

CITY AUDITOR'S OFFICE



**AUDIT OF ECONOMIC URBAN DEVELOPMENT
PARKING SERVICES DIVISION
Revenue Collection, Deposit, and Recording**

Report EU003-1617-07

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CITY AUDITOR

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**AUDIT OF ECONOMIC URBAN DEVELOPMENT
PARKING SERVICES DIVISION
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BACKGROUND

Parking Services Division (Parking) of the Department of Economic Urban Development is responsible for the oversight of parking services within the city of Las Vegas (city). Parking operates as an enterprise fund and directly oversees on-street parking meters, the City Centre parking garage, 500 South Main Street parking garage, the lease of a portion of 500 South Main Street parking garage, and parking citation activities. The city owned Carson and Ogden parking garages have been leased to private entities. The operation and security of the city's Neonopolis parking garage has been contracted to another entity. Parking has entered into leases with the owners of 15 parking lots whereby they provide services such as parking enforcement, fee collection, and maintenance of the parking lots for a share of the revenue. For fiscal year ended June 30 2016, total operating revenue was \$9,184,765, total operating expenses was \$7,709,155 and operating income was \$1,475,610.

Oversight is provided by 43 staff members including a Parking Services Manager, a Parking Services Administrator, a Parking Enforcement Supervisor, a Financial Supervisor, a Hearing Officer, a Collections Officer, a Business Specialist, 2 Senior Parking Enforcement Officers, 19 Parking Enforcement Officers, 9 Administrative Support Assistants, 3 Maintenance Technicians, and 3 Parking Meter Technicians.

Parking uses various computer application systems for the oversight of parking services, including:

- Parkeon - parking meter software
- Automated Issuance/Management System (AIMS) - parking enforcement software including hand held machines used to issue parking citations
- Integrapark/Paris - management of the monthly parkers for 500 South Main Street and Neonopolis parking garages
- Skidata - parking garage gate access software for 500 South Main Street parking garage
- Scheidt Bachmann - parking garage gate software for Neonopolis parking garage

Parking uses three computer application systems for receipting cash, checks, debit and credit cards:

- AIMS - parking citations and penalties
- Paris - monthly parkers
- Atlas - miscellaneous receipts

OBJECTIVES

Our objectives in completing this audit were to assess the adequacy of:

- The collection, deposit, and recording of revenue.
- Management controls over the collection, deposit, and recording of revenue.

SCOPE AND METHODOLOGY

The scope of our work was limited to the collection, deposit, and recording of revenue for the fiscal year ended June 30, 2016 unless otherwise indicated. The last fieldwork date of this audit was March 13, 2017.

Our audit methodology included:

- Research of applicable guidelines,
- Interviews of city employees and contractor personnel,
- Observations of parking processes, and
- Analysis and detail testing of available data.

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 exception to full compliance is because the City Auditor's Office has not yet undergone an external peer review. However, this exception has no effect on the audit or the assurances provided.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

Our audit found that opportunities exist to improve the collection, deposit and recording of Parking revenue, as follows:

Improvements are needed in the collection, deposit, and recording of revenue, as follows:

- ***Inaccurate Collection Fee Payments*** - We found that the collection agency calculated their collection fee based upon total citations and penalties instead of adjusted amounts actually paid. This is not in accordance with the contract provisions and results in an over payment of collection fees and an under reporting of citation and penalty revenue. (finding #1)
- ***Inaccurate Accounting Treatment*** – Monthly, Finance staff invoice a restaurant for their rent and share of the water usage, recycling and trash removal. A review of this process

found inaccuracies with recording restaurant rental revenue, and calculating and recording water, recycling, and trash expenses. (finding #5)

Improvements are needed in management controls over the collection, deposit, and recording of revenue, as follows:

