



CITY OF CHICAGO
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Chicago Department of Transportation Driveway Billing Audit Third Follow-Up

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I | Introduction

The City of Chicago Office of Inspector General (OIG) has completed a third follow-up to its July 2019 audit of the Chicago Department of Transportation's (CDOT or "the Department") billing process for commercial driveway permit annual fees. Based on the Department's responses, OIG concludes that CDOT has partially implemented corrective actions related to the audit findings.

The purpose of the 2019 audit was to determine whether CDOT accurately and completely billed commercial property owners for driveways that use the public way. OIG found that CDOT either did not bill or inaccurately billed an estimated 6,713 permit holders, resulting in an annual revenue loss between \$1.1 and \$1.5 million. In addition, CDOT could not ensure that all relevant driveways were recorded in its driveway permit system. Finally, OIG found that the City did not actively pursue payment for past-due driveway permit fees.

Based on the results of the audit, OIG recommended several steps to correct and prevent data problems causing CDOT's billing issues. OIG also recommended that CDOT work with other City departments to include driveway permit fees in the City's standard debt collection process. In its response, CDOT described corrective actions it would take.

In the 2019 audit, OIG identified seven data quality issues as the primary causes of the billing problems. These issues resulted from lax operational procedures and a deficient data management system. Since that time, CDOT has improved its procedures and implemented a new data management system, preventing the majority of the data quality issues from recurring. However, CDOT was unable to correct all of the legacy data prior to migration to the new system. Instead, it uploaded the inaccurate and incomplete records into the new system and flagged them as "non-compliant." The Department also developed a procedure to flag new driveway records with missing or inaccurate owner/property information, delinquent debt, or outdated insurance information. As of March 2023, the data contained more than 27,000 non-compliant records, 99% of which had been migrated from the old system.



Since publication of its original audit, OIG has conducted three follow-ups to determine the status of corrective actions.¹ They are summarized below.

¹ OIG also reported the results of the 2019 audit to the City's Chief Data Officer in an advisory regarding the City's data quality published in December 2021. City of Chicago Office of Inspector General, "Advisory Concerning the City of Chicago's Data Quality," December 14, 2021, <https://igchicago.org/wp-content/uploads/2022/01/Advisory-Concerning-the-City-of-Chicagos-Data-Quality.pdf>.

February 2020: CDOT had created procedures to review and correct inaccurate driveway records but reviewed only 60 records in the six months following the audit. CDOT had also documented driveway permitting and billing procedures for its staff. It had decided to forgo changes to its data management system, choosing instead to migrate the data to a new system.

March 2021: By this time, CDOT had adopted the new data management system described in the first follow-up and created internal controls to prevent future inaccuracies. However, many of the underlying issues found in the audit remained unaddressed. Specifically, CDOT had not corrected existing inaccurate records, begun to identify driveways that were not recorded in its driveway permit system, or credited incorrectly billed accounts. Further, because CDOT had not implemented its debt collection procedures, it had not taken the subsequent step of coordinating them with the Departments of Law (DOL) and Finance (DOF). CDOT had integrated its new data system with the operations of the Department of Business Affairs and Consumer Protection (BACP), enabling it to place holds on business licenses for driveway permittees with delinquent accounts.

February 2023: Based on CDOT's response to the most recent follow-up inquiry, sent in February 2023, OIG concludes that CDOT has partially implemented corrective actions. Specifically, CDOT has designed and implemented procedures and systems to avoid future inaccuracies in commercial driveway billing. However, the Department still needs to review and correct over 27,000 inaccurate records it migrated from its old data system, and then accurately bill or credit those accounts. CDOT has not begun identifying and recording existing, undocumented driveways.

OIG conducted this third follow-up because a review and correction of inaccurate driveway permit data might enable the City to collect annual revenues of \$1.1 to \$1.5 million. Such revenues, if collected, could be used for social service, public safety, or other City programs that could directly impact the lives of people in Chicago. Furthermore, commercial driveways inhibit the public's use of sidewalks and parkways. The Municipal Code of Chicago (MCC) recognizes this and, thus, requires public way permits and related fees for the privilege of using the public way.²

OIG urges CDOT to undertake these remaining corrective actions to address the core findings of the audit. On the following pages, OIG summarizes its two audit findings and recommendations, as well as CDOT's response to the third follow-up inquiry.

OIG thanks the staff and leadership of CDOT for their cooperation during the audit and their responsiveness to the follow-up inquiries.

² MCC § 10-20-405 states, "No person shall hereafter establish or maintain any driveway over, across or upon any public sidewalk or public parkway without first obtaining a use of public way permit [...]." MCC § 10-20-420 details the annual permit fee amounts.

