

Internal Audit Report

Cuyahoga County, Ohio
Department of Internal Auditing

Parking Services Audit
Department of Public Works – Division of Parking Services
July 1, 2017 – January 31, 2018



Director of Internal Auditing: Cory A. Swaisgood, CPA

Audit Manager: Rose Karam, CFE, CIA

Staff Auditor: Jeremy Hejnal, CIA

Audit Report Highlights

Public Works – Parking Services Audit

July 2018

Total Potential Recoveries¹ = None

Total Cost Savings² = \$17,160

Average Annual Parking Revenue³ = \$2 million

County Annual Budget³ = \$1.4 billion

Why DIA Did This Audit

This report provides results and recommendations from the Department of Internal Audit (DIA) related to internal controls and operational procedures in place around the cash collection process in the Parking Services Division of Public Works (Parking Services), during the period of July 1, 2017 through January 31, 2018. Based on DIA's annual risk assessments, the amount of cash handled by Parking Services resulted in a high-risk area to the County, especially during special events. DIA performed a surprise cash count in December 2017 and noted Parking Services collected approximately \$20,000 for a Cleveland Browns' game. The purpose of this audit was to:



- 1) Ensure proper segregation of duties and internal controls were in place over the cash collection, reconciliation, reporting and depositing of parking receipts.
- 2) Ensure procedures were operating effectively as designed by management and were consistent with County policies and State laws.
- 3) Ensure revenue transactions were properly supported, recorded, reconciled and deposited in their entirety in a timely manner.

What DIA Found

Considering the amount of revenue collected on an annual basis and cash collected during special events, with limited resources, Parking Services appears to be well managed. DIA appreciates the cooperation and assistance from Parking Services and management of Public Works since the beginning of the audit. Parking Services worked with DIA to address findings and recommendations during the audit. However, DIA identified internal control weaknesses and segregation of duty issues. See the following noteworthy issues:

- DIA identified potential missed revenue opportunities during the surprise cash count for a Cleveland Browns' game in December 2017. We noted the following:
 - Ticket machines at Huntington Parking Garage (HPG) allowed early access to the garage before cashiers arrived to collect cash. Consequently, early arrivers were able to exit the garage without paying.
 - The Hilton Hotel valet parking service occupied special event parking spaces, even with Hilton Hotel having restricted designated parking areas in HPG. DIA determined approximately 40 valeted vehicles occupied special event parking, resulting in missed revenue of \$1,200 on the day of the surprise cash count.

"What DIA Found" continued next page.

¹ Total overpayments identified by DIA the County could potentially recover.

² The amount the County could potentially save by implementing recommendations. This is a result of policy changes that could potentially reduce expenses or increase revenue.

³ County's annual budget was taken from the updated 2018 budget approved by Council in December 2017. The County Annual Budget includes operating appropriations from all County funds. The average annual parking revenue was calculated using revenue collected over 3 years (2014 through 2017).

Audit Report Highlights

Public Works – Parking Services Audit

July 2018

What DIA Found (cont'd)



- DIA noted issues with reconciling cash collected to ticket machines in HPG and the Juvenile Justice Center (JJC). After many walkthroughs and inquiries with Parking Services and the vendors, it was determined the JJC ticket machines were simply outdated, leading to malfunctions and problems with reconciling cash collected to ticket machine receipts. DIA also noted reconciliation variances were not logged, tracked or monitored in a centralized database.
- DIA noted segregation of duty issues due to the limited staff in Parking Services. The same employee collected, secured, reconciled and deposited cash collected, daily and for special events.
- DIA identified 113 terminated County employees in Parking Services' system with an "active" status to park.

What DIA Recommended

During the audit, Parking Services updated their Policies and Procedures Manual to incorporate our recommendations and address findings within this audit report. We provided County management with best practices and sound internal controls to mitigate potential risks related to cash collection to help move Parking Services toward a more accountable, efficient and productive operation.

We communicated these recommendations to Parking Services and management of Public Works. Based on their responses and the work done during the audit, we believe corrective action has been taken to mitigate the risks identified. Management responses follow each recommendation in the report. Public Works also submitted a letter (attached). We made the following recommendations:

- Parking Services should disable ticket machine access to HPG prior to special events to prevent vehicles from entering and parking without paying.
- Valet and Hilton Hotel employee parking should be limited to the designated areas of HPG, especially during special events.
- DIA recommended changes to the ticket machine reconciliation process. DIA worked with Parking Services to create a clearer, more concise reconciliation sheet and began tracking variances. Although variances were not significant during the audit, DIA recommends replacing the current JJC ticket machine to ensure an accurate reconciliation between cash and receipts and limit system malfunctions.
- Best practices and control frameworks dictate the duties of collecting, reconciling, and depositing cash should be separated between two or more individuals to prevent errors and decrease risk of theft. We recommend separating cash collection, reconciliation, and deposit duties in Parking Services or strengthen oversight and review on this process.
- DIA recommended Parking Services review and update the terminated employees identified during the audit as "active" in the parking system. Parking Services accurately updated the status of the terminated employees during the audit.



**CUYAHOGA COUNTY
DEPARTMENT OF INTERNAL AUDITING**

**INTERNAL AUDIT REPORT
Cuyahoga County Department of Public Works
Cover Letter**

July 2, 2018

To: Director of Public Works Michael Dever, and current management of the Cuyahoga County Division of Parking Services in the Department of Public Works:

The Department of Internal Auditing (DIA) has conducted an audit of the cash collection operations and general internal controls of Cuyahoga County's Department of Public Works, Division of Parking Services (referred to within this report as "Parking Services"), for the period of July 1, 2017 through January 31, 2018. The audit objectives focused on review of cash collection procedures and testing of bank reconciliations. DIA performed audit work related to internal controls over the cash collection process to determine if procedures were operating as intended by management and were consistent with County policies and procedures.

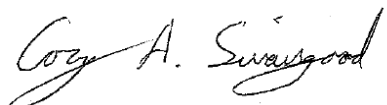
To accomplish our objectives DIA conducted interviews with management and staff and performed walk-throughs of the cash collection process to document controls in place. Specifically, DIA reviewed the cash collection process to ensure proper segregation of duties were in place to reduce the risk of theft. We also conducted a surprise cash count during a special event. Our audit procedures did not identify any recoveries. Nonetheless, we identified the need for improvement within Parking Services' process related to segregation of duties, internal controls, and cash reconciliations. This report provides the details of our findings.

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 the evidence obtained provides a reasonable basis for our findings and conclusions.

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the internal control structure to future periods is subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may weaken.

DIA would like to express our appreciation to the Public Works and Parking Services staff for their courtesy and cooperation during this audit. A draft report was provided to Public Works management for comment. Management responses are included within the audit report and a letter from management is also attached.

