



CITY OF SAN ANTONIO

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October 27, 2015

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SUBJECT: Audit Report of Aviation Department Parking Revenue

Mayor and Council Members:

We are pleased to send you the final report of the Audit of Aviation Department Parking Revenue. This audit began in January 2015 and concluded with an exit meeting with department management in September 2015. Management's verbatim response is included in Appendix B of the report. The Aviation Department management and staff should be commended for their cooperation and assistance during this audit.

The Office of the City Auditor is available to discuss this report with you individually at your convenience.

Respectfully Submitted,

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
City of San Antonio

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CITY OF SAN ANTONIO
OFFICE OF THE CITY AUDITOR



Audit of Aviation Department

Parking Revenue

Project No. AU15-002

October 27, 2015

Kevin W. Barthold, CPA, CIA, CISA
City Auditor

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted an audit of the Department of Aviation, specifically parking revenue. The audit objective and conclusions follow:

Are internal controls over parking fee collections and revenue recognition adequate?

Overall, internal controls need improvement to ensure that revenue from airport parking fee collections is correctly accounted for.

While Aviation management has established procedures to capture parking fee collections recorded in a recently-installed parking system (WebParcs), we did note areas where processes can be improved to serve as effective controls:

- A. Controls for validating the accuracy of parking revenue and sales tax transactions need improvement:
 - For a sample of 25 days of credit card collections, parking revenue reported in SAP was understated by approximately \$18,094 and sales tax payable was overstated by \$18,094.
 - Independent reviews of worksheets used to calculate revenue and sales tax are not conducted.
 - Reconciliations to ensure that system interfaces and allocations are accurate are not taking place.
- B. Processes for tracking proximity cards and validation tickets do not provide reasonable assurance that cards and tickets issued to customers were properly authorized and accounted for.
- C. User access to the Employee Parking Renewal System (EPRS) is not being managed to ensure appropriate access to system functions.

Aviation Management agreed with the audit findings and has begun to develop positive action plans to address them. Their verbatim response is in Appendix B on page 8.

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Background

The Department of Aviation manages operations at the San Antonio International Airport (SAT) and Stinson Municipal Airport. Aviation is funded by the Airport Operating & Maintenance Fund, which is an enterprise fund associated with operations and maintenance of SAT and the Stinson Municipal Airport facilities.

Revenue from parking operations makes up approximately one fifth of the Airport Operating & Maintenance Fund. Parking revenue comes from three primary sources as illustrated in the following table:

Fee Description	Total Revenue FY2014
Public Parking – collected from hourly and long-term parking customers	\$ 21,594,092
Airport Employee Parking – collected from daily parkers who use a proximity card	\$ 627,798
Ground Transportation – collected from taxi and limo drivers	\$ 543,069
Total	\$ 22,764,959

Standard parking rates are applied to both long and short term parking. SAT operations accepts payments primarily by credit card and cash. Parking operations run 24 hours a day, 7 days a week, including holidays.

Since November 2013, Aviation has used WebParcs as their automated parking revenue system to process and track parking fees collected at SAT. The department also uses the Employee Parking Renewal System (EPRS) to process online credit card payments for monthly airport employee parking fees.

Audit Scope and Methodology

The audit scope was a review of parking fees collected between July 2014 and January 2015. We interviewed staff, reviewed internal policies and procedures, City administrative directives, payment card industry data security standards, and generally accepted accounting principles.

Additionally, we observed collections and accounting procedures and analyzed system reports and supporting documentation used to account for revenue from parking fees.

We relied on computer-processed data in SAP to validate deposits, credit card receivables, revenue, and sales tax payable amounts that were manually calculated by Aviation fiscal personnel. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. We do not believe that the absence of testing general and application controls had an effect on the results of our audit.

We tested user access controls and data security over WebParcs and EPRS by assessing users' system roles according to their respective employment status and their job titles and responsibilities. We also researched independent sources to determine compliance with applicable data security standards.

We conducted this performance audit 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.

