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**Audit of DPW Parking  
Structures and Lot Revenue  
Controls**

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**BILL CHRISTIANSON**  
City Comptroller

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*January 2025*

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**Bill Christianson, CPFO**  
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Special Deputy Comptroller

January 14, 2025

Honorable, Mayor Cavalier Johnson  
The Members of the Common Council  
City of Milwaukee

Dear Mayor and Council Members:

The attached report summarizes the results of the Audit of the DPW Parking Structures and Lot Revenue Controls. The scope of the audit includes revenue generated from four parking structures and unmetered lots from January 1, 2024 through June 30, 2024.

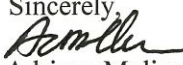
The objectives of the audit were to:

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

The audit concluded that the revenue controls in place over 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.

Audit findings are discussed in the Audit Conclusions and Recommendations section of this report, and are followed by the management's response.

Appreciation is expressed for the cooperation extended to the auditors by the personnel of the DPW Parking Services, ABM Industry Groups, LLC and City Treasury Department.

Sincerely,  
  
Adriana Molina, CPA  
Audit Manager

AMM: bb



### Why We Did This Audit

DPW parking structures are significant to City revenues. This area has not been audited since 2014.

### Objectives

The objectives of the audit were to:

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

### Background

DPW provides parking services to City of Milwaukee residents and visitors. DPW Parking Services oversees parking enforcement, permitting, City owned parking structures, parking meters, and the City tow lot. DPW Parking Services responsibilities include managing the City's parking structures and lots. Total revenues from four parking structures and one lot during the first half of 2024 were \$3,139,904.80.

# Audit Report Highlights

## Audit of DPW Parking Structures and Lot Revenue Controls

### Overview

The revenue controls in place over DPW parking structures were not adequately designed and were not operating effectively. This report identifies recommendations in the areas of monitoring compliance with agreements for vendor ABM Industries Inc. (ABM) and the Deer District, maintaining relevant policies and procedures, and validation and timely processing of payments.

Section III includes all seven findings and recommendations.

### Opportunities for Improvement

*Agreements:* DPW Transportation - Parking Division did not provide evidence of timely submissions of the Annual Operating Plan and Annual Performance Report from ABM, and the annual budget and revenue payments from the Deer District.

*Policies and Procedures:* DPW Transportation - Parking Division and ABM did not have documented procedures that outlined key aspects of daily operations and the maintenance of parking structures.

*Monthly transactions (Payments):* DPW Transportation - Parking Division did not independently validate monthly check revenues received from ABM.

**(Recommendations can be found in the Audit Conclusions and Recommendations section of this report.)**

## **I. Audit Scope, Objectives, and Methodology**

### ***Scope***

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

### ***Objectives***

The objectives of the audit were to:

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

### ***Methodology***

Audit methodology included developing an understanding of the processes and controls over the parking structures' revenue controls. The audit program was developed using criteria outlined in the City's parking structure agreements with vendors ABM and JCI, and the development agreement with the Deer District.

### ***Procedures***

The following audit procedures were performed to evaluate the processes and controls related to the audit objectives:

- Process Understanding:
  - Conducted process walkthroughs.
  - Interviewed responsible DPW and contractor staff.
- Control Evaluation and Documentation:
  - Inspected relevant control documentation.
  - Tested specific controls to ensure their design and operational effectiveness.
- Site Verification:
  - Conducted site visits of all parking structures.
- Financial Review and Accuracy:
  - Reconciled scope period revenues.
  - Recalculated parking rates for accuracy.

### ***Compliance Statement***

The audit was conducted in accordance with generally accepted government auditing standards. Those 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. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **II. Organization and Fiscal Impact**

DPW provides parking services to City of Milwaukee residents and visitors. DPW Parking Services oversees parking enforcement, permitting, City owned parking structures, parking meters, and the City tow lot. The DPW Parking Services responsibilities include managing the City's five parking structures and 38 parking lots. Three of the parking structures are operated by ABM, one was under a long term lease agreement with JCI during the audit scope period, and one is operated by Interstate as part of a development agreement with the Deer District LLC. 32 of the 38 parking lots are unmetered, of which one lot generates revenue from leased parking. Total revenues from four parking structures and one unmetered parking lot during the audit scope period was \$3,139,904.80.

## **III. Audit Conclusions and Recommendations**

The audit concluded that the revenue controls in place over parking structures and lots were not adequately designed and were not operating effectively. This report identified seven recommendations to improve the effectiveness of the current control environment. Internal Audit details the following seven findings and recommendations to improve the control environment within the DPW Transportation - Parking Division.

