



City of Phoenix

Mission Statement

To improve the quality of life in Phoenix through efficient delivery of outstanding public services.

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This report can be made available in alternate format upon request.

Aviation Department Aviation Employee Parking

April 24, 2023

Report Highlights

Parking Exceptions

No controls were found to detect and review instances where employees may have used their parking privileges for non-Airport related duties.

Waivers

Promissory notes tested were properly approved, and parking fees were waived according to the Parking Manual. However, the process of documenting and tracking waivers should be improved.

Accounts

Companies were billed the correct rates for their employees based on their permit types. Changes to the customer accounts tested were authorized and accurate based on the documentation submitted by the company representatives.

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Executive Summary

Purpose

Our purpose was to determine that the Employee Parking Program was adequately managed and that authorized employees working at Phoenix Sky Harbor International Airport (Airport) complied with the program requirements.

Background

The City of Phoenix Aviation Department (Aviation) and ACE Parking (ACE) entered into a new contract on July 1, 2021, to provide parking management services at the Airport. The Airport currently has five main parking locations of which three are employee parking. Parking is provided to employees of airlines, retail and food concessions, commercial use permit companies, cargo companies, government agencies, Airport contractors, and others as authorized by the Aviation Director.

The employee parking program is managed by the Aviation Department, Parking Operations Section (Parking Operations), and administered by ACE. The Aviation Business and Properties section developed a Parking Manual that outlines the policies for parking at the Airport.

From July 2021 through June 2022, Aviation received over \$8.2 million in employee parking fees.

Results in Brief

No controls were found to detect and review instances where employees may have used their parking privileges for non-Airport related duties.

Many employees, by the nature of their job, have a need to remain parked for multiple days at a time, such as inflight staff. However, parking while not conducting official Airport-related business represents a risk that should be controlled by Aviation staff.

We analyzed entry/exit logs from the parking facilities to identify potential use of parking for non-Airport related activities. We provided the list of possible exceptions to Aviation for further review. The risk of exception warrants some level of management control.

Promissory notes tested were properly approved and parking fees were waived according to the Parking Manual. However, documenting and tracking waivers should be improved.

On occasion, parkers may forget their parking cards, park in the wrong lot, or their cards may malfunction. Per Parking Manual Section 5.24 – Promissory Notes, an employee's fees can be waived up to three times per calendar year (excluding instances of system error). We selected 20 waived promissory notes and found that they were completed by

the parking attendant, reviewed, stamped “void,” and had a reason for the waiver documented.

Promissory notes were tracked in an excel spreadsheet. ACE staff linked the promissory notes to the spreadsheet and added a comment explaining the results of their review on the excel spreadsheet. We reviewed the excel spreadsheet to determine if parkers received more than three courtesy waivers per calendar year. Because the log was an excel document that allowed free text, we found inconsistencies in parker names and reason codes. Due to record keeping errors, it was difficult to determine if the parkers received too many waived fees or if ACE was not using accurate notes.

Companies were billed the correct rates for their employees based on their permit types. Changes to customer accounts tested were authorized and accurate based on the documentation submitted by the company representatives.

Monthly parking fees were established in the Phoenix City Code (PCC) 4-58. We tested five customer invoices from six months. We verified that the rates billed matched the rates listed in the City Code based on the permit type. No exceptions were noted.

We selected 15 parkers from the permit history report to verify that changes to parker accounts were authorized and accurate. We found that changes made to the parking accounts were supported by documentation submitted to ACE by company representatives without exception.

