



# **Follow-up Review: Planning & Development Department Parking Division**

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**Report 2021-02**





## Internal Audit Unit

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Honorable Mayor and Audit Committee Members  
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Internal Audit presents this audit report as the one year follow-up for the audit of the Parking Division, with a scope period of July 1, 2019 to December 31, 2019. The Follow-up Audit Results are presented on page 8. Management's responses to our audit recommendations are presented immediately following the recommendations in the report.

We would like to thank the staff from Planning & Development Department and the Parking Division for their assistance and cooperation during the course of the audit.

Respectfully submitted,

*Kriti Chadha Agrawal*

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## Introduction

In FY 2019, at the request of the City Manager, the Internal Audit Unit (Audit) performed a limited scope transitional review of the Parking Division. Audit assessed the Parking Division's internal controls, policies, and procedures for the period of July 1, 2016 – March 31, 2018. The report which was the product of that audit contained several findings:

1. Insufficient standard operating procedures for monitoring of parking facility usage
2. Lack of proper financial oversight of parking revenue
3. Failure to properly collect all revenue
4. Inadequate process of approving the dismissal of citations
5. Lack of internal controls surrounding the parking meter collection process

Administrative Order 1-10 states that Audit may perform a follow-up review six-to-twelve months after the final audit report is issued. As the Administrative Order allows, Audit conducted a limited scope review to determine if the findings from the initial audit were addressed. Samples were judgmentally selected for the period of July 1, 2019 – December 31, 2019.

## Background

The Parking Division is organizationally structured under the Planning and Development Department, which is primarily funded by the General Fund. The Parking Division provides management for five parking structures along with approximately 4,200 parking spaces, various surface lots, and approximately 2,000 on-street parking meters. The Parking Division also manages residential permits, Downtown permits, Downtown event parking, bulk rate parking agreements, parking validations, and parking enforcement across the entire City. During the scope periods of both the initial audit and this follow-up review, SP Plus was contracted to manage daily parking operations. In February 2021, Ace Parking took over the management contract for the City's parking facilities. Turbo Data Systems, Inc. manages most aspects of parking citation collection program. The Parking Division is responsible for ensuring that all parking revenue is properly handled, proper procedures are in place for handling parking agreements, and other related parking items are addressed.

The Parking Division enters into agreements with other agencies to provide them with parking at bulk rates stipulated in the Master Fee Schedule (MFS). The MFS stipulates: "Effective July 1, 2018, staff shall administratively update the parking fees adjusted by this resolution annually to reflect the twelve month percentage change in the U.S Bureau of Labor Statistics Consumer Price Index (CPI) (Urban Wage Earners and Clerical Workers for the San Francisco-Oakland-San Jose Area), for the most current month that

data is available, or 3% whichever is less.” A list of the parking agreements that were active during the scope period can be found in Figure 1 (page 9) of this report.

### Audit 2019-01 Recommendation Status

The following is a status update on the various recommendations made in the initial audit of Parking (Audit Report 2019-01):

| Finding Name                                                                                                                                                    | Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
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| <p>Parking lacks standard operating procedures for monitoring of parking facility usage by entities with whom the City has entered into parking agreements.</p> | <p>Parking should immediately establish written standard operating procedures that include adequate internal controls and monitoring of parking facility usage. Said procedures should at a minimum, include the following:</p> <ul style="list-style-type: none"> <li>• Require each entity to submit a report of the number of parking spaces to be used along with its payment.</li> <li>• Immediately require Fresno County to provide Parking with a report that lists the current employees by access card number. Parking should share the information with SP Plus to have all other outstanding access cards disabled. If Fresno County does not provide such a report within a month of the request, Parking should have SP Plus deactivate all access cards given to Fresno County and require each county employee request their access card be reactivated.</li> <li>• Develop a process for monitoring each entity’s actual parking usage and document the monitoring that occurs.</li> </ul> | <p><b>In progress</b></p> <ul style="list-style-type: none"> <li>➤ Memorandum 2019-2 requires that the Parking Division’s Senior Management Analyst reconcile the number of active access cards on a monthly basis. While this reconciliation is being done, there were some variances identified which are listed in Finding 1.</li> <li>➤ The Parking Division collected past due payments from Fresno County.</li> <li>➤ A process for monitoring parking usage is still being developed. New technology will need to be installed for the ability to monitor the number of parking spaces being utilized. The Parking Division is evaluating costs and next steps on additional parking technology.</li> </ul> |

