
CITY OF SAN ANTONIO

OFFICE OF THE CITY AUDITOR



Follow-Up Audit of the Aviation Department

Parking Revenues

Project No. AU17-F02

March 29, 2018

Kevin W. Barthold, CPA, CIA, CISA
City Auditor

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted a follow-up audit of the action plans made in the Audit of the Aviation Department Parking Revenues dated October 27, 2015. The objective for this follow-up audit is:

Determine if the Aviation Department successfully implemented action plans to address prior audit recommendations noted in the initial audit.

The Aviation Fiscal department has established effective manual controls to provide assurance of the accuracy and completeness of parking revenue and sales tax payable. Adjustments were made in SAP for fiscal years 2010 – 2015 to correct erroneous postings of parking revenue and sales tax payable. Additionally, the sales tax overpayment of \$466,337 that was identified in the initial audit was credited towards future sales tax payments.

The action plan regarding the implementation of the new account and payment management system – Parker Accounts Receivable Information System (PARIS) – has not been fully implemented. During our review for this audit, we were made aware that automated controls to assist in appropriate tracking of active and deactivated parking lot access had not been implemented. Consequently, we reviewed the manual internal controls in place for monitoring proximity cards. We concluded that process improvements are still needed to ensure that proximity cards and validation tickets are adequately monitored. Specifically:

- Standard procedures that serve as guidance for tracking issued proximity cards are not documented and executed effectively.
- Monitoring controls over validation tickets are not adequate to ensure that tickets issued were appropriately authorized.
- Reviews are not being conducted to ensure appropriate system user access to WebParcs, PARIS, and the validation ticket printing station.
- Internal documentation outlining functionality and user guidance for PARIS does not exist.

The Aviation Department Management's verbatim response is in Appendix C on page 12.

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Background

On October 27, 2015 the Office of the City Auditor completed an audit of the Aviation Department Parking Revenues. The objective of the audit was as follows:

Are internal controls over parking fee collections and revenue recognitions adequate?

The Office of the City Auditor concluded that in order to ensure that revenue collected for airport parking fees was correctly accounted for, the Aviation Department needed to improve internal controls in the following areas:

- Controls for validating the accuracy of parking revenue and sales tax transactions need improvement:
 - Parking revenue reported in SAP was understated by approximately \$18,094 and sales tax payable was overstated by \$18,094.
 - Independent reviews of worksheets used to calculate revenue and sales tax are not conducted.
 - Reconciliations to ensure that system interface and allocations are accurate are not taking place.
- Processes for tracking proximity cards and validation tickets do not provide reasonable assurance that cards and tickets issued to customers were properly authorized and accounted for.
- User access to the Employee Parking Renewal System (EPRS) is not being managed to ensure appropriate access to system functions.

Note: EPRS was replaced with a new online account and payment management system, known as the Parker Accounts Receivable Information System (PARIS) and a web portal known as PARIS on the Web (POTW). During our review for this audit, Aviation management communicated to us that several planned automated processes that would serve as controls for issues noted in the previous audit had not been implemented. Therefore, we reviewed the manual processes that are currently conducted.

For FY2016, revenue from parking operations (public parking, employee parking, and ground transportation) totaled \$19,065,138. The FY 2017 budgeted amount for these sources was \$20,453,967.

Aviation management agreed with the conclusions and developed action plans to address the audit recommendations (refer to Appendix A – Prior Audit Recommendations).

Audit Scope and Methodology

The audit scope was limited to the recommendations and corrective action plans made in the original report within the time frame of October 2015 to March 2017.

The audit methodology included interviewing Aviation personnel to obtain an understanding of newly implemented controls and processes for accounting of parking revenue and sales tax payable, and monitoring of proximity cards and validation tickets. We reviewed source documents such as internal policies and procedures, end-of-day cash and credit card reconciliation packets, State tax returns, authorization forms, activity reports, internal audits, and transaction logs for validation tickets.

We relied on computer-processed data in SAP to validate cash deposits, parking revenue and sales tax payable amounts, and adjusting entries recorded by Fiscal and Finance. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. We do not believe that the absence of testing general and application controls had an effect on the results of our audit.

Additionally, we tested user access controls over WebParcs, Paris, and the validation ticket printing station by assessing users' system roles according to their employment status, job title and responsibilities.

