



City of Albuquerque

Office of Internal Audit

FOLLOW-UP OF THE
Control & Tracking of Parking Meter Revenue-DMD
Report 22-16-105F
Date: June 29, 2022

INTRODUCTION

The Office of Internal Audit (OIA) issued audit report titled *Control & Tracking of Parking Meter Revenue* on June 22, 2016. OIA issued the first follow-up report on February 27, 2019 and found that of the three recommendations made in the original report, two were fully implemented and considered closed and one remained open and in process. OIA completed a second follow-up to determine the corrective actions that the Department of Municipal Development's (DMD) Security & Parking Service Division has taken in response to the one remaining recommendation and determined it has been fully implemented and is now considered closed. Audit recommendations that were determined to be previously resolved and/or fully implemented are not included in this follow-up report.

BACKGROUND

OIA completed a performance audit related to revenues generated by the City's parking meters during the time period of fiscal year (FY) 2011 through 2015. At the time the original audit was conducted, the City operated a total of 763 single-space parking meters and 72 multi-space pay stations (68 original pay stations and 4 newer pay stations from the same supplier as the single-space meters) from the total of approximately 1,300 metered parking spaces available to the public. The Security & Parking Services Division of DMD (the Division) manages the City's parking meters and pay stations. At the time of the original audit, all parking meters and pay stations accepted payments in the form of coin or debit/credit card. During the audit period \$4,449,657 in parking meter revenue was collected.

The original audit was included in OIA's FY 2016 audit plan. The audit objectives were to determine whether:

- Proper cash handling policies and procedures, regarding parking meter/pay station revenues are in place at the Division;
- Internal controls are sufficient, in place, and operational to monitor and ensure authorized access to and control of parking meter revenue; and
- The Division has policies and procedures in place that will help to ensure the physical safety of its employees.

Further information pertaining to the audit scope, limitations and methodology can be found in Appendix A of the original audit report.

The audit report found that DMD's current process may not detect missing revenue and other errors. Significant inconsistencies and internal control weaknesses were noted and involved:

Follow-Up
Control & Tracking of Parking Meter Revenue-DMD
June 29, 2022

22-16-105F

- Lack of reconciliations;
- Un-researched/undocumented discrepancies and variances;
- Infrequent collection of pay station revenue;
- Potentially unreliable pay Station data;
- Limited pay station functionality;
- Lack of parking meter and pay station monitoring activities; and
- Outdated/unapproved policies and procedures.

FOLLOW-UP OBJECTIVE

The objective of this follow-up was to determine whether DMD has taken the corrective actions recommended in OIA's original audit report. Consistent with Government Auditing Standards, Section 9.08, promulgated by the U.S. Government Accountability Office, the purpose of audit reports includes facilitating a follow-up to determine whether appropriate corrective actions have been taken. This field follow-up is a non-audit service. Government Auditing Standards do not cover non-audit services, which are defined as professional services other than audits or attestation engagements. Therefore, DMD is responsible for the substantive outcomes of the work performed during this follow-up and is responsible to be in a position, in fact and appearance, to make an informed judgment on the results of the non-audit service. OIA limited our scope to actions taken to address our audit recommendation from the original audit report dated June 22, 2016 through the submission of actions on June 10, 2022.

METHODOLOGY

To achieve the objective, OIA:

- Obtained documentary evidence from DMD.
- Interviewed DMD staff to understand and verify the status and nature of the corrective actions taken.
- Verified the status of the recommendations that DMD had reported as implemented.

RESULTS

The one remaining recommendation made in the original follow-up report has been fully implemented. Therefore, all three recommendations included in the original audit report have been implemented and are now considered closed. See **ATTACHMENT 1**.

