



**BOARD OF COUNTY COMMISSIONERS
OFFICE OF THE COMMISSION AUDITOR**

M E M O R A N D U M

TO: Honorable Joe A. Martinez, Chairman
and Members, Board of County Commissioners

FROM: Charles Anderson, CPA
Commission Auditor

A handwritten signature in black ink, appearing to read "Charles Anderson", is written over the printed name.

DATE: July 31, 2012

SUBJECT: Review of Unpaid Toll Violations of Miami-Dade County Fleet

We have concluded our Review of Unpaid Toll Violations of Miami-Dade County Fleet and submit this report which contains observations and management responses. As stated in the attached documents, the Mayor issued a memorandum dated June 21, 2012, to County department directors requesting that all departments with assigned fleet vehicles must be equipped with a SunPass transponder. According to management, all ISD fleet pool vehicles have been equipped with required SunPass transponder.

We understand that the County is in negotiations with Miami-Dade Expressway Authority (MDX) and the Florida Department of Transportation (FDOT) to reduce fines and penalties.

The Office of the Commission Auditor (OCA) requests that, within 30 days, the Mayor's Office report its findings and subsequent actions taken on this matter. In addition, the OCA requests to be provided with documents relating to any settlement(s) with MDX and FDOT regarding the fees owed for delinquent SunPass violations.

We thank the staff of Internal Services Department for their cooperation and input throughout the review. We also thank the Office of the Inspector General for their valuable input. Please let us know if you need further information.

c: Honorable Carlos Gimenez, Mayor
Edward Marquez, Deputy Mayor, Office of the Mayor
Robert A. Cuevas, Jr. County Attorney
Christopher Mazzella, Inspector General
Lester Sola, Director, Internal Services Department
Cathy Jackson, Director, Audit Management Services

THIS PAGE INTENTIONALLY BLANK



MIAMI-DADE COUNTY BOARD OF COUNTY COMMISSIONERS

OFFICE OF THE COMMISSION AUDITOR

**REVIEW OF UNPAID TOLL VIOLATIONS OF
MIAMI-DADE COUNTY FLEET**

Project Number 12-103311

July 31, 2012

**Charles Anderson, CPA
Commission Auditor**

Auditors

Antonio Crawford, CIA, CFE, CGAP
Noel Aranha CPA

Auditor-In-Charge
Acting Audit Manager

**111 NW First Street, Suite 1030
Miami, Florida 33128
305-375-4354**

THIS PAGE INTENTIONALLY BLANK

TABLE OF CONTENTS

I. Introduction..... 1

II. Background 1

III. Process Description..... 3

IV. Summary 4

V. Recommendations..... 4

VI. Management Response 5

Attachments:

1. Memorandum, George M. Burgess, Traffic Violations and County Vehicles
2. Management Response, Internal Services Department
3. Memorandum, Mayor Carlos A. Gimenez, SunPass Accounts

THIS PAGE INTENTIONALLY BLANK

I. Introduction

The Office of the Commission Auditor (OCA) has observed certain internal control deficiencies regarding “Unpaid Toll Violations” by Miami-Dade County Fleet. This report identifies the current issues and suggests potential solutions to mitigate future late payments. In addition, recommendations are provided to strengthen internal controls during the process.

Reports reviewed for the period September 2008 through February 2012 indicated that the County owed approximately \$637,708, estimated fines and penalties constitute approximately more than 97% of the above mentioned charges. If the toll violations were paid on time, the estimated amount would be approximately \$20,000. OCA estimates that current charges for unpaid toll violations may reach \$1 million by the end of the current calendar year. *The information contained in this memo has been compiled from reports obtained from the County and collection agencies and has not been audited.*

II. Background

On December 16, 1999, the Board of County Commissioners (BCC) adopted Resolution No. R-1394-99 to study the feasibility of acquiring SunPass transponders for County vehicles.

On July 25, 2000, as directed by Resolution R-1394-99, County Manager Merritt Stierheim, issued a report on the feasibility of SunPass for all County departments. Included in the report was the opinion that SunPass would improve efficiency by reducing the amount of time spent at the toll booth, the elimination of petty cash processing for toll reimbursement, and the potential to receive a discount from the toll fee.

