



City of Albuquerque

Office of Internal Audit

FOLLOW-UP OF PARKING DIVISION AUDIT
DEPARTMENT OF MUNICIPAL DEVELOPMENT

AUDIT #10-104

FEBRUARY 15, 2012

INTRODUCTION

The Office of Internal Audit performed a follow-up of Audit No. 10-104, Parking Division, Department of Municipal Development (DMD). The audit included recommendations to DMD and the CAO. This follow-up is to report on the progress made by these departments in addressing our findings and recommendations. Our follow-up procedures rely on the department providing the status of the recommendation.

Our follow-up is substantially less in scope than an audit. Our objective is to report on the status of corrective action in regards to our findings and recommendations. We limited our scope to actions taken to address our audit recommendations from the date of our final report, October 6, 2010 through February 6, 2012.

BACKGROUND INFORMATION

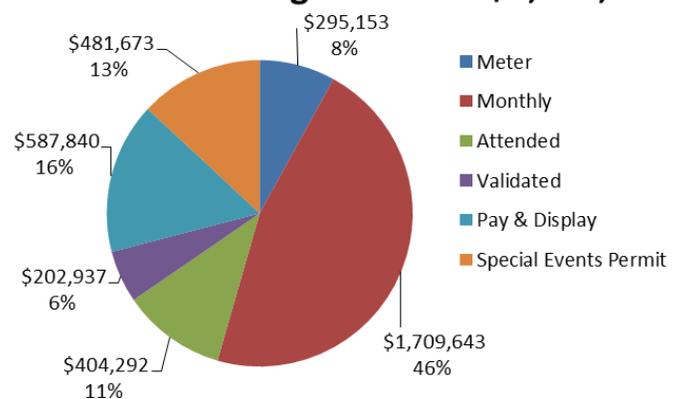
Parking manages the City of Albuquerque's parking facilities, including parking service and enforcement for businesses, government agencies and the public. Parking oversees the operation of approximately 4,300 parking spaces in ten city-owned parking facilities. Parking revenue sources include monthly contractual parking fees, parking meter fees and special events permitted parking fees.

Parking purchased Parkeon Pay and Display meters in 2006 to replace a portion of the

traditional single-head meters. The Pay and Display meters dispense a parking permit to customers for allotments of time to park in a designated block or area of parking spaces. The Pay and Display meters are capable of accepting coin, currency, and payment cards. During FY11, 54% of metered spaces used pay and display stations. Credit card payments accounted for 20% of the revenue at Pay and Display stations during FY11.

For the period July 1, 2010 through June 30, 2011 (FY11), Parking generated over \$3.6 million in revenue from the following sources:

FY11 Parking Revenue - \$3,681,538



SUMMARY

Four of the recommendations in the audit have been fully implemented, three have been partially implemented, half of one was not implemented and half of one was resolved. One new item was noted during the follow-up and is discussed at the conclusion of the report.

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



Recommendation #1: DMD – Parking should ensure that internal procedures to review authorized parking access and accurate parking fee payments are performed regularly, but no less frequently than quarterly. Exceptions should be researched and adequately documented.

Response from DMD - Parking: DMD concurred and the Parking Division had started reconciling the Payroll Deduction report received monthly from Main Payroll to ensure proper fees for current employee parking, and to verify deactivation for employees who are no longer employed by the City and/or paying for parking.

Per Administrative Instruction 2-2 all Division policies and procedures modifications need to be updated. DMD Parking would update its policies and procedures to address the findings of this audit as soon as possible but no later than March 2011.

 Fully Implemented

Status Reported by DMD: The DMD Parking Division has continued to reconcile the Payroll Deduction Report to verify deactivation of employees no longer employed by the City to ensure that fees for employee parking are charged accordingly. When an employee cancels a parking contract, a form is sent to the Human Resources Department (HRD) to cancel the deduction of parking fees from wages.

To date, a written procedure has been drafted, but not formally adopted. DMD-Parking is adhering to this procedure. DMD parking anticipates that this written procedure will be formally adopted no later than February 29, 2012.

OIA Note: DMD-Parking compares a monthly payroll deduction report to an HRD report to identify employees no longer employed by the City. DMD-Parking provided a copy of the form that is sent to HRD to cancel the deduction of parking fees. This portion of the recommendation is considered fully implemented. The status of the policies and procedures is discussed in Recommendation #3.

Recommendation #2: The CAO should:

- Clarify the administration's intent in regard to preemption of the Parking waiting lists as described in Administrative Instruction (AI) No. 8-11.
- Review the implications of City-paid parking benefits for a select group of employees and implement a policy to ensure that benefits are administered equitably.

DMD – Parking should ensure:

- Preemptions to the waiting list are adequately documented and allowable under AI No. 8-11.
- Exceptions to AI No. 2-12 are properly authorized.

