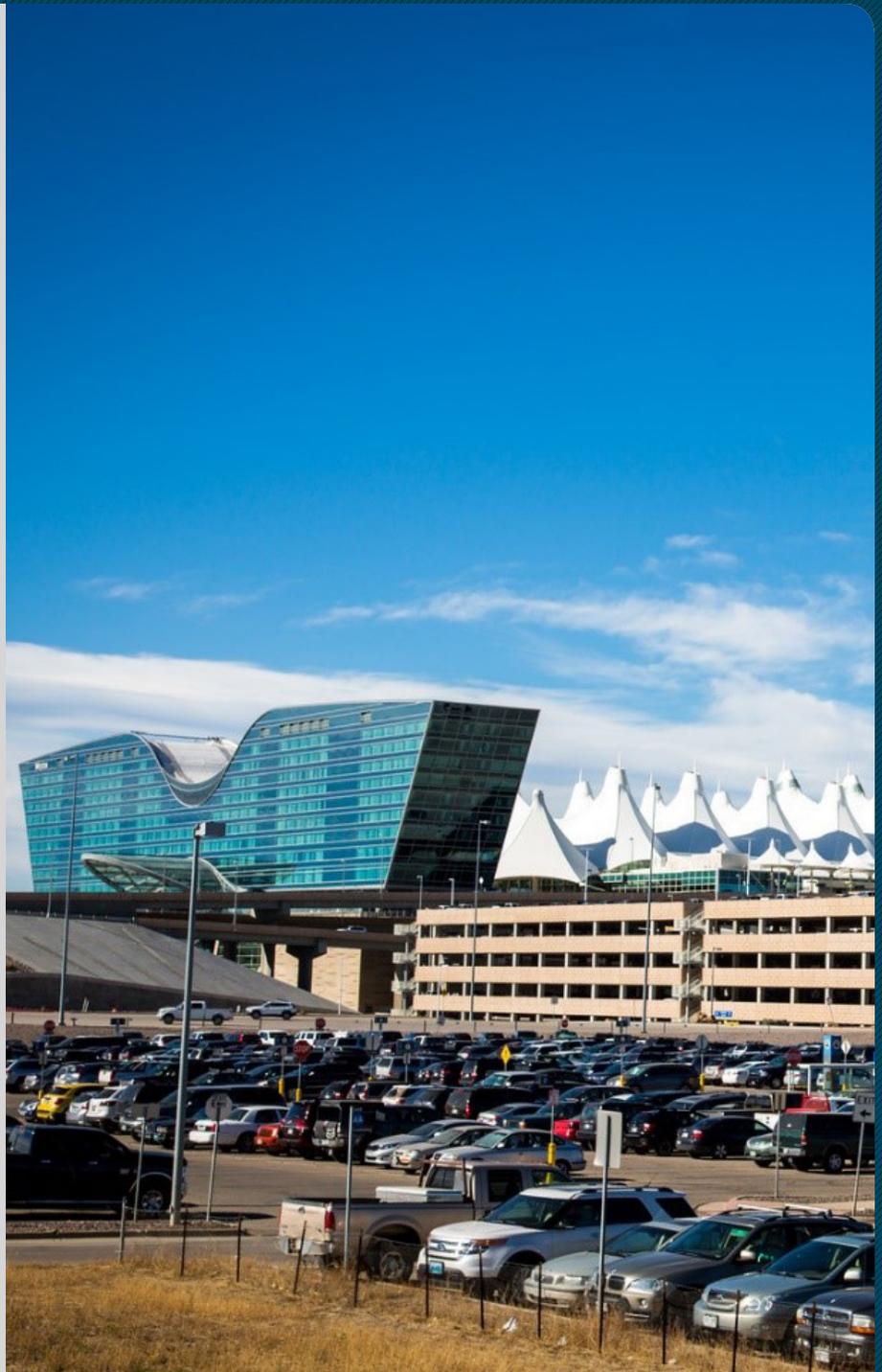


FOLLOW-UP REPORT
Airport Parking Revenue
Denver International Airport
November 2019

