

Final Audit Follow-up

As of March 31, 2008



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The City's Parking Program

(Report #0622, Issued September 8, 2006)

Report #0816

July 22, 2008

Summary

This is the third and final follow-up on the action plan steps originating from the audit of the City's Parking Program (Report #0622) issued on September 8, 2006. In the original report, we identified issues and provided 16 recommendations toward developing a comprehensive and coordinated parking ticket program strategy and improving the accounting of the parking ticket inventory, management of internal controls over the parking program activities, and the integrity of computer based parking ticket information.

To date, 13 of the 16 steps have been completed and 3 steps have been partially completed. The following five steps were completed during this period:

- The City's parking ordinance was revised introduced to the Commission at the end of June 2008.
- Final implementation of Police policies and procedures related to the accounting for parking tickets. New procedures were approved by the Police Chief to begin July 1, 2008.
- Staff evaluated and data needs for the parking program and developed procedures as to how data should be input and their status updated.
- A process was developed and implemented to purge invalid data in the Parking Ticket System.

- Accounting Services evaluated the unpaid parking tickets to determine whether the unpaid amount should be included in the City's financial statements as accounts receivable.

The three action plan steps that are in process but have not yet been fully implemented included:

- Performance measures – these have been developed, but have not yet been approved by management, accepted by the Parking Committee, or used to gauge the program's effectiveness.
- Final approval of citywide parking program policies and procedures.
- Due to change over in management, quarterly reviews by the UBCS manager will not be fully implemented until the end of the third quarter, 2008.

We are turning these partially completed action plan steps over to management for their final resolution.

Additionally, our review of parking committee meeting summaries and observations during the past two follow-up periods indicate a continuing need for coordination across the five departments in conducting City parking program activities. We recommend that the assigned Assistant City Manager meet with the parking committee to clarify the parking program's direction, goals and objectives, and resolve the outstanding issues to ensure that the parking program activities are coordinated across the City departments.

Scope, Objectives, and Methodology

We conducted the original audit and this subsequent follow-up audit in accordance with the International Standards for the Professional Practice of Internal Auditing and 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.

Report #0622

The objectives of the audit were to review the parking ticket program to (1) determine compliance with City ordinances, policies and procedures, state and federal laws, and contracts and agreements, (2) compare parking ticket rates and meter rates to other similar cities for reasonableness, (3) evaluate the program for effectiveness and efficiency, (4) determine whether parking ticket revenues were accounted for properly, and (5) evaluate internal controls related to the program.

Report #0816

This is our third and final follow-up on action plan steps identified in audit report #0622. The purpose of this follow-up is to report on the progress and status in completing the action plan steps due for completion as of March 31, 2008. To obtain information we reviewed relevant documentation, including policies and procedures and contract amendments, interviewed key staff, made observations, and performed limited data analyses.

The partially completed action plan steps are being turned over to management for their resolution.

Background

The City’s parking program consists of various activities performed in five City departments: Airport, Police, Public Works, Treasurer-Clerk Revenue, and Utility Business and Customer Services. Activities include:

- Placement of, maintenance of, and coin collection from parking meters;
- Issuance of parking tickets;
- Collection of payments; and
- Tracking of outstanding tickets.

In fall 2006, the Traffic Division stated that the City had 1,180 metered parking spaces, 441 of which were located in the downtown area. For fiscal year 2005, the parking program revenues totaled \$1,033,102, consisting of \$301,532 (29%) in parking meter collections, \$693,783 (67%) in general parking fines and penalties, and \$37,787 (4%) in Airport parking fines and penalties.

The City Manager is responsible for managing the parking program, except for collection of parking program revenues which is under the Treasurer-Clerk’s Revenue Division. All other parking program activities are under the City Manager, and are split among three Assistant City Managers throughout four City departments: Airport, Police, Public Works, and Utility Business and Customer Services (UBCS). Figure 1 on page 7 shows the City departments involved and their responsibilities.

Previous Conditions and Current Status

In report #0622, we identified issues that needed improvement in the management of parking operations, accounting of parking revenues, internal controls, agreements, and data integrity.

