

Summit County Executive's Office
Parking Garage
Performance Audit General Report

Prepared for:

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Audit Committee

Approved by Audit Committee
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EXECUTIVE SUMMARY

Total Number of Issues – 6

Internal Controls

Strong Internal Controls:

Testing Section	# Issues	Issue Description	Page Ref.
Insurance Coverage	0	N/A	9

Weaknesses in Internal Controls:

Testing Section	# Issues	Issue Descriptions	Page Ref.
Revenue	1	<ul style="list-style-type: none"> • Lack of policies and procedures regarding employee parking card payroll deduction processes. 	6
Parking Cards	4	<ul style="list-style-type: none"> • Instances where active parking cards were assigned to terminated employees. • Instances where an active parking card is not being billed correctly (e.g., client not being billed, card remaining active after the client's contract terms have ended, etc.) • Instances where a department was not in possession of an active parking card assigned to the department. • Instances where active parking cards are not being properly tracked by the Prosecutor's Office. 	7
Accounts Receivable	1	<ul style="list-style-type: none"> • Instances where ABM did not bill the customer for the correct amount (e.g., ABM utilized an incorrect monthly rate when billing the client for parking services) 	8

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GENERAL BACKGROUND

The County of Summit and ABM Parking Services (ABM) entered into a contract on August 1, 2020 for the term of five (5) years where ABM is required to provide all goods and services necessary to operate and manage the Summit County Parking Deck. ABM personnel are required to perform the following tasks:

- Collection of all monies and deposit into the ABM bank account at least once every business day.
- Investigation and processing of customer damage claims not covered by insurance.
- Inspection of the parking deck and timely reporting to the County regarding any items of extraordinary maintenance or repairs needed in and around the parking deck.
- Day-to-day maintenance of the parking deck and all equipment, machinery, and appliances.

As compensation, ABM collects all revenues and deposits the funds into an ABM bank account. ABM is paid a fixed monthly fee and subtracts the fixed fee, amongst other various maintenance fees, from the gross revenue collected, and generates a check to Summit County of the net amount each month.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

The primary focus of this review was to provide the Executive's Office with reasonable assurance, based on the testing performed, on the adequacy of the system of management control currently in effect for the audit areas.

Management controls include the processes for planning, organizing, directing, and controlling program operations, including systems for measuring, reporting, and monitoring performance. Management is responsible for establishing and maintaining effective controls that, in general, include the plan of organization, as well as methods and procedures to ensure that goals are met. Specific audit objectives include evaluating the policies, procedures, and internal controls related to the Executive's Office.

We conducted this performance 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 findings and conclusions based on our audit objectives.

Based on the results of our review, we prepared specific issues and recommendations for improvement that were discussed with management. These recommendations, as well as management's unaltered written response, can be found in the following sections of this report.

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Objectives:

- To review the internal control structure through employee interviews and observations and to ensure compliance with Codified Ordinances and policies and procedures.

Scope:

An overview and evaluation of the existing policies, processes, procedures, contracts and internal control structure utilized by the Executive Office – Parking Garage from January 1, 2023 through November 30, 2023.

The following were the major audit steps performed:

OBJECTIVE 1 – REVIEW OF INTERNAL CONTROLS

1. Meet with the appropriate personnel to obtain an understanding of the control environment.
2. Document the existing control procedures in narratives and/or flowcharts.
3. Compare existing processes to the policies and procedures manual for consistency.
4. Test procedures for compliance where applicable, noting all exceptions.
5. Investigate discrepancies and summarize results.
6. Make recommendations where appropriate.

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DETAILED COMMENTS

I. Internal Control Testing:

Risk-based internal control testing and/or observations were performed in the following areas:

- Revenue
- Parking Cards
- Accounts Receivable
- Insurance Coverage

REVENUE

Policies and procedures were obtained, staff interviews were conducted, cash collection observations were performed, and the contract between the County of Summit and ABM was reviewed to gain an understanding of the parking garage revenue collection process. A sample of monthly invoices was selected and a reconciliation was performed to ensure revenues/expenses included on the invoice were accurately supported by revenue reports, invoices, etc. In addition, IAD performed detail testing to ensure the cash register receipts agree to the shift reports, the shift reports agree to the daily reports and all daily reports agree to the revenue reports.

IAD reviewed supporting invoice documentation related to ABM's "other expenses" category of the monthly invoice to ensure the expenditure was allowed per the terms of the contract.

Additionally, IAD verified the amount due to the county on each monthly invoice agreed to the deposit that was made in Munis.

The following issue was noted:

1. **Issue:**

Upon discussion with Executive's Office personnel, IAD noted insufficient policies and procedures regarding employee parking card payroll deduction processes (e.g., Fleet Manager's functions of forwarding payroll deduction forms to the Payroll department for employee parking, tracking employee parking card access, etc.).

