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Ampco Contract Review

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Report # 2011-05



Date: August 31, 2011

To: Steve Kotke, City Engineer – Director of Public Works

Re: Ampco Contract Review

The Internal Audit Department (IA) conducted a review of the contract between the City of Minneapolis (The City) and Ampco System Parking. This review was included in the 2011 Internal Audit Plan, and was completed in June 2011.

Background

The Minneapolis Municipal Parking System (Parking system) serves parkers of all kinds (i.e. daily, monthly, and event parkers). In addition to monthly contract parking and hourly services, many of the garages contain facilities for bicyclists, motorcyclists and bus transit.

Ramps and Lots

The Parking system is comprised of 17 parking ramps and 8 surface lots. These ramps and lots contain over 20,000 parking spaces.

Parking Meters

The Parking system is also responsible for 6,800 strategically located on-street parking meters.

Total 2010 revenue and expenses for the City of Minneapolis Public Works Traffic and Parking Services Division (Parking management) is broken down in the following table:

Business Operation	Revenues	Expenses
Off-Street Parking (parking ramps/lots)	\$ 45,617,145	\$ 36,089,300
On-Street Parking (parking meters)	6,757,970	1,422,061

Scope

This review included gaining an understanding of contract terms and conditions, including the responsibilities of Ampco and the City. IA gained an understanding of internal controls, including current policies and procedures, through observation, inquiry, and limited testing surrounding the audit objectives. IA performed, on a sample basis, testing of processes and transactions within the period January 1, 2010 through February 28, 2011.

Objectives

The review assessed whether:

- The Ampco agreement was awarded in accordance to the City's related policies and procedures;
- Revenue is accurately collected, balanced and deposited completely and timely to a designated bank account;

- Controls are adequately designed and functioning effectively to ensure Ampco meets performance indicators and reimbursements made by the City are for appropriate operating expenses; and
- Effective monitoring processes are in place to ensure Ampco meets obligations stipulated in the agreement, provides services at the expected quality and at the agreed upon price.

Summary of Findings and Management Action Plans:

1. State Revenue Bank Account

Although deposits from parking ramps A, B and C to a City bank account are confirmed in general, this bank account is not reconciled by the City and it is not clear who has the responsibility of overseeing this bank account. In addition, this bank account is not recorded in the City accounting books, as the money deposited in this account relates to MNDOT. *Controller's Staff will evaluate its options and work to find the most appropriate solution to ensure the proper accounting.*

2. Reconciling Cash Deposits to Transactions

Not all cash parking transactions (i.e. customer cash payments for parking) are reviewed by Parking management; they are only reviewed by Ampco. *Parking management will start documenting the review of the reconciliation of cash deposits to parking transactions.*

3. Timely Contract Negotiation

One of two annual contract extensions was not submitted in accordance to the terms and conditions stated in the contract and the new contract for 2011 was not executed in a timely manner. *Parking management will establish a process to alert contract managers of the expiration of the contracts early enough to prepare contract renewals in a timely manner. Additionally, the Business Process Improvements (BPI) Professional Services, Finance - Procurement and the Permanent Review Committee (PRC) are addressing both the contract monitoring and the contract amendment process in the Committee's updating of the Professional Services and Procurement Manual.*

4. Monitoring Ampco's Performance

Parking management does not have written contract monitoring procedures in place. *Parking management will develop written contract monitoring procedures encompassing quantitative and qualitative measures as it relates to the expectations stated in the contract.*

5. Monitoring Customer Complaints

Timely monitoring of customer complaints is not tracked and monitored appropriately. Emailed customer complaints / suggestions are sent directly to Ampco, not Parking management which increases the likelihood that Parking management may not be aware of all customer complaints requiring follow up action.

Parking management will develop processes to ensure that:

- *Customer complaints are monitored periodically, addressed adequately and timely;*
- *The customer service tracking database is upgraded; and*
- *Customer complaints are filtered from the inquiries submitted on the Minneapolis (MPLS) Parking website for management monitoring purposes.*

6. Parking Ramp and Lot Automation

Of the seventeen parking ramps managed by the City, there are two that are not currently automated. Additionally, of the City's eight surface parking lots, there is only one that has an automated pay station that accepts credit card transactions.

The two above mentioned parking ramps were programmed for automation in 2011. Furthermore, Parking management intends to evaluate the remaining surface lots to establish feasibility of their automation.

