Parking Garage Revenue Audit

March 15, 2019

(Subsequent Modification/Disclosure)

FORT WORTH®

City of Fort Worth
Department of Internal Audit

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MODIFICATION (April 22, 2019): The Parking Garage Revenue Audit Report (released on March 15, 2019) did not include a statement that the Department of Internal Audit complied with GAGAS. Since the Department of Internal Audit conducted the audit in accordance with GAGAS, the initial report has been modified on page 4, to include the required compliance statement. Audit results included in the initial report remain unchanged since the inadvertent omission had no impact on our audit results.

DISCLOSURE (May 17, 2021): An internal quality control review, conducted by Internal Audit, revealed that we did not inform the reader that one finding and related recommendations were omitted from the Parking Garage Revenue Audit Report (released on March 15, 2019) due to possible safety concerns. Management concurred with the omitted audit recommendations.   Also, follow-up results indicated that management fully implemented the related recommendations.

The Parking Garage Revenue Audit was conducted as part of the Department of Internal Audit's Fiscal Year 2018 Annual Audit Plan.

Audit Objectives

The objectives of this audit were to:

- review the efficiency and effectiveness of parking garage operations;
- evaluate existing internal controls; and,
- verify accurate receipting and reporting of parking garage revenue.

Audit Scope

Our audit covered the period from October 1, 2015 through September 30, 2017. Activity beyond this period was reviewed as deemed necessary.

Opportunities for Improvement

Enhanced control and monitoring of vendor revenue collections

Enhanced contract monitoring

Improved controls over garage access cards

Properly operating garage and vendor IT systems and data retention

Written complimentary and discounted parking policy

Executive Summary

As a part of our FY2018 Annual Audit Plan, the Department of Internal Audit conducted a Parking Garage Revenue Audit that covered FY2016 and FY2017. Audit testing was expanded to FY2018, as deemed necessary.

Internal Audit concluded that the City was receiving parking revenue from the parking garage management company (SP Plus), without performing steps to verify that the amount received was accurate.

- Revenue was recorded based on amounts deposited, rather than amounts recorded within the parking system or cashier reports.

- Cash shortages and/or overages were not recorded in the City's general ledger.

- Receipts were not required to be issued for cash payments at the Will Rogers Memorial Center (WRMC).

- Financial transaction data was not available for the Houston Street Garage or the Commerce Street Garage for CY2015 and CY2017, respectively.

- Vehicle count sensor data was not available for the WRMC after February 2017.

Internal Audit identified a $163,277.34 advance payment to SP Plus that had not been repaid as required by contract. The cash advance was refunded to the City after Internal Audit notified the Transportation and Public Works Department (TPW) of the oversight.

We identified control weaknesses when reviewing garage access cards. For example, garage access cards were not assigned to a specific individual or group. Some access cards were active, but had no activity since January 2018.

TPW or Public Events management approved discounted or free parking services such as specific events and employee functions, based on information provided to Internal Audit. However, there was no written guidance specifying circumstances where discounted coupons are appropriate.

We also identified gaps in the numerical sequence of parking coupons issued; duplicate charges to City departments; and, coupons that were issued but not charged to City departments.

These audit findings are discussed in further detail within the Detailed Audit Findings section of this report. Additionally, Internal Audit communicated an additional finding to management that is excluded from this report because of possible safety concerns. Management concurred with the audit finding, and audit follow-up will be conducted at a later date to ensure full implementation of the related audit recommendations.

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Background

The Parking Division of the Transportation and Public Works (TPW) Department manages five parking garages and 20 surface lots. TPW coordinates garage operations with the Public Events Department.

Parking Garages & Lots Managed by TPW

Garage/Parking Lot	Spaces
Houston Street Garage [1]	1,054
Commerce Street Garage [1]	750
Commerce Street surface lot	21
Will Rogers Memorial Center [1]	
Western Heritage Garage	1,117
Amon Carter Garage	410
John Justin/Equestrian Center	466
Will Rogers surface lots	3,379
Taylor Street Garage [2]	338
Surface lots - City employees	242
Total	7,777

1) Operated by SP Plus
2) Operated by the City of Fort Worth

Source: Contract No. 47400 and TPW Parking Assignment spreadsheet

During the audit period, the City of Fort Worth contracted with SP Plus, a parking management company, to operate parking facilities at the Houston Street Garage, the Commerce Street Garage, and the Will Rogers Memorial Center (WRMC). TPW's Parking Division operates the Taylor Street Garage and surface lots (used primarily by City employees).

Parking garage revenue is generated from different types of transactions, including:

- pay-on-entry for large events;

- daily parking, based on the time that the ticket was obtained upon entering the garage and the exit time;

- monthly parking; and,

- parking coupons.

The combination of multiple parking transaction types and payment methods results in cash flows that are complex as shown in Exhibit 1 of this report. Since sales taxes are not charged separately to customers, sales tax must be deducted from the amount charged when calculating revenue. This complexity makes reconciliation of parking garage activity to revenue transactions difficult, although management indicated this practice expedites customer service.

