

**LOGISTICS AND ASSET MANAGEMENT
PARKING DIVISION
PARKING GARAGES AND LOTS
AUDIT 15-02
MAY 11, 2015**



CITY OF TAMPA

Bob Buckhorn, Mayor

Internal Audit Department

Christine Glover, Internal Audit Director

May 11, 2015

Honorable Bob Buckhorn
Mayor, City of Tampa
1 City Hall Plaza
Tampa, Florida

RE: Logistics and Asset Management, Parking Garages and Lots - Audit 15-02

Dear Mayor Buckhorn:

Attached is the Internal Audit Department's report on Parking Garages and Lots, Audit 15-02.

Parking Division has already taken positive actions in response to our recommendations. We thank the management and staff of the Parking Division for their cooperation and assistance during this audit.

Sincerely,

/s/ Christine Glover

Christine Glover
Internal Audit Director

cc: Dennis Rogero, Chief of Staff
Sonya Little, Chief Financial Officer
Ocea Lattimore, Director of Logistics and Asset Management

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/s/ Vivian N Walker

Auditor

/s/ Christine Glover

Audit Director

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BACKGROUND

A division of Logistics and Asset Management Department, Parking is responsible for the operation of all City of Tampa public parking including parking garages, City-owned lots, and on-street parking, which includes 11,372 off-street spaces and 2,097 on-street spaces. The division develops parking policy and specific expansion plans to serve the parking demand in the central business district and adjacent commercial areas. It is also responsible for the oversight of residential parking areas in the Channel District, South Ybor City and Oscawana Courier City.

The focus of this audit was garages and lots. There are 11,545 spaces located in garages and lots with more than 6,000 of the spaces dedicated to monthly parkers. Currently, there is a staff of more than 80 involved with various aspects of parking in the garages and lots throughout the City of Tampa.

The City of Tampa offers Parkmobile for its surface lots. Parkers can use a smart phone, cell phone, or website to pay for parking using a pay-by-phone app service.

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY2015 Audit Agenda. The objectives of this audit were to ensure that:

1. Base amounts for machines and garage safes are accurate.
2. Citations issued for garage/lot related violations are accurately recorded.

STATEMENT OF SCOPE

This audit reviewed activity during the time period from October 1, 2013, through September 30, 2014. Due to timeliness of information, activity for January 2015 was used for cash counting tests. Internal controls related to cash collections and citation voids were evaluated for adequacy. Original records as well as copies were used as evidence and verified through observation and physical examination.

To achieve the audit's objectives, reliance was placed on computer-processed data contained in the T2 Flex Billing System (T2). Based on an assessment of access to the system and data generated by the system, T2 is deemed to be reliable.

STATEMENT OF METHODOLOGY

The process for cash collection and subsequent counting were observed for propriety. Additionally, surprise cash counts were performed and traced to actual deposit to the bank. The majority of citations issued for parking violations are generated electronically; however,

in the garages and on the surface lots, manual citations can be issued. Manual citations were evaluated to ensure they were properly recorded and followed established procedures when they were not paid in a timely manner.

STATEMENT OF AUDITING STANDARDS

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDIT CONCLUSIONS

Based upon the test work performed and the audit findings noted below, we conclude that:

1. Base amounts for machines and garage safes could not be confirmed.
2. Citations issued for garage/lot related violations were accurately recorded. However, the process for collecting delinquent citations needed to be improved.

While the findings discussed below may not, individually or in the aggregate, significantly impair the operations of the Parking Division, they do present risks that can be more effectively controlled.

BASE LIMITS

STATEMENT OF CONDITION: The limits established as the "base" for the garage safes or machines in both the garages and lots need to be re-evaluated for propriety. In observing the process for pre-collection of parking fees in a garage prior to a big event, it was noted that the log maintained for the facility's safe recorded a substantial shortage amount between what was counted as being on hand compared to the limit established.

In a discussion with Parking employees it was indicated that the "limit" being used as the measure for accountability was invalid. In order to establish the level of non-compliance with the "base" amounts established, a surprise count for all garage safes and judgmentally selected machines was performed to reconcile to system reports and bank deposit information.

The above review identified discrepancies with all locations. There were 16 deposits indicated based on the reconciliation documentation. However, 6 of the 16 (37.5%) could not be traced to the bank statement based on the amount either counted or recorded by system generated reports.

The Parking Division had a template in place that would account for any change orders received and ensure there was a balancing of the safe. An audit performed by Revenue and Finance in September 2014 also disclosed discrepancies totaling more than \$3,000.

CRITERIA: The Revenue and Finance Banking and Debt Management Cash Collection Point Policy and Procedures require "reconciling cash received, and ensuring that cash remains balanced." The policy also requires the creation of a policy and procedure manual to be "approved by the Chief Accountant" in addition to "practices that minimize the City's risk in suffering cash losses through robbery . . ."

CAUSE: Non-compliance with established Revenue and Finance cash handling and collection point policy.

EFFECT OF CONDITION: Increased exposure to loss in the event of a robbery or misappropriation of funds by employees.

RECOMMENDATION 1: Management needs to analyze actual cash use at each collection point to develop a practical limit/base. Additionally, policies and procedures need to be developed that would identify how and frequency of reconciling the limit/base for each cash collection point and require resolution and a documented explanation for any differences noted. The reconciliation should be prepared by someone independent of the day to day process for each cash collection point.

MANAGEMENT RESPONSE: Agreed. The Parking Division is currently meeting with Revenue and Finance to address all of the concerns listed on this inquiry. The current systems in place were implemented from the previous management staff, and the current leaders are reviewing and determining best practices at this time.

