

DEPARTMENT OF FINANCE  
BUREAU OF PARKING & MUNICIPAL VIOLATIONS  
PARKING ADMINISTRATIVE SERVICES  
REVIEW OF SOUTH AVENUE PARKING GARAGE

Office of Public Integrity  
Date: December 13, 2017

## I. EXECUTIVE SUMMARY

In this review, the Office of Public Integrity (OPI) examined records and internal control procedures at the South Avenue Parking Garage. We accounted for all reported cash receipts within the test period. However, we noted the following findings that require management attention to improve administrative and internal controls and to ensure compliance with City policy.

- ◆ OPI noted seven key cards that were active, allowing access to the garage, but not invoiced for April 2017. As a result, patrons with these cards had the ability to gain access to the garage without incurring a charge.
- ◆ The Professional Services Agreement between the City and the Rochester Riverside Convention Center (RRCC) states that payment to the City is due by the 15<sup>th</sup> of the month following the month the revenue is collected. RRCC is not paying the City in accordance with the professional service agreement. RRCC submitted payment for March and April 2017 in June 2017.
- ◆ OPI noted 42 of 705, or 6% of the spitter tickets for April 6, 2017 had a calculated fee but no fee was paid upon exit. RRCC stated that these tickets were prepaid but RRCC could not provide documentation for the sale of these tickets.

## II. BACKGROUND, OBJECTIVES AND SCOPE

### A. Assignment

OPI included the examination of parking garage operations and their related revenue in its annual work program. We selected the South Avenue Parking Garage for this review.

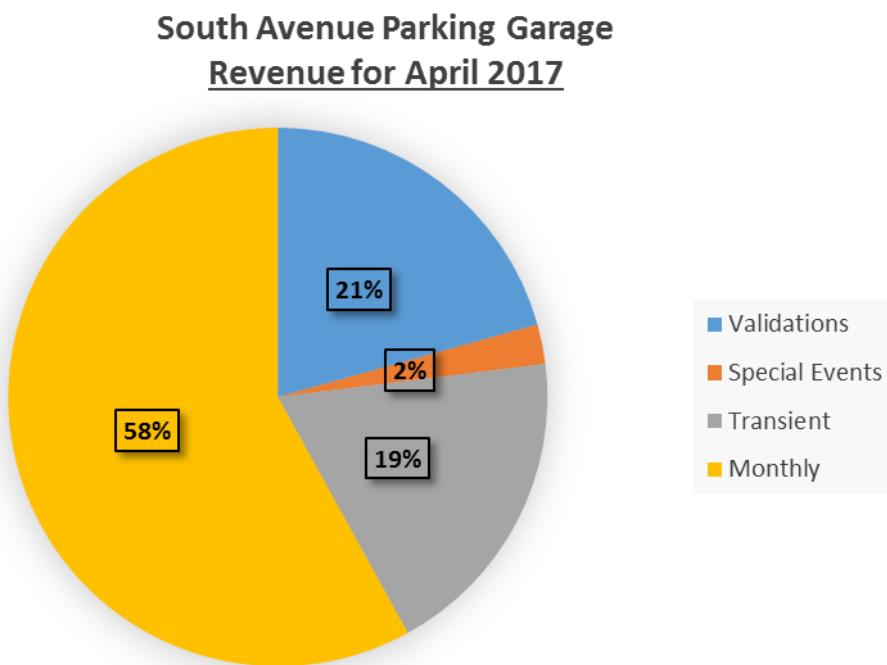
### B. Background

The City currently owns eight garages and operates seven of them. The City has entered into a Professional Services Agreement with the Rochester Riverside Convention Center to operate the South Avenue Parking Garage.

The Bureau of Parking and Municipal Violations oversees the management and operation of parking garages including financial reporting. The Bureau of Parking reports directly to the Director of Finance.

### C. Objective and Scope

The objectives of the review were to determine whether the RRCC was reporting all cash collections, to determine the adequacy of internal control procedures, and to determine compliance with the agreement between the City and RRCC. This review examined current operations in detail, parking fees collected and reported for the month of April 2017, and the accuracy of the amount submitted to the City. For the month of April 2017, the Rochester Riverside Convention Center reported gross revenue of \$144,455 for the South Avenue Parking Garage. The following chart summarizes the sources of this revenue:



Management is responsible for establishing and maintaining a system of internal accounting and administrative control. Fulfilling this responsibility requires estimates and judgments by management to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of accurate, informative reports that are fairly stated.

Because of inherent limitations in any system of internal accounting and administrative control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any system evaluation to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The recommendations presented in this report include the more significant areas of potential improvement that came to our attention during the course of the examination, but do not include all possible improvements that a more extensive review might develop.

### III. RESULTS OF REVIEW

RRCC submits payments to the City on an accrual basis. OPI accounted for all reported cash collections for the test period. We also accounted for the April 2017 invoiced amount for monthly parkers. However, we noted the following findings that require management attention to improve administrative and internal controls and to ensure compliance with City policy.

#### A. Active Key Cards Not Included in Monthly Billing

The majority of patrons who park at the South Avenue Parking Garage are monthly keycard holders. Parking sells keycards to individuals and sells large blocks of keycards to various business organizations. OPI noted that as of April 30, 2017, RRCC deposited \$80,892.13 for April keycards. We reconciled this amount to the April accrual based revenue of \$83,796.

