



City of Covington, Kentucky

Office of the Internal Auditor

Reason for Review

American Building Maintenance (ABM) Parking Services, Inc. was selected for review in the fiscal year 2015 Annual Citywide Risk Assessment and Audit Plan, which was approved by the Board of Commissioners.

About ABM Parking Services, Inc.

ABM Parking Services, Inc. contracts with the City of Covington to provide parking management services, including the operation of the City's parking garages, surface lots, parking meters, and parking enforcement.

ABM Parking Services, Inc.

Some current practices hinder accountability and transparency

Summary

The City of Covington (City) contracts with American Building Maintenance (ABM) Parking Services, Inc. to provide parking management services within the City. ABM receives a \$3,650 monthly management fee and reimbursement for operating expenses, including personnel costs and maintenance materials. ABM remits all parking revenue to the City; however, the Internal Auditor noted that not all revenue is transferred to the City's bank accounts within 24 hours of receipt, as required by contract.

The City's approval process to pay ABM for monthly expenses is not documented in written policy or procedures, which decreases the consistency of staff reviews. The Internal Auditor also found the City reimbursed ABM for expenses paid in the monthly management fee. Additionally, nearly \$32,000 in consistent overtime was claimed by ABM employees in fiscal year 2015. ABM has also reported the pay status of one hourly employee as salary since at least 2013. It should be noted this individual received approximately \$8,350 in overtime during fiscal year 2015. Additionally, ABM does not separate base salary and hourly wages from overtime in actual payroll reported to the City in its annual comprehensive budget. This results in the appearance of minimal overtime.

In regard to the parking citation management system, one user account is accessed by multiple ABM employees. This practice decreases accountability and circumvents internal controls, since changes to the system are not traceable to an individual employee. The Internal Auditor also found issues with bounced check payments and instances of duplicate records.

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Background

The current parking management contract between the City of Covington (City) and American Building Maintenance (ABM) Parking Services, Inc. went into effect August 1, 2013¹. The City also contracted with ABM (formerly known as AMPCO System Parking, Inc.) between August 2010 and July 2013.

ABM is a parking operations company, with service in approximately 232 cities. The company has over 2,000 locations and 12,000 employees, which include offices and parking locations in the City of Cincinnati and other parts of Ohio. Its parent company is ABM Industries, Inc.

Day-to-day parking operations in Covington are overseen by the ABM District Manager for Southern Ohio. The District Manager attends meetings with City staff, prepares a comprehensive annual budget for Covington's parking facilities, and oversees other ABM employees. Local ABM employees include on-street enforcement, maintenance, and office staff. ABM's main office location in Covington is the Midtown Garage on Scott Boulevard. As of July 2016, ABM administers 3 garages and 19 surface lots, as noted in **Appendix B**. ABM administered 3 garages and 16 surface lots between 2013 and 2014 and 17 surface lots in 2015. ABM also oversees the Residential Parking Program², on-street enforcement, and meter collections.

For providing parking management services, ABM receives a \$3,650 flat monthly management fee (\$43,850 annually). This is the agreed upon amount the City pays ABM for managing the garages and lots, collecting meter revenues, maintaining meters, enforcing and issuing citations for violations, running the Residential Parking Program (see footnote below), and attending City meetings. Indirect expenses included in the City's 2013 Request for Proposal (RFP), which are also associated with the management of garages and lots, include:

- Senior management personnel (not onsite in Covington),
- Non-business related long distance telephone, fax and modem charges,
- Counterfeit money losses and cash shortages,
- Late fees or penalties due as result of the operator issuing late payments,
- Annual operator CPA audit,
- Corporate office overhead, and
- Senior management and travel expenses.

¹ The ABM contract, effective August 1, 2013, expired July 31, 2016. The Board of Commissioners renewed the contract for a one-year period, effective August 1, 2016, by Order/Resolution 224-16 on July 15, 2016.

² The Residential Parking Program operates in the Licking Riverside, MainStrasse, and Mutter Gottes neighborhoods. Vehicles parked in these zones must display a parking permit.

To receive reimbursement for additional operating costs, such as materials, equipment, and personnel, ABM submits a monthly revenue and expense statement to the City. The City Engineer currently reviews and approves the submitted expenses, and payment is made by the Finance Department. All parking revenue is collected by ABM and submitted to the City. **Exhibit 1** details total parking operations revenue and expenses between fiscal years 2013 and 2015.