Recommendation:

IAD recommends that policy and procedures are created/updated, approved, and disseminated for all functional areas within the agency. This will help to ensure that proper procedures are in place and consistently followed within the department.

Management Action Plan:

Update and disseminate amended policies and procedures for parking card payroll deduction process.

Target Date: 8/31/24

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PARKING CARDS

Policies and procedures were reviewed to gain an understanding of the parking card process. A listing of all active parking cardholders was obtained and detail testing was performed to ensure the parking card was properly billed (e.g., payroll deduction, zero bill per the County, billed to an external client). Additionally, IAD reviewed the listing of parking cards billed directly to County departments and verified that the parking cards were in the possession of the appropriate department and the department was charged back in Munis for the monthly parking card fee.

2. Issue:

Upon detail testing of county employee parking cards, IAD noted sixteen (16) out of three hundred ninety (390), or 4%, active parking cards that are assigned to a terminated employee. Upon discussion with Executive's Office personnel, IAD noted there is not a process in place to reconcile active parking cards to a terminated employee listing.

Recommendation:

IAD recommends that all parking cards be disabled when an employee is terminated. In addition, IAD recommends that a periodic reconciliation be performed to ensure terminated employees do not have an active parking card. This will help to ensure that terminated employees do not have access to an active parking card.

Management Action Plan:

Work in conjunction with the Department of Employee Benefits and the Department of Finance and Budget to develop a report to determine employees in which employment has terminated and also had parking deducted from payroll.

Target Date: 8/31/24

3. Issue:

Upon detail testing of parking cards, IAD noted ninety-three (93) out of one thousand thirty-one (1,031), or 9%, where the parking card was active in the system; however, no one was being billed for the card. Upon discussion with ABM personnel, IAD noted a reconciliation of active cards in ABM's parking card system to client contract terms in ABM's financial system is not being performed.

Recommendation:

IAD recommends that all parking cards be disabled when a client's contract is terminated. In addition, IAD recommends that a periodic reconciliation be performed to ensure clients whose contract has ended in ABM's financial system do not have an active parking card. This will help to ensure the accuracy of the parking card system and the financial system and that clients are being billed properly.

Management Action Plan:

Provide ABM with an active list of employees with parking deductions to reconcile parking cards in their system, quarterly.

Target Date: 8/31/24

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4. Issue:

Upon detail testing of parking cards charged back to County departments, IAD noted twelve (12) out of two hundred thirty-five (235), or 5%, instances where the parking cards were being charged back to the departments; however, they were not being used and they could not be located by the department.

Recommendation:

IAD recommends that the Finance & Budget Department confirm that the parking cards are in the possession of the departments on a periodic basis. This will help to ensure all cards are being accounted for and paid for by the appropriate department.

Management Action Plan:

Perform quarterly reconciliation of County cards to verify parking card count.

Target Date: 8/31/24

5. Issue:

Upon detail testing of parking cards, IAD noted eight (8) instances where the Prosecutor's Office was being charged back for parking cards but they were unaware of who the cards were assigned too. After review of parking garage security footage, IAD identified the individuals utilizing the cards and confirmed with the Prosecutor's Office that the parking card access was reasonable; however, a formal accounting of departmental parking cards is not being performed.

Recommendation:

IAD recommends the Prosecutor's Office review who has been assigned a parking card and reconcile the assigned parking cards to the charge back the department receives on a periodic basis. This will help to ensure all cards are being accounted for and paid for by the appropriate department.

Management Action Plan:

The Prosecutor's Office has and will maintain an electronic log of parking passes and the personnel assigned to each card. An internal review will be conducted every year in June to verify that all cards are accounted for.

Target Date: Immediately

ACCOUNTS RECEIVABLE

A discussion with ABM personnel was performed to gain an understanding of the accounts receivable process. A sample of invoices generated by ABM during the audit period was selected and detail testing was performed to ensure an invoice was generated and billed to the client, ABM billed for the correct amount, ABM collected on the invoice due, and the amount collected agrees to the amount billed by ABM. In addition, an accounts receivable aging report was obtained and reviewed for reasonableness.

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6. Issue:

Upon detail testing of the ABM May 2023 invoices, IAD noted one (1) out of eight (8), or 13%, instances where ABM did not bill the customer for the correct amount (e.g., ABM utilized an incorrect monthly rate when billing the client for parking services).

Recommendation:

IAD recommends that the correct monthly parking rate be utilized by ABM in the billing of clients for parking services. This will help to ensure that clients are accurately charged for parking services.

Management Action Plan:

ABM will address.

Target Date: 8/31/24

INSURANCE COVERAGE

The contract between the County of Summit and ABM was obtained and reviewed to gain an understanding of the insurance coverage required to be maintained by ABM. IAD obtained ABM's insurance policy and performed detail testing to ensure the required insurance coverages were satisfied in accordance with the contract.

No issues were noted.