Parking Payment Methods

Payment Method	Pay-on-Entry Event	Daily Parking	Monthly (City Employee)	Monthly (Non-City)	Coupons (Event & Omni Hotel)	Coupons (City Employee)	Coupons (City Department)
Currency	H,C,W	H,C,W		H,C,W,T[2]	H,C,W	H,C,W	
Credit/Debit Card	H,C,W	H,C,W	H,C,W,T[1]	H,C,W,T	H,C,W	H,C,W	
Check			H,C,W,T[1]	H,C,W,T	H,C,W	H,C,W	
Web		W		H,C,W			
Payroll Deduction			H,C,W,T				
Inter-departmental charge							H,C,W

Source: Auditor generated

H - Houston Street Garage
C - Commerce Street Garage
W - Will Rogers Memorial Center
T - Taylor Street Garage and surface lots
[1] Debit/Credit Card and Check only accepted for the first month
[2] Currency accepted only if paid at the City's Revenue Office

In addition to managing the contract with SP Plus, City of Fort Worth (CFW) Parking Division personnel operate the Taylor Street Garage and surface lots. Hertz Car Rental leases space in the Taylor Street Garage. The lease includes office space on the ground floor, 17 garage spaces, and three lot spaces outside the Taylor Street Garage.

A limited number of spaces within City garages are allocated to City employees and non-City employees for monthly parking. With the exception of the Taylor Street Garage, user access cards are required to gain entry for monthly parking. The Parking Division coordinates payroll deductions for City employees parking in City garages, and bills non-City employees who park in the Taylor Street Garage. Alternatively, SP Plus manages non-City employees who park in City garages other than Taylor Street.
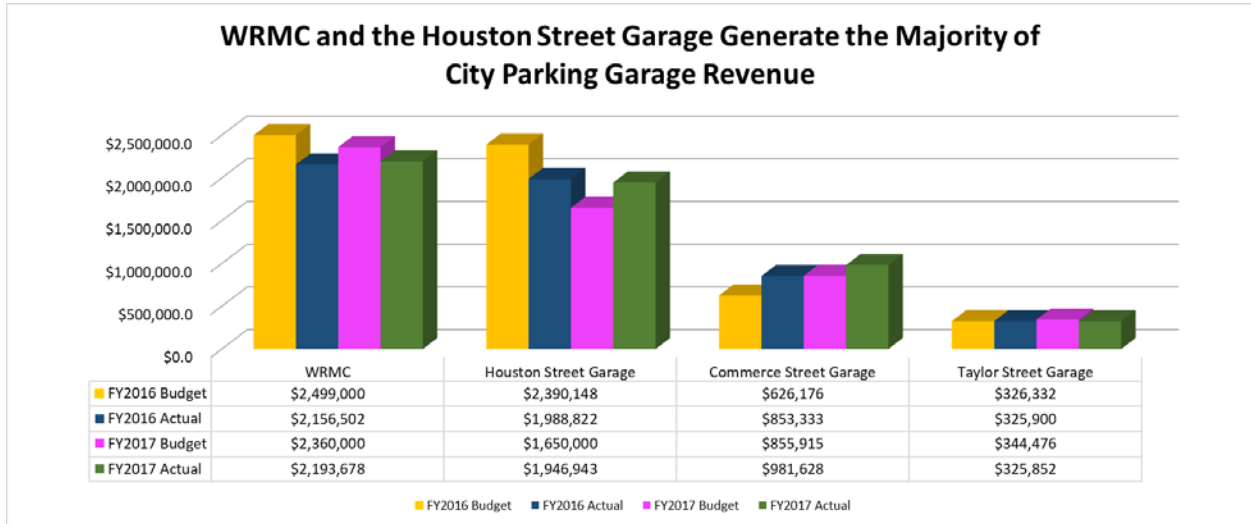
Revenue
SP Plus employees collect payments, issue receipts, calculate sales taxes and prepare electronic receipt distribution documents (eRDD) within the City's PeopleSoft financial system. TPW approves eRDDs that are entered by SP Plus.

SP Plus operates systems that perform multiple functions including:
- a parking system that records financial transactions and uses ground sensors to count the number of gate openings/closings, as well as the number of vehicles entering and exiting garages;

- a general ledger system that includes receivables; and,

- SP Plus' contract with Park Jockey to provide handheld devices (which the City leases from SP Plus) and the accompanying software to process pay-on-entry transactions. Park Jockey then electronically remits revenue from these transactions, to the City, on a monthly basis.

Parking garage revenues are recorded in the City's Municipal Parking Fund. With the exception of parking coupons, parking rates are approved by the Mayor and Council. City Parking Operations management specify parking coupon rates.

