TOWN OF GREENWICH INTERNAL AUDIT

Follow Up Review to June 2017 Internal Audit Report of Parking Services Internal Controls Over Revenue

June 28, 2019

Management Responses
March 27, 2019 and June 7, 2019

Follow-up to Report Issued
June 08, 2017
Objective and Scope

The objective of this review is to evaluate newly developed and implemented internal controls over revenue processing areas previously identified as weak during the Parking Services Department’s (the Department) most recent internal audit performed during 2016-2017. A report dated June 8, 2017, made several Management Recommendations aimed at improving controls over securing financial assets, proper recording and timely accounting for different revenue types, maintaining adequate documentation to support revenue transactions, and increased management supervision and review over these activities.

Our work covers the Department’s revenue activity during the Fiscal Year (FY) 2019 (July 1 to June 28, 2019). It also includes analytical procedures applied to the Department’s major MUNIS accounts for FY 2017, 2018, and the first six months of 2019. We conducted our fieldwork from November 2018 through June 2019. We base our conclusions and recommendations on the following:

- our understanding of the electronic and manual systems used to record activity and process transaction data,
- communications with Parking Services employees, including a temporary, part-time consultant specifically hired to improve internal controls,
- documents and information provided to us by the Department,
- financial and accounting records kept by both the Parking Services Department and the Finance Department, and
- analytical evaluations of electronic data aggregated from multiple sources.

Our report begins with a brief audit and organizational history of the Department, followed by our summary opinion. Using a tabular format, we then summarize each management recommendation and response from the 2017 audit report alongside the results obtained from our follow-up. We end each section with our latest Management Recommendations, followed by Management’s responses to those recommendations. The report concludes with a graph depicting Department revenue reported in MUNIS for FY’s 2016 through 2019 (2019 is current through June 28, 2019). At the very end of this report, two separate appendices titled A and B, offer additional information.

Audit History

The first internal audit report of the Town’s parking management and enforcement function is dated October 17, 2003, just over 15 years ago to the date of this report. The report details a limited scope review of parking violations and meter collections conducted at a time when the Traffic Section of the Greenwich Police Department (GPD) managed parking operations. This report identified many control weaknesses with its primary concerns being two-fold: 1) the number and amount of voided and adjusted violations processed by employees also responsible for receiving and recording the payments, and 2) pervasive weaknesses in the meter coin collection process, including open canister collections and the absence of documented, recurring, management-level monitoring over collection, counting, and deposit activities. At that time, management responded that it would mitigate Item 1) by creating a “Weekly Adjustments Register” that logged all such activity for weekly supervisory review. Management’s responses’ to Item 2), controls over meter collections, were generally compliant but did take exception to one recommendation that it more closely monitor variations in
meter collections for “analytical” purposes. Management responded that the variations in collections were mostly inexplicable and that “[W]e already review monthly collections reports provided to me by Treasury.” The Finance Department did not conduct a timely follow-up review to evaluate the implementation and assess the effectiveness of the new controls.

In 2004, the Town’s parking operations physically moved from the Police Department to a newly formed Parking Services Department at Town Hall. It remained under GPD management until January 2006 when the Town hired an external, Certified Administrator of Public Parking (CAPP) professional as its first civilian Director of Parking Services. According to a memo dated March 24, 2006, the new Director requested that the Finance Department perform another audit. The memo, written by the Risk Manager at that time, states, “The Internal Audit Department approached this audit by following up recommendations made in its report dated October 2003. Internal Audit also expanded the scope from the previous audit to include test work for void transactions and to ascertain the type of records that make up the aged trial balance.” We were not able to locate the formal audit report issued, but an informal, two-page, write-up of the results of void ticket testing repeatedly observed the following: “Similar to the 2003 Audit, we noted the same conditions.”

Approximately two months later, on June 7, 2006, a Parking Service’s Account Clerk was arrested and charged with second-degree larceny. A police investigation concluded the Account Clerk did not process cash payments for violations through the electronic violation/receivable system. Instead, he gave customers handwritten receipts, pocketed the cash, and voided the ticket/receivable in the system to permanently conceal the theft. The control weaknesses identified in the 2003 report, specifically the ability of cashiers to alter the receivable/violation record, along with the absence of supervisory oversight of void and reduction activity, directly enabled this employee to carry out his scheme. The chance of detection by either the Department or the Finance Department was exceptionally slim. The Town only became aware of the fraud after the new Director was hired and noted discrepancies while reviewing Department paperwork.

In early 2014, Internal Audit again returned to review Parking Services revenues and controls. Its audit report, “Limited Scope Review: Parking Services Revenue and Internal Controls,” dated June 30, 2014, was similar to the 2003 report, identifying the same control weaknesses that existed in 2003 and, by definition, in 2006 upon the discovery of the employee theft. The 2014 report also made recommendations similar to the 2003 report, including six recommendations made to strengthen controls over processing violations and fines, including monitoring employee void activity, and eight recommendations for improving controls over meter coin collections and deposits.

The Parking Services Director since January 2006 left Town service in early 2014. While the Town conducted its search for a replacement, the Business Operations Supervisor, who had functioned in that position since February 11, 2008, was assigned management responsibilities for the Department. He acted in this role between January 21, 2014, and July 14, 2014. This period also included the performance of the 2014 audit fieldwork. The new Parking Services director started on July 14, 2014. Due to the overlapping timing of the audit report, the Business Operations Supervisor’s interim management, and the hiring of the new Parking Services Director after the report date, a loss in continuity over management’s responses and implementation of the report’s recommendations occurred. A follow-up review in 2016-2017 confirmed the full implementation of just six of the 14 recommendations from the 2014 Audit Report. The new director’s attempts to implement three of
the recommendations from the 2014 report, including limiting the number of employees with access to edit the electronic violation/receivable file, reportedly failed due to intense resistance from Department staff.

This resistance, along with several other financial accounting and reporting anomalies, raised concerns for the new Director. In the summer of 2016, she reported these concerns to the Finance Department’s Risk Manager. The Town’s Risk Manager at that time was ideally situated to fully appreciate her concerns since he not only conducted the 2003 audit and wrote the report, but also performed the March 2006 internal audit, and supervised and wrote the 2014 audit report. Internal Audit began its third review of the Department’s financial and accounting controls in August 2016. It issued its final audit report in June 2017.

This audit (2016-2017) revealed many of the same, long-standing and troubling accounting practices continued to exist in the Department.

- Despite assurances by office staff to the contrary, we determined that the performance of daily reconciliations was either irregular, inaccurate, or incomplete.
- Revenue collected and processed for the day was reported to Finance days or weeks after the fact.
- Daily revenues collected were often not physically deposited to the bank until days or weeks later.
- Customer checks received via US Mail went unprocessed for weeks and were stored randomly throughout the Office.

When asked about the lax business environment, the Business Operations Supervisor cited both “past practice” and use of the “honor system” to process and report revenue. Our requests to Office staff to see records supporting the daily reconciliation process went unanswered. All Parking Services related materials used throughout the 2016-2017 review were provided to us directly by the Parking Services Director. This chaotic environment was of grave concern to Internal Audit. These facts were detailed at-length, with its risks stated in both blunt and urgent language, in the 2017 audit report. Ultimately, the 2017 Internal Audit report concluded the following (emphasis added):

> It is our summary opinion that Parking Services’ internal controls over its revenue activities are inadequate to non-existent and require immediate remediation. The existing control environment is so weak that we were unable to identify a single, auditable record to adequately support and document any of the revenue activities within the scope of this review. The lack of records available to us for testing and evaluation severely curtailed our ability to apply standard auditing procedures, negatively impacting our ability to reach substantive, measurable conclusions based off meaningful data. **Although our review did not yield direct evidence of Town employee theft, fraud, or abuse, our overall assessment is that the risk for such activities occurring and continuing without detection is inexplicably, unjustifiably high.**

Due to the Department’s history and the continuous lack of internal financial controls, the Finance Department chose to further investigate the Department’s revenue processing by comparing back-
end electronic system activity to its daily financial reporting. We observed and documented numerous, inexplicable discrepancies between the Department’s electronic systems and its financial reporting. This evidence culminated in the arrest of a Parking Services Account Clerk on felony charges of larceny and forgery, and related misdemeanor charges, on April 17, 2017. Just as with the theft discovered in 2006, this Account Clerk exploited the same lack of controls to perpetuate the same scheme - pocketing cash received from customers and concealing it by voiding the violation/receivable in the system. Over four months, between December 6, 2016 and April 7, 2017, Internal Audit documented approximately $11,000 in misappropriated funds. Shortly after the arrest, the Finance Department hired an external, forensic audit team to determine the extent and amount of fraudulent activity occurring before that period. Due to the absence of controls, the team estimated a misappropriation up to $2 million was possible between 2010 and 2016. However, due to the absence of Department documents and records available before December 6, 2016, it was impossible to calculate anything more precise than an estimate.