- ***Improvements Needed in Monitoring Neonopolis Parking Contract*** - We determined that improvements are needed in monitoring the Neonopolis Security and Operations Support Services contract to ensure that the contractor submits the required weekly and monthly revenue reports and bank deposits are made twice weekly in accordance with contract provisions. (finding #2)
- ***Improvements Needed in the Hood Fee Process*** - We determined that improvements are needed in the hood fee process to ensure that invoiced amounts are defensible. (finding #3)
- ***Management Control Weaknesses with the Pay-on-Foot Process*** - Audit procedures found weaknesses with management controls over the pay-on-foot (POF) process. Improvements are needed to limit staffs' ability to remove funds located in the POF machines without detection. (finding #4)
- ***Improvements Needed for System Access*** - Audit procedures included reviewing AIMS and Paris system access controls. We found that improvements are needed to ensure that access is limited to individuals who have a proven need for access. (finding #6)
- ***Non-Compliance with the Record Retention Requirements*** - Audit procedures found that certain records used to administer and document financial transactions and accounting functions were not retained until resolution of the annual audit in accordance with record retention requirements. (finding #7)
- ***Non-Compliance with Cash and Check Policies and Procedures*** - Audit procedures found non-compliance with the city's Cash Handling Policy and Check Acceptance Procedure that are designed to prevent mishandling of funds and to safeguard against loss. (finding #8)

Further information is contained in the sections below. While other issues were identified and discussed with management, they were not deemed appropriate for reporting purposes.

1. Inaccurate Collection Fee Payments

Criteria

Mutual Use Contract No. 130044-BR

Debt Collection Services

Exhibit A

Attachment BB Scope of Work

1.2.15 Vendors will adjust the principal amount of the claim if the Controller's Office later revises the amount of the claim. The contingent fee collection amount charged will be calculated on the revised amount of the claim.

Condition

Parking contracted with a collection agency to assist with the collection of outstanding citations and penalties. The collection agency summarizes the collections, calculates the collection fees, and sends Parking a check for their portion of the amount collected. Audit procedures included judgmentally selecting 30 payments from the April 19, 2016 collection agency statement. We found that for 4 of 30 or 13.3 percent of payments tested, the collection agency calculated their collection fee based upon total citations and penalties. In reviewing the individual account history of these four payments in AIMS, we found that due to circumstances associated with the accounts, citations and penalties were reduced. The collection agency collection fee was based upon the original citation and penalty amount of \$1,705.10 instead of the adjusted citation and penalty amount of \$180.

Cause

When Parking negotiates reduced citations and penalties, it is contingent that customers pay within a set time period. Parking notifies the collection agency when they receive payments directly, however, the notifications do not specify that reductions to the citations and penalties were made and customers paid a reduced amount.

Effect

- The collection agency was overpaid on accounts where customers paid reduced citations and penalties.
- The over payment of collection fees resulted in an under reporting of Parking revenue.

Recommendations

- 1.1 Parking Services management should revise their notifications to the collection agency when customers pay reduced citations and penalties.

- 1.2 Parking Services management should implement periodic reviews of the collection agency statements to confirm that the collection agency calculated the appropriate collection fees.
- 1.3 Parking Services management should work with the collection agency to determine the full extent of collection fee overpayments and request reimbursement.

2. Improvements Needed in Monitoring Neonopolis Parking Contract

Criteria

Neonopolis Contract No. 090086 - TF Security and Operations Support Services

C. Operations Support - Basic Services

- d. The Company shall process all revenue proceeds, including cash, credit and debit receipts, and shall arrange for armed courier and deposit into a City bank account on a twice-weekly basis.*
- f. The Company shall maintain daily reports of revenue parameters and provide and review with the City on a monthly basis, reports showing daily revenue streams, ticket counts, hourly peak revenues, validation quantities, and any other parameters deemed appropriate and readily available from the PARCS software.*
- h. The Company shall provide the following reports to the City:*
 - (i) Weekly revenue report. This report will show daily booth attendance and revenues. The Company shall provide this to the Project Manager on Mondays by 10:00 a.m., for the prior Monday through Sunday period.*
 - (ii) Monthly revenue control reports. This report will list revenue parameters showing daily revenue streams, ticket counts, hourly peak revenues, validation quantities, and any additional pertinent information. The Company shall provide this report to the Project Manager by 10:00 a.m. of the first working day of the month.*

