



2018 Parking Services Cash Handling Review

8/3/2018

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EXECUTIVE SUMMARY

The Office of Organizational Performance and Accountability (OOPA) conducted a special review of the Mobility and Parking Services Department (MPS). The purpose of this review was to evaluate the adequacy of the internal control environment related to cash receipts and determine that City resources were adequately safeguarded. Collections were also reviewed and evaluated to determine whether they were processed accurately. An initial review was performed for all of the cash receipts collected at the five parking garages and the Visitor Center lot for the period January 1 through January 31, 2018.

Observation I: Cash handling processes lacked adequate controls

It was determined there were insufficient controls in place over the cash receipts process. Control deficiencies associated with the lack of security over cash receipts, non-compliance with policies and procedures, segregation of duties and the overall accountability of cash receipts needs improvement.

Observation II: Cash receipts are not deposited intact and in a timely manner

There were significant deficiencies relating to the deposit of cash receipts including lack of timeliness and completeness. It was challenging to detect any missing cash receipts since record keeping and data entry was not complete or reliable. Control deficiencies existed with the discovery of several sealed deposit bags that were held, opened, and deposited months later. The identification of cash receipts that totaled \$1,200 was never deposited in the Wells Fargo bank account and is presumed missing. Current MPS cash receipt operations represents an insufficient control environment resulting in a high risk for the City's parking cash receipts to be mishandled or misappropriated.

Parking Services controls over financial reporting lack preventative or detective controls in their current state. Based on the high number of **Significant Deficiencies** identified, OOPA has determined Parking Services as a whole to be a **Material Weakness**.

Introduction and Background

The request for the special review came from the City Manager’s Office based on a recent incident. Initially on Friday January 12, 2018, a deposit bag earned from the Hockey Classic went missing. This was related to the special event parking at the Liberty Street Garage that Friday morning. The total amount of the missing deposit bag was \$1,192. The City Manager’s Office was notified and a meeting was scheduled for Thursday January 25, 2018 to discuss the incident. As the meeting was commencing, we received notification that the missing bag was discovered behind a cabinet in the Parking Supervisors Office. Parking personnel stated all the money was intact and fully accounted for so this was no longer an issue. However, the City Manager’s Office still requested that OOPA perform a review of the cash handling for parking cash receipts.

MPS is responsible for operating, managing and controlling on-street and off-street parking throughout the city. It operates over 3,000 metered parking spaces, five public garages, and six surface lots in downtown Savannah. The MPS mission is to *“provide for the safety and convenience of Savannah’s citizens and visitors by maximizing on-street and off-street parking opportunities and by regulating transportation services. While providing quality services to internal and external customers by being transparent/accountable, and promoting alternative methods of mobility.”*

The parking areas examined in this review included the five parking garages and the Visitor Center’s lot. The combined capacities for these six areas total approximately 3,700 spaces. They are typically open every day of the year with the operating hours varying per garage.

Revenues earned by the garages and lots are comprised of monthly parking permits, daily parking, and special event parking. The six areas average around \$7 million per year for the past four years. Whitaker Street Garage is the location that earns the most averaging a little over \$3 million per year. The revenue earned in 2017 totaled approximately \$7.9 million. This data is summarized in the chart below.

	2014	2015	2016	2017
Visitor Center Lot	\$ 158,567.00	\$ 190,397.00	\$ 164,605.00	\$ 231,020.00
State Street Garage	\$ 726,069.62	\$ 766,721.47	\$ 815,740.16	\$ 834,911.47
Bryan Street Garage	\$ 1,182,531.31	\$ 1,223,596.02	\$ 1,240,626.04	\$ 1,227,016.27
Liberty Street Garage	\$ 405,780.55	\$ 447,373.65	\$ 669,501.71	\$ 776,620.29
Whitaker Street Garage	\$ 3,132,556.55	\$ 3,248,184.95	\$ 3,268,057.84	\$ 3,534,502.75
Robinson Garage	\$ 1,106,404.09	\$ 1,109,762.53	\$ 1,124,969.82	\$ 1,287,754.59
Total Revenue	\$ 6,711,909.12	\$ 6,986,035.62	\$ 7,283,500.57	\$ 7,891,825.37

