



CITY OF WILMINGTON

Parking Meter Review

Internal Audit Review

September 22, 2020

City Auditor's Office

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Highlights

Why We Did This Audit

The Internal Audit Department (IA) performed a scheduled audit of Parking Meters. The audit was in accordance with the 2020 Internal Audit Plan.

Methodology

The objectives were met thru interviewing management and staff, reviewing existing procedures and practices for meter revenue collection and counting, observing collection and counting process, reviewing the smart meter and kiosk management systems, observing physical inventory on the streets and in storage, tracing smart meter/kiosk reporting to Munis, tracing deposits to bank statements and reviewing reconciliations

Audit Review Committee:

Ronald Pinkett, Chair

Ciro Adams
Marchelle Basnight
Angelique Dennis
Bud Freel
Tanya Washington

Objective and Scope

As part of our audit plan, Internal Audit (IA) conducted a Performance Audit of the City's Parking Meters. The audit objectives were to determine whether the City has adequate controls in place to ensure that all parking meter collections are properly recorded and accounted for; to evaluate whether the parking meter process is operating as intended, or can be made more efficient and effective; to determine whether vendors are complying with the terms of their contract and providing the required products and services; and to assess the division of transportation's management of the meter collection process, including oversight of the vendor's activities as defined by the contract. The scope of the audit will cover all City parking meters and collections for fiscal years 2016, 2017, 2018 and 2019. IA believes that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We conducted our audit in accordance with Generally Accepted Government Auditing Standards ("GAGAS"). These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The City's Department of Transportation (DOT) owns approximately 1K single space meters and 16 multi-space pay stations (kiosks). Of the approximate 1K single space meters, 200 are "smart meters". The smart meters can accept credit card payments in addition to coins. The "smart meters" are concentrated in the heavy business district of North Market Street (100 to 1K blocks) and in front of the City/County building on the 800 and 900 blocks of North French Street. The remaining meters are coin-only meters and are deployed throughout the downtown streets other than Market and there are also coin-only meters near the Amtrak train station as well as the Riverfront area. Smart Meters and Coin-Only Meters are programmed for 2-hour parking limits. The multi-space kiosks are deployed in the Riverfront area (300 and 400 blocks of Justison Street) and recently one kiosk was installed on 10th street near the DE.CO food hall; however, at the time of this report that kiosk was not active. Kiosks can accept coins, dollar bills and credit cards. When a person uses a kiosk, they must display the receipt printed from the machine inside their vehicle's front dash, this is referred to as a pay and display parking system. The kiosks are programmed for 4-hour parking limits. In addition to the single space meters and the multi-space kiosks, the City also provides a pay by phone option. To use the pay by phone option a person parking must download the ParkMobile USA, Inc. application on their smartphone device and create an account to pay for the parking. For the pay by phone option to work each block is given a zone number for each side of the block. The zone numbers are displayed on the existing meters for people

to see when using the pay by phone option. The pay by phone option was rolled out to City constituents in October 2017.

Key Statistics

**City of Wilmington
Parking Meter & Kiosks Revenue
Fiscal Years 2016-2019**

Fiscal Year	Actual Parking Revenue
2016	\$434K
2017	\$375K
2018	\$304K
2019	\$361K

Source: City of Wilmington Munis Financial System (Actual Revenue)

Current Technology deployed:



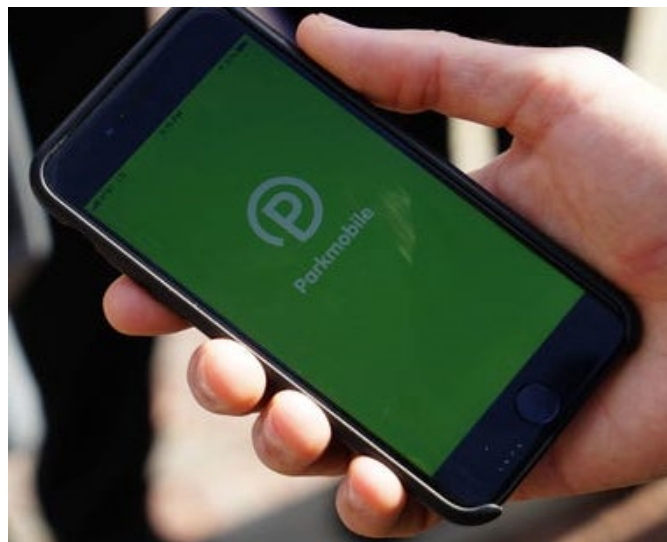
Coin-only Meter



Smart Meters (Accept Credit Card & Coins)



Kiosk



Pay by Phone

What we found

Key Findings

Following are key issues that resulted in a process/area to be risk rated a four. See **Attachment A** for the detail of these and all comments identified during the review.