Condition

The city contracted with a private entity to provide security and operational support for the Neonopolis underground parking facility. Our review found that improvements are needed with monitoring the Neonopolis underground parking facility security and operations support services contract, as follows:

- Contractor staff collect and deposit revenue from the cashier stations and POF machines located in the Neonopolis underground parking facility. In addition, credit and debit card payments from cashier stations, POF machines, and garage gate payments are deposited directly into the city's bank account. Audit procedures included judgmentally selecting twelve dates during the fiscal year ending June 30, 2016 to verify whether funds were deposited and recorded in the city's general ledger. In completing our audit procedures, we were able to trace amounts received from the contractor system summarized daily reports to amounts deposited in the bank and posted to the general

ledger, however, transaction by transaction or audit trail documents could not be retrieved or reviewed.

- In accordance with contract provisions, funds are required to be deposited twice a week. We found that for the 37 cashier deposits reviewed:
 - 30 or 81.08 percent of cashier deposits, the funds were deposited 5 or more days after receipt.
 - 14 or 37.84 percent of cashier deposits, the funds were deposited 7 or more days after receipt.
- In discussions with the city's senior accounting technician, we found that the only deposit information she receives is a summary of deposited funds. No other documentation is provided to verify whether the appropriate funds are deposited. In accordance with contract provisions, the contractor is required to provide the city's project manager with weekly and monthly revenue reports. The city's Parking Services Manager indicated she has never received weekly and monthly revenue reports from the contractor.

Cause

- Efforts were not completed by Parking to confirm the appropriateness of funds deposited.
- The contractor representative stated that only deposits recorded in the armed courier's book are picked up and deposited. At times, staff forget to record the deposits in the book.

Effect

- Non-compliance with contract provisions.
- Inability to confirm the appropriateness of funds deposited.

Recommendations

- 2.1 Parking Services management should document and implement a process to monitor the Neonopolis Security and Operating Support contract. Implemented steps should include:
 - Reviews of deposit documentation to ensure funds are deposited in the bank on a twice-weekly basis.
 - The receipt and review of weekly and monthly revenue reports.
- 2.2 Parking Services management should evaluate and determine whether transaction by transaction audit trail records can be retrieved and reviewed.

3. Improvements Needed in the Hood Fee Process

Criteria

Data Classification, Handling and Disposal Procedure (IT134e)

Requirements/Prerequisites

The City encourages minimal use and storage of sensitive data to reduce the risk of data compromise. This principle must be rigorously observed in the treatment of all payment card data processed by the City. Storage of all payment card data will be kept only to complete the payment transaction and will not be stored longer than processing contracts permit.

Documentation used to calculate fees include all relative information needed to justify the amounts invoiced.

Condition

Customers reserve parking meters for special events, film crews, and construction activity. Under certain circumstances, they are required to pay for the reservations. The fees are calculated by determining historical usage of the applicable parking meters for a two week period and invoicing the customer. The fees paid are called hood fees. Audit procedures included determining how many hood fee invoices were created during the fiscal year ended June 30, 2016 and judgmentally selecting 15 hood fees to recalculate. We determined that improvements are needed in the hood fee process, as follows:

- The documentation for two hood fee invoices included the whole credit card number. The credit card number had not been truncated or destroyed in accordance with the Data Classification, Handling and Disposal Procedure (IT134e).
- In recalculating 15 judgmentally selected hood fees, we:
 - Recalculated 5 hood fees without exception.
 - Found exceptions with 4 hood fee recalculations.
 - Were unable to recalculate 6 hood fees since the spreadsheet did not indicate the two week period of actual fees used as a basis for the calculation.
- At times customers make inquiries about reserving parking meters and cost estimates are completed, however, they decline to reserve the parking meters. With the current process, it is not always apparent when customers decline to reserve parking meters.

Cause

- The process was developed over time.
- Staff manually calculate the fees instead of relying on pre-formatted forms.

Effect

- Customer credit card numbers are not adequately protected.

- Inability to defend the dollar amount invoiced for hood fees.
- Inability to determine whether parking meters were reserved.

