



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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06-17

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Mr. Robin D. Sully, Facilities Maintenance Director
Facilities Management, Parking Garage
500 E. San Antonio, Suite M1
El Paso, Texas 79901

Dear Mr. Sully:

The County Auditor's Internal Audit division performed an audit of the County Parking Garage financial records to determine if internal controls are adequate to ensure proper preparation of the Parking Garage financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. We tested eight financial controls and two operating controls with a total of 134 samples. There were six findings noted as a result of the audit procedures. We wish to thank the management and staff of the Parking Garage-Facilities Management office for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Respectfully,

Edward A. Dion
County Auditor

EAD:DC:ya

Attachment

cc: Betsy Keller, Chief Administrator
Norma Palacios, Executive Director, Public Works Department



**Facilities Management, Parking Garage Audit
For the Period of February 2018 thru January 2019**

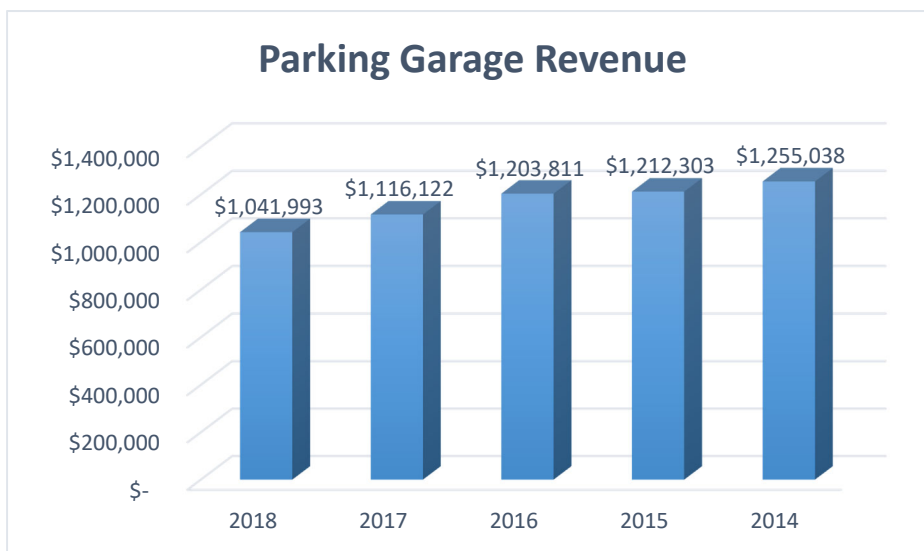


EXECUTIVE SUMMARY

BACKGROUND

The County owns two parking garages. One of them is open to the public for hourly, daily, or monthly parking. This parking garage is also for patrons summoned for jury duty. The second parking garage is for County employees, other government entities, and non-profit organizations with fees charged on a monthly basis. The Human Resources Department took over the administration of employee parking in January 2018. Due to reporting limitations and faulty equipment, the parking garage implemented new equipment in September 2018. The reporting software has not been used due to missing functionalities and the need for additional training. Management is projecting to implement the new software by June 30, 2019. This audit was performed by Daisy Caballero, internal auditor. The most recent prior audit was in September 2016; all findings from that audit have been resolved.

Financial reports are generated from RecWare showing all transactions occurring each month. The following chart is a comparison of fees collected by the Facilities Management-Parking Garage for the past five fiscal years as recorded in the County financial system (Munis).



The parking garage revenues have declined significantly after 2016 due to reduced employee parking rates. Effective January 2017, the employee rate was reduced from \$55 to \$40 per month. Effective October 2017, the employee rate was reduced again from \$40 to \$30 per month. The revenue loss attributable to this is approximately \$161,000.

SCOPE

The scope of the audit includes financial records from February 2018 through January 2019.



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EXECUTIVE SUMMARY

AUDIT OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to the Parking Garage financial reports. Following are the business objectives and related control assessment.

