

# COUNTY OF SACRAMENTO

DEPARTMENT OF FINANCE - AUDITOR-CONTROLLER DIVISION – INTERNAL AUDIT UNIT

## **INTERNAL AUDIT REPORT**

### **AGREED-UPON PROCEDURES PARKING ENTERPRISE SYSTEM CASH HANDLING REVIEW**

**DEPARTMENT OF GENERAL SERVICES**



**Audit Committee Submittal Date: 03/25/2021**

## **SUMMARY**

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### **Background**

The County of Sacramento, Department of General Services is responsible for operating the Parking Enterprise System (DGS Parking) including the two story public parking garage located in downtown Sacramento. Customers can pay parking fees with cash, check, or credit card at selected pay kiosks located throughout the parking facility, by mail, or the parking garage office.

### **Review Objective**

The Department of Finance, Treasury Division selected DGS Parking for this agreed-upon procedures cash handling review. For the purpose of this cash handling review, “cash” is defined as all forms of money, and includes but is not limited to: currency, coin, checks, electronic checks, money orders, credit cards, and debit cards, etc. The objective of this cash handling review is to inspect DGS Parking’s cash handling controls at the public parking garage located in downtown Sacramento. In addition, this cash handling review covers the revenue collection process related to cash handling controls.

### **Summary**

We noted two (2) exceptions after review of DGS Parking’s cash handling and related revenue collection processes. DGS Parking is not collecting all parking fees from customers utilizing the public parking garage. Additionally, DGS is not reconciling credit card receipts posted to Sacramento County’s financial system (a.k.a. COMPASS) to its own financial records.



County of Sacramento

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*Intra-Departmental Memorandum*

February 18, 2021

To: Ben Lamera, Director  
Department of Finance

From: Hong Lun (Andy) Yu, C.P.A.  
Audit Manager

A handwritten signature in black ink, appearing to be "A Yu", is written over the "From" field.

Subject: **DEPARTMENT OF GENERAL SERVICES, PARKING ENTERPRISE SYSTEM (DGS PARKING) CASH HANDLING REVIEW – FOR THE PERIOD SEPTEMBER 18–25, 2020**

We have performed the procedures enumerated below and on page 2, which were requested and agreed to by you, for the County of Sacramento, Department of General Services (DGS), Parking Enterprise System (DGS Parking). These agreed-upon procedures were performed solely to assist you to evaluate DGS Parking's cash handling controls and related revenue collection processing at the Downtown Sacramento public parking garage for the period of September 18, 2020 to September 25, 2020. For the purpose of this cash handling review, "cash" is defined as all forms of money, and includes but is not limited to: currency, coin, checks, electronic checks, money orders, credit cards, and debit cards, etc.

DGS Parking's management is responsible for monitoring and maintaining sufficient internal controls related to the public parking garage's operations. The sufficiency of the procedures is solely the responsibility of the Department of Finance, Treasury Division (Treasury). Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. This report is applicable solely to the procedures referred to below and is not intended to pertain to any of DGS Parking's other operations, procedures, or compliance with laws and regulations.

The procedures and associated findings are as follows:

1. We obtained and reviewed DGS Parking's cash receipt policies and procedures, forms used for cash receipts, and cash transaction reports to identify any concerns or internal control issues.

Finding: DGS Parking is not reconciling credit card deposits posted on Sacramento County's financial system (a.k.a. COMPASS) to its revenue collection software system for the public parking garage. See Attachment II, *Current Findings and Recommendations*.

2. We visited DGS Parking unannounced and observed and documented how parking lot attendants process cash received, and performed a walkthrough of the cash receipt process. We also reviewed DGS Parking's internal control processes in order to identify any issues or non-compliances with cash receipt policies and procedures.

Finding: We did not note any exceptions as a result of our procedures.

3. We reviewed a sample of public parking garage transactions to verify that receipt copies were provided to customers, correct amounts were charged, and collections were properly safeguarded.