In a 2007 report titled “Miami-Dade County Review of County Owned Light Vehicles” prepared by the County Manager’s Office, it was recommended that user departments develop and issue guidelines regarding the location, inventory, and usage of the Sunpass transponders.

Miami-Dade County fleet use of toll roads maintained by MDX and FDOT has resulted in unpaid toll violations. These toll violations originally cost \$.50, \$1.00, or \$2.50, depending on the location of the toll; some of these vehicles use these roads several times on a daily basis. In August 2011, Miami-Dade County received a report of unpaid toll violations from Linebarger Goggan Blair & Sampson, LLP (LGBS) (a collection agency headquartered in San Antonio), holding more than 99% of the unpaid toll violations incurred by Miami-Dade County fleet. See Exhibit I on next page for breakdown of violations per collection agency.

Exhibit I
Amounts Owed to Collections Companies¹

Collection Companies	Amount	% of Total
LGBS, LLP	\$636,030.15	99.74
Penn Credit	\$289.80	.05
Alliance One	\$1,388.50	.21
Total	\$637,708.45	100.00

In August 2011, the County's outstanding balance of unpaid toll violations, as reported by LGBS, totaled \$377,256. As of February 28, 2012², the outstanding balance was \$636,030, *an increase of 68% in a six month period*. The August 2011 report received from LGBS, showed that the individual ticket violation balances including assessed late fees for non payments, and charges from the Collection agency (per ticket) ranged from \$225.40 to \$336.00 for failure to pay required toll on time.

The collection company representative reports that they contacted Miami-Dade County several times over a period of four years. As of February 28, 2012, the Miami-Dade Aviation Department (MDAD) is the only department that had responded to their requests, and settled/paid its outstanding claims. See Exhibit II below for a breakdown of departments holding the most unpaid toll violations as of prior year (August 2011) when Miami-Dade County balance for unpaid violations reached \$377,256.

Exhibit II
Departments with the Highest Value of Unpaid Violations

Departments	Unpaid Violations (\$)	Unpaid Violations (%)
Miami-Dade Transit	228,670.75	60.6
Internal Services Department (ISD)	62,015.45	16.4
Water & Sewer	38,292.80	10.2
Miami-Dade Police	15,628.90	4.14
Miami-Dade Health Department	7,879.20	2.09
Miami-Dade Fire Rescue	5,671.40	1.50
Other Departments	19,097.50	5.06
Total	377,256.00	100.00

Source: Charges as of August 25, 2011, based on LGBS report

¹ Due to Collections agencies as of February 28, 2012

² Reported by same agency

III. Process Description

The following only applies to vehicles without a Toll-By-Plate Prepaid Account, or a Transponder (SunPass). Use of SunPass entitles vehicle owners a savings of 25 percent compared to TOLL-BY-PLATE

1. Normal SunPass charges are \$.50/1.00/1.50, depending on location;
2. Toll Owner and/or Operator (FDOT/MDX) issues a Toll By Plate invoice within fourteen days after the initial violation, which includes original toll fees (\$1.00) plus \$2.50 (Administrative Fee) raising the total amount due to \$3.50;
3. Violators have 21 days to pay invoice with related administrative fees;
4. If the above mentioned charges are not paid within the 21 day period, a Uniform Traffic Citation (UTC) is issued;
5. The UTC offers the violator the possibility of paying the unpaid violation for a fee of \$25 within 30 days of UTC issue date, for a total of \$26 (\$1 unpaid toll plus \$25 fee);
6. The UTC also offers the violator the possibility of paying the unpaid violation after the 30 days of UTC issue date and before 60 days of UTC issue date. Total UTC charges if paid within the 60 day period is \$150 (\$1 unpaid toll fee plus \$149 Court Fee);
7. If violation is not paid within the 60 day period, Clerk of the Courts adds a \$16.00 fee to the unpaid violation before assigning the violation to external collectors under a Miami-Dade County Contract. Total UTC fee if paid after 60 days but before approximately 75 days is \$166;
8. After approximately 75 days, the Clerk of Courts assigns the amount due to a collection agency. The collection agency adds a fee of up to 40% of the unpaid balance. Thus, a county vehicle user department (which normally would pay a \$1 toll) will be assessed the increased amount of \$232, if the charges are not paid within 75 days.