Risk Ranking:		(See Attachment B for full rating definitions)			
Process / Area	Process / Area Owner	1 Strong Controls	2 Controlled Effectively	3 Controlled - Improvement Required	4 Significant Improvement Required
Cash Control	Kelly Williams J. Brett Taylor				✓
Contract Management & Administration	Kelly Williams J. Brett Taylor				✓
Payment Processing	J. Brett Taylor				✓
Policies and Procedures	J. Brett Taylor				✓
Reconciliation	J. Brett Taylor				✓
Strategic Operations	Kelly Williams J. Brett Taylor				✓
User Access	Kelly Williams J. Brett Taylor				✓

Cash Control

1. Cash controls related to coin collection process need strengthening, due to safeguards for the revenue collected being insufficient. The following examples were identified:
 - Coin canisters were dropped off at the Revenue Department and no record was kept regarding the day, time or person dropping off the canister. Due to this lack of controls, there is no way to calculate how long the revenue sits without being counted. Also, two of the coin canisters were out of service, which could lead to decreased revenue collection.
 - One-coin counting machine is damaged making it inefficient. The other coin counter is ineffective because it has a receipt printer that does not work.

- The Revenue saferoom currently has video surveillance, but only captures access to the locked safe, due to the angle of the camera. In addition, although two staff members must be present during counting, there is still a risk of theft because both employees are counting separately and not monitoring each other.
- The time from when a coin canister was counted and deposited ranged from 7 to 34 days. It was also noted that bank deposits ranged from 1 to 20 days before the entries were entered in Munis. In addition, there were instances where bank statements notated a cash adjustment occurred without justification.

There is an increased risk of fraud occurring which could lead to revenue being understated.

Contract Management & Administration

2. Controls pertaining to the monitoring of vendor contracts for cash logistics and parking meters need to be strengthened.

For example, the City's original contract with Garda was signed 19 years ago but has not been out to bid since, due to contract extensions or renewals. The terms and conditions of the contract should be reviewed to coincide with the City's current work environment.

In addition, the City is currently spending \$600 monthly with Civic Smart for sensor wireless fees, however only 11/200 (5.5%) sensors are operational with current information.

The City is paying for a service that is not operating and not providing a benefit of maximizing meter revenue.

There is a risk of complacency from the provider when a contract lasts such a long time without ever being put out for bid.

Payment processing

3. Weak controls exist surrounding how parking meter revenue is being recorded in Munis.

For instance, Munis entries related to meter revenue are not being accurately classified. Per the current P&Ps there is a defined method which recognizes the source of the parking meter revenue. However, instances were noted where the defined methods were not being used (e.g. credit card revenue from parking meters was recorded as coins).

Future parking technology decisions surrounding meter collection maybe misguided, due to inaccurate classifications currently being used.

Policies and Procedures

4. Controls need strengthening for policies and procedures related to the collection of meter coins.

The frequency and strategy for the collection of meter coins needs to be documented to improve transparency and planning.

Inconsistent frequency can cause delays in coin revenues being deposited and/or interrupt the Finance department's operations.

Reconciliation

5. Key control does not exist for parking meter credit card revenue.

The department of Finance does not reconcile to the First Data monthly statement for credit card revenue. The amount that is on the bank statement is what gets posted to Munis.

Errors go undetected when a suitable reconciliation process is not in place.

Strategic Operations

6. Parking meter resources are not being utilized effectively and efficiently:

- A. The City purchased a total of 16 Kiosks between April 2011 and May 2012. To date there are five deployed in the riverfront area, of which one has not been in service since November 2018; and one is installed on West 10th street in the downtown area but is not in service. The remaining 10 Kiosks are in storage at the Turner Complex.

- B. The City pays \$1.1K monthly (\$5.50*200 meters), for Parking Enterprise Management System (PEMS), but does not utilize it.

- The City currently only has 100 meters in use out of the 200 smart meters purchased. We are being invoiced based on usage of 200 meters.
- The Traffic Division Supervisor could benefit from having access to this program but does not have a login. There are financial reports provided by the system, however no one from the Department of Finance has access to PEMS.

C. Purchase of parking meter technology is not being fully analyzed, planned or executed.

- A cost to revenue analysis for kiosks was completed and reflects that from the initial cost of acquiring the kiosks to the date of January 28, 2020, the City was in the red \$86K. The City has yet to recover its cost of investment regarding kiosks. The main reason for this is that of 16 kiosks purchased there are 10 still in storage and of the 6 kiosks currently deployed only 4 are operating.
- It was noted during our procedures that there is a potential plan to purchase meter technology totaling between \$550K to \$750K. This is a purchase that should be fully vetted to substantiate its cost.