Just before the arrest in April 2017, the Town asked the Department’s former GPD director from the early 2000s, now a full-time GPD Captain, to work with the Director to revamp its policies and implement stronger controls. Several control issues identified during audit fieldwork, such as securing and accounting for the Department’s inventory of blank Smart Cards, had already been implemented by the Director. After issuance of the audit report in June 2017, Management continued to implement additional controls and to comply with the report’s recommendations. Internal Audit anticipated returning to reassess the Department’s control environment at the end of 2017. However, in November 2017, the Town’s Office of the First Selectman (OFS) announced it was reorganizing the Department and eliminating the Director’s position as part of the 2018-19 budget process. As a result, we put our follow-up review on hold for one year to allow the Department time to reorganize.

**Organizational History**

Article 11, Section 122 of the Greenwich Municipal Code, titled “Department of Parking Services; Director,” states, in part:

> The head of the Department of Parking Services shall be the Director of Parking Services who shall be experienced in matters of public parking administration and management.

After the OFS eliminated the Parking Services Director position, it announced it was placing the Department under the management of the Town Administrator. It also assigned the same police Captain, who assisted the Department after the 2017 arrest, to manage Parking Services day-to-day operations. He was expected to fulfill his new Parking Services assignment concurrent with his regular duties as GPD Captain.

Reportedly spread thin from having to act in two, full-time capacities, the Captain suggested hiring the Town’s recently retired Risk Manager as a part-time consultant to assist in strengthening the Department’s financial and accounting controls. This idea made sense - the former Risk Manager was a Certified Public Accountant having 15 years’ experience with the Town, and, as recounted above, had direct knowledge of the four prior Parking Services audits. He started as a consultant with the Department in January 2018, working on a twice weekly basis. Just months after bringing on the
Part-Time Consultant, the Captain ceased his Parking Services duties and eventually returned exclusively to his work for the GPD. At that time, the Part-Time Consultant assumed primary responsibility for running the Department.

In August 2018, eight months after the elimination of the Department’s director position, the OFS announced the Town had entered into a contract with a nationally known professional parking company, SP Plus. The contract states SP Plus is to provide “Management Consulting for Parking Services.” One month later, in September 2018, the Board of Estimate and Taxation (BET) Audit Committee invited the OFS, including the Town Administrator, and the Part-Time Consultant to its regular, monthly meeting for an update on its internal control progress and its strategic plans going forward. The approved meeting minutes introduced the Part-Time Consultant as someone “… who had been directly involved with defining the control process and documenting procedure [sic] for the Parking Department’s transition to a new form of management.” In a transcript from an audio recording of the meeting, the Part-Time Consultant reported, “As far as controls go, the Department I think has some very strong internal controls in place. And plus, the documentation is probably the best of any Department in the Town of Greenwich. Because everything is written out.” He further stated that the Department had fully implemented new internal controls and that all of its policies, processes, and controls are now fully documented, accessible by staff, and available for Internal Audit review. Also in the minutes, the Town Administrator discussed the plans developed by SP Plus to improve the Department:

“…. [He] enumerated the remediation steps being taken: selecting third-party expertise through an RFP; defining Plan of Action with a 30-60-90 target plan; adopting the industry standard citation void and dismissals policy; deploying new equipment; and developing Operating recommendations for FY 20 budget.”

Based on these reports, the Audit Committee determined it was a good time for Internal Audit’s follow-up review. As stated above, we conducted our follow-up fieldwork between November 2018 through May 2019.

During our 2016-2017 audit, Parking Services was operated by 16 employees consisting of a Director, a Business Operations Supervisor, two Accounting Clerks, two Meter Mechanics (aka Facilities Technicians), two Parking Enforcement Officer Supervisors, four Parking Enforcement Officers (PEOs), three part-time PEOs, and one part-time Administrative Staff Assistant II, all budgeted in the Town’s Parking Fund. When we asked the Department for clarification on its chain-of-command in January 2019, the Business Operations Supervisor wrote us that the Town Administrator is in charge of the Department and that he assigns tasks and responsibilities as needed.

Up until February 2019, in addition to the Town Administrator, the Department operated under one Part-Time Consultant, one full-time Business Operations Supervisor, three full-time Account Clerks, two Parking Facilities Technicians, one temporary PEO Supervisor, one full-time PEO Supervisor, four full-time PEO’s, and three part-time PEO’s.

On February 1, 2019, as we were writing our first draft of this report, the OFS issued a press release announcing that, based on recommendations by SP Plus, the Department was now going to report directly to the GPD under a Deputy Chief (DC) of Police, effective immediately. Based on our
reading of the press release, we assumed that, as a management consultant, SP Plus had documented its observations and recommendations into a management report or presentation for the OFS. When the Comptroller, at the request of the Chairman of the BET Audit Committee, asked for a copy of the consultant’s report, the Town Administrator replied:


On February 5, 2019, the Part-Time Consultant departed Town service.

As of February 2019, the Department is operating under one GPD DC who divides his time between the Department and the GPD. The Department has one full-time Business Operations Supervisor, two full-time Account Clerks, two Parking Facilities Technicians, one temporary, part-time PEO Supervisor, one full-time PEO Supervisor, four full-time PEO’s, and three part-time PEO’s. The Town also recently hired a person for a newly created LIUNA Department position titled Business Services Manager. This person is slated to start on August 15, 2019.

**Summary Opinion**

It is our summary opinion that Parking Services’ internal controls over its revenue processing activities have improved since the 2017 Internal Audit Report. The most critical control improvement being that the Account Clerks (cashiers) no longer have the ability to adjust the ticket/receivable record. Although already implemented early in the Spring of 2017, the significance of this control cannot be understated. The Town must ensure the Department never reverts to this “past practice” again. The Department also continues to demonstrate increased awareness of and better management over user access levels for its primary software programs.

Another impressive control improvement over revenue processing is the Department’s new procedures over meter collections. A large portion of the improvement is due to the Town’s move away from coin-operated meters towards more sophisticated and secure multi-space meters (MSMs). The MSMs feature locked coin bags and bill stackers, detailed electronic reporting from each meter, and real-time online monitoring of each machine. While weaknesses remain in the coin-operated meters due to their nature and age, the collection and reporting process now incorporates electronic accumulation and collection reports. Staff now uses the electronic reports from both types of meters during the daily counting and deposit process and is required to prepare daily manual reports and reconciliations.

We continue having concerns over the Department’s policies for reducing and voiding, now renamed closing, tickets. The Business Operations Supervisor and one PEO Supervisor retain the ability to reduce and close tickets. While there is no evidence of any fraudulent activity, the lack of a full-time senior-manager presence in the Department over the past 15 months (November 2018 – February 2019) raises concerns. We attribute our observations regarding ticket adjustments made outside of Department policies to the absence of senior leadership directing the Department’s daily activities and performing regular reviews of the financial activities performed and recorded by supervisors and staff. Although we are pleased with improvements made in the Department since its February 2019
reassignment to the GPD, the prolonged absence of senior management before that unnecessarily increased the risks for practicing favoritism resulting in a loss of revenue.