Office of the Auditor
Audit Services Division
City and County of Denver



Timothy M. O'Brien, CPA
Denver Auditor



Audit Team

Sonia Montano, CGAP, CRMA, Audit Supervisor

Dave Hancock, MURP, Senior Auditor

Laura Santos, Audit Intern

Audit Management

Timothy M. O'Brien, CPA, Auditor

Valerie Walling, CPA, Deputy Auditor

Katja E. V. Freeman, MA, MELP, Audit Director

Audit Committee

Timothy M. O'Brien, CPA, Chairman

Rudolfo Payan, Vice Chairman

Jack Blumenthal

Leslie Mitchell

Florine Nath

Charles Scheibe

Ed Scholz

You can obtain copies of this report by contacting us:



Office of the Auditor

201 West Colfax Avenue, #705

Denver CO, 80202

(720) 913-5000 ♦ Fax (720) 913-5253

Or download and view an electronic copy by visiting
our website at: www.denverauditor.org.



Timothy M. O'Brien, CPA
Auditor

City and County of Denver

201 West Colfax Avenue, #705 • Denver, Colorado 80202
(720) 913-5000 • Fax (720) 913-5253 • www.denverauditor.org

November 7, 2019

AUDITOR'S LETTER

In keeping with generally accepted government auditing standards and Auditor's Office policy, as authorized by city ordinance, the Audit Services Division has a responsibility to monitor and follow up on audit recommendations to ensure audit findings are addressed through appropriate corrective action and to aid us in planning future audits.

In our follow-up effort for the Airport Parking Revenue audit issued Feb. 15, 2018, we determined Denver International Airport has not adequately implemented most of the recommendations made in the audit report. The airport fully implemented 12 of 26 recommendations. Therefore, auditors determined the risks associated with the audit team's initial findings have not been fully addressed. As a result, the Audit Services Division may revisit these risk areas in future audits to ensure appropriate corrective action is taken.

The Highlights page in this report provides background and summary information about the original audit and the completed follow-up effort. Following the Highlights page is a detailed implementation status update for each recommendation. We did not update the status of recommendations the airport disagreed with, as the Parking and Transportation Division presumably would not have taken action toward implementing those; however, these recommendations are included in the status update section as a reference.

I would like to express our sincere appreciation to the Denver International Airport personnel who assisted us throughout the audit and the follow-up process. For any questions, please feel free to contact me at 720-913-5000.

Denver Auditor's Office

A handwritten signature in black ink, appearing to read "Timothy M. O'Brien".

Timothy M. O'Brien, CPA
Auditor



Airport Parking Revenue

November 2019

Follow-Up Status

Of the 26 recommendations made in the February 2018 audit report, Denver International Airport disagreed with one, fully implemented 12, did not implement nine, and partially implemented four.

Objective

The objective of the audit was to determine whether Denver International Airport's Parking and Transportation Systems Section had effective controls for managing and safeguarding public parking, employee parking, and ground transportation revenues. In addition, we evaluated whether the section was meeting operational, financial, and contractual requirements.

Background

Parking and Transportation is composed of three units: public parking, employee parking, and ground transportation. Combined, these three units generated \$187 million in revenue in 2016. The section is the airport's second largest revenue source, representing approximately 25 percent of the airport's total operating revenue in 2016.

REPORT HIGHLIGHTS

Highlights from Original Audit

The audit of parking revenue at Denver International Airport identified weaknesses in the Parking and Transportation System Section's ability to effectively collect all revenue due. In 2016, the airport generated over \$187 million in parking revenue; more than \$170 million from public parking, approximately \$11 million from ground transportation, and more than \$6 million from employee parking. Management of a significant revenue stream requires sound controls to safeguard the revenue.

We found weaknesses in the section's oversight of the parking contractor, SP Plus, that resulted in noncompliance with agreement terms and missed opportunities for the City to recover certain costs for nonperformance. Additionally, management decisions on parking system improvements were not readily transparent, and physical controls to protect parking revenue and facilities needed improvement.

Weaknesses in the parking section's practices related to ground transportation included failing to verify self-reported information from transportation network companies Uber and Lyft, failing to provide adequate oversight of its five off-airport parking agreements, and failing to perform the minimum number of courtesy vehicle inspections. Additionally, weaknesses in the airport's Finance Division's practices related to ground transportation included failing to keep adequate records of all ground transportation revenue transactions and failing to assess interest on past due accounts.

