



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER CO#117684

PAGE 1 OF 8

DATE: 5/20/2014

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT OF PARKING REVENUES FOR FISCAL YEAR 2013**

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the Auditor's Report of Parking Revenues for FY 2013.

BACKGROUND:

In accordance with Chapter 115 of the Local Government Code, the Auditor's Office reviewed the financial transactions related to the parking revenues during FY 2013. The objective of the review was to determine whether controls were adequate to reasonably ensure that parking revenues were accurately collected and recorded. The Auditor's Office also determined whether parking revenues received from Standard Parking Corporation (Standard Parking) complied with the terms of the contract.

FISCAL IMPACT:

There is no fiscal impact associated with this item.

SUBMITTED BY: Auditors

PREPARED BY: S. Renee Tidwell
APPROVED BY:



TARRANT COUNTY

TARRANT COUNTY ADMINISTRATION BUILDING - ROOM 506

100 E. WEATHERFORD

FORT WORTH, TEXAS 76196-0103

817/884-1205

Fax 817/884-1104

S. RENEE TIDWELL, CPA
COUNTY AUDITOR
rtidwell@tarrantcounty.com

CRAIG MAXWELL
FIRST ASSISTANT COUNTY AUDITOR
cmaxwell@tarrantcounty.com

April 28, 2014

Mr. David Phillips, Director of Facilities Management
The Honorable District Judges
The Honorable Commissioners Court
Tarrant County, Texas

Re: Auditor's Report – Parking Revenues

SUMMARY

In accordance with Chapter 115 of the Local Government Code, we reviewed the financial transactions related to the parking revenues during fiscal year 2013. The objective of our review was to determine whether controls were adequate to reasonably ensure that parking revenues were accurately collected and recorded. We also determined whether parking revenues received from Standard Parking Corporation (Standard Parking) complied with the terms of the contract. As a result, we found the following:

- Observation 1 Standard Parking did not have adequate controls over their cash handling and daily reconciliation process and did not comply with certain terms of the contract.
- Observation 2 Controls over employee parking should be improved.

We have discussed these issues with the Director of Facilities Management.

BACKGROUND

During fiscal year 2013, Tarrant County collected approximately \$1.3 million dollars in parking revenues. Of this amount, approximately \$784,000 was received from Standard Parking, and approximately \$517,000 was received from County employees and monthly parking contracts.

OBSERVATIONS AND RECOMMENDATIONS

Observation 1 *Standard Parking did not have adequate controls over their cash handling and daily reconciliation process and did not comply with certain terms of the contract.*

Background

On January 12, 2010, the Commissioners Court approved a contract between Tarrant County and Standard Parking for the operation and management of the parking lots located at the Plaza Building and the Calhoun Garage. The term of the contract is five years, commencing on February 1, 2010 and expiring on January 31, 2015.

The Commissioners Court also approved the acceptance of credit and debit cards at the County parking facilities on August 16, 2011.

Facilities Management (Facilities) administers the contract between Tarrant County and Standard Parking.

Observations

Based on financial information provided by Standard Parking during the audit, we have concerns related to their cash handling and the daily reconciliation process. We observed that Standard's Facility Manager routinely altered daily reconciliations and deposits prepared by the parking attendants. For example, we observed an instance where the amount of the deposit slip was reduced by \$300. Four days later, \$300 was deposited. We met with corporate executive management and discussed our concerns. Executive management stated that the parking attendants had not sealed their individual deposit bags upon completing their daily reconciliation. They stated that this practice was not in accordance with corporate policies and, therefore, the Facility Manager was terminated.

During our review, we also found that Standard Parking did not comply with the following terms of the contract:

1. ***The contractor did not provide all the documentation required to substantiate compliance with the terms of the contract.*** After multiple requests, Standard Parking did not provide all documentation supporting certain adjustments made to parking revenue. The contract allows the County the right to audit the Contractor's books, records, and cash controls as they relate to the County's revenue to substantiate compliance with the contract. However, the contract does not specify the amount of time these records should be made available to the County for audit purposes.

Recommendation: Facilities should consider amending the current contract to include verbiage that requires the contractor to maintain documentation *locally*. This verbiage should also be included in the new contract to be executed in 2015. Such documentation should support gross revenues and any deductions to gross revenues reported to the County.

