

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

624



**FROM:** Riverside County Auditor-Controller

**SUBMITTAL DATE:**  
April 19, 2016

**SUBJECT:** Internal Audit Report 2015-007: Riverside County Economic Development Agency, Facilities Management, Parking Division, [District: All]; [\$0]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Receive and file Internal Audit Report 2015-007: Riverside County Economic Development Agency, Facilities Management, Parking Division

**BACKGROUND:**

**Summary**

We have completed an audit of Riverside County Economic Development Agency, Facilities Management, Parking Division, to provide management and the Board of Supervisors with an independent assessment of internal controls over cash handling, revenues, records management, and parking administration. We conducted the audit from August 5, 2014 through January 13, 2015 (Continued on page 2)

*Paul Angulo*  
Paul Angulo, CPA, MA  
Riverside County Auditor-Controller

Departmental Concurrence

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	Consent <input checked="" type="checkbox"/> Policy <input type="checkbox"/>
NET COUNTY COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	

**SOURCE OF FUNDS:** N/A

Budget Adjustment: No  
For Fiscal Year: n/a

**C.E.O. RECOMMENDATION:**

APPROVE

BY: *Samuel Wong*  
Samuel Wong

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Ashley, seconded by Supervisor Washington and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Tavaglione, Washington, Benoit and Ashley  
Nays: None  
Absent: None  
Date: May 17, 2016

Kecia Harper-Ihem  
Clerk of the Board  
By: *[Signature]*  
Deputy

Prev. Agn. Ref.: Auditor | District: ALL | Agenda Number:

- A-30
- Positions Added
- 4/5 Vote
- Change Order

2-6

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

**FORM 11: Internal Audit Report 2015-007: Riverside County Economic Development Agency, Facilities Management, Parking Division [District: All]; [\$0]**

**DATE:** April 19, 2016

**PAGE:** Page 2 of 2

**BACKGROUND:**

**Summary (continued)**

for operations for the period July 1, 2012 through October 31, 2014. We subsequently expanded the audit to include the period November 1, 2014 through June 30, 2015 and conducted our additional testing from August 2015 through October 2015. Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to cash handling, revenues, records management, and parking administration. We determined Riverside County Economic Development Agency, Facilities Management, Parking Division internal controls over these areas did not provide reasonable assurance that its objectives relating to these areas will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including costs, mistakes, and intentional efforts to bypass internal controls.

**Impact on Citizens and Businesses**

Provide an assessment of internal controls over the audited areas.

**SUPPLEMENTAL:**

**Additional Fiscal Information**

Not applicable

**ATTACHMENTS:**

A: County of Riverside Auditor-Controller's Office - Internal Audit Report 2015-007: Riverside County Economic Development Agency, Facilities Management, Parking Division

**Internal Audit Report 2015-007**

**Riverside County  
Economic Development Agency,  
Facilities Management,  
Parking Division**

**Report Date: April 19, 2016**



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**Paul Angulo, CPA, MA  
Auditor-Controller**

**Frankie Ezzat, MPA  
Assistant Auditor-Controller**

April 19, 2016

Robert Field  
Assistant County Executive Officer  
Riverside County Economic Development Agency  
3403 10<sup>th</sup> St, Suite 305  
Riverside, CA 92501

**Subject: Internal Audit Report 2015-007: Riverside County Economic Development Agency, Facilities Management, Parking Division**

Dear Mr. Field:

We have completed an audit of the Riverside County Economic Development Agency, Facilities Management, Parking Division to provide management and the Board of Supervisors with an independent assessment of internal controls over cash handling, revenues, records management, and parking administration. We conducted the audit from August 5, 2014 through January 13, 2015 for operations for the period July 1, 2012 through October 31, 2014. We subsequently expanded the period to include the period November 1, 2014 through June 30, 2015 and conducted our additional testing from August 2015 through October 2015.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant and useful information to provide reasonable assurance that our objective as described above is achieved. An internal audit includes the systematic analysis of information to evaluate and improve the effectiveness of internal controls. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Management is responsible for establishing and maintaining adequate internal controls. Our responsibility is to evaluate the internal controls.

