

AUDIT TEAM

***Jim Williamson, CPA, CIA, City Auditor
Janet McWilliams, CPA, Audit Manager
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**PUBLIC TRANSPORTATION AND
PARKING DEPARTMENT**

PARKING METER REVENUE

MAY 8, 2018

MAYOR AND CITY COUNCIL

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May 8, 2018

The Mayor and City Council:

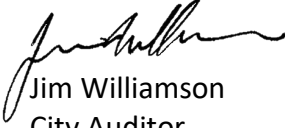
The Office of the City Auditor has completed an audit of the Public Transportation and Parking Department (Transit) parking meter revenues.

Based on the results of our audit, we believe that management controls over parking meter revenues were adequate and operating effectively, except for controls ensuring revenue source documents are completely and timely reconciled to PeopleSoft during the six months ended October 31, 2017.

Recommendations for enhancing controls over parking meter revenues, discussed in more detail in the attached report, are summarized as follows:

- The parking meter revenue reconciliation process should be strengthened to ensure accuracy and completeness. See Recommendations 1 and 2.
- Parking meter maintenance alerts indicative of service interruption should be prioritized and meaningful operability performance measures based on the number of meters in-service should be established. See Recommendations 3 and 4.
- Inventory records for parking meters and keys should be maintained and these inventories should be physically counted at least annually. See Recommendations 5 and 6.

All comments, recommendations, suggestions and observations arising from our audit have been discussed in detail with appropriate representatives from management. These discussions were held to assure a complete understanding of the content and emphasis of items in this report. Responses to this report from management are attached.


Jim Williamson
City Auditor


Janet McWilliams
Audit Manager

**PUBLIC TRANSPORTATION AND PARKING DEPARTMENT
PARKING METER REVENUE**

AUDIT OBJECTIVE, BACKGROUND, SCOPE AND METHODOLOGY

The objective of this audit was to evaluate the adequacy and effectiveness of controls ensuring parking meter revenues were complete and accurate during the six months ended October 31, 2017.

The mission of the Public Transportation and Parking Department (Transit) On-Street Parking Program (Parking) is to provide parking meter revenue collection, installation and maintenance services to residents, visitors and businesses so they can have reliable metered parking. In March 2012, Parkeon, Inc., was contracted to provide electronic, multi-space paystations allowing citizens to utilize a credit card in addition to coins to pay for on-street parking. Parking continued to operate mechanical, single-space meters in areas not served by electronic paystations. Parking meter revenue totaled over \$1.2 million in fiscal year 2017.

During our audit period, paystations issued parking decals that had to be placed on the windshield of the vehicle to validate paid parking. To make on-street parking more user-friendly and eliminate single-space meters, in December 2017, Parking introduced a pay-by-plate system allowing the driver to enter their tag number and pay at any of 175 paystations without returning to their vehicle to display a receipt. Our audit procedures did not extend to the new system.

Procedures performed during this audit included reviewing relevant contracts and Ordinances; interviewing City and contractor personnel regarding on-street parking processes and policies; and analyzing Parkeon revenue reports and revenue recorded in PeopleSoft.

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.

Recommendations included in the following section of this report are intended to provide constructive suggestions for improving management of parking meter revenue collections. Management responses are included in the body of this report and attached to the report in their entirety.

RESULTS OF WORK PERFORMED

Established controls over parking meter revenue were adequate and operating effectively during the six months ended October 31, 2017, except for controls ensuring revenue source documents are completely and timely reconciled to PeopleSoft.

Revenue Reconciliations

Comment (1)

Revenue reconciliations are incomplete. In each of three months tested, revenue reconciliations did not include over \$35,000 or approximately 30% of monthly parking meter revenues recorded in PeopleSoft; including single-space meter collections, hooding fees, prior and current month outstanding items, and a duplicate revenue entry.

Additionally, reconciliations did not reflect the preparer and date, nor consistent documentation of supervisory review.

Without complete and timely revenue reconciliations, errors or misappropriated funds could occur and go undetected.

Recommendation (1)

Transit should strengthen parking meter revenue controls by:

- Performing complete and timely reconciliations of revenue source documents to PeopleSoft.
- Signing and dating revenue reconciliations when performed and reviewed.

Transit Response (1)

Agree with recommendation and corrective action has been made. Staff has been instructed about how to perform a complete reconciliation and document it accordingly. The reviewing supervisor is aware of the requirement for consistent sign offs. Additionally, the reconciliation is being reassigned to staff with stronger accounting skills.

Comment (2)

Duplicative revenue reconciliations are performed. City Treasurer Cash Handling Guidelines place responsibility on departments to reconcile revenue per PeopleSoft to departmental revenue source documents. Transit personnel periodically inform the City Treasurer's Office of parking meter revenue deposits and substantially reconcile Parkeon monthly revenue reports to revenue recorded in PeopleSoft. In addition to making related PeopleSoft revenue entries and ensuring that deposits were received by the bank, City Treasurer's Office personnel also reconcile the deposits to Parkeon revenue reports.

Reconciliations of revenue source documents by both Transit and the City Treasurer's Office may not be an efficient use of resources.

