



**OFFICE OF INSPECTOR GENERAL
CITY OF JACKSONVILLE**

Sheryl G. Steckler
Inspector General Advisor

“Enhancing Public Trust in Government”

Management Review

2015-0004

April 13, 2015

This report is intended for the use of a specific entity within the City of Jacksonville Government to which it was disseminated and may contain information that is exempt from disclosure under applicable law. DO NOT release without prior coordination with the Office of Inspector General.

“Provide leadership in the promotion of accountability and integrity of Government in the City of Jacksonville”



OFFICE OF INSPECTOR GENERAL CITY OF JACKSONVILLE

MANAGEMENT REVIEW CASE NUMBER: 2015-0004

Sheryl G. Steckler
Inspector General Advisor

"Enhancing Public Trust in Government"

EXECUTIVE SUMMARY

The Office of Inspector General (OIG) received a complaint on February 11, 2015, alleging that Jack Shad, Public Parking Officer, Office of Public Parking (OPP), Office of Economic Development (OED), City of Jacksonville used his position to provide free parking in the Duval Street Main Library garage for a community wedding event held at Hemming Park on January 10, 2015. The complainant identified the following issues:

- Facebook postings show that Mr. Shad's wife was involved in the facilitation of the free parking between Mr. Shad and the event organizer.¹
- The City opened the garage earlier than normal operating hours on the date of the event. The City potentially lost revenue because the minimum special rate event of \$5.00 was not applied. It is estimated that approximately between 750-1000 vehicles parked in the garage on the day of the event.
- The City is demonstrating disparity in regards to what special events will be charged and what special events will be free.

The above issues are addressed in Issue 2 below. Further, during the OIG inquiry of the complaint, additional issues relating to a lack of internal controls concerning billing and collection procedures within OPP were identified by the OIG which predicated our Management Review.

The Management Review disclosed the following:

1. The OPP has failed to bill the Everbank Center in the amount of \$45,164.70 (including sales tax) for parking usage at the Water Street Garage since September 2014.
2. The OPP is not following established procedures specified in Section 122.202, City of Jacksonville Code of Ordinances as prescribed when placing special event rates into effect.

¹ OED management had addressed the Facebook postings with Mr. Shad prior to the initiation of the OIG Management Review.

3. Billing and collection of parking revenues are inconsistent, not in compliance with the City's Standard Operating Procedures (SOPs), and lacks appropriate internal controls to prevent waste, fraud and/or abuse.
4. The OPP has not processed Rental Car agencies' declarations of non-liability and penalty disputes for citations issued as far back as November 2013.

BACKGROUND

The City of Jacksonville operates and is responsible for parking facilities through the Office of Public Parking (OPP) within the Office of Economic Development (OED). The OPP is an enterprise fund with an approved budget for Fiscal Year 2014-2015 in excess of \$4 million. The OPP is responsible for the enforcement of various sections of the City of Jacksonville's Code of Ordinances related to parking violations and municipal parking in the downtown area. OPP is self-supported from on-street and off-street parking revenue through citations, parking meters, lots and garages; and also through motor vehicle inspections.

The City's Standard Operating Procedures (SOP) for Billing and Collections provides guidelines for establishing basic procedures associated with billing and collection of services rendered, citations, fines, liens, excise taxes, grants, etc. The SOP policy was written in accordance with the provisions of the City's Ordinance Code, Chapter 24, Administration and Finance Department and Chapter 112, Claims By and Against City. The SOP specifies that any deviation from these procedures must be approved, in writing by the Director of Administration and Finance or designee. Part II and Part III of the SOP provides for the following:

Part II includes the general standards for billing and collections as it relates to the rights of the account holder, general information, control activities, communication and monitoring. In addition, there is a brief description of policy and standards for other departments that are involved in citations, fines, liens, agent collected revenue, taxes, fees, grants, refunds and memo billing.

Part III sets out Accounts Receivable standard operating procedures for billing and collections for external and internal customers. Each agency within the City of Jacksonville has the authority to add specific procedures

that relate to their own business, as long as they do not contradict those that follow.

Pursuant to City of Jacksonville, Code of Ordinances, Section 122.202 (a), the Economic Development Officer shall, in part, “present any proposed rates for downtown, as defined in Chapter 55, to the Downtown Investment Authority Board for review and for the Downtown Investment Authority Board to make an advisory recommendation with respect to such rates. The Economic Development Officer shall file the rate schedule and any subsequent change to the rate schedule with the Council Secretary and the Council Auditor and emailed to each Council Member, and such rates shall become effective 30 days after such filing, unless and until the Council enacts an ordinance to the contrary.”

Over ten years ago (Report Issued December 1, 2004), the Council Auditor’s audit report of the Parking Division identified, in part, instances of inefficiency in providing services in an economic manner, as well as inadequate internal controls to ensure the accurate and timely collection of revenue.²

ISSUES REVIEWED AND FINDINGS

Issue (1): The City of Jacksonville is losing revenue under the Office of Public Parking (OPP).

Governing Directives:

Sections 112.102 - 112.105; Part 1 of Chapter 112, Title V, Administration and Personnel of the Jacksonville Code of Ordinances

Finding:

The Office of Public Parking (OPP) has failed to bill the Everbank Center in the amount of \$45,164.70 (including sales tax) for parking at the Water Street Garage (WSG) since September 2014.

According to information and witness statements, the following was disclosed:

Statement of Mark Rimmer, Parking Concierge, Parking 411, Everbank Center

Mark Rimmer, as President of Parking 411 serves as the Parking Concierge for the Everbank Center to coordinate the parking needs of the building’s tenants. He facilitates and administers the parking at the WSG on behalf of Everbank Center, currently owned by Amkin West Bay (hereafter referred to as Amkin). His primary contact with the City of Jacksonville is Jack Shad, Public Parking Officer (PPO).

² The Audit Follow-Up Report to City Council dated June 25, 2008, advised that Public Parking appeared to have substantially complied with the audit recommendations.