To enhance Parking's ability to collect all revenue due from its public parking, employee parking, and ground transportation operations, as well as comply with its written agreements, we offered 22 recommendations to Parking and four recommendations to the Finance Division.

For a copy of this report, visit www.denverauditor.org
or contact the Auditor's Office at (720) 913-5000.

RECOMMENDATION — STATUS OF IMPLEMENTATION

FINDING 1 – Denver International Airport's Parking and Transportation Section Does Not Provide Sufficient Oversight or Management of the Airport's Public Parking Operations

Recommendation

- 1.1 **Monthly Budgets** – The Finance Manager of the Contract Compliance Group should ensure that personnel review monthly budgets in accordance with policies and procedures.

Status: Partially Implemented (Original target date for completion: February 2018)

Agency Action

The Parking and Transportation Systems Section implemented two changes to ensure personnel review monthly budgets in accordance with policies and procedures. First, Parking and Transportation updated current billing procedures to state that reimbursements must include backup documentation that is legible, dated, and detailed. Second, Parking staff developed and implemented a memorandum of understanding for reimbursement requirements to limit reimbursements to the maximum allowed monthly in each category of expense. Compliance with these requirements has been confirmed in a review of a sample of monthly reconciliations.

However, we found in our testing that current practice continues to be noncompliant with current policy and contract language. We found that the section's staff do not have a time limit for submission of receipts from SP Plus, which is contrary to contract language that says reimbursements are for the preceding month. Our analysis of monthly reimbursement documentation revealed money order line items contain receipts that span December 27, 2018 to March 15, 2019. Personnel stated the only deadline for reimbursement submission and approval is the contract end date.

In addition, audit work revealed Parking and Transportation Systems does not document receipt submission to avoid duplicate receipt submission and reimbursement. Parking personnel stated they have personnel who track receipt submission but do not keep a formal tracking document that verifies it is being tracked.

Lastly, in the fieldwork phase of the original audit, airport personnel told us they do not use a checklist to document their monthly reimbursement reviews. As we learned during follow-up work, the airport still does not use one.

We acknowledge Parking and Transportation has made efforts to address our recommendation. However, improvement is still needed to ensure monitoring for contract compliance. For these reasons, we conclude the airport has only partially implemented this recommendation.

Recommendation

- 1.2 **Staffing Levels** – The Director of Parking and Transportation Systems should develop written policies and procedures that include steps to assess whether staffing levels are in compliance with the contract and the staffing plan submitted by SP Plus Corporation. In addition, these procedures should include a specific process to assess deductions for noncompliance.

Status: Not Implemented (Original target date for completion: first quarter 2018)

Agency Action

The Parking and Transportation Section updated the staffing standard operating procedure, which states the parking contractor will submit a daily staffing plan by shift and will include solutions for deficiencies. The section submitted evidence that showed the parking contractor submits the staffing report but does not initially address deficiency issues. Once questioned by the airport, the contractor provides clarification. However, the airport does not provide a formal policy to measure the minimum number of contractor staff needed for each location within the airport property. Rather, airport staff rely on their own knowledge and experience of historical traffic patterns instead.

In addition, standard operating procedures say financial penalties may be applied if the contractor does not notify the airport of daily staffing changes and receive approval, but there is no documentation that Parking and Transportation staff enforce deductions. Lastly, we were told by airport personnel that staff perform spot checks of contractor personnel, but airport personnel do not perform regular checks of contractor staffing on a daily basis.

Loose contractor staffing requirements and inconsistent enforcement of them by Parking and Transportation staff are not effective deterrents and may result in the contractor providing fewer staff than reported to airport personnel. Further, failure to regularly enforce compliance does not allow the airport to assess or collect deductions, as called for by the recommendation. As a result, we determined the airport has not implemented this recommendation.

Recommendation

- 1.3 **Nonperformance Deductions** – The Director of Parking and Transportation Systems should ensure monthly budgets are submitted on time and assess and collect nonperformance deductions.