We conducted this follow up audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our audit results and conclusions based on our audit objectives.

Prior Audit Recommendations and Status

A. Ineffective Accounting Processes

Management's Action Plan:

Fiscal implemented a new procedure for reviewing daily parking receipts from the WebParcs system. The procedure includes verification of the daily receipts using a spreadsheet that contains formulas that are write-protected in order to reduce calculation errors. In addition, the procedure requires another Fiscal member to review the daily receipts sheet for accuracy.

Fiscal is also reviewing receipts from FY15 to make correcting entries. The sales tax payable will be corrected in SAP as revenue corrections are made. Fiscal is working with ITSD and Finance to reconcile the revenues from EPRS to SAP.

Status: Implemented

Parking revenue and sales tax payable amounts in SAP are accurate and properly approved, classification of revenue is appropriate, and spreadsheets used by Fiscal are write-protected and can only be edited by the Fiscal Manager. Additionally, correcting entries were made to adjust and report accurate revenue and sales tax payable balances.

To verify the accuracy of revenue and sales tax, we reviewed a sample of 25 end-of-day cash and credit card reconciliations and reproduced calculations. We also reviewed the reconciliation packets for evidence of review and approval by the Accounting Supervisor. Additionally, to validate the appropriateness of revenue classification we reviewed reconciliations for 3 months for calendar year 2016 without exception.

Unlike EPRS, PARIS is not programmed to automatically calculate sales tax payable and interface daily parking revenue into SAP. Consequently, Fiscal implemented a manual process to record parking revenue and calculate corresponding sales tax in SAP.

Note: The department is working on a PARIS system upgrade that includes an interface with SAP to record revenue and calculate sales tax. At the time of our audit, the functions of the upgrade were still in test mode. During the audit it was communicated that full implementation of the upgrade would not completely alleviate the current manual process. Due to WebParcs system limitations, the

Fiscal department would still have to review and make adjustments for refunds, check and Hypercom¹ transactions, as well as adjustments for cashier errors.

We also reviewed the journal entry support used to correct revenue and sales tax posted by EPRS in SAP during fiscal years 2010 to 2015. Our review included verifying formulas in the spreadsheets used for the correcting entries. We noted that while the State did not issue a direct refund to the City for the sales tax overpayment of \$466,337, the amount was credited towards future sales tax payments and reflected in the October 2015 sales tax return submitted to the State.

Our review concluded that the internal controls are working effectively for monitoring of daily parking receipts.

B. Inadequate Tracking of Proximity Cards and Validation Tickets

B1. Proximity Card Authorization and Tracking

B1. Management's Action Plan:

Within the month of October 2015 the Parking staff will conduct an audit of all non-revenue parking cards within the current active system. All users will be asked to complete the same application and paperwork that applies to revenue generating parkers. Thereafter an audit of active cards will be conducted on a monthly basis.

Status: Partially Implemented

Aviation's Parking staff has effectively executed the requirement of authorization forms for the issuance of proximity cards. However, manual controls that were implemented to monitor proximity cards need improvement. Additionally, they should be documented to serve as guidance and to ensure compliance. Specifically:

- Annual audits to verify appropriate deactivation of parking lot access for non-revenue cards need improvement. We reviewed support for 4 audits conducted on non-revenue parking accounts that took place in 2016. Our review identified 3 audits where discrepancies were identified but were not followed up on (i.e. 5 cards should have been deactivated but were still active).

¹ When a credit card payment cannot be completed through the cashier's register, the transaction is processed on a separate credit card terminal (Hypercom).

- The manual monthly review process in place to monitor and account for all revenue cards also needs improvement. The review should include identifying delinquent card accounts and manually deactivating corresponding parking access. During fieldwork we discovered that PARIS does not have the capability to track changes made to proximity cards such as parking lot access removal and/or deactivation. Consequently, we were unable to determine if revenue cards identified as delinquent were appropriately deactivated for non-payment.

To verify the completeness of revenue proximity cards reported in WebParcs and PARIS, we conducted a reconciliation between the two systems. Our reconciliation identified instances where card data (i.e. termination date, card status, parking lot access) in PARIS did not match card data in WebParcs. For example, a card that had a termination date in PARIS had an 'Active' or 'Inactive' card status in WebParcs and not a 'Deactivated' status. Parking was unable to provide an explanation for the discrepancies between the two systems.

