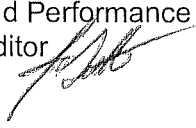




MIAMIBEACH

BUDGET AND PERFORMANCE IMPROVEMENT
Internal Audit Division

INTERNAL AUDIT REPORT

TO: Jorge M. Gonzalez, City Manager
VIA: Kathie G. Brooks, Budget and Performance Improvement Director
FROM: James J. Sutter, Internal Auditor 
DATE: February 23, 2009
AUDIT: Metered Parking Space Rental
PERIOD: October 1, 2005 through March 31, 2008

This audit report reflects the results of a regularly scheduled audit of the fees assessed by the City's Parking Department for metered parking space rental and related processes and procedures. This pertains to the rental of meter spaces for the construction and production/film industries, special events, and valet parking operations.

INTRODUCTION

The City's Parking Department offers the opportunity to rent metered parking spaces for construction, production, special events, and valet parking thereby entitling the renter to park for specified, pre-determined, and approved periods of time at the assigned spaces. To complete a rental, the renter needs to complete a Rental Request form, available at the City's website or by requesting it to the Parking Department. This request must be submitted in advance to the rental period as required by City Ordinance No. 2007-3579. Once the request is completed and applicable documentation, such as permits, insurance certificate, etcetera, are submitted and approved by the pertinent City departments, rental fees are collected from the renter and a copy of the Rental Request form is forwarded to the Parking Enforcement Division in order to install the meter head bags for single meters, or the gorilla poles for multiple space master metered locations. Additional guidance is provided by City Code Sections 18-361 (Rental and operation of municipal parking spaces), Section 18-362 (Rental of additional parking for storage of vehicles), and 106-55 (Parking rates, fees, and penalties). The fees assessed for rentals were as follows:

- \$10 per space per day for valet ramp spaces
- \$14 per space per day for valet storage spaces
- \$10 per space per day for production and film use
- \$10 per space per day for special events
- \$ 5 per space per day for the first five spaces rented and \$10 per space per day for each additional space rented for construction rentals
- \$10 per space per day for all weekend rentals

A recommended increase in the valet parking meter space rental rate from \$10.00 to \$17.00 per space per day was later passed and adopted on September 17th, 2008 under Ordinance No. 2008-3613. All other categories for metered parking space rental remained unchanged.

The metered parking space rental operation is coordinated primarily by the Parking Department's Meter Rental Liaison in the Off-Street Parking Division and the Parking Enforcement Division. The Meter Rental Liaison is responsible for the administrative requirements for the rentals, while Parking Enforcement is in charge of placing and removing the bags or poles for rented single and master meters respectively, as well as responding to enforcement calls from renters. Internal Audit's testing was tailored to evaluate both, considering their overlapping characteristics and responsibilities.

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Revenues generated from the on-street metered parking space rental were as follows for the four most recent fiscal years:

FISCAL YEAR	2006	2007	2008 (1)	TOTAL
REVENUES (2)	\$ 733,549	\$ 713,587	\$ 691,159	\$ 2,956,130

(1): Revenues for 2008 are reflected for the full fiscal year for comparison purposes. The amount audited for 2008 (\$ 339,725) represents those collections for six months (10/01/07 through 03/31/08) only. The 2008 revenue amount reflected is preliminary year end value and may not include accruals or audit adjustments.

(2): Revenues generated from off street parking facilities and metered parking lots are not included, since they are recorded and allocated on the individual parking facility's revenue account. These accounts may include revenue from other sources making it difficult to identify revenues from metered space rental.

OVERALL OPINION

The Parking Department has the challenging responsibility of renting and enforcing metered spaces to be used by the construction and production/film industries, special events, and valet parking operations, without creating an adverse impact on the parking area, the demand for parking or the users. The Parking Department performed these responsibilities adequately with minimal interruption. However, our audit identified the following weaknesses in need of corrective action to strengthen the department's operations and controls.