During 2014, Mr. Rimmer had notified Mr. Shad that the City had not invoiced Amkin for the WSG parking during 2014. Mr. Rimmer stated that Amkin would not pay the City for WSG parking without an invoice, and as such they have not paid for parking usage since September 2014. As of March 20, 2015, neither Mr. Shad nor any City representative had contacted him asking him for payment. He further stated the City had never come and audited his records.

Mr. Rimmer reviewed the data grid numbers with the OIG investigator during his interview. Based on the numbers provided, the total amount of unbilled parking usage at the WSG for the months of September 2014 through March 2015 is \$42,210 (not including 7% sales tax of \$2,954.70) as scheduled below:

<u>YEAR</u>	<u>MONTH</u>	<u>DATA GRID PARKING NUMBERS</u>	<u>DOLLAR AMOUNT</u>
2014	Sept	137	\$6,165.00
2014	Oct	135	\$6,075.00
2014	Nov	134	\$6,030.00
2014	Dec	131	\$5,895.00
2015	Jan	133	\$5,985.00
2015	Feb	129	\$5,805.00
2015	March	139	\$6,255.00
TOTAL			\$42,210³

Mr. Rimmer advised that the City invoiced Amkin in October 2014, for an unrelated matter not connected to Everbank Center parking at the WSG, but for a new tenant bid presentation.

Mr. Rimmer advised that the former property owner of the Everbank Center was ELAD Florida, LLC (hereafter referred to as ELAD). Mr. Rimmer stated that ELAD had not been receiving regular invoices from the City for occupancy at the WSG. For January through August 2014, instead of falling behind in payments, ELAD set up a reoccurring debit and paid the City each month by check. Subsequent to being interviewed, Mr. Rimmer advised that he either personally delivered the monthly checks or mailed them to the City. On occasion the City picked up the monthly checks from Parking 411.

Per Mr. Rimmer, ELAD would base their monthly payment on prior data grid averages. He stated Laura McDaniels, Assistant Property Manager for Amkin, told him in November 2014, and again in February 2015, that the City was not invoicing Amkin.

³ This total does not include the additional 7% sales tax in the amount of \$2,954.70.

Mr. Rimmer provided copies of emails he sent directly to Mr. Shad on November 17, 2014, and again on February 13, 2015 mentioning the non-receipt of invoices.⁴

Statement of Laura McDaniels, Assistant Property Manager, Amkin West Bay

Amkin assumed property ownership of the Everbank Center, 301 W. Bay Street, Jacksonville in September 2014. The previous owner of the Everbank Center was ELAD Florida, LLC. Ms. McDaniels had been advised by Amkin management, when they assumed ownership of the building, not to make any payments to the City for monthly parking unless an invoice was received from the City.

Ms. McDaniels first began receiving invoices in August 2012 from the City for parking at the WSG. The receipt of invoices started to decrease in 2013, and then finally stopped coming from the City altogether in the later part of 2013. In 2014, she created a "dummy invoice" in order for ELAD, who owned Everbank Center at that time, to issue a payment for the monthly parking at the WSG. Once the checks were ready, Mark Rimmer, (Parking Concierge, Everbank Center), would pick up checks from her and personally deliver them to the City. Ms. McDaniels created dummy invoices for January 2014 through August 2014 in order for ELAD to make their monthly employee parking payments.

Per her records, she received invoices from the City for the months of December 2013, January 2014 and February 2014, all on March 13, 2014. Ms. McDaniels also advised that the October 2014 invoice for \$40,927.50 that Amkin had received from the City was directly related to a new tenant bid presentation and had no relation to any current parking at the WSG.

The City has not sent any invoices to Amkin for the WSG monthly parking since September 2014. The last payment made to the City for the use of the WSG was in August 2014, when Everbank Center was under the property ownership of ELAD.

During a site visit to OPP on March 6, 2015, Jack Shad, Public Parking Officer, who is responsible for the handling of the Everbank Center corporate parking account, provided the following information:

Mr. Shad stated that he handled the Everbank Center (ELAD) account for parking at the Water Street Garage (WSG) and that Amkin West Bay is the current building owner of the Everbank Center. He stated that he handles the invoices and that he emailed them to the customer. Mr. Shad stated he retains the invoices for this account in a Word document on his work computer.

OIG reviewed Everbank Center parking invoices provided by Mr. Shad which disclosed:

For the 2014 calendar year, Mr. Shad produced only three invoices related to Everbank Center: January, February and March 2014 (It is noted that all three invoices were

⁴ As of March 20, 2015, no invoices had been received from the City.

dated March 13, 2013 [*misdated year*]). Mr. Shad did not provide any other months for the calendar year 2014, other than an October 2014 (AWB-102014) invoice.⁵

Issue (2):

The Office of Public Parking (OPP) is not following established procedures as prescribed when placing special event rates into effect to include presenting proposed rates to the Downtown Investment Authority; filing any changes to the rate schedule with the Council Secretary and the Council Auditor; and notifying City Council as specified in Section 122.202, City of Jacksonville Code of Ordinances.

Governing Directives:

Section 122.202 (a) (b), Part 2 of Chapter 122, Title V, Administration and Personnel of the Jacksonville Code of Ordinances; Section 112.105, Part 1 of Chapter 112, Title V, Administration and Personnel of the Jacksonville Code of Ordinances

Finding:

The Office of Public Parking (OPP) has been using a \$250 special event rate since January 2015 that has not been presented to the Downtown Investment Authority (DIA), nor has the Council Secretary, Council Auditor or City Council been noticed as required by Section 122.202, prior to becoming effective.

Further, the OPP does not have written policies or procedures in place to address when to apply the event pricing options (\$5 or \$10, or \$3/vehicle bulk rate) that have been approved, let alone when to apply a \$250 special event rate. As of March 2, 2015, the OPP was coordinating a marketing flyer with the Main Library which was intended to market the \$250 special event rate⁶.

