

# AUDIT OF DPW PARKING STRUCTURES AND LOT REVENUE CONTROLS

City of Milwaukee

Internal Audit Division

February 2025



# Agenda

- Parking Structure Overview
- Scope & Objectives
- Procedures
- Conclusion
- Findings & Recommendations

# DPW Parking Structure Overview

DPW provides parking services for City of Milwaukee residents and visitors.

- ▶ Oversees:
  - ▶ Parking enforcement & permitting
  - ▶ City-owned parking structures & meters
  - ▶ City tow lot
- ▶ Revenue (Audit Scope Period):
  - ▶ \$3,139,904.80 from 4 parking structures & 1 unmetered lot

Parking Assets:

- ▶ 5 Parking Structures
  - ▶ 3 operated by ABM
  - ▶ 1 under lease with JCI (audit scope period)
  - ▶ 1 operated by Interstate (Deer District LLC agreement)
- ▶ 38 Parking Lots
  - ▶ 32 unmetered (1 leased for revenue)

# Scope & Objectives

## Audit Scope

- The scope of the audit included revenue generated from parking structures from January 1, 2024 through June 30, 2024.

## Audit Objectives

- Evaluate revenue internal controls for parking structures.
- Ensure revenue transactions were properly supported, recorded, reconciled and deposited in their entirety in a timely manner.

# Audit Procedures

## Process Understanding

- Interviews
- Walkthroughs
- Parking structure site visits

## Testing of Controls

- Revenue reconciliation
- Recalculation of parking rates

## Control Evaluation

- Policies and procedures
- Inspection of documentation

# Audit Conclusion

- ▶ The revenue controls in place over DPW Transportation - Parking Division (DPW) parking structures were not adequately designed and were not operating effectively.
- ▶ This report identified seven recommendations to improve the effectiveness of the current control environment.

# Finding #1: Agreements - ABM

- ▶ Finding: ABM did not submit the Annual Operating Plan and the Annual Performance Report in accordance with the timelines outlined in the signed agreement. However, DPW provided monthly ABM invoices, which detail ABM's consolidated revenue, expenses, and budget-to-actual figures.
- ▶ Risk: Failure to provide timely and detailed information may result in a lack of strategic direction, missed growth opportunities, inefficient use of resources, and inaccuracies in budgeting and financial projections.
- ▶ Risk Rating: Medium
- ▶ Recommendation: DPW should strengthen monitoring controls and communication with ABM to ensure the timely submission of the Annual Operating Plan and Annual Performance Report in accordance with the timelines specified in the signed agreement.

## Finding #2: Agreement - Deer District LLC

- ▶ **Finding:** Deer District submitted the annual budget to the City in August, after the March 1st deadline in the agreement. Deer District also submitted two of the six monthly split-revenue checks past the time window specified in the agreement, 30-45 days. These delays occurred during a personnel transition period within the Deer District, which may have contributed to the timing issues.
- ▶ **Risk:** Delays in budget submissions and revenue payments may result in reduced financial oversight and accountability in revenue-sharing arrangements.
- ▶ **Risk Rating:** Medium
- ▶ **Recommendation:** DPW should strengthen monitoring controls and communication with the Deer District to ensure the annual budget and revenue payments are received in accordance with the specified times in the signed agreement.



# Finding #3: Policies and Procedures - DPW

- ▶ Finding: DPW did not have documented procedures that outlined key aspects of daily operations and the maintenance of parking structures.
- ▶ Risk: Lack of procedures may cause a weak control environment.
- ▶ Risk Rating: Medium
- ▶ Recommendation: DPW management should create procedures for the administration of daily operations and maintenance of the parking structures.

# Finding #4: Policies and Procedures - ABM

- ▶ Finding: ABM did not have documented detailed guidelines for all operating issues, including customer service, advertising, operating hours, permitted vehicles, parking rates, revenue controls, technology, security and maintenance.
- ▶ Risk: Lack of procedures may cause a weak control environment.
- ▶ Risk Rating: Medium
- ▶ Recommendation: DPW should ensure that the contractor, ABM, create procedures for the administration of daily cash and non-cash transactions, operation, and maintenance of the parking structures.

# Finding #5: Parking Rates

- ▶ Finding: Since the approval for the parking rates was done verbally, Internal Audit could not obtain evidence of approved parking rate submissions from DPW to ABM.
- ▶ Risk: Lack of evidence regarding the approval of parking rates may lead to inaccurate application of parking rates in parking structures that could result in the loss of revenue.
- ▶ Risk Rating: Low
- ▶ Recommendation: DPW should document and retain approval of parking rates with their parking vendors.

# Finding #6: Monthly Transactions

- ▶ Finding: DPW does not independently validate monthly check revenues received from ABM. Internal Audit requested the submission of ABM bank account statements to independently confirm monthly revenues, ABM was unable to provide it.
- ▶ Risk: Lack of confirmation of parking revenue deposits with bank statements may lead to inaccurate or incomplete parking revenue.
- ▶ Risk Rating: Medium
- ▶ Recommendation: DPW should create a confirmation control to ensure ABM parking revenue is accurate and complete. This can be done by reviewing ABM bank statements related to the City parking agreement on an ongoing basis.

# Finding #7: Reconciliation

- ▶ Finding: DPW did not deposit parking revenue checks in a timely manner with the Treasurer's Office, resulting in delayed revenue recording within the system during the six-month scope period.
- ▶ Risk: Inaccurate monthly and yearly revenue recording.
- ▶ Risk Rating: Medium
- ▶ Recommendation: DPW should deposit and submit data to the Treasurer's Office in a timely manner.

# Thank you

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