



Date: August 15, 2008

To: Andy Dunn

From: Ron Levine

Subject: Parking Collection Procedure Performance Audit

I am in receipt of the Parking Collection Procedure Performance Audit, performed by Vavrinek, Trine, Day & Co., dated 05/27/08. The following is the management response to the audit findings.

After a careful review of the audit report, I agree with the findings of the report and I wish to address the issues identified in the report.

Audit Finding – Documentation

- **Documentation of Procedures.** The parking collection procedures for Foothill College were not in writing. Procedures at De Anza were in writing but did not include all processes. (See Procedures Documentation Updates and Approval below). We have prepared the draft procedures attached based on interviews and observations.

Management should review the draft procedures and our recommendations, determine any modifications that may be needed, and officially adopt procedures to provide a basis for auditing compliance and establishing accountability.

Response:

The draft procedures for both Foothill and De Anza Colleges contained in the audit report will be adopted with the additional listed modifications, within 45 days of this memorandum.

- **Documentation of Authorizations.** The Director, Campus Safety and Security may on occasion authorize the sale of parking permits at a reduced rate. The authorization for the reduced rate is not in writing.

Policies for reduced rates should be established. Implementing procedures should require written authorization and approval for reduced rates. The documentation should be maintained as evidence of approval.

Response:

A new procedure will be added to indicate when, if ever, discounted bulk permits may be sold. The person authorized to make these decisions, the allowable circumstances and the amount of the discount will be documented in the new procedure.

Audit Finding – Independent Reconciliation

- **Performance of Procedures.** The tapes provided by the yellow parking permit machines provide the date and time of the current collection as well as the date and time of the previous collection. The beginning date and time is not compared to the ending date and time from the previous collection at Foothill College or at De Anza College.

The comparison should be made by an individual independent from the Officer making the collection to ensure that no unreported collections were made.

Response:

A new item will be included in the adopted procedures that a Department Staff Officer (at the rank of Sergeant or equivalent, or above), will verify that the dates and times of the parking meter tapes have been compared, to ensure all collections have been accounted for. Ticket numbers on the mechanical machines will also now be reviewed by a Staff Officer to ensure proper cash collection and deposit.

- **Deposit verification.** The Dispatcher at Foothill College maintains a log of collection numbers. The Community Service Officer obtains the next unused number from the log for each collection and initials the log. The number is written on each deposit slip prepared for that collection. At the end of the month the Community Service Officer makes a copy of the pink deposit slips for the month and sends them to the Accountant in District Business Services.

The Dispatcher at Foothill College should provide a copy of the collection log to the Accountant at the end of the month for verification of the accuracy of the sequence of the pink deposit slips received. The Accountant should verify that all collection numbers on the log book have been deposited.

Response:

The new procedures will require the collection log be sent to the Accountant at the District Office on a monthly basis.

- **Free Parking and Bulk Parking Permits.** Free parking and bulk parking permit stock at De Anza is not pre-numbered nor safeguarded. This affords an opportunity to not record sales or sell the permits for personal gain.

The parking permits should be pre-numbered and safely stored. The number on the parking permits should be logged, sequential numbers verified, and reconciled to deposits. Free parking permits issued should be analyzed for reasonableness at least semi-annually.

Response:

The use of a District-wide parking permit will be instituted at De Anza. These are the same pre-numbered permits that are currently in use at Foothill. The stock will be kept in a secured cabinet and access will be restricted to those who issue the permits. The procedures that are in place at Foothill College for logging and verifying the permits will be followed at De Anza.

- **Parking Lot Rentals.** When entire lots are rented no parking permits are provided. Invoices can be issued and payments received by the same person. Although the invoices are logged, they are not pre-numbered and could be issued without logging. Although this is an infrequent activity the potential for misappropriation of funds exists due to the lack of segregation of duties.

Invoices should be pre-numbered and a copy attached to the log. The sequence of invoices should be verified and reconciled to deposits by someone other than individuals involved in the renting of the lots. Alternatively, the event calendar could be used to calculate a revenue potential and compared to the deposits.

Response:

New invoices, with pre-printed numbers, will be utilized for parking lot rentals. A log will be kept of the invoices and corresponding deposits. These logs will require the reconciliation of a Staff Officer. Invoices will be issued by one individual and the deposits collected and recorded by another.

Audit Finding – Chain of Custody

- **Control of Logs.** The courier deposit log at Foothill College is left unattended on the top of a file cabinet in the front office. If the log were misplaced or removed it would not be possible to fix responsibility in the event that funds were missing.

Because of the necessity to access the logs it may not practical for the log to be stored in the evidence locker. However, the procedures could be improved at Foothill College if control of the log was assigned to one individual who would be responsible for its safekeeping.

Response:

The courier log books will be placed in a locked container or cabinet and the key will be controlled by a sign out log. Because of shift scheduling, it is impractical for one person to maintain custody of the log book.

Audit Finding – Safeguarding

- The keys for the parking permit machines are kept on a hook by the Foothill College Dispatchers desk. This is also a chain of custody issue, since unauthorized use could not be attributable any one individual. We recommend that the keys be maintained in the custody of one individual at Foothill College and that they be signed in and out by the Community Service Officer making the collections.

Response:

The actual keys for the parking machines are kept in a locked key cabinet. The key to that cabinet is at the Dispatcher's desk. A key log will be instituted for the parking machine keys inside the key cabinet. Due to fact that the keys may be required any time in an 18 hour period, seven days a week, it is not practical to have the keys controlled by one individual.

Audit Finding – Consistency of Procedures

- There are differences between the procedures at the two Colleges. Determination of the operational reasons for the differences was beyond the scope of this engagement. However, we did note that additional controls and reconciliations at De Anza are possible because of additional staffing. These additional procedures are important and need to be performed by the District Business Office for Foothill. De Anza is able to simplify the deposit process because the deposits are made directly to the campus cashier. Foothill requires the safeguarding of the cash and the necessary attendant controls from the counting through the pick up by the bank courier service. De Anza also utilizes a camera in the counting area that, while not essential, is a deterrent and would contribute to an investigation of any shortages.

Prior to adoption of the separate procedures for Foothill and De Anza, we recommend that the District consider whether a uniform procedure, incorporating the best practices and efficiencies of the current separate procedures, might be possible given the operating constraints at both colleges.

Response:

As noted in the audit report, consistency of procedures between both colleges is suggested, but due to operational limitations, it is not always possible. As many of the adopted procedures will be uniform, with the exception of those particular issues that have been identified.

The Police Department will open discussions with the Foothill College Cashier's Office to discuss the feasibility of making cash deposits directly with their office, as is the procedure at De Anza. This would eliminate some of the issues addressed in other parts of the audit report.

Additional response comments:

A District-wide video surveillance system is being evaluated and as funds become available for this project, cameras will be placed in strategic locations to help ensure the safety and security of all cash handling operations.

Additionally, as the purchase of new parking permit machines are contemplated, enhanced internal security features will be explored for new or replacement machines. This may include the use of credit card transactions, to help reduce the amount of cash handled by the parking operation.