



Audit Follow-Up

Audit of City-Owned Parking Parking Garages and Airport

Report #AR-2508
August 29, 2025

Original Report #AR-2405, Issued July 10, 2024
Follow-Up Period Ending March 31, 2025

Summary from Original Report

In July 2021, the Parking Services Division of Customer Operations (Parking Services) took over the management and operations of all City-owned public parking services from a contractor. Given this significant operational shift, we determined that an audit of City-owned parking was appropriate. The objectives of the audit were to determine whether (1) the policies and procedures governing the City parking garages and airport parking lots established adequate internal controls to ensure operational efficiency and fiscal accountability; (2) the operations of Parking Services complied with applicable policies and procedures; and (3) management was making progress towards its stated goals of increasing cost savings, increasing revenue, and improving customer service.

Our audit procedures identified significant strengths of the Parking Services Division. We found that it was well-organized and staffed for the management and daily operations of the parking facilities, and management implemented appropriate internal controls to mitigate risks associated with the daily operations of the City-owned parking garages and airport parking lots. However, we also noted some areas where improvements should be made to help ensure operational efficiency, proper fiscal accountability, and better alignment of operations with management's stated goals. We noted: (1) the City does not utilize an enterprise fund to account for the revenue and expenditures of parking services; (2) management has not developed a performance measurement system to evaluate parking at City garages and the airport; (3) documentation related to the oversight and governance of Parking Services, including the *Cash Handling Policy* and Parking Ambassador job description, could be enhanced to better reflect operations.

In response to our audit observations, management established three action plan steps. One of the action plan steps was completed prior to issuing the original audit report (#AR-2405) and the other two were determined to still be in progress as of March 31, 2025.

This status report is the first follow-up on Audit Report #AR-2405.

Complete

1

In Progress

2

Needs Attention

0

Action Plan Step 1

Objective: We recommended management establish and utilize an enterprise fund to account for the financial activities of the Parking Operations program.

Management Action Plan Step:

We appreciate the Auditor's input. The current accounting approach follows generally accepted accounting principles and has been a longstanding practice. We thank the Audit team and will continue with the current approach which successfully meets management's needs.

Action Plan Status: Complete

In Audit Report #AR-2405, we noted that the Parking Services Division of Customer Operations accounts for Parking Operations program revenues in the General Fund, while related expenses are recorded in other funds, including Customer Operations and Facilities Management. Accounting for the financial activities of the Parking Operations program in that manner increases the risk that parking expenditures will not be properly assigned to the Parking Operations program. It also makes it more difficult to efficiently track and manage the program's financial results and assess whether it is achieving its stated goals of increasing cost savings and revenues.

In response to our observation, management indicated they will continue using the current approach. Accordingly, this step is considered complete.

Action Plan Step 2

Objective: We recommended that Parking Services management develop a comprehensive performance measurement system that will help management determine if the parking program is meeting its goals. Such performance measures should encompass the identified performance indicators but also incorporate other key metrics commonly utilized in parking operations.

Management Action Plan Step:

Staff will review monthly productivity reports to confirm current metrics are fully represented, and where new metrics could be incorporated. Staff will also conduct a review to identify any potential new metrics by the end of the fiscal year.

Action Plan Status: In Progress

This action plan step was originally scheduled to be completed by December 31, 2024. Upon inquiry with management as to the status of the action plan step as of March 31, 2025, we were provided an amended completion date of May 31, 2025. We inquired of management as to why additional time was needed, and were informed the change in the delivery date was due to the coordination required of multiple departments and updated equipment in one of the key areas.

Subsequent to the completion of our audit work, management provided documentation intended to demonstrate the completion of the action plan step. We will review the documentation and evaluate the status of this action plan step as part of our next follow-up audit scheduled for March 31, 2026.

Action Plan Step 3

Objective 3.1: We recommended the five Parking Services Division policies and procedures that provide guidance and direction to the Parking Ambassadors be improved by including an effective date and a date of last revision. Additionally, we identified the following improvements that should also be made to the *Cash Handling Policy*.

1. The draft form of the Policy should be finalized and adopted.
2. The Policy should be revised to align with the actual hours of operation.
3. The Policy should include reference to the *Treasurer-Clerk Revenue Division Theft/Active Shooter/Fraud Prevention* policy to provide staff with further guidance in identifying counterfeit monies.
4. The Policy should be updated to include Airport operations, or a separate, distinct policy and procedure should be established for Airport operations.

Objective 3.2: We recommended Parking Services management update the Parking Ambassador job description to include essential duties, knowledge, abilities, and skills related to cash handling and customer account management.

Management Action Plan Step:

Staff appreciates the Audit team's observations regarding governing documents. Opportunities for continued refinement and review of policies and procedures can be reviewed for improvement. The recommendations provided in this report will be reviewed and necessary changes implemented by September 30, 2024.

Action Plan Status: In Progress

Similar to Action Plan Step 2, management extended the planned completion date for Action Plan Step 3. The scheduled completion date of September 30, 2024, was amended to May 31, 2025. We inquired of management as to why additional time was needed to complete the action plan step and were told that the change was due to management wanting to ensure policies and procedures were referenced based on auditor recommendation and for staff to work through the process for the first two quarters of the fiscal year.

Subsequent to the completion of our audit work, management provided documentation intended to demonstrate the completion of the action plan step. We will review the documentation and evaluate the status of this action plan step as part of our next follow-up audit scheduled for March 31, 2026.

Conclusion

To address the observations made in Audit Report #AR-2405, management developed three action plan steps. As of the end of this follow-up period, management successfully completed one of the action plan steps, and two were in progress. We will follow up and report on the status of the remaining action plan steps as part of the 2026 follow-up reporting cycle.

Appointed Official Response

City Manager:

We appreciate the work of the Office of the Inspector General (OIG) in conducting this follow up review. As noted in the report, all action steps are being addressed or completed. Parking staff continue to evaluate and implement improvements based on best practices and ongoing risk assessments. We thank the OIG for its engagement and contribution to this process.

Acknowledgements

We appreciate the cooperation and assistance provided by management and staff during this audit follow-up.

Project Team

Engagement:

Conducted by: Shane Herman, CPA, CIA
Audit Manager

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Deputy Inspector General

Approved by: Dennis R. Sutton, CPA, CIA, CIG
Inspector General

Statement of Accordance

The mission of the Office of the Inspector General is to advance integrity, accountability, transparency, and efficiency and effectiveness within City government by providing professional, independent, and objective audit and investigative services.

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

Please contact the Office of Inspector General at (850) 891-8397 or inspector.general@talgov.com with inquiries regarding this report.

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