Exhibit 1
Parking Revenue and Expenses, Fiscal Years 2013- 2015

Fiscal Year	Total Revenue	Total Expenses
2013	\$1,355,553	\$776,758
2014	\$1,554,913	\$731,838
2015	\$1,819,791	\$738,149

Source: Covington Finance Department

Parking Meter Revenue Collection

ABM must transfer all parking revenue to the City’s bank accounts within 24 hours of receipt; however, at least one revenue source – on-street meter collections – is not transferred in the required timeframe. According to City and ABM staff, the City’s financial institution does not accept the volume of coins collected weekly from the parking meters.

Coins are removed from the meters by ABM employees. The coins are transferred to a Chase Bank location, where a third-party contractor collects and counts the coins. The meter revenue is then submitted to ABM, and ABM remits the funds to the City via check. Typically, the City receives meter revenue one month in arrears, as noted in **Exhibit 2** for on-street meter collections between July and December 2014.

Exhibit 2 On-Street Meter Collections, July – December 2014

Month	On-Street Collections	ABM Check Dated
July 2014	\$10,700	August 7, 2014
August 2014	\$17,812	September 9, 2014
September 2014	\$13,630	October 8, 2014
October 2014	\$13,738	November 7, 2014
November 2014	\$17,020	December 8, 2014
December 2014	\$13,309	January 12, 2015

Source: City staff and ABM checks

Recommendations

1. ABM and the City should adhere to the terms of the contract, and revenue should be transferred to the City’s bank accounts within the timeframe specified. If this timeframe is not reasonable, City staff should review industry standards and determine an appropriate timeframe for deposits.

City Finance Department Response:

- *“Moving forward the City agrees to modify the current ABM contractual language to extend and/or allow for a more feasible timeframe for remitting “on-street meter collections,” as speeding up the counting and reconciliation process conducted by our 3rd party vendor is not practical.”*

ABM Response:

- *“It was determined, and approved by the City, that ABM would use an alternate bank for meter revenue deposits. This is the only account, outside of the City’s, that ABM deposits revenues. If the City can setup a banking method that can handle the coin deposits & counting, ABM will be happy to deposit the funds in the City’s account.”*

Reimbursable Monthly Operating Expenses

In order to receive reimbursement for operating expenses, ABM must provide a detailed monthly revenue and expense statement to the City. City staff indicated that all receipts should be submitted by ABM; however, the Internal Auditor noted a lack of documentation for some expenses paid by the City. The contract notes the City, by and through its Finance Director, can refuse payment if he or she determines the monthly statement is inadequate. Although missing or unclear expense documentation was noted, the City paid all expenses submitted for reimbursement by ABM during a six month review period (July to December 2014).

For each of the six months in the sample, the Internal Auditor performed a detailed review of operating expenses and supporting documentation at three parking locations: Midtown Garage (Midtown), River Center Garage (River Center), and On-Street Enforcement. These locations were selected based on the amount of invoiced expenses, including ABM payroll costs.

Exhibit 3 shows the average monthly reimbursement requested by ABM at each of the three locations, as well as the average amount of expenses approved by the City without supporting documentation³. Examples of expenses approved for payment without proper evidence of receipt or invoice include:

- Reimbursements to ABM employees (with only employee's name documented on the revenue and expense statement),
- Bank and credit card fees, and
- Maintenance services and supplies without a correct billable parking location or explanation of the allocation of services and/or charges across multiple locations.

Exhibit 3 **Average Paid Expenses without Supporting Documentation** **July – December 2014**

Location	Average Reimbursement Requested	Average Amount Unsupported by Documentation
Midtown	\$18,366	\$2,229
On-Street Enforcement	\$14,844	\$1,937
River Center	\$11,442	\$1,719

Source: ABM Expense Statements

Questioned Costs

Between July and December 2014, the Internal Auditor identified eight instances of late internet fee payments for two different Time Warner Cable accounts billed to the Midtown Garage. Each late fee

³ An expense was considered to have sufficient supporting documentation if a receipt, billing statement, or invoice was provided to the City and the purchased item(s) or service(s) were noted; the billed parking location was indicated on the receipt, statement, or invoice; and the allocation of item(s) or service(s) purchased for multiple parking locations, if applicable, was indicated on a receipt, billing statement, or invoice.

charge costs \$7.50 (\$60 total for the six month period), and was charged to at least one Time Warner account during five of the six months. Indirect expenses to be paid by the operator (ABM) from the management fee, as noted in the City's 2013 RFP, include late fees or penalties due as a result of the operator issuing late payments.

