

CITY AUDITOR'S OFFICE



AUDIT OF ECONOMIC AND URBAN DEVELOPMENT DEPARTMENT

PARKING SERVICES DIVISION FRONT OFFICE PAYMENT COLLECTIONS

Report EU004-2324-01

March 25, 2024

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**AUDIT OF
ECONOMIC AND URBAN DEVELOPMENT DEPARTMENT
PARKING SERVICES DIVISION
FRONT OFFICE PAYMENT COLLECTIONS
Report EU004-2324-01**

BACKGROUND

The Department of Economic and Urban Development – Parking Services Division (Parking Services) is responsible for oversight of parking services within the city of Las Vegas. Parking Service’s front office is located at 350 S. City Parkway and is open Monday–Friday, 7:30 a.m. to 5:15 p.m. This office offers assistance to customers with parking fines, monthly parking, and other related parking services.

The Parking Services front office is managed by the Parking Services Manager, the Parking Administrator, and the Parking Office Supervisor. In addition to these members of management, there are nine Administrative Support Assistants that work in the front office.

The Parking Services front office utilizes two different computer systems for the receipting of cash, checks, and debit/credit cards:

- AIMS – System used for parking citations/fines
- Zephyre – System used for monthly parking

OBJECTIVES

Our audit objectives were to review Parking Services’ front office payment collection process and determine whether:

- Customer payments are receipted, recorded, and deposited in accordance with the department’s and the city’s cash handling policies and procedures.
- Funds are appropriately secured.
- Department management is monitoring compliance with cash handling policies and procedures.
- System access permissions assigned to employees are appropriate for their job responsibilities.

SCOPE AND METHODOLOGY

The scope of our work was limited to the management controls within the context of the audit objectives and scope of the audit. Our testing covered the following periods:

- Payment and deposit testing during the period of July 1, 2022 through June 30, 2023.
- Count room access as of 9/14/23 and activity during the period of March 1, 2023 through August 31, 2023.

- Systems access permissions testing as of November 2023.

Our audit methodology included:

- Observations of payment collections.
- Interviews with management and staff.
- Review of current practices against the following city and department policies and procedures:
 - Cash Handling Policy/Procedure (FN302)
 - Change Funds Policy/Procedure (FN307)
 - Parking Services Operations Procedure (Parking Admin – 100)
- Review of a sample of 24 days of payment transactions and deposit documentation during the period of July 1, 2022 through June 30, 2023.
- Review of count room access reports from the city's Innovation & Technology (IT) department.
- Review of the appropriateness of employee access permissions within the AIMS and Zephire systems.

We conducted this performance audit in accordance with generally accepted government auditing standards except for the requirement for an external peer review every three years. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The last fieldwork date of this audit was February 20, 2024.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

The results of our audit procedures to each of our audit objectives are found below:

Objective 1: *Determine whether customer payments are receipted, recorded, and deposited in accordance with the department's and the city's cash handling policies and procedures.*

Conclusion: Customer payments are being receipted, recorded, and deposited in accordance with the department's and the city's cash handling policies and procedures

Objective 2: *Determine whether funds are appropriately secured.*

Conclusion: The Parking Service front office's funds were found to be appropriately secured. However, we found that access to the count room where deposits are prepared is not adequately restricted to those employees with a need for access. **See Finding #2.**

Objective 3: *Determine whether department management is monitoring compliance with cash handling policies and procedures.*

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Conclusion: Parking Services management is not conducting periodic cash handling audits of the Parking front office as required by city policy. **See Finding #1.**

Objective 4: *Determine whether system access permissions assigned to employees are appropriate for their job responsibilities.*

Conclusion: We found that system access permissions assigned to employees are appropriate for their job responsibilities. However, we identified two former city employees who still had access to the Zephyre system. **See Finding #3.**

Further information on these issues is contained in the following sections. While other issues were identified and discussed with management, they were deemed less significant for reporting purposes.

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1. Improved Management Oversight Needed

Criteria

The city's Cash Handling Policy/Procedure (FN302) states the following:

Department procedures must provide for periodic audits of all cash handling locations and field collections. The results of these audits must be reported to the Finance Department, Accounting Operations Manager. Major exceptions must be reported to the Director of Finance and City Auditor.

Parking Services Operations Procedures (Parking Admin – 100) states the following:

The department administrator or designee (other than a cashier) performs and documents unannounced inspections of their department's cash handling activities.

Condition

Parking Services management is not conducting periodic cash handling audits/inspections as required by city and department policy.

Cause

- Parking Services management has not implemented a process requiring the completion of periodic cash handling audits of the Parking front office.

Effect

- Noncompliance with city and department policy.
- Areas of noncompliance may not be identified.

Recommendation

- 1.1 Parking Services management, in consultation with Finance, should document and implement procedures for the completion of periodic audits of its cash handling locations.