Status: Disagreed

Agency Action

No action was taken to implement this recommendation, because the agency disagreed with the recommendation made in our original report. This was the agency's response to the recommendation when the original report was issued in February 2018:

The contract is silent regarding the monthly budget being a report that should be subject to a deduction for nonperformance. Parking and Transportation receives an annual budget upon which the monthly budgets are based. Because of this we consider it okay if the monthly budget is submitted within a reasonable time frame from the due date. The deductions for non-performance are utilized for reports that are time sensitive.

Recommendation

- 1.4 **Leave Accruals** – The Finance Manager of the Contract Compliance Group should ensure overpayments of vacation leave paid in 2015 and 2016 should be collected from SP Plus Corporation.

Status: Implemented (Original target date for completion: first quarter 2018)

Agency Action

After deeper analysis by Parking and Transportation, the overpayment of vacation leave totaled \$936.58 for 2015 and 2016. Parking and Transportation required SP Plus to repay the overpayment. This was invoiced and collected back from SP Plus.

The total repaid to the airport was less than the more than \$6,000 originally reported through the Auditor's Office analysis. The Auditor's Office identified 19 cases where employees had been overpaid in 2015 to 2016. The airport reviewed the accruals for all 19 employees, and based on their hire dates and corrected hours accrued and used, the airport confirmed SP Plus was overpaid leave for four employees. We reviewed the airport's methodology and consider it to be reasonable.

Starting in 2017 with the new parking contractor agreement, no payments for vacation or leave were made to the contractor. The contract specifies that the airport only pays the contractor for hours worked.

Recommendation

- 1.5 **Annual Audit Schedule** – The Manager of Finance within the Parking and Transportation Systems Section should develop a risk identification and analysis process for developing the annual audit schedule.

Status: Implemented (Original target date for completion: first quarter 2018)

Agency Action

Parking and Transportation created a new policy to analyze and identify risks across units. The airport submitted evidence this policy was developed and implemented. Specifically, we reviewed the risk identification and analysis used to create the 2018 and 2019 audit schedules.

Recommendation

- 1.6 **Monthly Reimbursement Reviews** – The Director of Parking and Transportation Systems should revise policies and procedures to ensure staff require and document legible, dated, and detailed information on monthly reimbursement reviews.

Status: Implemented (Original target date for completion: February 2018)

Agency Action

The section updated the monthly reimbursement review policy and procedure to state that support documentation must be legible, dated, and detailed. Our team was provided documentation from the March 2019 reimbursement request. Based on our review, we found the documentation to be legible, detailed and dated.

Recommendation

- 1.7 **Contract Amendment** – As contract interpretation concerns arise, the Director of Parking and Transportation Systems should amend contract language that may be unclear or open for interpretation.

Status: Implemented (Original target date for completion: first quarter 2018)

Agency Action

We made this recommendation to address contract interpretation concerns within the 2008 parking contractor agreement. In 2017, the airport and the parking contractor signed a new contract. The current 2017 contract is in effect until 2022. According to Parking and Transportation leadership, there have been no contract interpretation concerns with the new contract. However, the Parking and Transportation team developed a memorandum of understanding with the parking contractor to address the city's new minimum wage ordinance and to add clarification for requirements of monthly reimbursement requests. This action by the airport complies with the recommendation language. Therefore, we determined the recommendation has been implemented.

Recommendation

- 1.8 **Parking Revenue Control System Replacement Process** – The Senior Vice President of Parking and Transportation Systems should ensure the approval steps are appropriately documented for the Parking Revenue Control System replacement and the process complies with the Capital Approval Process.

Status: Implemented (Original target date for completion: February 2018)

Agency Action

Documentation provided by the section confirms current compliance with the Capital Approval Process by the airport for the new parking revenue control system. Parking and Transportation Systems leadership provided documentation of the airport's business case for the new parking revenue control system, for both public and employee parking. They also provided the airport's executive committee approval for the new system. The last step in the approval process is City Council review and approval, which will follow in the months ahead. To fully comply with the Capital Approval Process, the airport must ensure it continues to follow the prescribed process.

Recommendation

- 1.9 **Vault Access** – The Manager of Public Parking should re-evaluate SP Plus's vault badge access list to ensure SP limits its list to cash management positions that require access to the vault and revise the policies and procedures to reinforce adherence to the requirement.