Recommendation

- 3.1 Parking Services management should document and implement a process for the calculation of hood fees that include:
- The requirement to truncate or remove all credit card numbers.
 - A periodic review of the documentation to ensure credit card information has been truncated or removed.
 - A standard template used to calculate all hood fees.
 - A process to distinguish hood fee estimates from completed transactions.

4. Management Control Weaknesses with the Pay-on-Foot Process

Criteria

Management controls for systems that hold cash limit the ability to take funds without detection.

Condition

The 500 South Main Street parking garage has four POF machines customers use to pay for their parking fees. The Skidata computer application system sends a warning when one of the machine's coins or bills has reached capacity. When this occurs, two Parking employees retrieve the bills or coins and one of the two employees prepares the bank deposit. An observation of the bill collection process on August 2, 2016 and detail testing of the process for the fiscal year ended June 30, 2016 found that improvements are needed in the POF management controls, as follows:

- The POF machines are designed to limit access to the various compartments by using different keys. All of the keys for the POF machines are stored in an unlocked desk drawer in the administrative office.
- Parking enforcement officers have generic system access functions that allow them to complete the following functions within the POF machines: adjust the amount of the balance, remove funds, open the hopper door, and pay out funds. Considering the keys are maintained in an unlocked desk drawer in the administrative office and they have access to this office, parking enforcement officers have the ability to access the POF machines and remove funds. The generic access would make it difficult to determine who accessed the machines.
- We found two additional generic access accounts: Administrator and Eval _Eval. This is not in compliance with the city's Access Control Procedure (IT134k.1).

- One of the two employees involved with the collection of the bill cash boxes takes them to her desk to count the bills, prepare the deposit, and receipt the proceeds into Atlas. This does not provide for an adequate segregation of duties.
- When staff retrieve funds from the POF machines, a ticket is printed that shows the dollar amount removed. The only way to verify that all funds removed from the POF machines are deposited is to review the Cash Flow logs. The Cash Flow logs document the transaction by transaction activity of the POF machines including each time the machines are accessed, payments are transacted, and funds are removed. The Parking Services Manager indicated that these logs can only be retrieved for 60 days. Although Parking staff retrieve these logs with each deposit, a review of the Cash Flow logs found that time lapses of the retained Cash Flow logs occurred for all four POF machines for the fiscal year.
- In December 2015, a system upgrade was installed and all of the funds residing in the POF machines were deposited. No documentation was retained to support the amounts deposited.

Cause

- Once implemented, the process was not re-evaluated to assess control weaknesses.
- Prior to the system upgrade in December 2015, staff could query reports for a longer time period.
- POF machines 3 and 4 were out of operation for a period during 2016 which accounted for not retaining some of the Cash Flow logs.

Effect

Potential exists that staff could remove and take funds located in the POF machines without detection.

Recommendation

- 4.1 Parking Services management should document and implement a process for the oversight of pay-on-foot machines that include:
- Securing and limiting access to the keys for the pay-on-foot machines.
 - Ensuring that the Cash Flow logs for all four pay-on-foot machines are retained and reviewed for all time periods.
 - Evaluating the various system access control accounts to determine whether access should be modified or removed.

5. Inaccurate Accounting Treatment

Criteria

Accurate classification of revenue and expenses allows for effective analysis of financial activity.

Condition

Parking leases a portion of the 500 South Main Street parking garage to a restaurant. Finance staff invoice the restaurant monthly for their lease payment and share of water usage, recycling and trash removal. A review of this process found inaccuracies with calculating and recording of the restaurant lease revenue, and the water, recycling, and trash expenses, as follows:

- Parking is invoiced for the Las Vegas Valley Water District (LVVWD) restaurant water usage and the Republic Service trash and recycling removal. When these invoices are paid, they are expensed to the 500 South Main Street parking garage and included in Parking utility expenses.
- On a monthly basis, the restaurant is invoiced for the lease payment and their share of the utility expenses. A review of these transactions found that:
 - The restaurant lease payment is posted to the Rebates and Refund account instead of the Miscellaneous Rental account used to record the revenue received for the Carson and Ogden parking garage leases.
 - The restaurant is invoiced for 100 percent of the LVVWD water usage and Republic Services trash removal and for 20 percent of the Republic Service recycling removal. The payment of these invoices is posted to the Rebates and Refunds account instead of reducing the water, trash, and recycling expenses or posting to a reimbursement account.
- Parking and the restaurant both require trash and recycling services at the 500 South Main Street parking garage. According to the Parking Services Manager, the restaurant should be responsible for the increased cost of the services instead of 100 percent of the trash removal and 20 percent of the recycling removal.