- Departures from City's Code Ordinances were observed resulting in fees undercharged for valet storage spaces to one customer utilizing metered spaces and to four customers utilizing spaces in the City's garage facilities; metered space rentals were not always submitted in writing and paid 24 hours in advance; and late process fees were not charged due to the untimely completion of invoices by the Parking Department to reoccurring users.
- Insufficient controls exist on the inventory of meter head bags and gorilla poles making it difficult to quantify losses or costs incurred by the City resulting from vandalism and/or inappropriate activities.
- Not enough verification procedures are in place to support the integrity of the meters reserved through the rental process.
- Shortcomings were observed relating to Section 106-55 of the City's Code Ordinance in reference to parking rates, fees, and penalties.
- Discrepancies found regarding guidelines established for submittal of the rental requests and assessment of late processing fees and Valet Storage Spaces among Code Sections 18-361, 18-362, and 106-55.
- Metered Parking Space Rental fees are not always collected in advance as specified in the City's Ordinance.
- Sales tax was not collected for meters rented under one meter rental request (Meter Rental Request 2318).

- The placement and removal time of meter head bags and/or gorilla poles was not fully documented by the Parking Enforcement Division on those rentals of recurring customers for which statements involving multiple locations are prepared.
- Minor discrepancies were found among standard operating policies and procedures, rental request forms, and City ordinances in need of revision.

Additional details of our findings and proposed recommendations are included in the "Findings, Recommendations and Management Responses" section of this report.

PURPOSE

The purpose of this audit is to ensure compliance with applicable State, County, and City laws and regulations; review that proper controls are in place for rental revenue collection and reconciliation; verify that rental revenues are properly and timely recorded and safeguarded; review proper controls and safeguarding of the meter head bags; verify sufficiency of supporting documentation and records; verify that policies and procedures are written, known, and followed consistently; to verify transactions for appropriateness, completeness, and accuracy.

SCOPE

A total of fifty-five (55) Meter Rental Requests were selected from active tenant records broken down as sixteen (16) requests for valet, ten (10) for construction, ten (10) for special events, ten (10) for production and film, and nine (9) for Miscellaneous rentals. The Parking Department processes approximately 1,800 Meter Rental Requests per year inclusive of reoccurring customers. Testing was performed on these Meter Rental Requests to include and cover the following audit scope:

1. Confirm that parking meter space revenues are correctly assessed and collected in compliance with applicable City, County, and State regulations.
2. Review that parking meter space rental collections and related transactions are properly accounted for, economically and efficiently processed, reviewed, approved, adequately documented, and correctly recorded in accordance with administrative policies and procedures.
3. Confirm that collections are adequately safeguarded, and that access to cash and key documents and records is restricted.
4. Substantiate that all collections are reconciled regularly and accurately recorded in the City's Financial System.
5. Evaluate overall internal controls.

FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

1. Finding: *Departure from City's Code Ordinances Observed*

The following departures from the City Code Sections 18-361 (Rental and operation of municipal parking spaces) and 106-55 (Parking rates, fees, and penalties) were observed:

- a) Rates charged for Valet Storage Spaces on Meter Rental Request (MRR) 2318 did not reflect the rates stipulated in Code Section 106-55 of \$14 dollars per space, per day. Instead, the customer was charged \$60 per space, per month (\$70 per space, per month after October 17, 2007), which is the same rate established for monthly parking permits sold to the public for specific parking facilities. This request related to an older meter rental request carried over from 1997. Consequently, a total of \$151,230.60 in revenues was not charged during the audited period for this Meter Rental Request alone, as reflected on the following table:

Rate Method	# of Parking Spaces Rented	Rental Period (1)	Rental Rate	Total Rental Fees
Monthly (4)	15	24 months	\$60.00/space/month (2)	\$ 21,600.00
	15	6 months	\$70.00/space/month (2)	\$ 6,300.00
	Subtotal for Monthly			\$ 27,900.00
Daily	15	913 days	\$13.08/space/day (3)	\$179,130.60
Difference				(5) \$151,230.60

- (1): Rental periods for both rate methods were determined considering only the audited period (Oct. 1, 2005 – Mar. 31, 2008). Metered spaces were rented 24 hrs per day, 7 days per week.
 (2): The rental rate does not include sales taxes, as noted on Sec. 106-55 of the City Code.
 (3): The rental rate of \$13.08 excludes sales tax of 7% to consider net revenues. The rental fee rate including sales tax of 7% is \$14.00, as noted on Sec. 106-55 of the City Code.
 (4): Monthly rental rate was increased from \$60.00 to \$70.00 per space, per month, on October 17, 2007, as reflected on Ordinance No. 2007-3579.
 (5): The difference of \$151,230.60 is the result of subtracting the total rental fees, under the monthly rate method, from the total rental fees, under the daily rate methods (\$179,130.60 - \$21,600.00 – \$6,300.00).