Department Responses to Recommendations

Rec. 1.1: Review the provided data and develop a procedure to review and follow up on parkers who are potentially abusing the parking policy.		
Response: Aviation Business and Properties will comprehensively review the length of stay reports (entry/exit logs) provided by the auditor's office, develop procedures to review future reports and follow-up with parkers.		Target Date: December.15 2023
<p>Explanation, Target Date > 90 Days: The development of a process to accurately and efficiently identify excessive duration/s of stay among different employee groups e.g. city employees, airline flight crews, concession cashiers with varying parking durations based on Parking Access and Revenue Control System L.O.S. reports, establishing communication templates to notify employers and employees with excessive length of stay violations, provide for 1st and potentially 2nd level review adjudication process, implementation of approved disciplinary action including the establishment of accounts receivables for City and non-City Aviation staff, H.R. & Legal review prior to full implementation will require significant time and effort from B&P Parking staff.</p> <p>B&P is currently implementing an electronic process for the annual renewal of Parking Terms and Conditions for City Aviation employees. City Aviation employees will be required to sign and acknowledge Parking Terms and Conditions annually prior to receiving an annual parking hang tag, full implementation scheduled for January 2024.</p>		
Rec. 1.2: Review the list of City of Phoenix employees to determine if rules were violated. Assess fees as required by the Parking Manual.		
Response: Business and Properties will review the list of City of Phoenix Length of Stay reports (entry/exit logs) to ascertain whether violations occurred. Business and Properties will consult City of Phoenix Human Resources and Aviation Law divisions for guidance on assessing fees as required by Aviation Parking Manual Section No. 5.0.		Target Date: December 15, 2023
<p>Explanation, Target Date > 90 Days: Assessment of applicable parking fees for lengths of stay deemed to be in violation of Parking Manual Section 5.0 if approved by Human Resources and Aviation Law Divisions will be processed by Dec. 15, 2023. Comprehensively auditing provided data, notification of violation to applicable City employees and establishing a method to assess City employees for parking fees may require issuing invoices or similar and establishing accounts receivables for City employees which currently do not exist.</p>		
Rec. 2.1: Update the Parking Manual waiver limits to reflect Aviation changes.		

<p>Response: Aviation Business & Properties will update Parking Service Section Parking Manual 5.24 to reflect Promissory Note limit of one waiver (courtesy void) per employee per calendar year and publish the update on SharePoint http://bp-shareport/parkingrcc/ParkingServicesProcedures/Forms/AllDocumentsGrouped.aspx</p>	<p><u>Target Date:</u> June 5, 2023</p>
<p>Rec. 2.2: Require ACE to improve its documentation of waivers authorized.</p>	
<p>Response: Business and Properties will send a letter via e-mail and certified mail to ACE Parking by May 2, 2023. Letter to include the required actions to improve documentation of waivers authorized and staff training. A copy of the letter will be provided to Mara Kelly when sent to ACE Parking to provide sufficient time for the letter and certified mail receipt to be uploaded into Teammate by the Target date.</p>	<p><u>Target Date:</u> May 16, 2023</p>

1 – Parking Exceptions

Background

Airports that receive federal funds for planning and developing public-use airports must comply with the Grant Assurances published by the Federal Aviation Administration (FAA). The Grant Assurances require airports to be as self-sustaining as possible and provides information on permitted and prohibited uses of airport revenue. Subsidizing employee parking by allowing them to park at for non-airport related business and not collecting parking fees or collecting discounted parking fees is not allowed.

Additionally, section 5.0 of the Parking Manual stated that Airport parking is provided to employees for the conduct of official Airport-related duties only, and may not be used for vacations, personal business matters, or business travel unrelated to the Airport. Employees found to have violated the parking rules may be subject to disciplinary action and are responsible for paying the fees for misuse at the prevailing public rate. A memo was sent by the Aviation Director to all Aviation employees on February 10, 2022, reminding all employees that they are not to use their parking for personal use.

Aviation staff stated that there were no current controls over this risk; however, they were working on implementing controls. To help quantify the risk involved, we reviewed all parking logs for airport employees from July 2021 through June 2022 to help Aviation staff determine their control criteria.

We selected a sample of employee parking records from the list of all parking logs from July 2021 through June 2022 and compared those records against leave history that was obtained from eCHRIS, the City's leave tracking system.

Results

No controls were found to detect and review instances of employees using their parking privileges for non-Airport related duties.

We analyzed 1,571,900 entry/exit records from the parking facilities and calculated the total time for each parking instance.

