

City of Albuquerque

Office of Internal Audit

FOLLOW-UP OF THE
CONTROL & TRACKING OF PARKING
METER REVENUE AUDIT

Report No. 19-16-105F

February 27, 2019

INTRODUCTION

The Office of Internal Audit (OIA) performed a follow-up of Audit No. 16-105, Control & Tracking of Parking Meter Revenue during fiscal year (FY) 2019. The purpose of this follow-up is to report on the progress made by the Department of Municipal Development (DMD) in addressing the audit's findings and recommendations. Our follow-up procedures rely on the department providing the status of the recommendations.

A follow-up is substantially less in scope than an audit. The objective is to report on the status of corrective action regarding the audit's findings and recommendations.

We limited our scope to actions taken to address our audit recommendations from the final audit report dated June 22, 2016 through the submission of actions on February 12, 2019.

BACKGROUND

The Security & Parking Services Division (Parking Division) operates a total of 1,051 single-space parking meters and 3 multi-space pay stations for a total of approximately 1,300 metered parking spaces available to the public.

The audit determined that the Parking Division's processes may not have been sufficient to detect missing revenue and other errors. Significant inconsistencies and internal control weaknesses were noted and involved:

- A. Lack of Reconciliations,
- B. Un-researched/Undocumented Discrepancies and Variances,
- C. Infrequent Collection of Pay Station Revenue,
- D. Potentially Unreliable Pay Station Data,
- E. Limited Pay Station Functionality,
- F. Lack of Parking Meter and Pay Station Monitoring Activities, and
- G. Outdated/Unapproved Policies and Procedures.

Without strong internal controls in the above areas, the Parking Division did not have assurance that the City's parking meter and pay station revenue was complete or accurate.

SUMMARY

Of the three recommendations addressed in the original audit report, two have been fully implemented, and one is in process.

The status of the recommendations is identified by the symbols in the following legend.



Fully
Implemented



Resolved



In
Process



Not
Implemented

Recommendation #1

DMD should:

- Conduct reconciliations of the parking meter collection reports/pay station tickets to the actual funds collected any time quadrants and pay stations are collected.
 - Research and document any discrepancies.
 - Complete and submit an over/short report to City Treasury on discrepancies exceeding \$50.
- Collect revenue from the pay stations regularly and consistently.
- Address the communication and collection issues with the pay stations by:
 - Replacing pay stations with single-space meters;
 - Using available parts from pay stations that have been removed to eliminate the need for the collectors to openly handle cash on the street; and
 - Turning off and wrapping pay stations with excessive mechanical issues.
- Perform monitoring activities, such as detailed trend analyses, on parking meter and pay station revenue.
 - Each quadrant of meters and the remaining group of pay stations should be analyzed individually.
 - Any significant changes, dips, or spikes in revenue should be researched, explained, and documented.
- Establish and implement written policies and procedures specific to:
 - The collection of revenue from the various types of parking meters and pay stations,
 - The reconciliation of revenue, and
 - The investigation of discrepancies.
- Review and update policies and procedures annually to ensure they remain relevant and effective.

Response

A. “DMD concurs and the Parking & Security Division is now reconciling the reports to the actual funds received as the meters are collected. The Division is reconciling the pay station collection receipts to the actual funds received. All discrepancies will be researched and documented. Discrepancies in meter revenue can be attributed to various factors such as the functionality of the coin sorting mechanism and whether all the meters are collected in any given Quad. Any discrepancies over \$50.00 will be reported to the Treasury Division and will be researched and documented.”

ESTIMATED COMPLETION DATE

“The Division will develop a written procedure regarding timely reconciliation of reports to the actual funds received and will have the procedure adopted and implemented by August 2016.”

- B.** *“DMD concurs and discrepancies will be researched and documented. Any discrepancies over \$50.00 will be reported to the Treasury Division.”*

ESTIMATED COMPLETION DATE

“The Division will create a written procedure to review, research and document any discrepancies and will have the procedure adopted and implemented by August 2016.”

- C.** *“DMD concurs and the Parking and Security Division will collect all pay stations on a regular basis.”*

ESTIMATED COMPLETION DATE

“A collection schedule will be adopted and implemented by August 2016.”

- D.** *“DMD concurs that the pay station data may be unreliable. The Parking and Security Division is actively working to replace the pay stations with single head meters. As the pay stations are replaced, the Division will continue to use viable spare parts in the remaining pay stations.”*

ESTIMATED COMPLETION DATE

“The pay stations will be replaced as funding becomes available. This should be done by the end of FY 18.”

- E.** *“DMD concurs and the Parking and Security Division will maintain an updated list of pay stations and their functionality. DMD concurs that the pay stations have limitations and therefore is actively working to replace them with single head meters. To ensure that the collection capacity is not exceeded, the Division will regularly collect the pay stations.”*

ESTIMATED COMPLETION DATE

“An updated list of pay stations and their functionality will be created by August 2016. The pay stations will be replaced as funding becomes available.”

- F.** *“DMD does not concur as the Division does perform trend analysis to explain increases and decreases in parking meter revenue on a quarterly basis for the Office of Management and Budget and for internal planning purposes. Quarterly revenue projections are performed and are used for planning of the annual budget. The Division will enhance the*

revenue trend analysis by evaluating each quadrant and will research, explain and document changes in revenue.”

ESTIMATED COMPLETION DATE

“The Division will incorporate enhanced trend analysis into its quarterly projections starting July 1, 2016.”