Meter Rental Request 2318 represents one (1), out of sixteen (16) valet parking rental requests selected for testing, resulting in 6% of the total number of Meter Rental Requests sampled for valet operations. For additional guidance, "storage" has been defined on Sec. 18-361(a) of the City Code as "the stopping, standing, or parking of vehicle(s) for over 15 minutes within the designated loading area".

Further inquiries noted that MRR 2318 was the only meter rental request for metered off-street valet storage charged out using the monthly per space rate. This request was closed out April 2008. However, Parking Administration indicated that there are four additional valet companies (Delano Hotel valet, National Hotel valet, Sheridan Center valet, and the Forge Restaurant valet) being charged the monthly rate of \$60/month/space (\$70.00 as of October, 2007) for valet storage spaces located within the City Garages, which is in contradiction to the rate approved in Code section 106-55 of \$14 per space per day.

- b) Metered parking space rental requests are being allowed impromptu via e-mail (without a properly filled rental request form), a telephone call, or a visit to the department. They are often being allowed on the same day of the rental. These approaches are in contradiction

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with Code Sections 18-361 and 106-55, which require that all requests must be submitted in writing and paid at least 24 hours in advance, depending on the category and/or purpose for the rental. All rental requests not received within the prescribed period of time should be assessed the \$20 late processing administrated fee.

- c) Because the invoices/statements prepared by the Meter Rental Liaison for regular users are not completed on time; it is not reasonable to charge the \$20.00 late processing fee, as stipulated on Code Section 18-361, since not enough time was provided to the customer to receive, review, and pay on time. Accordingly, the department does not charge this fee.

Recommendation(s):

The following recommendations should be considered by the department:

- a) Considering that Section 106-55 is the latest revision to parking rates, fees and penalties, parking space rentals to be used as valet storage (defined on Sec.18-361 (a)) should be charged at a rate of \$14 per parking space, per day including sales taxes (\$13.08 without sales taxes). The department should enforce this rate for all valet storage at all its facilities and on street metered space rentals to ensure proper collection of revenues and prevent undercharging of revenues. If the administration determines that it is appropriate to charge a differential fee for valet parking vehicle storage, a revision to the existing ordinance must be submitted to the Commission for consideration. Until such time as the Commission approves a differential rate, current ordinance rates should be required.
- b) No meter rentals should be granted by the Parking Department for those requests submitted late unless considered an exception. In the event an exception is granted, compliance with predetermined criteria and guidelines for exceptions should be verified and fully documented. These conditions, criteria, and/or guidelines should also be established and written to be consistently followed. Lastly, late processing administrative fees of \$20 should be enforced on excepted late submittals.
- c) Invoices should be completed with enough time in advance by the Meter Rental Liaison to allow customers the opportunity to submit payment on time. In addition, late processing fees should be assessed whenever applicable.

Management Response(s):

- a) There are four business entities citywide currently assessed the monthly permit/access card rate of \$70 (plus sales tax) in lieu of the \$14 per day valet storage rate. These entities are the Delano Hotel and National Hotel at 17th Street Garage and the Sheridan Center and the Forge at the 42nd Street Garage. The monthly rate for valet storage initiated and approved in mid and late 1990s as either economic development incentives for the hotels or due to under utilization at the 42nd Street Garage for the Sheridan Center and Forge.

The \$14 daily rate for valet parking storage was approved by the Mayor and Commission on September 27, 2000 via CMB Ordinance No. 2000-3267. Since the aforementioned amendments were approved it has been the Parking Department's policy to not allow valet parking storage at any facility deemed to be in high demand. In other words, no parking facility south of 23rd Street/Dade Boulevard is all permitted to be utilized for valet parking storage other than those mentioned above.

In order to bring these four entities into compliance with current valet parking storage rate of

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\$14 per day, each entity will receive written notification that their rate shall convert from \$70 monthly per space to \$14 daily per space, effective July 1, 2009. Six months should provide sufficient notice to those entities to either comply with the daily rate or seek alternative valet parking storage.

