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Office of Internal Audit
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TO: Jimmy L. Morales, City Manager
VIA: Mark D. Coolidge, Interim Internal Auditor *MDC*
FROM: Coral Vivolo, Auditor *CV*
DATE: January 18, 2019
AUDIT: Valet Parking Operational Reviews Results Summary
PERIOD: October 1, 2017 – September 30, 2018 (2017/18 Fiscal Year)

The Office of Internal Audit conducted four (4) separate reviews of the valet parking companies authorized to operate on public property during the 2017/18 fiscal year. As different tests were performed during each review, a summary of the work performed, and the results attained can be found below. All noted results were timely forwarded to Parking Department management for their review and any needed corrective action after each review was completed.

1. October 1, 2017 – December 12, 2017

Testing was performed to determine whether the Parking Department timely created the required space rental permits and whether the valet operators secured their spaces in accordance with the requirements set forth in City Code Sections 18-336 and 106-55 (g) (1) and (2). All 554 permits created during the period were reviewed and the following deficiencies were noted:

- a. As of the completion of our testing on December 13, 2017, 37 (or 6.68%) space rental permits, corresponding to seven (7) operators and totaling \$22,099 had not been paid.
- b. As per Section 106-55 (g) (1) and (2) of the City Code, fees shall be payable two weeks in advance for regular users. In addition, as per Section 18-336, no valet parking shall occur on public property without the operator securing a space rental valet parking from the City. Testing found that 447 (or 80.69%) space rental permits totaling \$268,953.50 and corresponding to 27 operators for the period of October 1, 2017 through December 12, 2017 were paid late ranging from 3 to 49 days and averaged fifteen (15) days late. Although they were paid late, further analysis found that 237 of the 447 permits noted above were paid in full before or by the time/date the space rental permit started.

Management Response (Parking Department):

It was determined that the Parking Department will identify the regular permits from the special permits. In addition, the Parking Department will be revising the City Code.

2. December 13, 2017 – February 7, 2018

Testing was performed to determine whether the Parking Department timely created the required space rental permits and whether the valet operators secured their spaces in accordance with the requirements set forth in City Code Sections 18-336 and 106-55 (g) (1) and (2). All 336 permits created between December 13, 2017 and February 7, 2018 were reviewed and the following deficiencies were noted:

- a. As of the completion of our testing on February 7, 2018, 42 (or 12.50%) space rental permits, corresponding to 9 operators and totaling \$35,099 had not been paid.
- b. As per Section 106-55 (g) (1) and (2) of the City Code, fees shall be payable two (2) weeks in advance for regular users. In addition, as per Section 18-336, no valet parking shall occur on public property without the operator securing a space rental valet parking from the City. Testing found that 273 (or 81.25%) space rental permits totaling \$134,473.50 and corresponding to 19 operators were paid late ranging from 1 to 28 days, and averaged 12 days late. Although they were paid late, further analysis found that 152 permits were paid in full before or by the time/date that the space rental permit started.

Management Response (Parking Department):

It was determined that the Parking Department will identify the regular permits from the special permits. In addition, the Parking Department will be revising the City Code.

3. April 1, 2018 – June 30, 2018

Testing was performed to determine whether valet operators secured their spaces in accordance with the requirements set forth in City Code Sections 18-336, 18-337 (1), (4), 18-340 (1), (6) and 106-55 (g) (1) and (2). All 544 permits, corresponding to 27 operators, created during the period of April 1st through June 21st, 2018, as well as all 27 valet operators' files maintained by the Parking Department were reviewed and the following deficiencies were noted:

- a. As per City Code Sections 106-55 (g) (1) and (2), fees shall be payable two weeks in advance for regular users. In addition, as per Section 18-336, no valet parking shall occur on public property without the operator securing a space rental valet parking from the City. As of the testing completion date (06/21/18), 104 (or 19%) space rental permits, corresponding to 20 operators and totaling \$92,015 had not been paid. Although the rental period had not yet started, it was within the two (2) week period where they should have already been paid in full.

Management Response-Parking Department: The Parking Department will identify if they are regular or special permits.

- b. Further testing found that 385 (or 71%) space rental permits totaling \$206,012 and corresponding to 22 operators for the period of 04/01/18 to 06/21/18 were paid late. The number of days late ranged from one (1) to 28 and averaged twelve (12) days late. On a positive note, although paid late as per the City Code, 364 (or 95%) of the permits were paid by the start day or before, in other words, the operators secured the spaces before conducting their business.