Based on our review, the potential risk of unauthorized and/or unaccounted for cards still exists. This could allow unauthorized access to the airport parking lots and/or access without payment.

Updated Recommendation

The Aviation Director should ensure that Parking staff document and follow implemented procedures to include follow-up on action items noted in the audits conducted. Additionally, after pending system upgrades are completed, a monthly reconciliation should be conducted between the two systems to identify and resolve any discrepancies. The reconciliation should be reviewed and approved by management.

B2. Validation Ticket Monitoring

B2. Management's Action Plan:

During the audit period Parking took corrective action to appropriately segregate duties and to ensure that logon ID's and passwords for the validation printing station were secure.

Status: Not Implemented

Aviation Parking is not effectively monitoring issuance of validation tickets to include proper authorization and user access for the validation ticket printing station. Additionally, we could not determine if segregation of duties was addressed since an independent review is not taking place by a manager that does not have access to print tickets and/or approve the authorization forms.

We conducted our own review of validation ticket transactions and noted that for a sample of 20 transactions, 2 did not have an approver signature on the request form. Additionally, a review of user access of the ticket printing station found that the Sr. Administrative Assistant has access to print; however, she is not designated in Aviation's policy to do so. Furthermore, Aviation's Policy states that the Parking Manager and Parking Superintendent are designated to both approve and create validations which may also pose a segregation of duties issue.

Per Aviation's Validation Ticket Control Policy and Procedures, the persons authorized to create validation tickets include the Parking Manager, Parking Superintendents, and Senior Management Coordinator.

We concluded that the risk of potential unauthorized issuances of validation tickets and inappropriate segregation of duties still exists.

Updated Recommendation

The Aviation Director should implement effective review and monitoring controls by ensuring that duties are appropriately segregated and only appropriate personnel have access to create validation tickets. Additionally, an independent review should take place by a manager that does not have access to print tickets and/or approve authorization forms.

C. Inadequate Controls over the PARIS and WebParcs Systems

Management's Action Plan:

Aviation is working with the vendor, HUB Parking, and ITSD to implement a replacement for EPRS that will allow for online account and payment management. It is estimated that a completion date is eminent prior to January 2016.

The Parking Manager shall conduct a monthly review of users to current employees and their responsibilities, user access changes will be reported to ITSD so that access is immediately disabled. Employee changes will also be immediately reported to ITSD for user access termination.

Status: Not Implemented

Periodic reviews of user accounts for the PARIS and WebParcs systems are not taking place. In addition, there is a lack of documented policies and procedures for user access management.

We conducted our own review of PARIS user accounts and identified that 3 of 16 system users appeared to have excessive access. Specifically, a Senior Administrative Assistant and an Administrative Assistant I had 'Administrator' user access, and a Senior Cashier had an Administrative Assistant I user access role. This access gives the user the ability to perform certain system functions to include entering and updating data such as customer account information, parking lot access, credit card numbers, payments and adjustments, and generate invoices. Note: During the course of our audit, the Administrative Assistant's "administrator" access was remediated.

In addition, the system administrator is not effectively monitoring access to proximity card features in WebParcs. Our review identified the following issues:

- 4 of 54 WebParcs users were not active CoSA employees or system vendor representatives,
- 13 of 54 WebParcs users have inappropriate access according to their job functions and responsibilities. Note: 3 of the 13 were previously identified as exceptions in the initial audit,
- 2 of 8 WebParcs user profiles have inappropriate access to key proximity card functions (i.e. activate cards, control hardware, edit accounts) based on COSA job descriptions reviewed.

Per the City's Administrative Directive – 7.8d Access Control, the Department Business System Owner is responsible for ensuring that appropriate access controls have been developed and documented. Also, access authorization should be formal, well-defined, documented and an auditable process. The policy also states that access to COSA IT assets must be disabled upon separation of the employee. All COSA Information Systems must be periodically screened for inactive accounts. Access to COSA assets is based on an individual's job function and/or role in their assigned City department. Once access controls are implemented, they must be audited at least on an annual basis.

Lastly, based on discussions with various Aviation personnel, there does not appear to be a cohesive understanding of how all systems (i.e. WebParcs, PARIS, WebBrix) work and communicate with one another. For example, it was communicated that a terminated card in PARIS does not have lot access even if WebParcs shows that the card is active with lot access. However, it was confirmed by the System Administrator that due to a system glitch the termination date in PARIS is not transferred into WebBrix and therefore a card still has lot access and reflected as such in WebParcs.