- b) The Parking Department will develop criteria or guidelines to better define exceptions provisions described in the Parking Rate Ordinance. In addition the late penalties will be assessed accordingly.
 - c) Where practicable, invoices will be generated with sufficient lead time to ensure their timely payment.
2. Finding: *Insufficient controls over the operations of meter head bags and gorilla poles*

Meter head bags and gorilla poles are used for reserving single and master meter spaces respectively. Meter head bags are installed on single metered spaces, while gorilla poles (g-poles) are installed on multi-space metered parking areas to prevent unauthorized parking. Results from our testing showed no controls currently in place to account for the inventory of meter head bags and/or gorilla poles used to restrict unauthorized vehicles from parking on reserved spaces. Not only do meter head bags and gorilla poles represent a cost to the City (gorilla poles cost about \$116 each, plus cost of the base plate, glue, etc.), but they also play an important role in the integrity of the metered space rental operation. During the course of our audit, we learned that meter head bags and gorilla poles are frequently vandalized and/or stolen. Considering the cost incurred by the city, Internal Audit unsuccessfully tried to quantify the financial impact from these activities. Having no controls over inventory levels made it impossible to determine how many meter head bags and gorilla poles are currently being used and how many were available for use. In addition, it was not possible to determine how many were missing, nor were we able to determine how many have been replaced by the department or how many have been stolen or vandalized. Consequently, the financial impact could not be determined.

Recommendation(s):

Considering the potential cost implications from vandalized or stolen meter head bags and gorilla poles, as well as the potential misuses of the same, that could result in revenue losses for the City, Internal Audit recommends that an inventory control system should be implemented by the Parking Enforcement Division to maintain accountability for both, meter head bags and gorilla poles. Meter head bags and gorilla poles should be sequentially numbered and an inventory log maintained (including the ones sent for repairs and the ones maintained with the technicians, or disposed). In addition, bags or poles issued for installation, as a result of a meter rental should be logged on the Miscellaneous Rental Request (MRR) by the individual issuing them to the enforcement officer. The amount of poles or bags released should be equal to the number reflected on the request. Implementing these controls should help in quantifying the financial impact to the City as a result of lost/stolen or damaged meter head bags and gorilla poles, while preventing misuses of the same.

Management Response

The Parking Department will enhance the current valet parking space rental form to include pertinent information regarding the placement and/or removal of meter bags and/or gorilla posts providing an audit trail of the person placing/removal the rental, including date and time it took place. The Parking Department is open to receiving further input from OBPI to further enhance this process.

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3. Finding: *Not enough verification procedures are in place to support the integrity of the meters reserved through the rental process*

Once a meter rental request is submitted to the Parking Enforcement Division, it is assigned to an enforcement officer for bag/pole installation depending on the rental date and time. However, enforcement personnel do not subsequently verify that the rented spaces are being used for the purposes stated on the request or that they are valid rentals. For example, visits performed to different sites during our audit showed one location where metered spaces rented were used to park non-essential vehicles and employee vehicles. Meanwhile, a second visit noted meter head bags installed on spaces for which no rental request or payment had been received.

Recommendation(s):

Parking Enforcement Officers should make inquiries to the Meter Rental Liaison as to the purpose and validity of meter head bags and g-poles observed during their daily routes. In addition, if numbered as recommended on finding number two, a verification process could be implemented to help ensure that stolen bags and/or poles are not used by anyone for free long term parking. Rotation of officers through the different zones, hours, and routes should re-enforce these controls. Additionally, unexpected periodical zone revisions could be performed by enforcement supervisors as an additional control.

Management Response:

This is a task assigned to Parking Enforcement Specialists II. An emphasis will be placed on this specific task including random spot checks conducted by Parking Operations Supervisors.

4. Finding: *Shortcomings of Section 106-55 of the City's Code Ordinance in reference to parking rates, fees, and penalties.*

After reviewing Section 106-55 of the City's Code, the following shortcomings were noted that have been described hereunder:

- a) Although Section 106-55(f) of the Ordinance refers to public parking space rentals for valet storage spaces during special events, the ordinance is silent regarding whether or not it is allowable to rent parking spaces for valet storage purposes for occasions other than special events. Metered Parking Space Rental for valet storage has been allowed in occasions other than for special events and is allowed for special events, special programs, residential functions, or at the request of the valet operator, if the proposed storage does not take away from public parking demand, under Ordinance No. 2003-3418.
- b) The City Ordinance requires blue meter head bags to be used for valet ramp space rentals, yellow for construction meter rentals, and blue for production and film, as well as for special event space rentals. However, the department currently uses green meter head bags for construction rentals and red bags for 24 hour rentals of any category. In addition, no language on the ordinance makes reference to the new gorilla poles (g-poles), currently used on master metered (multi-space meters) areas.
- c) City Code Section 106-55 (g)(1) establishes the levels of administrative fees to be assessed for space rentals as follows:
 - \$20 for any rental of **five** meters or less
 - \$25 for any rental from **five** to **ten** meters

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- \$30 for any rental of **ten** meters or more

As shown above, the amount of administrative fees to be assessed for rentals of exactly five (5) meters and for rentals of exactly ten (10) meters are not clearly identifiable because of an overlap in the established ranges for meters rented.