Follow-Up
Control & Tracking of Parking Meter Revenue-DMD
June 29, 2022

22-16-105F

SUBMITTED:

DocuSigned by:

64A7D650EA3F40A...
Stacy Martin, Staff Auditor
Office of Internal Audit

REVIEWED:

DocuSigned by:

0F462D006A1E4C8...
Marisa Vargas, Audit Manager
Office of Internal Audit

APPROVED:

DocuSigned by:

07E2FA5E2FAD4AC...
Nicole Kelley, City Auditor

APPROVED FOR PUBLICATION:

DocuSigned by:

645A1FA5A6314C3...
Edmund E. Perea, Esq.
Accountability in Government Oversight
Committee Chairperson

Recommendations	Original Department Response	Second Follow-up Department Response	OIA Conclusion	OIA Use Only Status Determination
<p><u>Recommendation 1:</u> The Department of Municipal Development (DMD) should:</p> <ul style="list-style-type: none"> • Conduct reconciliations of the parking meter collection reports/pay station tickets to the actual funds collected any time quadrants and pay stations are collected. <ul style="list-style-type: none"> o Research and document any discrepancies. o 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: <ul style="list-style-type: none"> o Replacing pay stations with single-space meters; o Using available parts from pay stations that have been removed to eliminate the need for the collectors to openly handle cash on the street; o Turning off and wrapping pay stations 	<p>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.</p> <p>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.</p> <p>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.</p>	<p>A. In accordance with written procedures, DMD continues the same process of reconciling the reports to the actual funds received as the meters and pay stations are collected. A report is generated through IPS showing the daily collections of the meters and is compared to the daily reconciliation report to flag any discrepancies. All discrepancies over \$50.00 will continue to be researched and documented, and reported to the Treasury Division. Discrepancies more than \$30 and less than \$50 are researched and documented.</p> <p>B. DMD has a written procedure to review, research, and document major discrepancies and follows the procedure.</p> <p>C. DMD is collecting pay stations at least weekly.</p> <p>D. The Old Town lot is the only lot currently with pay stations installed. On street parking stalls have single head IPS meters.</p>	<p>OIA reviewed DMD’s updated and revised <i>Meter Coin Collection Reconciliation Procedures</i> and noted they specify how reconciliations of collection reports to the actual funds received should be performed and how bad card readers and dead meters should be handled. The updated procedures were formally approved on June 10, 2022.</p> <p>The procedures also require that all discrepancies over \$30 and less than \$50 are researched and documented. Amounts over \$50 are researched, documented, and reported to the Treasury Division.</p> <p>OIA reviewed the most recent reconciliation performed and found that it followed the revised procedures. OIA also reviewed DMD’s daily list of meter collections, coin counts, receipts, and</p>	<p><input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested</p>

Recommendations	Original Department Response	Second Follow-up Department Response	OIA Conclusion	OIA Use Only Status Determination
<p>with excessive mechanical issues.</p> <ul style="list-style-type: none"> • Perform monitoring activities, such as detailed trend analyses, on parking meter and pay station revenue. o Each quadrant of meters and the remaining group of pay stations should be analyzed individually. o Any significant changes, dips, or spikes in revenue should be researched, explained, and documented. • Establish and implement written policies and procedures specific to: <ul style="list-style-type: none"> o the collection of revenue from the various types of parking meters and pay stations, o the reconciliation of revenue, and o the investigation of discrepancies. • Review and update policies and procedures annually to ensure they remain relevant and effective. 	<p>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 FY18.</p> <p>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.</p> <p>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.</p>	<p>These meet the current needs of the Parking Division.</p> <p>E. DMD continues to be 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.</p> <p>F. Due to Covid 19 trends are difficult to predict however we will monitor current conditions and report Quarterly revenue projections to be used for planning of the annual budget. The Division will continue enhance the revenue trend analysis by evaluation each quadrant.</p> <p>G. DMD will continue to follow its written procedures and policies and adopt changes as necessary to meet the needs of the Division.</p> <p>Documentation: Meter Coin Collection Reconciliation Procedures Completion: June 10, 2022</p>	<p>monthly reports that illustrated that DMD is performing collections at least weekly. Also, with the exception of Old Town, pay station meters were replaced with single head IPS meters throughout the City. The IPS meters are solar powered and have debit/credit card payment options, if used can reduce the mechanical issues caused by coins.</p> <p>DMD tracks and reports on parking meter actuals and projected revenues. Additionally, the <i>Monthly Statistics Enhanced</i> report provided by DMD details analytics of revenue, non-revenue transactions, and operational statistics per month over the course of the year and is used to identify anomalous activity for further investigation.</p>	