7. Approving Ampco Subcontractors

One of two Ampco subcontractor selections lacked documentation evidencing Parking management approval as stated in the City's contract with Ampco.

Parking management will retain the above mentioned documentation for the next contract cycle.

8. Policies and Procedures

Parking management does not have internal written procedures surrounding the daily posting of cash and credit card transactions and customer complaints.

Parking management has developed formal written procedures surrounding daily cash and credit card processes. Similar procedures will be compiled in conjunction with item 5 above for processes associated with customer complaints

9. Incentive Payments

Parking management's 2007 incentive payment to Ampco for general management should have been \$2,500; however, \$3,000 was actually paid to Ampco. Parking management requested a credit from Ampco for the \$500 error.

Parking management has assigned the incentive review task to a consultant who actively participated in the RFP preparation and contract negotiations and currently advises the Parking management team in several key areas.

10. Management Action Plans

Ampco's Internal Audit team should create a formalized tracking mechanism for issues identified in their reports that identifies the issue, the individual responsible for addressing the issue and the estimated implementation date and present this report to Parking management regularly to ensure all findings are properly addressed.

Parking management will formally instruct Ampco Internal Audit to implement this recommendation.

Ampco Internal Audit Findings

The findings mentioned below (11-14) were discovered through audit work performed by Ampco's Internal Audit team that performs audit reviews on Ampco System Parking operations throughout the City of Minneapolis Parking system. Ampco's Internal Audit team reports to the Client Compliance Committee composed of an independent consultant, the City's Manager of Lots and Ramps, the City's Operations Analysts, Ampco's Accounting Manager and Ampco's General Manager. All items discussed below were reported to the Client Compliance Committee.

11. Ramp A Collection of Payments

Ampco's Internal Audit team reviewed the Ramp A Monthly Payment Collection Process and the following were noted:

- Three of 27 shift reports showing total collections for the shift were not reviewed by clerical staff;
- One of the shift reports did not contain the shift start time and beginning transaction number;
- An inability to reconcile manually prepared receipts with shift reports because of incomplete receipt information; and
- Lack of shift report review by Ramp A management personnel within 24 hours of report preparation.

Parking management will instruct Ampco's Internal Audit to confirm that Ampco management has taken the necessary steps to remedy the issues discovered.

12. System (Skidata) Access Privileges¹

Ampco's Internal Audit team performed a system access review to determine if Ampco employees have appropriate access and the following were noted:

- 36 instances of former employees that still have access to Skidata;
- Three employees have authorizations to ramps for which they should no longer have;
- Four employees with duplicate identical authorizations to the same ramp; and
- One Harmon ramp employee with inappropriate authorization.

All inactive users have been removed from the Skidata system. Additionally, Ampco's Human Resource staff has been assigned the responsibility to remove employees from access to Skidata at the time of termination, transfer, or position responsibility changes.

13. Monthly Parking Contracts

Ampco's Internal Audit team could not locate seven percent, or 480 of the 6,964 contracts sought for all May 2010 active monthly contract parkers.

Parking management has been and will continue to work with Ampco management to resolve this issue.

14. Equipment Inventory

Ampco's Internal Audit team performed a review to determine if items listed on the Equipment/Asset Inventory Report were present, in use, or obsolete and the following were noted:

- Out of the 171 inventory items reviewed, 139 were in use and 32 were obsolete. Out of the 32 items that were obsolete, 9 were items in a ramp supply room/storage room, 17 were in the office and 6 were not located;
- No Asset Transfer Form was filled out for an item moved from one Ramp to another; and
- One of the ramps did not turn in a signed Equipment/Asset Inventory Report for December 2010. In addition, reports for the months of October and November 2010 at the Leamington ramp were not submitted.

Parking management has been and will continue to work with Ampco to resolve this issue.

Conclusion

Based on our review, we believe there are opportunities for improvements to address risk areas identified in this report. Parking management, Ampco and the Finance Department worked collaboratively with IA to develop action plans that effectively address these risk exposures.

IA would like to extend our appreciation to the Parking management personnel along with Ampco's Internal Audit and other Ampco personnel as well as the Finance Department personnel who assisted and cooperated with us during this review.

cc: Pam Fernandez, Enterprise Contract Administrator
Atif Saeed, Parking Systems Manager, Traffic and Parking Services
LeaAnn Stagg, Interim Controller
Jon Wertjes, Director of Traffic and Parking Services
Gary Winter, Assistant City Attorney

¹ Skidata is an automated system used for parking ramp operations throughout the Minneapolis Parking System (i.e. ticket processing information, lift gates, etc.).