In review of the initial complaint regarding the Facebook postings, it was discovered that Mr. Shad, the Public Parking Officer (PPO), in his official capacity, coordinated the use of a \$250 special event parking rate for January 10, 2015, and personally financially contributed \$50 towards the \$250 cost of parking for this event.⁷ Per the Main Library gate count, 197 vehicles used the Main Library parking garage on January 10, 2015.⁸

It is noted that the Department has taken corrective action regarding the concern expressed by the complainant specific to the use of the social media previously mentioned and to avoid any appearance of impropriety.

Statement of Jack Shad, Public Parking Officer, OPP, OED

Mr. Shad stated that City Ordinance Section 122.202 was passed in 2012. He worked with Office of General Counsel to draft the ordinance to set the special rates. At

⁵ Witnesses testified that this was unrelated to ongoing WSG parking.

⁶ OIG brought this to the attention of the Director, OED to ensure that the City Code of Ordinances was followed.

⁷ OIG verified that Carrington Mead did pay the balance of \$200 to the City.

⁸ Jack Shad, Public Parking Officer, OPP, provided documentation for the gate count. OIG did not independently verify the gate count.

present, OPP has the option to charge either \$5 or \$10 for special events, or collect a bulk rate of \$3 per vehicle from a single party. The rates were reviewed and approved in accordance to the ordinance.⁹

Mr. Shad's understanding is that the ordinance provides OED, of which OPP is a part of, the authority to set parking rates at the different facilities. Mr. Shad stated that he understands that the special event rates are supposed to be presented to DIA before putting into the rates into effect.

Mr. Shad coordinated the use of the \$250 special event rate for the Hemming Event on January 10, 2015. He stated that he has not presented the \$250 special event before DIA or the City Council because the \$250 special event rate concept is still a work in progress. Mr. Shad stated that he wants to have the rules in place before he presents the \$250 special event rate to DIA.

Mr. Shad stated that he had no written policy document to address when to apply the \$250 special event rate. He further stated there are no written policies or procedures within OPP that specify when and how to apply the special event pricing options that are currently approved by DIA.

Mr. Shad also stated that there is no written policy that outlines OPP's general policy decision making for deciding what rates should be used during special events. Mr. Shad stated the OPP's general policy is that if the event is likely to bring in more revenue than staffing costs, OPP will open a parking facility. If revenue does not exceed staffing costs, then they will not open the parking facility.

Mr. Shad indicated that the \$250 special event rate concept was derived after his office received complaints from some of the local small business owners that were being impacted by the success of the events held at Main Library's Conference Center. Mr. Shad advised that both he and Robert Carle, Parking Facilities Manager have used the \$250 special event rate for various events. Mr. Shad stated that the \$250 special event rate had been used about five or six times since December 2014.¹⁰

Mr. Shad provided records that reflected that 197 individuals took advantage of the Library garage per the gate count for the Hemming Park event.¹¹ He opined that if OPP had charged \$5 per vehicle individuals would have found other options for free parking to include City meters which are free on the weekends.

Mr. Shad stated that he did not immediately prepare the invoice for the Hemming Event. He believed that he received Carrington Mead's (event organizer) check sometime during the week of the January 19, 2015. Mr. Shad prepared the special event parking invoice for the Hemming Event on January 22, 2015, the same day he wrote his personal check in the amount of \$50. Mr. Shad stated that \$50 towards the parking

⁹ Information was verified by the OIG.

¹⁰ Mr. Shad later advised that the December 2014 event for the District Church had been cancelled. OIG reviewed the invoice to the District Church for the December 2014 event. The invoice had not been marked as cancelled.

¹¹ Mr. Shad provided documentation regarding the gate count. OIG did not independently verify the gate count.

invoice for the Hemming Park event was his and his wife's contribution to the event. Mr. Shad stated that he made attempts to get the payment from Ms. Mead before the event, but was unable to do so.

Mr. Shad stated that he is unfamiliar with the City's Standard Operation Procedures (SOP) for Billing and Collection.¹² Mr. Shad advised that he would have to review the SOP for Cash Receipts, but believed that that the City's policy for depositing checks was within 3 days of receipt.¹³

Subsequent to the interview with the OIG investigator, Mr. Shad provided clarifying information. He advised that the \$250 special event had only been used twice and not the five or six times as he had previously stated during his interview. Mr. Shad also provided a copy of a marketing flyer which he stated was being coordinated with Main Library Conference Center and intended to market the \$250 special event rate program.

Statement of Robert Carle, Parking Service Manager, OPP, OED

Mr. Carle stated that the only special event rates that are currently being used by OPP are the \$3 per vehicle bulk rate, and the \$5 and \$10 special rates, with the exception of the \$250 special event rate that had just been established by Mr. Shad. Mr. Shad came up with the \$250 special event rate as a result of concerns expressed by a local business owner, who was losing business because too many parking spots were being used during Library events.

Mr. Carle had no knowledge of whether the \$250 special event rate had been formally presented before DIA. He is not aware of any written procedural document that described when the \$250 special event rate should be used.

Mr. Carle was aware of only two occasions when the \$250 special event rate had been used. The first time was for the Hemming Park event in January 2015, and the other was for the 2015 Valentine's Day Jazz event held at the Main Library's Conference Center. Mr. Carle coordinated the use of the \$250 special event rate for the Valentine's Day event. Mr. Carle stated that he did not prepare an invoice for this event because he had a check in hand before it had been invoiced.

Mr. Carle stated that he ensures that the parking facilities are operationally prepared to handle the different events. He defers to Mr. Shad which rate he would like to use. He does not usually make recommendations to Mr. Shad unless asked. He stated Mr. Shad has the final decision on what rate to charge per event.

Mr. Carle stated that he had been involved in reviewing previous iterations of the Main Library marketing flyer and had expressed concerns to Mr. Shad about the wording. Per Mr. Carle, he along with Tina Moody (Parking Accounts Coordinator), and Mr. Shad, suggested the parameters in the flyer should include the wording, "as low as \$250".