Additionally, the City also reimbursed ABM for office candy purchases at the Midtown Garage. The amounts reimbursed with City funds were minimal (\$25); however, ABM staff agreed the purchases were not necessary to execute parking operations. Further, while outside the scope of this review's timeframe, it should be noted the City's *Manual of Purchasing Policies and Procedures*, effective June 2015, states the use of City funds for the purchase of office snacks is inappropriate.

As of July 2016, the City does not have a written policy or procedures for its monthly staff review of ABM's revenue and expense statement. According to City staff, the City Engineer reviews the expenses submitted; however, this review is not documented. There is also no master list of expenses eligible for reimbursement or instructions on the level of detail of the review (e.g. verifying submitted receipts and invoices before approving and paying expenses).

Payroll

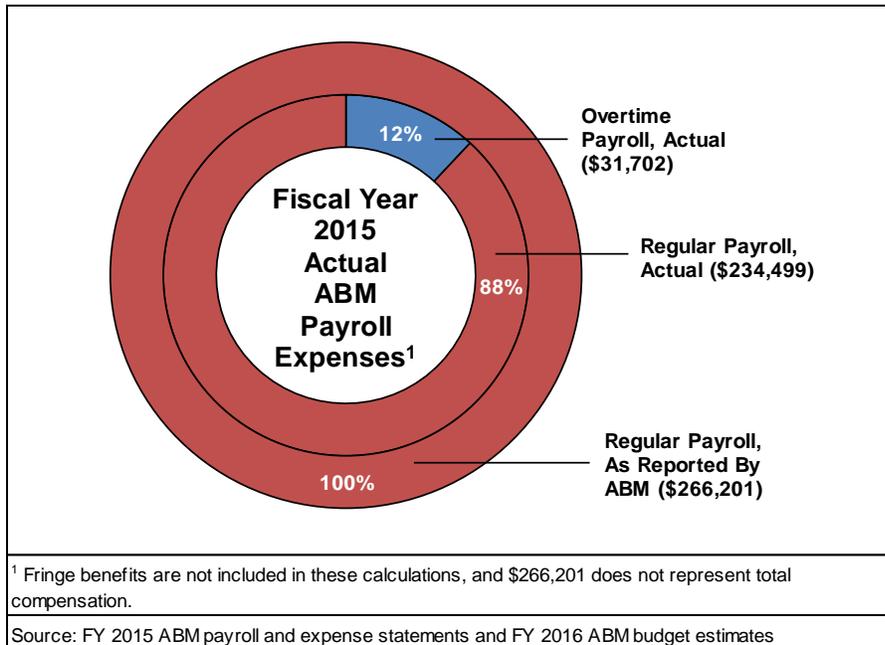
Included in ABM's monthly reimbursement are employees' salaries, wages, and benefits, such as health insurance and retirement contributions. During fiscal year 2015, the City paid \$266,201⁴ in base salary and hourly wages and overtime to 26 ABM employees. Of this amount, approximately 12% (\$31,700) was overtime paid to 16 ABM employees, as noted in **Exhibit 4** (8 of these employees each received under \$500 in annual overtime). It should be noted, 17 of the 26 employees also received less than \$10,000 in wages during fiscal year 2015. Overtime hours to ABM employees are paid at time and a half with City funds (e.g. an employee who earns \$10 per hour receives \$15 in overtime for every hour worked above 40 hours).

According to City staff and ABM's District Manager, employee overtime can occur for multiple reasons, including snow removal, unexpected emergency maintenance at a parking location (garage or surface lot), and nighttime or weekend events, such as sporting events. The District Manager indicated office staff hours above five additional hours per week would be considered above average.

The Internal Auditor reviewed fiscal year 2015 timesheets for three ABM employees, with different job functions, that claimed overtime. Based on the timesheets, the Internal Auditor could not determine all individual activities included in overtime; however, it should be noted that none of the three sampled employees took regular meal breaks between July 1, 2014 and June 30, 2015. At least one hourly office employee worked a minimum of five hours of overtime for 44 of 51 full work weeks during the fiscal year. This employee received \$42,719 in wages between July 2014 and June 2015, including \$8,350 for 347 hours of claimed overtime – a 29.8% increase above the salary amount reported to the City in ABM's fiscal year 2015 budget (\$32,906). It should be noted this individual has been reported as a salaried employee since at least 2013, but according to ABM staff has always been paid hourly.