Another important observation made in our follow-up, but not addressed in the 2017 report, relates to controls over the accuracy and completeness of the Department’s daily revenue reporting. As part of our test of the newly implemented controls, we reviewed daily revenue activity and reporting for 12 randomly selected days between September 1, 2018, through May 24, 2019. We identified reporting discrepancies and irregularities on eight of the 12 sample days, five of which happened in just the past month (see Table 4 on page 25). Accurate and timely reporting and adequate documentation of day-to-day revenue activities are critical to the Town’s annual comprehensive financial statements and reports. Early detection of employee theft and fraud, as well as detection of unintentional omissions and clerical errors, also cannot be discovered and corrected without accurate records, timely reporting, and routine checks-and-balances such as the performance of regular reconciliations by the appropriate-level staff.

Similarly, we are disappointed in the quality and coverage of the controls documented in the Part-Time Consultant’s “Standard Operating Procedure Departmental Accounting Controls – August 2018” (SOP). Often incomplete and difficult to follow, the SOP, as currently written, fails to meet basic standards. Documented work instructions are strongly recommended for when a process is complex, but also routine or recurring. Well-defined procedures and work instructions must contain the right level of detail to ensure users have enough information to complete the action. It should be considered a useful training and education tool for new employees, providing guidelines to support the operations and procedures required for their jobs. We hope that the Department takes the existing SOP’s and uses them as the basis to develop better ones that meet basic, universally accepted criteria.

Finally, our overarching observation concerns the consistency and quality of senior management over the past two years. Currently, the single, biggest internal control concern is the lack of full-time, senior management in the Department. The presence of full-time dedicated Senior management is essential to ensure internal controls can be maintained. Senior managers are the most appropriate and best qualified to identify risks, design and implement controls specialized to their areas of responsibility, and be up-to-date with events and changes that impact their operations. We do not know the business reasons behind the OFS decision to eliminate the Department’s director position. We do think that cycling the Department through a series of part-time managers with no professional experience in public parking over the past two years has had a demoralizing impact on staff and is a disservice to its customers and the Town. The Department’s new management structure, with the absence of a fully dedicated and qualified Parking Services Director, as currently instituted is unsuitable for this Department. We feel that the lack of appropriate, senior management-level supervision risks the return of another chaotic control environment. Chaotic control environments decrease operating effectiveness and increase opportunities for employee waste, fraud, and abuse.
### Summary Assessment:

**I. Controls Over Prepaid Meter Smart Cards Sold in Parking Services**

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<td>Controls in this area do not exist. These controls include securing custody and limiting access to both the Smart Cards and the Smart Card revenues, separating employee duties between custody, processing, and reconciliation, retaining adequate transaction documentation, maintaining asset inventories, and reconciling daily sales activity to the daily receipts.</td>
<td>Parking Services’ management take immediate physical custody of the existing Smart Card inventory and strictly control Smart Card access and distribution.</td>
<td>Management agrees. Effective November 4, 2016, physical custody of Smart Card inventory was placed under management custody. Also effective this date, a Smart Card inventory tracking spreadsheet was established, and management began distributing Smart Card’s to staff in small quantities, or upon written request.</td>
<td><strong>IMPROVED:</strong> Despite the lack of documentation addressing controls over this process, upon a surprise site visit to the Department, we observed Smart Card inventory stored in a locked, fire safe, cabinet. The Business Operations Supervisor has one key to the file cabinet and keeps it on his person. Secured in the PEO Supervisor’s office is a spare key. We also observed the following procedures in place: 1. Smart Cards are accounted for and tracked by their individual, preprinted serial numbers using an inventory control sheet. 2. The Business Operations Supervisor issues cards, ten at a time, upon request from either of the two Account Clerks. 3. As cards are issued, they are marked off on the inventory control sheet with the date and initials of both an Account Clerk and the Business Operations Supervisor.</td>
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Management work with the Smart Card vendor to control user access to the recharging software and ensure it generates daily recharging activity logs for reconciliation to daily Smart Card receipts.

Management concurs. Effective December 6, 2016, in coordination with the vendor and the Town’s IT department, daily recharging activity logs were re-established and provided to management. Effective April 18, 2017, only one Account Clerk has the ability to load Smart Cards using the software. When the Account Clerk is not in the Office, the Business Operations Supervisor is permitted to load Smart Cards under the Account Clerk’s credentials, but must clearly separate and document the activity.

4. Each Account Clerk has a combination controlled cash box containing their supply of Smart Cards. At the end of each day, they store the cash boxes in a locking, fire, safe cabinet.

5. Only the Account Clerks know the combination to their designated cash boxes.

**NEEDS IMPROVING:**
Despite statements made to the Audit Committee in September regarding the existence of written SOPs for everything that the Department does, the new SOP’s are silent regarding Smart Card inventory control and issuance procedures.

**IMPROVED:**
The Business Operations Supervisor uses the recharging activity logs generated under each Account Clerk’s login credentials to reconcile daily Smart Card activity to their reported Smart Card receipts.

To record the $5 per card fee charged to customers for new cards, the Account Clerks complete a manual log.

The Business Operations Supervisor also has access to each Account Clerk’s electronic charge logs.

**Additional Information:**
Current management informed us that it intends to phase out its Smart Card program by the end of the calendar year (December 31, 2019). In its place, it will offer payment via the third-party administered ParkMobile™ parking application. The Department has not replenished its inventory of blank Smart Cards and is reportedly telling customers not to stock-up or put large dollar amounts
on currently owned Smart Cards. It is our opinion that moving away from the Smart Card program will decrease the day-to-day accounting and reporting burden that requires manual inventories and sales logs and features rudimentary electronic reporting. Although ParkMobile™ is also not without its technical and administrative burdens, it features better software and electronic reporting and requires fewer manual procedures and reports to account for its revenue.

Our only recommendation in this area relates to improving the quality and coverage of the Department’s SOP’s dated August 2018. We recommend the Department consider these as drafts and use the existing information and broad concepts to expand and enhance them. Basic tenets regarding effective SOP’s recommend that management apply a systematic, top-down approach that follows a consistent format. The top-down approach ensures consideration of all aspects of both policies and procedures as they are written and helps to connect the day-to-day operations to an entity’s broader mission and strategic objectives. A helpful, generic construct to guide this exercise includes documenting, in order, the concepts illustrated below in Table 1. We have also provided descriptors specific to Smart Cards as examples.

**TABLE 1:**

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<th>Level</th>
<th>Definition</th>
<th>Example</th>
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<tr>
<td>POLICY</td>
<td>A guideline or statement of position addressing a given topic.</td>
<td>“Smart Cards hold value, are fungible, and are difficult to track, much like the asset cash.”</td>
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<tr>
<td>PROCESS</td>
<td>The highest level description of a large task or series of related tasks.</td>
<td>“The same internal control principles applying to cash also apply to the Town’s Smart Card operations. These controls include securing custody and limiting access to both the Smart Cards and the Smart Card revenues, separating employee duties between custody, processing, and reconciliation, retaining adequate transaction documentation, maintaining asset inventories, and reconciling daily sales activity to the daily receipts.”</td>
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| PROCEDURE    | More detailed than a process, but less detailed than a work instruction. It tells how a series of sequential tasks should be performed to achieve a specific outcome. | “1. Smart Card supplies are to be secured in a locked cabinet in the Director’s Office.  
2. Only the Director and the Business Operations Supervisor are to possess keys to this cabinet.  
3. Smart Cards are distributed to the Account Clerk’s, ten at a time, upon request.” |
| WORK INSTRUCTION | The most detailed description of a task. Its sole purpose is to explain step by step how to do a specific task. | “1. New supplies of Smart Cards are to be inventoried by serial number by the Business Operations Supervisor.  
2. The serial numbers will be recorded in an inventory control sheet (Example 1.) in a binder kept in the locked cabinet along with the Smart Card supply.  
3. As cards are issued, their corresponding numbers will be ticked off on the inventory sheet.  
4. The Account Clerk and the Business Operations Supervisor or Director will initial and date the inventory control sheet.” |
Documenting the Department’s policies and procedures are especially relevant to processing Smart Card revenues; an area recently deemed as so ambiguous that staff defaulted to accounting for their revenues using an honor system.