| Finding Name                                                                                                                                   | Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
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| <p>Parking has not followed standard accounting practices and thus, has been unable to have proper financial oversight of parking revenue.</p> | <p>Parking should follow standard accounting practices and immediately establish policies and procedure that will enable management to identify the profit and loss for each garage/lot and from each agreement. At a minimum, Parking should:</p> <ul style="list-style-type: none"> <li>• Require each entity with a parking agreement to submit its monthly payment directly to Parking.</li> <li>• Create unique projects within PeopleSoft for each parking garage or lot and post the payments to those projects. As a result, this will enable Parking to monitor revenues and expenses generated for each parking lot/garage and determine their profit/loss.</li> <li>• Develop a consistent method of labeling payments in PeopleSoft by specific agreement/entity, garage or lot, and month of payment.</li> <li>• Periodically run a report to ensure the entities with parking agreements have made all appropriate payments in a timely manner.</li> <li>• Limit the credit card payment line items entered into PeopleSoft to a material threshold, which is determined by the division, and label the payments by garage or lot.</li> <li>• Build interface between PeopleSoft and parking systems to allow batch posting of credit card payments.</li> </ul> | <p><b>Implemented –</b></p> <ul style="list-style-type: none"> <li>➤ Per Memorandum 2019-2, each entity with a bulk rated payment is required to submit its monthly payment directly to Parking Division.</li> <li>➤ Per Memorandum 2020-1, all revenue and expenditure transactions have an identifying project and activity code with detailed descriptions.</li> <li>➤ Per Memorandum 2020-1, a monthly review of revenue bookings is being completed by the Parking Division’s Senior Management Analyst.</li> <li>➤ The Parking Division is now doing daily batch processing of credit card payments in PeopleSoft, as opposed to individual transactions.</li> </ul> |

| Finding Name                                                                         | Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Parking could have collected more revenue than it did over the review period.</p> | <p>Parking should maximize revenue from contracts whenever possible. In order to maximize revenue, Parking should at a minimum:</p> <ul style="list-style-type: none"> <li>• Regularly monitor and manage its contracts with external entities ensuring compliance with the payment terms of each agreement.</li> <li>• Begin the negotiation process for renewals of expiring agreements months before they expire, and when appropriate, charge the daily rates on expired agreements.</li> <li>• Request and review weekly or monthly reports from SP Plus of Club One Casino’s daily validations and for overages in accordance with the agreement.</li> <li>• Establish procedures to ensure that charges for parking are in accordance with the MFS and that said rates/fees are adjusted for inflation annually as allowed under the contract.</li> </ul> | <p><b>In progress –</b></p> <ul style="list-style-type: none"> <li>➤ Per Memorandum 2019-2, the Parking Division’s Management Analyst II is keeping a running list of all current parking agreements and their terms.</li> <li>➤ Club One’s agreement requires Club One to monitor the number of parking spaces occupied, which is not feasible until monitoring technology has been installed in the parking garage. The Parking Division is evaluating next steps on additional parking technology.</li> <li>➤ Parking rates have been adjusted for inflation in accordance with the MFS.</li> </ul> |

| Finding Name                                                                 | Recommendation                                                                                                                                                                                                                                             | Status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Parking Does Not Require Manager Approval before Dismissing Citations</p> | <p>Parking should develop policies and procedures for dismissing citations that include an approval form that must be signed by the Parking Manager or the Director for approval before a citation presented at City Hall can be dismissed or reduced.</p> | <p><b>In progress—</b></p> <ul style="list-style-type: none"> <li>➤ Memorandum 2018-1 allows Parking Supervisors, the Division Parking Manager, and the Department Director to review and dismiss parking citations. The Parking Division Manager and Department Director are the only individuals authorized to void citations or remove late fees.</li> <li>➤ Memorandum 2019-1 provides direction for citation reductions made by staff. Staff is expected to include details on all citation reductions, and indicate what verification was completed in order to justify the citation. In addition, the Parking Supervisor is completing spot audits of reduced citations every month although not completed as thoroughly as they could be (see Recommendation #3).</li> <li>➤ The City of Fresno employee parking citation administrative review form was discontinued, and employees are now directed to request an administrative review on the public-facing website.</li> </ul> |