¹² On March 6, 2015, Mr. Shad stated that he had never seen this document before.

¹³ Per SOP for Cash Receipts, the City policy is to deposit monies the same day as received unless receipt of monies is after the deposit for the day.

The OIG's review of the records disclosed the following:

A review of the DIA Meeting Minutes dated February 13, 2013, disclosed that Mr. Shad advised during the meeting that under the new parking rate ordinance, changes to the parking rates and discounts are to be presented to the DIA and also to the City Council before they can take effect.

OIG reviewed and verified with the Tax Collector's office that both payments, \$200 from the event organizer, and \$50 from Mr. Shad for the Hemming Event had been deposited. The deposit detail showed that the payments were received by the Tax Collector on January 29, 2015.

A review of Tax Collector's records in comparison to OPP disclosed that payments for the Hemming Park event had been posted erroneously to the wrong account codes (Library Payment versus Special Event-Library code).¹⁴

A review of the Main Library's marketing flyer provided by Mr. Shad on March 2, 2015, shows that the main caption reads, "COJ Parking Garage Special Event Parking", which includes the wording, "discounted group rates as low as \$250."

Issue (3):

Billing and collection of parking revenues are inconsistent, not in compliance with the City's Standard Operating Procedures (SOPs), and lacks appropriate internal controls to prevent waste, fraud and/or abuse.

Governing Directives:

Sections 112.102 - 112.105; 112.110 and 112.111; Part 1 of Chapter 112, Title V, Administration and Personnel of the Jacksonville Code of Ordinances; Section 24.103; Part 1 of Chapter 24, Title III, Executive Branch of the Jacksonville Code of Ordinances

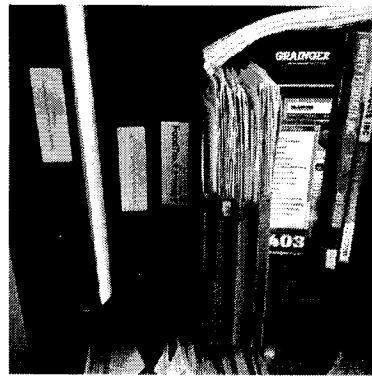
Finding:

The OIG Management Review disclosed a continued pattern of deficiencies (See Council Auditor's Report No. 595 issued December 1, 2004) and identified numerous inefficiencies and internal control issues concerning billing and collection to include:

- The OPP staff overseeing the billing and collection process is unfamiliar with the City's SOPs for Billing and Collection; and as such are not following the said guidance;
- OPP's invoices (in various formats) are manually generated by several different employees, lacking uniformity, and in some cases missing relevant information;

¹⁴ OIG brought the accounting code error to the attention of both the PPO and the Administrative Assistant Manager during the OIG Management Review in order to correct the journal entry. Verification of the correction had not been provided to OIG as of March 20, 2015.

- The OPP does not have a central managing entity for the issuance and payments of account receivable invoices, as such there are inadequate internal controls to ensure the accurate and timely collection of revenue¹⁵;
- The OPP continues to print out remittance advices for monthly parkers, using these “invoices” as method of determining when a parker has paid for parking¹⁶;
- The OPP has no system or procedure in place to safeguard and account for all receipts of monies received within the OPP, including through the mail¹⁷;
- The OPP maintains the manually generated invoices in paper form within various binders located within the OPP office that are accessible and unsecured within the office, as pictured below:¹⁸



Statement of Wisteria Williams, Manager of Accounting Services, Accounts Payable-Accounts Receivable, Finance

Ms. Williams, who has been employed with the City for thirty-five years, stated that Administrative Services Division (ASD) provided support for all City of Jacksonville departments. One of the functions of ASD was to help with the billing procedures for the City and was responsible for overseeing departmental billing. ASD created the actual invoices for the departments and would interface them with FAMIS (The City of Jacksonville’s Financial Accounting Management Information System). Per Ms. Williams, ASD would have been following the City of Jacksonville SOP for Billing and Collection; however ASD was abolished during Mayor Brown’s administration.

Ms. Williams indicated that the Standard Operating Procedures (SOP) for Billing and Collections is the procedural guide that is used within Accounting. She stated, if other

¹⁵ Identified as a finding in the 2004 Council Audit of the Public Parking. OPP has been working on the new implementation of “Paris” since November 2014. The OPP Operations Analyst advised on March 25, 2015 that the system is at least 2 more months away from implementation.

¹⁶ Identified as a finding and recommendation with the 2004 Council Audit of the Public Parking.

¹⁷ Deficiency noted in 2004 Council Audit with a recommendation. This recommendation has not been implemented to date.

¹⁸ Deficiency noted in 2004 Council Audit with a recommendation. This recommendation has not been implemented to date.

departments are going to create a FAMIS invoice for billing external customers, they would use the SOP, Part III, Procedures - Accounts Receivable. Ms. Williams stated this City SOP is the only billing and collection procedure of which she is aware. She further stated Departments are not supposed to be issuing invoices outside of FAMIS (Note: the SOP does allow for departments to have billing subsystems) however, she does not know how the departments are made aware of this. Ms. Williams advised that at one time FAMIS training was a mandatory portion of the new hire training that was held at least once a month.

Ms. Williams stated that each department that is generating invoices should have a Responsible Billing Official (RBO). The RBO gathers the information to create invoices, and is Accounting's point of contact for questions. She indicated if there has not been an invoice created within FAMIS, Accounting would have to create an initial invoice within FAMIS in order to go through the City's collection procedures.

Last year, Ms. Williams stated that Mark Schofield, Office of Public Parking (OPP), contacted Accounting in April 2014, and requested training. Mr. Schofield was granted access to use FAMIS to generate invoices and she considers him to be the RBO for the Office of Public Parking. She is not aware of any other invoices being generated by OPP, for example for garage parking.