2. Unnecessary Access to Count Room

Criteria

The city's Cash Handling Policy/Procedure (FN302) states the following:

4d. Access to cash storage areas shall always be kept to a minimum.

Condition

Parking Services has a count room in the front office that is used for preparing deposits and safeguarding funds. Parking Services employees access the count room using their personal electronic ID badge. In our review of a count room access report from the city's IT department as of September 14, 2023 and excluding Public Safety employees, we found that the following 98 individuals had access to the count room:

- 81 Parking Services and EUD employees (including Parking Enforcement Officers and the Hearing Officer)
- 9 city employees outside of EUD/Parking Services
- 8 non-employees

Upon review of access activity into the count room for the six-month period from March 1, 2023 through August 31, 2023, we found that only 55 Parking Services employees accessed the room. Accordingly, there appear to be individuals with access to the count room that may not need it or should not have it.

As noted in city policy, access to cash storage areas should always be kept to a minimum. A count room should provide a safe and secure area to count funds and prepare deposits out of public view and access should be limited only to those individuals needing access.

Cause

- Parking Services has not developed procedures for reviewing access to the count room.

Effect

- Non-compliance with cash handling policies and procedures.
- Increased risk of loss.

Recommendations

- 2.1 Parking Services management should review and evaluate the report of employees with access to the Parking Services count room and request that access be terminated for those employees without a need.
- 2.2 Parking Services management should document and implement procedures for periodically reviewing the appropriateness of employees with access to the Parking Services count room.

3. Employee System Access Not Terminated Upon Separation

Criteria

The city's Information Security Roles & Responsibilities Policy (IT 134b) states the following:

Department Managers and Supervisors will:

- *Ensure that all staff under their guidance is aware of the need to properly protect our information and resources.*
- *Determine the sensitivity and criticality of the customer information and records for which they are responsible.*
- *Determine who will be permitted to access their information, and the uses to which this information will be put. Any sharing of non-public information with external entities must be carefully scrutinized and documented.*
- *Approve end-user access to their data and performing periodic reviews of access rights.*

Governmental standards for internal controls state the following:

Management designs control activities to limit user access to information technology through authorization control activities such as providing a unique user identification or token to authorized users. These control activities may restrict authorized users to the applications or functions commensurate with their assigned responsibilities, supporting an appropriate segregation of duties.

Management designs other control activities to promptly update access rights when employees change job functions or leave the entity. Management also designs control activities for access rights when different information technology elements are connected to each other.

Condition

During our review of the appropriateness of the system access permissions assigned to Parking Services employees within the AIMS and Zephyre systems, we found that the permissions were appropriate for their job responsibilities. However, we found that two former city employees inappropriately still had active access to the Zephyre system.

Cause

Parking Services management has not developed procedures for periodically reviewing the appropriateness of employees with access to the AIMS and Zephyre systems.

Effect

- Noncompliance with city policy.
- Potential for unauthorized access to Parking systems.

Recommendations

- 3.1 Parking Services management should terminate access to the Zephire system for the two former city employees identified in the audit.
- 3.2 Parking Services management should document and implement procedures for periodically reviewing the appropriateness of individuals with access to the parking systems.

MANAGEMENT RESPONSE

1. Improved Management Oversight Needed

- 1.1 Parking Services management, in consultation with Finance, should document and implement procedures for the completion of periodic audits of its cash handling locations.

Management Action Plan: Parking Administrator (Administration) will meet with Finance to discuss cash handling audit coordination and best practices for conducting quarterly audits. With the support of Finance, a written procedure/process will be added to Parking Services Administration policy.

Estimated Date of Completion: June 3, 2024

2. Unnecessary Access to Count Room

- 2.1 Parking Services management should review and evaluate the report of employees with access to the Parking Services count room and request that access be terminated for those employees without a need.

Management Action Plan: A badge audit of the count room door was completed by the Parking Administrator. The employees/persons without an official business reason to enter the count room have had access removed.

Estimated Date of Completion: Completed on January 11, 2024

- 2.2 Parking Services management should document and implement procedures for periodically reviewing the appropriateness of employees with access to the Parking Services count room.

Management Action Plan: An employee access policy and procedure will be developed and implemented with the support of Finance. An audit of all secured access points in the Parking Services office will be conducted semi-annually by the Parking Administrator or designee. A quarterly request for access review will be sent to DPS to audit their list of employees who have access to any secured areas within Parking, including the count room.

Estimated Date of Completion: Review completed. Policy/Procedure documented June 3, 2024

3. Employee System Access Not Terminated Upon Separation

- 3.1 Parking Services management should terminate access to the Zephire system for the two former city employees identified in the audit.

Management Action Plan: Terminated employees have been promptly removed.

Estimated Date of Completion: Completed

- 3.2 Parking Services management should document and implement procedures for periodically reviewing the appropriateness of individuals with access to the parking systems.

Management Action Plan: A Software and Employee Access policy and procedure will be developed and implemented with the support of Finance.

Estimated Date of Completion: June 3, 2024