### **Agreements**

#### ***Agreement with ABM Industries Inc.***

The Parking Facility Management Agreement between the City of Milwaukee and ABM, dated December 6, 2021, specifies the roles and responsibilities of both parties regarding the management and operation of three multi-level parking structures. ABM, among the other responsibilities, is responsible for:

- Annual Operating Plan for managing the Parking Facilities which should be submitted at least sixty (60) days before the start of each Operating Year (articles / sections 3.4 & 3.8 of the

agreement). The annual operating plan shall include, at a minimum and subject to City approval, the following sections:

- *Annual operating budget* – projected revenues by facility and type (e.g., transient, monthly and event) and projected costs by facility and object class (e.g., personnel, contract services, maintenance, occupancy and miscellaneous).
  - *Annual resource plan* – table of positions, projected staffing levels by position, shift and facility, and wages or other labor costs by position, any recommended staffing changes for improving service effectiveness and efficiency, and any required non-personnel resources (e.g., gate tickets, access cards, tapes and ribbons).
  - *Management reporting structure* – to be used by the Contractor per the City’s direction to support ongoing efforts; and
  - *Annual action plan* – the Contractor’s recommendations for improving the Parking Facilities or any other measures recommended by the Contractor to ensure the successful and uninterrupted operations of the Parking Facilities.
- Annual Performance Report – at the end of each Operating Year (within 90 days of the Operating Year’s end), the Contractor shall submit an Annual Performance Report to the City in a format and manner approved by the City, and said report shall include, the following items (except as otherwise directed by the City):
- The most recent available corporate annual reports for the Contractor and its subcontractors;
  - The disclosure of any changes in the EBE participation levels approved by the City;
  - A statistical summary of key performance targets and other performance indicators, plus any Recommendations for enhancing or clarifying these performance indicators;
  - All other recommendations for improving the Parking Facilities and the operations thereof.

Finding 1: ABM did not submit the Annual Operating Plan (at least 60 days before the start of each Operating Year) and the Annual Performance Report (within 90 days of the Operating Year’s end) in accordance with the timelines outlined in the signed agreement. However, DPW Transportation – Parking Division 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 1: DPW Transportation - Parking Division 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 timeliness specified in the signed agreement.

***Agreement with Deer District LLC***

The Deer District shall submit to the City an annual proposed budget for the operation, maintenance and capital costs for the structure for the following fiscal year (July 1- June 30) by March every year.

Finding 2: Deer District submitted the annual budget to the City in August, after the March 1<sup>st</sup> 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 2: DPW Transportation - Parking Division 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.

**Policies and Procedures**

The ABM agreement, section 3.3, states that the "...Contractor shall manage and operate the Parking Facilities in accord with the Facility Operating Standards (the Standards). The Standards, which shall contain detailed operating policies and procedures for the Parking Facilities, shall incorporate best



industry practices for exemplary (Class A) parking facilities and environments. They will establish detailed guidelines for all operating issues, including customer service, advertising, operating hours, permitted vehicles, parking rates, revenue controls, technology, security and maintenance.”

***Policies and Procedures - DPW***

Finding 3: DPW Transportation - Parking Division 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 3: DPW Transportation - Parking Division management should create procedures for the administration of daily operations and maintenance of the parking structures.

***Policies and Procedures – ABM***

Finding 4: 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 4: DPW Transportation – Parking Division 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.

**Parking Rates**

The Parking Facility Management Agreement between the City of Milwaukee and ABM, dated December 6, 2021, has determined “minimum” and “maximum” parameters for each parking type:

daily, monthly, early bird, special event, etc. DPW is authorized to approve any parking rates within the determined parameters.

Finding 5: Since the approval for the parking rates was done verbally, Internal Audit could not obtain evidence of approved parking rate submissions from DPW Transportation - Parking Division 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 5: DPW Transportation - Parking Division should document and retain approval of parking rates with their parking vendors.

### **Monthly Transactions**

Monthly checks submitted by ABM are from monthly parkers that pay through the ABM application and other parkers who use third-party applications (e.g. Spot Hero). These payment transactions are automatically and directly booked into an ABM bank account. At the end of each month, ABM delivers a monthly check and supporting documentation to DPW Transportation - Parking Division by preparing a monthly cover page (worksheet), which is then sent to the City Treasurer's Office for entry and posting. The checks are recorded by the Treasurer's Office as indicated on the cash sheets provided by DPW into iNovah and posted to FMIS.

Finding 6: DPW Transportation - Parking Division 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, but 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 6: DPW Transportation - Parking Division 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.

### **Reconciliation**

Internal Audit performed a reconciliation process of all daily and monthly transactions from three parking structures for the period January 1, 2024 to June 30, 2024 and noticed the following:

- Monthly revenues for November and December 2023 were booked in FMIS in February 2024.
- Daily transactions for the last week of January (January 24 – 31), were booked in February 2024.
- Daily and monthly March 2024 revenues were booked in May 2024.
- Daily and monthly April 2024 revenues were booked in June 2024, resulting in no revenues recorded for April 2024.
- Monthly revenues for May 2024 were booked in July 2024.
- Monthly revenues for June 2024 were booked in August 2024.