Interview of Mark Schofield, Parking Meter Maintenance Supervisor, OPP, OED

Due to delinquencies with payments by certain vendors renting City's meters, Mr. Schofield sought training from the Accounting Department during October 2014. He issues monthly invoices by inputting general information into FAMIS. He stated the invoice is generated and provided to him for billing by the Accounting Department. Mr. Schofield does not consider himself to be the Responsible Billing Official for the OPP. He stated he is unaware of any billing and collection policy within the OPP.

Statement of Jack Shad, Public Parking Officer, OPP, OED

Mr. Shad advised that the OPP has a budget of \$4 million, and is an enterprise fund intended to be self-supporting. He is unfamiliar with the City's SOP for Billing and Collection procedures. He indicated the last time he reviewed the SOP for Cash Receipts was when he became the PPO in 2011. He stated that billing has been an area that they are trying to improve upon. Mr. Shad also stated that the handoff of work between facilities and administrative is a weak link and admits that OPP did not follow up on some of the billing as much as they should have done.

During a site visit to OPP on March 6, 2015, Jack Shad, Public Parking Officer provided additional information:

After being shown a copy of SOP, Cash Receipts, and SOP, Billing and Collection, both with revised print date of 03/02/2015; he said that he had first reviewed the SOP for Cash Receipts when he came to OPP. Mr. Shad stated that he had never seen SOP, for Billing and Collection before.

Statement of Marilyn Prophet, Administrative Assistant Office Manager, OPP, OED

Ms. Prophet is familiar with the SOP for Cash Receipts, but had no familiarity with the SOP for Billing and Collection procedures. She stated because of her unfamiliarity with the SOP for Billing and Collection, she was unsure if OPP's current procedures they are using are incorporating the City's policy.

Ms. Prophet advised that there is no invoice system within OPP that retains, generates and/or sequentially numbers invoices, and captures payments of invoices. She indicated that she is responsible for invoices issued by the clerical staff she supervises. She stated the invoices are prepared manually and retained in separate folders by her and her staff. She stated they each handle different companies, retaining the invoices that they each prepare in separate binders. She indicated that invoices for corporate accounts are either mailed or emailed. She further indicated that none of the manual invoices generated by her or her staff are entered into FAMIS, and she is unaware how items get into FAMIS.¹⁹ She advised that Mark Schofield, Parking Maintenance Supervisor is the only OPP staff that directly requests invoices from the Accounting department.

Ms. Prophet had no knowledge of any invoices that are issued by Mr. Shad or Mr. Carle. If she was informed about a special event by either Mr. Shad or Mr. Carle, she stated she would prepare an invoice. She indicated she did not follow a specified 30, 60, 90 day review schedule for delinquencies, but periodically reviewed her files. She indicated she had reviewed her files at the end of 2014 for unpaid invoices. She further advised since the summer of 2014, OPP had been working towards acquiring a new billing system.

Per Ms. Prophet, there is no log or system in place within OPP that captures the receipt of personal checks within their office. She stated mail received directly from the Tax Collector's has been previously opened, and is not accompanied by a transmittal document. Ms. Prophet agreed that a check could get lost inadvertently. She indicated that OPP maintains a daily log that captures the receipt of corporate checks.

OIG reviewed the invoice binder system in more detail during a site visit with Ms. Prophet at her office on March 6, 2015, and noted the following:

- There are various binders that contain manually generated invoices, i.e.: Food Truck Binder, Validation Binder, and Miscellaneous Company Monthly Parking binders located on bookshelves, or in work space throughout the office. The binders are not locked up or secured, and accessible to anyone in the office.
- There is no electronic backup for the binders. Per Ms. Prophet, none of the invoices generated by OPP are entered into the FAMIS.

¹⁹Per Ms. Williams, Manager of Accounting Services, the FAMIS system houses the general ledger, trial balances, and income statement for the City, and the system also tracks account receivables so that when it becomes thirty or sixty days old a reminder is sent out.

- Approximately 800 remittance permits are printed out each month and retained in the office until the customer comes in and pays. This is the primary method to determine who has paid monthly parking. This process lends itself to misplaced, lost or destroyed invoices. (Note: this was also a finding in the 2004 Council Audit of Public Parking.)
- In the case of corporate monthly payments, monthly parker information is attached to the manually generated invoices and are mailed or emailed out to the company. The attached list of monthly parkers reflects personal identification information that includes full names and dates of birth (DOB) of each parker.
- Ms. Prophet estimates that approximately 24 to 30 corporate accounts are invoiced manually each month for various accounts. As an example, the largest client is CSX who on average is billed over \$20,000 per month. OPP's current procedures do not ensure accountability for accounts receivables, and are not in accordance with the City's SOP for Billing and Collection.
- Ms. Prophet advised that billing records for Everbank Center for parking at the Water Street Garage are retained by Mr. Shad. She has no knowledge of the location for invoices for 2014 and 2015.
- Ms. Prophet stated that she is currently backlogged with unprocessed citations from rental cars. Per Ms. Prophet, there is no method or process to address this backlog.

Statement of Tina Moody, Parking Accounts Coordinator, OPP, OED

Ms. Moody is not familiar with the SOP for Billing and Collection. Ms. Moody stated she believed that she received training from Administrative Services Division (ASD) on the SOPs for Cash Receipts sometime during 2008-2012. She stated that there is no automated system for invoices within OPP. She indicated she was responsible for referring Mr. Schofield to Accounting in order to use the City's accounting department invoicing process to ensure that the vendor was receiving an invoice.

In 2008, when she was an Operations Analyst for OPP, in the performance of her duties, she stated she observed OPP staff retain copies of checks and corporate records in binders within the office. While gathering information for her current position (recently appointed as of March 5, 2015), as Parking Account Coordinator, she stated that the binder system is still in place.

Ms. Moody stated that it is clear that as a result of her new responsibilities that having all the invoices in a central location is necessary. On her own accord, she sent an email to the OPP office staff on March 3, 2015, directing the staff to scan and store all invoices in a central location on a shared drive. In her new capacity she indicated she will be handling special event parking for OPP.