Business Objective	Control Assessment
1. Functioning appropriate cash controls	Needs Improvement
2. Monthly reconciliation of revenue reports to the County's financial system (Munis)	Satisfactory
3. Manual receipts are entered in RecWare timely	Satisfactory
4. Adequate voided transaction controls	Unsatisfactory
5. Timely bank deposits	Satisfactory
6. Accurate daily deposit reports with proper documentation	Needs Improvement
7. Accurate parking validations billing	Satisfactory
8. Completeness of the mail log and timely posting to RecWare	Needs Improvement
9. Proper endorsements of Jury duty checks	Needs Improvement
10. Documentation of updated policies and procedures	Needs Improvement

METHODOLOGY

To achieve the audit objectives we:

- Performed a surprise cash count at the parking garage and the facilities management office
- Reviewed a sample of revenue reconciliations for the monthly parking garage revenue report to Munis to determine postings were complete, accurate, and timely
- Requested and reviewed manual receipt books to verify usage of manual receipts during the audit scope
- Inquired about voided transaction controls and documentation
- Reviewed a sample of daily deposit documentation for completeness and timeliness
- Tested a sample of reported parking garage tickets to actual tickets collected
- Tested a sample of parking validations billed to actual parking validation counts
- Reviewed a sample of mail log entries for completeness and timely posting to RecWare
- Reviewed a sample of jury duty checks to verify juror and County endorsements were made
- Reviewed policies and procedures for completeness and updates



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RESULTS

Listed below are controls and findings summaries, with findings listed from highest to lowest risk. Please see the *Findings and Action Plans* section of this report for details and management action plans as well as the status of prior audit findings.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Monthly revenue reconciliations (Obj. 2) • Manual receipt controls (Obj. 3) • Timely deposit policy (Obj. 5) • Monthly parking validations procedure (Obj. 7) 	<ul style="list-style-type: none"> • Cash handling controls (Obj. 1) • Voided transaction controls (Obj. 4) • Accurate daily deposit reports and documentation (Obj. 6) • Mail log controls (Obj. 8) • Jury duty checks policy (Obj. 9) • Documentation of policies and procedures (Obj. 10)
Findings Summary	
<ol style="list-style-type: none"> 1) Cash boxes are shared by cashiers. 2) Documented void transaction controls are not implemented. 3) While reviewing ticket count accuracy, 2% of reported parking garage tickets were missing and a cash receipt was attached to three tickets with validations for payment waivers. 4) There was no documented review of the mail log. 5) 15% of jury duty checks sampled did not have the juror endorsement. 6) Documented policies and procedures need to be updated. 	

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

Facilities Management- Parking Garage has implemented improvements in their operations per prior recommendations. However, the department only met four of the current 10 objectives. Implementation of the recommendations provided in this report should assist the Facilities management- Parking Garage office in producing complete and accurate financial reports by strengthening their internal control structure.



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FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