Respectfully,

A handwritten signature in black ink that reads "Cory A. Swaisgood". The signature is written in a cursive style with a large, sweeping initial 'C'.

Cory A. Swaisgood, CPA
Director of Internal Auditing

Cc: Audit Committee
Cuyahoga County Council
Earl Leikin, Chief of Staff
Robert Triozzi, Law Director

Contents

- Report Details.....2**
 - Purpose..... 2
 - Audit Objectives 2
 - Methodology 3
 - Background..... 3
 - Commendable Practices..... 4

- Findings and Recommendations5**
 - Revenue Opportunities..... 5**
 - FINDING Missed Revenue Opportunities with Special Event Parking 5
 - FINDING Hilton Hotel Valet Parking Restricted Parking for Special Events..... 9
 - FINDING Missed Revenue Opportunities at the Courthouse Square Parking Lot 13
 - FINDING Lost Revenue at the Juvenile Justice Center (JJC) Parking Lot 14
 - FINDING Databases Were Not Timely Updated to Reflect Employee Terminations..... 16
 - Daily Reconciliations 18**
 - FINDING Daily Reconciliation Variances Were Not Tracked and Monitored 18
 - FINDING No Segregation of Duties Around Cash Collection and Reconciliation 21
 - Policies and Procedures Manual 24**
 - FINDING Policies and Procedures Manual was Outdated 24

- Letter From Management..... Attached**

Report Details

Purpose

The purpose of this audit was to conduct a comprehensive cash audit on the Division of Parking Services (Parking Services) of Cuyahoga County's Department of Public Works (PW). Based on the Department of Internal Audit's (DIA) annual risk assessments, the amount of cash handled by Parking Services resulted in a high risk to the County, especially during special events.

The Audit Committee approved the DIA's 2018 audit plan to include a cash collection audit of Parking Services. We conducted our review through inquiry, observation, and testing of cash transactions and reconciliations during the audit period.

DIA evaluated processes for compliance with existing policies. We performed substantive tests on financial transactions. The audit included review and evaluation of procedures, practices and controls as deemed necessary.

Audit Objectives

The objectives of this audit are to determine whether:

- Controls are in place over cash collection and reconciliation; and if controls do exist, determine if they are adequate to effectively and efficiently achieve the County's goals;
- Parking Services is operating in a control conscious environment with adequate controls in place to effectively and efficiently achieve the organization's goals;
- Assets were safeguarded from abuse, errors, and loss;
- Revenue transactions and department funds were properly supported, recorded, and deposited in their entirety in a timely manner;
- Reconciliations were accurately and timely completed and approved by appropriate authority;
- Reporting information is timely accomplished and accurate; and
- Procedures currently being utilized are operating as intended by management.

Control conscious environment

Adequate level of internal control awareness; proper separation of duties; existence of a proper monitoring system; appropriate authorization/approval of expenditures; and adequate safeguarding of financial, physical, and information assets.

Scope

Our objective was to conduct an audit of Parking Services operations on cash collection and revenue. Specifically, we assessed and reviewed controls in place on collecting, recording, depositing, and reconciling cash and revenue generated from Parking Services for the audit period of July 1, 2017 through January 31, 2018.

To accomplish our objectives, we focused on the operational controls of the office as well as specific compliance mandates. We conducted interviews with management

along with general walk-throughs of the procedures to gain an understanding of the process, to document the controls in place, and determine whether those controls are operating effectively.

Methodology

DIA performed on site visits and inquiries/observations to gain a general understanding of Parking Services. DIA performed control and substantive testing on site to review the cash collection process. We also performed testing on the recording, depositing, and reconciling on cash collection through review of supporting documentation maintained by Parking Services.

DIA also performed a surprise cash audit during a special event on December 10, 2017, to observe cash collection procedures prior to a Cleveland Browns game.

Background

Parking Services manages several public parking facilities in downtown Cleveland. The lots are utilized for both public and County employee parking during business hours. The main parking facility, known as Huntington Parking Garage (HPG), is a four-level structure with 1,172 parking spaces for daily business activity and special events scheduled in the surrounding area. Parking Services is an enterprise fund in the County's financial reporting structure, where fees are set to recover both operating and capital costs, allowing Parking Services to be self-sufficient.

Parking Services collected over \$3,000,000 in revenue (cash, check, and credit cards) in 2015. However, HPG revenue dropped in 2016 to \$1.6 million and around \$1 million in 2017, due to the construction of the Hilton Hotel (causing street closures) and renovations to the garage. Revenue sources include monthly parking permits, daily parking receipts, and special event permits. Payments for parking are received through kiosks and self-pay machines, or via check through the mail or in-person.

Parking Services manages the following lots:

- HPG – The lot has three levels of inside parking and one surface lot level. Parking Services' main office is in HPG. The lot generally consists of parkers visiting and working at the Hilton Hotel, Justice Center, and Old Courthouse.
- Courthouse Square (CS) – This is a surface lot located next to the Courthouse Square building on Lakeside Ave. The lot is used by monthly parkers and Cuyahoga County Correction Officers. The lot is also used for special event parking.
- Summit Lot (Summit) – This is a surface lot located across from the Courthouse Square lot on the corner of W. 3rd St. and Summit Ave.



Cash is only collected at the HPG, Summit, and JJC lots, and the Courthouse Square lot during special event

The lot is used for daily parkers (pay box) and special event parking.

- Cuyahoga County Justice Center - Parking Services manages the parking garage under the Justice Center, which is used by County and City employees.
- Jane Edna Hunter Lot – This is a surface lot on Euclid Avenue used by County employees, mostly the Department of Children and Family Services’ employees.
- The Board of Elections – This is a surface lot located on E. 30th St. used for monthly permit holders, only.
- Juvenile Justice Center (JJC) Lot – This is a surface lot on Quincy Ave. used by the public and JJC employees. The parking system is managed by Black Creek at the JJC. Parking Services only collects revenue at JJC.

Until November 2017 HPG had a larger staff that included cashiers taking payments at the entrance gates, daily. Automated machines were installed at HPG in mid-November, 2017 and new processes were implemented. This new technology led to some user errors early on, as noted in this report, but decreased over time during the audit. Audit testing procedures were mostly conducted on the new processes in place with the automated machines.

The Parking Services staff as of the audit report date consists of the following personnel:

- Parking Facilities Manager - The Manager oversees all Parking Services’ operations and handles communications and meetings with other County departments, like the Courts, Sheriff’s Office and Public Works.
- Parking Services Supervisor - The Supervisor oversees all cash collections, reconciliations, reporting and deposits. The Supervisor schedules and supervises full and part-time attendants, as well.
- Three Full-time Attendants - Two full-time attendants assist customers with payment machines and other issues. One full-time attendant cleans and maintains HPG.
- Two Part-time Attendants – These attendants work special events as-needed.