The OIG Management review also disclosed that the OPP does not have internal controls ensuring that the City's parking access cards are properly receipted when issued and when returned to the City, per the statements below:

Statement of Mark Rimmer, Parking Concierge, Parking 411, Everbank Center

According to Mr. Rimmer, at the end of the March 2015, the City is switching over to a new parking card system at the WSG. Mr. Rimmer stated that the October 2014 invoice in the amount of \$40,927.50 that Amkin received from the City was for the purchase of 850 parking access cards for the WSG as part of a bid presentation to a new tenant.²⁰ Mr. Rimmer stated that he currently still has 150 of the new cards (not activated) in his possession. (Note: Mr. Rimmer provided an inventory of the card numbers to OIG.)

Per Mr. Rimmer, parking cards are activated by the City of Jacksonville's Public Parking Office, and that none of 850 cards were activated.²¹ Mr. Rimmer could not provide any documentation showing that he had signed for and/or returned the 700 parking access cards to the City.

The OIG investigator confirmed with Mr. Shad on March 25, 2015, that he did not have Mr. Rimmer sign a receipt when Mr. Rimmer originally received the 850 parking cards or when Mr. Rimmer returned the 700 cards. The OIG investigator also verified with Mr. Shad that OPP administrative staff does have a record of the 700 cards returned by Mr. Rimmer.

Issue (4):

The Office of Public Parking (OPP) has not processed Rental Car agencies' declarations of non-liability and penalty disputes for citations issued as far back as November 2013.

Governing Directives:

Sections 112.102 - 112.105; 112.110 and 112.111; Part 1 of Chapter 112, Title V, Administration and Personnel of the Jacksonville Code of Ordinances; Sections 636.102 thru 636.104; Part 1 of Chapter 636, Title XVI, Judicial Code of the Jacksonville Code of Ordinances

Finding:

OIG found that at least one year's worth of Rental Car agency Non-Declaration of Liability and Penalty Dispute documents that concern citation revenue going back to November 2013, have not been processed by OPP. City Ordinance Section 636.104 (c-f) outlines the process whereby the Public Parking Officer has the discretion, after diligent effort, which may include the use of collection agencies, to mark the citation or fee invoice uncollectible. The OPP is not following Section 636.104 nor does OPP have written policies or procedures on how to process the Rental Car agency Non-

²⁰ Per both OPP and Mr. Rimmer, these parking cards are for a new system being implemented at the end of March 2015.

²¹ Not verified during the review. Mr. Shad advised on March 25, 2015 that the cards had not been activated.

Declaration of Liability and Penalty Dispute documents. The OIG reviewed 37 of the Non-Declaration of Liability and Penalty Dispute documents and found that the documents exceed \$2,000 in citation fees and penalty revenue that has not been collected. The unprocessed Non-Declaration of Liability and Penalty Dispute documents are accumulating and sitting out in the open with no central accounting of all related documents having been received and processed.

Statement of Marilyn Prophet, Administrative Assistant Office Manager, OPP, OED

Ms. Prophet advised that she is currently backlogged with unprocessed citations from rental cars agencies. She confirmed the OPP does not have a method or process in place to address this backlog.

RECOMMENDED CORRECTIVE ACTIONS

Based on the OIG Management Review, it is recommended that an immediate financial review of OPP be conducted to determine the amount of revenue that is due and owing to the City for parking and citation revenue, and to further determine whether OPP has adequate management controls in place to ensure accurate and timely collection, recording and accounting, depositing and safeguarding of its revenues.

The OIG further recommends the following corrective actions:

Issue 1

1. Immediately invoice and collect from Amkin, the outstanding WSG parking revenue owed the City in the amount of **\$45,164.70** for September 2014 through March 2015.
2. Develop written procedures for ensuring that monthly parking card audits are conducted to ensure accuracy of revenue and verifies the status of parking access cards.

Issue 2

3. Ensure compliance with Section 122.202, City of Jacksonville Code of Ordinances, when implementing or marketing a new or special event rate.

Issue 3

4. A sense of urgency should be given for the implementation of the new billing subsystem "PARIS" within OPP to assist in bringing billings and collections into compliance with the SOPs.
5. Obtain and provide training to staff directly involved with billing and collection on the City's SOP, and incorporate the City's SOPs into OPP's procedures.

6. Immediately remove customers' dates of birth from the monthly parker information list that accompanies the invoices for corporate accounts.
7. Institute internal controls, including monthly card audits, as well as written procedures to ensure that parking access cards issued to external sources are fully documented and accounted for in a consistent manner.
8. Conduct a review of all parking access cards for accounting and confirmation purposes, deactivate any cards not currently in use and establish a written procedure to ensure accountability of all parking access cards.

Issue 4

9. Establish written procedures to implement a process within OPP for handling Rental Car agency Non-Liability and Penalty Disputes.
10. Process outstanding Rental Car agency citation revenue in accordance with Section 636.104.

IDENTIFIED, QUESTIONED AND/OR AVOIDABLE COSTS

Identified: Unbilled WSG Parking Revenue: \$45,164.70²²

Questioned: Unprocessed Citation Fees and Penalties (Minimum): \$2,000²³

Avoidable Costs: Unknown at this time

INSPECTOR GENERAL STANDARDS

Pursuant to the Commission for Florida Law Enforcement Accreditation, Inc. Inspector General Standard 6.02M (requires information be provided to individuals substantially affected by the findings, conclusions or recommendations), on March 30, 2015, the Office of Economic Development, City of Jacksonville, FL was provided the opportunity to submit a written explanation or rebuttal to the findings as stated in this Management Review within ten (10) calendar days. Their written response, in its entirety, is attached to this report.

²² On April 9, 2015, OED advised that invoices were sent to Amkin on April 2, 2015 for unbilled WSG Parking Revenue identified by the OIG Management Review.

²³ On April 9, 2015, OED advised that PennCredit will assume the handling of Rental Car affidavits and begin collection efforts.