**Management Recommendation 1:**
Re-draft the SOP’s Smart Card reconciliation procedure so that it is clear, accurate, reasonably simple to replicate, and fully functions as a useful guide to a process.

**Management Response 1:**
Going forward, it is management’s intention to review/update all of the Department’s Standard Operating Procedures and to codify them, in this same format [see Appendix A], into a user’s manual that is readily available for all staff reference. Target completion date: 12-31-2019.

**Management Recommendation 2:**
Develop and document an SOP governing controls over the inventory and distribution of Smart Cards in the Office. Include guidance on Department policy regarding lost and damaged Smart Cards. Include this SOP along with the re-drafted SOP in Recommendation 1 in a comprehensive Smart Card policy and procedure manual.

**Management Response 2:**
Going forward, it is management’s intention to review/update all of the Department’s Standard Operating Procedures and to codify them, in this same format [see Appendix A], into a user’s manual that is readily available for all staff reference. Target completion date: 12-31-2019.
## II. Parking Violation Fines and Parking Fees Receivable Processing

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<td>Controls are severely deficient in this area, falling short of basic standards.</td>
<td>Separate incompatible employee duties such as receiving and recording receipts and making</td>
<td>Management agrees and will implement new policy effective April 3, 2017.</td>
<td>IMPROVED:</td>
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<td>Asset security, separation of employee duties, monitoring access to sensitive</td>
<td>subsequent adjustments to the transaction records.</td>
<td>New policy includes having third-party vendor perform the majority of</td>
<td>We found no evidence that</td>
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<td>information, retaining adequate transaction documentation, and reconciliations of</td>
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<td>voids off site.</td>
<td>the Account Clerks, who are</td>
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<td>daily activity to daily deposits all need improvement and/or implementation.</td>
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<td>responsible for processing</td>
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<td>payments at the window,</td>
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<td>retain any abilities to edit the</td>
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<td>violation/receivable record.</td>
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### IMPROVED:
We found no evidence that the Account Clerks, who are responsible for processing payments at the window, retain any abilities to edit the violation/receivable record.

### NEEDS IMPROVING:
Business Operations Supervisor has void and edit capabilities and performs cashiering duties on an as-needed basis. Senior-level management is not reviewing his activity.

### NEEDS IMPROVING:
Despite statements made by the Part-Time Consultant to the Audit Committee in September regarding the existence of written SOP’s for everything that the Department does, those SOP’s are silent regarding procedures and controls over adjustments to the ticket/receivable record, including the closing/voiding of tickets/receivables. See Appendix A.

As of April 2019, new management had drafted a greatly improved ticket.
Control and regularly monitor employee access and their level of access to the transaction record.

Management concurs and has taken the following steps:

**Details steps taken, or to be taken, on a target date basis that includes deleting or limiting employee access to the electronic violation and receivable records to employees so that it more appropriately aligns with their specified job duties.**

**IMPROVED:** User access is better monitored. Currently, two employees are permitted to void/close receivables/tickets: the Business Operations Supervisor and the PEO Supervisor. The Business Operations Supervisor is also permitted to increase and decrease fine and penalty amounts and to reverse previously recorded payments.

The DC confirmed that upon the February 2019 departure of both the Part-Time Consultant and an Account Clerk, the Department terminated their access to the electronic ticket/receivable system.

Re-examine the specific Parking Services policies

Management agrees. Policy changes effective April 3.

**IMPROVED:** Other void and reduction activities previously close/void SOP. See Appendix A. Once clear and detailed work instructions are added to this new SOP, it will be sufficient.

**SIGNIFICANT:** Direct evidence of three instances where Business Operations Supervisor decreased accrued penalties on tickets due at the request of a Parking Enforcement Supervisor. Each instance was appropriate for referral to a Hearing Officer for adjudication per Town and Department policy. Between February 2018 and February 2019, no senior-management was employed by the Department to review and monitor the Department's business activity regularly.
| responsible for generating a large portion of manually processed voids and reductions. | 2017, discontinued discount on tickets issued for meter violations if paid by the next business day. Effective May 3, 2017, strict policy for reductions in permit violation fines for valid permit holders formally documented and provided to staff. Management performs regular reviews of permit reduction activity. | outsourced, returned to the Department. The amount of manual voids processed by the Department has decreased since FY 2017 and appears to have remained steady over the past two years (FY 18-FY 19). Total voids processed by the Department have decreased significantly between FY 18 and FY 19. (See Chart 1, below). As long as this activity remains steady or declines, is documented, and continuously reviewed by the appropriate level of management, we conclude the current arrangement is satisfactory. **NEEDS IMPROVING:** There is no regular or ongoing senior-level management review of void and reduction activity. **RESOLVED:** Unknown to us previously, a Town Ordinance mandates the Department’s policy of discounting meter violation tickets paid if by next business day. The existence of the Ordinance requires reinstatement of the policy. While this policy significantly increases the number of manual adjustments required, the Department must comply with its Ordinances. |

**Additional Information:**

**Accounts Receivables Voids and Adjustments:**

The Department manages its violation and fee activity using software provided by Complus Data Innovations, Inc. Referred to as Complus, this system functions as both the Department’s official
violation record as well as its accounts receivable record. Complus also features other conveniences such as automatic calculation and application of late-penalties. Tickets are issued by PEO’s via an electronic handheld device with an attached printer. At the end of their shift, the PEO returns to the Department, connects their device to a server, and uploads their shift data to Complus.

Every ticket issued using Complus is accounted for by a unique, ten-digit number. It is helpful to consider each unique, ten-digit number as also being an account receivable due to the Town. To reinforce this concept, this section refers to a ticket as a ticket/receivable. A ticket/receivable differs from ordinary receivables owed the Town because a ticket/receivable record is more likely to require one or more adjustments before the actual amount due is known. Depending on the level of access assigned by a Complus system administrator, users can increase and decrease fine and penalty amounts due, close a ticket/void a receivable, reverse a ticket/receivable payment entry and delete a ticket/receivable from the records forever. Table 2 below illustrates some of the most common situations requiring such adjustments.