II | Follow-Up Results

In February 2023, OIG followed up for a third time on its July 2019 Chicago Department of Transportation Commercial Driveway Billing Audit.³ CDOT responded by describing the corrective actions it has taken and providing supporting documentation. Below, OIG summarizes the two original findings, the associated recommendations, and the status of CDOT's corrective actions in response to those recommendations. OIG did not observe or test implementation of the new procedures in this follow-up; thus, it makes no determination as to their effectiveness, which would require a new audit with full testing.

| Finding 1: CDOT either did not bill or inaccurately billed an estimated 6,713 permitholders, resulting in an annual revenue loss between \$1.1 million and \$1.5 million.

OIG Recommendations |

OIG recommended that CDOT take the following actions to improve the accuracy of its driveway billing practices:

1. Correct inaccurate or missing data that results in unbilled or inaccurately billed permit fees, specifically driveways with unknown property owners, prolonged pending case statuses, missing billing addresses, waiver errors, "removed" driveway errors, unchecked "able to invoice" boxes, or inaccurate central business district identification.
2. Design and implement procedures to prevent future inaccuracies, specifically driveways with unknown property owners, prolonged pending case statuses, missing billing addresses, waiver errors, "removed" driveway errors, unchecked "able to invoice" boxes, or inaccurate central business district identification.
3. Credit accounts that have been overbilled and provide reimbursements for those that have overpaid.
4. Collaborate with the Department of Assets, Information and Services (AIS, formerly the Department of Innovation and Technology) to retire its old data system, NSR/Suntrack, and transfer functionality and data to its new system, IPS 11.
5. Remove or consolidate NSR/Suntrack database fields that are redundant, rarely used, or unnecessary, and ensure these problems are not replicated once functionality is transferred to its new system. IPS 11
6. Identify and record existing, undocumented driveways.
7. Document and provide standardized driveway permitting, billing, and monitoring procedures to relevant employees.

³ City of Chicago Office of Inspector General "Chicago Department of Transportation Commercial Driveway Billing Audit," July 1, 2019, <http://igchicago.org/wp-content/uploads/2019/06/CDOT-Driveway-Billing-Audit.pdf>. See also City of Chicago Office of Inspector General "Chicago Department of Transportation Commercial Driveway Billing Follow-Up Inquiry," April 21, 2020, <https://igchicago.org/wp-content/uploads/2020/04/Driveway-Billing-Follow-Up.pdf>; City of Chicago Office of Inspector General "Chicago Department of Transportation Commercial Driveway Billing Second Follow-Up," August 5, 2021, <https://igchicago.org/wp-content/uploads/2021/08/OIG-CDOT-Driveway-Billing-Second-Follow-Up.pdf>.

8. Develop monitoring tools to detect permits at risk for inaccurate billing or non-billing.

State of Corrective Actions | Partially Implemented

1. CDOT has made little progress in correcting inaccurate records that lead to unbilled or inaccurate permit fees. The Department reported that, 27,758 driveway records were in non-compliant status as of March 2023—that is, those records had missing or inaccurate owner/property information, delinquent debt, or outdated insurance information. Almost all of the non-compliant records (27,565, or 99.3%) were migrated from CDOT's old data management system, NSR/Suntrack. That number includes over 12,000 newly non-compliant records added to NSR/Suntrack since OIG's second follow-up in August 2021.

In its response to OIG's second follow-up in March 2021, CDOT reported having corrected approximately 300 records. In the two years between then and CDOT's March 2023 response to OIG's third follow-up, CDOT has reviewed and corrected an additional 438 records. In addition to those approximately 738 records corrected by CDOT, according to the data management system support team, permit holders themselves have corrected 4,667 records via the Driveway Permitting Web Portal.⁴ CDOT reported to OIG that it currently does not have an employee dedicated to reviewing and correcting non-compliant driveway records. The Department had previously assigned an employee to do so, but they resigned in May 2022 after three months in the role. CDOT reported to OIG that the vacant position is on its 2023 hiring list, but that the Department of Human Resources has not yet approved the position. The Department stated it cannot project when it will finish reviewing the records until the position is filled.

According to CDOT, the new data management system implemented in November 2020—IPS 11—has greatly reduced new errors. For permits issued after the switch to IPS 11, only 193 records have fallen into non-compliant status. CDOT management explained that non-compliance in those cases was most often due to outdated documents, such as those related to insurance requirements. The new system notifies permit holders via email to correct outdated documents in the Driveway Permitting Web Portal.

2. CDOT has designed and implemented procedures to prevent future inaccuracies. Responding to OIG's second follow-up, CDOT reported that the IPS 11 system designers included mandatory fields, and removed repeated or confusing fields that had caused previous data errors. IPS 11 eliminates inaccurate central business district designations by validating addresses with the City's Geographic Information Systems database. The Driveway Permitting Web Portal also sends email notifications to permit holders to help keep records accurate.

