocate Facilities Services from Post-Court Operations to the Administrative Services Division. | Alternative Implemented | Examined correspondence from Deputy Assist Director. | This has been transferred to the Building Services Department. |
| Same as above | 7-13 Relocate the Bond Administration Section under the newly created position of General Counsel. | Implemented | Agreed to organizational chart as of December 1999. | We agree. This has been completed. |
| FINANCIAL SERVICES OPERATIONS | | | | |
| The financial operations of the court system are spread throughout the organization, leaving the financial operations with no cohesive management or direction. | 8-1 Reorganize the Municipal Courts financial support sections to create a single Financial Services Division, which is responsible for all of the financial functions of the court system. | Partially Implemented | Reviewed organizational chart. | We partially disagree with this recommendation. However, we have partially complied, with the exception of combining Cash Management. The Financial Services Division provides routine reconciliation of cash management functions, therefore there must be a separation for the purpose of providing an appropriate checks and balance system. |

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| Currently, the Internal Auditor reports directly to the supervisor of Financial Services, but much of the overall guidance and direction for the functions of the Internal Audit position come from the Director/Chief Clerk of the court. | 8-2 Reorganize the structure of the Municipal Courts so that the Internal Auditor reports directly to the Director/Chief Clerk of the court. | Partially Implemented | Interviewed the Internal Auditor and through discussions, he indicated he only spends approximately 20% auditing and remainder in Financial Services. Examined copy of an audit report. | We agree. At the time of the follow-up review the Internal Auditor was temporarily assigned to train the new manager of the Court's Financial Services Division. Since then, the position has been vacated due to the transfer and promotion of this individual to the Finance & Administration Department. The Director has designated that, when the Internal Auditor's position is filled with a qualified candidate, he/she will report directly to the Office of the Director. This is a necessity in order to ensure the independence and impartiality of the Internal Auditor as they pursue their responsibilities. |
| There are no performance measures system-wide by which to measure employee performance. | 8-3 Develop and implement standard performance measures for all court employees. | Implemented | Judgmentally selected and examined 3 employee files. Performance standards and evaluations have been developed. | Assistant Chief Clerks have assured that this effort is up-to-date and continuously ongoing. |
| The Municipal Court has taken on the enormous endeavor of changing the way the courts conduct business. Many changes have already been implemented, others are presently in process, while others have yet to be initiated. | 8-4 Implement a continuous improvement process that gives all employees the chance to contribute ideas, voice opinions, and interact with co-workers in all areas of the Municipal Court system. | Implemented | Examined memo from Chief Clerk to Municipal Court employees indicating an open door policy and providing a forum for discussing employee concerns. | This has been re-implemented on a biweekly basis, wherein the Director and Assistant Directors set aside a designated time to allow employees to voice concerns, interact, and contribute ideas. |

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| <p>Outside of hours of operation, patrons are able to park in the lot but are not required to pay and on week-ends, people attending functions are able to use the parking lot for no charge. Municipal Court employees report that the lack of adequate parking spaces for patrons conducting business is of major concern.</p> | <p>8-5</p> | <p>Expand the hours of operation of the City-owned parking lot.</p> | <p>Not Implemented</p> | <p>Examined copy of the City Ordinance. Such ordinance does indicate specific hours of operation.</p> | <p>We disagree with this finding. There is no cost benefit to extending the hours of the parking lot. Also, any such changes would require City Council approval and currently there is little justification to support such an endeavor.</p> |
| <p>Same as above.</p> | <p>8-6</p> | <p>Conduct a feasibility study of privatizing the operation of the City-owned parking lot.</p> | <p>Not implemented</p> | <p>Reviewed a copy of the City's Public Safety Facilities Master Plan, a study commissioned by the City of Houston and conducted by Gensler and Associates/Architects and John S. Chase, FAIA, Architect, Inc. Although the report from the study was issued May 1995, there has been no indication when the proposed master plan would begin.</p> | <p>We disagree. The Gensler Study identifies the City-owned parking lot as the future Municipal Courts building site. Therefore, at the present time we do not wish to privatize the parking facility until the City's overall Public Safety Facilities Master Plan is finalized. The City's Building Services Department is currently developing an updated Master Plan for Public Safety Facilities. The proposal will build upon the 1995 Gensler Study with consideration of the changing downtown environment and the incorporation of technology enhancements as it relates to space requirements and customer convenience.</p> |