Audit Results and Recommendations

A. Ineffective Accounting Processes

Accounting processes for parking revenue and associated sales tax payables were not effective in preventing or detecting accounting errors. Specifically, for a sample of 25 days of credit card payments collected between July 2014 and January 2015, parking revenue was understated by approximately \$18,094 and sales tax payable was overstated by \$18,094 in SAP due to the following issues:

1. Daily receivables from online credit card payments processed through the Employee Parking Renewal System (EPRS) were allocated incorrectly to revenue and sales tax payable accounts for all 25 days tested. An automated control in EPRS that calculates revenue and sales tax payable for each receivable was not correct, resulting in posting erroneous revenue and tax amounts to SAP during the daily system interface.
2. Parking revenue and sales tax payable for credit card payments collected at the airport were incorrect for the sample tested. The Aviation accountants utilize a spreadsheet to tally daily credit card payments processed at the airport and calculate revenue and sales tax payable amounts to be recorded in SAP. We identified the following discrepancies with the spreadsheet:
 - Formulas and check figures programmed in the spreadsheet were set up incorrectly for 3 of the 25 days tested, resulting in misstated sales tax payable totals whenever incorrect revenue totals were keyed in.
 - Sales tax was not applied to credit card payments processed at the airport for employee parking fees because the fees were incorrectly classified as ground transportation fees. Sales tax is not charged for ground transportation fees because those fees are not assessed in exchange for goods or services. Consequently, sales tax was not applied for the 25 days tested.

The tables below summarize the revenue and sales tax variances identified:

Table 1: Revenue Variances

Issue	Posted to SAP	Auditors' Calculations	Variance	
1. EPRS errors	\$ 8,496	\$ 13,022	\$ (4,525)	(35)%
2. Spreadsheet formula errors	\$ 1,125,757	\$ 1,139,640	\$ (13,883)	(1)%
3. Revenue classification errors	\$ 4,115	\$ 3,801	\$ 314	8%
TOTAL	\$ 1,138,368	\$ 1,156,463	\$(18,094)	(2)%

Table 2: Sales Tax Payable Variances

Issue	Posted to SAP	Auditors' Calculations	Variance	
1. EPRS errors	\$ 5,579	\$ 1,053	\$ 4,525	430%
2. Spreadsheet formula errors	\$ 106,486	\$ 92,603	\$ 13,883	14%
3. Revenue classification errors	\$ -	\$ 314	\$ (314)	(100)%
TOTAL	\$ 112,065	\$ 93,970	\$ 18,094	19%

Fiscal management had not validated or reviewed daily revenue and sales tax payables processed through EPRS or calculated by accountants to verify accuracy. As a result, the City is paying too much in sales tax for parking revenue.

Recommendation

The Aviation Director should implement effective controls to ensure that daily revenue and sales tax payable amounts are accurate prior to being recorded in SAP. Controls should include validation of revenue and sales tax allocations and calculations, as well as effective reviews of supporting documentation.

Additionally, we recommend that the Aviation Director make appropriate adjustments to correct the sales tax payable balance in SAP.

B. Inadequate Tracking of Proximity Cards and Validation Tickets

B.1 Tracking of Proximity Cards

The processes for tracking proximity cards did not provide reasonable assurance that cards issued to customers were properly authorized and accounted for.

- The authorization forms used as support for issuance of proximity cards were missing for 4 of the 25 cardholders reviewed.
- The spreadsheet used for tracking active cardholder accounts was not accurate. Of the 3,433 active users recorded in WebParcs, 318 were not being tracked in the spreadsheet that serves as a monitoring control for revenue generating parking lots.
- User access to activate and edit proximity cards in the WebParcs system was inappropriate based on job responsibility. Of the 15 Aviation employees who had system access to create and edit cardholder accounts, we determined that 9 of them did not require this level of access to fulfill their respective job responsibilities.

Aviation personnel are required to complete an authorization form for each card applicant prior to issuing a proximity card. Additionally, designated staff members use the WebParcs system to activate cards and use a spreadsheet to track each card and cardholder account after the authorization form is approved.

Ineffective monitoring of proximity cards could result in the loss of revenue due to unauthorized issuances or failure to bill for cards issued to non-City employees.

B.2 Monitoring of Validation Tickets

The process in place for monitoring validation tickets was not appropriately segregated. System reports indicated that the manager approving the authorization forms was the same person printing and issuing the tickets. Additionally, we found that another individual who was authorized to print tickets was doing so by using the manager's logon ID and password.

In order for the system generated report to serve as an effective monitoring control, each system user must be assigned their own logon ID and password. Additionally, an independent review should take place by a manager that does not have access to print tickets and/or approve the authorization forms. Ineffective monitoring of validation tickets could result in the loss of revenue due to unauthorized printings.

Recommendations

The Aviation Director should:

B.1 Implement effective review and monitoring controls over proximity cards to ensure that authorizations of card issuances are appropriately documented and all active cards are accounted for. Additionally, ensure that user access to proximity card features in WebParcs is appropriate according to users' respective job functions and responsibilities.

B.2 Implement effective review and monitoring controls by ensuring that duties are appropriately segregated and logon IDs and passwords for each user are secure.