Status: Not Implemented (Original target date for completion: February 2018)

Agency Action

Evidence submitted by the section showed no changes in vault access control. We reviewed four quarterly rosters and determined that typically, between 73 and 76 individuals continue to have vault access, including human resource and other management employees, regardless of cash handling duties. Contractor representatives stated in an email to our team that management team members have vault access, so they can handle any issues that may arise during their shift.

However, the submitted policies and procedures, from both the contractor and the airport, do not express clear language stating the business case for each position to have vault access. In addition, the section refers vault access decisions to SP Plus instead of taking the lead to limit vault access. As stewards of airport revenue, Parking and Transportation has a duty to ensure cash is secured at all times, according to the city's Fiscal Accountability Rules. The airport's contract with SP Plus states, "all parking facilities revenues collected will be kept in the locked vault room, to which a limited number of the Contractor's personnel will have access." Therefore, we determined the recommendation has not been implemented.

Recommendation

- 1.10 **Ticket Issuance Machine Inspections** – The Manager of Public Parking should develop policies and procedures to ensure SP conducts inspections of the ticket issuance machines three times a day in accordance with the contract.

Status: Implemented (Original target date for completion: February 2018)

Agency Action

The airport's standard operating procedure, updated March 30, 2018, states the parking contractor must inspect the ticket issuance machines three times a day. Our team randomly selected dates for review and was provided with copies of the ticket issuance machine inspections for January 17, 2019; February 14, 2019; June 4, 2019; and July 25, 2019. Our review of this evidence supported this policy was implemented and followed.

RECOMMENDATION — STATUS OF IMPLEMENTATION

FINDING 2 – Weak Internal Controls over Ground Transportation Have Resulted in Uncollected Revenue and Noncompliance

Recommendation

- 2.1 **Verification of Transportation Network Companies' Self-Reported Data** – The Senior Vice President of Parking and Transportation Systems Section should implement a tracking system that will enable the airport to accurately verify the revenue reported by transportation network companies.

Status: Implemented (Original target date for completion: Ongoing)

Agency Action

Effective April 2019, Parking and Transportation implemented the GateKeeper tracking software. According to GateKeeper, airports typically experience data discrepancies between their reports and the data self-reported by transportation network companies. Discrepancies generally exist in the 1 percent to 2 percent range, varying between individual airports and transportation network companies.

These discrepancies occur for various reasons, including lost data, cancellation, duplicate records, new program implementation by the company, driver scamming, and set-up discrepancies within the geo-fence area. Since implementation, discrepancies between GateKeeper and self-reported monthly data submitted to the airport from the transportation network companies have been in the 3 percent to 5 percent range, according to airport officials. The audit team encourages the section to improve data accuracy as it continues to learn the GateKeeper system and researches new technologies in the industry.

Recommendation

- 2.2 **Off-Airport Parking Percentage-of-Revenue Payments** – The Manager of Ground Transportation should collect the 32 non-remitted payments from the Stonebridge Companies covering the period January 2015 to June 2017, including interest at 18 percent per year.

Status: Partially Implemented (Original target date for completion: first quarter 2018)

Agency Action

Parking and Transportation Systems collected all 32 nonremitted payments from Stonebridge Companies for the time period of 2015 to 2017 but did not collect interest at 18 percent per year. The current Workday software does not have the functionality to automatically assess interest charges. However, airport Finance officials are in the process over the next 18 to 24 months of implementing

PROPworks, which is an airport-specific software system that does have this functionality. Until PROPworks is implemented, no effort is planned to manually calculate. Rather, interest will continue to be uncollected for late payments.

Recommendation

- 2.3 **Contract Compliance Group and Ground Transportation Communication** – The Manager of Ground Transportation should establish a system of communication between the Parking and Transportation Systems Section’s Contract Compliance Group that properly notifies Ground Transportation when missing monthly percentage-of-revenue payments are identified.

Status: Not Implemented (Original target date for completion: February 2018)

Agency Action

The section submitted the contract compliance policy stated that upon completion of a compliance review, the report results will be forwarded to Ground Transportation. However, the policy provides no timeline and no formal process for regular communication between the two teams for missing monthly percentage-of-revenue payments, outside of the periodic contract compliance reviews. For example, our audit work in 2017 to 2018 revealed that Parking staff identified the missing payments we discovered but had failed to inform the appropriate Ground Transportation staff about the issue. According to best practice, personnel need to report these issues on a timely basis. The more time that goes by without communication of missing payments, the more risk the airport undertakes for not collecting the correct revenue from customers.

