

**Post-Audit Review 14-04:
City-Owned Parking**

August 2015

City Auditor

Stan Sewell, CPA, CGFM, CFE

Internal Auditor

Richard Walls, CPA, CIA





OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

August 12, 2015

To: Mayor Andy Berke
City Council Members

Subject: Post-Audit Review of City-Owned Parking (Report #14-04)

Dear Mayor Berke and City Council Members:

Attached is a summary report on the status of audit recommendations in our 2014 City-Owned Parking report. The purpose of this report is to confirm whether, and to what degree, management has implemented the recommendations made in the original audit.

The original audit concluded:

1. There were instances of non-compliance with the terms and conditions of the management agreement;
2. The required procurement process was not used;
3. Approval documentation was needed for additional parking lots; and,
4. Key improvement opportunities should be considered.

The audit had four recommendations; to assure compliance with the terms and conditions of the management agreement, to require the use of required procurement procedures, to obtain approval and maintain documentation for all significant asset transactions, and to consider certain improvement opportunities. At the time of this Post-Audit Review, one was partially implemented, and three were implemented. Recommendations partially implemented are herein reported to the Audit Committee for follow-up, as appropriate.

This Post-Audit Review consisted principally of inquiries of City personnel and examinations of various supporting documentation. It was substantially less in scope than an audit in accordance with generally accepted government auditing standards. The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been performed, other matters might have come to our attention that would have been reported to you and our conclusions may have been modified.

Sincerely,

Stan Sewell, CPA, CGFM, CFE
City Auditor

Attachment

cc: Audit Committee
 Travis McDonough, Chief of Staff
 Brent Goldberg, Chief Operating Officer
 Daisy Madison, Chief Financial Officer and CDRC Chair
 Cary Bohannon, Director of General Services

RECOMMENDATION PARTIALLY IMPLEMENTED (1)

Recommendation	Actions Taken
<p>4 We recommended CDRC prepare a cost-benefit analysis to determine if the following improvements would be beneficial:</p> <ul style="list-style-type: none">Automated pay station system – Chattanooga Parking GaragePay-and-display or Pay-by-Space system – Surface LotEnergy efficient lighting – Chattanooga & River Pier Parking GaragesMonthly parking – Surface Lot	<p>The procurement process has been initiated for automation of the Chattanooga Garage and improvements to automation at the River Pier Garage. Also, the procurement process has been initiated for energy efficient lighting upgrades at the Chattanooga and River Pier Garages. Both procurements require the approval of the Downtown Redevelopment Corporation (CDRC) Board of Directors.</p> <p>Republic Parking has installed a pay-and-display system for the surface lot. However, monthly parking at the surface lot has not been instituted.</p>

RECOMMENDATIONS FULLY IMPLEMENTED (3)

Recommendation	Actions Taken
<p>1 We recommended CDRC monitor the agreement to ensure compliance with all terms and conditions.</p>	<p>The CDRC Board of Directors monitors the management agreement with assistance in daily oversight by the Finance and General Services Departments.</p>
<p>2 We recommended CDRC follow required procurement procedures when procuring management services.</p>	<p>Subsequent to the audit report, CDRC issued a Request for Proposal (RFP), and awarded the management agreement to Republic Parking effective May 30, 2015. As of December 20, 2012, the Chattanooga City Code was amended to allow this procurement method.</p>

Recommendation

- 3 We recommended CDRC approve and document all significant asset transactions in their board minutes. City or CDRC officials should not take actions that have not been properly approved. If the use by CARTA was or is not the intent of the CDRC Board, we recommend CDRC include these properties in the RFP for management services currently being developed.

Actions Taken

The following significant asset transactions have been approved by CDRC. The agreement with CARTA was approved at CDRC's November 24, 2014 board meeting. Also during its November 24, 2014 meeting, the CDRC board authorized an amendment to the agreement with Urban Renaissance Group, LLC allowing them to exercise an option to purchase the surface lot during the next year.

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