



# MIAMIBEACH

BUDGET AND PERFORMANCE IMPROVEMENT  
Internal Audit Division

## INTERNAL AUDIT REPORT

TO: Jorge M. Gonzalez, City Manager  
VIA: Kathie G. Brooks, Budget and Performance Improvement Director  
FROM: James J. Sutter, Internal Auditor

DATE: January 9, 2012  
AUDIT: Non-Revenue Municipal Parking Permits  
PERIOD: October 1, 2009 through June 30, 2011

This report is the result of a scheduled audit to verify that proper controls are in place to reasonably ensure the integrity, reliability, and accuracy of records pertaining to the issuance of non-revenue municipal parking permits while eliminating, reducing, or mitigating risks associated with the same.

### INTRODUCTION

It is the City's policy to provide active employees and other individuals, who are currently engaged in regular and necessary service to the City, and who need a location to park their vehicles while performing such services, with non-revenue municipal parking permits at no cost. Non-revenue municipal parking permits include:

- City-wide Permits, which allow the user to park at any on-street metered parking location and are usually issued to a smaller group of employees, board and committee members, former Mayors and Commissioners and other elected officials;
- "G" permits, which allow the user to park at designated locations in the City Hall garage and at any on-street and/or off-street metered parking location and are specifically issued to the Mayor, the City Commission, the City Manager and Assistant City Managers, City Attorney and Deputy City Attorney as well as certain executive staff and department directors;
- "CH" permits, which currently allow its users to park at the City Hall Garage and are issued to the majority of City employees who work at or in the vicinities of City Hall;
- "LG" permits, which are issued to life guards and marine patrol personnel and allow its users to park at the marine patrol premises and in those surface lots with access to life guard stands on the beach;
- Other miscellaneous and temporary permits are frequently issued to contractors and other groups of individuals and organizations engage in providing services to or for the City. Most of these permits are valid for less than a year depending on the duration of the services provided by the holder.

Controlling and restricting the number of non-revenue parking permits issued has been a priority of the City of Miami Beach, considering the limited amount of parking in the City. The number of valid permits and/or permits issued each year may vary considering the addition or departures of permit holders to or from the City, employee turnover, board and committee member turnover, to name a few. The following table shows an approximated number of active permits in each category according to Parking Department Records:

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City Wide Permits				"G" Permits	"LG" Permits
Employee (24 / 7)	Employee (9am-9pm)	Board and Committees (24 / 7)	Former Mayor/Commission & Other Elected Officials (24 / 7)		
148	33	340	31	36	70

**Notes:** -The total number of active "CH" permits could not be accurately determined due to lack of expiration period.

On February 19, 1992, City Commission approved Resolution # 92-20462 which provided that, with the exception of temporary permits issued to persons needing them for thirty days or less, all City parking decals issued to City employees, board members and other individuals should only be issued on a yearly basis. This resolution also provided that City parking decals issued without an expiration date should be revoked. Thereafter, the yearly City parking decals should only be issued to individuals employed by or engaged in service to the City and in need of parking on metered spaces in connection with such duties or services.

In 1998, the Board and Committee Review Committee recommended that members of Boards and Committee to park only in areas contiguous to City Hall. The Mayor and City Commission instructed the City Administration to bring back a policy recommendation on this matter. The City Administration recommended that five City Boards and Committees be issued citywide decals while the remaining City Boards and Committees be issued location specific decals. Upon receiving the recommendation from the City Administration, Resolution 98-2263 dated January 12, 1998 was passed declaring that all Boards and City Committees members received Citywide parking decals.

### OVERALL OPINION

One of the many responsibilities of the Parking Department is the administration, safeguarding, and enforcement of non-revenue parking permits issued to individuals either employed by the City or providing services to or on behalf of the same. Results from our audit of the operation showed that despite having proper documentation supporting all non-parking permit decal requests and not having any shortages in permit decal inventory, the following opportunities efficiencies, and improvements were identified:

- "CH" Permits continued to be issued without expiration date in contradiction to city Policy established through Resolution No. 92-20462.
- Weaknesses in operational controls were observed with respect to the accountability, enforcement, and record keeping of non-revenue parking permits issued.
- Departure from Policies and Procedures regarding non-revenue parking permits were observed.

Additional details regarding these areas in need of corrective action and/or improvements can be found on the "Finding, Recommendations, and Responses" section on this report.

### PURPOSE

The purpose of this audit is to verify that proper controls are in place to maintain integrity, reliability and accuracy of the non-revenue municipal parking permit operations and related documentation; verify that proper controls exist to prevent, eliminate, or mitigate any misuse of

the permits; verify that permits are issued in accordance to City policy; as well as verify accountability and the overall process to identify efficiencies, if any.