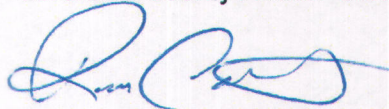
Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to cash handling, revenues, records management, and parking administration. We determined Riverside County Economic Development Agency, Facilities Management, Parking Division internal controls over these areas did not provide reasonable assurance that its objectives relating to these areas will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including costs, mistakes, and intentional efforts to bypass internal controls.

**Internal Audit Report 2015-007: Riverside County Economic Development Agency, Facilities Management, Parking Division**

As requested, in accordance with paragraph III.C of the Board of Supervisors Resolution 83-338, management responded to the reported conditions and recommendations contained in our report. Management's responses are included in the report.

We thank the Riverside County Economic Development Agency, Facilities Management Department Parking Division management and staff for their cooperation. Their assistance contributed significantly to the successful completion of this audit.

Paul Angulo, CPA, MA  
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA  
Interim Chief Internal Auditor

cc: Board of Supervisors  
Executive Office  
Grand Jury

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## **Executive Summary**

### **Overview**

The Riverside County Economic Development Agency, Facilities Management, Parking Division (Parking Division) is responsible for operations, maintenance, and oversight of County of Riverside parking structures and surface lots. The Parking Division has parking enforcement authority through Riverside County Ordinance 626, "*An Ordinance of the County of Riverside Relating to County Parking Facilities*", subsequently amended through 626.9. With parking enforcement duties, the Parking Division issues citations for parking violations and authorizes individuals to park in structures and lots owned by the County of Riverside.

Our focus for this audit included five County of Riverside paid parking structures; Riverside Centre, County Administration Center (CAC), 12<sup>th</sup> Street, District Attorney, and Garage 6, as well as the free surface lots, located in downtown Riverside.

As an integral part of Parking Division's internal control structure, management is responsible for a system of internal controls that effectively and efficiently performs financial related activities while safeguarding assets. The system should provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or theft, and transactions are executed in accordance with management's authorization.

### **Audit Objective**

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of the Parking Division's internal controls for cash handling, revenues, records management, and parking administration.

### **Audit Conclusion**

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to cash handling, revenues, records management, and parking administration. We determined Riverside County Economic Development Agency, Facilities Management, Parking Division internal controls over these areas did not provide reasonable assurance that its objectives relating to these areas will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including costs, mistakes, and intentional efforts to bypass internal controls.

## **Cash Handling**

### **Background**

Booth attendants at the CAC, 12th Street, and Riverside Centre parking structures perform the Parking Division's daily cash collection procedures. All entering vehicles must either use their access card or transponder if they are a monthly customer, or pull a ticket to enter a structure. Upon exit, the driver of the vehicle must present a ticket for the processing of payment or validation of parking, if they do not possess an access card or transponder.

Booth attendants receive cash register funds of either \$125 or \$150 at the beginning of each day and the funds are returned at the end of each shift. The purpose of these funds is for booth attendants to provide change to individuals paying for hourly parking. Current procedure requires office personnel and booth attendants transfer accountability by initialing the "Daily Cashier Report" when receiving and returning the cash register funds.

We reviewed a sample of daily collections from the point of collection, to the final reporting in the county financial system. For the audit period, we selected eight days of cash collections for the CAC, 12<sup>th</sup> Street, and Riverside Centre parking structures. The District Attorney and Garage 6 parking structures were not included in this aspect of the audit, as they only provide monthly parking. Our review included internal controls over cash register funds since they are part of the daily cash handling process.

### **Objective**

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over daily cash handling processes.

### **Audit Methodology**

To accomplish our objectives, we:

- Conducted interviews and performed walk-throughs with Parking Division personnel regarding daily cash collections.
- Identified the sources of cash receipts.
- Conducted a walk-through of Parking Division's cash handling procedures.
- Reviewed, observed, and tested procedures for segregation of duties.
- Selected specific daily cash collections for three parking structures for detailed testing.
- Reviewed the related backup documentation for the daily collections by each booth attendant and compared to the system reports.



**Internal Audit Report 2015-007: Riverside County Economic Development Agency, Facilities Management, Parking Division**

- Verified all monies received are recorded in the county financial system.
- Verified revenues were deposited timely and reported accurately.
- Reviewed relevant Auditor-Controller's Standard Practice Manuals.