The Rochester Riverside and Convention Center utilizes two independent systems to control keycards. The Amano McGann Inc. system (McGann) controls keycard activation, deactivation and the lift gate mechanisms. The second is the independent billing and payment system that is part of the RRCC overall financial reporting system.

With the McGann, only activated keycard numbers can enter and exit the garage. Additionally, the system provides an anti-passback feature that

tracks whether patrons last used their keycards to enter or exit the garage. This feature prevents more than one person from using a single keycard at the same time, eliminating the possibility of passing the card to other parkers who are then able to park free. When properly functioning and utilized, this system provides control over keycards and provides assurance that only authorized and paid keycards access the garage.

OPI noted seven key cards that were active in the McGann system allowing access into the garage but not invoiced for the month of April. Patrons possessing these keycards have the ability to park in the garage without paying the required fees. For these seven key cards, we noted the following:

1. Due to non-payment, Rochester Riverside Convention Center terminated two of the seven key cards in May but they remained active for all of April and the patrons parked in the garage during the month of April.
2. Two key cards were issued to Hyatt hotel staff at no charge and indefinitely. This arrangement existed prior to current City and RRCC staff employment. The current Director of Parking has discontinued this arrangement.
3. Three monthly parkers had personal circumstances, i.e. car trouble, family illness, and RRCC did not invoice them for April. The average number of days these patrons parked during the month of April was seven days.

♦ Recommendation

Bureau of Parking should exercise care and diligence to ensure that customer information is up-to-date and that every patron that has been issued a key card is invoiced each month. Additionally, a periodic reconciliation of keycard payments to active keycards would identify keycards that are activated but not paid.

B. Non-Compliance with Professional Service Agreement

The agreement between the City and RRCC states that payments be submitted to the City by the 15<sup>th</sup> of the following month. We noted payment for March and April 2017 was received by the City in June 2017.

♦ Recommendation

OPI recommends payments be received as stipulated in the operating agreement. If agreed upon by both parties, any changes to the agreement should be in the form of a documented and approved amendment.

C. Unable to Trace Prepaid Tickets

OPI identified 705 spitter tickets for April 6, 2017. Forty-two or 6% of these tickets had a calculated fee totaling \$168 but no fee was paid at the time of exit. RRCC informed OPI that a few area businesses including the Central Library purchase “chaser” tickets. They pay in advance and provide them to their patrons. RRCC reported this revenue on a cash basis and we were unable to trace the original sale of these tickets.

Upon exit, the parker submits the spitter ticket they pulled upon entry into the machine. Once a fee is calculated, the patron submits the chaser ticket as form of payment. These “chaser” tickets were not included with the spitter tickets we examined for April 6, 2017.

♦ Recommendation

OPI recommends that RRCC maintain a log of the “chaser” ticket sales including the date of the sale and ticket sequence issued. Additionally, RRCC should retain the “chaser” tickets. This ticket attached to the corresponding spitter ticket, along with the log, would provide information needed to verify the revenue.

IV. DEPARTMENTAL RESPONSE

The response of the Bureau of Parking to this report begins on the next page.



City of Rochester

Inter-Departmental Correspondence



To: Timothy Weir, Director / Office of Public Integrity  
From: Charles A. Benincasa, Director of Finance  
Date: November 29, 2017  
Subject: South Avenue Garage Audit

Following is the Department of Finance's response and a plan of corrective action regarding the findings and recommendations made by the Office of Public Integrity in its recent audit of the South Avenue Parking Garage.

**A. Active Key Cards Not Included in Monthly Billing**

Seven key cards were identified as being active and able to vend gates, without having been paid for.

**ACTION PLAN:** Riverside Parking has been informed that active gate cards must be paid in full each month, and that review and reconciliation of gate cards are done so that payment for each active gate pass (key card) can be verified. Non-payment will cause deactivation of gate pass. The Parking Bureau's Compliance Auditor will periodically audit Riverside Parking's review/reconciliation to assure this action plan is actively in use.

**B. Non-Compliance with Professional Service Agreement**

The agreement between the City and RRCC states that payments be submitted to the City by the 15<sup>th</sup> of the following month. OPI noted payment for March and April 2017 was received by the City in June 2017.

**ACTION PLAN:** Riverside Parking has been informed that payments to the City must comply with prescribed deadlines in the agreement. If payments are not received on or before the 15<sup>th</sup>, the Bureau of Parking will contact RRCC to notify them that their payment has not been received. If for any reason they are unable to comply with prescribed deadlines, they have been invited to discuss alternative options that could be documented in an approved amendment between the City and RRCC.

Timothy Weir  
November 29, 2017  
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C. Unable to Trace Prepaid Tickets

OPI was unable to trace the original sale of prepaid tickets to area businesses (e.g. the Central Library).

**ACTION PLAN:** Riverside Parking has been informed that they must document prepaid sales of chaser tickets, including the date of sale and the sequence of ticket numbers, then retrieve chaser tickets after they are used, and log those with the original sales documents. The Parking Bureau's Compliance Auditor will perform a review of this procedure during periodic audits.

CAB/LCM

Xc: Kara Makely  
Laura Miller