

April 11, 2005

Internal Audit Report 2005-6
Cash Controls of Parking Garage Revenue
Anchorage Community Development Authority

Introduction. The Anchorage Community Development Authority (Parking Authority) is responsible for operating, managing and controlling on-street and off-street parking throughout the Municipality. One of the Parking Authority's missions is to provide sufficient, high-quality, customer-focused public parking by managing parking resources in a fair and efficient manner for the benefit of the Municipality's residents. The Parking Authority currently operates three parking garages located at 6th and H street, 7th and G street and 5th and B street. The combined parking spaces for these garages total 2,168 spaces. According to Parking Authority staff, for the year ending 2004 total revenue for these three parking garages was approximately \$2,280,961. This figure included monthly permit parking revenue, daily parking revenue, special event parking revenue and validation revenue. The Parking Authority uses an automated parking system (ScanNet) to manage and track the daily parking garage revenue.

Objective and Scope. The objective of this audit was to determine whether there were adequate controls in place over parking garage transactions and cash receipts. Specifically, we reconciled parking validations, traced cash receipts to daily deposits, and observed parking attendant activities. We also reviewed ScanNet system management reports to determine whether the reports were used by supervisory personnel to monitor various parking garage transactions and cash receipts. The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed during the period of December 2004 through February 2005. The audit was requested by the Administration.

Overall Evaluation. Controls over parking garage transactions and cash receipts could be improved. Our audit found several ways a parking attendant could open the parking garage gates without receiving or requiring payment. Further, we found the physical security of Parking Authority facilities could be improved.

FINDINGS AND RECOMMENDATIONS

1. Risks of Exits Without Payments.

a. Finding. During our audit we identified several ways a parking attendant could open the parking garage gates without receiving or requiring payment. Even though various management reports were available from the ScanNet system, the reports were not utilized by management personnel to monitor parking garage activity, including non-payment transactions. Without close monitoring of parking garage activity, revenue could be lost due to improper procedures or employee misconduct. The following are examples of potential risk areas that could result in lost revenue if not closely monitored by management personnel:

- ***Special Event Parking*** - Current procedures require that individuals using the parking garage during after-hours special events pay upon entering the garage so they can exit through open gates. However, a transaction summary report was not used to reconcile the number of cars entering and exiting the garage during special events with revenue collected by the parking attendant.
- ***After-Hours Revenue*** - Current procedures require that individuals pay a Security Guard when exiting the 5th Avenue Garage after the parking attendant has left for the day (11:00 P.M.). However, no controls existed to prevent the Security Guard from allowing individuals to exit without paying or from keeping payments for themselves. A transaction summary report was

not used to reconcile the number of exits after hours with revenue collected by the Security Guards.

- ***Force Time*** - Current procedures allow the parking attendant to open the garage gate without payment by entering a time of day prior to the current time of day. However, no controls existed to prevent a parking attendant from allowing individuals to exit without payment or collecting payment and not placing it in the cash register. A transaction summary report was not used to track the number of times the parking attendant opened the gate by entering an earlier time.
- ***Manually Open Gate*** - Current procedures allow the parking attendant to open the parking garage gate manually without a ticket being processed or a payment being collected by using the gate key. However, no controls existed to prevent a parking attendant from allowing individuals to exit without payment or collecting payment and not placing it in the cash register. A transaction summary report was not utilized to monitor the number of times the parking attendant opened the parking garage gates manually.
- ***One-Hour Validation*** - Current procedures allow the parking attendant to open the parking garage gate by pressing the one-hour validation button on the cash register. However, no controls existed to prevent the parking attendant from allowing individuals to exit without a properly validated ticket. A cashier summary report was not utilized to reconcile the number of one-hour validations the parking attendant processed with the number of one-hour validations actually collected.
- ***Parker Key*** - Current procedures allow the parking attendant to open the parking garage gate without payment by pressing the parker key on the cash register. However, no controls existed to prevent a parking attendant from

allowing individuals to exit without payment or verification of the monthly parker's payment status. A cashier summary report was not utilized to monitor the number of times the Parker Key was used.

- ***Seven-Day Credit*** - Current procedures allow the parking attendant to open the parking garage gate without processing a ticket or collecting a payment by pressing the debit-refund button on the cash register which issues a seven-day credit. However, no controls existed to prevent a parking attendant from allowing individuals to exit without payment by issuing a seven-day credit. No report existed to track the number of seven-day credits that had been issued by the parking attendant or the amount collected from the seven-day credits that had been issued.
- ***Lost Ticket*** - Current procedures require payment of the minimum amount (\$6.00) if a customer states that they lost the parking ticket. However, we noted instances where the amount collected was zero for the lost ticket transactions.
- ***Tips*** - Current procedures do not allow parking attendants to keep tips (change) customers leave them. However, no controls existed to prevent the parking attendants from keeping tips since they were not recorded in the cash register. There was no report in the ScanNet system that accounted for tips or excess revenue.
- ***Receipts*** - Current procedures do not require parking attendants to provide receipts to customers, unless requested. This eliminates customers from being a part of the control system over cash receipts.

- b. Recommendation.** The Parking Authority should implement procedures for the use of management reports to properly control cash receipts and ensure compliance with

procedures. In addition, receipts should be given to all customers to ensure that all cash collected is entered into the ScanNet System.

- c. **Management Comments.** Management stated, “Management concurs that use of ScanNet reports to monitor issues raised during the audit would provide additional revenue safeguards. Procedures for parking attendant supervisory personnel will be rewritten to include transaction summary reports, cashier summary reports and other reports (including reconciliation of one-hour validations) as necessary to monitor parking attendants.

“Management is planning to install Pay-In-Lane equipment within the next few years, which will allow the exiting parker to pay by cash or credit card when no parking attendants are on duty.

“Management will contact the distributor of our revenue control system and determine what reporting and tracking functions are available for seven-day credits and tips.

“Regarding Lost Ticket transactions, management will update parking attendant procedures to require that only lost tickets are recorded under that transaction key.

“As an alternative to cash receipts, management will post a sign at each parking attendant booth, informing customers that they should be charged the amount displayed on the ScanNet reader board and that, if they are charged a different price, they should phone ACDA at the number provided.”

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

2. Risk Due to Lack of Physical Cash Controls.

a. Finding. Our review of risks associated with the physical cash controls at the Parking Authority's facilities revealed several concerns. For example, during our audit we observed Parking Authority personnel counting cash within view of the general public. Also, surveillance cameras were not used to monitor parking attendant booths and parking garage gates. Surveillance cameras can be used to identify potential cash control problems and act as a deterrent for employee misconduct.

b. Recommendation. The Parking Authority Chief Operating Officer should assess the physical security at the Parking Authority's facilities and implement any changes required to safeguard cash receipts.

c. Management Comments. Management stated, "Management concurs with the auditor's findings related to cash counting procedures. Cash counting is to be performed in work areas that are not visible to the public.

"Concerning the use of surveillance cameras, management will investigate the use of such equipment for cash control purposes. As we develop plans for the next parking structure we will look at a comprehensive system that would monitor vehicle access point, attendant booths and attendant offices. The system costs, capabilities and benefits will be presented to the board of directors for final determination."

d. Evaluation of Management Comments. Management comments were responsive to the audit finding and recommendation.

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Discussion With Responsible Officials. The results of this audit were discussed with appropriate Municipal officials on February 24, 2005.

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