Cause

Once the accounting treatment was established, it was not reviewed to ensure appropriate calculations and general ledger accounts were used.

Effect

- Inability to accurately analyze and review revenue and expenses.
- The payment by the restaurant for their utility expenses is reported in the general ledger as revenue not a reduction to or a reimbursement of expenses.

Recommendations

- 5.1 Finance management in coordination with Parking Services management should evaluate and determine whether the restaurant water invoices can be transferred for direct payment by the restaurant.
- 5.2 Finance management in coordination with Parking Services management should review the trash and recycling invoices and determine whether to revise the calculations. If it is determined that the restaurant was mischarged, the recalculated amount should be adjusted on their next invoice.
- 5.3 Finance management in coordination with Parking Services management should review the general ledger entries for the restaurant and determine whether these entries should be revised.
- 5.4 Finance management should establish and document desk procedures for the restaurant invoicing process.

6. Improvements Needed for System Access

Criteria

Access Control Procedure (IT134k.1)

Procedures

Each user is provided access to systems and data on a “business need-to-know” basis.

Enterprise group policies will be defined to achieve the following requirements. The following controls have been implemented to support logical access:

- *All users must be identified with a unique credential that establishes identity.*
- *All “guest” or generic accounts will be disabled or removed from access.*

Formal Access, Access Change, and Access Termination Processes

- *All users will be given a unique username for access to system components or sensitive data.*
- *Access for terminated users will be revoked immediately.*

Information Security Program Procedure (IT134a.2)

Access Controls

All City computers and telecommunications systems will limit access to users who have a proven “Need-to-know”. Access to sensitive information must be granted on a minimum level of access necessary to perform assigned responsibilities and will be monitored for compliance pursuant to the IT 134k, Access Control Procedure.

Access controls will implement the following safeguards:

2. Separation and Rotation of Duties: Each department's roles and responsibilities will be clearly established in order to ensure that no one person is permitted to perform critical functions from start to finish or check the accuracy of their own work.

Condition

Audit procedures included reviewing AIMS and Paris system access control listings. We found that improvements are needed over system access control rights to ensure that access is limited to individuals who have a proven need for access and no one person is permitted to perform critical functions from start to finish or check the accuracy of their own work, as evidenced by the following exceptions:

- **AIMS:** Four employees' system access control rights provide them with the ability to accept payments, adjust tickets, add or subtract late fees, and void and approve voided citations. In addition, one of the four employees reviews the void report which enables her to review her own voided transactions.
- **Paris:** All employees' system access control rights give them the ability to enter adjustments, card deposit refunds, and payments as well as reverse payments. A review of adjustments is not completed. In addition, we found one generic system access control account: SVC_Scripts.

Cause

Processes were not evaluated to determine effectiveness.

Effect

Potential exists for unauthorized access.

Recommendation

6.1 Parking Services management should evaluate the access control weaknesses identified and complete the following:

- Implement periodic reviews of Paris adjustments.
- Review the identified access weaknesses and modify access accordingly.
- Determine what improvements in monitoring access are required.

7. Non-Compliance with Record Retention Requirements

Criteria

LRDA Number 20070046 Financial Records

These types of records are used to administer and document financial transactions and accounting functions (including accounts receivable and accounts payable) and may contain but are not limited to computer generated forms and reports, invoices, receipt books, journal entries, ledgers, accountant spreadsheets, disbursement log, billing claims, records of petty cash, charge slips, cashiers tapes, cash register tapes, daily cash and receipt reports, petty cash records, credit and collections records, copies of requisitions and purchase orders, vouchers, notes, correspondence and related documents.