Evidence presented showed that the Contract Compliance Group in June completed a review of missing payments for the first quarter 2019. This review found there were missing payments in January, February, and March of 2019. The Contract Compliance Group communicated this to Ground Transportation in July 2019, at least one month and potentially more than three months past due.

Therefore, we conclude that no improvements to communicating have been made, and the recommendation has not been implemented.

Recommendation

- 2.4 **Off-Airport Parking Operator Permit Compliance** – The Manager of Ground Transportation should gain a detailed understanding of the relevant terms included in the five off-airport parking operator permits, adequately communicate those terms to the five permittees, and monitor compliance on an ongoing basis.

Status: Not Implemented (Original target date for completion: February 2018)

Agency Action

There are multiple parts to this recommendation our team reviewed to measure the airport's compliance. First, Parking and Transportation Systems staff developed a policy for reviewing the terms of the five off-airport parking operator permits. This policy requires Parking and Transportation staff to review and maintain permit compliance in the following categories: permit term, insurance status, website status, monthly report receipt, and quarterly report receipt.

Despite this policy, noncompliance issues for missing monthly revenue reports continue to exist as documented in the contract compliance group reviews. In addition, we were told that Ground Transportation supervisors are charged with verifying Ground Transportation employees are checking for compliance with the individual employee's assigned portion of the permit compliance checklist, yet these reviews are not documented. Therefore, we cannot be certain airport employees are adequately monitoring compliance.

In addition, our team requested information from Parking and Transportation Systems leadership on the method they use to communicate with off-airport parking operators about permit deliverables. Leadership stated there is no separate communication other than providing the operator with a copy of their permit.

Lastly, as part of the relevant permit terms, operators must provide confirmation to the airport of an independent certified public accountant's audit of annual revenue. Despite a specific request for confirmation of permittee compliance, the section provided no evidence of an independent CPA's audit for 25 percent of the annual reports submitted. Therefore, permittees are not in compliance with requirements to properly verify the self-reported annual revenue by an independent CPA. Because the airport could not provide documentation to support employee monitoring, does not provide additional communication to permittees, and continues to have instances of noncompliance across multiple permit terms, we determined the airport has not implemented this recommendation.

Recommendation

- 2.5 **Off-Airport Parking Operator Revenue Statements** – The Manager of Ground Transportation should ensure it receives from Stonebridge Companies, Canopy Airport Parking, and ParkDIA all audited annual revenue statements required under Section 3 and all certified monthly revenue statements required under Section 2 of the off-airport parking operator permits.

Status: Partially Implemented (Original target date for completion: first quarter 2018)

Agency Action

The section submitted evidence to support it had received all certified monthly revenue statements required under Section 2 of the off-airport parking operator permits. However, as stated above, 25 percent of the submitted evidence lacked documentation the annual revenue statements had been audited by an independent CPA, and one had a questionable year-end report. Even after a specific request for evidence to support compliance under Section 3, Parking and Transportation did not provide sufficient evidence to support full implementation of this recommendation.

Recommendation

- 2.6 **Park DIA Off-Airport Parking Operator Permit** – The Manager of Ground Transportation should execute a new off-airport parking operator permit with ParkDIA ensuring all sections of the permit are properly completed.

Status: Implemented (Original target date for completion: February 2018)

Agency Action

The airport submitted evidence to support that all sections of the ParkDIA off-airport parking operator permit issued June 1, 2018 had been properly completed.

Recommendation

- 2.7 **Off-Airport Parking Operator Permit Quality Control** – The Manager of Ground Transportation should develop a system of quality control whereby written agreements between Ground Transportation and commercial operators are thoroughly reviewed prior to execution.

Status: Implemented (Original target date for completion: February 2018)

Agency Action

The section created a new policy and procedure to ensure quality control of written agreements between Ground Transportation and commercial operators. The new policy created three layers of review by the office manager, the manager of commercial transportation, and the director of parking and transportation. This review comes in the form of signed initials on the written agreements. Evidence submitted by the section supported that this new policy had been implemented and compliance was confirmed.