Issues identified included: (1) developing a comprehensive and coordinated program strategy including citywide goals, objectives, performance measures, standard operating procedures, and overall assignment and coordination of the parking ticket program; (2) periodically accounting for all parking tickets; (3) evaluating outstanding fines and penalties to determine whether they should be reported in the City’s financial reports; (4) improving internal controls by segregating key duties; (5) ensuring that

supervisory reviews are conducted for parking ticket fines and penalties as well as establishing criteria for voiding and reducing parking ticket fines and penalties; (6) clarifying and amending the collection agency contract; and (7) addressing and correcting data errors within the parking ticket system regarding when tickets should be input, updated, and written off.

Table 1 provides a summary of the action steps and their current status.

**Table 1
Action Plan Steps from Report #0622
Due as of March 31, 2008, and Current Status**

| Action Plan Steps Due As of March 31, 2008 | Current Status |
|---|---|
| To comply with City ordinances | |
| <ul style="list-style-type: none"> Review the City ordinances related to the parking program activities and revise ordinances to reflect current operations. | <ul style="list-style-type: none"> ✓ Completed. The City’s parking ordinance was revised and introduced to the Commission at the end of June 2008. |
| To manage the program effectively and efficiently | |
| <ul style="list-style-type: none"> Develop citywide goals and objectives for the parking program. | <ul style="list-style-type: none"> ✓ Completed in a prior period. |
| <ul style="list-style-type: none"> Assign overall oversight and coordination of the parking program activities to one of three Assistant City Managers. | <ul style="list-style-type: none"> ✓ Completed in a prior period. |
| <ul style="list-style-type: none"> Develop performance measures to gauge the effectiveness and results of the parking program goals and objectives. | <ul style="list-style-type: none"> ◇ Partially completed. Performance measures for the Parking Program were proposed in April 2007, but have not yet been accepted by the Parking Committee, approved by management, or utilized to gauge the program's effectiveness. This item will be turned over to management for completion. |
| To ensure all revenues are accounted for properly | |
| <ul style="list-style-type: none"> Develop and implement standard policies and procedures for the parking program across departments to include: a) accounting for all parking tickets; b) how and to whom citizens should submit appeals; c) criteria for when parking ticket fines should be voided and reduced; d) supervisory review of voided and reduced parking ticket fines; and e) location where payments should be submitted and processed. | <ul style="list-style-type: none"> ◇ Partially completed. While the citywide parking policies and procedures are being implemented into daily operations, they have not yet been officially approved and assigned a City APP #. During this audit follow-up period, we also recommended that policy include the criteria and process for periodically cleaning the data in the Parking Ticket System. This item will be turned over to management for completion. |

| To ensure all parking ticket revenues are properly accounted for | |
|---|--|
| <ul style="list-style-type: none"> Implement a process to periodically conduct an accounting of parking tickets to ensure that all tickets issued have been entered into the parking ticket system so that all due revenues can be collected. | <ul style="list-style-type: none"> ✓ <u>UBCS- entering parking tickets. Completed.</u> UBCS staff implemented procedures into their operations to ensure that all tickets received by UBCS staff are input into the Parking Ticket System. ✓ <u>Airport- accounting for parking tickets. Completed.</u> Airport staff implemented a process to account for all of their parking ticket stock purchased, issued, and in inventory during the prior follow-up period. ✓ <u>Police- accounting for parking tickets. Completed.</u> Police reviewed their processes for issuing, reporting, inventory controls, and accounting for parking tickets, and developed procedures very similar to those used with the Uniform Traffic Citations. New procedures were approved by the Police Chief to begin July 1, 2008. Additionally, Police is working with UBCS to implement steps to input the handwritten tickets into the Duncan system at the Police Department, which will allow customers to pay tickets on-line in a more timely manner. |
| <ul style="list-style-type: none"> Develop a process to determine whether accounts receivable should be reported in the City's financial statements for unpaid parking tickets. This process should include an evaluation of the merits of recording parking tickets as receivables and aging parking tickets to determine whether tickets should be "written off." | <ul style="list-style-type: none"> ✓ Completed. Accounting evaluated the unpaid tickets and determined that it was not material to include in the City's annual A/R for the 2007 fiscal year. Accounting Services will include a step in their year-end processes to evaluate unpaid parking tickets and make a determination annually. |
| To provide sound internal controls | |
| <ul style="list-style-type: none"> Review the parking program activities and assignments to ensure that a proper segregation of duties is in place so the same person does not perform more than one of these functions: issuing tickets; inputting tickets into the parking ticket system; approving and rejecting appeals; voiding and reducing fines and penalties; and receiving payments. | <ul style="list-style-type: none"> ✓ Completed in a prior period. |