SOURCE: OOPA compilation of MPS revenues

For the review period of January 2018, we identified approximately 400 deposits totaling \$308,700. Please see the information below relating to deposits for each garage:

Garage	Number of Deposits	Amount of Total Deposits	Number of Shifts
Whitaker	83	\$ 95,945.06	90
Bryan	80	\$ 97,631.78	87
Robinson	78	\$ 52,715.00	85
State	76	\$ 29,865.50	83
Liberty	57	\$ 25,339.46	62
Visitor	22	\$ 7,198.00	25
TOTAL	396	\$ 308,694.80	432

SOURCE: OOPA compilation of MPS parking deposits

Objective, Scope and Methodology

The objectives for this review include:

1. To determine whether adequate internal controls exist for parking garage cash receipts.
2. To determine whether these receipts were deposited intact and in a timely manner.

The review focused on the cash receipts collected during January 1, 2018 through January 31, 2018 at the five parking garages and Visitor Center's lot. In meeting our objectives, we performed the following procedures:

- Examination of various department policies and procedures, organizational chart, staffing and responsibilities and duties
- Interviewed several parking attendants and management to better understand the process and duties as well as communicated with accountants in the Financial Services Department
- Reviewed processes used in collecting, preparing, depositing and posting of cash receipts
- Observed daily operations to identify systems used and procedures in place
- Reviewed supporting documentation such as bank statements, cash register reports (ScanNet), video surveillance footage, deposit logs, and daily cash count balance sheets
- Inquired with the Financial Services Department to identify ledger posting and reconciliation of parking revenues and obtain reports
- Compiled every daily cash receipt balance sheet for the month of January 2018 due to unavailability of reports due to malware attack
- Performed dual purpose testing of controls and substantive testing on daily cash receipt collections (100% - 438 for the month of January 2018)
- Traced daily deposit amounts to Wells Fargo bank statements
- Some barriers encountered during our review include:
 - city-wide malware attack that affected every computer and restricted access to data
 - software that generates cash register reports was unavailable for quite some time creating delays
 - Unfamiliarity of ScanNet reports by user presented difficulties in obtaining pertinent detail/data
 - Requested documents were delayed or never received

OOPA extends its appreciation to MPS staff and all other entities who contributed to this review and for their cooperation and assistance.

OBSERVATION I: CASH HANDLING PROCESSES LACKED ADEQUATE CONTROLS

We conducted this review to focus on the internal controls currently in place and that the controls provide reasonable assurance that best practices exists for the City assets in their care. During our review of the various parking locations, we found:

- Cash handling processes lacked controls which could result in loss of city funds
 - Insufficient physical safeguards
 - Inconsistent segregation of duties
 - Non-compliance of policies and procedures
 - Significant deficiencies in monitoring, verification, accountability, and data integrity

Finding 1	The physical safeguarding of cash receipts should be a primary concern when dealing with large amounts of cash. The use of safes or drop boxes for the storage and security of assets achieves this protective measure. MPS currently has two working safes for the six locations. The safes are generally not used for the storage of cash receipts or sealed deposit bags since they are collected by MPS Parking Monitors at the end of every shift.
Recommendation	Secured drop boxes should be installed at every location where cash receipts are collected. Access to these boxes should be limited to management personnel only.
Management Agree	(Yes/No) Yes
Managements Action Plan	Cash receipts will be placed into deposit bags which will then be transferred to onsite drop boxes owned and managed by the security firm that currently picks up cash. Contact has already been made with Loomis about installation. Onsite drop boxes/safes at each cash handling location will take two months for delivery and installation. Once installed, all cash will be routed to those drop boxes at the end of each shift. This will minimize the number of people that are interacting with cash. Once in the drop boxes, they become the property and responsibility of Loomis until transferred into a Wells Fargo account. Until installation has occurred deposits are taken to a secure empty office with verified surveillance and stored inside a safe until picked up by Loomis. Deposits are verified by interim supervisor and the coordinator.
Completion Date	Installation of drop boxes to start by August 31, 2018. Completion by October 31, 2018