**Finding 1: Documentation of Cash Register Funds**

Booth attendants did not properly transfer accountability of the cash register funds. Our review of eight days of collections disclosed six days (75%) did not document transfer accountability as office personnel and the booth attendants were not initialing the "Daily Cashier Report." Auditor-Controller Standard Practice Manual 1001, *Internal Controls*, previously known as subsection 104, requires county departments establish and maintain an effective system of internal controls. Internal controls refers to the methods and procedures used to provide reasonable assurance regarding the achievement of organizational and management objectives, including the safeguarding of assets and accuracy of records. Incomplete "Daily Cashier Reports" make it difficult to hold someone accountable should cash register funds go missing.

Subsequent to the disclosure of our results, we were informed of a change in daily procedures to ensure the booth attendants as well as office personnel are signing for the receipt and return of change funds. Our expanded review of seven days during August, September, and October 2015 disclosed that five days (71%) were not completely documented for the receipt and return of change funds.

**Recommendation 1**

Parking Division personnel document the transfer of accountability by initialing/signing the "Daily Cashier Report."

**Management's Response:**

**"Concur:** Parking Division personnel and booth attendants are now initialing and signing the Daily Cashier Report to properly document the transfer of accountability of the Parking Division change funds. Accounting personnel now review the reports to ensure they are completely initialed and signed by Parking Division staff.

Multiple forms are being utilized to track money transfers causing redundancy. Accounting and Finance will review the multiple forms and work with the Parking Division to update and eliminate the unnecessary forms."

**Actual/estimated Date of Corrective Action:** April 1, 2016

## **Revenues**

### **Background**

In addition to hourly and monthly parking fees, the Parking Division generates revenue from the sale of parking validation stamp booklets. Departments or agencies purchase booklets, containing parking validation stamps for issuance to visitors or vendors conducting business with the County of Riverside. The booklets contain either 100 stamps for one-hour or two-hour parking, making the value of the booklets \$200 or \$400, respectively. Riverside County Economic Development Agency, Facilities Management, Accounting Division (Accounting Division) performs the Parking Division's accounting functions.

Parking citations are another form of revenue generated by the Parking Division. The Parking Division currently employs five full-time parking enforcement officers to ensure compliance with Riverside County Ordinance 626.9 *"An Ordinance of the County of Riverside Relating to County Parking Facilities."* Parking enforcement officers use electronic devices to record information for issuance of parking citations, which are electronically submitted to Phoenix Group Information Systems (Phoenix Group) at the end of each shift. The Parking Division contracted with the Phoenix Group to process parking citations in accordance with the terms of the contract dated December 5, 2005. Phoenix Group Information Systems requests registration information from the California Department of Motor Vehicles and issues a citation to the registered owner of the cited vehicle. The registered owner has a reasonable amount of time to pay or contest the citation.

The registered owner is given the option to submit payment to the Parking Division office, Phoenix Group, or electronically on-line. If payment is processed at the Parking Division office, the payment will be receipted, recorded electronically, and included in the daily collection bags for next-day deposit with the Riverside County Treasurer-Tax Collector's Office. Payments to the Phoenix Group are posted electronically and deposited to a County of Riverside account. If one decides to pay electronically, the funds will go directly to a County of Riverside bank account. Parking office and Phoenix Group personnel are responsible for posting payments to the corresponding citation balance. Accounting Division personnel post the payment in the county's financial system.

### **Objective**

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over parking validation sticker booklets and parking citation revenue.

### **Audit Methodology**

To accomplish our objectives, we:

- Conducted interviews with Parking Division personnel regarding parking validation stamp booklets and parking citations.
- Conducted a walk-through of the cash receipt process.
- Reviewed, observed, and tested procedures for segregation of duties.
- Reviewed related backup documentation for parking validation booklets and parking citations.
- Determined whether the Parking Division has a review process in place for the reconciliation of parking citation revenues.
- Reviewed relevant Auditor-Controller Office Standard Practice Manuals.