Recommendation (2)

After Transit improves revenue reconciliation procedures as suggested in Recommendation 1, the City Treasurer's Office should consider limiting verification procedures to ensuring deposits reported by Transit are received by the bank. To provide for timely deposit verification, Transit should report revenue deposits to the City Treasurer's Office as deposits are made.

Transit Response (2)

Agree with recommendation. Public Transportation and Parking will report to Treasury the details of each deposit as they are made. It is understood the reconciliation of revenue source documents to revenue in PeopleSoft is the responsibility of the Public Transportation and Parking Department.

Finance Department Response (2)

Agree with recommendation. The City Treasurer's Office will limit verification procedures ensuring deposits reported by Transit are received by the bank in response to Transit reporting revenue deposits to the City Treasurer's Office daily.

Paystation Maintenance

Comment (3)

Paystation maintenance alerts are not addressed timely. Parking Meter Technicians review Parkeon maintenance reports daily to identify and resolve paystation operational issues.

Parkeon reports include numerous alert types relating to a variety of paystation functionality issues. We identified nine maintenance alerts indicative of paystation service interruption. There were 269 such alerts affecting 102 paystations during our audit period.

We noted:

- 12 paystations with maintenance alert duration times greater than 5 days and less than 20 days.
- 9 paystations with maintenance alert duration times greater than 20 days.
- 6 paystations with no payment activity during the audit period.
- 4 of the 6 paystations with no activity during the audit period were not consistently included on Parkeon status/maintenance reports.

Inoperable paystations inconvenience citizens and could negatively impact revenue collections. This becomes more imperative with the new pay-by-plate system due to greater spacing between paystations.

Recommendation (3)

To enhance paystation operability, Parking should:

- Prioritize resolution of alerts indicative of paystation service interruption.
- Establish targets for timely repair and develop related performance measures (e.g., % of alerts corrected within a defined time).
- Work with Parkeon to investigate and correct inconsistency in status/maintenance reports. Until such time, review both reports to identify inoperable paystations.

Transit Response (3)

Agree with recommendations and have addressed the prioritization of alerts and establishing targets for timely repair. Parking staff now checks the maintenance alerts at a minimum of twice daily and has set a goal to respond to each alert within 24 hours to ensure superior customer service.

Comment (4)

Current paystation operability performance measures are not meaningful. Parking has established “% of uptime for paystations” as a key performance measure. This measure is calculated using the number of parking spaces and hours/days for which payment for parking is required. As Parking implemented electronic multi-space meters, assessing meter operability based on the number of parking spaces is no longer applicable. Additionally, the established measure was significantly misreported during our audit period due to calculation errors.

Meaningful, accurate performance measures are important to assessing operating results.

Recommendation (4)

To provide for more useful operating information, Parking should base paystation operability performance measures on the number of paystations in-service. Performance measures should also be accurately calculated prior to reporting.

Transit Response (4)

Agree with recommendation and is being addressed. Parking has requested assistance from the Leading for Results team to update performance measures. Parking has already made internal adjustments to start tracking the operability of all parking meters rather than availability of spaces. The misreported measures have been corrected

Inventory Records

Comment (5)

Paystation inventory records are not maintained. Management Bulletin 15-1 requires departments to keep an inventory of non-capitalized items with a cost of more than \$500 and a useful life over one year. Paystations meet this criterion; however, Parking does not maintain records or physically verify paystation inventories. While paystations are not an inherent theft risk, paystation locations may vary (e.g., in service, in storage, returned to the manufacturer for repair or in custody of the local maintenance contractor) increasing the risk of loss.

Without complete and accurate inventory records and periodic physical counts, inventories may be lost or stolen without detection.

Recommendation (5)

To ensure accountability for and availability of equipment needed for operations, Parking should maintain paystation inventory records and physically count inventories at least annually.

Transit Response (5)

Agree with recommendation. When electronic parking meters were implemented in 2012 no inventory management was established, therefore, staff did not contemplate the meters being accounted for as part of the consumable inventory guidelines. Other than paper for the meters, few if any spare parts were kept on hand to inventory. Moving forward, parking will maintain an inventory of spare parts and shall maintain an inventory list of parking meters, keys and parking meter spare parts. Parking staff will perform an annual reconciliation of inventory at the end of each fiscal year just as inventories within the department are conducted.

Comment (6)

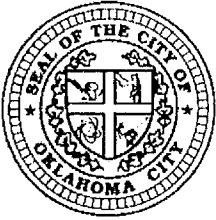
Paystation key inventories are not maintained. The manufacturer provided 120 keys used to access various paystation compartments for maintenance and coin collection. Parking does not maintain records or physically verify paystation key inventories. We noted that 7 of 9 electronic keys to access paystation coin collection cabinets and 19 of 23 keys to open coin collection boxes could not be located. Accountability for and restricted access to coin collection keys is important to reducing theft risk.

Recommendation (6)

Parking should maintain paystation key inventory records and physically count inventories at least annually. Parking should also consider replacing electronic keys or rekeying coin collection boxes to eliminate theft risk relating to missing keys.