WRMC and the Houston Street Garage Generate the Majority of City Parking Garage Revenue

	WRMC	Houston Street Garage	Commerce Street Garage	Taylor Street Garage
FY2016 Budget	$2,499,000	$2,390,148	$626,176	$326,332
FY2016 Actual	$2,156,502	$1,988,822	$853,333	$325,900
FY2017 Budget	$2,360,000	$1,650,000	$855,915	$344,476
FY2017 Actual	$2,193,678	$1,946,943	$981,628	$325,852

Source: CFW General Ledger

Contracts

The City's initial three-year contract with SP Plus (then Standard Parking) began on February 1, 2010. The City executed three one-year renewals, and upon expiration of the third renewal, contracted again with SP Plus on February 1, 2016. The initial contract included an advance payment of $163,277.34 to SP Plus for operating expenses that were to be refunded at the end of the contract term.

The City does not pay the management company a percentage of revenues. Instead, initial and current contracts require the City to pay all of SP Plus' operating expenses, plus a management fee that is currently $7,500.00 per month. Payments to SP Plus for the management fee and their operating expenses totaled approximately $1,325,000.00 and $1,462,000.00 in FY2016 and FY2017, respectively.

Parking Coupons

SP Plus issued over 50,000 parking coupons annually for use by convention and/or event organizers, City departments, City employees, and the Omni Hotel. Except for coupons purchased by City employees and the Omni, coupons are encoded with expiration dates, event codes, and other restrictions such as number of uses. Coupons may be purchased at regular and/or discounted prices, or may be provided complimentary for specific events and City functions.

Objectives

The objectives of this audit were to:

- review the efficiency and effectiveness of parking garage operations;
- evaluate existing internal controls; and,
- verify accurate receipting and reporting of parking garage revenue.

Scope

Our audit covered the period from October 1, 2015 through September 30, 2017. Activity beyond this period was reviewed as deemed necessary. The scope of this audit did not include a review of operational expenses such as SP Plus salaries and benefits, the City's leasing of Park Jockey handheld devices, and other SP Plus operational expenses.

Methodology

To achieve the audit objectives, the Department of Internal Audit performed the following:

- interviewed SP Plus and CFW staff;
- reviewed parking contracts;
- reviewed and analyzed SP Plus' parking system data;
- reviewed SP Plus cashier, deposit and monthly access card reports, as well as other supporting documents;
- verified City employee payroll deductions for City garages;
- reviewed the numerical sequence of parking coupons issued;
- analyzed revenue (by date) to identify missing or delayed transactions;
- verified coupon payments;
- reviewed parking coupons purchased by City employees and City departments;
- reviewed payments required by contract for the Taylor Street Garage (e.g., Hertz);
- verified that parking rates were charged at the authorized rates;
- analyzed general ledger and eRDD transactions;
- reviewed the status of garage video camera feeds; and,
- evaluated internal controls related to parking garage revenue.

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

The City of Fort Worth continuously provides parking services to support convention activities and other functions organized by the City, local businesses and/or individuals. Such parking is not restricted, but is limited to garage and surface lot capacity.

Based on our audit results, we concluded that stronger internal controls are needed to help ensure accountability for revenue generated from parking in City facilities. For example, revenue transactions are recorded based solely on cash/check deposits and credit/debit card settlement statements. Revenue transactions are not recorded based on system or cashier reports. Nor is there any comparison of revenue to vehicle or gate counting devices. The comparison could help determine the reasonableness of deposited revenue.

The CFW advanced SP Plus $163,277.34 for their initial two months of operating expenses in 2010. Repayment to the City of Fort Worth was due in 2013. However, repayment was not made to the CFW until after being notified by Internal Audit. Other control weaknesses included:

- Cash overages and shortages were not recorded within the City's general ledger.

- Not all cash transactions at WRMC were recorded in SP Plus' parking systems. Nor were receipts provided to customers for all cash payments made at the WRMC, unless requested.

- Parking system transaction data, needed to verify the reasonableness of reported revenues, was not available for a portion of the audit period. For example,

  - data was not available for the Commerce Street Garage for CY2017, reportedly due to system failure;

  - data was not available for the Houston Street Garage for CY2015; and,

  - vehicle and gate count data was not available for the Will Rogers Complex after February 2017, reportedly due to system failures.

- Since Park Jockey transactional records did not capture revenue source by garage, it was difficult to reconcile revenue by garage.

- Documents attached to eRDDs detailed deposits by currency type (e.g., number of bill denominations), but did not include information necessary to verify revenue by type (e.g., coupon sales versus daily parking sales), although revenue reports were available.

These control weaknesses make verification of daily revenue difficult, and if practical, very time-consuming.

We also identified access cards that were in an active status, but were not assigned to a specific person or group.

Discounted and free parking coupons were provided to City departments and event organizers. The discounted and free parking may be necessary as an incentive, but there was no written policy or procedure specifying circumstances where discounted coupons are appropriate.

We identified gaps in the numerical sequencing of parking coupons issued. We also noted that City departments were charged $300.00 twice for 100 coupons, and 110 coupons were not charged to departments, resulting in $330.00 in lost revenue.