### **Finding 2: Issuance of Validation Stamp Booklets**

During Fiscal Year 2013/14, the Parking Division issued validation stamp booklets valued at \$2,600 without billing the respective recipient. Riverside County Ordinance 626.9, "*An Ordinance of the County of Riverside Relating to County Parking Facilities*", lists the cost of each parking validation stamp. Procedure override of issuing parking validation booklets without billing the recipient resulted in \$2,600 loss in revenue.

We expanded our review to include validation stamp booklets issued during fiscal year 2014-15 for the period July 1, 2015 through August 11, 2015 and determined that the condition still exists as validation stamp booklets with a value of \$4,200 were issued without billing respective departments.

### **Recommendation 2**

Parking Division discontinue the issuance of parking validation stamp booklets without billing the respective recipient.

### **Management's Response:**

**"Concur:** Parking Division will discontinue the issuance of parking validation stamp booklets without charging respective customers. Upon publication of the audit report, all departments will be charged for parking validation books."

**Actual/estimated Date of Corrective Action:** May 2, 2016

**Finding 3: Reconciliation of Parking Citation Revenues**

Accounting Division did not reconcile parking citation revenues with outstanding balances. Personnel were not assigned to complete reconciliations of citation revenues and fiscal operations lacked procedures for reconciling the aforementioned revenues. Auditor-Controller Standard Practice Manual 1001, *Internal Controls*, states that records should be routinely examined and reconciled to determine if transactions were properly processed. Not performing citation revenue reconciliations in a timely manner increases the risk of concealment of fraudulent activity such as stolen cash or checks and fraudulent reporting of county assets.

After multiple inquiries in our expanded audit procedures during the period July 1, 2015 through August 11, 2015, it was determined that parking citation revenues continue to be unreconciled.

**Recommendation 3.1**

Implement written procedures for a monthly reconciliation of parking citations issued, collected, and outstanding.

**Management's Response:**

**"Concur:** Accounting and Finance is working with the Parking Division staff to implement written procedures for the monthly reconciliation of citations issued versus collected."

**Actual/estimated Date of Corrective Action:** May 2, 2016

**Recommendation 3.2**

The preparer and the reviewer of the reconciliation should document their steps and sign off on the reconciliation.

**Management's Response:**

**"Concur:** The procedures will include a provision for the preparer and reviewer to document the steps and sign off on the reconciliation."

**Actual/estimated Date of Corrective Action:** May 2, 2016

## Accounts Receivables

### Background

County of Riverside Facilities Management Parking Structure Regulations indicates, "If payment for monthly parking is not received by the third working day of the month, the access card will be deactivated. Cardholders will then have five working days to bring their account current or their card will be removed from the system. Cards removed from the system will not be reactivated. Failure to pay will result in your forfeiture of parking access..." A copy of the above statement is provided to the cardholder at the time an account is activated to ensure all parties are aware of the consequences for late payments.

The Parking Division utilizes the "Parker Accounts Receivable Information System" (PARIS) to track invoices issued and accounts receivable information for all customer accounts. The Parking Division is able to track and review invoices issued by active account through PARIS. The system also tracks and may generate revenue reports for review. While reviewing records associated with parking accounts, we identified active accounts with accumulated past due balances exceeding one month. Accounting Division personnel indicated they had procedures to follow up on past due accounts on a monthly basis. Accounts with past due balances are contacted and payment plans are created to bring the balance to a current status. The PARIS parking system provides aged reports demonstrating balances that are past due 30, 60, and 90+ days. In September 10, 2014 the Parking Division had the following amount in past due balances.

Parking Structure	Number of Accounts Outstanding	30 Days Past Due	60 Days Past Due	90+ Days Past Due	Total by Structure
CAC	70	\$ 1,167	\$ 784	\$ 7,294	\$ 9,425
Riverside Centre	43	1,110	2,058	8,550	11,718
12 <sup>th</sup> Street	119	3,068	2,503	17,709	23,281
District Attorney (DA)	36	683	490	2,240	3,413
Garage 6	69	415	280	5,075	5,770
Total	<u>337</u>	<u>\$ 6,442</u>	<u>\$ 6,115</u>	<u>\$ 40,869</u>	<u>\$ 53,426</u>

### Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over accounts receivable.