Commendable Practices

During the audit, the Parking Services’ staff and Public Works’ management worked with DIA to address findings and recommendations as they were identified. We commend Parking Services and Public Works for the work done during our audit to develop a policy and procedure manual and address the issues found.

We also commend and thank Parking Services for their cooperation. Considering the amount of revenue collected on an annual basis and with limited resources, Parking Services appears to be well managed.

Findings and Recommendations

Revenue Opportunities

FINDING Missed Revenue Opportunities with Special Event Parking

On December 10, 2017 the Department of Internal Audit (DIA) performed a surprise audit on Parking Services' special event parking for a Cleveland Browns game. DIA staff arrived between 5:30 and 6:30 a.m. to observe and count vehicles entering the Huntington Parking Garage (HPG), Courthouse Square and Summit parking lots located near W. 3rd St. and Lakeside Ave. in Cleveland, Ohio. DIA's objective was to ensure cash collected was accurately accounted for and Parking Services had adequate internal controls over the cash collected on special event days. Parking Services averaged \$13,000 per Cleveland Browns' game in 2017; over \$20,000 during DIA's surprise cash count in December. DIA noted the following weaknesses.

Early Access to HPG

During normal daily operations the public can enter HPG by taking a ticket upon entering and paying a ticket machine as they exit. Entrance and exit to/from HPG require a gate to open before proceeding. During DIA's observation Parking Services staff (attendants) were stationed at two entrances in HPG to collect cash: W. 3rd entrance and Lakeside West entrance. Vehicles entering HPG for special events should not use ticket machines to enter the garage since exit gates are left open to expedite the flow of traffic exiting HPG following the conclusion of the special event. However, during our surprise cash count DIA noticed the public could enter HPG by taking a ticket from the machine at the entrance gate, prior to attendants arriving to collect cash for the special event, approximately 7:30 a.m.

Since exit gates are left open during and after special events to avoid congestion at the event's conclusion, these vehicles could leave the garage without paying any fee (\$30 the day of the surprise audit). Parking Services was unable to collect money from these vehicles unless attendants requested tailgaters to present their parking tickets. Although the number of cars entering the garage prior to attendants arriving at the gate appeared minimal during the surprise audit, the risk of losing revenue accumulates over time. This could be easily addressed by restricting access to the garage ticket machines until staff arrives.

Parking Services stated the above issue was not a concern until the Hilton Hotel opened in 2016. Prior to the Hilton Hotel, the garage was closed to the public at night and opened early for special event parking. The garage is now open 24 hours to accommodate hotel visitors. Parking Services said they would resolve the above issue by programming ticket machines to limit access for the public on special event days.

Entrance Gates Left Open

Parking Services should ensure all entrance and exit gates are closed prior to collection of special event parking fees to ensure vehicles do not enter parking lots without pre-paying. Upon DIA's arrival at 6:30 a.m. we noted the HPG Lakeside West entrance and exit gates were open without a Parking Services attendant present. Vehicles were entering without taking a ticket or paying an attendant. Parking Services believed the gates were left open for the Hilton Hotel valet service. See more information on the Hilton Hotel valet parking on page 9, finding "Hilton Hotel Valet Parking Restricted Parking for Special Events".

On DIA's arrival at Courthouse Square we also noticed entrance and exit gates at the Courthouse Square lot were left open prior to attendants collecting cash. See more information on Courthouse Square on page 13, finding "Missed Revenue Opportunities at the Courthouse Square Parking Lot". Since the exit gate is left open prior to special events, vehicles could enter the lot without paying any fee (\$30 the day of the surprise audit). Although the number of cars entering the lot with the gate opened appeared minimal during the surprise audit, the risk of losing revenue accumulates over time and could be easily addressed by closing the gates.

In addition, Parking Services noted current keys and locks to entrance and exit gates were standard keys and locks in the parking industry, supplied by the vendor. There is an increased risk of gates being opened by individuals outside Parking Services. Parking Services changed the keys and locks during the audit.

Collection and Reconciliation of Cash

Attendants stationed at HPG's two entrances and Summit, and Courthouse Square have two-part pre-numbered tickets that were recorded and assigned to each attendant by the Supervisor. When cash is received at the gates, the customer receives one part of the ticket. During the special event parking, Parking Services and Sheriff's Office Protective Services should be identifying open spots and unpaid occupied spots to increase revenue opportunities. One Parking Services employee did walk around HPG closer to game time to identify open spots, but DIA did not note Parking Services employees or Protective Services Officers identifying unpaid, occupied spots throughout the morning.

Reconciliation Sheets:

Provide information on who collected money, where they were located, what ticket numbers they sold, total amount collected and required signatures.

After the garage is closed to special event parking, attendants count and reconcile ticket stubs to cash collected in the Parking Services' office, located in HPG. The reconciliation is recorded on a reconciliation sheet and signed by each attendant. The Supervisor also signs the reconciliation sheet and performs a final count on all money collected before securing it in the safe. At the time of the audit, Parking Services counted, and reconciled cash collected in a room without a security camera. DIA also noted segregation of duties issues on the cash reconciliation process. See more information on page 21, finding "No Segregation of Duties Around Collection and Reconciliation of Cash".

If an overage or shortage is identified during the reconciliation of tickets sold to cash collected, the Supervisor notes the variance on the special event reconciliation sheet. Parking Services maintains reconciliation sheets and tickets sold. However, Parking Services does not track shortages and overages, so management can monitor and quickly remedy any trends or patterns of shortages or overages.

The December 10, 2017 special event DIA audited generated \$20,209 in cash revenue. During our walkthrough of the reconciliation, we noted a \$71 shortage existed between cash counted and tickets sold (676 tickets were sold at \$30 apiece totaling \$20,280). DIA does not believe this to be a major concern due to the very cold weather conditions and the amount of cash collected between the three parking lots. DIA also compared the number of tickets sold to DIA's count of vehicles that entered the three parking lots, with insignificant differences.

Other Special Events Tested

In addition to the surprise audit performed on December 10, 2017, DIA also tested three additional special event reconciliations for accuracy and completeness; one additional Cleveland Browns game and two for other events. Although Parking Services maintained tickets sold for the four events, reconciliation sheets were not maintained for the two non-Browns-game events. DIA reconciled tickets sold for the two events to the bank deposit without major discrepancies (one deposit was \$10 over).

Risk to the County if Findings Not Corrected

The County is at a higher risk of losing revenue by allowing early entrance to HPG without attendants at the gates, or entrance gates being left open. Also, segregation of duties issues and inadequate security around cash collection results in an increased chance of theft.

Recommendations

1. Entrance gates should always be closed unless a Parking Services employee is present and collecting cash for special events.