G. “DMD concurs and the Division will review and update policies and procedures for established practices.”

ESTIMATED COMPLETION DATE

“August 2016.”

Status Reported by DMD: “A. Conducted on a daily basis. A report is generated through IPS showing the daily collections of the meters and then compared with the daily reconciliation report to verify any discrepancies. Daily reports are kept on hand in a binder. Any major discrepancies get reported to Treasury with documentation to support the discrepancy. Both Parking and Treasury research the discrepancies with the results being documented. Written procedures have been implemented.

“B. Any discrepancies over \$50 discovered through our daily reconciliations are recorded and sent to Treasury where both Parking and Treasury can research the error. Discrepancies are documented and kept with the daily paperwork. Written procedures have been implemented.

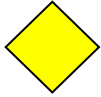
“C. Pay stations are collected once a week. We have pay stations left in Old Town. Generally, the pay stations are collected every other week on Fridays unless special circumstances arise.

“D. Pay stations throughout the City of Albuquerque have been replaced with single head meters with the exception of the units left in Old Town. The Old Town parking is an open lot and it would not be economical to replace them with single head units.

“E. We are able to monitor the funds that are collected through the units. In the rare event that any of the pay stations need an early collection, the meter collectors will do a pick up the same day.

“F. The Division does perform trend analysis to explain increases and decreases in parking meter revenue on a quarterly basis for the Office of Management and Budget and for internal planning purposes. Quarterly meetings are set up with the DMD Fiscal Manager. Parking Division continues with the trend analysis by evaluating each quadrant and will research, explain, and document changes in revenue.

“G. Policy and procedures have been updated and maintained as the needs of the Division have changed and continue to change.”



In Process

DMD - Parking Division has updated its policies and procedures which have established improved collection practices, reconciliation of revenues, and processes regarding any discrepancies. All pay stations have been replaced with single-space meters except for the Old Town parking lot. A reconciliation process has not been fully established and implemented.

Recommendation #2

DMD should:

- Review the expiration dates of the cash handling certifications more frequently to ensure that employees attend recertification classes prior to the expiration of certifications.
- Redesign the parking meter/pay station master key log to include more detailed information including:
 - Date & time the key was issued,
 - Name of the individual issuing the key,
 - Name of the individual receiving the key,
 - Name of the person returning the key,
 - Name of the person receiving the key, and
 - Date & time the key was returned.
- Contact the vendor of the single-space parking meters and request that the longitudes and latitudes of all meters be updated with the correct coordinates that Parking provided.
- Create and maintain an accurate map of all quads and pay station locations.

Response:

A. “DMD concurs and the Division will ensure that all cash handling certifications are maintained and valid by conducting regular reviews of all required certifications and expiration dates.”

ESTIMATED COMPLETION DATE

“As all staff in the Division are currently cash handling certified. The Division will conduct regular reviews beginning July 1, 2016.”

B. “DMD concurs and the Division will redesign the key log that was implemented in 2013 to

capture additional information that will enhance key control.”

ESTIMATED COMPLETION DATE

“July 1, 2016.”

C. “DMD concurs and the Parking and Security Division has contacted the vendor to update the longitude/latitude information in the database. A map has been created that accurately reflects the locations of the quads and pay stations. The map will be revised as the pay stations are removed and replaced with single head meters.”

ESTIMATED COMPLETION DATE

“This will be completed by July 29, 2016.”

Status Reported by DMD: “A. Cash Handling certificates are held in the Fiscal Officer office. Administration conducts reviews of certifications, scheduling of classes, and monitors expiration dates.

“B. Key logs are in use for any keys being issued to staff while conducting their duties. Keys are split between meter use and day-to-day operations. Keys are secured in a lock box to enhance key control.

“C. Vendor has updated the system to reflect the location of meters through longitude/latitude. We also have ability through the website and smart phone app to update locations of the meters. Meters and pay stations have been assigned to quadrants. 7 in total.”



Fully Implemented

Cash handling certifications are maintained and reviewed by the Parking Division Fiscal Officer. The key log is kept near the key lock box and keys are signed in and out daily. The parking meters are monitored using GPS technology and the quadrant map has been updated to reflect the latitude and longitude of the meters.

Recommendation #3

DMD should:

- Use the coin and bill boxes from pay stations that have been replaced with single-space parking meters to exchange with filled boxes during collection;

- Install a lock box on the interior of the truck or in the bed of the truck in which collected revenue may be secured; and
- Contact the Department of Finance and Administrative Services – Risk Management Division for a safety evaluation of its collection processes.

Response:

“DMD concurs and will continue to utilize the coin and bill boxes from pay stations that have been replaced for collection as they become available. The Division Manager and Fiscal Officer were unaware that the lockbox had been removed and will arrange for the boxes to be reinstalled in the collection trucks. The Department will work with industry professionals and the City’s Risk Management Division to review the process of, and make recommendations on, the meter collection and repair work.”

ESTIMATED COMPLETION DATE

“The coin and bill boxes will continue to be replaced as they become available. The lock boxes will be reinstalled by mid-July 2016. Review and recommendations will be completed by the end of FY17.”

Status Reported by DMD: “Lockboxes have been put back into place. Collection and repair work methods are in place. Sept 2018 we had met with a safety compliance specialist to ensure we were on track in the program.”



Fully Implemented

Coin and bill boxes from former pay stations have been utilized to exchange filled collection boxes. Two lock boxes are currently in use for all parking meter collections and a safety evaluation has been conducted by the Risk Management Division.

Follow-Up
Department of Municipal Development
Parking Management
February 27, 2019

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