Response from CAO: The Administration would clarify the intent of Administrative Instruction 8-11. A policy would be developed to allow City payment of parking fees for employees whose use of a personal vehicle is needed for City business but is not frequent enough to warrant a take home vehicle.

The administrative policy will be developed as part of the DMD Parking policies and procedures updates, which are to be completed no later than March 1, 2011.

Response from DMD – Parking: DMD concurred and the Parking Division would ensure that preemptions to the waiting lists were adequately documented and allowable under AI No. 8-11.

DMD concurred and the Parking Division would ensure that exceptions to AI No. 2-12 were properly authorized.

Per Administrative Instruction 2-2 all Division policies and procedures modifications need to be updated. DMD Parking would update its policies and procedures to address the findings of this audit as soon as possible but no later than March 2011.



Partially Implemented

Status Reported by CAO: All Administrative Instructions are currently being reviewed for potential revision. Clarification of this policy will be included in this effort.

Status Reported by DMD – Parking: Per AI No 8-11, DMD – Parking only approves preemptions to the waiting list with proper approval from the CAO. The parking contract must be signed by the CAO before placard and access cards are assigned to the employee.

OIA Note: DMD provided an example of a recent parking application that had been approved by the CAO to preempt the waiting list. This recommendation is shown as partially implemented as the administrative instruction has not yet been revised to address the City-paid parking benefits for a select group of employees. Three of the four individuals noted in the original audit continue to have their parking paid for by City departments. The other individual has terminated employment with the City; however, the department is continuing to pay for a parking spot. It is unknown if someone else is using that parking spot. See the *Other Items Noted* section at the conclusion of this report for more information.

Recommendation #3: DMD – Parking should ensure that internal accounts receivable policies and procedures comply with AI No 2-2.

Response from DMD – Parking: DMD concurred and the Parking Division would ensure that internal accounts receivable policies and procedures complied with AI No. 2-2.

Per Administrative Instruction 2-2 all Division policies and procedures modifications need to be updated. DMD Parking would update its policies and procedures to address the findings of this audit as soon as possible but no later than March 2011.



Partially Implemented

Status Reported by DMD – Parking: DMD – Parking is complying with all provisions of AI No. 2-2. To date, a written procedure has been drafted, but not formally adopted. DMD-Parking is adhering to this procedure. DMD Parking anticipates that this written procedure will be formally adopted no later than February 29, 2012.

OIA Note: DMD-Parking provided a copy of the procedures; however, they have not been finalized or formally adopted.

Recommendation #4: DMD – Parking should ensure that cash handlers' training is renewed every three years.

Response from DMD – Parking: One of the cash handlers had a current certification but could not provide the documentation at the time. We now have this documentation on file. The other two employees have now renewed their training and all three are current and properly documented.

The Parking Division would coordinate with Treasury to receive notification of status of cash handling certification for all employee cash handling certifications to enable continuous certifications in the future.

Per Administrative Instruction 2-2, all Division policies and procedures modifications need to be updated. DMD Parking would update its policies and procedures to address the findings of this audit as soon as possible but no later than March 2011.



Fully Implemented

Status Reported by DMD - Parking: DMD-Parking is monitoring the status of cash handling certification on a regular basis. The cash handling certifications are filed in the Parking Division Administrative Office. To date, all cash handlers have current certifications with the exception

of one employee, who is scheduled to attend the Cash Handling Certification class on 1/11/12. Twenty-six (26) employees have attended Cash Handling Certification class since the audit was conducted.

OIA Note: DMD-Parking provided a list of all employees with cash handling certifications and the corresponding expiration dates. OIA confirmed with the Department of Finance and Administrative Services (DFAS) – Treasury Division that the employee noted above did attend the January 11, 2012 class. This portion of the recommendation is considered fully implemented. The status of the policies and procedures is discussed in Recommendation #3.

Recommendation #5: DMD – Parking should implement procedures to ensure that parking revenue is recorded in accordance with Generally Accepted Accounting Principles (GAAP).

Response from DMD – Parking: DMD concurred and the Parking Division had initiated procedures to verify that refundable deposits made by all customers are reported to a liability account.

Per Administrative Instruction 2-2 all Division policies and procedures modifications need to be updated. DMD Parking would update its policies and procedures to address the findings of this audit as soon as possible but no later than March 2011.



Fully Implemented

Status Reported by DMD – Parking: DMD-Parking is continuing to properly record revenue received by the Division. In particular, the \$15.00 deposit received from customers for access cards is now recorded as deferred revenue.

To date, a written procedure has been drafted, but not formally adopted. DMD-Parking is adhering to this procedure. DMD Parking anticipates that this written procedure will be formally adopted no later than February 29, 2012.

OIA Note: DMD-Parking provided a copy of the general ledger that shows the liability account where the deposit revenue is deposited. This portion of the recommendation is considered fully implemented. The status of the policies and procedures is discussed in Recommendation #3.

Recommendation #6: DMD – Parking should coordinate with the DFAS – Central Payroll to develop an efficient process for refunds or reimbursements of employee pre-tax payroll deductions for monthly parking fees.

