

AUDIT REPORT

**Dutchess County Department of Public Works –
Buildings Division
Parking Lot Operations**

Table of Contents

Comptroller's Summary	3
Background and Organization	3
Audit Scope, Objective and Methodology	3
Summary of Findings	3
Control Environment	3
Oversight and Supervision	3
Duty Segregation	4
Written Processes and Procedures	4
Control Activities	5
Parking Lot Operation	5
Ticket and Cash Collection Process	5
Reconciliation of Tickets and Funds	6
Reconciliation and Banking Processes	6

Comptroller's Summary

Background and Organization

The Parking Lot is under the auspices of the Dutchess County Department of Public Works – Buildings Division. The paid parking lot is located next to 22 Market Street and is provided for the convenience of the public. A fee is charged for the use of the facility. The parking lot hours of operation are from 8:00AM to 5:45PM, Monday through Friday.

Audit Scope, Objective and Methodology

We performed a review of the Department of Public Works – Parking Lot daily operations from May through September 2011. The 2011 revenue budgeted for the Parking Lot is \$115,000.

The objective of our audit was to review and assess the adequacy of internal controls over the Parking Lot's collections including the processes for securing, depositing, recording and reconciling cash and tickets. Methods utilized included: interviews, observations and the review of selected records including written department processes and procedures.

Summary of Findings

- Oversight and monitoring of selected operations could be improved regarding security of funds.
- Comprehensive written policies and procedures were not available for all job functions and for manual processes. However, additional written procedures were developed while the audit was conducted. Written procedures for when manual processes are necessary were being developed as of the audit writing.

Control Environment

Control environment is the internal control and control consciousness established and maintained by both management and employees and supports compliance with laws, rules, regulations and management directives. Management is responsible to educate employees regarding the importance of internal controls.

Periodic risk assessment is necessary to prevent the mishandling of funds and to safeguard against loss and/or theft.

Oversight and Supervision

The parking lot oversight and supervisory responsibilities are under the auspices of the management of the Department of Public Works – Buildings Division.

Duty Segregation

Duty segregation for cash handling, ticket handling and reconciliation was reviewed.

Attendants, an Accounting Clerk and Principal Accounting Clerk handle cash. Each employee has differing responsibilities that are appropriately segregated. In addition, support staff is trained to perform duties if someone is not available on any given day.

Tickets are pre-numbered and are placed in the machine sequentially. Tickets are retrieved by the attendant from storage.

Deposit preparation is performed by the Principal Accounting Clerk who verifies the daily report of tickets and cash. An Accounting Clerk escorted by a Deputy Sheriff or DPW Supervisor deposits the funds in the bank.

Finding

- The Parking Lot Attendant retrieves a startup fund from the same lock box that holds the prior day's receipts.

Recommendation

- The startup fund should be segregated from the prior day's receipts to limit access of the prior day's receipts to the Principal Accounting Clerk, who will count, verify and prepare the deposit.
 - *Note: During the writing of this report, this issue was addressed. The department provided a comprehensive written procedure received on September 26, 2011.*

Written Processes and Procedures

Defining specific job responsibilities for each individual responsible for cash handling including monitoring and oversight duties are essential for good internal control. Detailed processes should be reviewed periodically.

Finding

- Although there were some written procedures for parking lot operations, operating procedures for the Attendants, Accounting Clerk, and Principal Accounting Clerk, were not comprehensively defined to delineate each individual's responsibilities. In addition, there were no written procedures available for when machinery malfunctions and manual processes are necessary.

Recommendation

- Detailed processes for each position were requested during the audit to further delineate individual employee responsibilities.

- *Note: During the writing of this report, the department provided a comprehensive written procedure for each position's parking lot function.*
- *Procedures for manual operations were developed and have been included in the revised procedures dated September 26, 2011.*

Control Activities

Parking Lot Operation

There are two operating funds for the parking lot, a full-time and a relief fund, as there is typically at least two individuals who are responsible to rotate the time worked daily in the parking booth.