Ampco Contract Review Audit Findings and Action Plans

1. State Revenue Bank Account

The Parking system manages Minnesota Department of Transportation (MNDOT) parking ramps A, B and C; the daily cash and credit card collections are deposited to a dedicated City bank account and accessed by the State. Although deposits are generally confirmed, this bank account is not reconciled by the City and it is not clear who has the responsibility of overseeing this bank account. In addition, this bank account is not recorded in the City accounting books, as the money deposited in this account relates to MNDOT.

All Parking management bank accounts should be reconciled independently from Parking management to ensure the City's and bank's records are correct and that the Parking management internal controls over cash are effective.

Recommendation

IA recommends the Finance Department record this bank account in the City accounting records. In addition, IA recommends the Finance Department work with Parking management to determine who should oversee this bank account. Also, appropriate personnel should be nominated to have the responsibility of reconciling this bank account.

Management Action Plan

The Controller's Staff will evaluate its options and work to find the most appropriate solution to ensure that the City has the proper accounting.

Responsible Party

LeaAnn Stagg, Interim Controller

Expected Completion Date

September 30, 2011

2. Reconciling Cash Deposits to Transactions

Most parking transactions take place in an automated environment through the use of pay stations. Ampco accounting staff reconciles transactions to deposits daily and reports to the City any variances greater than \$10. Not all cash parking transactions (i.e. customer cash payments for parking) are reviewed by Parking management. The variances are discussed in the monthly Client Compliance Committee meetings between Ampco and Parking management; however, this review is not documented.

Recommendation

To avoid duplication of efforts, IA recommends Parking management document their review of the reconciliation of cash deposits to parking transactions performed by Ampco. Parking management should select a sample of dates each month to validate the transactions and cash reports as recorded by Ampco accounting staff. This review should be documented.

Furthermore, IA recommends Parking management ensure variances over the established threshold have been reported and investigated, as appropriate. These steps can be documented (e.g. signing and dating a monthly management meeting checklist).

Management Action Plan

Parking management will start documenting the review of the reconciliation of cash deposits to parking transactions currently performed by Ampco accounting staff and discussed during monthly Client Compliance Committee meetings. Additionally, Parking management will randomly pick several dates every month and instruct Ampco's audit team to validate the transactions and cash reports as recorded by Ampco accounting staff. Parking management will also add the discussion and documentation of these audits to the Client Compliance Committee meetings. Moreover, Parking management will start documenting the reporting and investigation of all variances over the established threshold as recommended by IA.

Responsible Party

Atif Saeed, Parking Systems Manager

Expected Completion Date

Completed

3. Timely Contract Negotiation

The Ampco contract, which expired March 31, 2009, allowed for two annual extensions. One out of the two annual contract extensions was not submitted in accordance to the terms and conditions stated in the contract. Ampco contract language states "The City...shall have the option (with 120 days notice to the Operator) to extend said term for an additional year..." The first formal notice to extend the contract for one-year (April 1, 2009 – March 31, 2010) was submitted 99 days prior to the expiration of the contract, which contradicts the contract language of 120 days notice.

Additionally, the new contract for 2011 was not executed in a timely manner. The second contract extension expired March 31, 2011; Traffic and Parking Services started the RFP process approximately one year prior to expiration; however, it wasn't until 81 days after the expiration of the original contract did the new contract receive the signatures needed. Continuing to conduct business without a valid agreement puts the City at increased risk of liability for performance, payment and possible legal action.

IA acknowledges the delay of execution of the contract through the RFP was not directly associated with timely initiation of the process, but was a result of the delay within the authorization process requiring decisions from multiple City Departments that caused the contract to expire. To ensure timely execution of contracts while considering that multiple City Departments are involved throughout the RFP process, a process improvement initiative should be developed. IA acknowledges the Procurement Department is in the process of updating its Professional Services and Procurement Manual that will address this issue.

Contract managers are responsible for effectively monitoring their contracts. Unless each contract manager proactively monitors his/her contract expiration effectively, there is a high likelihood that some contracts will not be extended appropriately and/or negotiated timely through competitive bidding and/or the RFP process.