### Audit Methodology

To accomplish our objectives, we:

- Obtained an understanding of county ordinances, policies and guidelines related to management of past due accounts.
- Selected a random sample of 22 past due accounts for review.

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- Determined whether the division is managing past due accounts according to policy and guidelines.
- Reviewed relevant Auditor-Controller Office Standard Practice Manuals.

**Finding 4: Accumulation of Past Due Accounts**

The Parking Division has not deactivated past due accounts as required by their procedures. Some accounts have remained active without collection for over two years. As a result, past due accounts carry a total accumulated balance of \$53,426 (as of September 10, 2014). Auditor-Controller Standard Practice Manual 1001, *Internal Controls*, defines internal controls as those methods and procedures that ensure adherence to policies, procedures, regulations, and laws as well as the safeguarding of assets. Procedures to communicate past due accounts is lacking between parties managing the parking operations. By not enforcing its procedures, there is the risk of loss of revenue since unpaid balances may become uncollectable.

We expanded our testing to include a review of past due accounts as of July 31, 2015. Even though there has been a significant drop in the accumulated balance of past due accounts, the condition for this finding still exists as accounts remain active with past due balances. The following schedule demonstrates the past due balances as of July 31, 2015.

Parking Structure	Number of Accounts Outstanding	30 Days Past Due	60 Days Past Due	90+ Days Past Due	Total by Structure
CAC	10	\$ 333	\$ -	\$ 753	\$ 1,085
Riverside Centre	11	448	465	2,463	3,375
12 <sup>th</sup> Street	31	605	515	1,628	2,747
District Attorney (DA)	13	315	175	368	858
Garage 6	5	88	40	60	188
Total	70	\$ 1,787	\$ 1,195	\$ 5,270	\$ 8,252

**Recommendation 4**

Establish procedures to communicate between parties managing the parking operations to deactivate accounts that are three days past due.

**Management's Response:**

**“Partially Concur:** Research and analysis to resolve past due accounts can take up to 2-4 weeks to identify and resolve. Parking fees and deductions are collected concurrently rather than a month in advance like other deductions such as health, dental, life insurance, etc. Upon separation from the county, parkers do not always inform the Parking Division of their departure. Accounting and Finance rely on PeopleSoft HRMS queries and HRMS county-wide termination reports that provide information about separated employees two weeks after the close of a pay period. Thereafter, additional coordination efforts are required with the

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Rideshare Office to ensure deductions reconcile to our records. These efforts assist the Parking Division in identifying past due accounts and is incorporated into a biweekly procedure.

The Parking division will modify their rules and regulations to stipulate if payment is not received, parking cards will be deactivated from the system. The aging report was updated and resulted in no negative impacts to the fund. All revenue was appropriately collected. Due to the timing of revenue processing, Parking's aging report will show an artificial balance that can range from \$5,000 to \$15,000."

**Actual/estimated Date of Corrective Action:** May 2, 2016

**Finding 5: Collection of Past Due Accounts**

Procedures for the management of past due accounts are not consistently followed. Our review of 22 parking accounts disclosed that action to collect the outstanding balance for four accounts were never initiated and actions to collect on the remaining 18 was initiated five to 25 months after the accounts were delinquent. Auditor-Controller Standard Practice Manual 302, *Accounts Receivables – Billings (previously known as subsection 704)*, requires proper and timely posting and collection of accounts receivable. It further states that at a minimum, bills for services rendered should be created monthly. The risk of revenue losses increases as the accumulation of past due balances accumulate over time.

We expanded our testing to include a review of 13 past due accounts as of July 31, 2015. We were informed that internal procedures had changed to ensure all past due accounts are reviewed and documented on a monthly basis. We noted that the condition of the finding still exists, since six of the 13 accounts had not been reviewed or collected. Fiscal personnel are in the process of implementing a more efficient way of documenting and tracking these types of accounts.

**Recommendation 5**

Implement procedures for the timely review and collection of delinquent accounts and ensure consistent compliance to the procedures.

**Management's Response:**

**Concur:** During the audit review period, there were staffing challenges and turnover which affected the timely review and collection of delinquent accounts. In addition, and as mentioned under recommendation 4 above, Parking fees and deductions are collected concurrently rather than a month in advance like other deductions such as health, dental, life insurance, etc. Accounting and Finance have incorporated a biweekly review of PeopleSoft HRMS queries and HRMS countywide termination reports that are available to help identify parkers who have separated from the county and may have a past due account.