On April 9, 2015, OED provided the following quoted responses, in pertinent parts, to the OIG:

Issue 1

1. *Invoices were sent to Amkin West Bay, LLC on April 2, 2015.*

OIG Response: The OIG has annotated the report accordingly.

2. *The Office of Public Parking has been working since August 2014 to replace its current billing software with a new system (PARIS from Integra Park), which will offer an opportunity to ensure monthly parking cards number of improvements to our current system.*

Issue 2

3. *The flat rate special event program is on the agenda at the April 2015 Downtown Investment Authority meeting and will be noticed to Council thereafter.*

Issue 3

4. *Implementing PARIS is a top concern of the Division. OPP plans to complete the process within by the end of second quarter of 2015.*
5. *The Public Parking Officer and his top staff have reviewed the SOP – Billing and Collections document. OPP is working with the Finance Department to provide training for all OPP staff who are involved in billing and collections.*
6. *This information will be removed for May invoices.*
7. *The Office of Public Parking is now issuing a receipt for card pickup by corporate customers.*
8. *A billing software system that is directly integrated with the access control system will automatically deactivate cards which are not paid or otherwise accounted for (e.g. cards issued to vendors or security services). This should be in place by the end of the 2nd quarter. All access cards used at the Water Street Garage (accounting for almost half of the OPP's customers) were recently reviewed as part of the card reader conversion project. New cards were not issued until billing and contact information was confirmed.*

Issue 4

9. *We are working with our Citation Management System vendor and collection agency to develop this process.*

10. Our collection agency (PennCredit) began operations on our behalf in January of 2015. PennCredit will take on the Rental Car affidavits and begin collection efforts with the named parties.

OIG Response: The OIG has annotated the report accordingly.

This Management Review has been conducted in accordance with the ASSOCIATION OF INSPECTORS GENERAL Principles & Quality Standards for Investigations.

GOVERNING DIRECTIVES
CASE NUMBER: 2015-0004

I. City of Jacksonville Code of Ordinances contains the following pertinent information:

Sections 112.102-105; 112.110 and 112.111, Part 1, Collection of Delinquent Bills or Court-Related Financial Obligations of Chapter 112, Claims by and against the City, Title V, Administration and Personnel

In general, Sections 112.102 – 112.105 outline the responsibilities related to billing and collection process for money that is owed to the City; the requirement for the assignment of a Responsible Billing Officer for each department, and also outlines the use of a collection agency by the City. It also sets forth the City's policy to require advance payments or deposits for all the City's services when applicable except when public policy dictates otherwise. Sections 112.110 and 112.111 address the collection and settlement of delinquent bills as well as outlining the conditions which to write-off uncollectible accounts.

Section 122.202 (a) & (b), Part 2, Municipal Parking Lots of Chapter 122, Public Property, Title V, Administration and Personnel

In general, this section outlines the requirements that the Economic Development Officer shall follow when implementing hourly, monthly, and special event rates for each municipal parking lot. It further sets forth the requirements of presenting any proposed rates to the Downtown Investment Authority Board for review and advisory recommendation with respect to such rates, as well as the notifications to the Council Secretary, Council Auditor, and Council Member prior to effecting the rates.

Section 24.103, Part 1, Department Established; Office of Director/Chief Financial Officer of Chapter 24, Finance Department, Title III, Executive Branch

In part, this section sets forth the Director of Finance's responsibility for maintaining accounting systems for the Consolidated Government, in accordance with generally recognized governmental accounting principles and procedures, keeping accounting records and exercising financial and budgeting controls.

Sections 636.102 thru 636.104, Part 1, Parking Violations of Chapter 636, Traffic and Parking, Title XVI, Judicial Code

In general, these sections set forth the duties and guidelines for Chief of Parking Facilities and Enforcement (to include the Public Parking Officer) related to the payment of parking citations and parking facility fees, late charges, and final notice, as well as citations that are deemed after diligent effort to be uncollectable.

II. COJ Policy(s), contain(s) the following pertinent information:

City of Jacksonville, Standard Operation Procedure (SOP), Cash Receipts

The SOP provides policy guidelines for establishing standards and control for the cash receipts, deposits and record keeping of all monies received by the City of Jacksonville. The policy and procedure applies to all Department/Divisions that have activities related to: cash receipts, deposits, and records keeping of monies received by the City of Jacksonville.

City of Jacksonville, Standard Operation Procedure (SOP), Billing and Collection

The SOP provides policy guidelines for establishing basic procedures associated with billing and collection of services rendered, citations, fines, liens, excise taxes, grants, etc. The policy and procedure applies to all Department/Divisions which provide billable services and other billings, to other Department/Divisions of the City of Jacksonville, and to external customers and the subsequent collection of financial obligations.



OFFICE OF ECONOMIC DEVELOPMENT
OFFICE OF MAYOR ALVIN BROWN
JACKSONVILLE, FL

MEMORANDUM

TO: Sheryl G. Steckler, Inspector General Advisor

FROM: Theodore N. Carter, Executive Director *TC*
Paul Crawford, Deputy Executive Director *PRC*
Jack Shad, Public Parking Officer *JLS*

SUBJECT: Management Review Case Number: 2015-0004 (CONFIDENTIAL)

DATE: April 9, 2015

Thank you for the opportunity to respond to your review and findings of the Office of Public Parking within the Office of Economic Development and for bringing several items to our attention.

The Office of Public Parking is a continually evolving organization that has transformed over the past few years into a progressive agency incorporating new concepts in meters, access and improvements to garages, and innovative parking programs. These efforts have led to an increase in garage occupancy of more than 50%, resulting in hundreds of thousands of dollars of new revenue generated. As you know, the Office of Public Parking is an Enterprise Fund and is responsible for funding its operations entirely through revenue it generates. After 2012, the Office of Public Parking has generated surplus revenue to return the fund to a positive cash position.