- | <u>Status</u> | |
|-----------------|--|
| H Closed | <p>1. Finding: Customer receipts are not always provided or may not be for the customer's actual visit. The cashier occasionally hands out receipts from previous transactions because it's faster than waiting for the receipt to print from the transaction.
 Recommendation: Management should reinforce the cash handling procedures.
 Action Plan: The cashier was issued a disciplinary action for poor job performance. The correct cashiering procedure was reinforced during the meeting. <i>Resolved</i></p> |
| H Closed | <p>2. Finding: A parking garage stamp clock was off by eight minutes.
 Recommendation: The clocks at the parking garage should be checked periodically to verify the correct times are displayed and customers are being charged the correct rates.
 Action Plan: The stamp clocks have been reset and they will be checked periodically by the staff and parking garage manager at the beginning of each shift. <i>Resolved</i></p> |
| H Closed | <p>3. Finding: Of the 30 day sample of parking garage tickets requested, only four days, 13% were provided.
 Recommendation: Parking garage tickets should be properly archived for six years as required by records retention schedule in <i>Texas State Library GR1025-27b</i>.
 Action Plan: The parking garage manager was issued a corrective action for not complying with the record retention policy. The boxes of daily tickets and other accounting documentation will be archived at the County Clerk Records Management and Archives Department on a quarterly basis. <i>Resolved</i></p> |
| H Closed | <p>4. Finding: Driver licenses and credit cards are taken as collateral for parking payment when customers do not have money to pay.
 Recommendation: Nothing other than payment should be taken from the parking garage customers. The correct procedure for non-payment situations should be reviewed, documented, and communicated to all the parking garage employees.
 Action Plan: Associate deputy director will revisit with staff the proper procedures for handling non-paying customers. <i>Resolved</i></p> |
| H Closed | <p>5. Finding: There is a lack of separation of duties and daily deposit review.
 Recommendation:
 Cash handling separation of duties should be implemented. The daily deposits from the parking garage and the facilities office should be reviewed and verified by a second person.
 Action Plan: Separation of duties has been implemented. The administrative specialist takes the payments and the administrative services manager prepares the deposit. All deposits will be reviewed and verified by a second person. <i>Resolved</i></p> |
| H Closed | <p>6. Finding: There are only two fire extinguishers in the public parking garage with an 800 vehicle capacity. Both are inoperable. The employee parking garage with an 800 vehicle capacity does not have any fire extinguishers.
 Recommendation: Management should contact the fire marshals to further evaluate the public and employee parking garages for fire safety.
 Action Plan: Public Works is currently in the process of ordering fire extinguishers for each floor to support the 800 vehicle capacity. <i>Resolved</i></p> |
| H Closed | <p>7. Finding: Of the 45 validation reports tested, 21 (47%) did not coincide with what was actually billed.
 Recommendation: Validation ticket counts should be verified with what is reported in the manual validation reports on a daily basis. Parking validation tickets should not be sent to billed departments because the garage is then left with undocumented revenue.
 Action Plan: All validation tickets are scanned and copies are sent to the departments along with the invoice. <i>Resolved</i></p> |



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FINDINGS AND ACTION PLANS

- M** Closed 8. **Finding:** Of the 17 manual receipts sampled, two (12%) were not found in RecWare.
Recommendation: Manual receipts should be entered in RecWare as soon as the system resumes functioning. Management should periodically trace a sample of manual receipts to RecWare to verify they have been entered.
Action Plan: The administrative services manager will ensure all manual receipts are properly entered in the RecWare system by reviewing them on a monthly basis. This procedure will be monitored by the associate deputy director. *Resolved*
- M** Closed 9. **Finding:** ITD does not have access to the parking garage software, equipment, and video cameras.
Recommendation: ITD should have access to the parking garage equipment, software, and security cameras to provide appropriate support, updates, and backup.
Action Plan: Management concurs with the recommendation. ITD has been actively involved in the new parking equipment conversion. *Resolved*
- M** Closed 10. **Finding:** There was an average of 28 reported lost tickets per day during the audit period.
Recommendation: Seek reporting capabilities within the new parking garage software that could be used to validate the actual number of lost tickets.
Action Plan: Staff has been re-trained on the significance of maintaining a record of tickets. This issue will be addressed with the vendor of the new software. Lost ticket transactions will be documented. *Resolved*
- M** Closed 11. **Finding:** Customers are not always asked to sign their credit card receipt.
Recommendation: Credit card receipts should always be signed by the customer as required by the County Auditor's Accounting Procedures Manual.
Action Plan: Re-training was administered to the parking garage staff on interacting with customers on credit card receipts. *Resolved*
- L** Closed 12. **Finding:** The written policies and procedures have not been updated to reflect current practices.
Recommendation: Written policies and procedures should be updated.
Action Plan: Associate deputy director will review and update policies as needed to comply with EP County guidance. *Resolved*
- L** Closed 13. **Finding:** Of the four monthly reconciliations reviewed, two (50%) revenue reports were immaterially misstated.
Recommendation: Revenue figures should be compared to what is reflected in Munis account COGF-1000-0000000-411-10-11160-0248-00000-440553.
Action Plan: Administrative services manager will reconcile with MUNIS to avoid further discrepancies. *Resolved*
- L** Closed 14. **Finding:** Of the 89 jury duty checks reviewed, 23 (26%) were missing the juror endorsement. The check date should be reviewed upon receipt to ensure it is not an old check that has been voided due to the 90 day limit.
Recommendation: Jury duty checks need to be endorsed by the juror and deposited on a daily basis.
Action Plan: Staff will be re-trained and monitored on the procedures for the endorsement of jury checks. *Resolved*
- L** Closed 15. **Finding:** Re-issuable access cards are not properly secured.
Recommendation: Re-issuable access cards should be secured in a locked drawer during the day and placed in the safe at the end of the day.
Action Plan: Administrative services manager briefed facility staff member on how to properly store and safeguard access cards. *Resolved*