Recommendation

- 2.8 **Courtesy Vehicle Inspections** – The Manager of Ground Transportation should develop procedures to ensure that each landside service agent is performing the minimum of four monthly courtesy vehicle inspections.

Status: Implemented (Original target date for completion: February 2018)

Agency Action

Parking and Transportation developed a procedure that requires landside services agents to complete a minimum number of courtesy vehicle inspections each month. Although the requirement is for four

inspections to be completed per month, the section modified the policy and procedure to allow fewer than four inspections, per agent, per month, when there is a business reason. The evidence submitted by Parking and Transportation confirmed that inspections were being performed but did not confirm that four courtesy inspections per month were being conducted per landside service agent.

We did find the airport tracks the completion of the courtesy vehicle inspections. Parking supervisors regularly review the database and rate the agents on their annual performance review based on completion of the courtesy vehicle inspections. Policy gives supervisors discretion for holding agents responsible for completing the minimum number of inspections from month to month because agents can make up for those missing inspections in other months during the year. However, the agents' annual review is an important tool for holding agents accountable when they frequently miss completing vehicle inspections. Therefore, our analysis determined the recommendation was implemented.

Recommendation

- 2.9 **Source Documentation** – The Senior Vice President of Financial Management should implement internal controls to ensure that all off-airport parking operator revenue transactions are adequately supported by source documentation and that source documentation is retained and readily available for a period of time that complies with the airport's document retention policy.

Status: Implemented (Original target date for completion: December 1, 2017)

Agency Action

Parking and Transportation created a policy to outline the processes to ensure off-airport revenue transactions are adequately supported by source documentation. In addition, Parking and Transportation showed us source documentation. This includes an Excel tracking log, source documentation reflected in Workday—the city's financial system of record—as well as documentation in Microsoft Outlook email folders. This evidence confirmed compliance and implementation of this recommendation.

Recommendation

- 2.10 **Past Due Interest Assessments** – The Senior Vice President of Financial Management should ensure that all invoices unpaid for more than 30 days and that have an interest assessment of \$5 or more be charged interest at a rate of 18 percent per year.

Status: Not Implemented (Original target date for completion: March 31, 2018)

Agency Action

The airport's Finance Division currently uses Workday for recording revenue owed and received from

customers. As stated earlier in the report, Workday does not have the functionality to calculate interest charges on past-due accounts. There also is no intent by the division to manually calculate interest charges on past-due invoices. The division is in the process of transitioning all billing activities to a more robust and industry-specific billing software system called PROPworks.

RECOMMENDATION — STATUS OF IMPLEMENTATION

FINDING 3 – The Ineffective Control Environment for Managing Employee Parking Causes Inefficiencies and a Loss of Revenue

Recommendation

- 3.1 **New Employee Parking System** – The Director of Parking and Transportation Systems should ensure a new employee parking system is obtained and that the system interfaces with the airport financial system.

Status: Not Implemented (Original target date for completion: third quarter 2019)

Agency Action

Parking and Transportation Systems continues to use MaxxNet as its employee parking system. The new parking system, NextGen, is awaiting approval by Denver City Council. Discussions regarding NextGen's ability to interface with the airport's financial system, PROPworks, have taken place, but until NextGen's contract is signed, in-depth integration steps have not been discussed.

Recommendation

- 3.2 **Update Employee Data** – The Director of Parking and Transportation Systems should conduct quarterly updates to the employee parking system that include employment status and access for employees.

Status: Not Implemented (Original target date for completion: first quarter 2018)

Agency Action

The Parking and Transportation System Section provided evidence of conducting several quarterly reviews and updates to the employee parking system. However, there was a lapse of approximately 11 months between reviews due to an employee transition, and no safeguards existed to ensure these tasks were carried out. In addition, evidence showed that delays in processing occurred, since there was no verification step in place to confirm employees were removed other than the next quarterly review.

Due to these gaps, several former employees continued to have access in the employee parking system even though they had left employment with the airport. Our audit team attempted to communicate, on multiple occasions, with Parking and Transportation Systems staff to confirm the employees had been removed from the parking system but never received a reply.