| | |
|--|---|
| <ul style="list-style-type: none"> Develop, document, and implement criteria for when parking ticket fines and penalties should be voided or reduced. | <ul style="list-style-type: none"> ✓ Completed in a prior period. |
| <ul style="list-style-type: none"> Perform regular supervisory reviews of all voids and reductions of parking ticket fines and penalties. | <ul style="list-style-type: none"> ◇ Partially completed. UBCS procedures include reviews at the supervisory, Customer Service manager, and UBCS manager levels. The reviews have been implemented at the supervisory and CS manager levels. The UBCS manager is newly appointed and will be performing the quarterly reviews beginning in the third quarter, 2008. This item will be turned over to management for completion. |
| <ul style="list-style-type: none"> Implement a process to ensure that receipt of all parking program payments are made only to the Treasurer-Clerk’s Office or the contracted collection agency. | <ul style="list-style-type: none"> ✓ Completed in a prior period. |
| <p>To effectively manage the parking ticket collection contract</p> | |
| <ul style="list-style-type: none"> Amend the contract with Data Tickets to clarify the terms related to the collection fee. | <ul style="list-style-type: none"> ✓ Completed in a prior period. |
| <ul style="list-style-type: none"> Ensure that amendments are reviewed and approved by the City Attorney’s Office. | <ul style="list-style-type: none"> ✓ Completed in a prior period. |
| <ul style="list-style-type: none"> Determine the most effective way to receive payments from Data Tickets to verify and accurately record ticket collection revenues and the associated collection costs. | <ul style="list-style-type: none"> ✓ Completed in a prior period. |
| <p>To improve and ensure data integrity</p> | |
| <ul style="list-style-type: none"> Evaluate the data needs for the parking program and develop policies to provide guidance as to how and when tickets should be input and their status updated, as well as when data should be written off and purged. | <ul style="list-style-type: none"> ✓ Completed. UBCS evaluated the data needs and then worked with ISS staff worked together to purge the invalid data from the Parking Ticket System. |
| <ul style="list-style-type: none"> Develop and implement a process to address and correct the data errors within the parking ticket system. | <ul style="list-style-type: none"> ✓ Completed. As noted above, UBCS and ISS developed the criteria and the process for purging invalid data. We recommended to management that the finalized criteria and process for data cleanup be included in their policies and procedures for periodic cleaning of the data. |

Table Legend:

✓ Issue addressed in the original audit ✓ Issue addressed and resolved ◇ Partially Completed

Conclusion

As described in detail in Table 1, there are still three action plan steps due that have been partially completed. We are turning these partially completed action plan steps over to management for their final resolution.

Even with the completion of all action plan steps, our review of parking committee meeting summaries and observations during the past two follow-up periods indicate a continuing need for coordination across the five departments in conducting City parking program activities. We recommend that the assigned Assistant City Manager meet with the parking committee to clarify the parking program’s direction, goals and objectives, and resolve the outstanding issues to ensure that the parking program activities are coordinated across the City departments.

We appreciate the full cooperation provided during this audit follow-up from key City staff in Utility Business and Customer Services, Police, Accounting Services, and City Attorney’s Office.

