



CITY OF SAN ANTONIO

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December 05, 2019

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SUBJECT: Follow-Up Audit Report of Aviation Department Parking Revenues

Mayor and Council Members:

We are pleased to send you the final report of the Aviation Department Parking Revenues Follow-Up Audit. This audit began in August 2019 and concluded in November 2019. Management's verbatim response is included in Appendix C of the report. Aviation 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



Follow-Up Audit of Aviation Department

Parking Revenues

Project No. AU19-F02

December 05, 2019

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

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted a follow-up audit of the recommendations made in the prior follow-up audit of Aviation Department Parking Revenues. The objective for this follow-up audit is:

Determine if the recommendations made in the prior follow-up audit of Aviation Parking Revenues have been effectively implemented.

We determined that the Aviation Department has successfully implemented adequate controls to address prior audit recommendations. Specifically, the Aviation Department has:

- Implemented a monthly reconciliation of proximity cards between the PARIS and WebPARCS parking systems.
- Appropriately segregated duties in the approval and creation of Validation Tickets.
- Implemented a periodic review of the PARIS and WebPARCS system users to ensure access is appropriate.

Aviation Management's acknowledgement of audit results is in Appendix C on page 8.

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Background

On October 27, 2015, the Office of the City Auditor completed an audit of the Aviation Department Parking Revenues. The objective of the audit was as follows:

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

The Office of the City Auditor concluded that in order to ensure that revenue collected for airport parking fees were correctly accounted for, the Aviation Department needed to improve internal controls in the following areas:

- Validation of parking revenue and sales tax transaction accuracy.
- Tracking of proximity cards and validation tickets to ensure both are properly authorized and accounted for.
- Inappropriate user access to parking systems utilized by the Aviation department.

Aviation management agreed with conclusions and developed action plans to address the audit recommendations.

Prior Follow-Up Audit of Aviation Department Parking Revenues

On March 29, 2018, the Office of the City Auditor completed a follow-up audit of the Aviation Department Parking Revenues to determine if the Aviation Department successfully implemented action plans to address the audit recommendations from the original audit.

The Office of the City Auditor concluded that the Aviation Fiscal Division had established effective controls to provide assurance of the accuracy and completeness of parking revenue and sales tax payable.

However, controls to assist in appropriate tracking of active and deactivated parking lot access had not been implemented and process improvements were needed to ensure that proximity cards and validation tickets were adequately monitored in addition to the implementation of user access reviews of parking systems.

Aviation management agreed with the conclusions and developed action plans to address the audit recommendations made in the follow-up audit (*Refer to Appendix A – Recommendation Status*). The current audit objective is to determine if these action plans address the updated recommendations made in the prior follow-up audit.

Audit Scope and Methodology

The audit scope was limited to the recommendations and corrective action plans made in the original report for the time frame from April 2018 through July 2019. When testing proximity cards, we also reviewed non-revenue parking card usage that occurred between October 2018 and September 2019.

We interviewed Aviation personnel to obtain an understanding of newly implemented controls and processes for monitoring proximity cards, validation tickets, and parking system user access. We reviewed source documents such as internal policies and procedures, monthly proximity card reconciliations, validation ticket request forms and tracking logs, user access reviews and authorization forms, and internal audits.

In accordance with generally accepted government auditing standards, we assessed and documented the significance of internal control to the extent necessary to address audit objectives. From our assessment, we identified the following internal control components and principles as significant within the context of this audit:

Control Component	Control Principle
Control Environment	Commitment to competence Organizational structure Assignment of authority and responsibility
Risk Assessment	Risk identification and analysis
Control Activities	Authorizations and approvals Segregation of duties Verifications Policies and Procedures Physical Controls Controls over standing data Reconciliations Supervisory Controls
Information and Communication	Quality of Communication
Monitoring	Ongoing Monitoring

We relied on computer-processed data in the PARIS and WebPARCS system to validate the accuracy of proximity card data. Our direct testing included reconciling the active, revenue proximity cards between the PARIS and WebPARCS systems. We evaluated general controls in regards to user access to ensure all individuals were authorized and granted appropriate access. Our reliance was based on performing direct tests on the data rather than evaluating the system's

application controls. We do not believe that the absence of testing application controls had an effect on the results of our audit.

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.

Prior Audit Recommendations and Status

A. Proximity Card Authorization and Tracking

Prior Recommendation:

The Aviation Director should ensure that the Parking staff document and follow implemented procedures to include follow-up on action items noted in the audits conducted. Additionally, after pending system upgrades are completed, a monthly reconciliation should be conducted between the two systems to identify and resolve any discrepancies. The reconciliation should be reviewed and approved by management.