- d) City Code Section 106-55 (g)(2), "Valet ramp space", requires that a copy of the valet occupational license for the location to be served, a notarized letter of authorization from the business owner, and a certificate of insurance covering the valet service location must be presented to the Parking Department when submitting for the first meter rental request. However, there is no future verification for continuous rentals, especially for items with expiration dates (Ex: certificates of insurance, occupational business tax, etc.).
- e) In an attempt to serve customers and residents alike, the Parking Department occasionally grants opportunities for rental of metered parking spaces to residents moving to or out of the City, blood drives, and other miscellaneous circumstances. However, no provisions allowing these miscellaneous rentals are currently stipulated on the ordinance. In addition, there are no guidelines established for the requirements and fees to be assessed for these exceptions.

An amendment to Section 106-55 was being made for commission approval concurrently to Internal Audit's completion of this report. As a result, Internal Audit communicated our findings and shortcomings with respect to Section 106-55 to the Parking Department to be revised on the amendment for commission approval. Due to time constraints, not all the corrections were incorporated in the amendment that was passed and adopted by commission on September 17, 2008. Only findings 5 b) and 5 c) above were revised and therefore no management response may reflect those revisions.

Recommendation(s):

Revisions to the City's Code should be considered in order to correct the short comings addressed above. The following recommendations address each short coming noted above:

- a) Revisions to include any other scenario allowing the rental for valet storage spaces should be completed. In addition, all revisions should be compared to other related ordinances to ensure correlation. Contradicting items can either be updated, removed, or referenced as deemed necessary by the Department with the Commission's approval.
- b) Although minor, revisions to update the colors used should be completed. Also, language referencing the use of gorilla poles should be included. Other options could be not referencing any colors or devices since meter rental fee rates are based on a "per day, per space" basis.
- c) Corrections to the ordinance eliminating any rental range overlap should be performed as soon as possible to prevent conflicting scenarios.
- d) Required items with expiration dates should be reviewed periodically, depending on the expiration cycle, to ensure continuance and compliance.
- e) The department could consider revising the ordinance to include provisions for rentals under the "Miscellaneous" category. In addition, guidelines establishing the requirements that must

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be met, fee rates to be charged, and any other approval requirements and definitions should be clearly stated and compared with other ordinances on the City's Code to avoid conflicting items.

Management Response:

a.-e. The Parking Department has initiated discussions with the City Attorney's Office to amend the existing ordinance and incorporate recommendations identified in this audit as well as address other clean-up language.

5. Finding: *Discrepancies found between Code Section 18-361 (Rental and operation of municipal parking spaces), Section 18-362 (Rental of additional parking for storage of vehicles), and 106-55 (Parking rates, fees, and penalties).*

a) Differences regarding the time in advance required for submitting the rental requests and assessment of late processing fees:

Although Code Section 18-361 (b) requires that all valet space rental requests should be completed in writing and submitted to the Parking Department 24 hours in advance and no later than by 3:00pm, Code Section 106-55 (and referenced on Sec. 18-361) requires that fees for regular users are paid two weeks in advance, and 24 hours in advance for special events. In addition, Code Section 106-55 continues to mention additional requirements for other rental purposes such as construction, film and production, among others, not mentioned on Code Section 18-361. Lastly, Code Section 18-361(b) makes reference to a \$20 processing fee to be charged for exceptions and cancellations not made within the prescribed period of time. No reference to this provision was included on Code Section 106-55.

b) Differences in valet storage spaces:

In comparing City Code Section 18-362 and 106-55, as both refer to rental for valet storage spaces, it was noted that rental fees reflected on Section 18-362 were based on a twelve (12) hour period at a rate of \$10 per space per day, while rental fees specified on section 106-55 were based on \$14 dollars per space per day. In addition, City Code Section 18-362 allows the rental of parking spaces for valet storage during special events, special programs (not defined), residential functions (not specified), or at the request of the valet operator, if the proposed valet storage space does not take away from public parking demand in the area. Nonetheless, City Code Section 106-55 mentions only the rental of spaces for valet storage for special events.