Appointed Officials’ Response

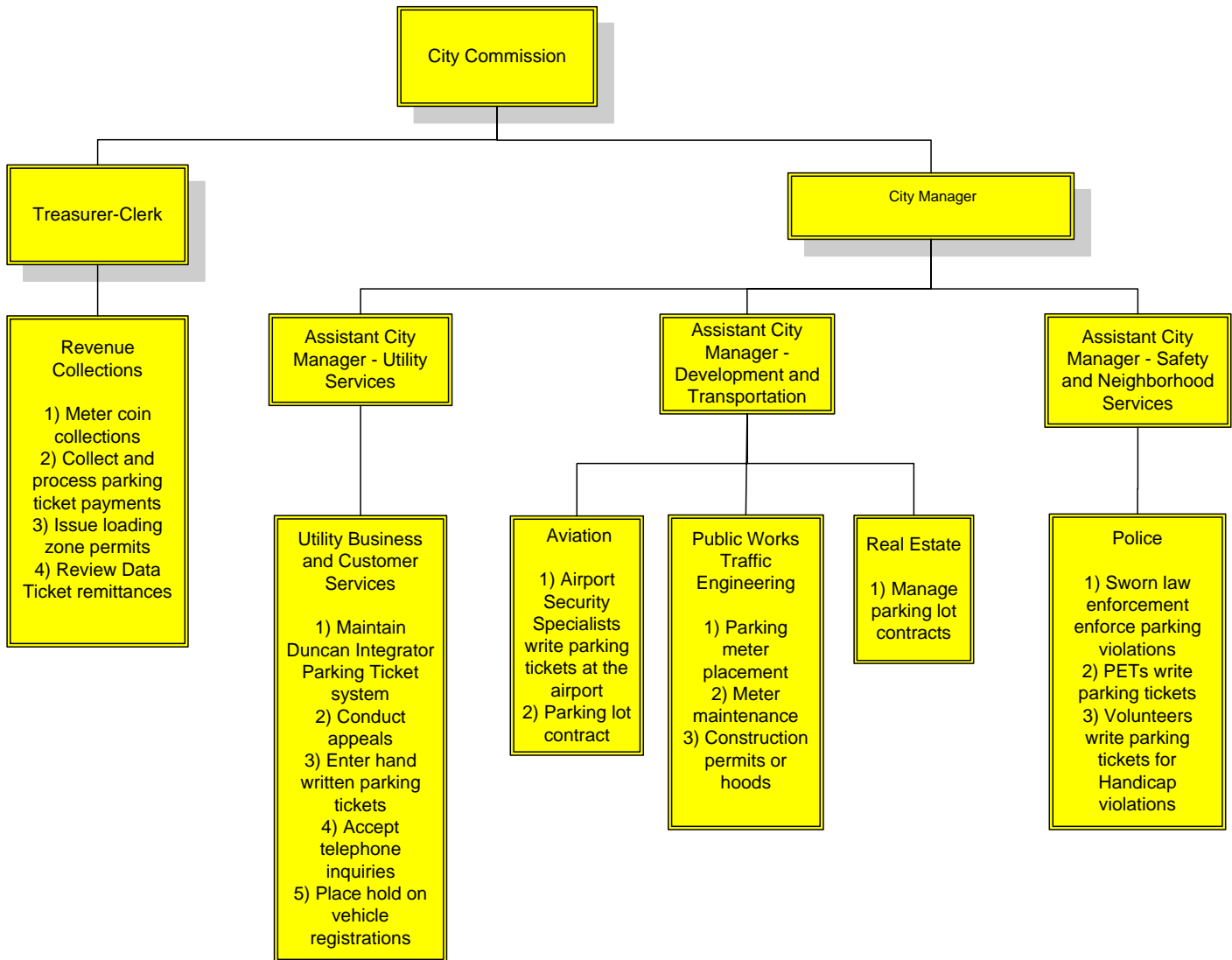
City Manager:

I'm pleased with the results of the follow-up report. The results reflect management's commitment to internal control.

City Treasurer-Clerk:

After reviewing the Final Audit Follow-up report, we find no action items for the Treasurer-Clerk's Office. Additionally, as part of the initial 2006 audit (#0622), the Revenue Division was found to be properly receiving, recording and depositing revenue collections from the parking system. Follow-up audits performed by the External Auditors and by Traffic Engineering, also illustrated that controls were in place and 100% of the parking meter revenue was collected and deposited. We will continue to work with the other departments supporting the parking system by collecting and reporting the revenue.

**Figure 1
City Departments Involved in the Parking Program Activities and
Their Responsibilities**



Source: Audit Report #0622, "The City's Parking Program," issued September 2006

Note: In response to Audit Report #0622, the City Manager assigned the Assistant City Manager for Utility Services the responsibility for ensuring that the parking program activities are coordinated among the affected departments.

Copies of this audit follow-up #0816 or audit report #0622 may be obtained from the City Auditor's website (<http://talgov.com/auditing/index.cfm>) or via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail or in person (Office of the City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (auditors@talgov.com).

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