As reported in OIG's first follow-up report in April 2020, by that date CDOT had developed Standard Operating Procedures for Driveway Permits and conducted staff training. CDOT has since updated rules and regulations to reference the new IPS 11 system and developed guides for both internal and external users.⁵

3. CDOT's process for crediting or reimbursing overbilled driveway permit accounts is incomplete. The Department reported that it credits accounts once inaccurate records are

⁴ The Driveway Permitting Web Portal is available through the City of Chicago's Permit, Inspection, License, Registration, and 811 Chicago Portal at <https://ipi.cityofchicago.org/Permits>.

⁵ The rules and regulations, as well as the guides for both public users and City staff, are available on CDOT's website: https://www.chicago.gov/city/en/depts/cdot/supp_info/driveway_permits.html.

corrected. As noted above, progress in correcting inaccurate accounts has been slow, with no staff assigned to the task since before May 2022.

4. CDOT worked with AIS to retire NSR/Suntrack. As reported in OIG's second follow-up in August 2021, CDOT and AIS implemented IPS 11 in November 2020. CDOT did not correct the data when it was migrated, so the IPS 11 development team incorporated a "non-compliant" status in the system. The system automatically assigns this status to permits with delinquent debt, outdated insurance information, or missing owner/property information. As noted above, as of March 2023, the status of 27,565 records from the migration process was non-compliant.
5. CDOT removed or consolidated NSR/Suntrack database fields that were redundant, rarely used, or unnecessary. In its response to OIG's second follow-up, CDOT stated that during development of IPS 11, it was able to "eliminate many unnecessary fields, including the three conflicting status fields and fields with unnecessary or null data." CDOT and the IPS 11 development team did so by considering workflow and mapping the prior system's data fields onto new IPS 11 fields.
6. CDOT is not identifying undocumented commercial driveways. At the time of OIG's second follow-up, CDOT planned to launch a mobile app that would have allowed staff to identify and document such driveways in the field. CDOT now reports that the mobile app launched in 2021, but it is no longer being used because it did not meet needs. CDOT has not set a date to begin proactively seeking out undocumented driveways.
7. CDOT created standardized procedures for driveway permitting, billing, and monitoring. As reported in OIG's April 2020 follow-up, CDOT issued standard operating procedures to driveway unit personnel on December 12, 2019. In February 2020, CDOT issued record corrections procedures to staff assigned to clean up driveway data. After the data migration to IPS 11, CDOT trained relevant staff using the updated rules and regulations as well as the IPS 11 system guide.
8. The IPS 11 system detects permits at risk for inaccurate billing or non-billing. In OIG's August 2021 second follow-up, CDOT told OIG that IPS 11 prompts corrections by automatically notifying permittees of non-compliance. In addition, IPS 11 automatically creates a weekly report of non-compliant permits.

| Finding 2: The City does not actively pursue payment for past due driveway permit fees.

OIG Recommendation 2 |

OIG recommended that CDOT develop procedures to collect past due driveway permit fees and include these fees in the City's standardized debt collection and verification processes. Another option would be to add annual driveway permit fees to the City's utility bill because driveway and water/sewer fees are both tied to real property. To ensure these processes are efficient and effective, CDOT should collaborate with DOF and DOL, as well as any other departments as necessary.

State of Corrective Action 2 | Partially Implemented

CDOT has developed procedures to collect past due driveway permit fees. In March 2020, CDOT created an internal Policy and Procedures on Debt Collection. However, CDOT's progress in collecting debt has been slow. CDOT stated it will pursue the actual amount owed when a non-compliant record has been corrected. For example, if a permittee accrued debt in CDOT's system when, in fact, they no longer owned the property, that debt would have been incorrectly applied. CDOT must correct this missing or inaccurate property ownership data in order to determine the actual debt owed. Then, CDOT can pursue that debt with DOF, which will request final payment.

CDOT has collected only a small portion of the potential outstanding debt from driveway permitting fees. As of March 2023, CDOT reported having collected \$611,199 of debt from 1,872 corrected driveway records. However, CDOT has 17,002 migrated records with potential outstanding debt totaling \$6.7 million.⁶ Without corrected records, CDOT cannot determine the actual amount of actual debt owed. CDOT stated it needs staff resources to review and correct these records and did not provide a target date for completion.

CDOT has not yet incorporated driveway billing debt into the City's overall collection process. The Department stated it intends to do so for permits issued since the adoption of IPS 11.

CDOT's IPS 11 system is integrated with BACP's licensing and permitting system. CDOT explained that BACP can place holds on business licenses due to delinquent debt on driveway permits. CDOT did not report how many business license holds were placed or subsequently resolved via this process.

⁶ CDOT noted that most of this potential debt is from records migrated from the old system. New records created since April 2021 account for \$17,030 of the \$6.7 million potential debt.



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