We agree that we should be doing surprise spot audits of the machines and safes at least once a quarter to eliminate the concern listed. Also we will continue to complete a semiannual audit of the entire parking division revenue with Revenue and Finance employees.

The Parking Division's goal is to work with R&F to bring the division within compliance of the R&F policies.

RECONCILIATION PROCESS

STATEMENT OF CONDITION: The process identified as reconciling the garage safes and machines involves information being provided to the Operations Control Analyst (OCA) from three different areas of Parking Operations in addition to information from Revenue and Finance, creating inefficiency. Daily the Garage Supervisors (Supervisors) retrieve reports, which can be obtained directly by the OCA, to provide information to the OCA that is used in the reconciliation process; however, this does not enhance controls and actually creates redundancy resulting in an inefficient use of the Supervisors' time. Based on observing the current process, it was determined that the information required to reconcile all collection points only requires the reports from the server and the tapes issued by the machines.

The reconciliation process also does not document a comparison between the deposits and the system generated reports. It was also noted that in the absence of either a system generated report or machine tape, the "reconciliation" compared what was counted as being "in balance."

CRITERIA: Account reconciliation involves taking two separate pieces of data and determining whether or not they agree. If there is a discrepancy, efforts are undertaken to determine where the discrepancy is recorded (e.g., deposit in transit, funds in the machine, etc.). For Parking, the data from the server and the machine tape should agree to the monies counted by Revenue and Finance and deposited.

Additionally, the Cash Collection Point Policy and Procedures from Revenue and Finance require that "cash drawers must be closed and reconciled by a second employee." The procedure includes the requirement to have Supervisory approval.

CAUSE: Inadequate reconciliation process and training.

EFFECT OF CONDITION: The risk for loss or abuse is increased without controls that ensure the integrity of the process.

RECOMMENDATION 2: Management should re-evaluate the process for reconciling the Customer Service Clerks cash drawers to require dual counts of the drawer at the end of the shift without the Supervisor accessing the system-generated report.

Additionally, the overall reconciliation process should be streamlined to remove the extraneous pieces involving the other staff and reports. The reports generated by the servers in conjunction with the tapes obtained when the monies are removed from the machines should be adequate support for the count and bank deposit prepared by Revenue and Finance.

MANAGEMENT RESPONSE: Agreed. Currently the Parking Division rolled out a new cash handling policy and procedure for all sections on March 8th, 2015. The Garage Supervisors are now required to count the cashiers deposit revenue as a second employee as required by Revenue and Finance. This will eliminate the concern listed and bring the division within compliance of the R&F policies.

Effective the same date the Garage Supervisors are no longer pulling any reports, nor are they receiving any receipts from the parking machines with revenue information. All of the reports will be pulled by the Parking OCA and all receipts from the machines will be delivered to the OCA after collecting.

Parking is meeting with R&F in the coming weeks to determine the best practice to have a secondary check for deposits and wire transfers behind the OCA. Parking agrees that a second check behind the OCA is needed to ensure mistakes are not made with the revenue distribution. Currently the Parking Division does not have a secondary person in place to monitor or check behind the OCA's duties: (i.e., R&F). We are looking to change that process for checks and balance purposes.

DELINQUENT MANUAL CITATIONS

STATEMENT OF CONDITION: Manual citations were not always being remitted to the outside collection agency in a timely manner. A review of documentation for 12 manually issued citations whose payment had not been remitted within the required 14 days identified non-compliance with City code.

Specifically, six (75%) of an applicable eight manual citations never received a summons to appear in court. Subsequently, three of the eight were not paid after 60 days and should have been sent to the outside collections agency for follow-up but were not. Payments for these three citations ranged from 68 to 202 days. Overall, the average number of days for payment of these manual citations was 54.

In a discussion with Parking personnel, it was noted that due to various operational issues, no summons were sent to violators during a 10 month period in 2014. Additionally, there are no written guidelines for the process of when violators will be forwarded to an outside collection agency.

Currently, the software system used (T2 Flex) is coded to transfer records after the issuance of an Immobilization / Impoundment Notice. This notice should be generated after a parking violator has not either appeared in court (based on a summons) or appeared in court but did not pay their fine. However, based on a judgmental review of recent activity for 10 accounts, it was noted that transfer of accounts occurred more than 66 days after the court hearing and on average was more than 200 days from the original notice date.

CRITERIA: City Code Section 15-125 - Penalties for failure to appear or to pay fines as directed by the court - requires Management to "pursue payment of all fines due by referring the account to a collection agency."

CAUSE: Management indicated there were operational issues that prevented issuance of summons to violators. However, there were no alternate actions taken to collect outstanding citations.

EFFECT OF CONDITION: Untimely receipt of payment could result in delay or loss of income to the City.

RECOMMENDATION 3: Management should evaluate the current process for collecting outstanding citations to pursue more timely collections. Additionally, a policy should be developed to encourage more timely correspondence to outstanding parking violators. Upon implementation, the current T2 Flex system should be updated to reflect the policy and promote timely notice to violators and subsequent transfer of delinquent accounts to the City's authorized vendor.

MANAGEMENT RESPONSE: Agree. Citations are eligible to be sent to collections 60 days after the Immobilization / Impoundment Notice is mailed to the owner of the vehicle. The original process to send citations to collections from our current system was found to have an error in the data transfer in 2014. Once the error was discovered, all citations were stopped from being sent until the data transfer was corrected. In October 2014 the transfer was brought back on line and citations were sent to collections.