Per Contract 45229 between the City and Hertz Corporation, effective December 23, 2013, Hertz leases:

- 914 square feet of office space;
- 17 parking spaces inside the Taylor Street Garage; and,
- 3 parking spaces in the Motor Pool Lot.

Hertz agreed to pay $100.00 per parking space during the initial term of the contract, and an increased price of $110.00 beginning on 12/1/2016. Internal Audit noted that the $110.00 per space precludes additional payment for sales tax. As a result, the City unnecessarily incurred approximately $2,000.00 per year in sales taxes. Furthermore, even though office rental revenue is not subject to sales taxes, City staff miscoded office lease charges to include sales tax. As a result, the City unnecessarily incurred approximately $1,300.00 each year in sales taxes payable. Internal Audit noted that monthly parking space lease was miscoded as 'Mobility Impaired Non-city' account vs. 'Parking - Monthly' for one of the payments. In addition, office space lease revenue is most frequently recorded to *'Parking - Monthly'* revenue account vs. *'Lease Revenue'* account. This exception was not considered material to include as a detailed audit finding, but was deemed necessary to communicate verbally to management.

Overall Evaluation

High	Medium	Low
Inadequate controls over revenue accountability		
Contract requirements not monitored		
Lack of reconciliations to identify and report cash overages and shortages		
Inadequate controls over accountability for garage access cards		
Lack of a written policy regarding discounted and complimentary parking		
Erroneous accounting for parking coupons		

Detailed Audit Findings

1. Internal controls are not sufficient to ensure accurate revenue accounting.

We identified control weaknesses in SP Plus' revenue transaction process. Parking system data needed to validate revenue (e.g., revenue transactions and the number of vehicles that enter and exit garages) was unavailable. As a result, revenue could not be readily verified.

- The CFW approved eRDDs prepared by SP Plus, although the eRDD amounts were based solely on bank deposits (rather than reconciling revenue to system and/or cashier reports).

- Neither the City nor SP Plus used vehicle/gate counter data to verify the reasonableness of parking revenue.

- SP Plus did not issue receipts nor record all cash transactions within the City-owned parking management system or the Park Jockey system at the WRMC. It should be noted that SP Plus manually accounts for cardboard hangtags that are issued to customers. However, they do not enter the related transactions into the parking system.

- SP Plus did not adequately retain or collect parking system data.

  ➢ CY2015 parking revenue transaction data for the Houston Street Garage was not available.

  ➢ CY2017 parking revenue transaction data for the Commerce Street garage was not available. Per a third-party parking system vendor, the Commerce Garage parking system computer (located inside booths and used by cashiers) was not communicating with the software. It should be noted that as of May 24, 2018, the issue had not been resolved.

  ➢ We identified anomalies in Count Statistic Reports at the Commerce Street Garage and the Houston Street Garage. For example, in one instance at the Commerce Street Garage, only the beginning count of vehicles was captured. In another instance, only the ending count.

  ➢ Parking system gate count entry and exit records were not available for the WRMC after February 2017.

- Park Jockey report data did not identify the source of revenue, by garage.

- Documentation attached to currency deposit eRDDs was insufficient to verify revenue. For example, only denomination count sheets were attached.

- We identified cash and credit card deposit delays. As noted in the following example, revenue from parking transactions dated 5/25/2018 were deposited before parking transactions dated 5/24/2018. Also, in one instance, there was a one-week delay between the date on which transactions were processed and the date on which the transactions were included in an eRDD.

Parking Transaction Date	eRDD Entry Date	eRDD Amount
Wednesday, 05/23/2018	Friday, 05/25/2018	$ 183.00
Thursday, 05/24/2018	Thursday, 05/31/2018	$3,201.00
Friday, 05/25/2018	Tuesday, 05/29/2018	$4,705.00

Recording revenue based solely on bank deposits, and the practice of not issuing receipts for cash transactions does not establish accountability, and is inconsistent with City policy. The City's Revenue Receipting Policy requires specific controls for revenue-generating transactions. Such controls include, but are not limited to, issuing receipts for all transactions, monitoring cash shortages/overages, and retaining transaction records.

Recommendation 1A: *The Transportation and Public Works Director should direct the management company to prepare eRDD transactions that are reconciled to cashier or other system reports, rather than based solely on bank deposits. Supporting records that document the detail for currency deposits should also be required.*

Auditee's Response: Concur.
- TPW and Public Events (PE) management will direct parking management companies to prepare all eRDD cash transactions to be reconciled from data on the Amano McGann parking system.
- A daily transaction report document detailing all transactions will be used to reconcile each deposit made through the eRDD/ERP system.