2. ***Amounts paid to the County were reduced by shortages.*** Standard Parking deducted net cash shortages, including NSF checks and uncollected parking fees resulting in “promise to pay” vouchers, from gross revenues reported and paid to the County. The contract between Standard Parking and Tarrant County states, “*The Operator shall be responsible to the Owner for any theft or loss of revenues until deposited into the Owner’s depository.*” The contract states that only the monthly operating fee and sales taxes are deducted from the gross monthly revenue. We calculated shortages and promise to pay vouchers totaling approximately \$2,100 during fiscal year 2013. The contract is silent with regard to cash overages. Any payments subsequently received for promise to pay vouchers are recorded as a cash overage.

Recommendation: In accordance with the terms of the contract, Standard Parking is responsible for any loss of revenues and, therefore, should remit \$2,100 to the Auditor’s Office for shortages during fiscal year 2013. Furthermore, the contract should be amended to include verbiage addressing the disposition of promise to pay vouchers, NSF checks, and cash overages.

3. ***Amounts paid to the County were reduced by credit and bank card fees.*** Standard Parking included credit and bank card fees as an Operating Expense to reduce the amount paid to the County. The deduction of these fees was not specified in the contract. Although the Commissioners Court approved the acceptance of credit and debit cards at the County’s parking facilities, it was not clear whether the County or the contractor would bear the cost of the fees. As previously stated, the contract states that only the monthly operating fee and sales taxes are deducted from the gross monthly revenue. According to Facilities management, the intent was that the County would bear the cost of the fees. A change order to the contract was not executed to allow the contractor to deduct these fees as an operating expense.

Recommendation: If the County should bear the cost of credit and bank card fees, then the contract should be amended to allow Standard Parking to include these fees as an operating expense, thus reducing the revenues paid to the County.

4. ***The contractor did not always deposit parking revenues by the close of the banking day following the day of receipt.*** The contract states that all revenue collected at the County parking facilities shall be “*deposited daily, prior to the close of the banking day following day of receipt.*” This language is also consistent with Local Government Code related to the deposit of receipts. We tested the timeliness of deposits made during two months for receipts collected at the Calhoun and the Plaza locations. As a result, we observed a consistent pattern whereby deposits were made more than 2 business days, and even up to 7 days, after receipt of the monies.

Recommendation: Facilities should emphasize the contract requirement stating that daily receipts should be deposited no later than the next day.

Upon execution of a new contract in 2015, Facilities should also consider having the parking contractor deposit parking receipts into the County's consolidated cash account no later than the next business day in accordance with Local Government Code. Payment to the vendor would be made through the Auditor's Office accounts payable for monthly expenses.

Observation 2 Controls over employee parking should be improved.

Background

According to the Tarrant County Parking Policy, available parking spaces are allocated on a priority basis. The policy further states that elected officials and County employees have priority for *one* reserved parking space. Facilities staff is responsible for assigning parking privileges to monthly parking customers, including elected officials and County employees, and activating employees' security card access in the assigned garage. Facilities staff maintains a wait list for those employees who would like to park in a County garage or surface lot.

Facilities staff is also responsible for communicating the payroll deduction of parking fees to the County's Payroll department.

Observation

We found inconsistencies between the Parking Assignment List maintained by Facilities staff to SAP Payroll and active/inactive employee reports. Specifically:

1. Ten active employees, including one elected official, did not pay a monthly parking fee for an assigned space. These exceptions were communicated to Facilities during the audit.
 - Payroll deduction *has begun* for four employees, including the elected official.
 - Payroll deduction *has not begun* for the remaining five employees. One of these employees was paying parking, but payroll deduction ceased on October 14, 2011 per Facilities' request.
 - One employee has retired from the County.
2. One elected official was charged for two parking spaces; one at the Calhoun Garage and one at the Justice Center. Another elected official, along with a number of County employees, were charged for only *one* space although they had parking privileges at more than one parking location. The elected official has agreed to pay for the additional parking space.
3. One active employee had a payroll deduction for parking at the Plaza parking lot, but was not listed in the records maintained by Facilities as having an assigned parking space.
4. Ten inactive employees continued to have an assigned parking space per the records maintained by Facilities.