Minimum Retention Period: Until resolution of an annual audit.

Condition

Audit procedures found that certain records used to administer and document financial transactions and accounting functions have not been retained until resolution of the annual audit in accordance with record retention requirements, as follows:

- Parking does not retain all of the documents required for the daily cashier end-of-day reconciliation instead these documents are forwarded to the Department of Finance. Each department is responsible for maintaining their daily deposit documentation.
- On October 19, 2016, the Released Payment Batches reports used to reconcile the daily bank deposits could not be queried from Paris for deposits that occurred before April 2016.
- In November 2016, we were unable to trace payments that occurred during the period of August 2015 through March 2016 into Paris for six monthly parkers since the accounts were no longer in Paris.
- Many of the documents used to calculate hood fees during July and August 2015 had been destroyed.

Cause

Staff were unaware of the document retention requirements.

Effect

Documentation used to verify the accuracy of financial transactions was not maintained in accordance with the record retention requirements.

Recommendation

- 7.1 Parking Services management should evaluate and determine which financial records should be retained until the completion of the annual audit. Once determined, they should document and implement a process to ensure these records are retained for the required time period.

8. Non-Compliance with Cash and Check Policies and Procedures

Criteria

CLV Cash Handling Policy (FN302)

Cash Safeguards

Money stored in drawers, desks, and filing cabinets shall be locked when left unattended.

Each cash drawer shall be restricted to only one employee. Only the supervisor may have access to multiple drawers and the employee accountable for that drawer shall be present when anyone enters their drawer.

Combinations for departmental safes shall be changed yearly or when an employee with safe access separates from employment. The combination shall be restricted to the department director or designee.

Checks should be made payable to the "City of Las Vegas" and a notice informing the customer of this requirement shall be posted in an obvious location.

A sign shall be conspicuously displayed giving the customer notice of their right to a receipt.

CLV Check Acceptance Procedure (FN304a)

Types of Identification

When accepting payments by check, have the check writer present their driver's license.

Other Steps to Fight Bad Check Fraud

Display a sign near the cashier area showing the City's cooperation with the Clark County District Attorney's Office.

Condition

Audit procedures found non-compliance with the city's Cash Handling Policy and Check Acceptance Procedure, as follows:

- Discussions with Parking front window cashiers found that although they lock their cashier drawers holding their change banks when taking breaks, the cashier drawer keys can open more than one cashier drawer and the keys are stored in unlocked desk drawers.

- An observation of the daily end-of-day cash reconciliation process showed that the change banks are locked and placed in the safe. Considering generic keys are used to secure the change banks and all employees who have safe access could open the change banks, the opportunity exists that change banks could disappear without direct knowledge of who took the funds.
- Discussions with Parking front window cashiers found that they verify citations belong to customers. However, if customers pay with checks, they do not ask for identification in accordance with the city's Check Acceptance Procedure (FN304a).
- Parking has three safes for staff use. It was determined that it had been over a year since safe combinations had been changed. In addition, during that period, staffing responsibilities changed and certain employees no longer required safe access.
- An observation of the front window cashiering area found that signs were not displayed:
 - Notifying customers of their right to a receipt in accordance with the city's Cash Handling Policy (FN302).
 - Notifying customers that checks should be made payable to "The City of Las Vegas" in accordance with the city's Cash Handling Policy (FN302).
 - Showing the city's cooperation with the Clark County District Attorney's Office for cashing checks in accordance with the city's Check Acceptance Procedure (FN304a).

Cause

Parking employees were not aware of the city's Cash Handling and Check Acceptance Policies and Procedures requirements.

Effect

Non-compliance with the city's Cash Handling and Check Acceptance Policies and Procedures that are designed to prevent mishandling of funds and to safeguard against loss.

Recommendations

- 8.1 Parking Services management should rekey the cashier drawer and change bank keys to ensure that each cashier has unique keys.
- 8.2 Parking Services management should instruct staff to adequately secure their cashier drawer keys when they take breaks throughout the day.
- 8.3 Parking Services management should have the safe combinations changed.
- 8.4 Parking Services management should document and implement a process to ensure that the safe combinations are changed annually and whenever employees no longer have safe access responsibilities.