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FINDINGS AND ACTION PLANS

- L Closed** **16. Finding:** Department does not keep a mail log.
Recommendation: Department should have a mail log to keep record of all mail payments. To implement separation of duties, another employee should record the payment in RecWare and the customer's account.
Action Plan: Administrative services manager will confirm there is an updated policy in place addressing the mail log. The Associate Deputy Director will ensure separation of duties regarding the mail log and posting of payments in RecWare. *Resolved*

Current Audit Findings

Finding #1		H
<p><u>Cash Controls</u> – Cash boxes are shared by cashiers. There are two cash boxes at the daily parking garage, one for each cashiering station. When there is a shift change, the funds are not reconciled and the cashier starts with whatever the previous cashier left.</p> <p>Each cashier should be held responsible for all transactions and collections until the funds are turned over to management for deposit, as per the County Auditor's Accounting Procedures Manual. Weak cash handling controls could result in theft or misuse of County funds and a lack of accountability.</p>		
Recommendation		
<p>Each cashier should have a cash box assigned to them. This will make cashiers accountable for their cash boxes. Further, in the event of any overages or shortages, it will be easier to determine which cashier is responsible. This will allow management to better address the situation and provide additional training if needed.</p>		
Action Plan		
Person Responsible	Parking Garage Manager	Estimated Completion Date 06/28/2019
Management concurs with the recommendation.		



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FINDINGS AND ACTION PLANS

Finding #2		Risk Level H	
<u>Voided Transactions</u>			
<p>Facilities Management- There is a lack of voided transaction controls for cash, checks, and money orders. There were seven voided transactions during the audit scope and there was no supporting documentation or documented management review of the transactions. All seven transactions were done by the administrative specialist. Six of the seven voids were for check payments, and the tender type for one void was undetermined. Facilities processes all billings and monthly parking payments.</p> <p>Parking Garage- The parking garage manager explained they only process credit card voids. There are no system generated reports to verify voided transactions activity. The parking garage manager and night cashier share the credit card code to void credit card transactions. Per procedures, management is required to enter a code on the credit card machine to process credit card voids.</p> <p>Failure to enforce voided transaction controls could result in misappropriation of County funds.</p>			
Recommendation			
All voided transactions should be initiated or approved by management, as per the County Auditor's Accounting Procedures Manual and the Facilities Department and Parking Garage Policy Manual. A void log should be created to properly document voided transactions. Management should perform a documented review of the voids log.			
Action Plan			
Person Responsible	Parking Garage Manager and Facilities Service Manager	Estimated Completion Date	06/28/2019
<p>Facilities Management- A void log has been implemented. The administrative specialists will process voids and enter them in the void log. The facilities service manager will do a documented weekly review of the void log.</p> <p>Parking Garage- Management will discuss and document voided transaction procedures.</p>			