Contract managers' awareness and training about available tools, including the procurement database which contains the contract information including expiration dates, may help reduce the delays in contract negotiations, renewals or an RFP process.

Recommendation

IA recommends Parking management establish a system or process to alert the project manager of the expiration of the contract early enough to prepare for contract renewals, extensions, or the

RFP process, prior to the expiration of the existing contract. In addition, Parking management should work with the Procurement Division's Contract management to familiarize itself with the current contract database that allows each department to monitor their contract expiration dates.

IA supports Procurement management in updating the Professional Services and Procurement Manual. This includes updating the process to ensure contracts throughout the City are executed in a timely manner and the business activity is performed with a valid contract in place.

Management Action Plan

Parking Management Action Plan

Parking management recognizes the opportunity for improvement in executing contract extensions. Parking management will establish a process to alert contract managers of the expiration of the contracts early enough to prepare contract renewals in a timely manner. Parking management will also work with the Procurement Division's Contract management to familiarize itself with the currently available contract database that allows each department to monitor their contract expiration dates.

Procurement Management Action Plan

The Business Process Improvements (BPI) Professional Services, Finance - Procurement and the PRC are addressing both the contract monitoring and the contract amendment process in the Committee's updating of the Professional Services and Procurement Manual. In addition, the Department of Finance, Procurement and Purchasing Division recommendations will be considered for incorporation in the revised draft of the Manual once it is presented to the PRC at a second meeting for review and comment.

Responsible Party

Atif Saeed, Parking Systems Manager for Parking Management Action Plan
Pam Fernandez, Enterprise Contract Administrator for Procurement Management Action Plan and
Gary Winter, Assistant City Attorney for Procurement Management Action Plan

Expected Completion Date

October 31, 2011 for Parking Management Action Plan
March 31, 2012 for Procurement Management Action Plan

4. Monitoring Ampco's Performance

Parking management has a process to monitor Ampco's performance (i.e. recurring meetings, random site visits, monitoring customer complaints, reviewing reports, etc.) that is not fully documented. There is also a year-end review performed as it relates to the incentive plan. However, to increase the effectiveness of contract monitoring, written contract monitoring procedures should be developed. This will ensure step-by-step procedures are used consistently to monitor Ampco's performance.

Lack of written procedures relating to contract monitoring increases the risk that certain performance criteria might be overlooked which could potentially have a negative financial impact on the City.

Information contained on the City's intranet, CityTalk, specifically the Procurement Division, includes a *Contract Monitoring Program* with related tools and information to assist in developing procedures to adequately monitor Ampco's performance.

Recommendation

IA recommends Parking management develop written contract monitoring procedures specific to Ampco's performance. This will help ensure proper and consistent monitoring and evaluating of Ampco's performance to the expectations stated in the contract. IA also recommends the performance measures include, in addition to the quantitative measures, qualitative measures, and be tied to the performance measures in the contract.

Management Action Plan

Parking management will develop written contract monitoring procedures encompassing quantitative and qualitative measures as it relates to the expectations stated in the contract.

Responsible Party

Atif Saeed, Parking Systems Manager

Expected Completion Date

December 31, 2011

5. Monitoring Customer Complaints

Customer satisfaction is an important factor in competing with other parking business competitors throughout the downtown Minneapolis area. Monitoring customer complaints and addressing them promptly ensures satisfied customers continue to return.

Parking Issues Database

The Parking Issues Database, managed by the City, is used to track and monitor customer complaints pertaining to parking operations throughout the City. The database has the functionality to generate reports based on the information entered. When asked to see a report of all open complaints, there were some open issues dating back to 2005. It is unknown whether these customer complaints were followed up on and resolved. Timely monitoring of customer complaint statuses using the reports available should be done to ensure an effective monitoring process is in place to better meet customer expectations and enhance the quality of services.

Furthermore, the database was created using Microsoft Access about 11 years ago by Parking management. The database may be outdated and require upgrades to align with current operations.

MPLS Parking Website

The Minneapolis Parking system serves parking customers of all kinds (i.e. daily, monthly, and event parkers). Parking customers can submit questions, comments and complaints through the MPLS Parking "Contact Us" website (http://mplsparking.com/contact_us.aspx). The customer e-mails, once submitted, are sent directly to Ampco, not Parking management. This process increases the likelihood that Parking management may not be aware of all customer complaints that may require follow up action.