Accounting and Finance is now current as of February 1, 2016."

**Actual/estimated Date of Corrective Action:** February 1, 2016

“PeopleSoft HRMS queries had been used for numerous years. Accounting and Finance was most recently granted access to the county-wide termination reports effective February 2016.”

## **Records Management**

### **Background**

Board of Supervisors Policy A-43, *County Records Management and Archives Policy, Section D5 Records Retention Schedules – Standard – Retention Period*, indicates, “Retention periods on Board approved records retention schedules are mandatory, and records shall be disposed of in accordance with those approved retention periods.” All departments must adhere to the County of Riverside, California General Records Retention Schedule (GRRS\_2013\_Rev08, GRRS\_2012\_Rev07, GRRS\_2011\_Rev06) if they do not have an approved department records retention schedule by the Board of Supervisors.

The Parking Division does not currently have a County of Riverside, California Departmental Records Retention Schedule (DRRS). A departmental record retention schedule will reflect a retention requirement for specific documents utilized to conduct business.

The records maintained by the Parking Division consist of the completed parking application forms upon input of the information to the Parker Accounts Receivable Information System (PARIS). Individuals choosing to park in downtown Riverside at county parking structures submit a completed application to the Parking Division and pay a monthly rate. Riverside County employees are given the option to submit a request to park their vehicles in certain parking lots at no cost. The parking applications are stored in file cabinets.

### **Objective**

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over records management.

### **Audit Methodology**

To accomplish our objectives, we:

- Obtained an understanding of Board of Supervisors' Policy A-43, *County Records Management and Archives Policy*, and other applicable policies and procedures.
- Determined if the Parking Division has a written records management policy and who is responsible for records management.



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- Determined if the Parking Division has, a board approved County of Riverside, California Departmental Records Retention Schedule (DRRS) that they refer to for guidance.
- Determined if the Parking Division follows the County of Riverside, California General Record Retention Schedule (GRRS).
- Reviewed the most recent request for the deletion and destruction of records.

**Finding 6: Destruction of Records**

Parking application forms have not been destroyed for at least 15 years. The Parking Division maintains all active and inactive parking records in hard copy as well as electronic format. Board of Supervisors Policy A-43 includes a section noting security access records having an official record retention period of one's termination date plus two years. The Parking Division considers it necessary to keep all records on file. This may cause inefficiencies in the use of space, time, money, and labor in storing unnecessary records.

We expanded our review and determined that as of September 14, 2015, the maintenance of records continues as noted in the condition of this finding.

**Recommendation 6**

Develop a Department Records Retention Schedule.

**Management's Response:**

**Concur:** The Parking Division has submitted all appropriate forms to RMAP and is in the process of developing a Records Retention Schedule."

**Actual/estimated Date of Corrective Action:** July 5, 2016

"The department records retention schedule process takes months to work through. After the committee approves the schedule, the Board of Supervisors gives the final approval. The goal is to have it approved and implemented by July 5, 2016."

**Finding 7: Parking Application Forms**

During our review of accounts and their corresponding applications, we identified accounts that either did not have an application on file, or had an incomplete application as their record. Our review of 75 applications disclosed 41 (55%) had deficiencies. These included 34 incomplete applications, five with no application, and two applications completed after the account was established and in use. In some instances, the application was signed on behalf of one's superiors. The Parking Division requires all individuals requesting parking to submit a completed

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Parking Permit Request or Parking Access Card application. The application will then be processed and noted as authorized by Parking Division personnel. There is a lack of controls for the review of applications; this increases the risk that an account can be created erroneously or falsely.

We attempted to expand our testing of applications for new parking accounts, but were unable to as the paper files are filed alphabetically and the system does not note which accounts are new. We were informed that the Parking Division has implemented changes to their procedures to ensure applications are complete and a second reviewer has looked at the corresponding application for the account.

**Recommendation 7**

Implement controls to ensure one preparer and one reviewer sign off on all activated accounts and corresponding applications.