Management Response-Parking Department: The Parking Department will identify if they are regular or special permits.

- c. Certificates of insurance provided by valet operators were frequently not in compliance with the requirements of City Code Section 18-337. The certificates for 18 of the 27 valet operators reviewed (67%) did not include the required insurance limits and/or deductibles for the required Garage Keepers Liability coverage, and in eight (8) instances, the City was not listed as an additional insured. Furthermore, three (3) of said policies have since expired. The Parking Department has reached out to the operator to obtain current policies; however, as of the completion of our testing they had not been received. Lastly, the certificates of 23 operators did not indicate evidence of review and approval by the City's Risk Management Division.

Management Response-Parking Department: The Parking Department will continue to reach out to the valet companies for a copy of their insurance certificates. However, the Office Associate IV responsible for this task is not trained to determine if the insurance coverage is correct as this is done by the Risk Management Division when the valet companies renew their business tax receipt.

- d. Parking Department administrative personnel did not obtain the required list of employees/contractors including driver's licenses on a monthly basis in accordance with City Code Section 18-340(6). In addition, the following deficiencies were noted and are summarized below:
- One (1) operator did not provide list or copies of driver's licenses for their employees/contractors.
 - Six (6) operators did not provide the required list of employees/contractors which is to include their valid driver's license numbers.
 - Seven (7) operators did not provide copies of driver's licenses for some of the employees/contractors listed. As a result, one could not always validate the driver's license numbers on the Miami Dade County Driver's License Check website, as some of the numbers provided were incorrect.
 - Seven (7) operators contained several instances whereby the licenses of employees/contractors had expired or had been cancelled/suspended. The driver's licenses were validated using the Miami Dade County Driver's License Check website.

Management Response-Parking Department: The Parking Department continues to request the information. If the information is not submitted by the valet company, the Office Associate IV will reach out to enforcement to issue violations.

4. July 1, 2018 - September 30, 2018

This review was performed to determine whether valet operators secured their spaces in accordance with the requirements set forth in City Code Sections 18-336, 18-337 (1) and (4), 18-340 (1) and (6), and 106-55 (g) (1) and (2). All 476 permits, corresponding to 27 operators, created during the period of July 1, 2018 through September 19, 2018, were reviewed. In addition, unannounced site visits to several valet locations were conducted on September 26th whereby the following deficiencies were noted:

*INTERNAL AUDIT REPORT
VALET PARKING OPERATIONAL REVIEWS RESULTS SUMMARY (FY 2017/18)
January 18, 2019*

- a. As per City Code Sections 106-55 (g) (1) and (2), fees shall be payable two weeks in advance for regular users. In addition, as per Section 18-336, no valet parking shall occur on public property without the operator securing a space rental valet parking from the City. As of the testing completion date (09/24/18), 57 (or 12%) space rental permits, corresponding to 17 operators and totaling \$67,114 had not been paid. Although the rental period had not yet started, it was within the two (2) week period where they should have already been paid in full.

Management Response-Parking Department:

The Parking Department continues to invoice on a timely manner and will look into revising the City Code on the payment due date.

- b. Further testing found that 390 (or 82%) space rental permits totaling \$241,600 and corresponding to 26 operators for the period of 07/01/18 to 09/19/18 were paid late. The number of days late ranged from one (1) to 24 and averaged eleven (11) days late. Although paid late as per the City Code, 381 (or 98%) of said permits were paid prior to the day in which the valet services were scheduled to commence which represents a significant improvement over last year's analysis.

Management Response-Parking Department:

The Parking Department will look into revising the City Code on the payment due date.

- c. During the unannounced site visits, it was noted that one (1) operator was displaying valet signs at two (2) different locations, although they had not secured the spaces. After discussion with Parking Department personnel and as per City Code Section 18-341(c), valet operators may establish on-call valet ramps for establishments that require valet service intermittently; however, at no time shall signs be placed on the roadway impeding vehicular and/or pedestrian traffic. The information along with pictures taken by Office of Internal Audit staff was forwarded to the City's Parking Enforcement Division. As per email confirmation, this valet operator was cited accordingly. However, after copies of the violations were received, it was noted that for one (1) of the locations the operator was cited by Code Compliance personnel for not having a valid BTR, not by Parking Enforcement for having unauthorized valet signs displayed. Although the Code violation was warranted, they also should be cited by the Parking Enforcement Division.

Management Response-Parking Department:

The Parking Department will issue violations.

cc: Monica Beltran, Assistant Parking Director
Laura Franco-Rubines, Assistant Parking Director
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