Recommendation(s):

a. Revisions should be performed on both Code Sections in order to maintain mutual agreement between them. Any future changes or updates should be verified with all related ordinances to prevent potential disagreements and/or deviations. Furthermore, guidance establishing the criteria and applicability for any allowed exceptions should be noted. Lastly, when and if contradicting provisions exist on different city ordinances, Internal Audit recommends adhering to the one most recently revised.

b. The department should consider updating City Code Section 18-362 to reflect the latest rental rates and making City Code Section 106-55 agree with City Code Section 18-362 regarding allowable rental scenarios. Definitions for allowable special programs and residential functions should be provided as a guideline. Once again, when contradicting provisions exist on different City Ordinances, Internal Audit recommends adhering to the one revised most recently.

Management Response:

a-b. Agreed, see response to No. 4 above

6. Finding: *Metered Parking Space Rental fees are not always collected in advance as specified on the City's Ordinance*

Section 106-55 (g)(2) of the City Code requires that fees for space rentals used for valet ramp spaces be paid two weeks in advance for regular users, and 24 hours in advance for special events. Furthermore, sub-paragraph three (Sec. 106-55 (g)(3)) of the same subsection requires that fees for construction use rentals be paid two weeks in advance, if the rental is not greater than a two-week period, but one month in advance, if the rental period is greater than a two-week period. Then subparagraphs four and five (Sec. 106-55 (g)(4) and (5)) of the same section requires that fees for metered parking space rentals used for production and film or for special events be paid 24 hours in advance. No provisions for exceptions to the above mentioned requirements are stipulated on this ordinance.

However, Sec. 18-361(b) mentions that any exception, although not defined, should be assessed a \$20 processing fee. Considering this provision and applying it to our sample tested below, we noted 15 incidents totaling \$300 in administrative fees that could have been charged on those requests for which the customers did not pay or submitted the request on time. Nonetheless, contradictions exist on the City's Code of Ordinances for this provision that have been discussed in finding number four (4) of this report.

Tests conducted on a sample of fifty-five (55) Meter Rental Requests (MRRs) from active tenants from October 1, 2005 through March 31, 2008, prepared by the Meter Rental Liaison and including all forms of uses (Valet, Construction, Special Events, etc.), showed that fees for twenty-three (23) of those meter rental requests or forty two percent (42%), had not been collected on time according to City Ordinance requirements. Further review of the Meter Rental Requests identify that in most cases, the rental request had been submitted late by the customers or the statement/invoice for regular users, had not been prepared with enough lead time to allow customers to pay in accordance to the Ordinance. From the twenty-three (23) Meter Rental Request not collected on time according to City Ordinance requirements, fifteen (15) or sixty-five percent (65%) were due to late requests and/or payments from customers, while eight (8) or thirty five percent (35%) were the result of statements/invoices not prepared timely by the Meter Rental Liaison.

Recommendation(s):

Invoices/statements prepared by the Parking Department for regular users should be completed and sent to the customers with enough lead time to allow any revisions by the customer, as well as to receive payment in advance, in compliance to the City Ordinance. In addition, no meter rental request and/or application should be accepted by the department if not submitted in advance, as established by the Ordinance depending on the rental purpose or category.

A second option that could be considered is to amend Ordinance 106-55 to include provisions for exceptions to the required lead time for customer's payment. If adopted, any exception should be fully documented, defined, and accompanied by written policies and procedures to be known and followed by all personnel. Other related Ordinances may have to be revised as well to maintain uniformity.

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Management Response:

It is the Parking Department's policy to keep accommodations for exceptions to an absolute minimum. However, in the interest customer service excellence there are exceptions granted to allow these accommodations. These exceptions are approved by the Director or his designee.

7. Finding: *Sales Tax was not collected for meters rented under Meter Rental Request 2318*
As stated on chapter 212, Section 212.03(6) of the Florida Statutes (F.S.) and on rule number 12A-1.073(1) (a) of the Florida Administrative Code (F.A.C.), the lease or rental of parking or storage spaces for motor vehicles in parking lots or garages is taxable.