Finding: DGS Parking is not collecting all revenues due for providing public parking services to customers. See Attachment II, *Current Findings and Recommendations*.

4. We performed an unannounced cash count at the public parking garage, traced revenues counted to reconciliation schedules, and confirmed deposits to COMPASS.

Finding: We did not note any exceptions as a result of our procedures.

5. We performed an unannounced cash count on the public parking garage's imprest cash and traced imprest cash counted to the amounts recorded on COMPASS.

Finding: We did not note any exceptions as a result of our procedures.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not perform an audit or examination, the objective of which would be the expression of an opinion or conclusion, respectively, on DGS Parking's fiscal processes or results of our procedures referred above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

DGS' management responses to the findings identified during our engagement are described in Attachment II, *Current Findings and Recommendations*. We did not perform procedures to validate DGS' management responses to the findings and, accordingly, we do not express opinions on the responses to the findings.

This report is intended solely for the information and use of the: Sacramento County Board of Supervisors, those charged with governance, Sacramento County Audit Committee, Sacramento County Executive, County Treasury, and DGS' management. It is not intended to be, and should not be, used by anyone other than these specified parties. However, this restriction is not intended to limit distribution of this report, which is a matter of public record.

*Attachment I: Summary of Deposits and Imprest Cash Counted*

*Attachment II: Current Findings and Recommendations*

*Attachment III: Current Status of Prior Findings and Recommendations*

COUNTY OF SACRAMENTO  
 DEPARTMENT OF GENERAL SERVICES  
 PARKING ENTERPRISE SYSTEM  
 CASH HANDLING REVIEW  
 SUMMARY OF DEPOSITS AND IMPREST CASH COUNTED  
 FOR THE PERIOD SEPTEMBER 18, 2020 TO SEPTEMBER 25, 2020

## DEPOSIT

<u>Deposit Permit Number</u>	<u>Deposit Date</u>	<u>Amount Received By DGS</u> <sup>(1)</sup>	<u>Amount Posted By Treasury</u> <sup>(2)</sup>	<u>Variance</u>
1300758495	9/25/2020	\$ 41.75	\$ 40.00	\$ 1.75 <sup>(3)</sup>
1300758496	9/25/2020	670.50	670.50	0.00

## IMPREST CASH

<u>Imprest Cash Location</u>	<u>Date Counted</u>	<u>Amount Counted</u>	<u>Authorized Amount</u>	<u>Variance</u>
Public Parking Garage	9/25/2020	\$ 600.00	\$ 600.00	\$ 0.00

- (1) Amounts consist of review of daily receipts, checks, and cash recounted.
- (2) Daily receipts were agreed to amounts reported on the County of Sacramento's financial system (a.k.a. COMPASS).
- (3) Variance amount of \$1.75 was reported as a cashiering shortage in COMPASS.

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CURRENT FINDINGS AND RECOMMENDATIONS  
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**1. Uncollected Parking Revenues**

Comment

The County of Sacramento, Department of General Services (DGS), Parking Enterprise System's (DGS Parking) Downtown Sacramento public parking garage's (parking garage) staffing time are currently 6:30 am to 6:30 pm Monday through Friday. Staffing hours are extended when the Golden 1 Center is holding an event with projected high attendance. Customers are not charged for the time they park in the parking garage after 6pm or on weekends or holidays. Before entering the parking garage, customers are required to pull a ticket from the entry gate arm terminal 24 hours a day and 365 days per year. The ticket denotes the time entering the parking garage and ticket number. Upon exiting the parking garage, customers need the same entry ticket in order to calculate parking fees due. Exit gate arms are raised during non-staffing time.

During our review of DGS Parking's operations, we noted parking customers can exit without paying parking fees after 6:30 pm at non-staffing time when the exit gate arms to the parking garage are raised. Additionally, DGS Parking did not reconcile tickets pulled from the entry gate arm terminals to the tickets returned for payment at the time of exit. As such, DGS Parking did not know how much in uncollected parking revenues it is losing when parking customers enter the parking garage and exit during non-staffing time. Parking customers should pay for utilizing the parking garage during staffing time. DGS Parking is unable to quantify uncollectible revenue amounts for reporting relief of accountabilities during the fiscal year to the Department of Finance since there are no formal policies and procedures in place to identify non-paying parking customers and how much in revenues the parking garage is losing.