| Finding Name                                                                                     | Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Parking lacks adequate internal controls surrounding the parking meter collection process</p> | <p>It is recommended that Parking review the following recommendations and applies those that are applicable. Generally speaking, internal controls over the meter collection process could be strengthened by having two individuals perform meter collection activities. However, we acknowledge that would result in increased personnel costs associated with the collection process. As an alternative, controls can be enhanced over this process by rotating the collection routes and installing security cameras in the area where the coin is counted and bagged.</p> <p><b>Short-term Solution</b></p> <p>As a short-term solution, Parking could mitigate the risks associated with meter coin collection, Parking should:</p> <ul style="list-style-type: none"> <li>- Install security cameras in the area coin is counted and bagged.</li> <li>- Rotate the routes staff take when collecting coin from the parking meters each day.</li> <li>- Document the assignment of the responsibility for processing the coin and preparing the deposit. These records should be given to the Parking Division Manager each week and maintained in accordance with the department's record retention policy.</li> </ul> <p><b>Long-term Solution – Smart Meters</b></p> <p>The City could significantly reduce the risks identified by upgrading its meters to Smart Meters. Smart Meters create the ability to:</p> | <p><b>Implemented –</b></p> <ul style="list-style-type: none"> <li>➤ Security cameras have been installed in the coin counting area.</li> <li>➤ A new, more accurate, coin counting machine has been purchased.</li> <li>➤ Per Memorandum 2019-3, Vault Attendant shifts are assigned on a weekly rotation. Team member assignments and rotations are monitored on a calendar.</li> <li>➤ ParkMobile was implemented on October 17, 2019. This software provides drivers with the additional payment option of paying for parking using their mobile device.</li> <li>➤ New meters have been implemented with technology that allows multiple payment options, including debit or credit card payments. The meters include a sealed coin collecting process, and a Data Management System that will provide increased auditing abilities.</li> <li>➤ Credit card payments are now accepted at all staffed locations.</li> </ul> |

|  |                                                                                                                                                                                                                                                                                                                                                                                                                        |  |
|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
|  | <ul style="list-style-type: none"><li>- Control and track access to meter vaults through the use of individualized digital keys.</li><li>- Add accountability with time-stamped data and report reconciliation.</li><li>- Reduce potential loss with a secure and tamper resistant meter vault and collection device.</li><li>- Provide additional payment options including credit card and phone payments.</li></ul> |  |
|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|

## Efforts Related to Recommendation Implementation

After Audit Report 2019-01 was released, the Parking Division worked effectively on implementing the report's recommendations. They issued numerous memorandums to address changes to their processes and implemented new procedures to improve internal controls. An Audit Status Update Memorandum was issued by the Parking Division Manager on June 14, 2019 to the Assistant Director of Development and Resource Management (DARM) Department, indicating all the steps taken to address the recommendations from the initial audit.

On October 17, 2019, the City of Fresno partnered with ParkMobile, a leading provider of smart parking and mobility solutions, to enable drivers to pay for parking using their mobile device. Smart parking meters were approved by Council on November 5, 2020 and are being installed throughout Downtown. These meters offer multiple payment options, including a credit or debit card. The smart meters also have a secure collection system, which includes a tamper resistant coin canister, locked collection device, and electronic access cards to create an audit trail of staff collections. The smart meters offer financial reporting tools to confirm collection and transmit collection information, count coins as they are deposited for dual accountability in comparison to meter data, and reports time-stamped dates for auditing.

## FOLLOW-UP AUDIT RESULTS

As a result of further testing within the new scope period of July 1, 2019 to December 31, 2019, follow-up findings were identified. Those findings are listed below, along with recommendations to improve upon the Parking Division's processes.

### **Finding 1: Bulk rate payment late fee processing was inconsistent**

The Parking Division currently has bulk rate agreements with the following entities –

1. Club One Casino
2. Fresno County Superintendent of Schools
3. Fresno County
4. Fresno Housing Authority
5. Judicial Council of California
6. SBA Project

Figure 1 provides the details on the rate, due date, and backup. As seen in the table, the due dates and backup provided by each entity can vary based on their agreement with the City.

**FIGURE 1 – Bulk Rate Agreement Comparison**

| Entity Name                             | Garage(s)/ Lot(s)                                            | Number of Permits                                              | Rate                           | Monthly Due Date                                                                                                                    | Backup provided with payment                                                                                                                           |
|-----------------------------------------|--------------------------------------------------------------|----------------------------------------------------------------|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| Club One Casino*                        | Underground                                                  | 100 (parking spaces)                                           | \$6,200/month agreed upon rate | Monthly payments shall be due on the 1st day of each month and shall be late if not received by CITY by the 10th day of each month. | None                                                                                                                                                   |
| Fresno County Superintendent of Schools | Congo Alley, Underground, Merced/Van Ness, Convention Center | <300 Usage varies from month-to-month                          | \$64/ access card              | Fee paid first of month, in advance.                                                                                                | Includes detailed list of access cards being utilized                                                                                                  |
| Fresno County                           | Congo Alley, Spiral, Convention Center                       | <150<br><150<br><300 Usage varies from month-to-month          | \$64/ access card              | Fee paid first of month, in advance, no later than the tenth of each month.                                                         | Lists number of access cards used in check detail, does not provide further backup. The Parking Division reconciles access card list received from SP+ |
| Fresno Housing Authority                | Spiral, Merced/Van Ness                                      | <25<br><25 Always pays for full number of access cards/permits | \$64/ access card or permit    | Fee paid first of month, in advance.                                                                                                | None                                                                                                                                                   |
| Judicial Council of California          | Congo Alley, Underground, Convention Center                  | <240 Always pays for full number of access cards               | \$64/ access card              | Fee paid first of month, in advance.                                                                                                | None                                                                                                                                                   |
| SBA Project*                            | Promenade Lot                                                | <110 Always pays for 70 permits                                | \$38/ permit                   | Payable in arrears, on the last day of each month.                                                                                  | Check details provided by SBA indicates usage of 70 stalls                                                                                             |

Source: Internal Audit, based on a review of the City's parking agreements.