Per discussion with the Parking Manager and System Administrator, a pending upgrade of PARIS will equip the system with an automated control that will

remove proximity card lot access once a termination date is entered in PARIS for that card account. The lot access removal will then be communicated to WebBrix and reflected in WebParcs. Additionally, the upgrade will allow the system to maintain an audit trail of a card's activity to include deactivation and lot access changes. This automated process will replace the manual process previously noted.

The lack of monitoring and controls over access to the PARIS and WebParcs systems may lead to unauthorized and inappropriate user access. Additionally, lack of documentation of system functions poses a risk of a lack of understanding of how systems work and an understanding of business processes.

Updated Recommendations

The Aviation Director should:

- Establish and implement procedures and internal controls that ensure appropriate user access and system management in WebParcs and PARIS. This should include a review of user access to ensure that duties are appropriately segregated.
- Develop and document guidelines that illustrate the various system components and how they communicate and/or interface with one another. In addition, provide training to users so that they have a thorough understanding of the system's functions and capabilities.

Appendix A – Prior Audit Recommendations

A. Ineffective Accounting Processes

The Aviation Director should implement effective controls to ensure that daily revenue and sales tax payable amounts are accurate prior to being recorded in SAP. Controls should include validation of revenue and sales tax allocations and calculations, as well as effective reviews of supporting documentation.

Additionally, we recommend that the Aviation Director make appropriate adjustments to correct the sales tax payable balance in SAP.

B. Inadequate Tracking of Proximity Cards and Validation Tickets

The Aviation Director should:

- Implement effective review and monitoring controls over proximity cards to ensure that authorizations of card issuances are appropriately documented and all active cards are accounted for. Additionally, ensure that user access to proximity card features in WebParcs is appropriate according to users' respective job functions and responsibilities.
- Implement effective review and monitoring controls by ensuring that duties are appropriately segregated and logon IDs and passwords for each user are secure.

C. Inadequate Controls over the Employee Parking Renewal System

The Aviation Director should designate a business data owner for EPRS and ensure that the designated individual develops adequate procedures for user access management, including periodic reviews of user accounts.

Appendix B – Staff Acknowledgement

Sandra Paiz, CFE, Audit Manager
Reina Sandoval, Auditor in Charge
Patricia Perez, Auditor

Appendix C – Management Response



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

February 14, 2018

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
San Antonio, Texas

RE: Management's Acknowledgment and Corrective Action Plan for the Follow-Up Audit of Aviation's Parking Revenues

- ☒ Fully Agree (provide detailed comments)
- ☐ Agree Except For (provide detailed comments)
- ☐ Do Not Agree (provide detailed comments)

The Aviation Department has reviewed the audit report and has developed the Corrective Action Plans below for the corresponding report recommendations.

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
B1	<p>Proximity Card Authorization and Tracking (Proximity cards provide access to revenue-generating parking areas)</p> <p>The Aviation Director should ensure that Parking staff document and follow implemented procedures to include follow-up on action items noted in the audits conducted.</p> <p>Additionally, after pending system upgrades are completed, a monthly reconciliation should be conducted between the two systems to identify and resolve any discrepancies. The reconciliation should be reviewed and approved by management.</p>	5-6	Accept	<p>Tamera J Marberry, Parking Manager</p> <p>Virginia Cobarrubias, Department Fiscal Administrator</p>	March 2018