Furthermore, Internal Audit found that no sales taxes were charge on Meter Rental Request number 2318 because the customer had presented an Annual Resale Certificate for Sales Tax. However, the Parking Department stated that the spaces were being used for the customer's employees and sometimes for valet. Because the spaces were used occasionally for the customer's own use, rental revenues received when spaces were used by the customer's employees should have been taxed, even though an Annual Resale Certificate for Sales Tax was presented. This was the only incident of this nature noted during our review and represents 6% (1/16) of the total Valet Meter Rental Requests sampled. The last rental payment for the month of April 2008 was received on April 09, 2008, which represented the last rental renewal for the request.

Recommendation(s):

Sales Taxes should be collected on all metered space rentals in parking lots and/or garages. In addition, Annual Resale Certificates for Sales Tax should only be accepted and the customer exempted from paying the sales tax if the rented spaces would be re-rented to ultimate customers. Spaces rented for the customer's own use are fully taxable.

Management Response:

Agreed, recommendation points have been taken into consideration for current meter space rentals to prevent reoccurrences.

8. Finding: *Placement and removals of meter head bags and gorilla poles are not always documented by the Parking Enforcement Division*

Every Meter Rental Request Form includes a section to be used by Parking Enforcement only. In this section, the enforcement officer in charge of placing and/or removing the bags or the poles documents the date and time of installation ("On") or removal ("Off"), as well as the officer number. During our audit, we noticed that statements prepared for frequent users involving rentals for multiple locations did not include an attachment reflecting the "ON" and "OFF" time and officer number. Additionally, late requests accepted as an exception are sometimes sent through e-mail to the Enforcement Division for immediate processing. This represents an operational challenge for the Division since proper documentation is not provided on time. Consequently, the division may lose track of when to place and/or remove the bags and/or poles.

Recommendation(s):

Documenting the installation and removal of meter head bags and/or gorilla poles is an integral part of control. It helps to easily identify bags or poles missing and can be used as a support for inventory control. Furthermore, properly documenting the installation and/or removals help to eliminate some operational challenges such as overlaps for officers trying to remove or install meter head bags and/ or gorilla poles already installed and or/ removed, as well as ensuring that

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meter heads and or gorilla poles are installed on time for the customer and removed also on time to prevent users from parking and not paying. Attachments referencing the time, date, and officer number placing and/or removing the bags and/or gorilla poles should be created and attached to the statement. Also, all documentation, including the MRR and the rental request form or the statement should be completed prior to requesting to install meter bags and/or poles on the parking spaces.

Management Response:

This is a task assigned to Parking Enforcement Specialists II. An emphasis will be placed on this specific task including random spot checks conducted by Parking Operations Supervisors and Parking Operations Manager.

9. Finding: *Operating standard procedures and rental request forms should be revised for consistency with the City's Code, as well as to one another*

Minor discrepancies among rental forms, as well as with the City Code, and the meter rental liaison's standard operating procedures were found during the course of our audit. Some of the discrepancies noted were:

- A \$20 processing fee provision for exempted rental forms submitted late, as stipulated on the City's Code Section 18-361(b) was not included on the special events or the production meter rental form. Nonetheless, it was included on the construction meter rental form.
- Page 2 on all meter rental forms mentions that customers are responsible for any and all damages which may occur to the parking meter, parking meter pole, or the parking meter bag and lock during the rental period. However, the ordinance does not address this issue and provides no guidance on the Standard Operating Policies and procedures for the applicability or the extent of customer's responsibility with regard to this provision.
- A copy of the customer's insurance certificate is required "if applicable" according to the Special Event and the Production meter rental forms, but not in the ordinance.
- The ordinance requires copies of permits for construction, production/film, and special events, while the rental request forms require an application.

Recommendation(s):

Pertinent revisions to ensure correlation among all forms (whenever applicable), policies and procedures, and City ordinances should be completed as soon as possible.

Management Response:

Agreed.

EXIT CONFERENCE

An exit meeting was held on December 18, 2008 to discuss the audit report and to solicit management responses noted above. Attendees were Saul Frances, Parking Director, Charles Adams, Parking Assistant Director, James Sutter, Internal Auditor and Fidel Miranda, Auditor. Management responses were received shortly thereafter. All were in agreement with the contents of this report.

Internal Audit Report
Metered Parking Space Rental Audit
February 23, 2009

(Audit performed by Fidel Miranda, Auditor)

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cc: Timothy Hemstreet, Assistant City Manager
Saul Frances, Parking Director
Charles Adams, Parking Assistant Director
Patricia Walker, Chief Financial Officer