\*SBA contract termination effective November 30, 2020. Club One Casino contract termination effective October 31, 2020.

Both Fresno County and the Fresno County Superintendent of Schools (FCSS) have access card counts that change from month to month. Fresno County includes the access card count for each garage utilized on their check detail but does not provide any additional documentation, as the contract does not require that additional information. The access card count is reviewed by the Parking Division in conjunction with SP+ data. FCSS does not include access card/permit counts on their check detail, but they provide a roster that has the detail and summary of access card counts for each garage utilized. Audit identified that the backup provided by Fresno County to verify the access card counts during the six months of scope period either did not reconcile with what was paid for, or was not provided. The Fresno County agreement with the City states that “County will assign employees to individual parking spaces and agrees to provide the City with the space assignment information upon request.” Parking Division staff indicated they have been unable to obtain this information from Fresno County on a reliable basis and continue discussions with the County to get this information in a more timely manner. Parking Division staff also indicated this is an item that will be resolved when newer garage access technology can be purchased.

Payment due dates for the various agreements include the first of the month, the tenth of the month, and the last day of the month. The FCSS, Fresno Housing Authority (FHA), Judicial Council of California, and SBA Project contracts do not include a grace period to determine when the late fees would be applicable. Based on testing conducted by Audit, there were six instances during the scope period where payments for the bulk rate agreements were not made by the due date and were not billed by the Parking Division. The table below details the late fees that should have been invoiced.

**FIGURE 2 – Late Fees for Bulk Rate Parking Payments**

| Month         | Late Penalty       |
|---------------|--------------------|
| July          | \$ 612.48          |
| August        | \$ 372.48          |
| September     | \$ -               |
| October       | \$ 48.00           |
| November      | \$ 48.00           |
| December      | \$ 48.00           |
| <b>Total:</b> | <b>\$ 1,128.96</b> |

*Source: Internal Audit based on a review of Bulk Rate payments.*

## Recommendations:

**1a)** The Parking Division should revise the City Council-approved contract template to include a requirement that clients provide verification of the access card/permit count on a monthly basis.

**1b)** The Parking Division should create a form for the submittal of monthly bulk rate parking agreement payments. Included on the form should be the number of access cards/permits being utilized, the rate, the payment due date, the month being paid for, and the late fee. Since each agreement may have slightly differing terms, the form could be customized to fit each contract.

**1c)** In accordance with Memorandum 2019-02, the Parking Division's Senior Account Clerk should enforce the late fees as part of their monthly payment reconciliation which is to be completed by the 15<sup>th</sup> of each month. If the parking agreement payment is late, the Parking Division should generate an underpayment invoice for the Late Payment penalty. The late fee should be collected within 15 days of mailing out the underpayment letter.

**Management Response:**

**1a)** *We concur. The Parking Division will bring to City Council a revised bulk rate agreement template by December 31, 2021.*

**1b)** *We disagree. The Parking Division will address this in the bulk rate agreement template update to avoid creation of additional forms and processing labor costs. During the audit period, the Parking Division was continuing to work with the County of Fresno to get the necessary data in order to reconcile access cards consistent with Expectations Memorandum 2019-02. The County is now providing the necessary information.*

**1c)** *We concur. The Parking Division will issue an update to Expectations Memorandum 2019-02 regarding application of late fees to make it consistent with the bulk rate agreement template. This will be completed by December 31, 2021.*

**Finding 2: New payment rates based on Consumer Price Index increase were not applied in a timely manner**

The Parking Division must adjust the bulk rate prices according to the MFS, which states:

*Effective July 1, 2018, staff shall administratively update the parking fees adjusted by Resolution 2017-16 annually to reflect the twelve month percentage change in the U.S. Bureau of Labor Statistics Consumer Price Index (CPI) (Urban Wage Earners and Clerical Workers for the San Francisco-Oakland-San Jose Area), for the most current month that data is available, or 3% whichever is less.*

Notices that indicate the updated bulk rates are sent out annually by the Parking Division in mid-June after the MFS is finalized by the City Clerk, with an effective date of July 1. Despite this notice, Audit found several instances where bulk rate clients did not pay the adjusted amount. Those included:

- The FCSS sent in their July 2019 payment on June 25, 2019 to make the July 1, 2019 deadline. Even though the Parking Division notified FCSS of the new rate in a letter dated June 13, 2019, FCSS made their payment based on the old rate. As a result, they made an underpayment in July for \$524, which was never collected.
- Fresno County sent their July 2019 and August 2019 payments late with the prior rate. However, they did remit their underpayments in their September 2019 payment.
- The FHA sent in their July 2019 and August 2019 payments with the prior rate. They remitted the underpayment in September 2019. This payment was posted to the incorrect account and was labeled with the incorrect Activity ID. This error was not corrected until March 2020.
- FHA underpaid \$100 for the month of September 2019 due to using the prior rate. This underpayment was collected in January 2021.
- The SBA made payments using their prior rate for the audit scope period. The underpayments were collected in February 2020.

A detail of all underpayments that were incurred as a result of making payments using the prior rate are listed in Figure 3.

**FIGURE 3 – Underpayments due to paying with prior rate**

| Entity                                  | Underpayments due to paying with prior rate | Collected underpayments | Outstanding underpayments |
|-----------------------------------------|---------------------------------------------|-------------------------|---------------------------|
| Fresno County Superintendent of Schools | \$ 524.00                                   | \$ -                    | \$ 524.00                 |
| Fresno County                           | \$ 1,572.00                                 | \$ 1,572.00             | \$ -                      |
| FHA                                     | \$ 300.00                                   | \$ 300.00               | \$ -                      |
| SBA                                     | \$ 840.00                                   | \$ 840.00               | \$ -                      |
| <b>Total:</b>                           | <b>\$ 3,236.00</b>                          | <b>\$ 2,612.00</b>      | <b>\$ 524.00</b>          |

*Source: Internal Audit based on a review of Bulk Rate payments.*

## Recommendations:

**2a)** The U.S. Bureau of Labor Statistics releases the April CPI rate, which is typically the rate that is used in the annual calculation, during mid-May. The Parking Division should send a draft bulk rate adjustment notice in May each year to each agency that contracts for parking under a bulk agreement. A confirmation of the new rate should be sent once the MFS is finalized.

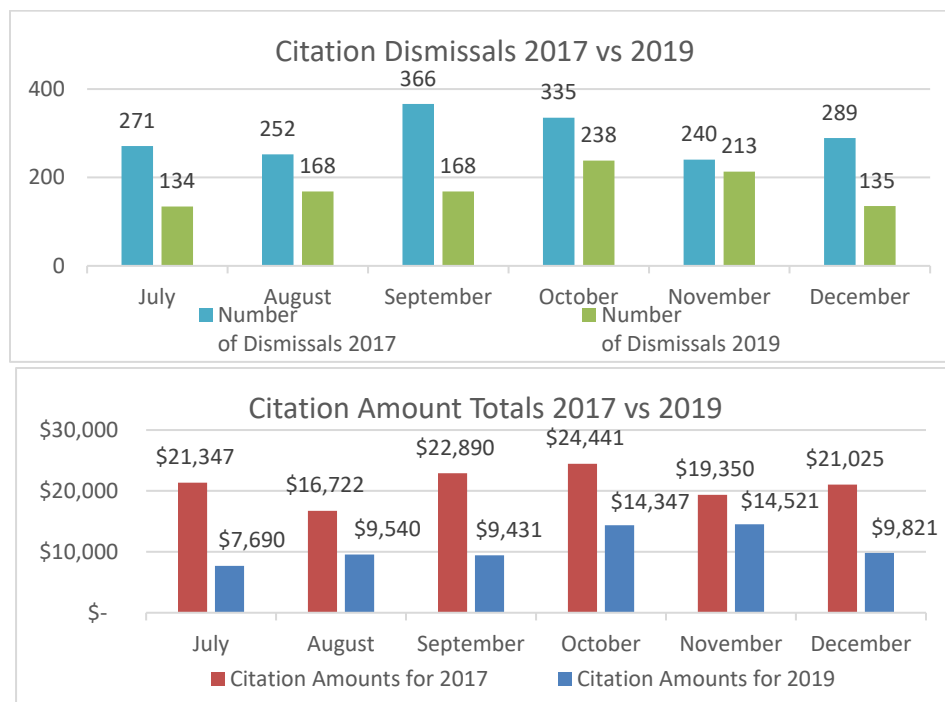
**Management Response:** *We concur. By December 31, 2021, the Parking Division will implement an Expectations Memorandum to document the MFS rate change communication process.*