We also observed that the Parking Assignment List contained a number of errors, such as the employee's name and personnel number. Therefore, additional inconsistencies may not have been identified in our testing.

Actions/Recommendations

On March 26, 2014, we met with the Director of Facilities to discuss procedures to minimize the County's risk of not collecting parking revenues through payroll deduction. Facilities agreed to grant the Auditor's Office access to C-Cure, the security software used for access into the County's parking facilities. This software tracks ingress and egress activity within the parking facilities. On a periodic basis, the Auditor's Office will perform a reconciliation of activity recorded in C-Cure to payroll deductions to ensure that all active employees and elected officials are paying for their reserved parking spaces in accordance with the County's Parking Policy.

Facilities should provide the names of the five employees to the County's Payroll department so that payroll deduction will be withheld for parking fees. Facilities should also consult with the Commissioners Court to determine whether the monthly parking fees that weren't collected from active employees should be retroactively recovered.

Last, the Director of Facilities should consult with the Commissioners Court to determine whether County officials and employees with parking privileges at more than one parking location should be charged for more than one reserved parking space.

The County's Parking Policy should be updated to reflect the Commissioners Court decisions so that the policy can be consistently applied.

CLOSING REMARKS

We appreciate the responsiveness and cooperation of Facilities and Standard Parking during our review. Please call me if you have any questions regarding the contents of this report.

Sincerely,

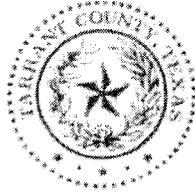


S. Renee Tidwell, CPA
County Auditor

Attachment: Management response dated May 2, 2014

Distribution: G.K. Maenius, County Administrator

Audit Team: Kim Trussell, Audit Manager
Maki Ogata, Senior Auditor



TARRANT COUNTY
DEPARTMENT OF FACILITIES MANAGEMENT

DAVID PHILLIPS
DIRECTOR

May 2, 2014

To: Renee Tidwell
Tarrant County Auditor

From: David Phillips *DP*

RE: Parking Audit Observations

Renee, regarding the Standard Parking management contract, the contract expires January 31, 2015. I have talked with Melissa Lee in the Purchasing Department about making several contract changes before the new bid is advertised. I will discuss changes with County staff (including the Auditor's Office) and include your recommended changes as we move forward with a new contract and bid this summer.

Regarding employee parking, my department manages 2,442 employee parking spaces in the downtown Fort Worth campus. Donita Hoover (our parking staff person) handles close to 3,000 separate employee parking transactions a year (new employees requesting spaces, employees requesting to move spaces inside of a garage, employees who want to be on a list for the different garage which changes their deduct amount, employees who leave the County and similar paperwork type transactions). Donita fields calls from employees who have parking complaints. She does her best to keep track of which employees fail to relinquish their parking space once they are transferred from downtown. She monitors the Calhoun Garage employee parking activities to make sure employees can find their assigned parking space (from time to time, some employees don't make it all the way up to their assigned space, they get in a hurry and park in the lower public parking area taking up space and keeping the County from deriving revenue on the space); Donita does all that in addition to her main job of supporting the building maintenance staff.

Given Donita's workload, I am proud of the fact that you only found a handful of issues with the employee parking. Donita is doing a great job. However, I agree with you and we do need to tighten up.

On the subject of special parking privileges mentioned in your letter, the issue with the elected official with two parking spaces (and two parking deducts) is squarely on me. Tom Wilder requested access to the Family Law Center parking so he could improve his productivity by being closer to his staff in the building and being closer to the Administration Building. I informed him he would need to pay extra. He

didn't blink. After that, the other elected official you mention had the same personal productivity needs as Mr. Wilder. Mary Louise Garcia's staff is spread out in several County buildings in downtown Fort Worth. Once I explained what I asked Mr. Wilder to do, Mary Louise was more than happy to pay for the extra space.

In closing, I don't have an issue with any of your findings or recommendations. I will talk with G.K. Maenius about your recommendations and move forward with addressing each and every observation regarding employee and elected official parking. And again, we will incorporate your parking management contract suggestions into the upcoming contract.

Renee, you have a great staff. Kim Trussell and Maki Ogata were very pleasant and professional during this audit, as is the rest of your staff and you.

dp