Management's Response:

Public Works agrees with the recommendation and already implemented the requested change. Unless an employee is cashiering an event the entrance gates are now closed. Only HPG management or a Protective Service Officer has the authority to open the gates. The County has communicated with the valet service and the Hilton Cleveland Downtown (Hilton) management not to open the gates unless an emergency exists – which will require notifying HPG management or Protective Services immediately. The valet provider, Towne Park only has a key for the nested areas.

2. Parking Services should reprogram the machines to shut off access to the public and not allow anyone to take a ticket on special event days. Only HPG staff should be able to enter HPG the morning of special events. Monthly parkers should have their access restricted to weekdays only.

Management's Response:

Public Works cannot implement this recommendation due to other operational reasons. Parking Services initially planned to reprogram the machines but after further review and discussion with our Hilton Downtown Cleveland partners this recommendation cannot be done due to the Self-Parking option for hotel guests. Hotel guests would not be able to gain access to the garage if the machines are reprogrammed. Management understands the possible revenue loss with this decision.

The only monthly parkers with unrestricted access are the Public Works Trades, County Judges, and the Hilton. Access is restricted on the rest of the monthly parkers. The Hilton is a 24/7 operation and currently pays Parking Service for 410 parking spots at HPG whether they use them or not. These passes are not restricted due to valet access and Hilton employees 24/7 work access.

3. An attendant and/or Protective Services Officer should patrol parking lots for people taking up multiple spots but paying for one, and to see if there are open spaces that could be sold to allow additional people to park in the garage. We recommend an attendant and Parking Services Officer perform this walk-through while tailgaters are out, well before the garage starts to fill up closer to game time.

Management's Response:

Public Works agrees with the recommendation and has already implemented the requested changes. Included in HPG renovation project was funding to repaint the parking space boundaries. All the parking spots in HPG were repainted bright yellow as of March 2018 and this made it easier for parkers to stay in one parking spot. Previously, the parking space boundaries were faded and difficult for drivers to see. In addition, HPG staff and the Protective Service Officers will patrol the garage to minimize this from occurring, especially during special events.

4. All money should be counted in an area with a security camera.

Management's Response:

Public Works agrees with this recommendation and has already implemented the requested changes. During the audit period and specifically the surprise special event audit, Huntington Park Garage was under construction, and the main office had to be temporarily relocated to an office in Courthouse Square because of the project. The main office returned to HPG in March of 2018 is equipped with new cameras.

5. Gate locks and keys should be changed from the vendor-issued standard locks/keys.

Management's Response:

Public Works agrees with the recommendation and has already implemented the requested changes. Many of the gate locks and keys are universal among the parking

industry. As a result of initial discussions during the audit new locks were installed on all gates in early January 2018 by the county locksmith.

- 6.** We recommend Parking Services track overages and shortages from special events for each attendant. Variances should be tracked on a spreadsheet or log, so management can easily and quickly determine the frequency of overages and shortages per employee. Employees with consistent overages or shortages should receive additional training and oversight.

Management's Response:

Public Works agrees with the recommendation and is implementing the recommended changes with all future special events. A spreadsheet has been created noting date, event, and cashier name. In addition, the spreadsheet will be forwarded after each event to the Facility Business Services Manager for monitoring and tracking.

FINDING Hilton Hotel Valet Parking Restricted Parking for Special Events

The County has a parking agreement with the Hilton Hotel across the street from HPG. HPG dedicated 410 spots at \$200 each (\$82,000/month) for Hotel valet use. Due to construction at HPG and unavailable parking spots from August 2016-March 2018, the County only billed the Hotel for 306 spaces (\$61,200/month). Designated valet spots consist of the entire 4th level, and sections of the 2nd and 3rd levels. The designated areas are gated and require a keycard to gain access. Valets can enter HPG via the three exterior entrances (Lakeside East, Lakeside West, and W. 3rd). These designated parking areas are also available to Hilton Hotel employees.

Parking Services should have open and constant communication with the Hilton Hotel, especially associated with special events, to ensure the County can effectively manage and maximize revenue. During DIA's surprise audit on December 10, 2017, we noted the following concerns with the Hilton Hotel's valet parking:

- DIA noted the Hilton Hotel parked valet vehicles outside of the gated areas designated for the Hotel in HPG. Consequently, Parking Services was unable to maximize special event revenue as Hilton Hotel valeted vehicles occupied special event spots. DIA estimated about 40 vehicles with a valet tag were parked outside of the gated, designated hotel parking areas. Although the Hilton Hotel's designated areas on the 2nd and 3rd levels were not fully available for parking due to construction, DIA noted level 4 of HPG had numerous empty parking spots.

- Valet spots were underutilized and HPG general parking availability was reduced. Parking Services closed HPG prior to being at full capacity, reducing potential revenue. At \$30/spot for special event parking, Parking Services was unable to maximize their revenue due to Hotel valet vehicles occupying about 40 spots, resulting in \$1,200 in lost revenue that day.



- Upon arrival at 6:30 a.m., DIA noted Hilton Hotel valet vehicles were parked on the surface lot, outside of the designated valet areas. This would not be a significant issue except during special events. The vehicles remained on the surface lot throughout special event parking, which reduced the number of spots available for special event parkers. DIA noted 21 valet vehicles (of the 40 noted above) were parked on the surface lot following closing of HPG due to the lot being full.
- DIA noted Hilton Hotel valets and employees were entering and exiting gates used for special events during the time attendants were collecting cash, although access to the Lakeside East gate is specifically restricted to Hilton Hotel keycards and monthly parkers, not public access.
- Also, the County provided an office for the Hilton Hotel valet employees on the 4th level of the HPG. The entire 4th level of HPG is gated and only accessible to Hilton Hotel valets and employees with keycards. Through observation during the audit, DIA noted the valet office was not utilized by the valet service, and the office was heated at the time of observation. Since the Hilton Hotel was not utilizing the designated parking areas and parking valet vehicles on the surface lot, the office on the 4th level was not being used.

During review and observation of the Hilton Hotel parking situation at HPG, DIA noted the following issues:

- Hilton Hotel has more valet passes than there are valets. Hilton Hotel employees also use these passes to park their personal cars. Some employees park in Hilton Hotel's designated areas while others park in the public area, occupying HPG's revenue-generating spots. Although the latter is prohibited, the Hilton Hotel and Parking Services currently have a policy to address the issue, but it is not enforced. DIA was informed during the audit that Parking Services and the Hilton Hotel were addressing this issue. At the time of the audit, Parking Services was not tracking the frequency of this issue.

Risk to the County if Findings Not Corrected

Parking Services cannot capitalize on much-needed revenue opportunities when Hilton Hotel vehicles utilize spots outside of the designated areas, especially during special events.