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- 8.5 Parking Services management should display signs in the front window cashiering area to inform customers that they have a right to receive a receipt, checks should be made payable to the City of Las Vegas, and the city cooperates with the Clark County District Attorney's Office for check acceptance.

MANAGEMENT RESPONSES

1. Inaccurate Collection Fee Payments

- 1.1 Parking Services management should revise their notifications to the collection agency when customers pay reduced citations and penalties.

Management Action Plan:

Effective 1/3/17, the software interface provided by AIMS was upgraded to version 8.0.82.25 to accurately report reduced citations to the collection agency.

Estimated Date of Completion:

Completed.

- 1.2 Parking Services management should implement periodic reviews of the collection agency statements to confirm that the collection agency calculated the appropriate collection fees

Management Action Plan:

As of 5/10/17, Parking Services revised its policies to require weekly spot reviews of fees calculated.

Estimated Date of Completion:

Completed

- 1.3 Parking Services management should work with the collection agency to determine the full extent of collection fee overpayments and request reimbursement

Management Action Plan:

As of 5/1/17, all inaccurate amounts have been identified and reported to the collection agency for action. The collection agency is currently reviewing the data to verify our calculations.

Estimated Date of Completion:

The collection agency will be setting up a conference call with Parking Services for the week of 5/15/17 to discuss repayment. Estimated repayment date at this time is June 30, 2017.

2. Improvements Needed in Monitoring Neonopolis Parking Contract

- 2.1 Parking Services management should document and implement a process to monitor the Neonopolis Security and Operating Support contract. Implemented steps should include:
- Reviews of deposit documentation to ensure funds are deposited in the bank on a twice-weekly basis.
 - The receipt and review of weekly and monthly revenue reports.

Management Action Plan:

Parking Services will meet with Fremont Street Experience management and Finance to identify documentation necessary to comply.

Estimated Date of Completion:

June 15, 2017

- 2.2 Parking Services management should evaluate and determine whether transaction by transaction audit trail records can be retrieved and reviewed.

Management Action Plan:

Parking Services will meet with Fremont Street Experience management to develop a policy for retrieving and saving the appropriate data.

Estimated Date of Completion:

June 15, 2017

3. Improvements Needed in the Hood Fee Process

- 3.1 Parking Services management should document and implement a process for the calculation of hood fees that include:
- The requirement to truncate or remove all credit card numbers.
 - A periodic review of the documentation to ensure credit card information has been truncated or removed.
 - A standard template used to calculate all hood fees.
 - A process to distinguish hood fee estimates from completed transactions.

Management Action Plan:

Parking Services will establish a policy for the calculation, billing, tracking and payment of hood fees.

Estimated Date of Completion:

June 30, 2017

4. Management Control Weaknesses with the Pay-on-Foot Process

4.1 Parking Services management should document and implement a process for the oversight of pay-on-foot machines that include:

- Securing and limiting access to the keys for the pay-on-foot machines.
- Ensuring that the Cash Flow logs for all four pay-on-foot machines are retained and reviewed for all time periods.
- Evaluating the various system access control accounts to determine whether access should be modified or removed.

Management Action Plan:

Parking Services has secured key access and implemented a policy requiring that all Pay on Foot machines be collected bi-weekly.

Estimated Date of Completion:

Policy for key access and collection frequency will be finalized on May 18, 2017. An administrative policy for Pay on Foot Cash handling and reconciliation will also be finalized on May 18, 2017. Parking Services will provide a detailed listing of all system access control accounts and associated access, including explanations for access levels granted by June 1, 2017.

5. Inaccurate Accounting Treatment

5.1 Finance management in coordination with Parking Services management should evaluate and determine whether the restaurant water invoices can be transferred for direct payment by the restaurant.

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Management Action Plan:

Finance: Finance worked with the LVVWD to identify which meter was to the City and which was for the customer. At the same time the customer had transferred the meter into their name and the last bill from the City for water usage was completed in November 2016.