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	<p>Action Plan:</p> <p>While there have been no instances of loss of revenue to the parking system noted, we agree that enhanced monthly reconciliation is warranted and have taken steps to address the situation. There are two independent systems, one is the Parker Accounts Receivable Information System (PARIS) which is the billing and account receivables system for the contract parking operation. The other system is WebParcs which is the Parking Revenue Control System. As the Audit report noted, PARIS and WebParcs are unable to communicate with each other. When a parking card is deactivated, blocked, or non-functional in one system it is not automatically updated in the other system. PARIS was installed in July 2016 and WebParcs was installed in November 2012 with the known limitation and the vendors have been working on a proposed solution which will facilitate automatic updates between the systems. Our long term plan is to implement an integrated solution between PARIS and WebParcs to automate the process, and if one cannot be developed, a replacement will be considered. Additionally the Aviation Department is analyzing the potential to outsource some components of the parking system and we are anticipating a completion of that analysis in 2018.</p> <p>In the interim, Aviation has developed and implemented the following manual procedures:</p> <p>Actions Completed:</p> <ol style="list-style-type: none"> 1. The PARIS system has been updated to show a text change when an account has been blocked for non-payment. This includes an easily recognizable change in text color, so users of PARIS are able to see the difference on the administration page when logging into the program. 2. With the information now generated in a report from the PARIS update identified in above, a member of the administrative staff from the Parking Division is sending to the system contractor (HUB Parking) a monthly report of non-payment account holders to manually deactivate the proximity card. 3. The Parking Division will notify Fiscal Operations and Compliance Divisions when HUB has completed the manual deactivation of the proximity card. 4. The Parking Division has instituted a quarterly reconciliation between reports from PARIS and WebParcs to compare proximity card data for cards that are still active to those which were deactivated or blocked. Fiscal staff has been trained to identify and run reports in both PARIS and WebParcs. Staff will be comparing data from both software systems to determine that both software systems reflect the same information on payment and card authorization status. If discrepancies are found, Fiscal Operations Division will submit account information to HUB Parking Dispatch Group to correct with a copy to the Parking Division account management staff. 				

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
B2	<p>Inadequate Validation Ticket Monitoring</p> <p>The Aviation Director should implement effective review and monitoring controls by ensuring that duties are appropriately segregated and only appropriate personnel have access to create validation tickets. Additionally, an independent review should take place by a manager that does not have access to print tickets and/or approve authorization forms.</p>	6-7	Accept	<p>Tamera J Marberry, Parking Manager</p> <p>Virginia Cobarrubias, Department Fiscal Administrator</p>	November 2017
<p>Action Plan:</p> <p>Action Completed:</p> <ol style="list-style-type: none"> 1. The Aviation Parking Division completed a revision of the Validation Ticket Control and Procedures policies to segregate positions within the division which are authorized to approve and create validations. <p>Action Planned:</p> <ol style="list-style-type: none"> 2. The Fiscal Operations Division is conducting unannounced audits of the validation tickets at least two times a year to include those validations that were produced within the previous calendar year or from the time of the last audit. Results of those audits will be provided to Aviation's executive team for analysis and corrective action. 					


Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
C	Inadequate Controls over the PARIS and WebParcs Systems The Aviation Director should: <ul style="list-style-type: none"> Establish and implement procedures and internal controls that ensure appropriate user access and system management in WebParcs and PARIS. This should include a review of user access to ensure that duties are appropriately segregated. Develop and document guidelines that illustrate the various system components and how they communicate and/or interface with one another. In addition, provide training to users so that they have a thorough understanding of the system's functions and capabilities. 	7-9	Accept	Virginia Cobarrubias, Department Fiscal Administrator	February 2018
	Action Plan: Procedures and internal controls that will ensure appropriate user access and system management have been established and implemented as of February 2018. In this process, some duties have been realigned in order to strengthen internal controls. Personnel have received training on their roles and responsibilities. Actions Completed: <ol style="list-style-type: none"> The Parking Division has implemented a quarterly review of all user access. Parking Division has created a spreadsheet of all employees and their current roles within both the PARIS and WebParcs systems. Actions Planned: <ol style="list-style-type: none"> The Fiscal Operations, Compliance and Parking Divisions have reviewed each user access roles and responsibility in PARIS and WebParcs for employees in both the Fiscal and Parking Divisions. As a result of this review certain roles and responsibilities have been reassigned. A request has been sent to WebParcs to redefine user roles and access to meet our needs. The new roles and responsibilities for parking card administration and accounting functions for staff ensure proper separation of duties as redefined to restrict staff from performing functions that do not conform with best practices. The Parking Manager, Department Fiscal Administrator and Compliance Manager will review and approve quarterly the list of employee user access roles. 			Tamera J Marberry, Parking Manager	

We are committed to addressing the recommendations in the audit report and the plan of actions presented above.

Sincerely,


For: Russell J. Handy
Director
Aviation Department

2-14-2018
Date


Carlos Contreras
Assistant City Manager
City Manager's Office

2/14/18
Date