Internal Audit noted that the revenue was posted, on average, two months after it is earned.

Finding 7: DPW Transportation - Parking Division 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 7: DPW Transportation - Parking Division should deposit and submit data to the Treasurer's Office in a timely manner.



**Bill Christianson, CPFO**  
Comptroller

**Charles Roedel, CPA, CIA**  
Deputy Comptroller

**Toni Biscobing**  
Special Deputy Comptroller

**Richard Bare, CPA**  
Special Deputy Comptroller

January 15, 2025

Honorable Mayor Cavalier Johnson  
The Members of the Common Council  
City of Milwaukee

Dear Mayor and Council Members:

With this letter, the Office of the City Comptroller acknowledges receipt of the preceding report, which communicates the results of the Audit of DPW-Parking Structures and Lot Revenue Controls. I have read the report and support its conclusions. Implementation of the stated recommendations will help improve City processes.

As the City Comptroller, I was not involved in any portion of the work conducted in connection with the audit. At all times, the Audit Division worked autonomously in order to maintain the integrity, objectivity, and independence of the audit, both in fact and in appearance.

Sincerely,

A handwritten signature in black ink that reads "Bill Christianson".

Bill Christianson, CPFO  
Comptroller



Department of Public Works  
Operations Division

**Jerrel Kruschke, P.E.**  
Commissioner of Public Works

**Danielle A. Rodriguez, M.B.A.**  
Director of Operations

January 13, 2025

Ms. Adriana Molina, CPA  
Audit Manager  
City of Milwaukee Comptroller's Office  
City Hall, Room 404

Dear Ms. Molina,

Thank you for the opportunity to respond to your Audit of DPW Parking Structures and Lot Revenue Controls. The DPW Transportation-Parking Division appreciates that the findings of your audit revealed areas of improvement, and has taken steps to implement your recommendations as a result.

Please see our summary responses to your recommendations below:

**Recommendation 1: DPW Transportation-Parking Division 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 timeliness specified in the signed agreement.**

The department has been receiving monthly updates from ABM with performance and financial information, and has found the monthly pace of these reports to be helpful in monitoring garage use and revenue. In addition to continuing to receive operating, performance and financial information from ABM on a monthly basis, ABM will also supply the annual operating plan and performance reports noted in the contract. The implementation date is February 2025. The contact person is Parking Services Manager Tom Woznick.

**Recommendation 2: DPW Transportation-Parking Division 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.**

The department will communicate with the Deer District ahead of deadlines for submission of the annual budget, and will ensure checks are received in a timely manner. The implementation date is February 2025. The contact person is Transportation Accountant Lynn Guerrero.

**Recommendation 3: DPW Transportation-Parking Division management should create procedures for the administration of daily operations and maintenance of the parking structures.**

The department has created procedures for the administration of daily operations and maintenance of the parking structures. This was implemented prior to the end of 2024. The contact person is Parking Services Manager Tom Woznick.

**Recommendation 4: DPW Transportation-Parking Division 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.**

The department will require ABM to create procedures for the administration of daily cash and non-cash transactions, operation, and maintenance of the parking structures. The implementation date is February 2025. The contact people are Transportation Accountant Lynn Guerrero and Parking Services Supervisor Michael Marass.



Department of Public Works  
Operations Division

**Jerrel Kruschke, P.E.**  
Commissioner of Public Works

**Danielle A. Rodriguez, M.B.A.**  
Director of Operations

**Recommendation 5: DPW Transportation-Parking Division should document and retain approval of parking rates with their parking vendors.**

The department will approve and document parking rates submitted by their parking vendors. The implementation date is February 2025. The contact person is Parking Services Supervisor Michael Marass.


**Recommendation 6: DPW Transportation-Parking Division 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.**

The department ensures that ABM revenue is accurate and complete by reviewing monthly statements provided by ABM. These statements are included in their monthly invoices, and upon request in the form of excel spreadsheets. The department will begin requesting copies of ABM's bank statements as well. The implementation date is February 2025. The contact person is Transportation Accountant Lynn Guerrero.

**Recommendation 7: DPW Transportation-Parking Division should deposit and submit data to the Treasurer's Office in a timely manner.**

In August of 2024, the department hired an additional staff member whose focus is on depositing revenue. Prior to that person, two people were processing all payments and booking all revenue for the Transportation fund. With the new position filled in August of 2024, the department is able to better keep up on timely deposits. This was implemented prior to the end of 2024. The contact person is Transportation Accountant Lynn Guerrero.

Sincerely,

Signed by:  
  
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Danielle Rodriguez, M.B.A.  
Director of Operations, DPW