**Management's Response:**

"**Concur:** All parking applications are now reviewed and initialed by two employees prior to them being filed. If any portion of the application is incomplete, the applicant is contacted to obtain the necessary missing information."

**Actual/estimated Date of Corrective Action:** February 1, 2016

"Corrective measures have been implemented."

## Parking Administration

### Background

The Parking Division manages all County of Riverside parking structures and parking lots. Our review of Parking Division administration internal controls included the following areas of operation: parking structure oversight, parking decals issuance, parking activity monitoring, complimentary accounts issuance, and reserved parking spaces management. We selected 75 accounts for detailed review.

The Parking Division has implemented controls throughout the structures and within the parking system. All of the structures utilize ScanNet Facility Management Parking Control System (ScanNet), an automated system that electronically controls the entry gates. Access into a structure will not be granted unless the individual possesses a transponder, access card, or pulls a ticket from the entry booth. The Parking Division's operating system not only allows entry and exit from the structures; it also tracks the activity for all active cards and transponders, which can be used to monitor parking activity throughout the structures.

The ScanNet system records the dates and times of activity, indicating whether the individual was entering or exiting the structure. The structures also have booth attendants monitoring the gates and processing ticket payments and validations. Booth attendants have been instructed to note any questionable parking activity and report it to the parking office. Ordinance Officers also visit and issue parking citations throughout the County of Riverside.

The parking decals mentioned above are in reference to the Blue Square Permit issued to county employees. Throughout downtown Riverside, there are parking lots designated for county employees to park without being required to pay. A county employee is provided a Blue Square Permit allowing them access to the respective parking spaces. The Blue Square Permit allows the county employee to utilize these employee only parking lots, as long as the Blue Square Permit is located visibly on the vehicle windshield during the time of occupancy.

There are reserved parking spaces located throughout the parking structures. The amount of parking spaces noted as reserved varies by structure. The Parking Division denotes reserved parking spaces using a placard to represent the department, individual, or a numbering system for the CAC, 12<sup>th</sup> Street, and Riverside Centre parking structures.

### Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over parking administration.

### **Audit Methodology**

To accomplish our objectives, we:

- Obtained an understanding of board policies, ordinances, and applicable standards.
- Conducted interviews of Parking Division and Accounting Division personnel and performed a walk-through of procedures.
- Inquired and reviewed procedures regarding oversight and operations for county employee parking lots.
- Obtained reports of all active accounts in the system as of August 2014 and reviewed a sample of 75 records consisting of applications, payment records, and parking activity for the 2013-2014 fiscal year.
- Determined if the Parking Division is recording and monitoring reserved parking spaces.
- Verified the operations of the structures through physical observations at the CAC, 12<sup>th</sup> Street, and Riverside Centre parking structures.
- Reviewed relevant Auditor-Controller Standard Practice Manuals.

### **Finding 8: General Parking Permits for County Employees**

The Parking Division is not monitoring or setting controls to limit the issuance of parking permits identified as "Blue Square Permits" (permit) provided to county employees. These permits are for the use of the employee only surface parking lots owned by the county. The Parking Division's current procedures allow county employees to possess an unlimited number of permits. Auditor-Controller Standard Practice Manual 1001, *Internal Controls*, defines internal controls as those methods and procedures that ensures adherence to policies, procedures, regulations and laws as well as the safeguarding of assets. The procedure has been to ensure that each vehicle displays a parking permit on the windshield and not how many are issued to each county employee. This increases the risk of having unauthorized individuals use employee only parking lots and limiting the number of parking spaces available to employees.

We expanded our review and determined that as of September 14, 2015, the Parking Division has not made any changes to the issuance of parking permits for County of Riverside employees.

### **Recommendation 8**

Limits should be set on the amount of general parking permits one person may possess.

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**Management's Response:**

"**Concur:** The Parking Division is currently working to revise County Ordinance 626.9 which addresses the parking permit process."

**Actual/estimated Date of Corrective Action:** July 5, 2016

"Amendments to the ordinance require a public hearing."