    Target Implementation Date: June 1, 2019

    Responsibility: TPW: Peter Elliott - Parking Manager
                     Public Events (PE): Andrea Wright – Administrative Services Manager; Kevin Kemp – Assistant Director

Recommendation 1B: *The Transportation and Public Works Director should direct the management company to record all transactions into the system(s), issue receipts for all parking transactions (including system-generated receipts in lieu of cardboard hangtags), and post a visible sign at all parking locations stating that customers should receive a receipt or call a City of Fort Worth number listed on the sign.*

Auditee's Response: Concur.
- TPW and PE management will direct parking management companies to record all transactions into the system and issue receipts for all parking transactions.
- TPW and PE management will post information in each entrance lane on obtaining a receipt for parking transactions.

    Target Implementation Date: June 1, 2019

    Responsibility: TPW: Peter Elliott - Parking Manager
                     PE: Andrea Wright – Administrative Services Manager; Kevin Kemp – Assistant Director

Recommendation 1C: *The Transportation and Public Works Director should require that automated parking systems are functional, and that system data is backed up and retained for audit and other purposes.*

Auditee's Response: Concur.
- TPW and PE management will ensure that [the] automated parking system is fully functional. This issue is being addressed and will be resolved by the end of the 2nd quarter 2019.
- Quarterly review of the system by Mitchell Time & Parking.
- TPW and PE management will implement the addition of external drives to ensure that system data is backed up and retained for audit and other purpose.

Target Implementation Date: June 1, 2019

Responsibility: TPW: Peter Elliott - Parking Manager
PE: Andrea Wright – Administrative Services Manager; Kevin Kemp – Assistant Director

Recommendation 1D: *The Transportation and Public Works Director should require that the Park Jockey system is configured so that transactions can be traced to the garage at which the revenue was generated, thus allowing proper reconciliation of revenue transactions.*

Auditee's Response: Concur. TPW & PE management team will request that SP Plus management address with Park Jockey the issue of reconciliation by location in the Convention Center garage system to see if the technology will support such a request. The Park Jockey units are utilized by SP+ in numerous locations throughout the DFW Metroplex and staff is unsure if it can [be] programmed as requested.

Target Implementation Date: June 1, 2019 - SP Plus to respond to CFW request to program system by location.

Responsibility: TPW: Peter Elliott - Parking Manager
PE: Andrea Wright - Administrative Services Manager

Recommendation 1E: *The Transportation and Public Works Director should consider the feasibility of innovative technological parking solutions that reduce the handling of cash at the City's parking garages, while also accounting for monthly access cards.*

Auditee's Response: Concur.
- Currently there are multiple forms of payment technology besides cash.
- The number of cash points of express pay location at WRMC parking system will be reduced from 9 to two locations with the implementation of the new Radio Frequency Identification system (RFID).
- The implementation of the RFID system will further address the issue of accountability in the use of monthly cards.

Target Implementation Date: November 1, 2019

Responsibility: TPW: Peter Elliott - Parking Manager
PE: James Horner - Senior Capital Projects Officer

2. **The parking contract was not effectively managed to ensure repayment of a $163,277.34 cash advance, as required by the contract.**

Section 3.7.2 of Contract Number 39479, between the City and SP Plus, provided for the City to advance $163,277.34 to SP Plus for two months of operating/start-up expenses. The advance was to be returned to the City at the end of the contract term.

Since the contract term (including renewals) was from February 2010 through January 31, 2016, the advance should have been returned by February 2016. However, based on our audit results, the advance was not returned as required, and the successor contract included no reference to the cash advance.

City management was not aware that monies were due to the City. Additionally, the CFW did not record the cash advance as a receivable in the general ledger. However, after notification by Internal Audit, the cash advance was repaid during the audit.

Inadequate contract management oversight resulted in the City not enforcing the contract, which was signed by Public Events. Per TPW management, Public Events is a full partner in the process.

Recommendation 2: *The City Manager should require that Department Heads assign a contract administrator to each contract, to ensure that contract requirements (such as cash advance repayments) are met.*

Auditee's Response: Concur. The City Manager already requires a contract administrator on all new contracts. The Transportation and Public Works Department will ensure that [this] one is added to these existing agreements as needed.

> **Target Implementation Date:** May 31, 2019

> **Responsibility:** Steve Cooke, Interim TPW Director

3. The City does not adequately monitor or properly record cash overages and shortages.

Section V.I. of the City's Revenue Receipting Policy requires that cash overages/shortages be recorded in the appropriate general ledger account.

SP Plus has a process in place to identify, internally document, and manage cash shortages. However, because SP Plus recorded revenue to the City's general ledger based solely on bank deposits (as noted in Finding 1), overages and shortages were not recorded in the City's general ledger.

Overages and shortages are reportedly communicated to City staff during monthly meetings via a Variances Report. We did note, however, that the reported variances did not include all shortages observed on SP Plus' shortages log. For example, shortages on the WRMC shortages log totaled $270.00 for the month of June 2018. However, the Variances Report only included a total of $16.00 in shortages. The WRMC shortages log noted that $240.00 of the $270.00 was paid. Per SP Plus, their cashiers are responsible for personally paying off any shortages between revenue reports and cash on hand/cash in assigned cash drawers. During a June 13, 2018 physical observation at the WRMC, three shortages totaling $160.00 were recorded as paid on the shortages log. We verified that the noted repayments were deposited into the City's account.