Table 2:

<table>
<thead>
<tr>
<th>Closing Tickets (Voiding Receivables)</th>
<th>Adjusting Ticket (Receivable) amounts due</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st failure to display a permit violation</td>
<td></td>
</tr>
<tr>
<td>- existing permit holders</td>
<td></td>
</tr>
<tr>
<td>- granted on an annual basis</td>
<td></td>
</tr>
<tr>
<td><strong>Closed by Business Operations Supervisor</strong></td>
<td>2nd failure to display a permit violation</td>
</tr>
<tr>
<td>- Fine decreased from $55 to $15</td>
<td></td>
</tr>
<tr>
<td>- If late penalties have accrued, decreased to zero</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted by Business Operations Supervisor</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Data or equipment errors</th>
<th>Meter violation paid within the next business day.</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Dropped connection when parkers are paying using the Park Mobile application.</td>
<td></td>
</tr>
<tr>
<td>- Defective meters/MSM’s</td>
<td></td>
</tr>
<tr>
<td><strong>Closed by PEO Supervisors</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PEO error</th>
<th>Postmark Rule:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- PEO enters wrong information on ticket</td>
<td></td>
</tr>
<tr>
<td>- Handheld malfunction</td>
<td></td>
</tr>
<tr>
<td><strong>Closed by PEO Supervisor</strong></td>
<td>- Payments received via mail must have late penalties reduced if the postmarked envelope date is before either the 15 or 30-day late payment penalty window.</td>
</tr>
<tr>
<td><strong>Adjusted by Business Operations Supervisor</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hearing Officer decision based on appeal</th>
<th>Hearing Officer decision based on appeal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Closed by Business Operations Supervisor</strong></td>
<td>- Either fine or penalty may be decreased or increased depending on the outcome</td>
</tr>
<tr>
<td><strong>Adjusted by Business Operations Supervisor</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other (less common):</th>
<th>Customer Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Stolen or disabled vehicle</td>
<td></td>
</tr>
<tr>
<td>- Official business/vehicle</td>
<td></td>
</tr>
<tr>
<td>- Incorrect signage</td>
<td></td>
</tr>
<tr>
<td><strong>Closed by PEO Supervisor or Business Operations Supervisor</strong></td>
<td>Department Policy and procedures are undefined. Some adjustments made by Department staff appear random.</td>
</tr>
<tr>
<td><strong>Adjusted by Business Operations Supervisor</strong></td>
<td></td>
</tr>
</tbody>
</table>

The 2017 audit report found that the Account Clerks accepting and recording ticket/receivable payments also could void, decrease, and increase fines and penalties due. Since there was no functioning operational accounting oversight in the Department, these voids and reductions went unreviewed and unquestioned. It was this weakness that caused us the most concern and that directly enabled the daily, ongoing theft of cash by an Account Clerk. Besides the risks of theft and fraud, it
also heightened the risk of employee abuse since it created an operating environment where employees were free to practice favoritism, or worse, retribution with the public.

**Void Activity - 2018:**

Chart 1, below compares closed ticket/void receivable activity performed within the Department versus performed off-site by Complus between FY 2016 through June 14, 2019.

*Past-practice required Complus to close/void all “warning” tickets issued. Complus closed/voided the warnings using an automated program administered off-site. The DC informed us that new Department policy put a stop to the issuance warning tickets, which accounts for the major decline in the number of tickets voided by Complus for FY 2019.*
In addition to limiting the number of users allowed to close/void tickets/receivables, Management’s 2017 Responses also stated: “New policy includes having third-party vendor perform the majority of voids off-site.” The number and dollar results from these new policies, implemented in FY 2018, are dramatically illustrated in Chart 1 above. In an environment where a true separation of duties is difficult, it makes sense to have risk-sensitive transactions processed by an external party with no access to the physical payments and with no incentive to void or reduce tickets outside of the appeals process.

The Department has since reversed its policy on having its tickets/receivables closed/voided by an external third-party. The policy was reversed by the Part-Time Consultant who reasoned that the benefits from the feedback obtained by having operations management perform these functions outweighed the risks. As a result of this policy reversal, Chart 1 also shows that onsite close/void activity for FY 2019, and as of June 14, 2019, is about the same in both dollars and numbers as the record low set in FY 2018. Table 2 below calculates the relative percentages of voids done by the Department versus Complus over the last four fiscal periods.

**TABLE 2:**

<table>
<thead>
<tr>
<th>Number of Voids Performed By:</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019 (through June 14, 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department</td>
<td>69%</td>
<td>64%</td>
<td>52%</td>
<td>95%</td>
</tr>
<tr>
<td>Complus</td>
<td>31%</td>
<td>36%</td>
<td>48%</td>
<td>5%</td>
</tr>
</tbody>
</table>

The risks related to having staff close/void tickets are better mitigated now than during our 2017 review. Only two employees have permission to close tickets/void receivables, one of whom does not have any cashiering or payment handling responsibilities. Our work also revealed no signs of any potential theft or fraud occurring currently within the Department. Based on these observations, we conclude that there are adequate controls over this process for now. One caveat that remains is the prior absence of senior management available to review the Business Operations Supervisor’s activity. This employee also performs cashiering duties on an as-needed basis and is the Complus system administrator granting Department staff’s level of access to the violation/receivable record.

**Reduction Activity - 2018:**

Just as with closing or voiding tickets/receivables, employees that can adjust the ticket/receivable record, the appropriate level of management must carefully monitor this activity. Chart 2, below, depicts data extracted from Complus of all reductions made by violation code between July 1, 2018 and June 14, 2019, on a percentage basis. Table 3 that follows reflects the actual number of individual tickets/receivables adjusted.

**CHART 2:**
TABLE 3:

<table>
<thead>
<tr>
<th>VIOLATION</th>
<th>DECREASE REASON</th>
<th># OF ITEMS (July 1, 2018 to June 14, 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meter Violations (01)</td>
<td>Fine reduced if paid by the next business day</td>
<td>712</td>
</tr>
<tr>
<td>Permit Violations (17)</td>
<td>Fine reduced for 2nd violation for permittees who fail to display their permit.</td>
<td>260</td>
</tr>
<tr>
<td>Rail Road Lot Fees (23)</td>
<td>Most common “violation” requiring late-penalty reductions based on postmarks.</td>
<td>2,578</td>
</tr>
<tr>
<td>All Other Violations</td>
<td>Includes additional 21 separate violation categories</td>
<td>172</td>
</tr>
</tbody>
</table>

**Total**  
**Manually decreased tickets/receivables**  
**3,722**

The 2,578 manual decreases to late-penalties related to postmarked payments for daily Rail Road Lot fees are excessive and points to inefficient use of time and resources. Tickets issued under Violation 23 do not represent true violations. The Department uses Violation 23 as a means to collect the $5 daily parking fee from users parking in one of its railroad lots. Many people are ongoing, daily users of these lots and therefore are issued Violation 23 tickets each day of every week, Monday through Friday. Late-penalties accrue on these tickets/receivables based on the date of ticket issuance, but many users prefer to wait until two or more weeks of daily fees have accumulated before mailing their payment. It is easy to understand how several 15-calendar day late-penalties are automatically added to Violation 23 tickets, requiring subsequent manual adjustments by the Office due to
postmark rules. We surmise that tickets/receivables issued under Violation 23 are not, in fact, parking violations, but are a convenient means of collecting daily parking fees. Since “fees” (charges) are not “violations” (penalties), assessing 15-day late payment penalties on fees seems severe. The Department should work with Complus to tailor the Violation 23 automatic penalty calculation to either: 1) no longer exists, 2) or to begin at a more reasonable time for late payments for charges, such as at 30 days.

We confirmed that the 3,722 decreases in Table 2 above were performed under the log-on credentials of the Business Operations Supervisor. During our 2017 review, Management informed us that Office staff freely shared log-on credentials, undermining a major electronic systems control. Employees are given unique user id’s and are expected to keep their passwords private to ensure security and accountability when using the Town’s electronic systems. During this review, we noted some instances noted in Complus, indicating that one of the Account Clerks was processing payments using the Business Operations Supervisor’s Complus credentials. Although it was noted and corrected in Complus in a transparent manner, given the history of the Department, it raises concerns. These concerns relate to the recent, prolonged absence of a senior manager in the Department.

Ticket/Receivable Reductions Outside of Policy:

We documented three direct instances where a PEO Supervisor appeared to circumvent the appeals process by having the Business Operations Supervisor reduce the tickets upon request. While these reductions may fall somewhere under the “customer service” category, no policies exist that address when and how they are to be applied. Without documented policies to guide Office staff in these circumstances, the risk of the Department returning to its previous liberal close/void activities is high. The lack of any periodic, management level review of these activities adds to our concerns. We identified several other instances where tickets/receivables appeared to be reduced outside of stated policies. There is no evidence that theft or fraud was the impetus behind these reductions, but it still stands as a “slippery slope” that we do not want to see the Department start to go down again.