Recommendations

1. Valet and Hilton Hotel employee parking should be limited to the designated areas of HPG. If Hilton Hotel vehicles are parked outside the designated areas, Parking Services should track the instances and subsequently report them to Hilton Hotel management. If the valets continue to park outside the designated areas, Parking Services should take necessary actions (e.g. towing vehicles) to remedy the issue. Towing should be included as an option, but as a last resort, if the ongoing situation is not remedied by discussion with hotel management.

Management's Response:

Management understands the recommendation of Internal Audit and has already implemented other solutions to correct the issue. During planning of the HPG renovation project designated areas were established specifically for the valet and Hilton guest self-parking. Once the construction project was completed and parking operations returned to normal, it became evident that the Hilton guests were not parking in the designated areas, but in the first open spot. After several meetings and discussions with our Hilton partners, Public Works management agreed to allow the hotel guests to park in any open parking spot in HPG. To adjust for the hotel parkers parking outside of designated areas, HPG management has authority to direct HPG transient parkers to park in the Hilton designated areas - except on the 4th floor valet. HPG management will open the gates in the designated Hilton areas as needed to compensate for Hilton self-parkers. Our Hilton partners has authorized the County to use up to 100 spots designated for Hilton.

Parking Services and Hilton management are in constant communication with the intent to maximize revenue for both operations. Changes will continue to occur in the parking arrangements at HPG, but both the County and the Hilton are committed to maximize guest experiences and revenues.

2. Parking Services and hotel management should continue to work towards setting and communicating a policy on Hilton Hotel parking for employees. This is especially important on special event days when the garage is at near or full capacity. Parking Services should enforce the policy.

Management's Response:

Public Works understands the recommendation of Internal Audit but is allowing our Hilton partners to monitor their employee parking. Hilton is paying for 410 parking spots with 24/7 access as part of the parking agreement. The hotel is a 24/7 operation and the Hilton has issued some of the allotted parking passes to their employees. Hilton management is aware of the potential revenue loss to their operation due to employee commitments. Additionally, as noted above, the County has the authority to utilize

unused parking spots in the Hilton designated areas as needed. HPG management and the Hilton management team are in constant communication to ensure success to both operations.

- 3.** Hotel valet access to HPG should be restricted to the Lakeside East entrance and exit, since it is designated for valet use only, especially on special event days to reduce traffic in and out of gates collecting cash.

Management's Response:

Public Works understands the recommendation of Internal Audit and has already implemented a blended solution. The County and the Hilton continue to work together to minimize the impact of the valet service on the operations of HPG. Since the completion of the renovation project, the valet is primarily using the Lakeside operations, unless otherwise agreed to in advance. The renovation project caused many temporary problems that have been greatly reduced and corrected.

- 4.** Prior to special events, a Parking Services employee and/or Protective Services Officer should patrol the HPG for valet vehicles parking outside of the designated gated areas. The Hilton Hotel should be notified to move vehicles to the designated gated areas.

Management's Response:

Public Works understands the recommendation of Internal Audit and has already implemented a blended solution. The valet is primarily using the 4th floor of HPG for parking cars. The only exception is for oversized vehicles which will be parked on the surface lot. Additionally, as noted above, the County has authority to direct transient parkers and monthly parkers to designated Hilton areas as needed.

- 5.** Parking for Hotel valet should be limited to the designated gated areas of HPG. If areas of the designated hotel parking on level 2 or level 3 are unavailable due to construction or repairs, then the vehicles should be parked on level 4 until full.

Management's Response:

Public Works understands the recommendation of Internal Audit and has already implemented other solutions. The valet is primarily using the 4th floor of HPG for parking cars. The only exception is for oversized vehicles which will be parked on the surface lot. As discussed early in the report, hotel self-parkers can park anywhere in the garage and the County has authority to direct transient parkers and monthly parkers to designated Hilton areas as needed.

- 6.** To expedite the valet process, the Hilton Hotel should utilize the office on the 4th level of the HPG to manage valet vehicles and store vehicle keys. If the office is not used, the office should be locked, and the heat/air conditioning turned off.

Management's Response:

Public Works agrees with the recommendation and has already implemented the requested change. The Hilton team is now using the valet office on the 4th floor. The county did not give the Hilton team formal approval to occupy this floor until April 2018 due to ongoing construction needs.

FINDING Missed Revenue Opportunities at the Courthouse Square Parking Lot

The Courthouse Square (CS) parking lot is primarily utilized through monthly permits for nearby workers and Corrections Officers (CO) working at the Justice Center. The CS parking area is also used for special events in the area. Most of these events are Cleveland Browns games. A Parking Services attendant is stationed at the entrance to collect money from special event parkers. It is the attendant's responsibility to ensure vehicles are paying for spots used and that an accurate count of empty spots is known.

Upon DIA's morning arrival for the surprise cash count on December 10, 2017, the CS entrance and exit gates were open without an attendant present, allowing vehicles to enter or exit without paying. Once the attendant arrived, they could request to see the ticket for vehicles already parked there, but only if the parkers remained in the lot for tailgating. This results in lost revenue on special event days as cars can park before the attendant arrives and avoid paying the \$30. Because of overnight parking and monthly permits, DIA was unable to determine the dollar amount of lost revenue due to the gates being left open. DIA did observe the attendant collecting money from parked vehicles with tailgaters present, upon the attendant's arrival.

Parking Services stated the gates were left open due to a series of broken gates over multiple weekends. Parking Services believed monthly parkers, such as the COs, had issues exiting the lot following weekend night shifts and broke the gate to exit the lot. COs access to the CS lot is restricted to overnight weekend hours, but the COs may work an additional shift that would require the COs to leave the lot during hours their parking pass is inactive. Instead of paying for a new gate, Parking Services determined it would be cheaper to leave the gates open every weekend. DIA noted there is not a quality camera at the CS gate to identify the root cause of the gates breaking, nor is there access to view the camera from the HPG office where Protective Services Officers are stationed 24/7.



Risk to the County if Findings Not Corrected

The County increases the risk of lost revenue opportunities when the gate is left open for vehicles to enter and exit, especially on special event weekends.

Recommendations

1. Parking services should consider updating the camera at the CS gates. The camera should be viewable at the HPG office for Protective Services Officers to monitor.

Management's Response:

Public Works agrees with the recommendation and this solution will be considered for a future project if funding is available.

2. DIA recommends Public Works consider moving the COs to the HPG or under the Justice Center on the weekends, if possible. If not possible, or for the short-term, we recommend Parking Services consider re-programming the cards of the COs at CS so they have access to leave after an extended shift. Parking passes should be programmed to restrict the hours for parkers to enter the lot but allow parkers access to exit at any time. Parking Services' final decision on COs parking situation should be communicated to the Sheriff's Office.