Ticket and Cash Collection Process

When motor vehicles enter, the driver is issued a ticket stamped with the time by the parking system. Upon exit the ticket is presented to the cashier, the cashier enters the entrance time into the parking system, inserts the ticket into the system's printer which prints the current (exit) time and the calculated fee on to the ticket. The attendant then collects the fee and the system opens the exit gate allowing the customer to leave.

Observations

- ❖ When there is no fee assessed, such as when a customer has no money, the shortage/justification form is completed with the ticket number and fee, along with the name, driver's license number, and license plate number of the customer. This form is included in the daily report.
- ❖ In situations when a customer is on County business with their own vehicle, they are charged at the normal parking lot rates. In situations when a County vehicle is used, the County employee will sign the parking ticket with their County Department noted (the fee is then waived).
- ❖ It was indicated by staff and management that during the period of audit, the system (exit) printer was inoperative for three to four months, with a new printer being installed on 4/28/2011. This resulted in time out and parking fees being calculated and recorded manually during this period.
- ❖ When the equipment malfunctions, a manual system is implemented.

Findings

- It was observed on several occasions the relief Attendant would leave the booth door open and would be outside the booth.
- In observing a daily routine, it was noted that the Parking Lot Attendant did not count the start up fund when it was retrieved from the lock box in the morning.
- When the relief fund is counted and secured for the day, the daily receipts are left in the parking lot booth. This practice leaves those funds vulnerable.

- At the end of the day all funds are secured in a common lock box in the DPW offices.
- On the day of our review it was noted that the full-time Attendant's fund bag containing the prior day's receipts was not sealed when it was retrieved from the lock box by the Principal Accounting Clerk.

Recommendations

- While parking lot funds are in the parking lot booth, for fund security, the attendant should remain in the booth with the door closed and locked.
 - *Note: During the writing of this report the department included this as a written procedure. In addition, per DPW, this issue was addressed with all DPW staff on September 13, 2011.*
- To ensure that the start-up fund was not tampered with, it should be recounted in the morning.
- The relief fund receipts should be secured in a segregated lock box somewhere other than in the parking lot. This would remove the fund from the possibility of loss or robbery.
- Segregated lock boxes for the relief and full-time fund would remove one individual from the chain of custody improving control of the funds. *Per DPW, an additional lock box was installed in DPW Buildings' Office on 9/23/2011 for the relief fund.*
- For proper control, the plastic fund bag must always be sealed prior to being secured in the lock box in the DPW offices.
 - *Note: A comprehensive written procedure was provided after the completion of field work for this audit. This written procedure, dated September 26, 2011, addressed the above five recommendations.*
 - *A calculator was purchased and placed in the booth on 9/28/2011 to aid the parking lot attendants with transactions.*

Reconciliation of Tickets and Funds

The processes the Department uses to verify daily receipts and the bank deposit were reviewed. Additionally, the process for comparing the used tickets to the daily printed tape, the parking lot daily cash and ticket report and daily receipts were reviewed.

Observation

- ❖ No exceptions were noted in the operating processes reviewed for reconciliation of tickets and funds.

Reconciliation and Banking Processes

The parking lot funds are retrieved from the lock box by the Principal Accounting Clerk who opens and counts both funds. The total funds counted are verified to the daily cash and ticket report and entered on a monthly spreadsheet. A bank deposit is then created and the funds are sealed in a plastic bag with the deposit amount being written on the outside.

The deposit is given to an Accounting Clerk who takes the deposit to the bank and upon returning gives the customer receipt and copy of the deposit ticket to the Principal Accounting Clerk. The Principal Accounting Clerk verifies the deposit to the daily cash and ticket report. At the end of each month, the month's deposit slips are given to the Department of Finance. Finance gives a cash receipt report to the Principal Accounting Clerk who compares and reconciles the monthly receipt amounts. The bank account is maintained and reconciled by Finance.

Observation/Finding

- ❖ No exceptions were noted in the reconciliation and banking processes reviewed.