Close/Void SOP’s Dated August 2018:

As discussed in the previous section, the quality and coverage of the Department’s previous SOP’s regarding closing/voiding tickets was not adequate. Drafted by the Part-Time Consultant in August 2018, and presented in Appendix A, it does not meet any of the best practice guidelines discussed above. As to voids, the only discussion is “Cashiers should never reduce an account receivable…”. This statement is a good statement of policy or perhaps process, but no procedure or work instruction follows. As written, it fails to instruct Office staff on what to do and when (procedure) or how to do it (work instruction). We believe the Department’s ticket void and reduction process warrants a robust, detailed description, especially in light of its history.

In April 2019, newly installed Department management provided us with a completely re-written close/void policy. Also presented in Appendix A, it far exceeds the previous version. Structured and formal, it details the Department’s close/void policy very well. Once detailed procedures and work instructions are added as well, including financial and accounting procedures and the timing and frequency of senior management reviews, we feel this document can adequately support both staff and supervisors, current and new, in performing their day-to-day activities.
Management Recommendation 3:
We recommend the Town install permanent, full-time, knowledgeable senior management to the Department as soon as possible. Once installed, we recommend this person perform regularly recurring and documented management reviews of all Department closed and reduced ticket/receivable activity, including the taking of timely, remedial actions when necessary.

Management Response 3:
Management is currently working with Human Resources on the selection of a full time, highly qualified mid-level Business Services Manager (new position) to manage the day-to-day operations of Parking Services. Management feels that the creation of this new position (expected to be on-boarded no later than 08/01/19), coupled with the insight of our current consultant, will give Management the staff and expertise necessary to operate at a high level of efficiency. The Business Services Manager will be tasked with conducting regular reviews of all Department activities, which will be supplemented by periodic senior Management reviews. (Please see newly developed “Parking Services – Table of Organization” at Appendix B).

Management Recommendation 4:
We recommend the Department consider having ticket/receivable payments sent via US mail processed under a third party lockbox agreement or similar banking arrangement. We recommend the Department work with the third party lockbox vendor and Complus on how to upload any required late-penalty adjustments due to postmarks to the ticket/receivable record.

Management Response 4:
Management is open to exploring this option and would welcome the opportunity to work with Finance on implementation.

Management Recommendation 5:
We recommend that the Department work with Complus to remove the automated late penalty calculations on Violation 23 tickets to reduce the need for the majority of its manual ticket/receivable adjustments.

Management Response 5:
Management agrees with this recommendation and will explore possible remedies, however, a change to Violation 23 late fees will require a Charter change (late fees are outlined in Section 14, Schedule XIII – Reserved Parking).

Management Recommendation 6:
We recommend the Department develop a clear and comprehensive SOP informing and instructing its employees on the specifics - the who, when, where, and how - regarding the closing/voiding of tickets/receivables.

Management Response 6:
Management provided us with a copy of “Department of Parking Services Standard Operating Procedures Policy Number 1001 Parking Citations Voids and Dismissals”, issued by DC Mark Marino and dated April 1, 2019. A copy of the SOP provided us is in Appendix A to this report. This policy, as written, represents a substantial improvement over the earlier one cited above.
Internal Audit Response to Management Response 6:
We recommend that management add additional information to its ticket/receivable close/void SOP’s to incorporate a consistent, top-down discussion of the policy, process, procedure, and work instructions.

Management Response to Internal Audit Response 6:
Management is in agreement with this recommendation and will continue its efforts to strengthen all of the Department’s Standard Operating Procedures and would welcome guidance from Finance.

Management Recommendation 7:
We recommend the Department document policy defining criteria for granting user access, terminating user access, and assignment of appropriate levels of user access to all systems used within the Department, including, but not limited to Complus, its various internet applications, MUNIS, and Town email accounts. Part of this document must also include, at the least, the Town’s Information Technology Department’s policy on employee sharing of log-on credentials to both Town and Department systems.

Management Response 7:
Going forward, it is management’s intention to review/update all of the Department’s Standard Operating Procedures and to codify them, in this same format [see Appendix A], into a user’s manual that is readily available for all staff reference.

III. Single-Space Parking Meter and Parking Lot Pay Station Collection and Reporting

|-------------------|-----------------------------|---------------------------|-------------------|
| Controls are deficient in this area and do not meet standards over physical security of cash and coin receipts or the accurate capture and reporting of financial information. Retention of adequate transaction support and reconciliation procedures are also inadequate. | Develop a strategic plan to introduce secured collection processes and more reliable financial activity reporting. In the interim, work with the Finance Department to develop and implement the performance of marked quarter tests on the coin-operated meters on a regular, randomly occurring basis. | Management concurs. Effective Fiscal Year 2015. Management’s plan to convert all single-space meters to multi-space meters was approved in 2015. Budget funding secured for multi-space meter automation and upgrade for fiscal years 2015 through 2019. Single space meter system upgrade funding to be requested in fiscal year(s) subsequent to 2019. Effective May 15, 2017 management coordinating the performance of “surprise” marked quarter tests with the Finance Department. | IMPROVED:
At June 2017, the Department managed 1,500 coin-operated parking meters and 14 MSMs. As of February 2019, the Department had decreased its number of coin-operated meters by 190 to a total of 1,310. The number of multi-space meters increased to 32. The new MSMs physical security features are far superior to those of the coin-operated meters and the older MSMs and include detailed transaction reports and locking bill stacking and coin receptacle units. The Town Hall’s parking garage requires structural

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rehabilitation. A significant portion of the Department’s fiscal year 2020’s capital budget is allocated to this project. As such, near-term upgrades to the older, coin-operated meters are deferred to future budget cycles.

The Department now retains source documents, including deposit tickets, deposit bag bar codes, electronic reports from both coin-operated meters and MSMS’s. The Department now has documented procedures and standard forms in place and performs daily collection reconciliations to electronic reports.

The Finance Department did not perform any “surprise” marked quarter tests for this follow-up.

<table>
<thead>
<tr>
<th>Task</th>
<th>Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remove or modify the existing infrastructure that prohibits the proper installation of the parking lot pay stations.</td>
<td>Management agrees. Older multi-space machines and parking lot pay stations replaced effective December 22, 2016.</td>
<td>IMPROVED: Based on a visual inspection, we confirmed the new MSM’s have a smaller footprint and a better internal coin collection design that provides easier access for collecting the secure coin canisters.</td>
</tr>
</tbody>
</table>
| Identify and deposit daily meter and pay station collections by location and reconcile and document receipt activity reported by the pay stations to its deposits. | Management concurs. Effective March 3, 2017, coin-operated meter collections done separately from multi-space machine collections. Coin-operated meters collected and deposited Monday through Thursday. Multi-Space Machines collected and deposited every Friday. | IMPROVED: The Department’s entire meter collection and meter revenue accounting processes have vastly improved over what we observed in 2016-2017. Collection routes have changed again and now include daily collections of a combination of both coin-operated and MSM locations. Since changes in both the parking infrastructure and in

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how the Department utilizes available technology on its coin-operated meters, the accounting controls over this revenue stream have greatly improved. As such, we see no reason for recommending any adjustments to the current collection routes.

**Additional Information:**

The Department’s processes for the collection and accounting of meter revenue, especially over the honor system based procedures employed prior, are greatly improved. Electronic activity reporting is now used to guide the daily accounting and reconciliation process, which is also formally documented with a trail. Even its newly developed “Statement of Operating Procedure, Parking Meter Reconciliation Process” is better formed than others we reviewed. Section One addresses the collection responsibilities and procedures for the Parking Facilities Technicians. Section Two addresses the accounting and reconciliation of daily collections by Office staff. Section One of the SOP is clear, easy to follow, and addresses all aspects of the process. Section Two on the accounting and reconciliation of meter revenue is also better but still misses key steps. For example, the policy over-focuses on accounting for revenue collected from the coin-operated meters, but neglects to provide steps for the accounting and reconciling of the revenue collected from the MSMs. In May 2019, we conducted an unannounced process observation of the meter collection and accounting process and concluded all staff was essentially adhering to the SOP’s as currently written.

