#  RIVERSIDE: AUDIT & ADVISORY SERVICES

July 31, 2018

To: Irma Henderson, Director

 Transportation and Parking Services

Subject: Internal Audit of Transportation and Parking Services

Ref: R2017-01

We have completed our audit of Transportation and Parking Services (TAPS) in accordance with the UC Riverside Audit Plan. Our report is attached for your review. We will perform audit follow-up procedures in the future to review the status of management action. This follow-up may take the form of a discussion or perhaps a limited review. Audit R2017-01 will remain open until we have evaluated the actions taken.

We appreciate the cooperation and assistance provided by your staff. Should you have any questions concerning the report, please do not hesitate to contact me.

 Gregory Moore

 Director

cc: Ethics & Compliance Risk and Audit Controls Committee

UNIVERSITY OF CALIFORNIA AT RIVERSIDE

AUDIT & ADVISORY SERVICES

MEMBER OF ASSOCIATION OF COLLEGE & UNIVERSITY AUDITORS

INTERNAL AUDIT REPORT R2017-01

TRANSPORTATION AND PARKING SERVICES

JULY 2018

 Approved by:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Noahn Montemayor Rodolfo Jeturian

Principal Auditor Assistant Director

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Gregory Moore

 Director

**UC RIVERSIDE**

TRANSPORTATION AND PARKING SERVICES

**INTERNAL AUDIT REPORT R2017-01**

**JULY 2018**

**I. MANAGEMENT SUMMARY**

Based upon the results of work performed within the scope of the audit, it is our opinion that, overall, the system of internal controls at Transportation and Parking Services (TAPS) is operating satisfactorily and is generally in compliance with University policies and procedures.

Positive observations included:

* + - Management is receptive to the audit function and has implemented all past audit recommendations to improve business processes and internal control.
		- Management continues to enhance operating efficiency.
			* TAPS uses the T2 Flex parking management system – a single software solution that coordinates parking management, enforcement, permits, events, and revenue control.
			* Parking permit dispensers now accept payments only by debit/credit card; eliminating the risks associated with receiving cash using permit dispensers and personnel retrieving cash from those dispensers.
			* Maintenance and modernization of parking facilities continue, including improvements to landscaping, lighting, and security.

We observed some areas that need enhancement to strengthen internal controls and/or effect compliance with University policy:

1. Pre-printed complimentary parking permits could be better controlled and accounted for. (Observation III.A.)
2. Documentation of requests to void citations were not all retained in department records. (Observation III.B.)

These and other items are discussed below. Minor items that were not of a magnitude to warrant inclusion in the report were discussed verbally with management.

**II. INTRODUCTION**

 **A. PURPOSE**

UC Riverside Audit & Advisory Services (A&AS), as part of its Audit Plan, performed an operational review of TAPS to evaluate compliance with certain University policies and procedures, efficiency and effectiveness of selected operations, and adequacy of certain internal controls.

 **B. BACKGROUND**

TAPS is an auxiliary enterprise that provides parking services and alternative transportation programs in support of the University’s mission of teaching, research, and public service.

The department’s sources of revenue are permit sales, citation fines and forfeitures, transit services recharges, and collections from visitor lots, special events, and alternative transportation.

 **C. SCOPE**

Audit procedures were performed to evaluate the effectiveness of management policies, procedures, control activities, and operating practices related to the administration of transportation and parking services, in particular: cashiering, special events and complimentary permits, parking enforcement and citations, and overall financial reporting.

Audit & Advisory Services reviewed selected records supporting transactions that occurred between July 2016 and June 2017, and examined procedural controls relating to the following major administrative areas:

**1. Financial Analytic Review**

Performed a financial analytical review of revenues and expenditures for fiscal years (FYs) 2013-14 through 2015-16, to detect unusual trends or fluctuations and determine reasons for significant variances. Identified funds with deficit balances as of the end of FY 2015-16 and evaluated the reasonableness of those balances.

