

DEPARTMENT OF FINANCE  
BUREAU OF PARKING  
PARKING FACILITY SERVICES DIVISION  
REVIEW OF HIGH FALLS GARAGE

Office of Public Integrity  
Date: March 31, 2015

## I. EXECUTIVE SUMMARY

In this review the Office of Public Integrity (OPI) examined records and internal control procedures at the High Falls Parking Garage. We accounted for all reported cash receipts within the test period. Additionally, we noted significant improvements from our prior review of this garage including improved control over monthly eGo tag holders and timelier billing and collection of validations. 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 that a substantial receivable balance is delinquent over 90 days. Parking management should regularly analyze receivable balances to determine delinquent and uncollectible accounts.
- ◆ OPI analyzed daily spitter tickets issued at the garage for the test period and noted that the customer service representatives do not always document the reason they provide patrons “Ok by Mgr” tickets that allow the user to exit the garage without paying a fee.
- ◆ OPI analyzed daily spitter tickets issued at the garage for 2 days during the test period and noted that the exit verifiers calculated the incorrect fee for 13 of the 105 spitter tickets examined. This is an error rate 12.4%.

## II. BACKGROUND, OBJECTIVES AND SCOPE

### A. Assignment

OPI routinely examines parking garage operations and their related revenue in its annual work program. We examine the operations of at least one parking garage annually rotating among the various garages.

### B. Background

On October 1, 2010, the Bureau of Parking took over operation of six of the seven garages that the City owned at that time including the High Falls Parking Garage. Prior to this, the City contracted with various parking vendors to operate these facilities. Currently the City owns nine garages and operates eight of them. The City entered into a Professional Services Agreement with Allpro Parking, LLC to provide staffing for customer service and light maintenance for the garages. The Professional Services Agreement ran from October 1, 2010 to June 30, 2011 and the Finance Department has extended it to June 30, 2015. Additionally, the City contracted with Acme Powerwashing Inc. to provide cleaning and routine

maintenance of the garages. Also, through an existing contract with the Rochester Police Department, the Bureau of Parking utilizes AP Safety and Security Corporation to provide security in the garages.

The Bureau of Parking oversees the management and operation of parking garages including financial reporting. The Bureau of Parking reports directly to the Deputy Mayor.

C. Objective and Scope

The objectives of the review were to determine whether the Bureau of Parking could account for reported cash collections, to determine the adequacy of internal control procedures, and to determine compliance with City policy. This review examined current operations in detail, parking fees collected and reported for the month of June 2014, and the accuracy of the amount deposited with the City. For the month of June 2014, OPI verified gross revenues of \$46,084 including \$39,872 from monthly parking fees, \$4,862 in daily transient fees and \$1,350 in validations.

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

OPI accounted for all reported cash collections for the test period. Additionally, we noted significant improvements from our prior review of this garage including improved control over monthly eGo tag holders and timelier billing and collection of validations. However, we noted the following findings that require management attention to improve administrative and internal controls and to ensure compliance with City policy.

A. Delinquent Accounts Receivable Balances

OPI reviewed an aging schedule of accounts receivable for monthly parkers at the High Falls Garage. An analysis of this aging schedule indicates a significant amount of outstanding receivables in excess of 90 days. The following table summarizes the outstanding accounts receivable balances:

Review of High Falls Garage  
Aging of Accounts Receivable  
At February 23, 2015

Number Of Accounts	Current	30 Days	60 Days	Over 90 Days	Total
405	\$58,337	\$3,665	\$2,259	\$22,331	\$86,592

Of the 405 accounts with a balance due, parking personnel terminated 58 or 14% of them prior to January 1, 2014. The total amount due from accounts terminated prior to January 1, 2014 is \$17,322 or 20% of the accounts receivable outstanding. It appears that these account receivables are uncollectable. As a result, accounts receivable for the High Falls Garage are significantly overstated.

◆ Recommendation

We recommend that the Bureau of Parking review existing outstanding accounts receivables and write-off account balances deemed as uncollectable.

B. Incomplete Spitter Tickets

Customer service representatives maintain a supply of preprinted “Ok by Mgr” spitter tickets. These tickets allow the user to exit the garage without paying a parking fee. Customer service representatives provide these tickets to monthly parkers who drive a vehicle other than the vehicle that they have attached their monthly parking tag to. Parking personnel have instructed the customer service representatives to have the monthly parker sign these tickets.

For the month of June 2014, OPI noted 118 “OK by Mgr” spitter tickets. We noted that 50 of these 118 “OK by Mgr” spitter tickets did not have the signature of the monthly parker or any other sort of explanation that indicated why the customer service representative allowed the user to exit the garage without paying a fee. The potential for misuse of these tickets is increased when the customer service representatives do not clearly document why they issued each ticket.