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| There is currently no long range planning, no equipment replacement schedules, or technological improvement plans being prepared. | 8-7 | Develop a formal budget plan that requires involvement from all court management and division heads, and implement budget-based performance standards. | Not Implemented | Management used own judgement. | While we agree that experience with budget preparation and involvement would benefit the division heads and managers, this recommendation is not feasible with the current budget constraints. We do ask for a "needs" list and a "wish" list from management for equipment, supplies, and personnel, but are only able to pursue the highest priority items in each area, and that determination is made by the Director and Assistant Directors. |
| MUNICIPAL COURTS JUDICIAL OPERATIONS | | | | | |
| The current process used to impanel juries is time consuming and inefficient, not only for Municipal Courts staff but for prospective jurors as well. | 9-1 | Develop a process whereby jury selection takes place once a week at an off-site centrally located facility. | Not Implemented | Auditors concur with Municipal Courts response. | We disagree with this recommendation. This would require jurors to appear twice; the current process requires no more than one day of attendance. It would also require funding for new facilities and transportation. The recent building improvement has provided a new Jury Assembly Room that is adequate to meet our needs at the present time. |
| Currently, the Municipal Courts do not offer any alternatives to jurors to donate their jury pay to the victims of crime fund or to Child Welfare Services as stated in the Texas Govt. Code, Section 61.003(a). | 9-2 | Implement a program allowing jurors to donate all or part of their jury pay to assistance programs. | Not Implemented | The Presiding Judge at the time of the performance review requested an opinion from the Legal Department regarding this issue. The opinion was not issued until after issuance of the Performance Review Report. | The City Attorney rendered an opinion on October 4, 1997, which states that: Govt. Code Section 61.003(a) does not apply to the City of Houston Municipal Courts. |

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| Proponents of decriminalization argue that some 30 other states have decriminalized minor traffic offenses from criminal offenses to civil infractions and that Texas should follow suite. | 9-3 Management should continue to monitor decriminalization efforts across the state and be prepared to take action should the environment for decriminalization become more favorable for municipalities. | Ongoing | Per discussions with the Presiding Judge, she indicated she watches all legislation regarding this subject matter. | Decriminalization would entail a monumental effort to alter the State Constitution as well as existing statutes relating to Penal Code, Criminal Procedure, Traffic and Transportation, etc. The Municipal Courts continues to monitor federal, state, and local enactment as well as Judicial decisions and Attorney General Opinions. |
| The Municipal Courts handle the prosecution of City ordinances dealing with health, safety, fire and zoning as well as any number of ordinances dealing with permits to engage in various activities. | 9-4 Work with the city's legal department, legis. delegation and other interested entities to attempt to change the laws to enable Municipal Courts to divert cases out of the main court system. | Not Implemented | Management used own judgement. | We disagree with this recommendation. We believe that the existing laws adequately protect and promote the health and safety of our citizens. |

EXHIBIT 2

6.1

Response to Recommendation 6.1

RESPONSE TO RECOMMENDATION 6.1

Recommendation 6.1 in its entirety seeks to implement a state-of-the-art parking citation processing and customer service system solely by outsourcing certain limited functions to a private vendor. We disagree with this finding. The following illustrates numerous inconsistencies and discrepancies in the savings accounting estimates and methodology used as the basis of this recommendation:

1. The most disturbing major flaw in the savings accounting estimates is the formula used to arrive at the auditors' conclusion: They took the total budget for the first year and divided it by the projected number of citations issued for 1997 (Reference page 6-25 table of the Performance Review Audit), getting a cost per citation issued of \$5.47. They then subtracted the estimated and unsupported cost for the vendor to process the citations at \$2.50 per citation, leaving \$2.97. This figure multiplied by the projected number of citations to be issued becomes the annual cost savings projected.

This figure is ludicrous. It does not consider that pursuant to their own recommendation, the city will maintain approximately 45 existing employees (enforcement officers, meter collectors, maintenance personnel, booting and towing personnel, and accounting and auditing personnel). The City will continue to supply salaries and benefits, uniforms, automobiles, bicycles, booting devices, new and replacement parking meters and parts, computers, dispatch and radio equipment, etc. (Reference page 6-24 of the Performance Review Audit).