⁴ Included in the \$266,201 are base salaries, hourly wages, and overtime to 26 employees. It does not include City-paid fringe benefits. The total FY 2015 compensation paid to 26 full-time and part-time ABM employees was \$342,568.

Exhibit 4



The Internal Auditor also found that salary and hourly wages are not separated from overtime in ABM’s annual comprehensive budget to City staff. For example, in its fiscal year 2016 budget to the City, ABM reported July – December 2014 actual salary, hourly wages, and overtime as “payroll” and did not separate base pay from overtime. This presentation makes ABM employee overtime appear minimal or non-existent, even though overtime exceeded 10% of total payroll (paid at time and a half) in four of six sample months, as noted in **Exhibit 5**.

Based in part on actual payroll data in **Exhibit 5**, ABM budgeted approximately \$24,000 on monthly salaries and wages between July 2015 and June 2016. These estimates are in line with the previous year’s salaries and wages, if overtime costs are included. In its fiscal year 2016 comprehensive budget, ABM projected \$6,000 in total annual overtime for hourly employees. In fiscal year 2015, ABM projected \$5,800 in total annual overtime, as noted in **Appendix C**; however, two employees received over \$5,800 in individual overtime during that time period.

While aggregate ABM salary and wages remain under budgeted amounts, the actual allocation of wages is not transparent to City staff. For example, expected ABM hourly wages should be higher and salaries lower in the annual budget, since the District Manager is the only salaried ABM employee in Covington. Overtime pay should be included in the actual payroll section of the budget, since the earnings for those hours are greater than regular hours worked. Since the first half of the current fiscal year’s payroll is included in the following fiscal year’s budget, actual salaries, wages, and overtime earnings should all be used to calculate the upcoming year’s budget. This separation would make the budget more transparent to City staff and ABM management.

Exhibit 5

ABM Payroll Breakdown by Month, July – December 2014

Month	Regular (Salary and Hourly) Pay	Overtime Pay	Actual "Payroll" Reported by ABM	Overtime Percentage of Total Payroll
July 2014	\$19,300	\$994	\$20,295	5%
August 2014	\$20,278	\$2,781	\$23,058	12%
September 2014	\$19,532	\$3,620	\$23,153	16%
October 2014	\$16,617	\$2,802	\$19,419	14%
November 2014	\$19,441	\$2,505	\$21,946	11%
December 2014	\$20,983	\$2,142	\$23,125	9%

¹ The first half of fiscal year 2015 salary and hourly wages and overtime costs were both reported under payroll in the fiscal year 2016 budget estimations provided to City staff.

Source: ABM budget estimates, timesheet records, and monthly expense statements

Recommendations

2. All ABM expenses should include supporting documentation, such as a receipt, billing statement, or invoice, which should note the purpose of the purchase or service and the billed parking location. Supporting documentation ensures that only appropriate expenses for parking operations are paid to ABM with City funds.
3. The City should not reimburse ABM for expenses included in the monthly management fee.
4. Office purchases that would not be approved if requested by a City employee or department should not be reimbursed to ABM. City staff should review ABM's revenue and expense statement for the inclusion of these costs. The City's Finance Director should inform ABM in writing of submitted costs not approved for reimbursement, as outlined in the contract.
5. The City should develop a written policy and procedures that ensure monthly reviews are consistent and compliant with existing City policies and the ABM contract. A written policy and procedures detailing acceptable reimbursable expenses, level of review performed by City staff, and verification of supporting documentation (e.g. a receipt or invoice noting the purpose of the expense and billed parking location) would help ensure expenses are reasonable and appropriate.
6. ABM management should review staff overtime and work assignments. No regular meal breaks were taken for a twelve month period by three sampled employees, which likely affected overtime costs paid by the City. Overtime paid to ABM employees was consistent during fiscal year 2015 and accounted for approximately 12% of total payroll, excluding fringe benefits.
7. ABM should accurately report the salary or hourly pay status of all employees to the City. The correct pay status of ABM employees ensures accurate budget estimations and payroll trends.
8. ABM should report actual salary and hourly wages separately from actual overtime in its annual comprehensive budget. Separating salary and hourly wages from overtime increases the transparency of employee payroll and accurately reflects the types of hours worked by ABM staff.