### Finding 3: Documentation of audits of reduced citations was incomplete

Memorandum 2019-1 allows Parking Division personnel to grant citation reductions as allowed by California Vehicle Code and the Fresno Municipal Code. These reductions are expected to include details regarding what verification steps were completed to justify the citation reduction. In order to ensure that staff is including details for justifying citations reductions, the Parking Supervisor is required to complete an audit of citations which were reduced on a monthly basis by the 10<sup>th</sup> of the following month. The Parking Supervisor randomly selects five business days in a month, reviews the citations paid on those days for any citation reductions, and reviews the details and notes for those reductions. If a citation reduction has insufficient detail, the Parking Supervisor sends an email to the employee involved and the Parking Division Manager requesting further detail on the verification taken. Once that detail is provided, the Parking Supervisor signs off and sends the citation audit, along with any emails sent, to the Parking Division Manager. The Parking Division Manager completes their review, signs off, and returns the citation audit to the Parking Supervisor for recordkeeping.

Audit compared the citation dismissals between the period of July 2017 through December 2017 and July 2019 through December 2019. Based on the data, there has been a significant decrease in the number of citations dismissals and the bail amounts since this procedure was implemented.

**FIGURE 4 – Citation Dismissals and Citation Amounts comparisons for 2017 and 2019**



Source: Internal Audit, based on a review of the City's citation dismissals



Audit also reviewed the citation audits for the scope period. There was one out of the six months where a citation audit was not able to be located. Within the five available citation audits, the main issue was that not all reduced transactions were highlighted to document they were reviewed. All five citations audits included reduced transactions that were missed, for a total of 15 citation reductions missed within 489 citations (3%). Other issues identified included two occurrences where the summary cover page of the audit listed the incorrect days, and one instance where only four days were selected for the audit instead of five.

### **Recommendations:**

**3a)** Citation audits need to be more thoroughly completed to ensure that all citation reductions are reviewed and documented.

***Management Response:** We concur. By December 31, 2021, the Parking Division will provide an update to Expectations Memorandum 2019-1 to better document the process.*

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Jennifer K. Clark, AICP, HDFP  
Director

## EXPECTATIONS MEMORANDUM

Issued By: Thomas Gaffery, Parking Division Manager  
Date: July 23, 2018  
Number: 2018-1  
Supersedes: None

**Subject: Initial reviews, citation dismissals, voids, warnings, and late fee waivers**

This memo serves to provide direction and document expectations of City of Fresno employees reporting to the Parking Division Manager. The parking citation issuance process is governed by California Vehicle Code (CVC) and employees are expected to have a working knowledge of sections 40200-40300.

### Definitions:

**Initial Review** – This is also commonly known as an “appeal,” “first level appeal,” or “administrative review.” For consistency with CVC 40215, “Initial Review” is the preferred terminology. This also includes requests from City of Fresno employees pursuant to AO 7-1. From an initial review, the citation will either be upheld or dismissed.

**Dismissal** – The person responsible for the vehicle is no longer responsible for the citation and no amount is due. As outlined in CVC, a dismissal can occur as a part of the initial review process, administrative hearing, court hearing, or a void.

**Void** – Actions resulting in the registered owner no longer being responsible for the citation and no longer owing a balance due, absent an initial review, shall be considered a void. Voids are not requested by customers, they are only generated internally by parking staff. A void shall only be entered in Turbo Data Systems by the Parking Division Manager or the Director of DARM.

**Warning** – The Parking Control Officer generates a citation for a violation, but no amount is due. This is documented in Turbo Data Systems database. Parking Control Officers are not authorized to issue verbal warnings. All warnings must have written documentation.

### Authority Granted:

*Parking Supervisors, the Parking Division Manager, and the Director of DARM* are authorized to review and dismiss parking citations submitted via initial review or pursuant to AO 7-1.

The *Parking Division Manager and Director of DARM* are the only individuals authorized to void citations or remove late fees.

*Parking Control Officers* have the authority to issue warnings in the field at their discretion.

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**Jennifer K. Clark, AICP, HDFP**  
**Director**

**INTERIM EXPECTATIONS MEMORANDUM**

Issued By: Thomas Gaffery, Parking Division Manager  
Date: March 11, 2019  
Number: 2019-1  
Supersedes: None

**Subject: Entry and Monthly Audit of Citation Reductions**

This memo serves to provide direction and document expectations of City of Fresno employees reporting to the Parking Division Manager.

Staff may grant citation reductions pursuant to CVC, FMC and issued Expectations Memos. When a reduction is processed, staff are expected to include details in the "Notes" portion of the citation in Ticket Pro Web. These notes should indicate what verification was completed in order to justify the citation.

The Parking Supervisor assigned to the parking business office shall complete a spot audit of reduced citations in a given month by the 10th day of the following month.