C. Inadequate Controls over the Employee Parking Renewal System

Controls to ensure appropriate access to EPRS did not exist. User access had not been reviewed and a department data owner had never been designated for EPRS. Consequently, 14 of the 46 EPRS user accounts belonged to individuals who no longer worked for the City and 8 employees had inappropriate administrative access that enabled them to create and edit customer accounts.

Unsecured user accounts could enable unauthorized users to access and manipulate account information, including account balances.

Recommendation

The Aviation Director should designate a business data owner for EPRS and ensure that the designated individual develops adequate procedures for user access management, including periodic reviews of user accounts.

Appendix A – Staff Acknowledgement

Sandy Paiz, CFE, Audit Manager
Bruce Coleman, CIA, CISA, Auditor in Charge

Appendix B – Management Response



CITY OF SAN ANTONIO

P.O. Box 839966
SAN ANTONIO TEXAS 78283-3966

October 15, 2015

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
San Antonio, Texas

RE: Management's Corrective Action Plan for the Audit of Aviation Department Parking Revenue

The Aviation Department has reviewed the audit report and has developed the Corrective Action Plans below corresponding to report recommendations.

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
1	<p>Ineffective Accounting Processes</p> <p>The Aviation Director should implement effective controls to ensure that daily revenue and sales tax payable amounts are accurate prior to being recorded in SAP. Controls should include validation of revenue and sales tax allocations and calculations, as well as effective reviews of supporting documentation.</p> <p>Additionally, we recommend that the Aviation Director make appropriate adjustments to correct the sales tax payable balance in SAP.</p>	4	Accept	Virginia Cobarrubias, Department Fiscal Administrator	October 31, 2015

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	<p>Action plan: The Fiscal Operations division staff has implemented a new procedure for reviewing daily parking receipts from the Webparcs system. The procedure includes verification of the daily receipts using a spreadsheet that contains formulas that are write-protected in order to reduce calculation errors. In addition, the procedure requires that another member of the Fiscal Operations division review the daily receipts sheet for accuracy. The Fiscal Operations division staff is also reviewing receipts from FY 15 to make correcting entries. The sales tax payable will be corrected in SAP as revenue corrections are made. We are currently working with ITSD and Finance to reconcile the revenues from the EPRS (employee parking) system to what is posted in SAP.</p>				
2	<p>Inadequate Tracking of Proximity Cards and Validation Tickets</p> <p>The Aviation Director should:</p> <ol style="list-style-type: none"> 1. Implement effective review and monitoring controls over proximity cards to ensure that authorizations of card issuances are appropriately documented and all active cards are accounted for. Additionally, ensure that user access to proximity card features in WebParcs is appropriate according to users' respective job functions and responsibilities. 2. Implement effective review and monitoring controls by ensuring that duties are appropriately segregated and logon IDs and passwords for each user are secure. 	5	Accept	Tamera Marberry, Parking Manager	October 31, 2015

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	<p>Action plan: During the audit period the Parking division took corrective action to appropriately segregate duties and to ensure that logon ID's and passwords for the validation printing station were secure. While the one validation printing station is a non-network system in a controlled environment, it was still viewed to be necessary to follow the same protocol that is already followed for WebParcs users.</p> <p>Within the month of October 2015 the parking division staff will conduct an audit of all non-revenue parking cards within the current active system. All users will be asked to complete the same application and paperwork that applies to revenue generating parkers. Thereafter an audit of active cards will be conducted on monthly basis.</p>				
3	<p>Inadequate Controls over the Employee Parking Renewal System</p> <p>The Aviation Director should designate a business data owner for EPRS and ensure that the designated individual develops adequate procedures for user access management, including periodic reviews of user accounts.</p>	6	Accept	Tamera Marberry, Parking Manager	January 2016
	<p>Action plan: Aviation is working with our Parking Revenue Control Systems vendor, HUB Parking and ITSD to implement a replacement for EPRS that will allow for online account and payment management. It is estimated that a completion date is eminent prior to January 2016.</p> <p>The Parking Manager shall conduct a monthly review of users by obtaining a list from ITSD and comparing it to the current employees and their responsibilities, user access changes will be reported to ITSD so that access is immediately disabled. Employee changes will also be immediately reported to ITSD for user access termination.</p>				

We are committed to addressing the recommendations in the audit report and the plan of actions presented above.

Sincerely,



Frank Miller
Director
Aviation Department

10/15/15
Date



Carlos Contreras
Assistant City Manager
City Manager's Office

10/15/15
Date