City Finance Department Response:

- Recommendation 2: “The City’s Compliance Officer will review monthly expense reimbursement requests to ensure adequate documentation is being provided and that only allowable expenditures are being reimbursed. The City agrees to establish a regularly scheduled meeting with ABM Parking Services for the review of recent expenditures, financial statements and open/outstanding citations.”
- Recommendation 3: “The City’s Compliance Officer will conduct a monthly reconciliation of submitted expense reimbursements and verify that reimbursement only occurs for City approved expenditures.”
- Recommendation 5: “The City’s Compliance Officer will work with the City’s Internal Auditor to draft an appropriate written policy re: ABM Parking Services ongoing contractual compliance.”
- Recommendation 6: “...the City will require submitted ABM financials to include a more thorough breakdown of personnel expenses, including hourly wages and anticipated overtime costs. Additionally, the City shall require ABM to submit accurate and completed employee timesheets when requesting reimbursement for personnel costs.”
- Recommendation 7: “Correct detail of employee pay status is necessary to maintain transparent financial records.”
- Recommendation 8: “The City will require ABM to include a more thorough breakdown of personnel costs within their annual budget.”

ABM Response:

- Recommendations 3 and 4: “During the audit review \$85 expenses were found to be not reimbursable. ABM will reimburse the City of Covington \$85.”
- Recommendation 6: “All hourly employees moving forward will clock out for meal breaks in accordance to State regulations.” “Due to the complexity of the parking system, it is common for the office and field staff to incur overtime... ABM is continually reviewing the cost of additional staff (with benefits) verses paying overtime to current staff... We do our best to control overtime expenses, and will review our office staffing and make recommendations of additional help, in an effort offset overtime.”

Parking Citations

Section 75 of the Covington Code of Ordinances⁵ authorizes the Covington Police Department and the City's third party parking administrator (ABM) to issue citations for parking violations. All fines issued for parking violations carry a \$30 fine, except vehicles parked in a handicap zone or with expired plates, which are assessed a \$50 fine. The amount due for all fines not paid within 14 days of issuance doubles, unless the citation was voided through the Parking Violation Hearing Board, or the Covington Police Department or ABM if erroneously issued.

Between August 1, 2013 and June 30, 2015, approximately 23,577 citations were issued for parking violations. As of May 2016, approximately 15,936 citations were paid in full (including 83 warning citations) and 7,641 remain outstanding. Nearly 2,000 citations (8.4%) written during this timeframe were voided. Since the amount due for unpaid citations doubles after 14 days, the total dollar value owed to the City for unpaid citations issued during this period is about \$505,000.

As of 2016, neither the status of all citation dispositions (e.g. the outcome of all citations issued) nor the dollar value of outstanding citations can be determined. The impediments to aggregating this information are:

- One username is used by multiple ABM employees to make changes to the parking management system, including voiding parking citations. Staff at Clancy Systems International Inc., the parking citation database administrator, verified the individual making changes to a citation's record is not captured. This represents an internal control weakness, since changes to the system's records, including citation voids, are not traceable to an individual employee.
- According to Chapter 75 of Covington's Code of Ordinances, the amount due for unpaid citations doubles after 14 days; however, if a citation is paid with a bounced check within the initial 14 day period, the fine does not correctly double in the database. The Internal Auditor documented 9 instances in which fines were paid with bounced checks. Instead of the citation record noting, for example, \$60 outstanding for an unpaid \$30 fine (since \$0 would have actually been paid and the fine should double), records show either a \$0 balance or negative balances of varying amounts.
- The Internal Auditor identified 20 duplicate citation records in the Clancy Systems database between September 2013 and October 2014. Clancy staff believed the duplicates resulted from a previous software update and records merging; however, since the duplicate records contained different disposition statuses, the Internal Auditor could not determine whether the citations remain outstanding.

⁵ Changes to Chapter 75 of the Covington Code of Ordinances were adopted by the Board of Commissioners through Order/Resolution 127-16 on May 3, 2016. These Ordinance changes do not impact the scope of this audit, which analyzes parking operations through the end of fiscal year 2015 (June 30, 2015).