Recommendation

- 3.3 **Assigned Lots** – The Director of Parking and Transportation Systems should ensure that the new employee parking system has the functionalities to ensure employees park in their assigned lots.

Status: Not Implemented (Original target date for completion: third quarter 2019)

Agency Action

The new parking system, NextGen, is awaiting approval. According to Parking and Transportation Systems leadership, the new system will include functionalities to ensure employees park in their assigned lots.

Recommendation

- 3.4 **Updated Employee Parking Policies and Procedures** – The Manager of Employee Parking should ensure Parking Permit Sales Office policies and procedures are updated to align with current practices.

Status: Implemented (Original target date for completion: first quarter 2018)

Agency Action

The airport provided several examples of policies and procedures that had been updated to align with current practices. Additionally, policies that spanned several airport units and divisions, including Ground Transportation, the Contract Compliance Group, and the Finance Division, have been reviewed by each unit and division to ensure alignment with current practices.

Recommendation

- 3.5 **Enhance Controls** – The Senior Vice President of Financial Management should enhance controls to ensure employee parking revenue deposits are processed in a timely manner and in accordance with policies and procedures.

Status: Not Implemented (Original target date for completion: December 1, 2017)

Agency Action

The Finance Division presented a new cash receipts policy and procedure that extended processing time to allow three additional business days to process revenue deposits. Evidence showed that overall, cash receipts continue to reflect a delay in revenue deposit from date of service, as documented in our

sample. Our sample showed delays in depositing revenue of between four to eight business days after date of service. In addition, the new cash receipt policy is out of sync with Fiscal Accountability Rules. The fiscal rule states that, “deposits of cash and checks should be made each day when the cumulative total reaches \$500 . . . regardless of whether the deposit reconciles to department or agency records.”¹ The division confirmed that no waiver had been obtained from the Controller’s Office.

Recommendation

- 3.6 **Develop Bulk Sales Policies and Procedures** – The Senior Vice President of Financial Management should ensure policies and procedures for employee parking bulk sales invoicing are developed and the process is conducted in a timely manner.

Status: Partially Implemented (Original target date for completion: December 1, 2017)

Agency Action

Parking and Transportation Systems submitted an updated employee parking bulk sales invoicing policy; however, the policy did not provide areas for improvement for timely billing. The policy states that invoices are typically created 30 days after the end of the billing period. Evidence showed that bulk sales payments continue to take two months after service is rendered to be paid. According to the Finance Division, the new accounting system, PROPworks, will have the ability to electronically send invoices directly to customers. This improvement to timely billing will have to wait until PROPworks is fully implemented.

¹ City and County of Denver, Rule 3.4 – Receipt and Deposit, Fiscal Accountability Rules (revised 2017)

CONCLUSION

While Denver International Airport has implemented some recommendations made in the Airport Parking Revenue Audit Report, several others have yet to be acted upon or fully implemented. Despite Denver International Airport's efforts, auditors determined the risks associated with the audit team's initial findings have not been fully mitigated. As a result, the Audit Services Division may revisit these risk areas in future audits to ensure appropriate corrective action is taken.

On behalf of the citizens of the City and County of Denver, we thank staff and leadership from the Denver International Airport for their cooperation during our follow-up effort and for their dedicated public service.

Office of the Auditor

The **Auditor** of the City and County of Denver is independently elected by the citizens of Denver. He is responsible for examining and evaluating the operations of City agencies and contractors for the purpose of ensuring the proper and efficient use of City resources. He also provides other audit services and information to City Council, the Mayor, and the public to improve all aspects of Denver's government.

The **Audit Committee** is chaired by the Auditor and consists of seven members. The Audit Committee assists the Auditor in his oversight responsibilities regarding the integrity of the City's finances and operations, including the reliability of the City's financial statements. The Audit Committee is structured in a manner that ensures the independent oversight of City operations, thereby enhancing citizen confidence and avoiding any appearance of a conflict of interest.



201 West Colfax Avenue, #705

Denver CO, 80202

(720) 913-5000 ♦ Fax (720) 913-5253

www.denverauditor.org

Our Mission

We deliver independent, transparent, and professional oversight in order to safeguard and improve the public's investment in the City of Denver. Our work is performed on behalf of everyone who cares about the City, including its residents, workers, and decision-makers.