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FINDINGS AND ACTION PLANS

Finding #3		Risk Level H	
<p><u>Daily Reports Accuracy</u> – While testing the parking garage’s daily revenue report for accuracy, the following was noted:</p> <ul style="list-style-type: none"> • Of the 2,216 parking garage tickets sampled, 43 (2%) were missing. Parking Garage tickets should be properly archived for five years as required by records retention schedule in <i>Texas State Library GR1025-27b</i> as directed by <i>Government Code 441.094</i>. • There were two jury duty tickets with a juror badge attached for payment waiver, however, a five dollar cash receipt was attached to each of them. • There was a five dollar cash receipt attached to a veterans ticket in which payment should have been waived with proper validation. <p>Jurors and veterans do not have to pay for parking if they present their juror badge or have a veteran’s license plate. The validation needs to be attached to the ticket. The three tickets mentioned above had the proper validations plus a five dollar cash receipt stapled to them. It was explained by the parking garage manager and cashiers that sometimes customers tell them they have a validation right before they hand out the cash. At that point, the cashier already entered the cash payment and the receipt is printed. The money is not taken and the validation and receipt are stapled to the ticket.</p>			
Recommendation			
<ul style="list-style-type: none"> • The controls over keeping accurate ticket counts should be reviewed and enforced. All parking garage tickets should be properly archived. • Revenue receipts erroneously printed should be marked void and used in the balancing process. The procedures for handling possible voids at the parking garage should be reviewed and documented. 			
Action Plan			
Person Responsible	Parking Garage Manager	Estimated Completion Date	06/28/2019
Management concurs with the recommendation.			

Finding #4		Risk Level M	
<p><u>Mail log</u> – There is a lack of documented review of the mail log. Weak controls over mail payments could result in misappropriation of County funds.</p>			
Recommendation			
A documented review of the mail log should be done to verify all mail payments are recorded in RecWare.			
Action Plan			
Person Responsible	Facilities Service Manager	Estimated Completion Date	06/28/2019
The facilities service manager will conduct weekly documented reviews of the mail log.			



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FINDINGS AND ACTION PLANS

Finding #5		Risk Level L
<p><u>Jury Duty Checks</u> – Of the 20 jury duty checks sampled, three (15%) did not have the juror endorsement. Jury duty checks need to be endorsed by the juror and the County as required by the Facilities Department and Parking Garage Policy and the El Paso County Accounting Procedures Manual. Lack of juror endorsement could result in a customer dispute and rejection by the bank.</p>		
Recommendation		
The jury duty checks policy should be reiterated to the parking garage staff.		
Action Plan		
Person Responsible	Parking Garage Manager	Estimated Completion Date 06/28/2019
The parking garage manager will retrain cashiers on handling jury duty checks.		

Finding #6		Risk Level L
<p><u>Policies and Procedures</u> – The following policies and procedures have not been updated:</p> <ul style="list-style-type: none"> • Voided transaction procedures • Review of the monthly revenue reconciliation • Review of the daily deposit documentation • Documented review of the mail log • Timely uploads of the deposit documentation to the shared drive (it should be uploaded by the following business day from the day of collection) • Parking Garage cash drawer reconciliations at employee shift change <p>Policies and procedures serve as an accountability and training guide for employees and sets guidelines for best practices. Lack of documented procedures can increase the risk of inconsistent practices and possible losses to the County.</p>		
Recommendation		
The written policies and procedures should be updated to reflect current procedures and policies in use.		
Action Plan		
Person Responsible	Facilities Services Manager and Facilities Maintenance Director	Estimated Completion Date 07/31/2019
Management concurs with the recommendation, with the exception of the revenue reconciliation review. It is uncertain if the facilities maintenance director will have time to perform the monthly review. Management will discuss possible controls over the revenue reconciliation.		