◆ Recommendation

The Bureau of Parking should require that customer service representatives clearly document, on the ticket, the reason for each “Ok by Mgr” ticket issued.

C. Incorrect Fees Charged for Spitter Tickets

OPI examined spitter tickets for two days during the test period. During this test work we noted the exit verifiers did not always calculate the correct fees due. The following table summarizes these findings:

Review of the High Falls Garage  
Miscalculated Fees for Spitter Tickets

Date	Spitter Tickets Collected	<u>Spitter Tickets Incorrectly Calculated</u>		
		Number	Percent	Value
06/06/14	57	6	10.5%	\$12
06/26/14	48	7	14.6%	\$14
Total	105	13	12.4%	\$26

In all cases the exit verifiers calculated a fee that was \$2 less than it should have. Although the dollar value is immaterial, the percent of tickets miscalculated is significant. Parking personnel indicated that a possible cause is the internal clocks on the exit verifiers are not in sync with the external clocks. Exit verifiers utilize the internal clock to calculate fees due but the time stamped on the spitter ticket comes from the external clock.

◆ Recommendation

The Bureau of Parking personnel should investigate the causes of these discrepancies and correct them.

IV. DEPARTMENTAL RESPONSE

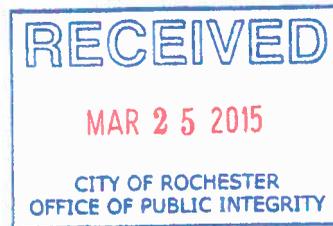
The response of the Bureau of Parking to this report begins on the next page.



## City of Rochester

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Parking and  
Municipal Code  
Violations Bureau



### MEMO

TO: Timothy R. Weir, Director, Office of Public Integrity  
Daniel Mastrella, Manager of Internal Audit

FROM: Laura C. Miller, Director, Bureau of Parking

*Laura C. Miller*

DATE: March 19, 2015

RE: High Falls Garage Audit

#### I. OPI's Executive Summary:

1. A substantial receivable balance is delinquent over 90 days: \$22,331
  - a. Of the 405 accounts with a balance due, parking personnel terminated 58 or 14% of them prior to January 1, 2014. The total amount due from accounts terminated prior to January 1, 2014 is \$17,322 or 20% of the accounts receivable outstanding. It appears that these accounts receivable are uncollectable. As a result, accounts receivable for the High Falls Garage are significantly overstated.
2. Daily tickets approved by manager for exit without payment did not always have documentation of the reason for the validation (free exit).
3. Exit verifiers calculated the incorrect fee for 13 of the 105 tickets examined.

#### II. Department of Finance, Bureau of Parking Response:

1. Discussions have been started with the Finance Director regarding the correct City procedure to follow to remove the uncollectable receivables. Law Department will be included.
  - a. The basis for the determination that these accounts are uncollectable is that the accounts are old, dating back through 2010 when the City took over management of six garages. Existing software does not provide key card activity from previous time periods as evidence to support that the garage key cards were actually used; therefore, these outstanding invoices are unsupported and uncollectable. The flaws in the process were noted in a prior audit completed by OPI in December of 2011. The uncollectable receivables have been on the books since that time, and will now be addressed through conversations with the Finance Director and the City's Legal Department.



- b. Parking Bureau staff members work each month to reconcile the number of active key cards to the accounts paid each month to insure accounts receivable do not continue to grow. Accounts that are unpaid after a month are terminated, and no additional invoices are generated. Key cards are deactivated when the account is terminated. This is all done manually, comparing records from two separate software systems: PARIS for billing and ELEMENT for garage key cards. New software being implemented over the next several years will automatically deactivate unpaid accounts immediately, thereby eliminating receivables altogether.
2. Effective on 2/23/15 the Parking Compliance Monitors began reporting to the Parking Compliance Auditor. (Rather than the Facilities Manager.) Under this new reporting structure, Monitors are responsible for reviewing tickets at all garages each week to make sure Customer Service Representatives and Managers are adhering to all policies and procedures, including verification of tickets used to exit without payment.
3. Tickets issued to transient customers have a clock stamp on them from the machine at the entry: the exit verifier has a separate clock, used to determine the length of stay. The two clocks are sometimes not synced. This issue will be addressed by having the Parking Compliance Monitors verify the clocks each week and adjust clocks when necessary. After new Parking Access Revenue Control Software is implemented in all garages, this issue will be eliminated completely: all entry and exit gates will be using one clock on one server.

XC:

Mayor Lovely A. Warren

Deputy Mayor Leonard E. Redon