Number of Parkers by Length of Stay

Number of Days	Number of Parkers
0-1	1,477,708
1-2	36,578
2-3	33,402

3-4	15,089
4-5	3,378
5+	5,745

94% of instances were from people parking for less than 24 hours at a time.

From the data, 0.6% of parkers stayed longer than four days, while 5.4% were parking from one to four days. Aviation staff should consider this range when determining control criteria for the minimum number of consecutive days parked to research. Aviation should also consider that many employees, by the nature of their jobs, have an Airport-related need to remain parked for multiple days at a time, such as inflight staff.

There appeared to be potential use of parking for personal use, as nine employees were found to have parked while also taking vacation leave.

We compared the parking records to the leave reports of 14 employees to determine if they were parking while not on official airport-related duties. Nine employees were parked while also taking vacation leave. We did not research the circumstances to determine if the employees received approval to park while on vacation. However, if their parking was not allowable, that would represent lost revenue for the Airport. We forwarded the list of possible exceptions to Aviation staff for further review and to determine if any corrective action or collection of parking fees was warranted.

Recommendations

- 1.1 Review the provided data and develop a procedure to review and follow up on parkers who are potentially abusing the parking policy.
- 1.2 Review the list of City of Phoenix employees to determine if rules were violated. Assess fees as required by the Parking Manual.

2 – Invoices and Billing Codes

Background

Companies are required to establish an account with the ACE Parking Services Office. Monthly parking fees are established in PCC 4-58. The contract requires monthly invoices to be issued to the contracted company 30 days in advance for their employees. Payments may be made online or dropped off at a lockbox or at the parking office front desk. All employee parking payments are posted to Microsoft Dynamics 365 (365), the ACE finance software. The overall revenue is posted to SAP by the Aviation Financial Management Division (FMD).

On occasion, parkers may forget their parking cards, park in the wrong lots, or their card may malfunction. When this occurs, parkers are required to complete a promissory note that will be researched by ACE staff. Per Parking Manual Section 5.24 - Promissory Notes, an employee's fees can be waived up to three times per calendar year (excluding instances of system error). ACE reviews promissory notes issued to determine if the parking fees will be waived or invoiced to the customer. ACE tracks promissory notes and their disposition in an excel spreadsheet.

From July 2021 through June 2022, ACE invoiced \$8.2 million for employee parking.

We verified that invoice payments were processed accurately and that customers were assessed the correct rates. We ensured that Parking Operations had controls over refunds issued. In addition, we verified that ACE issued waivers correctly to parkers who did not use their designated parking spot.

Results

Companies were billed the correct rates for their employees based on their permit types.

We obtained the invoice summary report from Aviation for July 2021 through June 2022, and selected six months (July 2021, September 2021, December 2021, January 2022, March 2022, and June 2022). We selected five customer invoices from each month for detailed testing. We verified that customers were billed the correct rate based on their permit type. For expired permits, we obtained screenshots from 365 and verified that they were active at the time of the invoice. No exceptions were noted.

Parking Operations had controls in place to issue refunds with the appropriate segregation between staff.

When a refund was requested, ACE emailed Parking Operations, who followed up with the company requesting the refund. Refunds were researched and approved by the supervisor if deemed appropriate. FMD prepared the refund paperwork and forwarded it to the Finance Department to issue the refund. We interviewed and observed controls over refunds and found that there was proper segregation of duties between staff.

Promissory notes tested were properly approved and parking fees were waived according to the Parking Manual.

ACE was responsible for reviewing promissory notes and deciding whether the parker should be billed the parking fee or have the fee waived. ACE staff documented their decision and stamped the promissory note with either “Void” or “Process.” ACE staff linked the promissory notes to the spreadsheet and added a comment explaining the results of their review on the excel spreadsheet. Waived fees were coded as RV – regular void (technical or office errors) or CV - courtesy void. We selected 20 waived promissory notes and found that they were completed by the parking attendant, reviewed, stamped “void,” and had a reason for the waiver documented.

Documenting and tracking waivers should be improved to ensure compliance with the Parking Manual.