## SCOPE

1. Confirm that detailed policies and procedures exist and are documented and consistently followed regarding the issuance of municipal non-revenue parking permits.
2. Ensure that sufficient controls exist and that accurate and reliable records exist to prevent permit miss-use and/or abuse.
3. Verify that proper documentation and records exist regarding replacement and voidance of non-revenue municipal parking permits to be used as reference by enforcement.
4. Verify that only a minimum required number of permits are printed annually in order to ensure costs are restrained to minimum requirements.
5. Confirm that permits are returned upon holder's departure from the cities responsibilities applicable to granting the permit.

## FINDINGS, RECOMMENDATIONS, AND MANAGEMENT RESPONSES

1. Finding – *“CH” Permits continued to be issued without expiration date in contradiction to City Policy established through Resolution No. 92-20462.*

Resolution No. 92-20462 revoked all parking permits (“Decals”) issued without expiration date at the earliest practical time was issued in order to address concerns regarding controls and uses of non-revenue parking permits, most commonly referred as parking decals.

The Parking Department over the years has implemented at least three different computer software systems in order to track and record “CH” (City Hall) permits issued to City Hall employees. However, data recorded on previous systems was never rolled over or transferred to the new system being implemented. Considering that “CH” decals do not have expiration, it becomes more difficult to track decals already issued in previous years and/or the total number of decals issued to any given employee. What’s more, it becomes extremely difficult to track the number of valid “CH” decals at any given time. A request to the Parking Department for the number of currently valid “CH” decals resulted in no number being provided since the department stated that “CH” decals were not always returned by the employees and due to the non-expiring nature of the decal, and the multiple software system changes over the years, it was practically impossible to determine a specific number of valid “CH” permit decals.

In our previous audit report dated September 30, 2002, a finding highlighting the lack of expiration date on issued “CH” decals was included. Responses provided by the City’s Parking Department suggested that steps were being taken in order to replace and/or eliminate “CH” decals without expiration date. However, no specific date was established for final resolution and active “CH” decals continue to be used and/or issued lacking an expiration date.

Not having a decal expiration date grants the user the privilege of free parking for the life of the vehicle, even after leaving the City and/or the services rendered to the same. Additionally, not having an expiration date on the decals makes it harder to enforce, to

track, and to keep records of the decals and its users.

Recommendation(s)

In order to comply with previously stated directives and at the same time improve internal controls with respect to the uses and issuance of non-revenue parking permits, the Parking Department should immediately replace all "CH" permits (Decals) without an expiration date with new ones with predetermined expiration dates of no more than a year.

However, considering that "CH" decals are only issued to City Hall employees, and the same employees are permitted by City Policy, to park their vehicles in the new City Hall Garage only, Internal Audit finds no need to continue to issue, track, and account for these decals. The option of eliminating CH decals should be explored since with the inauguration of the City Hall Garage, City Hall employees are provided with a programmable Identification card, which grants access to the garage and therefore diminishing the need for decals. In addition, elimination of the "CH" decals should promote additional efficiencies to the Parking Department by improving workload capacity and resource utilization and redirecting them to other areas as determined by the department's administration.

Management's Response(s)

The City has established a policy requiring all city vehicles (except for Sanitation and Property Management) and employee personally owned vehicles (POV) to park in the City Hall Garage on the third level or higher. The issuance and use of a "CH" Decal is helpful to enforcement personnel in identifying employees violating this policy. Therefore, we concur that the "CH" permit should contain both a sequential tracking number and an expiration date.

2. Finding – *Weaknesses in operational controls were observed with respect to the accountability, enforcement, and record keeping of non-revenue parking permits issued.*

The following different areas of operations were identified in need of improvement:

- a) One of the most effective controls in eliminating and/or mitigating the risks and exposure of the City to parking permit abuses is the enforcement of expired and/or invalid permits. However, currently there are no processes or communications between the administrative branches of the non-revenue parking permit operation and the Enforcement Division of the Parking Department with respect to the validity of parking permits. Currently, it is difficult for an enforcement officer to assess whether an observed permit decal on a vehicle is valid unless an expiration date is expressly stated on the decal and surpassed. Moreover, the lack of access to permit information does not allow the officer to verify the vehicle information and/or the validity of a permit, considering that some permits are either never returned to the City, can be transferred to different vehicles and/or could be reproduced.
- b) Temporary permits are physically created by using a cardboard with the city logo and identifying the location and expiration date for the permit being created. A non-sequential number, with respect to the overall inventory of temporary permits issued at a given time, but sequentially with respect to the number of permits for the same grantee, is assigned to the permits before being distributed. These permits are printed in an ongoing basis to various permit holders and are not required to be returned. However, no inventory or controls are established in order to monitor the number of temporary permits printed at any given time.