Transit Response (6)

Agree with recommendation. Documentation received from the parking meter manufacturer when electronic parking meters were implemented in 2012 indicates 120 keys were provided but there is no record that indicates who received the keys or how many were received. Based on current key counts the assumption is that many keys are missing. Due to the lack of theft and damage to the meters it is apparent that said lost keys are not being used to access the Parking Meters as meter system logs show when each meter is opened. Staff has contacted Parkeon to gather information about changing the locks.



MEMORANDUM

The City of
OKLAHOMA CITY

TO: Jim Williamson, City Auditor

THROUGH: James D. Couch, City Manager *JDC*

FROM: Jason Ferbrache, Public Transportation and Parking Director *JMF*

DATE: April 17, 2018

SUBJECT: Public Transportation and Parking Department Parking Meter Revenue Audit

Following are management's responses to recommendations outlined in the recent Parking Meter Revenue Audit.

Recommendation (1)

Transit should strengthen parking meter revenue controls by:

- Performing complete and timely reconciliations of revenue source documents to PeopleSoft.
- Signing and dating revenue reconciliations when performed and reviewed.

Public Transportation and Parking Response (1)

Agree with recommendation and corrective action has been made. Staff has been instructed about how to perform a complete reconciliation and document it accordingly. The reviewing supervisor is aware of the requirement for consistent sign offs. Additionally, the reconciliation is being reassigned to staff to with stronger accounting skills.

Recommendation (2)

After Transit improves revenue reconciliation procedures as suggested in Recommendation 1, the City Treasurer's Office should consider limiting verification procedures to ensuring deposits reported by Transit are received by the bank. To provide for timely deposit verification, Transit should report revenue deposits to the City Treasurer's Office daily.

Public Transportation and Parking Response (2)

Agree with recommendation. Public Transportation and Parking will report to Treasury the details of each deposit as they are made. It is understood the reconciliation of revenue source documents to revenue in PeopleSoft is the responsibility of the Public Transportation and Parking Department.

Recommendation (3)

To enhance paystation operability, Parking should:

- Prioritize resolution of alerts indicative of paystation service interruption.
- Establish targets for timely repair and develop related performance measures (e.g., % of alerts corrected within a defined time).
- Work with Parkeon to investigate and correct inconsistency in status/maintenance reports. Until such time, review both reports to identify inoperable paystations.

Public Transportation and Parking Response (3)

Agree with recommendations and have addressed the prioritization of alerts and establishing targets for timely repair. Parking staff now checks the maintenance alerts at a minimum of twice daily and has set a goal to respond to each alert within 24 hours to ensure superior customer service.

Recommendation (4)

To provide for more useful operating information, Parking should base paystation operability performance measures on the number of paystations in-service. Performance measures should also be accurately calculated prior to reporting.

Public Transportation and Parking Response (4)

Agree with recommendation and is being addressed. Parking has requested assistance from the Leading for Results team to update performance measures. Parking has already made internal adjustments to start tracking the operability of all parking meters rather than availability of spaces. The misreported measures have been corrected.

Recommendation (5)

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Public Transportation and Parking Response (5)

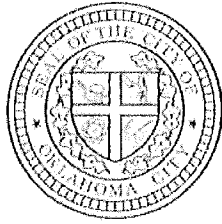
Agree with recommendation. When electronic parking meters were implemented in 2012 no inventory management was established, therefore, staff did not contemplate the meters being accounted for as part of the consumable inventory guidelines. Other than paper for the meters, few if any spare parts were kept on hand to inventory. Moving forward, parking will maintain an inventory of spare parts and shall maintain an inventory list of parking meters, keys and parking meter spare parts. Parking staff will perform an annual reconciliation of inventory at the end of each fiscal year just as other inventories within the department are conducted.

Recommendation (6)

Parking should maintain paystation key inventory records and physically count inventories at least annually. Parking should also consider replacing electronic keys or rekeying coin collection boxes to eliminate theft risk relating to missing keys.

Transit Response (6)

Agree with recommendation. Documentation received from the parking meter manufacturer when electronic parking meters were implemented in 2012 indicates 120 keys were provided but there is no record that indicates who received the keys or how many were received. Based on current key counts the assumption is that many keys are missing. Due to the lack of theft and damage to the meters it is apparent that said lost keys are not being used to access the Parking Meters as meter system logs show when each is meter is opened. Staff has contacted Parkeon to gather information about changing the locks.



MEMORANDUM

The City of
OKLAHOMA CITY



TO: Jim Williamson, City Auditor

THROUGH: James D. Couch, City Manager *JDC*

FROM: Craig Freeman, Finance Director *CF*

DATE: April 23, 2018

SUBJECT: Audit No. 18-01 – Public Transportation and Parking – Parking Meter Revenue

Following is the Finance Department response to the recommendation outlined in the Public Transportation and Parking – Parking Meter Revenue Audit.

Recommendation (2)

Agree with recommendation. The City Treasurer's Office will limit verification procedures ensuring deposits reported by Transit are received by the bank in response to Transit reporting revenue deposits to the City Treasurer's Office daily.