Even though SP Plus reportedly identifies/monitors shortages, the City would not be aware of unreported shortages or overages. Additionally, the City would be unaware of missing revenue since revenue transactions are based solely on cash deposits and credit/debit card settlement statements.

Recommendation 3A: *The Transportation and Public Works Director should require that TPW staff adequately monitor vendor revenue (e.g., compare vehicle count activity to revenue reported/bank deposits) to help validate revenue reported.*

Auditee's Response: Concur. This will be resolved through the reconfiguration of the loop infrastructure at WRMC parking system and further improved via the implementation of the new RFID system installation. Reconciliation of any deviations between loop/RFID data and revenue will be addressed through a weekly review of the camera system.

Target Implementation Date: November 1, 2019

Responsibility: TPW: Peter Elliott - Parking Manager
PE: James Horner - Senior Capital Projects Officer

Recommendation 3B: *The Transportation and Public Works Director should request view only access to the parking management company's systems, and should require routine reconciliations to reported revenue/City deposits.*

Auditee's Response: Concur. Parking Services will request access to parking company's system which will enable routine deposit reconciliation between system based data and deposits.

Target Implementation Date: June 1, 2019

Responsibility: TPW: Peter Elliott - Parking Manager
PE: Andrea Wright - Administrative Services Manager

4. Controls over access cards are inadequate.

City employees and external customers pay a monthly fee to park in City-owned garages. As of March 2018, there were a total of 860 cards in 'active' status for the Houston and Commerce Street garages. There were 804 cards in 'active' status for the WRMC as of September 2018. These cards were issued to City employees, SP Plus employees, and external customers.

Each card is assigned to an 'access group' (e.g., CFW employee or the name of an external customer/business) within the parking system. The billing for access cards is decentralized.

- SP Plus bills:
  - ➢ external customers at the WRMC and the Houston and Commerce Street garages; and,
  - ➢ City employees who do not pay via payroll deduction because they were grandfathered before the City required payroll deductions. Internal Audit observed that the Application for Monthly Parking form (revised August 2014) required a payroll deduction form.
- The Public Events Department bills Public Events vendors.
- The City oversees payroll deductions for City employee parking, and bills non-City employees who park at the Taylor Street Garage.

The following discrepancies within the access card records and billing process were identified.

- 57 of the 860 access cards to the Houston and Commerce Street garages had an 'active' status, but were not assigned to an individual or group, making it difficult to reconcile to a billing record.
  - o For example, two cards were used in March 2018. However, since the cards were not assigned to an individual or group, Internal Audit was unable to verify billing. When questioned, the vendor was also unable to verify billing. SP Plus provided documentation to support that these two cards were subsequently assigned to individuals (one in May 2018, and the other in June 2018).

- There were also five active access cards that had no evidence of billing. Four of those five cards were assigned to an individual and had parking activity in March 2018. The remaining card was not assigned to an individual or group. Based on the standard monthly rate of $125.00, card usage between 1/1/2018 and 8/31/2018 for the five cards totaled approximately $4,300.00, as some cards did not have usage for all months.

  ➢ 104 of the 804 cards to the WRMC had no activity since January 1, 2018, but remained active as of September 2018. We identified 26 complimentary cards that were provided to individuals who were either City employees or City officials at the time of issuance. As of September 2018, approximately 77% (20 of the 26) of those complimentary cards had not been used since January 2018. However, no steps were taken to determine whether the complimentary cards should have been deactivated.

We noted that individual customer and 'access group' names were not standardized between the parking system and SP Plus' billing system. For example, one customer was listed as 'Amon Carter Museum' in SP Plus's billing records, but as 'Amon Carter-west-m-f' in the parking system. Another customer was listed as 'Fort Worth Museum of Science His' in SP Plus' billing records, but as 'FWNSH West Lot' in the parking system.

There were also inconsistent naming conventions within the parking system. For example, the Museum of Science and History was shown as 'FWNSH West Lot', 'Museum Scie History'. Inconsistent naming conventions complicate reconciliation to billing. For example, each naming convention would have to be queried individually and then combined to verify adequate billing.

Although TPW is responsible for overseeing payroll deductions for City employee parking, and for billing non-City employees who park at the Taylor Street garage, TPW's records do not include information necessary for adequate monitoring. TPW maintains a spreadsheet that lists City employees. However, they do not maintain a record of non-City employees, other than Taylor Street Garage. An all-inclusive list (including WRMC) would allow TPW to help verify accuracy of revenue reported by SP Plus.

TPW reportedly has a process in which they reconcile City employee access cards to payroll deductions and terminations. TPW does not reconcile non-City employee access cards.