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As a control, a holographic sticker with the Miami Beach Parking Department logo is affixed to the cardboard in order to validate the permit and differentiate it from any other ordinary printed cardboard. The sticker is affixed in an attempt to make it easier for the enforcement officer to distinguish between a valid permit issued by the Parking Department and any other ordinarily printed cardboard. However existing stickers can be cut and pasted to other cardboards easily making it harder to prevent or mitigate illegal reproduction or misuses of the permits. As a result, effective enforcement can be difficult.

- c) Inventories of Non-revenue Parking Permit Decals are currently kept at different locations within the Parking Department. Citywide and G permit decals are kept in a drawer on the second floor of the Parking Department, while the majority of the LG, CH, and Miscellaneous temporary permits are kept in the first floor of the parking department in a safe. Only a few of the LG permits (eighteen in total) are kept in a drawer by the account clerk in case a customer service supervisor is not available to open the safe. However, not centralizing the inventory of decals increases the risks of misplacing them. In addition, in the event that the individual with the drawer key is not available, it makes it more difficult to access the permits if necessary. Although Internal Audit did not encountered any exceptions after a physical count of the inventoried decals, policies and procedures should be designed in consideration of a going concern assumption and not just considering current conditions and personnel.
- d) No proper procedure and recourse or penalty is currently incorporated as part of policies and procedures with respect to the return of parking permit decals issued to board and committee members that prematurely abandon or are administratively removed from their positions in the corresponding board or committee. Considering that board and committee members are provided with citywide decals granting free parking twenty four hours a day and seven days per week (24hrs/ 7 days per week), a member that departs from his or her responsibilities prematurely in the year and does not return the permit decal will be able to park for free for the rest of the year until the permit expires

Recommendation(s)

In order to address the above referenced areas in need of corrective action, Internal Audit formulated the following recommendations for implementation:

- a) The Parking Department should consider cost effective ways to provide for the enforcement officer to verify permit information (vehicle information) when there is suspicion of the permit decal.
- b) Records for inventory of temporary permits in use and corresponding expiration dates can be tracked in the form of an automated log in order to record information of the vehicle and permit holder that could be daily updated (if necessary) and downloaded to a handheld (considering the implementation of the above recommendation, recommendation # 2a) for proper enforcement. Having a unique physical permit, with a controlled, predetermined permit number sequence and the proper dissemination of current and up to date permit information to the enforcement officers to ensure proper enforcement, should mitigate risks associated with the issuance of multiple easy to reproduce permits and misuses of the same.
- c) The Parking Department should consider the centralization of all parking permit decal inventory in the Department's safe for better controls and accountability, as well as availability in the event of in-charge personnel absence.

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- d) The City Clerk's Office needs to effectively communicate when committee members leave their committees prematurely. An attempt should be made to contact the committee member to obtain the parking permit.

Management's Response(s)

- a) The Parking Department and Finance Department are currently researching LPR (license plate recognition) technology and develop a database of permitted license plates in lieu of the current "paper" permit system. An LPR system would provide a web based database which would be updated and accessible through handheld units. These handheld units could provide user information to the enforcement officer.
- b) Please see response to No. 2a above, a web based database.
- c) Agreed, non-revenue permit inventory shall be kept in a safe.
- e) The City Clerk issues a letter to the affected committee member advising them of their removal from the committee. The Parking Department subsequently issues a letter to the affected committee member reminding them of their removal from the committee and that they must return their parking decal immediately. Unfortunately, at this time, there is little leverage in gaining compliance of this directive by the committee member. The implementation of a LPR system would provide real time confirmation of the legitimacy of the parking decal/permit at hand.

3. Finding – *Departure from outdated Policies and Procedures regarding non-revenue parking permits were observed.*

According to policies stipulated in Resolution No. 92-20462, non-revenue parking permit decals should be issued only to persons engaged in regular and necessary service to the City, which requires them to park a vehicle at metered locations within the City. In addition, it was stated that "an employee who have a frequent need to use personal vehicles on City business may be issued a city-wide parking permit, which allows them to park free of charge at any City parking meter. These permits are granted at the employee's Department Director's discretion and are subject to the approval of the Personnel Director". It is also stated that "the Mayor and City Commissioners shall receive a maximum of two (2) city-wide decals for use on their private vehicles. These decals shall bear an expiration date, which shall be the last day of their term of office. Upon leaving office, each commissioner shall receive one decal per year". In addition, it is mentioned that "upon separation from the City, any employee who has been issued any type of parking decal must scrape it off the windshield of the vehicle and return the decal to the Personnel Department. The employee's last paycheck would not be released until the decal has been returned".