Management's Response:

Public Works agrees with the recommendations and PW management will recommend that all CO's be moved from CS to the Justice Center once the Cleveland Police move out in October 2018. The Correction Officers have permission to park at the Justice Center on weekends per their OPBA contract, but some still prefer to park outside at CHSQ lot – this will change as more spots open in October 2018.

Parking Services has contacted PSX to see what options are available to correct and reprogram the cards.

FINDING Lost Revenue at the Juvenile Justice Center (JJC) Parking Lot

The JJC parking lot on Quincy Ave. charges \$2.00 for parking. Customers take parking tickets as vehicles enter the lot and payments are made at machines inside the JJC. The County utilizes Black Creek to manage parking keycard access to the ticket machines the JJC lot. Parking Services is only responsible for collecting cash from the machines and collecting payments for monthly parkers and has no control or access to the parking system like other parking lots managed by Parking Services. Parking Services and the JJC should have open and constant communication, especially if issues identified by JJC could impact the amount of revenue collected.

During DIA's review of the Parking Services cash collection process at the JJC, we noted the exit gate was open on numerous separate occasions, allowing vehicles to exit without paying. Parking Services stated the gate is frequently left open by Protective Services at JJC due to malfunctioning equipment (jammed ticket machines or gates) or updates being made to the system. For gate malfunctions, the gates cannot be closed until Parking Services addresses the issue since Parking Services maintains the keys to access the controls.

Parking Services is usually, but not always called if there is a problem with the machines or gates that need to be fixed. Since Parking Services does not control the system and is only aware of issues when JJC notifies them, Parking Services could not estimate the amount of time gates are left open or how many vehicles leave the parking lot without paying. In addition, Parking Services does not have control to grant access to the lot for monthly parkers, or to pull any reports to track monthly parking passes and access records.

Since issues are not tracked by the JJC or Parking Services, DIA could not determine the amount of revenue lost due to the gates being left open.

Risk to the County if Findings Not Corrected

The County loses revenue when JJC parking lot gates are open and vehicles exit the lot without paying. Not having access to any reporting capabilities hinders Parking Services from having an accurate accounting of the JJC revenue. Also, by Parking Services not having control to grant permission to monthly parkers at JJC, they are unable to determine if all parkers are paying for the monthly privilege.

Recommendations

1. DIA recommends that Parking Services assume control of cash operations, gate and machine maintenance, and gain access to parking permit data at JJC. This would allow Parking Services to access system reports and effectively manage monthly parking permits.

Management's Response:

Public Works agrees with the recommendation but cannot implement the change at this time. Due to Black Creek controlling the security of the jail and the court rooms along with monthly parking, HPG management does not have access for security reasons. However, a new separate system will be considered in an upcoming capital project that is being planned at the JJC. Communication has greatly improved since the audit and Parking Services is informed daily of issues and respond accordingly.

2. Parking Services should collaborate with Protective Services at the JJC to ensure gate and machine malfunctions are timely communicated to Parking Services. Protective Services at JJC or Parking Services should track these malfunctions to try to determine the amount of revenue lost. The amount of time the gates are left open and the estimated number of vehicles exiting without paying should be tracked, if possible.

Management's Response:

Public Works agrees with the recommendation and has already implement the recommended change. Communications between Parking Services and the Protective Service Officers has improved significantly since the report. Any issues are reported directly to HPG management team and they respond immediately.

3. Public Works should evaluate the investment cost versus return to bring the lot at JJC into Parking Services' iParc system used at HPG. While initial setup costs were estimated by Parking Services to total approximately \$150,000, given the annual revenue, doing so would allow Parking Services to effectively manage the parking operations at JJC as well as reduce the amount of lost revenue associated with the current parking setup.

Management's Response:

Public Works agrees with the recommendation and this will be considered in an upcoming capital project at JJC. Due to cost constraints it is not possible at this time.

FINDING Databases Were Not Timely Updated to Reflect Employee Terminations

Parking Services maintains a database, called iParc, that stores and tracks data on parking garage access to lots at HPG, CS, and under the County's Justice Center. Parking Services can allow full 24/7 access to these lots or restrict access to certain days and times (e.g. weekdays between 8 a.m. and 4 p.m.).

DIA obtained a list of all active cardholders (2,235) from the iParc system to compare against a list of active County employees. A total of 113 terminated employees still had access to park in these parking areas or were not locked out in the system. Employees could access the parking areas through their County-issued ID badge. Although County-issued ID badges are deactivated from access to County buildings, the badges are still active at these parking lots unless deactivated in the iParc system.

Human Resources did not inform Parking Services when Executive agency employees terminate from the County so Parking Services can end their parking access. During the audit Human Resources began including the Parking Services Manager on the distribution list of terminated employees. Parking Services also verified and updated the status of the 113 terminated employees during the audit.

In addition, DIA noted 19 current employees had more than one type of access to park at HPG, CS, or under the County's Justice Center. The main reason was employees receiving passes for the department and having access to park through their County-issued ID badges. Parking Services verified the duplicate access and addressed them accordingly.

Risk to the County if Findings Not Corrected

The risk of former employees using County parking lots without paying is increased without communication from Human Resources to Parking Services on terminated employees. Furthermore, parking spots held open for invalid card holders may impact availability of spots for paying customers.

Recommendations

1. DIA recommended Parking Services remove access to County-owned parking lots for the terminated employees and remove the duplicate cards from current employees identified during the audit. Parking Services indicated this recommendation was addressed during the audit.

Management's Response:

Public Works agrees with the recommendation and has already implemented the recommended change. The parking database has been updated and all terminated/separated employees access have been deactivated. In addition, all duplicated cards have been corrected.

2. DIA recommended Human Resources add Parking Services to the employee termination distribution list. Parking Services indicated they began receiving emails of terminated employees in the Executive Agency during the audit.

Management's Response:

Public Works agrees with the recommendation and has already implemented the recommended change. Parking Services is receiving timely staffing updates from Human Resources and updates the database accordingly.

FINDING Daily Reconciliation Variances Were Not Tracked and Monitored

Parking Services collected cash during special events and through collection machines during daily operations of the lots under Parking Services' control. Cash collected should reconcile to tickets sold during special events or machine reports generated from collection machines. Unreconciled balances should be tracked, monitored and reviewed for the cause of any differences. This provides more accountability and control over cash collection.

Cash collection occurs at the HPG and JJC lots. The annual revenue collected at HPG reached a high of over \$3 million in 2015, but then dropped to around \$1 million in 2017 due to hotel construction and renovations in the garage which limited available parking spaces. JJC's annual revenue more than doubled from 2015 (\$150,00) to 2016 (\$330,00) and continued to rise in 2017 (\$400,000) despite gates being left open, as noted on page 14.