Recommendation 4A: *The Transportation and Public Works Director should ensure that City staff verify the reconciliation of active access cards to monthly billings.*

Auditee's Response: Concur. Parking management will ensure via a quarterly audit of this process.

    Target Implementation Date: June 1, 2019

    Responsibility: TPW: Peter Elliott - Parking Manager
                       PE: Andrea Wright - Administrative Services Manager

Recommendation 4B: *The Transportation and Public Works Director should ensure that access cards are assigned to an individual or a group within the parking system.*

Auditee's Response: Concur. Parking management will ensure this is the case via a biannual review.

    Target Implementation Date: June 1, 2019

    Responsibility: TPW: Peter Elliott - Parking Manager

PE: Andrea Wright - Administrative Services Manager

Recommendation 4C: *The Transportation and Public Works Director should ensure that the management company standardize access card customer names to match the parking system and billing system, and avoid multiple names for the same group.*

Auditee's Response: Concur. TPW Parking Services will work with the parking management company to come up with a standard naming convention to eliminate matching issues between systems.

> **Target Implementation Date:** June 1, 2019

> **Responsibility:** TPW: Peter Elliott - Parking Manager
>   PE: Andrea Wright – Administrative Services Manager

Recommendation 4D: *The Transportation and Public Works Director should require that cards that are not in use or assigned to current users are deactivated.*

Auditee's Response: Concur. Parking management will set up a quarterly audit to address any such assignment issues and take appropriate steps to eliminate.

> **Target Implementation Date:** June 1, 2019

> **Responsibility:** TPW: Peter Elliott - Parking Manager
>   PE: Andrea Wright - Administrative Services Manager

5. **There is no policy governing discounted or free parking.**

Financial Directive FD03, Interfund Activities, requires that charges for services between City departments accurately reflect the cost of services provided. Government Financial Officers Association Best Practices state that every government should document its accounting policies and procedures.

During our audit, we identified 2,000 parking coupons provided to City departments at a discount, and 1,755 coupons provided to City departments free of charge for employees. TPW indicated that coupons provided free of charge were to allow City employees to participate in exercise classes. The discounts, totaling $7,265.00, reduced Parking Fund revenue. However, there is no written policy or documented guideline for providing free or discounted coupons.

- Five coupons are typically provided free to convention center event organizers. However, instances were noted when more than five coupons were provided for specific events.

- It should be noted that discounted rates are authorized by City management. For example, the CFW has agreed to provide discounted parking to agencies such as International Sister Cities and the University of North Texas.

- Public Events Department vendors pay a discounted monthly access card rate at the Commerce and Houston Street Garage.

There is limited accountability for discounted or free parking when there is no policy specifying circumstances that are appropriate and the level of authorization required. This is important when discounted or free parking negatively impacts Municipal Parking Fund revenue that is needed to repay parking garage debt.

Recommendation 5A: *The Transportation and Public Works Director, in coordination with the Public Events Director, should develop a policy governing the granting of discounted and complimentary/free parking services (including coupons). The policy should include, but not be limited to, specific circumstances for which discounts and complimentary/free parking are appropriate and the level of management approval required.*

Auditee's Response: Concur. City Council has already established the policy governing parking on several occasions and has authorized the director of Public Events to adjust and/or negotiate parking fees, as demonstrated in M&C G-16886, M&C G-18939 and M&C G-19096. City Council recognizes that the WRMC and FWCC compete with event venues all across the world and must compete for the event business that creates economic spending, sales taxes, hotel occupancy taxes, Project Financing Zone taxes, ad valorem taxes and supports many jobs in Fort Worth. It is these events that generate the event parking revenues for the FWCC and WRMC.

      Target Implementation Date: Complete

      Responsibility: PE: Kirk Slaughter – Director

Auditor Comments: Internal Audit recognizes the need to adjust and/or negotiate parking fees to respond to market conditions and competition. However, a written policy that provides guidance on specific circumstances for which discounts and complimentary/free parking are appropriate helps ensure propriety and consistency in application.

Recommendation 5B: *After developing a discounted and complimentary/free parking policy, the Transportation and Public Works Director should ensure that existing discounted and complimentary/free parking is consistent with the policy.*

Auditee's Response: Concur. The departments meet jointly on a quarterly basis to review discounted or complimentary parking in line with the Council directive that the Director of Public Events will retain the ability to adjust and/or negotiate the parking fees in the parking system.

      Target Implementation Date: Completed. This is an agenda item on our Quarterly Joint TPW/meeting.

      Responsibility: Peter Elliott - Parking Manager
                 PE: Andrea Wright - Administrative Services Manager; Kevin Kemp – Assistant Director

6. Errors in the accounting for parking coupons were identified.

We identified gaps in the sequence of coupons issued within SP Plus' parking coupon log. For example, the log did not show the issuance of coupons between numbers 80016 and 80526, leaving the disposition of 510 coupons questionable. In addition, 110 coupons were issued to City departments, although charges to those departments could not be identified. On four occasions, a total of 100 coupons were charged to City departments twice by City staff.