Other policies were stipulated in the same Resolution with respect to city parking permits for Non-City Employees. For this type of permits, it was stipulated that "from time to time, certain individuals other than city employees perform work on behalf of the City. These individuals would include, but not be limited to, the following: consultants, volunteer workers, employees from other governmental jurisdictions, visiting dignitaries, etc. These persons may be issued a temporary parking permit which allows them to park free of charge at specific city parking meters. These permits are granted at the discretion of the City Manager. An annual list is to be submitted for the Commission ok".

Procedures accompanying these policies were also stipulated requiring that for city-wide and other permits issued to employees; the employee's Department Director would forward a requesting memorandum to the Personnel Director. The request must specify that the

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employee will frequently utilize his/her vehicle for City business and must also specify the make, model, year, and license plate number of the vehicle and would be signed by both, the employee and the Director. Meanwhile, permits issued to Non-City Employees would require to be granted at the discretion of the City Manager and an annual list to be submitted for the City Commission's approval. However, these policies and procedures have not been updated and do not cover all areas and permit types included in current operations.

Resulting from our audit, the following departures from existing policies and procedures were observed in need of corrective action:

- a) Permit requests for Lifeguards and Ocean Rescue personnel were not completed or signed by the Department's Director and a log reflecting the date, signature, spelled complete name, and employee ID, approved by the department's director was never returned to or requested by the Parking Department for support and verifiability.
- b) Citywide permits were issued to thirteen (13) Non-City Employees annually without a documented Commission approval.
- c) More than one citywide permit was issued to some Department Directors.
- d) Other permits like LG, and G permits were created without a documented revision approved by the Commission to current policies and procedures, which do not include them.
- e) Lot specific permits were given to Non-City Employees without documented proper approvals from the City Manager and the City Commission.
- f) Permits issued to employees no longer working for or providing services to the City were never returned or deemed invalid contributing to inaccuracies in the Parking Department's database.
- g) G permits are not covered by current policies and procedures established by the City Commission.
- h) Citywide permits were issued to certain employees and individuals providing services to the City where a location specific permit would have been more appropriate.

Recommendation(s)

In order to capture and document all processes, regulations, restrictions, and required approvals involved in the issuance and use of the different non-revenue parking permit types currently in existence, it is recommended that a detailed and complete revision to governing policies and procedures be approved by the City Manager and the City Commission. Once done, the new documented policies and procedures should be distributed to all applicable personnel to be strictly and consistently followed.

In addition, corrective action should be taken by the Parking Department in order to address and resolve the above-mentioned departures from City Policies and Procedures. For example and to name a few: A log reflecting the name, employee ID, date and signature of the employee and the department's director should always be requested from the issuing department in order to document the receipt of the issued permit by the corresponding employee. At the same time, employee exit interview procedures should be followed by all departments in order to ensure that City property is returned prior to the employee's departure. A check list has been developed by the Human Resources Department for further reference. A copy of such check list once approved and signed by the Human Resources Director should be forwarded to the Parking Department, clearly reflecting the departing employee name and ID in order to update the Department's records

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and invalidate the permit.

Management's Response(s)

- a) Life Guards and Ocean Rescue personnel will be required to submit permit requests; attain approvals for said requests through the chain of command; and provide a signature for receipt of all permits.
- b) The Administration will pursue an amendment to the Resolution establishing the rules and guidelines for issuance of Citywide Parking Decals to include current elected officials who represent Miami Beach in either County or State office.
- c) The Administration will pursue an amendment to the Resolution establishing the rules and guidelines for issuance of Citywide Parking Decals. Among other things, this amendment may propose to defer the authorization of the issuance of Citywide Parking Decals to the City Manager.
- d) The Administration will pursue an amendment to the resolution establishing the rules and guidelines for issuance of Citywide Parking Decals. Among other things, this amendment may propose to defer the authorization of the issuance of Citywide Parking Decals and/or other decals/permits to the City Manager.
- e) Please see response to No. 3d above.
- f) The implementation of an LPR system would provide real time confirmation to enforcement personnel of the legitimacy of the parking decal/permit at hand.
- g) Please see response to No. 3d above.

**EXIT CONFERENCE**

An exit meeting was held on October 24, 2011 to discuss the audit report and to solicit management responses noted above. Attendees were Sasha Gonzalez, Financial Analyst, Greeten Steele, Sr. Administrative Manager, Claudia Wong, Office Associate V, Saul Frances, Parking Director, James Sutter, Internal Auditor and Fidel Miranda, Auditor. Management responses were received thereafter. All were in agreement with the contents of this report.

Audit performed by Fidel Miranda, Auditor

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cc: Jorge Gomez, Assistant City Manager  
Saul Frances, Parking Director  
Patricia Walker, Chief Financial Officer