To ensure Parking management is aware of and receives all customer complaints, there should be an option or filter created to allow for customer complaints to be sent directly to both Ampco for action and Parking management for monitoring to ensure the adequacy and timeliness of action taken.

Recommendation

IA recommends Parking management:

1. Monitor customer complaints periodically to ensure all complaints are monitored and addressed adequately and timely;

2. Consider upgrading the customer service tracking database; and
3. Look at ways to filter customer complaints, or extract the complaints from customer e-mails sent using the "Contact Us" feature on the MPLS Parking website to allow Parking management readily accessible view only access to complaints for monitoring.

Management Action Plan

Parking management will develop processes to ensure that:

1. Customer complaints are monitored periodically, addressed adequately and timely;
2. The customer service tracking database is upgraded; and
3. Customer complaints are filtered from the inquiries submitted on the MPLS Parking website for management monitoring purposes.

Responsible Party

Atif Saeed, Parking Systems Manager

Expected Completion Date

December 31, 2011

6. Parking Ramp and Lot Automation

Of the seventeen parking ramps managed by the City, there are two that are not currently automated.² Additionally, of the City's eight surface parking lots, there is only one that has an automated pay station that accepts credit card transactions; all other lots are cash only and payment is based on the honor system.

The use of automated pay stations offers many advantages to both the customer and the City such as multiple payment options, printed receipts, transaction tracking, etc. Automation greatly improves convenience to customers and removes the human element of collecting payment. Automation decreases the risk to the City. While the automation is designed to strengthen controls and reduce the need for direct human interaction with cash processing, active management monitoring and oversight is still important and required.

Recommendation

IA recommends Parking management perform a cost benefit analysis for automating parking ramps and surface parking lots that collect payments manually.

Management Action Plan

Based on the 2010 Parking Fund Workout Plan, the two above mentioned parking ramps were programmed for automation in 2011. Furthermore, based on the financial workout plan, Parking management intends to evaluate the remaining surface lots to establish feasibility of their automation.

Responsible Party

Atif Saeed, Parking Systems Manager

Expected Completion Date

Completed for Parking Ramps
October 31, 2011 for Surface Lots

² Automation is the use of control systems and information technologies to control processes, reducing direct human interaction with cash processing.

7. Approving Ampco Subcontractors

One of two Ampco subcontractor selections lacked documentation evidencing Parking management approval. Per the City's contract (C-23000) with Ampco, Parking management should approve the selection of Ampco's subcontractors for security and janitorial services to ensure the most cost-effective pricing is received for the required services. Proper Parking management oversight and approval for the selection of the janitorial services subcontractor was verified, however, evidence of Parking management oversight and approval for the selection of the security services subcontractor was lacking.

By not documenting the Ampco subcontractor selection process for security services, Parking management creates a risk of an unfavorable reputation among vendors if vendors believe they will not be selected fairly. Additionally, there could be a perception that an unqualified subcontractor was selected.

Recommendation

IA recommends Parking management should retain documentation for evidence of their participation, review and approval of the Ampco subcontractor selection process for security services.

Management Action Plan

Parking management will retain the above mentioned documentation for the next contract cycle.

Responsible Party

Atif Saeed, Parking Systems Manager

Expected Completion Date

December 31, 2011

8. Policies and Procedures

Parking management does not have internal written procedures surrounding the daily posting of cash and credit card transactions and customer complaints.

Establishing and maintaining clear written policies and procedures is a key internal control that provides training, increases efficiency, prevents mistakes, ensures consistency in application and enhances the quality of work performed.

Recommendation

IA recommends Parking management develop formal written procedures surrounding daily cash and credit card posting processes and customer complaints.

Management Action Plan

Parking management has already developed formal written procedures surrounding daily cash and credit card processes. Similar procedures will be compiled in conjunction with item 5 for processes associated with customer complaints.

Responsible Party

Atif Saeed, Parking Systems Manager

Expected Completion Date

Completed

9. Incentive Payments

Parking management's 2007 incentive payment to Ampco for general management should have been \$2,500, per the description in the 2007 Ampco Incentive report; however, \$3,000 was listed in the financial summary at the end of the report and was the amount that was actually paid to Ampco.³ Parking management requested a credit from Ampco for the \$500 error. Strong internal controls require documented review of schedules to minimize the risk of error. The reviewer should be familiar with the schedules and understand the importance of the review.