Status: Implemented

The PARIS and WebPARCS system upgrades have been completed and the two systems are now communicating with one another. Once a proximity card status is changed within the PARIS system, the change is automatically reflected within the WebPARCS system.

In addition to the system upgrades, Aviation is completing monthly reconciliations of proximity cards between the PARIS and WebPARCS system. These monthly reconciliations are reviewed and approved by management to ensure any discrepancies are resolved. We performed our own reconciliation of active proximity cards between the two systems and found that the card status matched between both the PARIS and WebPARCS systems.

Recommendations

None.

B. Validation Ticket Monitoring

Prior Recommendation:

The Aviation Director should implement effective review and monitoring controls by ensuring that duties are appropriately segregated and only appropriate personnel have access to create validation tickets. Additionally, an independent review should take place by a manager that does not have access to print tickets and/or approve authorization forms.

Status: Implemented

Aviation has updated the Validation Ticket policies and procedures to ensure appropriate segregation of duties exist. We reviewed a sample of five validation ticket transactions of the 51 (9.8%) made in fiscal year 2019 and found that all five validation ticket transactions followed the internal policies and procedures to include an appropriate segregation of duties and management review within the requesting, approving, printing, and destruction of validation tickets.

Recommendations

None.

C. PARIS and WebPARCS System Controls

Prior Recommendation(s):

The Aviation Director should:

Establish and implement procedures and internal controls that ensure appropriate user access and system management in PARIS and WebPARCS. This should include a review of user access to ensure that duties are appropriately segregated.

Develop and document guidelines that illustrate the various system components and how they communicate and/or interface with one another. In addition, provide training to users so that they have a thorough understanding of the system's functions and capabilities.

Status: Implemented

Aviation has implemented a provisioning process to ensure access to both the PARIS and WebPARCS systems is appropriately granted to authorized individuals. Aviation is also completing a periodic review of user access to both systems to ensure access remains appropriate. We performed our own review of user access for the PARIS and WebPARCS systems and determined that all users have appropriate access permissions for their current role with the City.

In addition, Aviation has developed instructional guidelines to assist users in the management of proximity card accounts within the PARIS and WebPARCS systems.

Recommendations

None.

Appendix A – Recommendation Status

A. Ineffective Accounting Processes	
Original Audit 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.
Prior Follow-up Audit Status	Implemented (no further recommendation)
Current Status	Not Applicable
B. Inadequate Tracking of Proximity Cards and Validation Tickets	
Original Audit Recommendation (B1)	The Aviation Director should 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.
Prior Follow-up Audit Status (B1)	Partially Implemented The Aviation Director should ensure that Parking staff document and follow Implemented procedures to include follow-up on action items noted in the audits conducted. Additionally, after pending system upgrades are completed, a monthly reconciliation should be conducted between the two systems to identify and resolve any discrepancies. The reconciliation should be reviewed and approved by management.
Current Status	Implemented
Original Audit Recommendation (B2)	The Aviation Director should implement effective review and monitoring controls by ensuring that duties are appropriately segregated and logon IDs and passwords for each user are secure.
Prior Follow-up Audit Status (B2)	Not Implemented The Aviation Director should implement effective review and monitoring controls by ensuring that duties are appropriately segregated and only appropriate personnel have access to create validation tickets. Additionally, an independent review should take place by a manager that does not have access to print tickets and/or approve authorization forms.
Current Status	Implemented
C. Inadequate Controls over the Parking Systems	
Original Audit Recommendation	The Aviation Director should designate a business data owner for parking systems and ensure that the designated individual develops adequate procedures for user access management, including periodic reviews of user accounts.
Prior Follow-up Audit Status	Not Implemented Periodic reviews of user accounts for the PARIS and WebPARCS systems are not taking place. In addition, there is a lack of documented policies and procedures for user access management.
Current Status	Implemented

Appendix B – Staff Acknowledgement

Gabriel Trevino, CISA, Audit Manager

Daniel Kuntzelman, CIA, CISA, Auditor in Charge

Appendix C – Management Acknowledgement



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

November 22, 2019

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

RE: Management's Acknowledgement of its Review of the Aviation Department Parking Revenue
Follow-Up Audit

Aviation Department has reviewed the audit report and provided its comments to the auditors. As
there are no recommendations for management, no management responses are required.

Aviation Department:

☒ Fully Agrees

☐ Does Not Agree (provide detailed comments)

Sincerely,



Russell Handy
Director
Aviation Department

25 NOV 2019
Date



Carlos Contreras
Assistant City Manager
City Manager's Office

11/26/19
Date