



Item: AF: I-3b

## AUDIT AND FINANCE COMMITTEE

Tuesday, October 15, 2013

**SUBJECT: REVIEW OF AUDITS: FAU 12/13-3, AUDIT OF PARKING AND  
TRANSPORTATION SERVICES FOR THE FALL 2012 SEMESTER**

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### PROPOSED COMMITTEE ACTION

Information Only.

### BACKGROUND INFORMATION

Parking and Transportation Services is an auxiliary unit within the FAU Police Department and is primarily responsible for managing parking facilities and overseeing the transportation needs of students, faculty, staff and visitors on all FAU campuses.

The objectives of this audit were to determine whether:

- Money collections were properly accounted for, reconciled, accurately recorded in the University's accounting records, and timely deposited;
- Proper accountability was maintained for all issued/unissued parking decals/permits; and,
- Physical security measures for the safeguarding of personnel, monetary assets of the department, and unissued parking decals/permits were adequate.

One recommendation was made to enhance existing written procedures.

### IMPLEMENTATION PLAN/DATE

Management has agreed to implement the recommendation by October 31, 2013.

### FISCAL IMPLICATIONS

Not Applicable.

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**Supporting Documentation:** Audit Report FAU 12/13-3

**Presented by:** Mr. Morley Barnett, Inspector General

**Phone:** 561-297-3682

## *Office of Inspector General*

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### Parking & Transportation Services Audit Fall 2012 Semester

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#### **SCOPE AND OBJECTIVES**

In accordance with the University's Internal Audit Plan for fiscal year 2012-13, we have conducted an audit of Parking and Transportation Services at Florida Atlantic University for the fall 2012 semester. The primary objectives of this audit were to determine whether:

- Money collections were properly accounted for, reconciled, accurately recorded in the University's accounting records, and timely deposited;
- Proper accountability was maintained for all issued/unissued parking decals/permits; and,
- Physical security measures for safeguarding of personnel, monetary assets of the department, and unissued parking decals/permits were adequate.

Audit procedures included, but were not limited to, the evaluation of internal controls as those controls relate to the accomplishment of the foregoing audit objectives, as well as performing compliance testing on samples of daily money collections and issued parking permits in order to determine whether control procedures were operating effectively.

We obtained an understanding of the operations of the Parking and Transportation Services Department by reviewing written policies and procedures, interviewing key departmental personnel, performing analytical reviews of select revenue data, observing actual practices, and evaluating key internal controls. Our assessment of compliance with applicable laws, rules and regulations, and established policies and procedures was based on reviews of pertinent supporting documentation for judgmentally selected samples of departmental transactions. Populations, sample sizes, and selection methods were determined based on our evaluation of internal controls, our assessment of audit risk, the availability of pertinent University records, and other factors including auditor judgment.

We conducted our audit in accordance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

#### **BACKGROUND**

Parking and Transportation Services (P&T), based on the Boca Raton Campus, is an auxiliary unit within the FAU Police Department (Division of Financial Affairs), and is primarily responsible for managing parking facilities and overseeing the transportation needs of students, faculty, staff and visitors on all FAU campuses. During the fall 2012 semester, P&T personnel included an office manager, an accountant, three fiscal assistants, seven parking enforcement specialists, a maintenance mechanic, and a bus driver. Departmental revenues for the fall 2012 semester audit period totaled approximately \$5.4 million, and \$8.8 million was booked as total revenues for the fiscal year ended June 30, 2012. Parking and Transportation Services revenues are primarily derived from a *Transportation Access Fee* (charged to every full and part-time registered student and members of the Lifelong Learning Society), faculty/staff permit fees, various fines, and visitor metered parking.

In addition to administering a vehicle registration program for decal parking, P&T coordinates development and closure of parking areas, enforces University parking regulations in conjunction with the FAU Police Department, and administers the appeals process for parking violations. For customer convenience and operational efficiency, P&T consigns small supplies of permits to the Davie and Harbor Branch (HBOI) business services offices. Davie and HBOI, as well as P&T use the *T-2 Flex* vehicle registration system to record various online and in-person transactions including permit sales, payment of traffic citations issued to persons for non-compliance with the University's traffic and parking rules and regulations, mail drop-box and meter coin collections, and employee payroll deduction authorizations. All *T-2 Flex* monetary transactions are interfaced daily with Banner Finance for timely recognition of revenue from all sources of parking and transportation services.

#### **Comment and Recommendation**

##### *Need for Expanded P&T Operating Policies and Procedures*

Review of the current *FAU Parking and Transportation Services Policies and Procedures* manual indicated broad coverage of P&T's primary operations. However, we noted that some basic processes were not covered or lacked details that are

important to evidence the department's control environment. Some of the processes that could be better documented include: Permit Application/Issuance; Coin Meter Collection/Deposit, including use of the *Meter Collection Transfer Form*; Banner Finance / T-2 Flex System Reconciliation of all Daily Money Receipts (*cash, credit card, meters, adjustments, refunds, and voids*); Various Permit Types/Report Procedures (*Lost/Stolen Decal Reports, Volunteer Parking Permits, Permit Request Forms, Temporary Permits sold in the Office, Continuing Ed, Lifelong Learning, Yellow One-Day Permits, etc.*); Event Registration; Refund Procedures (credit cards, cash, etc.) and, various schedules used to track miscellaneous permits issued/returned/replaced.

In addition, based on interaction with personnel involved with the permit issuance transactions at Davie and HBOI campuses, we learned that these locations lacked some elements of acceptable controls which are included in the existing procedures manual as routine steps at the (Boca Raton) P&T office. For example, there was no documented supervisory review of parking permit revenues to ensure they were being properly posted to Banner Finance and timely deposited to FAU's main bank account. Also, we noted that Davie and HBOI did not maintain permit inventory logs to document periodic, independent verification of unissued parking decals/permits consigned by P&T.

We recommend that management update departmental procedures to better document various internal control processes currently practiced and give added guidance to Davie and HBOI personnel to help ensure consistent adherence to P&T's standard procedures. Expansion of the procedures manual will prove to be a valuable resource for training current and future employees.

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### **Management's Response**

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Action Plan:

Parking & Transportation Services will develop an expanded, all-inclusive, policies and procedures manual that will fully address the audit recommendation.

Implementation Date:

October 31, 2013

Auditee:

Samir Botros, Assistant Director Parking & Transportation

**Prior Audit Recommendations**

Our examination generally includes a follow-up on findings and recommendations of prior internal audits, where the subjects of such findings are applicable to the scope of the current audit.

Within the past three years, our office has not conducted any audits related to the parking and transportation services function. Accordingly, a follow-up on prior audit findings is not applicable.

### **CONCLUSION**

Based on our testing of daily money collections and accountability for parking permits, observations of controls, and interviews with key departmental personnel, it is our opinion that the evaluated operations of the Parking and Transportation Services Department were generally adequate and being conducted in consistent compliance with all applicable laws, rules, regulations, established policies, procedures, and sound business practices. We believe the recommendation to expand the P&T operating policies and procedures manual will enhance the overall control environment and is cost effective to implement.

We wish to thank Parking and Transportation Services personnel for their cooperation and assistance which contributed to the successful completion of this audit.



Morley Barnett, CPA, CFE  
Inspector General

Audit Performed by: Ben Robbins, CPA

#### Use of Report

We are employed by Florida Atlantic University. This report is intended solely for the internal use of Florida Atlantic University and its governing bodies and is not intended to be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.