Finding 2	Cameras are widely used for the protection and security of individuals as well as their property. They act as a deterrent as well as providing invaluable material that can be reviewed. MPS has over 200 cameras located throughout the parking areas overseeing parking spaces, stairways, elevators, and parking attendant booths. However, the offices of the Parking Supervisor and Cashier Supervisor do not have cameras where the majority of the cash handling of receipts and deposit bags occur.
Recommendation	Cameras should be installed in every location where cash is handled. Management should ensure cameras are working properly at all times.
Management Agree	(Yes/No) Yes
Managements Action Plan	With the installation of drop boxes at each location there will no longer be a need to route cash to the Parking Supervisor’s or Cashier Supervisor’s office (see Finding 1). There is a general issue of the camera system being outdated and not linked to

	the city's network. The department has been working with IT since 2017 to update the system and link it to a uniform IT approved format. That work will continue through the remainder of the year. Until completed, a review has already been done and IT has installed cameras where cash is being stored at the Bryan Street location. Cameras on cashiers and attendants have also been verified as operational.
Completion Date	Selection of new camera system by September 1, 2018. Installation starts by October 1, 2018. Moves to each facility during the last 3 months of 2018. Completion by March 1 2019. Accounting for current system: Completed

Finding 3	Cameras and monitors should be properly working and positioned to be effective. Observation revealed a camera that was turned away from the cash register. Management was notified and the camera was repositioned. Monitors that reflects the video footage were not all working correctly. Some were "offline" and others had a black screen.
Recommendations	1. Routine surveillance of camera positioning and review of footage should be performed. 2. Management should ensure all cameras and video feed are online at all times.
Management Agree	(Yes/No) Yes
Management Action Plan	The department's camera system as a whole is outdated and in need of replacing. A capital account was established for this in 2016 and work began with IT to select a uniform network link system. Until that system is in place, management is conducting daily reviews of critical camera locations (attendant booths, cashiering stations) to support that they are properly operating. Where adjustments have been needed, IT had been contacted and is working to ensure that they are operational.
Completion Date	In progress with IT. We expect all needed adjustments to be made by the August 31, 2018. Daily reviews of the cameras systems have already started taking place.

Finding 4	The transportation of cash receipts from one area to another should be executed by at least two individuals or with the use of police or security escort. MPS has Parking Monitors that drive marked city vehicles to pick up sealed deposit bags from the six locations. This is performed at the end of every shift and without extra staff or escorts. The schedule of the collection can be easily determined by overseers.
Recommendations	1. MPS should obtain and coordinate a Police escort when transporting deposit bags. 2. Other options to consider is having armor car services pick up at every parking location with a secured drop box or using Police escort and deliver to local bank for deposit.
Management Agree	(Yes/No) Yes
Management Action Plan	With the installation of drop boxes at each location there will no longer be a need to transport cash receipts from one area to another. Starting in January of 2018 MPS gained access to eight police positions devoted to garages. Until those drop boxes are installed, the police officers will escort department personnel when moving a deposit bag.
Completion Date	Police escorts are now occurring. Installation of drop boxes to start by August 31, 2018. Completion by October 31, 2018

Finding 5	Pre-numbered tamper-evident deposit bags are an effective control measure as it adds several layers of security and reduces the risk of misuse. MPS uses these bags but does not document the bag numbers upon receipt nor during distribution to various locations. Damaged, discarded or destroyed bags are not documented or kept with supporting documentation for tracking. Lastly, deposit bags are “held” and used as a change fund for special events.
Recommendations	<ol style="list-style-type: none"> 1. Deposit bag numbers should be recorded when received from vendor then recorded and tracked when distributed and used. 2. Ensure sealed deposit bags are never opened and fully documented such as the retaining of original bag, deposit slip, forms and providing a detailed description of what occurred should this happen. 3. Sealed deposit bags should be prohibited from being held or used for change.
Management Agree	(Yes/No) Yes
Management Action Plan	All deposit bags will be accounted for and a log developed detailing all bags that have been ordered versus which of those bags has been used by their unique number. The list will also show the facility that each bag is sent to. Bags will be stored in a safe and removed only in the presence of a supervisor for distribution. The department coordinator will hold the master list of available versus used bags. This will allow audits to take place that verify the unused bags on the master list are still inside the safe. Department policies will be updated to explicitly state that deposit bags should not be opened under any circumstance. It will also require that any employee in the presence of a deposit bag that’s opened must report it to their supervisor, Assistant Director, or Director. The department has also increased the amount allocated for change in the special event fund.
Completion Date	Deposit bag policy will be implemented by July 31, 2018. Change increase is already in effect. Updated policy will be part of attendant retraining to take place by August 31, 2018.