Recommendations

9. Usernames and passwords should not be shared by multiple employees, and all voided citations should be traceable to an authorized individual. For individuals not authorized to void tickets, but with a business purpose to make changes to a citation record (e.g. to post payments), a separate user account with a reduced access level should be created. All users should have the minimum access level needed to fulfill their job duties.
10. ABM staff should review bounced check payments and determine the actual outstanding balance. Citations paid with a bounced check should double if not paid in full within 14 days of issuance.
11. ABM staff should review duplicate citation records in the Clancy database, in order to accurately determine the outstanding balance due to the City.

City Finance Department Response:

- *Recommendation 9: "The City would like ABM to request individual and personalized logins for each ABM employee, for the Clancy Parking Citation Database."*
- *Recommendation 10: "The City suggests ABM establish a timely review on a routine schedule in which they review all issued and outstanding citations for misapplication of bounced checks."*
- *Recommendation 11: "The City suggests ABM establish a timely review on a routine schedule in which they review all issued and outstanding citations for possible duplication."*

ABM Response:

- *Recommendation 9: "ABM contacted Clancy on 7/18/16 and have created separate usernames/passwords for those employees."*
- *Recommendation 10: "Moving forward ABM will work with Clancy to add the additional fees for bounced checks, and doubling of fines when applicable. Please let us know if you would like a bounce check added to the Clancy system."*
- *Recommendation 11: "ABM believes the duplicate records resulted from "the initial data transfer from the City's outstanding ticket data base to the Clancy System."*

Appendix A: Objectives, Scope, and Methodology

Objectives

1. *The Internal Auditor will review the flow of revenue collected by ABM.⁶*
2. *The Internal Auditor will verify a sample of expenses ABM requested reimbursement for, which will include a comparison of expenses paid with the monthly management fee.*
3. *The Internal Auditor will determine the number of citations issued during a specified timeframe, including the outcome of the citations (paid, unpaid, waived) through the City's parking citation management system.*

Scope

This audit generally covered activity related to the City's parking operations between July and December 2014, with consideration of earlier or later periods when relevant. Information included in this report was obtained through reviewing the Covington Code of Ordinances and the City of Covington's (City) contract with ABM Parking Services, Inc. (ABM); and analyzing data provided by the City Finance Department, ABM Parking Services staff, and Clancy Systems International, Inc. (Clancy) staff. The Internal Auditor also interviewed Covington's City Engineer, Finance Department staff, ABM staff, and Clancy staff.

The Internal Auditor received parking revenue and expense documentation for fiscal years 2013 through 2015 from one of the City's staff accountants. The Internal Auditor also received hard copy fiscal year 2015 ABM monthly revenue and expense statements from a staff accountant. The Internal Auditor selected three ABM employees for a payroll records review, and requested all fiscal year 2015 payroll data for the selected employees from ABM's District Manager. The City Finance Department and ABM also provided ABM's fiscal year 2015 through fiscal year 2017 annual comprehensive budgets.

The Internal Auditor reviewed parking citation data maintained by Clancy between August 1, 2013 and June 30, 2015. Clancy maintains citation records, including payment information, violation type, payment status, and vehicle identification details. This database is accessed by both City staff to view citation records and ABM staff to update payment histories. The Internal Auditor assessed the data in this database, between August 1, 2013 and June 30, 2015, and found it sufficient for purposes of this analysis.

Methodology

To determine the flow of revenue collected by ABM for parking operations, the Internal Auditor reviewed the City's contract with ABM (effective August 1, 2013), including the Request for Proposal (RFP) issued by the City. The Internal Auditor reviewed bank statements gathered by the previous Internal Auditor, along with copies of checks paid by ABM to the City for parking meter collections. The Internal Auditor also spoke with ABM staff, City Finance Department staff, and the City Engineer about the receipt of revenue from parking operations.

⁶ *Due to time limitations, the Internal Auditor reviewed the flow of revenue collected by ABM for on-street meter collections only.*

To verify expenses paid to ABM by the City as monthly reimbursement, the Internal Auditor selected six months of expenses to review (July–December 2014) at three parking locations. The parking locations were selected based on the amount of reimbursable monthly expenses and the incurrence of ABM payroll. Initially, one month of expenses was to be reviewed; however, the Internal Auditor determined an expanded file review of six months was necessary based on the documentation provided. Hardcopy expense documents (such as receipts, invoices, and billing statements) were used to verify the expenses identified on each parking location’s monthly statement.