In addition, the Office of Public Parking has:

- Restored the Off-Street Parking Enterprise Fund (Sub-Fund 412) to a positive cash position for the first time since 2007.
- Took over operation of the Library Garage (which had been managed for years by a private company) leading to higher revenues and lower expenses.
- Leased long-vacant retail space in the Library Garage to Enterprise Rent-a-Car, providing a much more visible space for the company and over \$100,000 in rental revenue for the City over the term of the lease.
- Improved customer service, efficiency and security by converting garages and lots to automatic payment devices instead of manned booths.
- Helped introduce food trucks to downtown Jacksonville, resulting in increased street activity and vitality.

- Worked with the Cultural Council to provide space on parking garages for downtown murals.
- Installed the first electric vehicle charging stations in downtown Jacksonville at the Water Street Garage, using donations from CSX and federal grant funding.
- Helped City employees by offering a 50% discount on monthly parking at City-owned facilities as part of the legislation under Ordinance 2014-438.
- Assisted the Jessie Ball DuPont Foundation by providing parking for its landmark new nonprofit center in the former Haydon Burns Library as part of the legislation under Ordinance 2014-437.

Such growth and innovation demands diligent accounting and thorough adherence to procedures, which we continue to address as the Division grows. We offer the following steps that the Office of Public Parking is taking or has advanced to address the issues noted in your report.

Issue one points out that the City of Jacksonville is losing revenue due to the lack of billing of a significant user in the Water Street Garage (WSG). We have taken the following steps to address these recommendations:

1. Immediately invoice and collect from Amkin, the outstanding WSG parking revenue owed the City in the amount of \$45,164.70 for September 2014 through March 2015.
Invoices were sent to Amkin West Bay, LLC on April 2, 2015.
2. Develop written procedures for ensuring that monthly parking card audits are conducted to ensure accuracy of revenue and verifies the status of parking access cards.
The Office of Public Parking has been working since August 2014 to replace its current billing software with a new system (PARIS from IntegraPark), which will offer an opportunity to ensure monthly parking cards number of improvements to our current system. PARIS will be integrated with our access control system (SCAN from Federal APD), which will make card audits much easier to perform. Customers will have the ability to make online payments and receive e-mail notifications when payment has not been received.

Issue two references specific ordinance requirements for the establishment of special events rates. The Office of Public Parking has been testing the market's response to the \$250 rate referenced in the report. Based on the findings, the OPP is developing specific standards for implementing such a program and is requesting to add this item on the upcoming Downtown Investment Authority meeting.

3. Ensure compliance with Section 122.202, City of Jacksonville Code of Ordinances, when implementing or marketing a new special event rate.
The flat rate special event program is on the agenda at the April 2015 Downtown Investment Authority meeting and will be noticed to Council thereafter.

Issue three references the need for compliance with City Standard Operating Procedures (SOPs). Based on the interviews you conducted, compliance with City SOPs is clearly an issue that needs to be addressed. Once this came to our attention, Mr. Shad re-familiarized himself with the SOP for Billing and Collections as well as Cash Handling procedures. Mr. Shad was further instructed to ensure that his staff read and be familiar with these documents.

To further ensure that there is adequate knowledge of the City's accounting procedures within the Parking Division, we are working with the Accounting Division to continue training on the City's SOP's. This training will begin to identify potential improvements in billing and accounting for monies due the City. This training may also expose other Departments/Agencies to the new billing software (PARIS) that the Parking Division has been working to implement. This software will resolve several of the issues identified related to record keeping.

4. A sense of urgency should be given to implementation of the new billing subsystem "PARIS" within OPP to assist in bringing billing and collections into compliance with the SOPs.

Implementing PARIS is a top concern of the Division. Migrating a billing system is a complicated project, involving several different City departments and outside vendors (including the PARIS vendor, access control system vendor, and credit card processor). OPP plans to complete the process within by the end of second quarter of 2015.

5. Obtain and provide training to staff directly involved with billing and collection on the City's SOP, and incorporate the City's SOP into OPP's procedures.

The Public Parking Officer and his top staff have reviewed the SOP – Billing and Collections document. OPP is working with the Finance Department to provide training for all OPP staff who are involved in billing and collections.

6. Immediately remove customers' dates of birth from the monthly parker information list that accompanies the invoices corporate accounts.

This information will be removed for May invoices.

7. Institute internal controls, including monthly card audits, as well as written procedures to ensure that parking access cards issued to external sources are fully documented and accounted for in a consistent manner.

The Office of Public Parking is now issuing a receipt for card pickup by corporate customers. Implementation of the new billing system will make monthly card audits much easier.

8. Conduct a review of all parking access cards for accounting and confirmation purposes, deactivate any cards not currently in use and establish a written procedure to ensure accountability of all parking access cards.

A billing software system that is directly integrated with the access control system will automatically deactivate cards which are not paid or otherwise accounted for (e.g. cards

issued to vendors or security services). This should be in place by the end of the 2nd quarter.

All access cards used at the Water Street Garage (accounting for almost half of the OPP's customers) were recently reviewed as part of the card reader conversion project. New cards were not issued until billing and contact information was confirmed.

Issue four highlights that the Parking Division has not processed Rental Car Agency declarations since November 2013. This issue was primarily due to employee turn-over, as the individual responsible for this task left the Parking Division in November 2013 and the employee's replacement was not aware of this element of his/her job. Furthermore, the recent hiring of a collection agency for the delinquent parking citations will result in this issue being resolved.

9. Establish written procedures to implement a process within OPP for handling Rental Car agency Non-Liability and Penalty Disputes.

We are working with our Citation Management System vendor and collection agency to develop this process.

10. Process outstanding Rental Car agency citation revenue in accordance with Section 636.104.

Our collection agency (PennCredit) began operations on our behalf in January of 2015. PennCredit will take on the Rental Car affidavits and begin collection efforts with the named parties.

Overall, we are proud of the Office of Public Parking's efforts to improve downtown parking and to generate revenue for the City. We have received your recommendations and are working diligently to implement them. We believe that the City benefits from your efforts in helping to find better and more efficient ways to perform organizational duties.