For the audited month, select 5 business days to audit. For each business day audited, print the daily transaction report. Identify transactions, based on dollar amount, that appear to have been reduced. Highlight these transactions. For each of these highlighted transactions, review the citation details to confirm a reduction took place, and if so, that staff included the appropriate detail in the citation notes. Indicate so on the daily transaction report. If insufficient detail is included, send a reminder email to the employee who posted the transaction and copy the Division Manager. When completed, sign and date the audit, include copies of any emails sent, and provide it to the Division Manager. The Division Manager will review, sign, and return to the Parking Supervisor for recordkeeping.

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**Jennifer K. Clark, AICP, HDFP**  
**Director**

**INTERIM EXPECTATIONS MEMORANDUM**

Issued By: Thomas Gaffery, Parking Division Manager  
Date: June 14, 2019  
Number: 2019-2  
Supersedes: None

**Subject: Processing and reconciliation of parking bulk rate agreements**

This memo serves to provide direction and document expectations of City of Fresno employees reporting to the Parking Division Manager.

This Expectations Memorandum is being issued to establish control of customers eligible for the discounted bulk rate price and ensure compliance with payment requirements and agreement terms.

All bulk rated payments shall be paid directly to the City of Fresno Parking Division and not the City's parking operator.

The Parking Division business office Management Analyst II will keep a running list of all current parking agreements and their terms.

The Senior Account Clerk shall complete a monthly payment reconciliation by the 15<sup>th</sup> day of each month and provide this information to the Senior Management Analyst, including any variances from the agreed-upon terms. Entities found not in compliance with payment terms will receive written notification of late payments and penalized with late fee charges per their bulk rate agreement.

For clients issued monthly permits, the City of Fresno will coordinate with SP+ on how many permits to be issued. Any variance in permits issued by SP+ will be reported to the City for billing in arrears. Clients issued monthly access cards will provide the City of Fresno a list of paid access cards for that given month. By the 30<sup>th</sup> of that given month, SP+ shall notify the Senior Management Analyst that the reconciliation has been complete and the number of access cards that have been deactivated.

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**Jennifer K. Clark, AICP, HDFP**  
**Director**

**INTERIM EXPECTATIONS MEMORANDUM**

Issued By: Thomas Gaffery, Parking Division Manager  
Date: June 14, 2019  
Number: 2019-3  
Supersedes: None

**Subject: Meter coin collection & counting process, internal controls, and records retention**

This memo serves to provide direction and document expectations of City of Fresno employees reporting to the Parking Division Manager.

This Expectations Memorandum is being issued to establish control of the meter coin collection and counting process and ensure compliance with Department operating procedures.

**Coin Collection:**

Coin revenue is collected Monday - Friday, 5:30AM – 7:30AM for nine (9) collection areas (zones) by three (3) Parking Meter Attendants and a lead Attendant. Attendants collect from individual meters in designated routes and label coins accordingly. Coin boxes are secured during collection in a lock box attached to the vehicle. Then, delivered to the vault attendant(s) by 7:30AM for the count process.

**Coin Counting Process:**

Vault attendant(s) shifts are assigned on a weekly rotation. They receive the coin boxes from the Attendants and use the coin-counting machine to identify the zone and value the coins. Coins are sorted by denomination and enclosed in bank deposit bags (25lb), one bank deposit slip is used to identify each bag. A final bag count and dollar value is recorded into a Meter Revenue database and records are printed for Accounting. The coins are delivered and transferred to the Utilities, Billing & Collections vault (a secured collection point), and set aside for collection from the bank courier. The deposit slip and daily deposit report is delivered to the Parking Division Account Clerk for booking.

**Internal Controls:**

All coin collected is counted in the same day collected. Meter keys are assigned by zone and to attendants. Collected coins are secured on locked boxes on Attendant vehicles before transfer to vault attendant. Video cameras are being installed in the vault room, for added internal controls and security. A weekly report of deposits is provided to the Division Manager or his/her designee and the Division completes monthly financial review of revenue transactions.

**Record Retention:**

The city retention for financial records is four years. All deposit data is recorded in Peoplesoft and Meter Revenue database.

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**Jennifer K. Clark, AICP, HDFP**  
**Director**

**INTERIM EXPECTATIONS MEMORANDUM**

Issued By: Thomas Gaffery, Parking Division Manager  
Date: January 14, 2020 FINAL  
Number: 2020-1  
Supersedes: None

**Subject: Project Codes for Parking Division Revenue and Expenditures**

This memo serves to provide direction and document expectations of City of Fresno employees reporting to the Parking Division Manager.

This Expectations Memorandum establishes project accounting practices of the Parking Division.