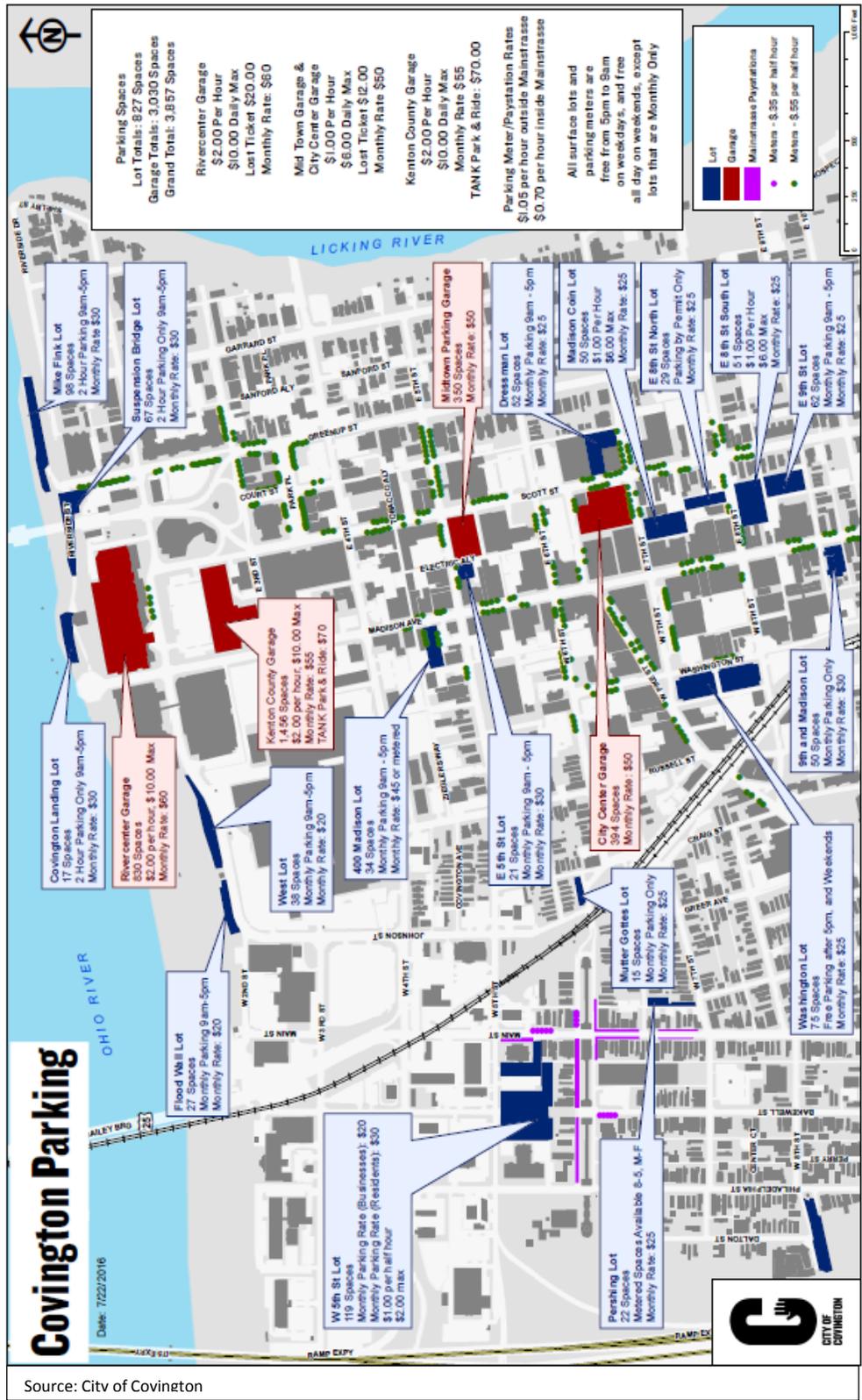
To verify ABM employee payroll, the Internal Auditor reviewed a sample of three ABM employees’ fiscal year 2015 payroll records and interviewed the ABM District Manager and City staff. The Internal Auditor then compared these records to the RFP response submitted by ABM to the City in 2013, along with ABM’s projected fiscal years 2015 and 2016 budget estimations. The Internal Auditor also compared July 2014 through December 2014 actual payroll data submitted to the City (as part of the fiscal year 2016 budget estimations) to individual monthly expense statements.