**Management Recommendation 8:**
We recommend the Department develop and document a detailed, comprehensive policy that uses a disciplined and systematic approach to address each aspect of the policy and the detailed work process.

**Management Response 8:**
See [Management Response 6](#).

**Management Recommendation 9:**
We recommend the Department consider further mitigating the risk of misappropriated meter revenue and increase Office efficiency by having meter collections counted and deposited directly by its bank.

**Management Response 9:**
See [Management Response 4](#).
### IV. Employment Policy Recommendation

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The employees in Parking Services responsible for collecting and reporting revenue include the two working as Account Clerks II. Each has held that position in Parking Services for well over ten years. As discussed throughout this report, a universal internal control principle governing the safeguarding of assets is the separation of incompatible employee duties. A parallel, or complementary principle, especially relevant to sizeable cash handling environments, is implementing a mandatory employee rotation policy. As</td>
<td>Implement a policy requiring staff responsible for counting and recording cash revenue be periodically assigned to perform other revenue collection and processing activities within the Department.</td>
<td>Management agrees, Effective May 3, 2017, office staff began cross-training and will begin weekly rotation among office revenue processing and reporting activities starting June 1, 2017.</td>
<td><strong>IMPROVED:</strong> The Department continues its policy introduced in 2017. Every week, one of the two current Account Clerks rotates between the morning coin count and meter deposit activities. We have no further Management Recommendations in this area at this time.</td>
</tr>
</tbody>
</table>
it applies to fraud, if an employee is periodically assigned to perform different job duties, he or she will realize the risk of another employee discovering their fraud is much higher. In addition to supplementing an organization’s fraud prevention program, periodically assigning different duties to employees broadens their skill sets and strengthens an organization’s workforce. Such cross-training allows for more seamless operations on when a particular employee(s) is not present and enables an organization to move workers through a variety of positions within departments of teams.

Observations on Departmental Revenue Accounting and Reporting:

Although not directly addressed in the 2017 audit report, work performed during our 2019 follow-up review revealed several, ongoing accounting and reporting issues that warrant mention here. To validate assurances made at the September 2018 Audit Committee meeting regarding the improved quality and controls over the Department’s financial reporting, we randomly selected twelve days of financial activity and reports between September 2018 and May 2019. The Department provided us with its transmittals to the Finance Department and related supporting documentation. We traced the reported activity to external source documents such as bank statements, Complus daily batch reports, remote check deposit activity, and Smart Card recharge activity logs. Of the 12 days reviewed, we noted unreported deposits and other reporting discrepancies over ten of those days. Table 4 below details our observations.
TABLE 4:

<table>
<thead>
<tr>
<th>Date</th>
<th>Observations</th>
<th>Amount</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>09-13-2018</td>
<td>Cash deposit to Parking Fund not reported with day’s activity.</td>
<td>$24.00</td>
<td>Origin undetermined.</td>
</tr>
<tr>
<td></td>
<td>Remote check deposit to Parking Fund not reported with day’s activity.</td>
<td>$536.00</td>
<td>Scanned images and individual check amounts indicate that the deposit represents permit revenue.</td>
</tr>
<tr>
<td>11-17-2018</td>
<td>Cash deposit to Parking Fund not reported with day’s activity.</td>
<td>$415.00</td>
<td>Amount indicates that the deposit represents permit revenue.</td>
</tr>
<tr>
<td></td>
<td>Remote check deposit to Parking Fund not reported with day’s activity.</td>
<td>$12,534.00</td>
<td>Scanned images and individual check amounts indicate that the deposit represents permit revenue.</td>
</tr>
<tr>
<td>12-07-2018</td>
<td>Two separate cash deposits to Parking Fund not reported with day’s activity.</td>
<td>$175.00</td>
<td>Amount indicates that the deposit represents permit revenue.</td>
</tr>
<tr>
<td></td>
<td>$150.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Two remote check deposits to Parking Fund not reported with day’s activity.</td>
<td>$41,205.00</td>
<td>Check images, and individual check amounts indicate that the deposit represents permit revenue.</td>
</tr>
<tr>
<td></td>
<td>$19,415.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Meter collection deposit reported is less than the amount per deposit slip.</td>
<td>$235.00</td>
<td>The difference is unexplained.</td>
</tr>
<tr>
<td>Date</td>
<td>Description</td>
<td>Amount</td>
<td>Notes</td>
</tr>
<tr>
<td>------------</td>
<td>------------------------------------------------------------------------------</td>
<td>-----------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>05-07-2019</td>
<td>Remote check deposit to Parking Fund not reported with day’s activity.</td>
<td>8,925.00</td>
<td>Check images indicate that the deposit represents permit revenue.</td>
</tr>
<tr>
<td></td>
<td>Two cash deposits to Parking Fund not reported with day’s activity.</td>
<td>277.00 $24.00</td>
<td>Amounts indicate that the deposit represents permit revenue.</td>
</tr>
<tr>
<td>05-08-2019</td>
<td>One cash deposit to Parking Fund and two to General Fund reported but do not</td>
<td>150.00 $140.00 $5.00</td>
<td>Origins are undetermined.</td>
</tr>
<tr>
<td></td>
<td>appear on bank statements.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Remote check deposit to Parking Fund not reported with day’s activity.</td>
<td>17,398.00</td>
<td>Check images indicate that the deposit represents permit revenue.</td>
</tr>
<tr>
<td>05-09-2019</td>
<td>Five cash deposits to General Fund not reported with day’s activity.</td>
<td>150.00 $140.00 $90.00 $5.00 $5.00</td>
<td>Origins are undetermined.</td>
</tr>
<tr>
<td></td>
<td>Meter rental revenue processed on 05-02-2019 in Complus not reported until</td>
<td>400.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>05-09-2019.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Four remote check deposits to Parking Fund and one remote check deposit to</td>
<td>18,350.00 $3,085.00 $2,259.00 $315.00 $6.00</td>
<td>Check images indicate that the Parking Fund deposits represent permit revenue.</td>
</tr>
<tr>
<td></td>
<td>the General Fund not reported with day’s activity.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>05-10-2019</td>
<td>Two cash deposits to Parking Fund not reported with day’s activity.</td>
<td>277.00 $24.00</td>
<td>Amounts indicate that the deposit represents permit revenue.</td>
</tr>
<tr>
<td>05-13-2019</td>
<td>One remote check deposit to Parking Fund not reported with day’s activity.</td>
<td>10,076.00</td>
<td>Check images indicate that the deposit represents permit revenue.</td>
</tr>
</tbody>
</table>

**Revenue Analyses:**

Activity reported in Parking Services major revenue areas for FY 2016 through FY 2019 (to June 28, 2019) is presented below for informational purposes. The major revenue areas considered are permit sales (less late fees), meter collections, meter rentals, parking fees, parking fines, and Smart Card sales.
<table>
<thead>
<tr>
<th>Source</th>
<th>FY 16</th>
<th>FY 17</th>
<th>FY 18</th>
<th>FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINES</td>
<td>$1,029,931</td>
<td>$1,020,624.50</td>
<td>$1,324,885.05</td>
<td>$1,154,122.00</td>
</tr>
<tr>
<td>FEES</td>
<td>$417,104.00</td>
<td>$383,460.31</td>
<td>$376,455.06</td>
<td>$357,062.32</td>
</tr>
<tr>
<td>METER RENTAL</td>
<td>$85,607.55</td>
<td>$42,271.00</td>
<td>$30,097.57</td>
<td>$43,581.00</td>
</tr>
<tr>
<td>PERMITS (+LATE FEES)</td>
<td>$1,775,202.50</td>
<td>$1,854,038.52</td>
<td>$1,823,523.63</td>
<td>$1,859,419.00</td>
</tr>
<tr>
<td>SMART CARDS</td>
<td>$340,154.00</td>
<td>$297,037.25</td>
<td>$282,168.80</td>
<td>$190,954.25</td>
</tr>
<tr>
<td>METERS</td>
<td>$1,575,966.00</td>
<td>$1,613,414.96</td>
<td>$1,691,192.96</td>
<td>$1,651,808.89</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$5,223,965</td>
<td>$5,210,847</td>
<td>$5,528,323</td>
<td>$5,256,947.46</td>
</tr>
</tbody>
</table>

Parking Services Revenue Activity By Source - FY 2016 - 2019 (THROUGH JUNE 28, 2019)
APPENDIX A
Void Policy, as written, August 2018

Overall Summary Comment @ February 2018:
The Department has undergone significant upheaval in recent years. Changes have been made to general processing that have reduced controls over all revenue streams. Internal controls in place January 2018 were inadequate and should be characterized as poor. For some revenue streams, there were no controls. The acting Interim Director had the hindsight to engage a consultant to aid in developing sound policy. He should be congratulated for being wise and open minded in his approach. It has been a pleasure working with the Interim Director.