The following table summarizes the charges for unpaid toll violations:

Changes in Value of an Unpaid Toll Violation (UTC)					
Original Toll	Toll-By-Plate Paid Within 21 Days of Invoice	Charges if Paid within 30 days of UTC date	Charges if Paid After 30 days of UTC date, but before 60 days	Charges if paid after 60 days but before Sending to Collection Agency	Unpaid UTC Assigned to Collection Agency approximately 75 days after UTC date
\$1	\$3.50	\$26.00	\$150.00	\$166.00	\$232.00

Currently, ISD matches the license plate to the departments, and provides these departments with a copy of the violation. Payments from the departments to the

Clerk of the Court or Collection agencies have not consistently taken place. ISD does not have the capability to enforce payment of the violations.

According to a memorandum dated March 31, 2009 (*See Attachment 1*), “County personnel that receive traffic and/or tickets while on County business, whether in a County vehicle or their own, are responsible for paying the fines. The use of County or private vehicles by employees on County business does not waive, or make the employee immune from obeying traffic or posted laws”.

IV. Summary

Reports reviewed for the period September 2008 through February 2012 indicated that the County owed approximately \$637,708, with estimated fines and penalties constituting approximately more than 97% of the above mentioned charges. If the toll violations were paid on time, the estimated amount would be approximately \$20,000.

If current trends continue and projecting a 50% rate of increase, unpaid toll violations and its related late fees will reach more than \$1 million in the current year. Current internal controls regarding payment of toll violation need to be revised to avoid payment of administrative fees, and exorbitant late fees.

We understand that the County is in negotiations with MDX and FDOT to reduce fines and penalties.

V. Recommendations

- 1.1 To address the current outstanding amounts owed by the County, Miami-Dade should open a negotiation process with the parties involved in the unpaid toll violation process to reduce the amount of money to be paid. The negotiations should include the following “external” parties involved in the process:
 - a. Credit Collection Company
 - b. Florida Department of Transportation
 - c. Clerk of the Court Traffic vehicles Division
 - d. Miami-Dade Expressway Authority.
- 1.2 Set up a TOLL-BY-PLATE Pre-Paid Account by providing the County vehicle’s license plate number and/or assign transponders to each department to be placed in County vehicles at time of use to avoid unpaid tolls, and set these to refill automatically using P-cards assigned to department directors.
- 1.3 Department Directors should enforce County Manager’s memorandum dated March 31, 2009, regarding Traffic Violations and County Vehicles (attached).

In consultation with the Office of Inspector General, the following areas of concern need to be addressed:

- The lack of a County policy which includes a centralized control system, and addresses the issuance, usage, and inventory of SunPass transponders on all County vehicles. Taking into account a lack of internal controls which led to the current dilemma, a centralized system to monitor SunPass transponders and cost should be instituted.
- The policy should also define authorized and unauthorized usage of SunPass, and should address, among other issues, the use of the express toll lanes on I-95, including the use while conducting County business, and travel to and from home for vehicles authorized for this type of use, as this toll can exceed \$7.00 per instance.
- Department directors should review and approve SunPass statements on a monthly basis, and submit a monthly report to ISD and the Finance Department. This report should include the cost of normal expenses, and fees for penalties and administrative fees, along with supporting documentation. These reports should be maintained in accordance with County records retention policy.

Management Response

This memo serves as an interim report on the review of unpaid toll violations of Miami-Dade County's (County) fleet. On June 21, 2012, County Mayor Carlos A. Gimenez issued a memorandum (attached) to County department directors requiring that all departments with assigned fleet vehicles must be equipped with a SunPass transponder. All ISD fleet pool vehicles have been equipped with required SunPass transponder.