Recommendation

We recommend DGS Parking track and establish a formal parking revenue collection policy and procedures whereby parking customers are billed properly. Also, uncollectible parking revenues should be reported for collections and relief of accountability when applicable.

DGS' Management Response

DGS concurs with the Auditor's recommendation for DGS Parking to track and establish a formal parking revenue collection policy and procedures whereby parking customers are billed properly and uncollectible parking revenues incurred during authorized operating hours should be reported for collections and relief of

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accountability when applicable. For clarification, we would like to point out that except for event parking, DGS is not authorized to charge parking rates after 6:00 p.m. on weekday evenings and all day on weekends. DGS Parking will not quantify or report uncollectible parking revenues accrued during non-authorized hours during nights and weekends.

Proposed Parking Revenue Collection Procedures to assure parking customers exiting the garage after exit gates are raised are billed properly to be implemented by April 1, 2021 or when sequentially numbered night inventory envelopes can be ordered and delivered (whichever comes sooner).

**2. Reconciliation of Credit Card Activities**

Comment

DGS Parking accepts credit card payments from customers at the parking garage. Credit card payments are recorded in the County of Sacramento's financial system (a.k.a. COMPASS) by the Department of Finance, Treasury Division (Treasury). However, DGS Parking does not reconcile credit card activities processed by the Treasury to its own financial records. Reconciliations can assist an organization with confirming that financial activities are recorded accurately and completely. Additionally, reconciliations can assist with identifying financial errors in a timely manner. DGS Parking could potentially be exposing itself to errors relating to the recording of credit card activities by not performing reconciliations.

Recommendation

We recommend DGS Parking reconcile credit card activities processed by the Treasury to its parking system records to confirm receipts are recorded accurately.

DGS' Management Response

DGS currently performs a monthly two-way reconciliation of credit card activities between the County of Sacramento's financial system (COMPASS) and Grant Street, the County's credit card processing vendor. The reconciliation of the deposit permits posted to COMPASS with the transaction reports available from Grant Street assists in identifying deposit errors pertaining to credit card transactions.

DGS agrees with this recommendation and will expand the existing monthly reconciliation to include transaction data and totals from the PARCS (Parking Access



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Revenue Control System). DGS plans to implement this three-way reconciliation of the systems by April 1, 2021.

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CURRENT STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD SEPTEMBER 18, 2020 TO SEPTEMBER 25, 2020

**FROM THE PRIOR CASH HANDLING REVIEW REPORT FOR THE PERIOD OF  
JULY 1, 2015 TO OCTOBER 31, 2015, DATED MAY 31, 2016\***

**1. Parking Enterprises Billing**

Prior Recommendation

The County of Sacramento, Department of General Services, Parking Enterprise System (DGS Parking) should ensure all vehicles that remain parked in the parking garage after operating hours are issued citation envelopes. DGS Parking should ensure parking fees are paid and received by DGS Parking for all vehicles that were issued citation envelopes are properly billed.

Current Status

DGS Parking no longer issued citation envelopes due to implementation of new parking fee tracking system. However, we note issues for tracking and collecting parking revenue. See comment Finding No.1 at Attachment II, *Current Findings and Recommendations*.

**2. Lock Box Log and Mail Logs**

Prior Recommendation

DGS Parking's management should review the after-hours parking log on a daily basis to ensure no material alterations to the log were made. DGS Parking management should also reconcile the log entries to its records, and research and resolve any discrepancies in a timely manner.

Current Status

DGS Parking no longer used after hours parking log due to implementation of new parking fee tracking system.

\* The prior cash handling review report covered the Department of General Services various operational units. Findings noted only pertain to the Parking Enterprise Unit.