Basic Tenets of Internal Controls in Parking Services Environment:

Major Elements of responsibility in a segregated functionality environment.

1 - Segregation of functionalities must be well thought out and consistent and enforced.

1A Basic cashier’s responsibilities in segregation of functionality environment.

- In this environment it is key that cashiers do not have absolute authority to perform certain tasks.
- Cashiers should NEVER have the capabilities to void tickets upon their own authority. The cashiers will have the ability to put a ticket on hold which will be acted upon by a different employee at later time. Cashiers should never reduce an accounts receivable item on their own authority.
- Cashiers should be required to prepare their own reconciliations daily. A daily reconciliation should be an absolute necessity without exception.
- Cashiers should be responsible for preparing a reconciliation sheet that discloses all elements of daily transactions. In this environment this would include cash, checks, credit card and smart receipts.
- Not normally required but in this environment the assigned cashier for the day will be required to provide the accumulations of the coin counted for the day. Subject of a separate SOP.
1001.2 PURPOSE

To establish clear and concise direction concerning situations under which parking citations may be voided or dismissed, who is authorized to conduct these transactions and the responsibility of the Deputy Chief of Police to monitor this activity.

1001.2 POLICY

The practice of voiding, dismissing or reducing parking citations is an activity that has the potential to bring severe criticism and distrust upon the Department. As such, all voids are to be reviewed and approved by the Business Operations Manager or the Deputy Chief of Police. Only after a careful review of evidence that supports a void, based upon established criteria, will a citation be voided. The approving authority will then stamp the voided citation “APPROVED” and place their initials and the date on the citation.

The authority to electronically process approved voids is limited to supervisory staff only.

The Deputy Chief of Police will, on a quarterly basis, review randomly selected batches of voids approved by the Business Operations Manager to ensure compliance with the established criteria.

The authority to dismiss parking citations rests solely with Hearing Officers assigned to the appeals process.

1001.3 DEFINITIONS

VOID: The process of nullifying a previously issued parking citation after a management review of evidence that supports that the citation meets the established criteria to be voided.

DISMISSAL: The process of nullifying a contested parking citation by a duly appointed Hearing Officer in conjunction with the appeals process.

REDUCTION: The process of reducing the fine and/or penalty amount of a previously issued parking citation by a Hearing Officer, in conjunction with the appeals process or by the Business Operations Manager when acting in compliance with reductions stipulated in the Town Charter and Code.

1001.4 PROCEDURE

The application of a void code may only be approved by the Deputy Chief of Police or the Business Operations Manager. Evidence supporting the decision shall either be physically or electronically retained and available in the Parking Services office for a minimum of Thirty-six (36) months.

VOID / DISMISSAL CODES

The protocol for voiding or dismissing parking citations is based on the following reasons corresponding to the enforcement
system's void and dismissal codes indicated below.

When Management is reviewing disputed citations, they must put notes on each citation and review all evidence. Office staff will place disputed citations on "HOLD" pending this review.

Under each reason code there is a section A and a section B.

Section A describes the circumstances under which a citation may be voided or dismissed. Section B is a listing of sufficient evidence that is needed to justify a void or dismissal.

01: Permit

A. Valid permit holder who did not display permit at the time citation was issued.

B. Customer demonstrates permit validity. To be applied one time during a twelve (12) month period. All subsequent violations where permit was not displayed are fined $15.00 (a reduced amount). Citations which have escalated due to elapsed time will escalate on the normal schedule, doubling 15 days after issuance or 15 days after a Hearing Officer has certified the validity of the citation.

Action: VOID or REDUCED

02: PED Handheld Transmission Error

A. Transmission error occurs that prevents the PED from completing or printing a citation.

B. PED Supervisor confirms through Complus that a transmission error occurred.

Action: VOID or REDUCED

03: Jammed Meter

A. Meter payment device physically preventing coin payment at meters where credit cards are not accepted. Does not apply to multi-spaced meter equipped locations where payment redundancy is in place.

B. Requires signed and dated documentation from a Meter Technician confirming defective meter.

Action: VOID

04: Handicapped Space

A. Valid handicapped permit holder who did not display permit at the time citation was issued.

B. Customer demonstrates permit validity. To be applied one time during a twelve (12) month period. All subsequent violations where permit was not displayed are fined $15.00 (a reduced amount). Citations which have escalated due to elapsed time will escalate on the normal schedule, doubling 15 days after issuance or 15 days after a Hearing Officer has certified the validity of the citation.

Action: VOID or REDUCED

05: Disabled Vehicle

A. Disabled vehicle not paid and without a permit at the time citation was issued.
B. Documentation required demonstrating that service to cure disabled vehicle was rendered.

Action: VOID

06: Data Error

A. Customer enters incorrect registration plate in multispace meter machine.
B. One courtesy during a twelve (12) month period for transposed plate.

Action: VOID

07: Stolen Vehicle

A. Vehicle receiving citation had been stolen at the time citation was issued.
B. Documentation required demonstrating vehicle was stolen (Police or DMV report).

Action: VOID

08: Official Vehicle

A. Vehicle received citation while on official Town of Greenwich business.
B. Documentation required demonstrating official nature of the vehicle and business.

Action: VOID

09: On-Site Error

A. Customer returned to their vehicle to pay while PEO was on site, having already printed the citation.

B. PEO signs citation and notes the situation in which the customer paid while the PEO was on site. Requires supervisor approval to be noted and initialed on citation.

Action: VOID

10: Official Business

A. Vehicle received citation while dispatched by a Town of Greenwich department using personal vehicle.
B. Documentation required demonstrating dispatch by an official Town of Greenwich department.

Action: VOID

11: Incorrect Signage

A. Vehicle received citation in conflict with posted signage.
B. Confirm and document signage error and request appropriate repair.

Action: VOID

12: Parking Enforcement Officer Error

A. Vehicle received citation while in invalid / paid parking session, or with an appropriately displayed permit, or for a violation not supported by evidence (ex. fire hydrant violation where no hydrant exists).
B. Documentation required demonstrating payment or notation indicating evidence does not support violation (ex. reference photo).

Action: VOID
DEPARTMENT OF PARKING SERVICES

VOID REASON CODES

01 – Permit Parking
02 – PEO Handheld Transmission Error
03 – Jammed Meter
04 – Handicapped Space
05 – Disabled Vehicle
06 – Data Error
07 – Stolen Vehicle
08 – Official Vehicle
09 – On-Site Error
10 – Official Business
11 – Incorrect Signage
12 – Parking Enforcement Officer Error
13 – Vehicle Error
14 – Hearing Officer Decision
15 – Stolen Plates
16 – ParkMobile Communication Failure
17 – T2 Communication Failure

Revised 6/24/19