We continue working with the County Attorney's office as they try to resolve all outstanding tolls and fees with both the Florida Department of Transportation and the Miami-Expressway Authority. We expect that we will only be responsible for the actual toll and the convenience fee and not the approximately \$637,708 in tolls violation charges stated in your draft memorandum. As soon as negotiations are completed, I will give you a call to schedule a meeting with your office.

THIS PAGE INTENTIONALLY BLANK

Memorandum



Date: March 31, 2009
To: Department Directors
From: George M. Burgess
County Manager
[Handwritten Signature]
Subject: Traffic Violations and County Vehicles

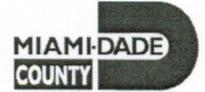
County personnel that receive traffic and/or tickets while on County business, whether in a County vehicle or their own, are responsible for paying the fines. The use of County or private vehicles by employees on County business does not waive, or make the employee immune from obeying traffic or posted laws.

Therefore, please remind your employees that they are to follow all the "rules of the road" when driving on County business, whether local or traveling outside Miami-Dade County on the County's behalf. They are responsible for any traffic violations that occur, including parking in a disabled space, or if the vehicle is towed away due to a violator.

Departmental funds will not be used to pay for violations.

c: Honorable Carlos Alvarez, Mayor
Denis Morales, Chief of Staff, Office of the Mayor
Assistant County Managers/Special Assistants

Memorandum



Date: July 23, 2012

To: Charles Anderson, CPA
Commission Auditor

From: Lester Sola, Director
Internal Services Department (ISD)

Subject: Interim Report: Review of Unpaid Toll Violations of Miami-Dade County Fleet

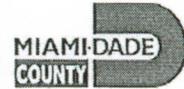
This memorandum serves as an interim report on the review of unpaid toll violations of Miami-Dade County's (County) fleet. On June 21, 2012, County Mayor Carlos A. Gimenez issued a memorandum (attached) to County department directors requiring that all departments with assigned fleet vehicles must be equipped with a SunPass transponder. All ISD fleet pool vehicles have been equipped with required SunPass transponder.

We continue working with the County Attorney's office as they try to resolve all outstanding tolls and fees with both the Florida Department of Transportation and the Miami-Expressway Authority. We expect that we will only be responsible for the actual toll and the convenience fee and not the approximately \$637,708 in tolls violation charges stated in your draft memorandum. As soon as negotiations are completed, I will give you a call to schedule a meeting with your office.

Should you have any questions, please give me a call at 305-375-2363.

Attachment

Memorandum



Date: June 21, 2012
To: Department Directors
From: Carlos A. Gimenez
Mayor
Subject: SunPass Accounts

In an effort to streamline our administrative functions, and in accordance with Resolution R-1394-99 (SunPass Transponders) and subsequent reports issued on electronic toll collections, all departments with assigned fleet vehicles must be equipped with a SunPass transponder. The transponder should be associated to a County-issued purchasing card (P-Card). Departments needing a P-Card for the associated toll charges must contact Dania Diaz, Assistant Controller in the Finance Department, at 305-375-5111. Vehicles borrowed from the Internal Services Department, Fleet Management pool have been equipped with a SunPass transponder. Tolls for these vehicles will be charged to the departments accordingly.

Separately, some County departments have accumulated unpaid tolls, violations and associated fees with vehicles that do not have SunPass transponders. The County is working with the Florida Department of Transportation and the Miami-Dade Expressway Authority to resolve all outstanding tolls and fees. Once resolved and paid, these costs will be allocated pro-rata amongst the respective departments. Should you have any questions on unpaid tolls, violations, or fees with vehicles in your fleet, please feel contact Terrence Thompson, Internal Services Department, at 305-592-3752.

Your immediate attention to this matter is greatly appreciated.

c: Office of the Mayor Senior Staff
Lester Sola, Director, Internal Management Department
Graciela Cespedes, Finance Department
Dania Diaz, Assistant Controller, Finance Department
Terrence Thompson, Fixed Assets Manager, Internal Services Department