On most weekdays Parking Services removes cash from four automated collection machines at HPG and two at JJC (six total). In addition to collecting cash from the machines, Parking Services manages cash in the change drawer of each machine. Depending on the cost of parking, Parking Services must ensure there is sufficient cash on hand for each machine to provide change to customers.

The cash is counted and reconciled to system receipts generated by the collection machines in the Parking Services office at HPG. Parking Services also utilizes a revenue report generated from the Opus system, maintained by Parking Services for HPG revenue. Cash collected from the machine is prepared for deposit by the Supervisor. The cash is maintained in the safe until the Supervisor and a Protective Services Officer are available to deposit the cash in the bank. See the finding on page 21 for segregation of duties issues noted.

The County Treasurer's Office reconciles the amount deposited to the revenue receipt completed by Parking Services. The revenue receipt is also used to record the amount deposited and posted in FAMIS. Monthly, Parking Services distributes revenue reports to Public Works (PW) Fiscal Division for review and reconciliation to FAMIS. PW Fiscal employees should have a general understanding of the support sent from Parking Services and question variances. Parking Services maintains receipts generated from the collection machines to document cash removed and what needed to be added to the machines for change.

DIA performed auditing procedures on daily cash reconciliations to ensure system reports generated from collection machines reconciled to cash collected. DIA noted variances between the amount of cash deposited and the system-generated receipts from the collection machines at HPG and JJC. DIA tested 12 days during the audit

period for HPG collections and noted reconciliation variances occurred on 6 of the 12 days tested. See the following table:

Huntington Park Garage (HPG)

Date	Cash per Receipts	Cash Deposited	Variance
8/2/17	\$304.00	\$244.00	(\$60.00)
11/16/17	\$110.00	\$168.00	\$58.00
11/27/17	\$567.10	\$350.00	(\$217.10)
11/28/17	\$286.00	\$276.00	(\$10.00)
12/18/17	\$610.00	\$632.00	\$22.00
12/19/17	\$1,114.00	\$1,077.95	(\$36.05)
Totals	\$2,991.10	\$2,747.95	(\$243.15)

DIA also tested 12 days during the audit period for JJC collections and noted reconciliation variances occurred on 6 of the 12 days tested, as well. However, for 5 of the 12 days tested Parking Services maintained some, but not all support. The missing support was machine-generated receipts for change collected from customers. Parking Services did have the receipts showing the amount of cash in the machine that is available for change to customers. See the following table for the six days with variances:

Juvenile Justice Center (JJC)

Date	Cash per Receipts	Cash deposited	Variance
11/27/17	\$1,094.85	\$1,086.85	(\$8.00)
11/28/17	\$588.00	\$571.00	(\$17.00)
11/29/17	\$873.00	\$768.00	(\$105.00)
12/18/17	\$527.00	\$525.00	(\$2.00)
12/19/17	\$476.00	\$610.00	\$134.00
12/21/17	\$631.00	\$629.00	(\$2.00)
Totals	\$4,189.85	\$4,189.85	\$0

As shown in the tables above, DIA noted inconsistent variances between cash collected and system receipts for half of the days tested HPG and JJC. Parking Services did note some variances on the reports sent to PW Fiscal. However, Parking Services did not record explanations for the variances.

During our review to determine the cause of these variances, DIA noted reports generated from JJC’s collection machines were not always reconciling to the actual money collected. DIA performed a walkthrough with Parking Services and PSX, Parking Services’ vendor, who stated the collection machines at JJC might not reconcile to

cash collected because they are outdated machines that cannot be updated. The machines at HPG are on a system with revenue reporting capabilities; the older machines at JJC are not. No reports are obtainable from the JJC system other than the printouts of cash in the machines and the amount given out as change, and DIA noted these were not always accurate. This adds to the difficulty of reconciling cash amounts. DIA believes the HPG discrepancies are a result of user error and the JJC discrepancies are a result of user and system errors.

DIA concluded that reconciliation inconsistencies were due to inaccurate receipts and human error in the cash removal and re-supplying change process. Parking Services did not have a procedure to track and monitor variances or provide reasons for variances.

DIA also worked with Parking Services to develop a reconciliation sheet that captured more information and was easier to follow, both for the preparer and the reader. DIA performed additional testing near the conclusion of the fieldwork to determine if new reconciliation procedures mitigated the reconciliation issue.

DIA reviewed an additional 11 days each of HPG and JJC reconciliation sheets after the new reconciliation process was put into place. We did not identify any reconciliation variances with HPG. However, DIA identified 10 of the 11 days with bank deposit-to-receipt variances for JJC reconciliations, netting \$23.10 book over bank (under). On most days the deposit variances were \$5 or less, but the day after the machine malfunctioned (the machine needed to be powered down and re-set 4 times the previous day), the receipts totaled \$28 under the bank deposit. DIA believes the HPG variances appear to be rectified and the JJC variances will remain until further action is taken to update the JJC system.

Risk to the County if Findings Not Corrected

Accumulation of cash variances could result in a financial impact to Parking Services. Without a detailed log of variances by collection machine, Parking Services cannot track or analyze trends to identify issues. Furthermore, without knowing if the problem is due to human error or an individual machine issue, it is difficult to remedy the situation. Without a detailed consistent reconciliation between the collection machines, Parking Services will have difficulties measuring the accuracy of machine reports or identifying possible solutions to problems.

Recommendations

- 1.** Parking Services should track and monitor reconciliations and any variances per collection machine at HPG and JJC. This will allow Parking Services management to monitor the performance of each machine. Parking Services should make explanative notes on variances and reasons that may account for the variances, if known, when reporting to PW Fiscal.

Management's Response:

Public Works agrees with the recommendation and has already implemented the recommend change. Parking Services is tracking variances when they occur on an Excel worksheet prepared by DIA during their testing and audit. All variances are being sent to the Facility Business Services Manager for review and monitoring.

2. DIA recommends a member of PW Fiscal gain an understanding of the support sent from Parking Services and track/analyze variance amount trends. PW Fiscal should question frequent variances.

Management's Response:

Public Works agrees with the recommendation and has already implemented the recommended change. The Facility Business Services Manager is reviewing the support from Parking Services and will track variances and trends.

3. All receipts relating to money removed from or added to automated machines should be maintained to help verify deposits.

Management's Response:

Public Works agrees with the recommendation and has already implemented the recommended change. Parking Service scans and staples machine reports to the reconciliation work sheets. This information is being sent to Business Services Manager for review and audit.

4. Since the machines at JJC are outdated and unreliable, Public Works and the Juvenile Court should consider updating these machines to allow Parking Services the oversight needed to accurately and completely manage and report on that parking facility and maximize revenue and accountability for the County.