Finding 6	Segregation of duties involves separating certain areas of responsibility and duties in an effort to reduce the possibility of fraud and unintentional mistakes. The Parking Attendant that receives and collects the cash receipts also verifies and creates the deposit slip and bag.
Recommendation	Reconciliation and creation of deposit slip and bag should be performed by someone other than the individual that collected the receipts.
Management Agree	(Yes/No) Yes
Management Action Plan	Supervisors will verify cash receipts and create the deposit slip and bag. If the supervisor is unable to be there at the end of the shift, then the attendant coming on duty will verify cash receipts and create the deposit slip and bag. The attendants will continue to maintain a log, the department coordinator will maintain a master log. The director will meet with the team as needed to support this process. The department coordinator will on a daily basis compare deposits in the Wells Fargo account to the deposit log. This will be updated in department polices and be stressed in retraining that will take place with attendants.
Completion Date	July 31, 2018

Finding 7	To ensure effective cash handling controls are in place, strong policies and procedures should be established and adhered to. The testing and review of 438 items totaling \$308,695 revealed numerous exceptions (or 40% of tested items) relating to failure to comply with current policies and procedures.
Recommendations	<ol style="list-style-type: none"> 1. Parking Attendants should read, understand and sign the cash handling policy to be held accountable. 2. Management should file the signed forms and address any questions or concerns relating to the cash handling policy. 3. Management should provide periodic training and refresher classes to ensure staff are following policies and procedures. 4. Management should observe and review staff performance continually.
Management Agree	(Yes/No) Yes
Management Action Plan	Parking attendants should be following current cash handling policies without deviation. The department will conduct re-training of staff and hold supervisors accountable to future testing and review results. Testing and review will be conducted regularly by the department coordinator and reported to the director to ensure that attendants are following stated department policy. Re-training of staff will take place by the end of August and occur every six months moving forward. New hires will be trained quarterly for their first year, then every six months.
Completion Date	August 31, 2018

Finding 8	Monitoring is an effective and useful tool and control measure for the identification of weaknesses and discrepancies that may occur. The analysis and review of system-generated reports are not being utilized for the monitoring of cash handling activities. Management was not forthcoming and delayed the receipt of these reports when requested. Review of these reports revealed areas of concern relating to the lost ticket charges, cash drawer left open, system restarts and voids.
Recommendation	Management should review register reports and daily cash count forms on a daily basis to ensure accuracy and take immediate action should issues arise.
Management Agree	(Yes/No) Yes
Management Action Plan	Supervisors were not effectively using the reports to regularly review cash handling in garages. The next permanent garage supervisor will have that explicitly noted in their work plan. The department coordinator will also run reports checking cash handling procedures on a daily basis with those results going to the director.
Completion Date	July 31, 2018. The coordinator has already started running reports on ScanNet and will go over those reports with the director during the second week in July for further review and development.

Finding 9	Account reconciliation involves taking two separate pieces of data and determining whether they agree. If one piece of data is manipulated and is not a true and accurate representation of the full amount then the reconciliation process is corrupted. The data used in the monthly reconciliation of parking deposits is unreliable. The amounts recorded is based on a compilation of the deposit bags and amounts that were deposited rather than a system generated report.
Recommendations	<ol style="list-style-type: none"> 1. Management should utilize system-generated reports to record and reconcile daily deposit amounts. 2. Data used in the monthly reconciliations should be properly and adequately labeled to provide a trail should issues occur.