**Revenue Bookings:**

The Senior Account Clerk shall complete revenue bookings within a week of transaction date for all revenue received by the Parking Division, the City's parking facility operations vendor, credit card processing agent, or any other vendor accepting payments on behalf of the City. Backup reports and documentation from revenue sources should identify facility location and revenue type by account, project and activity codes. If garage location and revenue type is not available, the Senior Account Clerk will research and assign the best project codes.

**Filing:**

The Senior Account Clerk upon completion of general ledger bookings will scan and file all accounting revenue bookings and backup electronically, into a shared drive T:ACCTG/Journals under the appropriate fiscal year folder. Expenditure records will be scanned and filed electronically to the folder T:\BETH\ACCT PAYABLES\VENDORS AP including but not limited to accounts payables, purchase orders, interdepartmental billings and journal entries. Paper records for the current year will be filed in the hall cabinet, labeled by type of transaction. Prior years will be purged at the beginning of the new fiscal year, electronic records should be purged after 7 years.

**Project Account Codes:**

All revenue and expenditure transactions posted in the general ledger will have an identifying project and activity code, with detailed description. The Senior Management Analyst will maintain the project and activity code chart of accounts. A monthly review completed by the Senior Management Analyst to identify any ledger posting errors will be provided to the Senior Account Clerk, who shall be responsible for the journal entry corrections or research at the end of the month.

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**Jennifer K. Clark, AICP, HDFP**  
Director

June 14, 2019

**MEMORANDUM**

**To:** Dan Zack, AICP, CNU-A  
Assistant Director, DARM

**From:** Thomas W. Gaffery IV, MBA, CAPP  
Parking Division Manager



**Subject: Parking Division Audit Status Update**

Recommendation 1

*The Parking Division should immediately establish written standard operating procedures that include adequate internal controls and monitoring of parking facility usage.*

The following steps have been completed:

- a) Expectations Memorandum 2019-1 outlines the business process for tracking parking bulk rate agreements, their payments, and their access controls managed by SP+.
- b) The Parking Division collected past due payments from the County of Fresno and others.
- c) Expectations Memorandum 2019-1 entitled "Processing and reconciliation of parking bulk rate agreements" was issued on March 8, 2019.
- d) The access control hardware in Parking Garage 8 cannot effectively track transient parking and in-and-out privileges to effectively invoice Club One and Radisson. The Parking Division has directed SP+ to begin the process of planning for replacement for this hardware and the project design and scoping effort is underway.

Recommendation 2

*The Parking Division should follow standard accounting procedures and immediately establish policies and procedures that will enable management to identify the profit and loss for each garage/lot and from each agreement.*

The following steps have been completed:

- a) All clients with monthly bulk rate agreements now remit payments directly to the Parking Division.
- b) PeopleSoft project codes were created for various parking facilities to improve accuracy of revenue and expense postings.
- c) Tracking of bulk rate agreement payment status has been outlined in Expectations Memorandum 2019-1.
- d) Develop a process for consistent method of labeling payments in PeopleSoft.
- e) Began daily batch processing of credit card payments in PeopleSoft, as opposed to individual transactions.

Recommendation 3

*The Parking Division should maximize revenue from contracts whenever possible.*

These findings have been addressed in Recommendations 1 and 2.

#### Recommendation 4

*The Parking Division should develop policies and procedures for dismissing citations that include an approval form that must be signed by the Parking Manager or the Director for approval before a citation presented at City Hall can be dismissed or reduced.*

The following steps have been completed:

- a) Expectations Memorandum 2018-1 was issued regarding initial reviews, dismissals, voids, warnings, and late fee waivers.
- b) Expectations Memorandum 2018-2 was issued regarding address changes and late fee waivers.
- c) Expectations Memorandum 2018-3 was issued regarding citation reductions pursuant to California Vehicle Code 40226.
- d) Expectations Memorandum 2018-5 was issued regarding citation reductions related to expired tags and correctable violations.
- e) Expectations Memorandum 2019-2 was issued regarding the monthly audit process for citation reductions.
- f) The City of Fresno employee parking citation administrative review form was discontinued and employees are now directed to request an administrative review on the public-facing website.

Expectations Memoranda 2019-1 and 2019-2 have been issued as “interim” until the impacted collective bargaining units have been notified.

#### Recommendation 5

*The Parking Division must improve internal controls surrounding the parking meter collection process.*

The following steps have been completed:

- a) The Parking Division evaluated if the City’s armored carrier could provide cost-effective sorting and counting services, and we determined it would not be efficient or cost-effective.
- b) A new, more accurate, coin counting machine has been purchased.
- c) A work request for cameras to be installed in and around the vault has been submitted.
- d) For internal control purposes, Parking Meter Attendants now work a weekly rotation in the vault.
- e) An RFP was solicited for credit card parking meters, finalists have been interviewed, and funding for the project is in the FY20 budget request.