2. Under the "Annual Salaries" item number (1) (Reference page 6-25 of the Performance Review Audit), they included the Hearing Officers and "Parking Management staff" for a total savings of \$1,015,080 -- which they considered to be conservative.

This is incorrect in that the Hearing Officers are not part of the proposed outsource -- (Page 6-18, bullet item no. 10 under "City Provided Services") -- and the salaries of the two (2) full time and (3) part time Hearing Officers would continue to be paid by the City. Also, we are not able to ascertain what other salaries of the Parking Management staff this figure represents as it is not detailed in their audit. However, as written, the proposed outsourcing would only eliminate approximately 10 employees, all under mid-level management salary range.

3. Additionally, "This fiscal estimate assumes that the Houston police officers would be issued handheld automated citation devices." (Reference page 6-24, paragraph II of the Performance Review Audit.)

This assumption represents a cost per handheld unit of \$2,600, conservatively. To equip even 100 police officers with these devices would cost at least \$260,000. There is no indication in this audit whether the city or the vendor would supply this equipment. However, the expense and maintenance of this equipment is not provided for in the cost savings estimate.

4. Page 6-24 paragraph V of the Performance Review Audit states, "The fiscal impact of increased revenues is based on raising Houston's current revenue collection rate of 53 % to the national average of 75%."

There is no detailed plan or program in the audit to outline how the vendor is expected to effect a 22% collection increase. The audit does mention "registration non-renewal" (page 6-20 of the Performance Review Audit) but the applicable laws do not allow for denial of vehicle registration for outstanding parking violations.

The audit also mentions the possibility of increased revenue from "...increase in number of parking meters in the City of Houston" and references "The Cotswold project." (Reference page 6-25, paragraph IV of the Performance Review Audit). However, again, there is no consideration for future meter purchases in their estimates, either by the City or by the Vendor, and these are not deducted from the cost savings. In any event, any increase in revenue from new meters does not satisfy the question of how the auditor proposes that the vendor improve collections techniques to achieve a 22% increase.

5. Another discrepancy is that, although the Vendor is supposed to be responsible for noticing and mailing the notices, the bullet item under "City Provided Services" indicates otherwise. It states, "special collections for unpaid, delinquent parking citations." There is no clarity in the report to ascertain what this means.
6. The most significant reason given by the auditor for outsourcing is: "...private vendors are helping municipal courts establish "state-of-the-art parking management systems that integrate all functions in the system, rather than leaving some functions to be done by hand..." (Reference page 6-14, paragraph IV of the Performance Review Audit). And later in the report it states, "...totally reengineer the core processes...and to provide the technology infrastructure to support a completely redesigned function." (Reference page 6-15 of the Performance Review Audit).

The idea of a paperless, automated system is the obvious intent of outsourcing. However, while this was the auditor's original finding, the proposed outsourcing does not fully provide for a paperless, fully automated system as evidenced by the first sentence in the first bullet of the "Overview of Contractor Provided Services". It states, "Parking Management and Information System, including data entry (handheld computer citation processors and handwritten tickets and citations,"(page 6-17, paragraph VII of the Performance Review Audit). And later, "The PMIS must be capable of processing between 225,000 and 250,000 parking tickets/citations per year including citations generated by handheld citation processors as well as handwritten citations." (page 6-19, paragraph II of the Performance Review Audit). Note: Our existing system meets this criteria.

Additionally, the ability to retrieve, view, and print the various data combinations listed on page 6-20 of the Performance Audit Report is unnecessary. The current system is able to retrieve all violation data as well as case activity history. However,

this data retrieval is primarily used to research telephone inquiries and is not needed in written form...this also negates having a "paperless system."

7. With the Administration's and City Council's approval, as we move forward with the Municipal Courts Strategic Information Plan, an important component we will be considering is to "incorporate third party vendor solutions" (Reference the attached Municipal Courts Technology Fund Briefing, page 10, bullet item no. 4), such as a Parking Management Computer system that can be integrated with the main Court's system.
8. Of lesser consequence, page 6-15, *Using a Private Contractor*, paragraph II, states that, "More than anything else, outsourcing involves a new role for managers."

Due to the fact that the areas affected by outsourcing currently only contain a total of 9 employees, and over 40 employees will remain (enforcement, meter collection and maintenance, towing and booting), we feel certain that the Manager assigned to Parking Management would not experience the "transformation into being a negotiator, facilitator, or a strategic planner."