	3. Communicate with Financial Services Department to understand their needs and work for a consistent and thorough process.
Management Agree	(Yes/No) Yes
Management Action Plan	This was identified as an area of concern in 2016 with the solution being new software that stores one set of data from which reports and audits can be conducted. The system should also unify the garage access control system with invoicing to minimize potential errors with monthly accounts. An RFP was developed and forwarded to Purchasing in 2017. That RFP was delayed into 2018 and has been recently approved by Purchasing to move forward. Prior to implementing a new system, finance will be involved to identify their needs. We will have the selected system in place by the end of the year for testing in one garage, and then roll it out to all garages in 2019. Until that happens the department coordinator has been reconciling any discrepancies that have been identified in reports and will continue to conduct daily reviews of the applicable reports.
Completion Date	Selection of software package by August 31, 2018. Council approval by September 30. Installation to start by October 15, 2018. Installation occurs October 15 – December 1, 2018 for first location. Further installation to take place throughout 2019.

Finding 10	The use of one centralized accounting software creates an effective and efficient accounting universe. The use of multiple systems creates the risk of omitted or duplicated entries in the reconciling aspect. MPS uses three different accounting software for the collection and recording of parking sales. The five garages use ScanNet, the Visitor Center lot uses McGann, and special events uses the handheld devices on the I-Parq software.
Recommendations	<ol style="list-style-type: none"> 1. One centralized accounting software for the collection and recording of parking sales should be utilized. 2. Management should ensure proper detail and labeling when recording the different types of generated revenue in the reconciliation sheet.
Management Agree	(Yes/No) Yes
Management Action Plan	New garage access control software will be unify garage functions under one system that will integrate with the city enterprise system (Lawson). Until then ScanNet will be used to conduct daily checks on deposits. The department coordinator is updating our systems to ensure that the reconciliation sheet properly reflects revenue sources.
Completion Date	Selection of software package by August 31, 2018. Council approval by September 30, 2018. Installation to start by October 15, 2018. Installation occurs October 15 – December 1 2018 for first garage. Further installation to take place throughout 2019. Reconciliation sheet: July 31, 2018

OBSERVATION II: DEPOSITS ARE NOT PROCESSED AND DEPOSITED TIMELY AND INTACT

The other focus of the special review is related to the actual deposits. The following was identified:

- Deposits were not deposited in a timely method
- Deposits were not deposited intact

Finding 11	Best practices state that cash receipts should be deposited immediately or in a timely manner to protect assets from loss or misuse. Based on current practices, cash receipts for MPS typically takes two to four business days to reflect in the bank account. There were three deposits that took 30 to 53 days before they were reflected in the Wells Fargo account. Two of these identified deposits were also bags that were “held” for use as a change fund. The holding of sealed deposit bags is not an acceptable practice or procedure.
Recommendations	1. Management should ensure cash receipts are secured and deposited immediately upon receipt. 2. The use of secured drop boxes and pick up times should be discussed.
Management Agree	(Yes/No) Yes
Management Action Plan	The use of onsite drop boxes (see Finding 1) will support easy identification of any deposit that is delayed when combined with daily reviews on ScanNet and with Wells Fargo.
Completion Date	Installation of drop boxes to start by August 31, 2018. Completion by October 3, 2018. Reviews of deposits are occurring now, a log will be maintained.

Finding 12	Cash receipts should be properly secured and verified to ensure they are fully accounted for. Deposits relating to parking cash receipts are not fully intact. The process of “holding” deposit bags for change was consistently used by Parking Supervisor. Review of January 2018 revealed total missing cash receipts in the amount of \$1,200.
Recommendations	1. Management should ensure deposit bags not held, used for change, or tampered with to ensure they are fully intact. Minimizing the number of times staff handles deposit bags is key in reducing the occurrence of misuse and abuse. 2. MPS should consider bonding applicable staff that handles cash to protect city funds.
Management Agree	(Yes/No) Yes
Management Action Plan	Department policies have been updated to prohibit holding or opening a deposit bag. Drop boxes should provide further protection against this happening again. We have also increased the amount allocated for change to special events. A decision on bonding of all applicable employees will take place by end of year.
Completion Date	Policies and training completed by August 31, 2018. Installation of drop boxes to start by August 31, 2018. Completion by October 31, 2018