According to Aviation and ACE staff, employees were allowed one waived parking fee per calendar year and may get up to two additional fees waived pending supervisor review. However, we noted that the parking manual stated that employees may have up to three waived fees per year and did not include language requiring supervisor approval. ACE staff was aware of the supervisory review requirement even though it was not documented in the manual. Aviation staff should update the parking manual to ensure that it accurately reflects their processes.

We reviewed the excel spreadsheet to determine if parkers received more than three courtesy waivers per calendar year. Because the log was an excel document that allowed free text, we found inconsistencies in parker names and reason codes. We identified multiple employees who had more than one waiver that was labeled as 1st Courtesy. We also found one employee that had four courtesy waivers of promissory notes from parking on four consecutive days. Parking Operations indicated that the instances could be considered as one waiver, due to the timing of the events and ACE’s review. Due to record keeping errors, it was difficult to determine if the parkers received too many waived fees or if ACE was not using accurate notes. Aviation staff should work with ACE staff to ensure the spreadsheet is filled out with consistent notation to help ensure parkers are not getting excessive waived fees.

Recommendations

- 2.1 Update the Parking Manual waiver limits to reflect Aviation changes.
- 2.2 Require ACE to improve its documentation of waivers authorized.

3 – Customer Accounts

Background

Per section 3.2 of the Parking Manual, all companies authorized to participate in the Airport Employee Parking Program must establish an account with the Parking Services office and pay monthly parking fees for employees enrolled under their accounts. Rates may vary by location and are detailed in PCC 4-58. Each employee is assigned a parking permit that gives them access to a specific location. ACE uses 365 to automatically generate monthly invoices.

Changes to a parker's information, such as updating their parking location or rate, are periodically completed. Per Parking Manual section 2.3 Contract Scope & Oversight, adjustments must be documented. To effect a change, the company representative either completes a Parker Account Update Request form or sends an email detailing the changes to Parking Operations.

We tested changes made to customer accounts to verify they were authorized and agreed to supporting documentation.

Results

Changes to customer accounts tested were authorized and accurate based on the documentation submitted by the company representatives.

We selected a sample of 15 parkers from the 365 permit history report. We requested documentation from ACE to verify that the alterations were authorized and accurate. ACE provided emails and spreadsheets submitted by the company representatives that authorized the following alterations:

- Six parkers changed their permit type from vehicle to motorcycle and submitted new applications.
- Four parkers transferred from ABM to VIP Hospitality.
- Four parkers changed parking locations due to the demolition of Terminal 2.
- One customer had their billing code corrected.

No exceptions were noted.

Scope, Methods, and Standards

Scope

We reviewed the Airport employee parking program managed by Aviation and administered by ACE for the period July 2021 through June 2022.

The internal control components and underlying principles that are significant to the audit objectives are:

- Monitoring Activities
 - Management should establish and operate activities to monitor the internal control system and evaluate the results.
- Control Environment
 - The oversight body should oversee the entity's internal control system.

Methods

We used the following methods to complete this audit:

- We interviewed staff from ACE and Aviation Parking to determine the payment process.
- We reviewed the payments and compared them to invoices.
- We reviewed a sample of waived payments and compared them to Promissory notes.
- We verified that a sample of changes to customer accounts were accurate and authorized.
- We reviewed parking entry/exit logs to determine if employees were violating parking rules.

Unless otherwise stated in the report, all sampling in this audit was conducted using a judgmental methodology to maximize efficiency based on auditor knowledge of the population being tested. As such, sample results cannot be extrapolated to the entire population and are limited to a discussion of only those items reviewed.

Data Reliability

We assessed the reliability of parking data by (1) performing electronic testing, (2) reviewing existing information about the data and the system that produced it, and (3) interviewing agency officials knowledgeable about the data. We determined that this data was sufficiently reliable for the purposes of this audit.

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. Any deficiencies in internal controls deemed to be insignificant to the audit objectives but that warranted the attention of those charged with governance were delivered in a separate memo. We are independent per the generally accepted government auditing requirements for internal auditors.