These issues can be viewed as wasteful by taxpayers because we are paying for resources and services we are not utilizing. In addition, there is lost revenue due to removed and out of service meters and kiosks. Also, when purchases are completed without proper planning there is a greater risk of wasted funds and misuse of assets.

User Access

7. Control weaknesses were identified surrounding user account access.

- There were retired and terminated employees listed as active users of the City's Smart Meters, during a review of the Parking Enterprise Management System (PEMS) provided by Civic Smart. Also, some current employees do not have access to the system, although they could benefit from using the system.
- Testing of user access to Flowbird Web Office, the system that provides information for the kiosks also showed user accounts active for retired and terminated employees. It was verified that all but one user never accessed the system after their initial account creation date.
- In addition, monthly statements from First Data, the company that processes the City's credit card transactions for Smart Meters and Kiosks is addressed to an employee that has been inactive since November 2014.

Management Responses to Audit Recommendations

Summary of Management Responses

Recommendation #1: Management should develop a log for when the coin canisters are dropped off to Revenue from Public Works. The log should identify the person dropping off the canister, the date and time. The log should also identify the person who counts the coins along with the time and date this occurred. This will help create a trail of the meter revenue and will also provide a timeframe for how long coins are sitting before being counted.

Management should also consider purchasing a new coin counting machine and a new printer. This will help make the coin counting process more efficient and will also provide a receipt to attach to the deposit slip that serves as a confirmation of the coin count.

It is also recommended that management should install a camera that can capture the coin counting process. The fact that the process is under surveillance should be communicated to the employees, so that they are aware. Ultimately the City wants to avoid any unwanted activity and informing employees that the process is under surveillance we believe will help to minimize that risk. In addition, we recommend that the two broken keys be replaced on the coin canisters in order to operate at maximum efficiency.

Management response & action plan: The Department of Finance acknowledges the finding. Upper management will work with the Customer Service Manager to develop a log for when the canisters are dropped off by the Public Works employee which will track the date and time of the drop off.

Finance would need to confirm if the canisters would need to be replaced by the Public Works Department or the Finance Department. If determined that the Finance Department is responsible, we will work with a vendor to replace the broken keys

The Finance Department has replaced the broken coin counting machine on June 23, 2020.

The safe room is a very small area that requires two people to be side by side during counting. Management will request quotes for additional camera security within the safe room to view coin counting process.

The City utilizes Garda for coin and currency pickup as well as delivery service to the bank for deposit. Unfortunately, when the currency leaves the City, we cannot control the delivery from Garda to the bank or the upload of the deposit from the bank. We've had a documented contract with this service provider since July 1, 2001 and have utilized their service since. We have put an RFP out during the month of July 2020 for a new service provider that is more efficient and timelier.

Completion Date: December 31, 2020

Recommendation #2: Management should reevaluate the needs to be met by the Garda contract as such (e.g. frequency of pick-ups, timeliness of deposits, access to a representative for any issues) and a request for proposal should be developed to ensure the services the City is receiving are meeting the intended needs.

Management should also reevaluate the monthly invoice from Civic Smart for the Sensor Wireless Fees and determine if the service is necessary to keep. If they decide to keep this service, then all sensors need to be operating and connected to a smart meter. On the other hand, if Management decides to use less sensors, then this should be communicated to Civic Smart and the invoice should be adjusted accordingly. The sensors could be an asset especially in front of the City/County building where parking turnover occurs frequently, but the sensors must be working properly and connected to a smart meter for it to be an asset.

Public Works Management response & action plan: Management has advised Civic Smart to cease billing the City for nonfunctional meters and sensors.

Civic Smart has suggested that they deploy staff to fix sensors, but that offer is going to be rejected by Public Works because the sensor technology used in the City's current meters is dated (using wired connections through meter post). Public Works will be asking Civic Smart to perform an analysis of the sensors cost/benefit.

Public Works agrees that the meters in front of the City/County building have a lot of turnover with folks conducting short term activities at the City/County building. Where the sensors provide substantial "resold minutes", the City may want to consider purchasing the newer meters that can have the sensors within the regular dome of the meter.

Completion Date: June 30, 2021

Finance Department Management response & action plan: The Department of Finance acknowledges the finding and as stated above, have put an RFP out during the month of July 2020, for a new service provider that is more efficient and timelier.

The Finance Department will review the most recent invoice as well as the current contract for Civic Smart to ensure the benefit of doing business with this vendor as well as the viability of the contract. The request will be sent to the Principal Analyst, who reviews the annual contracts for the Finance Department.