**Finding 9: Parking Activity**

The Parking Division does not have procedures for reviewing parking activity reports to identify questionable parking activity. Our review of 75 active accounts identified 28 (37%) did not have activity reports and 25 (33%) displayed questionable or irregular parking activity. We considered multiple occurrences of entries and exits logged within a short time span as questionable or odd number of entry and exit occurrences. The automated entry system has the capability to prevent multiple entries or exits, but this system capability is not currently active in the system and Parking Division did not implement compensating controls in the absence of these system capabilities. Riverside County Ordinance 626.9, *Relating to County Parking Facilities*, states that it is prohibited for county employees to facilitate a person's failure to pay a required exit fee by allowing him to use a parking access device that he was not issued. Not monitoring questionable parking activity, increases the risk of unauthorized people using the parking structures, reduces the Parking Division's fee revenue, reduces the number of available spaces, and increases the likelihood of non-compliance with Riverside County Ordinance 626.9.

We expanded our review and determined that as of September 14, 2015 the Parking Division has not made any changes in reviewing parking activity for possible abuse of parking privileges.

**Recommendation 9**

Implement procedures to monitor parking activity through the review of activity reports and ensure compliance with County Ordinance 626.9.

**Management's Response:**

"**Concur:** The Parking Division is currently researching the purchase of new parking equipment that will not allow multiple entries and/or exits and will have a viewable log and report of all illegal activity."

**Actual/estimated Date of Corrective Action:** November 1, 2016

### **Finding 10: Complimentary Parking**

As of October 2014, the Parking Division had 106 parking accounts for active cards and transponders, classified as complimentary, which did not require the recipient to pay the monthly parking fee. Additionally, we noted that individuals had multiple complimentary cards issued in their name. Riverside County Ordinance 626.9, section 9g, states that no county employee or any other person should occupy more than one parking space or fail to pay a required monthly parking fee. Override of normal operating procedures resulted in the loss of revenue to the County of Riverside.

We expanded our review and obtained a current listing of active complimentary accounts as of October 28, 2015. We determined that the condition in this finding still exists as all of the structures continue to have complimentary parking. In two of the five parking structures, the amount of complimentary parking increased by five additional accounts. One parking structure had a decrease of 20 complimentary accounts.

### **Recommendation 10**

Parking Division close all complimentary parking accounts.

### **Management's Response:**

"Concur: The Parking Division will work with the Executive Office to identify solutions moving forward."

**Actual/estimated Date of Corrective Action:** June 30, 2016

### **Finding 11: Controls over Reserved Parking Spaces**

The Parking Division inventory control for reserved parking spaces is inadequate. The Parking Division designates reserved parking spaces in the Parker Accounts Receivable Information System (PARIS) and physically marks them using a numbering system or placards. Our physical inventory of reserved parking spaces for the CAC, 12<sup>th</sup> Street, and Riverside Centre garages disclosed significant discrepancies. Specifically, the PARIS report indicated 11 spaces identified as reserved by an entity or an individual. However, our physical observation disclosed 46 reserved spaces. Riverside County Ordinance No. 626.9, states that no county employee or any other person can park in a reserved parking space without the proper authorization. Review procedures are not in place to ensure the accuracy of the system reports or verification of authorized parking in the reserved spaces. There is the risk of individuals using reserved parking spaces without authorization and the loss of revenue to the County of Riverside.

On September 23, 2015, we inquired as to whether there have been any updates regarding the status of reserved parking spaces. It was disclosed that a physical review of all reserved parking spaces was performed throughout the structures and correspondence was placed on vehicles parked in the spaces to determine whether respective individuals were authorized. The

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information was submitted to the Accounting Division for the preparation of the annual invoices for these spaces. Accounting Division now has a master listing of all reserved spaces. We did not determine the status of payment at the time of the updated testing. However, we did note that there are entities listed on the reserved parking space listing as non-billable.

**Recommendation 11**

Perform an annual inventory and update the system to ensure the accuracy of the inventory of reserved parking spaces.

**Management's Response:**

**"Concur:** The Parking Division is responsible for updating the master list of reserved parking spaces. The list is provided to Accounting and Finance for billing purposes. The last inventory was completed in September 2015 and Accounting and Finance prepared the annual reserved parking billing on October 9, 2015."

**Actual/estimated Date of Corrective Action:** October 9, 2015