Recommendation

IA recommends a Parking management employee, who does not create the incentive schedules, review the incentive schedules before the incentives are paid. The review should include ensuring the agreement of amounts described in the main report with amounts summarized in the financial schedule at the end of the report. All schedules should be footed for clerical accuracy and be reviewed to contract terms and conditions.

Management Action Plan

Parking management has assigned the review of incentive payment schedule to a consultant who actively participated in the RFP preparation and contract negotiations and currently advises the Parking management team in several key areas.

Responsible Party

Atif Saeed, Parking Systems Manager

Expected Completion Date

Completed

10. Management Action Plans

IA acknowledges the important role of Ampco's Internal Audit function in the contract management process. Ampco's Internal Audit team performs audit reviews on Ampco System Parking operations throughout the Parking system. These audit reviews, once completed, are presented to both Ampco and Parking management to discuss the findings and address the issues; however, there is no formal tracking of issues within the audit reports. To ensure accountability throughout the Parking system and efficiency for Parking management, Ampco's Internal Audit team should create a formalized tracking mechanism that identifies the issue, the individual responsible for addressing the issue and the estimated implementation date and present this report to Parking management regularly to ensure all findings are properly addressed. This formalized process will strengthen accountability throughout the Parking system.

Recommendation

IA recommends Parking management request the Ampco Internal Audit team to include and formally monitor management action plans for all findings addressed within their audit reports and update Parking management regularly on open items.

Management Action Plan

Ampco Internal Audit will be formally instructed to implement this recommendation during the next Client Compliance Committee meeting.

³ Incentive payments to Ampco are for services performed that exceed the basic requirements of the agreement.

Responsible Party

Atif Saeed, Parking Systems Manager

Expected Completion Date

Completed

Ampco Internal Audit Findings

The findings mentioned below (11-14) were discovered through audit work performed by Ampco's Internal Audit team that performs audit reviews on Ampco System Parking operations throughout the Parking system. Ampco's Internal Audit team reports to the Client Compliance Committee composed of an independent consultant, the City's Manager of Lots and Ramps, the City's Operations Analysts, Ampco's Accounting Manager and Ampco's General Manager. All items discussed below were reported to the Committee.

11. Ramp A Collection of Payments

Ampco's Internal Audit team reviewed the Ramp A Monthly Payment Collection Process for 10 days of payments, totaling \$144,771, collected from July 1, 2010 through September 30, 2010. This represents 53 percent of the \$273,803 in payments processed at Ramp A during that period. As a result of performing the audit procedures necessary to accomplish the above objectives, the following were noted:

- Three of 27 shift reports showing total collections for the shift were not reviewed by clerical staff;
- One of the shift reports did not contain the shift start time and beginning transaction number;
- An inability to reconcile manually prepared receipts with shift reports because of incomplete receipt information; and
- Lack of shift report review by Ramp A management personnel within 24 hours of report preparation.

By not properly reviewing and reconciling daily shift reports to receipts, the risk of asset misappropriation and potential loss of revenue to the City increases.

Recommendation

IA recommends Parking management work with Ampco management to ensure a process is in place at Ramp A that allows for shift reports to be completed properly, reviewed timely and reconciled to appropriate receipts.

Management Action Plan

Parking management will instruct Ampco's Internal Audit during the next Client Compliance meeting to confirm that Ampco management has taken the necessary steps to remedy the issues discovered during the above mentioned audit and to report their findings in the following meeting.

Responsible Party

Atif Saeed, Parking Systems Manager

Expected Completion Date

Completed

12. System (Skidata) Access Privileges

Ampco's Internal Audit team performed a review to determine if Ampco employees have been assigned Skidata access authorizations that are appropriate considering their responsibilities at

the ramps to which they are assigned, or have a need for access. The scope of the audit involved a review of 1,010 authorizations assigned to Ampco employees as of October 15, 2010 for all ramps except two (the Leamington and 11th and Marquette ramps), using Skidata equipment.⁴ As a result of performing the audit procedures necessary to accomplish the above objective, the following were noted:

- 36 instances of former employees that still have access to Skidata;
- Three employees have authorizations to ramps for which they should no longer have;
- Four employees with duplicate identical authorizations to the same ramp; and
- One Harmon ramp employee with inappropriate authorization.

By not having a formal process in place and continuously monitoring employee access to Skidata, inappropriate access may not be detected and corrected timely, resulting in an increased risk of error or misappropriation to the City.