The Department of Finance will be requesting funding for the replacement of all parking meters in the City with kiosks with smart sensors during the FY 2022 budget development.

Completion Date: December 31, 2020

Recommendation #3: Management needs to update P&Ps to define how to input credit card revenues from smart meters and kiosks into Munis and this should be followed by all employees inputting this data.

In addition, P&Ps should define how to input meter coin revenue by deciding whether to distinguish between smart meter, kiosks and coin only meters. Having a defined input method will make it easier to analyze information in Munis and could potentially provide valuable information when making technology decisions in the future.

Management response & action plan: The Department of Finance acknowledges the finding. Upper management will advise the Customer Service Supervisor and the Revenue Manager that they must ensure that all customer service staff members know how to input credit card revenues from smart meters and kiosks into Munis, per the Policy and Procedure Manual. We will also advise the Revenue Manager to update the Policy and Procedure Manual defining how to input meter coin revenue by each source.

Completion Date: October 31, 2020

Recommendation #4: Recommend that a schedule be created and made part of policy and procedures as to how often coin is collected and define the routes to be collected. This can help with analyzing what areas are utilized most and how to plan for future meter technology.

Management response & action plan: The Traffic Supervisor and the new Foreman have met with the Parking Meter Technicians to work out an effective/efficient work plan for collection.

Completion Date: September 30, 2020

Recommendation #5: Management should implement a reconciling process with First Data's transactions of credit card payments made at kiosks and smart meters. This process will be very similar to the reconciliation process that is completed for transactions that occur by way of ParkMobile, the pay by phone application.

Management response & action plan: The Department of Finance acknowledges the finding. Upper management will work with the Customer Service Manager and the Revenue Supervisor to come up with a reconciliation solution for First Data monthly statements.

Completion Date: December 31, 2020

Recommendation #6: Management should reevaluate the monthly invoice from Civic Smart for the Parking Enterprise Management System (PEMS) and determine if the service is necessary to continue. If the City decides to continue paying the current invoice, then the 200 smart meters need to be deployed and ensure that they are communicating with PEMS and properly mapped within the PEMS. If less smart meters are to be used, then the invoice should be adjusted accordingly.

Management should complete a thorough analysis prior to making large purchases and have a plan for execution. Parking meters and kiosks affect Public Works, who maintain and services the devices and it affects Finance with revenue collection as well as parking enforcement. For this reason, it is very important that both Public Works and Finance collaborate when deciding to

move forward with new parking meter technology so that it can be integrated with the technology that the Parking Enforcement and Regulations Officers (PREOs) utilize to issue citations.

Public Works Management response & action plan: The issues regarding PEMS fees and sensors fees have been addressed by advising Civic Smart to cease billing the City for nonfunctional meters and sensors.

Public Works concurs with the recommendation that someone (supervisor or foreman) have access to PEMS and should use it. Both the Transportation Supervisor and the Foreman will be added to the system.

Regarding kiosks, the kiosks that are in inventory were purchased with the intent to deploy soon after acquisition. Attempts were made by Public Works to deploy several of the units, in fact they were deployed and removed as the use of the building where they were deployed made their presence impractical.

The long-range plan that Public Works and Finance proposes is to deploy kiosks on the downtown Market Street corridor and displace the single space meters.

It was determined that there would be a need for approximately 70 kiosks to cover this area. The cost of these units would be approximately \$500,000 - \$750,000. This remains the long-range plan, however, it is understood that such a capital expense is not feasible under the current circumstances.

Completion Date: June 30, 2021

Finance Department Management response & action plan: The Department of Finance acknowledges the finding and will review the most recent invoice as well as the contract before communicating with the vendor, contract conformity and expectations. We will also meet with Public Works to determine why (10) Kiosks are being stored and when will they be operational before reaching out to the vendor with our request.

Upper management will work with the Customer Service Manager and the Parking Supervisor to ensure access if it is available to PEMS for reporting.

The Department of Finance will be requesting funding for the replacement of all parking meters in the City with kiosks with smart sensors during the FY 2022 budget development.

Completion Date: June 30, 2021

Recommendation #7: Management should develop a process to review user accounts on a timely basis to ensure that only current and active employees with needed access have access to City service providers systems. Also, the monthly statements from First Data need to be addressed to a current and active City employee who is deemed appropriate to have these statements addressed to.

Management response & action plan: The Department of Finance acknowledges the finding. Upper management will work with the Customer Service Manager and the Parking Supervisor to update the current department's authorized users who should be granted access within the PEMS and the Flowbird systems. In addition, we will reach out to First Data to update our contact list for individuals who are supposed to receive monthly statement.

Completion Date: October 31, 2020

Audit Team

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