Management's Response:

Public Works agrees with the recommendation and will consider replacing the machines as part of a larger project as funding becomes available.

FINDING No Segregation of Duties Around Cash Collection and Reconciliation

Good business practices and professional frameworks such as Generally Accepted Accounting Principles, establish guidelines on segregation of duties between key processes; an important internal control in preventing errors and decreasing the risk of fraud. Segregation (or separation) of duties, is the concept of having more than one person required to complete a task. It is used to ensure that errors or irregularities are prevented or detected on a timely basis by employees in the normal course of business. Having one person perform all the cash-handling functions provides opportunity to manipulate results. During the audit, we noted the Parking Services Supervisor is responsible for the following activities during daily operations noted on the following page:

Segregation of Duties

Different individuals should collect cash, record cash receipts, deposit cash, and reconcile cash.

- Collecting all cash from ticket machines at HPG and JJC;
- Counting the cash;
- Reconciling cash counted to receipts or revenue reports;
- Securing cash in the safe;
- Preparing cash for deposits; and
- Making the deposit at the bank, without further management review unless there is an issue.

During DIA's surprise cash count at the December 10, 2017 special event, we also noted the same employee collected cash at the Summit parking lot, performed the final count on cash collected at each parking lot, performed the final reconciliation on cash collected to tickets sold, prepared cash collected for deposit, prepared the revenue receipt for recording in the County's financial system, and deposited all the cash on the following day with a Protective Services Officer.

Although no segregation of duties exists regarding cash handling within Parking Services, DIA understands the current staffing situation. Parking Services has a manager overseeing parking operations and a supervisor responsible for daily operations. Parking Services has two full-time attendants tasked with attending to customers when issues arise with the parking machines and one in charge of cleaning and maintenance of the garage. The PPM has never required a second employee to collect and count cash or sign a review of cash count reconciliations and deposits.

Risk to the County if Findings Not Corrected

Improper segregation of duties between handling cash and recording cash transactions increases the likelihood of unauthorized cash disbursements. A lack of segregation of duties increases the risk that an error could go undetected. No employee should have the opportunity to both perpetrate and conceal errors or fraud in the normal course of their duties. It could also create a gap in how the department functions if that employee is not present.

Recommendations

1. DIA recommends Parking Services implement policies to address the segregation of duties issue to decrease the risk of one person performing all the functions of the cash reconciliation process. Those policies should be included in the new PPM, which is being revised, as of the report date.

Management's Response:

Public Works agrees with the recommendation and has already implemented the requested change. Parking Services has updated the Policy and Procedure Manual and employees are now following the new processes. When applicable, employees have been instructed to bag deposits for the manager to count and verify. Deposit slips will be completed by the manager or other Fiscal Employees. The Facilities Business Services Manager will be available to verify funds as a backup to the parking supervision team.

In addition, Public Works management has authorized the hiring of a part time manager and two temporary employees to help as needed especially with special events.

- 2.** We recommend a second employee accompany the supervisor during the cash collection, observe the reconciliation process and sign off on all paperwork as well. This could be performed by an existing staff member or by hiring a part-time office assistant with the proper background who could also help with recordkeeping. If this is not operationally feasible, we recommend the Parking Services Manager sign off as a reviewer prior to depositing cash collected. The Parking Services Manager's review indicates cash was accurately reconciled and supporting documentation was maintained, complete, and accurate.

Management's Response:

Public Works agrees with this recommendation and has already implemented the requested change. The Parking Services Manager is signing off on deposits. In addition, the Facility Business Manager will provide backup verification when needed. Public Works management has approved the hiring of one part time manager and two part time cashiers to help in with staffing needs, especially during special events.

- 3.** During special events, the Supervisor should not collect cash at parking lots. If the Supervisor must collect cash, a second Parking Services employee should accompany the Supervisor while counting the cash collected and tickets sold. Both employees should sign off on the reconciliation.

Management's Response:

Public Works agrees with this recommendation and has already implemented the recommended change. Supervisors will no longer collect cash at parking lots. In the event the supervisor has to collect cash, the parking Manager or Business Services Manager will verify the cash and sign off on the deposit.

FINDING Policies and Procedures Manual Was Outdated

Formalized procedures reinforce management's expectations of its employees. Written policies and procedures provide guidance in the operations of a department or agency. Codes of practice and other regulations or guidance regarding acceptable practices, or expected standards of ethical and moral behavior, and their communication throughout the organization are essential parts of a policy and procedure manual.

Furthermore, a procedure manual ensures consistency in day-to-day operations. Parking Services has outdated versions of their Policies and Procedures Manual (PPM) that do not reflect process changes related to newly installed automated ticket and collection machines. There is also no mention of Protective Services Officers' responsibilities related to special event days in either the PPM or in the Protective Services Post Orders for HPG.



In addition, the PPM does not include the methodology on determining the amount of cash to keep on hand in the safe (secured within HPG's office) to ensure change can be refilled as needed without additional trips to the bank.

Parking Services provided an updated draft PPM to DIA during the audit for review. DIA noted the PPM addressed findings noted above.

Risk to the County if Findings Not Corrected

Failure to have some form of internal guidance may result in unclear procedures that can lead to inconsistency in the operations as well as actions and discipline that are inconsistent with the intentions of management.

Without a pre-determined amount to be kept in the safe, there is a risk that it can lead to insufficient or excessive cash on hand, or actions inconsistent with the intentions of management.

Recommendations

1. DIA recommended Public Works and Parking Services update their PPM to reflect current processes and situations during Parking Services' daily operations. Parking Services provided an updated draft PPM to DIA during the audit. The PPM addressed DIA's recommendations that the manual should include the following items, at a minimum:

- Safeguard procedures (cash and physical controls, as well as securing any personal information);
- Document how to maintain and secure the machines at HPG and JJC;
- Document all accounting procedures performed including reconciliations and review procedures (e.g. who should be present at cash counts, how to document cash counts and deposits, and how to document and track any overages or shortages noted);
- Procedures for special event days;
- Record retention schedule;
- Expectations for Protective Services Officers on special event days or ensure it is mentioned in the Protective Services Post Orders for HPG; and
- Parking Services' staff job duties.

Management's Response:

Public Works agrees with the recommendation and has already implemented the recommended change. The policy and procedures manual was updated to reflect the current automated system and HPG and other lots. The completed manual was reviewed by IA and is posted for all HPG employees.

2. Parking Services management should determine the amount of money kept in the safe to safely meet their needs based on historical data. This process should be noted in the manual and periodically reviewed. The safe should be periodically audited by the Parking Facilities Manager to ensure compliance with the PPM.

Management's Response:

Public Works agrees with this recommendation and has already implemented the recommended change. The Facility Business Manager will periodically audit and verify the funds in the safe.