To review parking citations, the Internal Auditor obtained data from the City’s parking citation database, maintained by Clancy Systems International, Inc. Records of all parking citations issued between August 1, 2013 and June 30, 2015 were downloaded into an Excel spreadsheet by the Internal Auditor. This data was used to determine the disposition status of all citations, as well as internal controls over the payment process. The Internal Auditor noted issues with bounced check payments and duplicate citation records. The Internal auditor spoke with Clancy staff and excluded 20 duplicate citation records, but determined the condition of the data overall was sufficient for purposes of the analysis. The Internal Auditor also spoke with staff at Clancy, ABM, and the City Finance Department regarding record maintenance and system level access.

It should be disclosed that the Internal Auditor worked with staff in the City’s Legal Department and various other departments to craft the *Parking Citation Waiver Policy* in the spring of 2016. In certain instances, this policy affects parking citations issued to City employees and official guests. The Internal Auditor’s role in this policy creation did not affect the analysis of parking citations issued between August 1, 2013 and June 30, 2015. The *Parking Citation Waiver Policy* was passed by the Board of Commissioners in May 2016.

Due to the time limitations of this review, the Internal Auditor used the International Standards for the Professional Practice of Internal Auditing, as published by the Institute of Internal Auditors, as guidance when completing this engagement. An assessment of internal controls and data reliability was performed. A follow-up review of the engagement will be completed.

Appendix B: Parking Locations, July 2016⁷



Source: City of Covington

⁷ The Kenton County Garage is not owned by the City of Covington nor operated by ABM Parking Services, Inc.

Appendix C: ABM Fiscal Year 2015 Budgeted Payroll

		City of Covington Budget												TOTAL	
		PAYROLL EXPENSES													
		Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15		
City of Covington Budget															
Parking Services															
Holidays		31	31	30	31	30	31	31	28	31	30	31	30	365	
DESCRIPTION		1	0	1	0	2	1	1	0	1	0	1	0	8	
Salaries	Hours	51,500	4,292	4,292	4,292	4,292	4,292	4,292	4,292	4,292	4,292	4,292	4,292	51,500	
City Operations Manager		2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	32,906	
Office Manager		2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	
Total Hours/Salary Employees		2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	
Total Admin Pay		7,034	7,034	7,034	7,034	7,034	7,034	7,034	7,034	7,034	7,034	7,034	7,034	84,406	
Hourly Employees															
Accounting Admin		2,911	2,911	2,911	2,911	2,911	2,911	2,911	2,911	2,911	2,911	2,911	2,911	34,278	
Enforcement Agents		4,480	4,480	4,480	4,480	4,480	4,480	4,480	4,480	4,480	4,480	4,480	4,480	52,749	
Cashiers		0	0	0	0	0	0	0	0	0	0	0	0	0	
Maintenance/Monitor Staff		6,084	9,133	8,838	9,133	8,838	9,133	8,249	9,133	8,838	9,133	8,838	9,133	107,531	
Total Hours/Hourly Employees		16,524	15,991	16,524	15,991	16,524	15,991	14,925	16,524	16,524	15,991	16,524	15,991	194,558	
Grand Total Payroll		23,558	23,558	23,025	23,558	23,025	23,558	21,959	23,558	23,558	23,025	23,558	23,025	278,964	
Training	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	
Overtime	3.0%	496	496	480	496	480	496	448	496	496	480	496	480	5,837	
Sick Days	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	
Holiday Pay	3.0%	707	0	480	0	959	496	0	496	0	496	0	496	4,129	
Vacation	2.2%	364	364	157	163	157	163	147	163	157	163	157	163	2,316	
Total Wages w Benefits Burden		25,124	24,417	24,142	24,216	24,621	24,712	22,553	24,712	24,712	23,662	24,712	23,662	291,246	
FICA	12.65%	3,178	3,089	3,054	3,063	3,115	3,126	2,853	3,126	3,126	2,993	3,126	2,993	36,843	
FUTA, SUTA	2.10%	528	513	509	517	519	519	474	519	497	519	497	519	6,116	
Workers Comp	5.20%	1,306	1,270	1,255	1,259	1,280	1,285	1,173	1,285	1,230	1,285	1,230	1,285	15,145	
Total Burden		5,012	4,871	4,816	4,831	4,912	4,930	4,499	4,930	4,721	4,930	4,721	4,930	58,104	
Total Labor and Burden		30,136	29,288	28,958	29,047	29,533	29,642	27,053	29,642	29,642	28,383	29,642	28,383	349,349	

Source: ABM Parking Services, Inc.