Gaps in coupon sequences represent a control risk, and could result in coupons being issued inappropriately but not detected. SP Plus provided information to explain that gaps resulted from the failure to enter

information accurately when preparing the logs. In addition, processing of the same transactions, by different City employees, resulted in the duplicate inter-departmental billing transactions.

Coupons not charged resulted in $330.00 in lost revenue to the Municipal Parking Fund. Alternatively, duplicate charges resulted in $300.00 in overcharges to departments.

Accounting standards state that records should be complete and include all transactions. Per Financial Directive FD03, Interfund Activities, charges for services between City departments should accurately reflect the cost of services provided.

Recommendation 6A: *The Transportation and Public Works Director should require a periodic review of coupons issued by the parking management company to ensure that all coupons are properly accounted for. Any variances should be promptly identified, corrected and/or explained.*

Auditee's Response: Concur.
- TPW & PE management team will require a quarterly audit for review of coupons issued.
- TPW & PE management team will also require SP Plus to institute such a process.

    Target Implementation Date: June 1, 2019

    Responsibility: TPW: Peter Elliott – Parking Manager
            [PE:]Andrea Wright – Administrative Services Manager; Kevin Kemp – Assistant Director.

Recommendation 6B: *The Transportation and Public Works Director should ensure that a process is developed to ensure that coupons are properly and accurately billed.*

Auditee's Response: Concur. TPW & PE management will work with vendor management teams to document this process for each coupon type and ensure compliance in issuance and billing.

    Target Implementation Date: June 1, 2019

    Responsibility: TPW: Peter Elliott - Parking Manager
            PE: Andrea Wright – Administrative Services Manager; Kevin Kemp – Assistant Director

Acknowledgements

The Department of Internal Audit would like to thank the Transportation and Public Works Department, the Public Events Department and SP Plus for their cooperation and assistance during this audit.

Exhibit I – Houston Street Garage Parking Process

	Customers	Price	Payment Method(s)	Tracking/ Accountability	Business Process Owner(s)
Coupons	City Employees	$30.00 Booklet of 10 Coupons	Cash, Check, or Debit/Credit Card	SP Plus staff logs information (e.g., name, employee ID, etc.)	SP Plus prints coupons
	City Departments	$30.00 Booklet of 10 Coupons	P-Card or City Transfer	SP Plus Form	SP Plus prints coupons
	Omni Hotel	$10.00 per Coupon	Check	Omni creates PO, SP Plus invoices	SP Plus prints coupons
	Jurors (Municipal Court)	$5.00 per Coupon	Interdepartmental City Transfer	SP Plus Form, Municipal Court buys in bulk	SP Plus prints coupons
Monthly	City Employees	$40.00 per month (limited access) $85.00 per month (unlimited access)	Payroll Deduction	City compares monthly payroll deduction listing to active card holder report and requests that SP Plus remove access	City issues activated cards; SP Plus activates cards provides to City (5/time)
	External Customers (e.g., AT&T, Federal employees)	$125.00 regular $400.00 reserved	Cash, Check, Debit/Credit Card, or online through SP Plus system	SP Plus activates and issues cards, bills, and prepares deposit and enters ERDDs	No tracking by City, SP Plus tracks
Valet	Omni Hotel's Valet Service	Variable Rate by time, accumulates by the day: MIN: 0 to 5HRS $12.00 MAX: 10 to 24HRS $22.00	Check	Omni prints hangtags; SP Plus activates hangtags, runs report, and invoices Omni	No tracking by City, SP Plus tracks
Pay Stations	Transient Customers	Standard Variable Rates by Time: MIN: 0 to 20MINS $3.00 MAX: 12HRS to 24HRS $22.00	Cash, Debit/Credit Card, or Pre-paid Validation Coupon	Customers self-pay; transactions are captured by the garage Parking System	SP Plus prepares deposit and enters ERDD
Pay-On-Entry	Transient Customers	Event Rate: $18.00	Cash or Debit/Credit Card	SP Plus staff records transactions in the Fee Computer or Park Jockey handheld device	SP Plus prepares deposit and enters ERDD
Daily Parking	Transient Customers	Standard Variable Rates by Time: MIN: 0 to 20 MINS $3.00 MAX: 12HRS to 24HRS $22.00	Cash, Debit/Credit Card, or Pre-paid Validation Coupon	SP plus staff records transactions in the Fee Computer or customer uses self-paying stations	SP Plus prepares deposit and enters ERDD

Exhibit I – Houston Street Garage Parking Process (cont'd)

NOTE: This flowchart is based on Houston Street Garage operations. Processes are generally the same for the Commerce Street Garage and the WRMC, with some differences. For example, event and transient variable rates vary at WRMC; and Municipal Court coupons, valet parking service, and Omni coupons only apply to Houston Street Garage.