Parking Services: Water billing was transferred to the restaurant and the first meter read was September 20, 2016. Finance continued billing MTO for water past that date and issued a credit of \$636.91.

Estimated Date of Completion:

November 30, 2016

5.2 Finance management in coordination with Parking Services management should review the trash and recycling invoices and determine whether to revise the calculations. If it is determined that the restaurant was mischarged, the recalculated amount should be adjusted on their next invoice.

Management Action Plan:

Finance: After all determinations were made as to the correct % to be charged for trash and recycling, the calculations were completed and credit adjustments were made to the customers account on the February 2017 Invoice.

Parking Services: Finance completed an audit of charges and credited the restaurant \$1,051.00 in January 2017.

Estimated Date of Completion:

January 2017

5.3 Finance management in coordination with Parking Services management should review the general ledger entries for the restaurant and determine whether these entries should be revised.

Management Action Plan:

Finance: All coding for the receivable was previously provided by the department as the lease agreement was made available. Finance has since updated the accounts to be used so expenses and revenue are accurately stated and reflected appropriately.

Parking Services: Parking Services has scheduled a meeting with Finance on 5/16/17 to review the entries and make corrections.

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EU003-1617-07
June 29, 2017

Estimated Date of Completion:

June 30, 2017

5.4 Finance management should establish and document desk procedures for the restaurant invoicing process.

Management Action Plan:

Finance: Updates have been made to the process to account for the changes.

Parking Services: Parking Services has scheduled a meeting with Finance on 5/16/17 to discuss desk procedures.

Estimated Date of Completion:

June 30, 2017

6. Improvements Needed for System Access

6.1 Parking Services management should evaluate the access control weaknesses identified and complete the following:

- Implement periodic reviews of Paris adjustments.
- Review the identified access weaknesses and modify access accordingly.
- Determine what improvements in monitoring access are required.

Management Action Plan:

Parking Services will draft and implement a policy for PARIS and AIMS system access rights and review of adjustments and citation voids. Conflicting access rights in some cases cannot be removed due to the capabilities of the vendors; Parking Services will obtain vendor documentation of such and will include mitigation measures in its policy.

Estimated Date of Completion:

June 30, 2017

7. Non-Compliance with Record Retention Requirements

- 7.1 Parking Services management should evaluate and determine which financial records should be retained until the completion of the annual audit. Once determined, they should document and implement a process to ensure these records are retained for the required time period.

Management Action Plan:

Parking Services has scheduled a meeting with Finance on 5/16/17 to determine which entity should retain the original backup for daily cashier paperwork. Parking Services will revise its policies to require that terminated accounts be kept in the PARIS system for 2 years following termination, and that hood fee documentation be retained for the proper amount of time.

Estimated Date of Completion:

June 30, 2017

8. Non-Compliance with Cash and Check Policies and Procedures

- 8.1 Parking Services management should rekey the cashier drawer and change bank keys to ensure that each cashier has unique keys.

Management Action Plan:

This was completed on August 8, 2016.

Estimated Date of Completion:

Completed

- 8.2 Parking Services management should instruct staff to adequately secure their cashier drawer keys when they take breaks throughout the day.

Management Action Plan:

Parking Services has revised its policies to reflect this practice.

Estimated Date of Completion:

Completed

- 8.3 Parking Services management should have the safe combinations changed.

Management Action Plan:

Parking Services changed the safe combinations on July 27, 2016.

Estimated Date of Completion:

Completed

8.4 Parking Services management should document and implement a process to ensure that the safe combinations are changed annually and whenever employees no longer have safe access responsibilities.

Management Action Plan:

Parking Services revised its policies on 7/27/16 to require that safe combinations be changed whenever an employee with access leaves the division and at least annually.

Estimated Date of Completion:

Completed

8.5 Parking Services management should display signs in the front window cashiering area to inform customers that they have a right to receive a receipt, checks should be made payable to the City of Las Vegas, and the city cooperates with the Clark County District Attorney's Office for check acceptance.

Management Action Plan:

Signs were posted on 5/10/17.

Estimated Date of Completion:

Completed