**2. Internal Controls**

Reviewed and evaluated administrative and accounting procedures and internal controls based on management responses to the internal control questionnaire and verification of selected areas.

**3. Cashiering Operations**

Evaluated TAPS cashiering operations for efficiency and compliance with University policy and procedures. On March 28, 2017, the Main Cashiers Office performed cash counts of TAPS petty cash and change funds. No significant controls weaknesses or cash count discrepancies were discovered.

**4. Special Events and Complimentary Permits**

Reviewed operating activities that manage parking services during special events, including both paid parking permits and complimentary permits. Selected and reviewed parking operations for special events on May 3, 2017 that comprised three (3) special events and involved three (3) parking lots and the work of six (6) parking attendants. Reviewed information in Event Parking Daily Reconciliation, Event Cash Tracking Sheets, and supporting documents to evaluate the validity, accuracy, and completeness of recorded issued permits, cash collections, and revenue amounts, as well as appropriate supervision, accountability, and custodial controls.

Reviewed operating procedures that control the production, distribution, use, and disposal of pre-printed complimentary parking permits and assessed the risks of loss or misappropriation of permits.

**5. Parking Enforcement and Citations**

Evaluated the effectiveness of operating procedures for enforcing parking regulations, including assigning enforcement officers, monitoring facilities, detecting parking violations, and issuing and voiding citations. Selected and reviewed records of parking violation citations voided during the months of April and May 2017.

**D. INTERNAL CONTROLS AND COMPLIANCE**

As part of the review, internal controls were examined within the scope of the audit.

Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the achievement of objectives in the following categories:

\* effectiveness and efficiency of operations

\* reliability of financial reporting

\* compliance with applicable laws and regulations

Substantive audit procedures were performed during January to June 2017. Accordingly, this evaluation of internal controls is based on our knowledge as of that time and should be read with that understanding.

**III. OBSERVATIONS, COMMENTS, AND RECOMMENDATIONS**

1. **Housing Permits**

Pre-printed complimentary parking permits provided to Housing, Dining, & Residential Services (HDRS) could be better controlled and accounted for.

COMMENTS

For customer convenience and operational efficiency, TAPS provides HDRS adequate supply of pre-printed complimentary parking permits. These “housing permits” are sequentially numbered, marked as complimentary, valid only for specific parking lots, and for the period covered by the beginning and end dates written in each paper permit. They are pre-printed to indicate they are valid only until the last day of the fiscal year (i.e., June 30, 20xx). As such, housing permits generated at the beginning of a fiscal year are valid for the entire fiscal year.

TAPS relinquishes physical control and accountability for housing permits once they are delivered to HDRS. After the end of the fiscal year, TAPS requests HDRS to return unused permits for proper disposal.

RECOMMENDATIONS

Management should consider producing housing permits valid for just three (3) month time periods, in quantities sufficient to meet HDRS needs for such permits.

MANAGEMENT RESPONSE

Effective September 2017, the parking permits that are provided to Housing have been changed to a quarterly cycle with the permits only valid for 90 days.  In this manner, we are also able to effectively track the quantities that are needed to make sure that we are not over stocking these permits.

1. **Citation Voids**

Documentation of requests to void citations were not all retained in department records.

COMMENTS

A citation is “voided” when the citation was created, printed, and found to be in error. Citations are voided upon request by parking enforcement officers or their supervisor for verifiable human, clerical, or equipment errors. The parking enforcement manager reviews and approves all valid citation void requests.

For the months of April and May 2017, some documents of requests to void citations were no longer available in TAPS official records.

RECOMMENDATIONS

Management should retain all documentation of requests to void citations, in accordance with University record retention policy and procedures.

MANAGEMENT RESPONSE

Effective May 2018, a fillable pdf form was created to initiate a voidable citation.  This is submitted via email to Debra Longazo who then voids the citation in the T2 Flex parking management system.  Upon voiding the citation, Debra attaches the electronic copy of the Citation Void Form to the citation in the system.  This note entry is coded and can be used to run routine and ad-hoc reports.