Recommendation

IA recommends Parking management work with Ampco management to ensure the appropriateness of Skidata authorizations are reviewed on a regular basis and a formal process is established that addresses the removal of employees from access to Skidata at the time of termination, transfer, or position responsibility changes.

Management Action Plan

All inactive users have been removed from the Skidata system. Additionally, Ampco's Human Resource staff has been assigned the responsibility to remove employees from access to Skidata at the time of termination, transfer, or position responsibility changes.

Responsible Party

Atif Saeed, Parking Systems Manager

Expected Completion Date

Completed

13. Monthly Parking Contracts

Ampco's Internal Audit team could not locate seven percent, or 480 of the 6,964 contracts sought for all May 2010 active monthly contract parkers. Contracts from all ramps except the Federal Courthouse ramp were included. Strong internal controls suggest monthly parking contracts should be complete and adequately retained. Missing contracts for active monthly contract parkers increases unnecessary risk by not having a binding agreement between the City and the parking customer in the event that certain contract terms and conditions are unfulfilled.

Recommendation

IA recommends Parking management work with Ampco management to identify and ensure all active monthly contract parkers have contracts on file and contact customers with missing contracts to have them complete a new agreement.

Management Action Plan

Parking management has been and will continue to work with Ampco management to resolve this issue.

⁴ The Leamington ramp was converted to Skidata equipment in October and authorizations were requested as of October 20, 2010. The 11th and Marquette ramp was converted to Skidata equipment on December 21, 2010 and authorizations were requested as of January 25, 2011.

Responsible Party

Atif Saeed, Parking Systems Manager

Expected Completion Date

Completed

14. Equipment Inventory

The City of Minneapolis owns the equipment used by Ampco to manage the parking ramps and lots. Ampco's Internal Audit team performed a review to determine if items listed on the Equipment/Asset Inventory Report were present, in use, or obsolete. The scope of the audit consisted of a verification of 171 assets appearing on Equipment/Asset Inventory Reports for the month of December 2010 and a review of the Asset Security Policy.⁵ As a result of performing the audit procedures necessary to accomplish the above objective, the following were noted:

- Out of the 171 inventory items reviewed, 139 were in use and 32 were obsolete. Out of the 32 items that were obsolete, 9 were items in a ramp supply room/storage room, 17 were in the office and 6 were not located;
- No Asset Transfer Form was filled out for an item moved from one Ramp to another; and
- One of the ramps (Leamington and 11th St., an underground ramp) did not turn in a signed Equipment/Asset Inventory Report for December 2010. In addition, reports for the months of October and November, 2010 at the Leamington ramp were not submitted.

The inability to effectively track and monitor the City's fixed assets results in increased risk of asset misappropriation.

Recommendation

IA recommends Parking management work with Ampco management to ensure, on a periodic basis, appropriate Ampco personnel complete and submit the forms necessary for asset transfers, additions or deletions.

Additionally, IA recommends Parking management work with Ampco management to ensure inventory reports are submitted monthly for all appropriate locations and appropriate discrepancies are investigated.

Management Action Plan

Parking management has been and will continue to work with Ampco to resolve this issue.

Responsible Party

Atif Saeed, Parking Systems Manager

Expected Completion Date

Completed

⁵ Inventory verification was performed at the following locations: Ramp A, Ramp B, Ramp C, La Salle, Harmon, Hennepin & 10th, Vineland, Leamington, Plaza, 11th & Marquette, 11th St. Underground, Central Count Facility, Hawthorne, Jerry Haaf, Courthouse, Mill Quarter, Riverfront, Harvard Janitorial, Operator Maintenance, ABM Security and the AMPCO Office.

Abbreviations Used Throughout the Report	
BPI	Business Process Improvements
IA	Internal Audit
MNDOT	Minnesota Department of Transportation
MPLS	Minneapolis
Parking management	Public Works Traffic and Parking Services Division
Parking system	The Minneapolis Municipal Parking System
PRC	Permanent Review Committee – The Permanent Review Committee was established by the City Council in 1992 to review all requests for services and requests for proposals (RFP) estimated to exceed \$50,000.
RFP	Request for Proposal
Skidata	Skidata is an automated system used for parking ramp operations throughout the Minneapolis Parking System (i.e. ticket processing information, lift gates, etc.).
The City	The City of Minneapolis