The CAO should ensure that City paid parking benefits are reported to DFAS – Central Payroll for income tax reporting.

Response from DMD - Parking: DMD concurred and the Parking Division would coordinate with DFAS-Central Payroll to implement a plan to conduct reimbursements through payroll.

The Parking Division was working on this issue and expected to have the requirement fulfilled no later than December 31, 2010.

Response from CAO: The CAO would ensure that City paid parking benefits are reported to DFAS – Central Payroll for income tax purposes.

The CAO expected that this process development would be completed no later than December 31, 2010.



Not Implemented



Resolved

Status Reported by DMD – Parking/CAO: The Parking Division has not been able to identify a cost effective plan with DFAS to process reimbursements through payroll, other than not allowing mid-month cancellations which the Administration does not support. We will continue to look for opportunities to work with DFAS and HRD to identify a cost effective plan to reimburse employees for appropriate fees.

OIA Note: DMD-Parking has not made any changes to the reimbursement process since the audit. Mid-month cancellations are prorated and refunded to the employee through an accounts payable check, not the payroll system.

The portion of the response directed to the CAO regarding paid parking benefits being reported to DFAS – Central Payroll was not addressed in the response. However, upon further research conducted by the former DFAS – Payroll Supervisor and OIA, up to \$240/month is allowed to be excluded from taxable income for qualified parking benefits. Whether the employee is paying their own monthly parking on a pre-tax basis or if the department is paying the monthly parking fee for the employee, the \$240/month exclusion appears to apply. This portion of the recommendation is considered resolved.

Recommendation #7: DMD – Parking should prepare all required documentation of the Parkeon purchase to the Technical Review Committee (TRC) and Information Services Committee (ISC) for after the fact inclusion in ISC governance processes. All future DMD – Parking purchases that likely have a technological impact should be made in compliance with City technology purchasing policies and procedures.

Response from DMD – Parking: The Division concurred with this recommendation. Certification of PCI-DSS for the Parkeon purchase in 2006 had been submitted to the TRC and ISC as required. Future acquisitions would be routed through the TRC and ISC for approval, as required.

Per Administrative Instruction 2-2, all Division policies and procedures modifications need to be updated. DMD Parking would update its policies and procedures to address the findings of this audit as soon as possible but no later than March 2011.



Fully Implemented

Status Reported by DMD - Parking: DMD-Parking routes all purchases with a technological impact through the TRC and ISC as required. In addition, all such purchases are routed to the DMD Fiscal Manager prior to submission for final approval to ensure that such purchases comply with all applicable TRC requirements.

To date, a written procedure has been drafted, but not formally adopted. DMD-Parking is adhering to this procedure. DMD Parking anticipates that this written procedure will be formally adopted no later than February 29, 2012.

OIA Note: DMD-Parking submitted the Parkeon purchase and PCI-DSS certification to TRC/ISC on January 23, 2012. It was approved as a TRC standard by the ISC Chairperson on February 6, 2012. The status of the policies and procedures is discussed in Recommendation #3. The draft policies and procedures do include a section on technical purchases and the related requirements.

Recommendation #8: The CAO should either require compliance with Ordinance §2-6-3-1 paragraph (D) or recommend that the requirement for departments to submit an annual information services plan to the ISC be rescinded, if such a requirement is not practical or necessary to the successful operation of City information and technology services.

Response from CAO: The CAO expects that all equipment purchases by the Parking Division, comply with Ordinance § 2-6-3-1 paragraph (D).

This requirement would be incorporated into the update of the Division policies and procedures required under Administration Instruction 2-2. The CAO expects that these changes will be in place as soon as possible, but no later than March 2011.



Partially Implemented

Status Reported by the CAO: The CAO has directed the new Chief Information Officer (CIO) to develop an updated IT master plan that was last updated in 1993. As part of this update, the CIO will be identifying the level of detail that is practical for each department's annual information services plan.

Other Item Noted During Follow Up: DMD-Parking maintains a spreadsheet that is used to prepare the monthly journal entry to charge City departments for the monthly parking spaces they utilize. OIA reviewed the December 2011 spreadsheet and noted numerous individuals were on the spreadsheet who are no longer employed by the City. Some of the individuals have been gone for several years. There is also a City department that is being billed for a monthly parking space for an employee who transferred to another department in June 2010. While the access card has recent activity, it is unknown whether the employee is still using the card or if the department re-assigned the access card to someone else in the department. It is also difficult to tell personal vehicles from City vehicles from the vehicle ID listed. OIA recommends DMD-Parking conduct a periodic verification by distributing the list to City departments and asking them to verify the spaces they are being billed for and to update necessary information.

Status Reported by DMD – Parking: DMD-Parking is working with City departments and the Water Authority to update the monthly parking information for journal entries. To date, Parking has worked with two Departments, Environmental Health and Transit to update their information.