



INTERNAL AUDIT REPORT

COMPREHENSIVE OPERATIONAL AUDIT AIRPORT PUBLIC PARKING OPERATION

JANUARY 1, 2013 – APRIL 11, 2014

**ISSUE DATE: MAY 20, 2014
REPORT NO. 2014-03**

TABLE OF CONTENTS

TRANSMITTAL LETTER 3

EXECUTIVE SUMMARY 4

BACKGROUND 5

AUDIT SCOPE AND METHODOLOGY 5

CONCLUSION 7

TRANSMITTAL LETTER

Audit Committee
Port of Seattle
Seattle, Washington

We have completed an audit of Airport Public Parking Operation, which is within the Landside Operations Department.

We reviewed information relating to public parking revenue from January 1, 2013 - April 11, 2014.

We conducted the audit in accordance with Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We extend our appreciation to the management and staff of Public Parking, Employee Parking, Aviation Maintenance, and Accounting and Financial Reporting (AFR) for their assistance and cooperation during the audit.



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Internal Audit, Director

AUDIT TEAM:

Benjamin W. Wolfgram, Internal Auditor
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RESPONSIBLE MANAGEMENT TEAM:

Diane Santiago, Manager, Landside Operations
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EXECUTIVE SUMMARY

AUDIT SCOPE AND OBJECTIVES

The purpose of the audit was to determine whether:

1. Airport public parking operation management controls are adequate to ensure:
 - Parking exception transactions are properly reviewed, approved, and documented.
 - Recorded cash and credit card transactions are reconciled to bank deposits.
 - Parking fees are charged in compliance with Commission-approved tariff rates.
2. The parking revenue system completely captures a record of each vehicle exiting the parking garage.

We reviewed Airport Public Parking information for the period January 1, 2013 - April 11, 2014.

BACKGROUND

The Port of Seattle owns and operates the Seattle-Tacoma International Airport (STIA) parking garage. Airport Public Parking, which is within the Landside Operations Department, manages the day-to-day receipting operation of the parking garage. Commission-approved Airport Tariff No. 1 establishes the schedule for parking rates. Excluding exception transactions, the system automatically calculates parking fee based on the parking location and duration of the stay.

Airport Public Parking uses an automated parking revenue system to process parking transactions and to report parking revenue. Aviation Maintenance Electronics Technicians (ETs) provide technical support to the automated system. Public Parking has three revenue control auditors who monitor the cashiers' daily parking transactions, with a focus on exception transactions, such as lost or unreadable tickets. Airport Public Parking also works closely with the Accounting and Financial Reporting (AFR) Department, to reconcile parking revenue and credit card payments.

Annual airport parking revenue of \$50 million is the single largest source of revenue generated from a Port-operated activity and is a significant portion of total Port revenue. Credit cards are the most common method of payment, comprising almost 95% of total parking receipts in 2012 and 2013.

AUDIT RESULT SUMMARY

Management controls are adequate to ensure that exception transactions are properly reviewed, approved and documented, recorded cash and credit card transactions are reconciled to bank deposits, and parking fees are charged in accordance with the Commission-approved tariff. The tube-counting devices captured 99.2% of the vehicles exiting the garage when compared to the vehicle records captured in the parking revenue system.

BACKGROUND

The Port of Seattle owns and operates the Seattle-Tacoma International Airport (STIA) parking garage. Airport Public Parking, which is within the Landside Operations Department, manages the day-to-day receipting operation of the parking garage. Commission-approved Airport Tariff No. 1 establishes the schedule for parking rates. Excluding exception transactions, the system automatically calculates parking fee based on the parking location and duration of the stay.

Public Parking uses an automated parking revenue system to process parking transactions and to report parking revenue. Aviation Maintenance Electronics Technicians (ETs) provide technical support to the system. Public Parking has three revenue control auditors who monitor cashiers' daily parking records, with a focus on exception transactions, such as lost and unreadable tickets. Public Parking also works closely with the Accounting and Financial Reporting (AFR) Department to reconcile parking revenue and credit card payments.

In addition to fee-paying customers, there are programs offering free parking privileges to those with legitimate Port-related or sponsored business at the airport. These programs include validations for organizations such as Port Jobs and the USO. Airport employees also do not pay and have access cards to the garage. There are a number of payment methods: payment can be through the Pay-on-Foot (POF) machines (credit cards only), which are located inside the parking garage, cashiers at the Toll Plaza exit lanes, or credit card inserted into readers at the exit lanes. Excluding exception transactions, the system automatically calculates parking fee based on the parking location and duration of the stay. Further, some exception transactions require the approval of a parking supervisor.

FINANCIAL HIGHLIGHTS

Annual airport parking revenue of \$50 million is the single largest source of revenue generated from a Port-operated activity and is a significant portion of total Port revenue. Credit cards are the most common method of payment, comprising almost 95% of total parking receipts in 2012 and 2013.

PUBLIC PARKING RECEIPTS				
Payment Type	2012 Receipts	Share	2013 Receipts	Share
Cash	\$2,925,112	5.5%	\$2,874,971	5.2%
Credit Card	50,725,355	94.5%	52,655,053	94.8%
TOTAL	\$53,650,467	100.0%	\$55,530,023	100.0%

Data Source: Port Parking Revenue System

AUDIT SCOPE AND METHODOLOGY

Our audit focused on management controls over parking receipting operations, utilizing system reports and other information. This audit is the first audit of a complete review of the parking

revenue system. A second audit with an information technology focus is under consideration as part of our 2014 work plan.

We reviewed information for the period January 1, 2013 - April 11, 2014. We utilized a risk-based audit approach from planning to testing. We gathered information through interviews, observations, analytical procedures, and reviews of department policies and procedures, in order to obtain a complete understanding of the Airport Public Parking operation. We assessed risks and identified management controls established to mitigate related risks. We tested and evaluated whether the controls were functioning as intended.

We applied additional detailed audit procedures to areas with the highest likelihood of significant negative impact as follows:

1. To determine whether airport public parking operation management controls are adequate to ensure:
 - Parking exception transactions are properly reviewed, approved, and documented.
 - Recorded cash and credit card transactions are reconciled to bank deposits.
 - Parking fees are charged in compliance with Commission-approved tariff rates.

We selected a sample of four days between January 1, 2013, and April 11, 2014, and reviewed system daily records to verify that management controls were functioning as intended. We tested daily cashiers' reports and records to determine whether there was:

- Proper documentation and authorization of exception transactions.
- Tracking of change funds.
- Appropriate use and documentation of supervisor access cards.
- Effective reconciliation of receipts to deposits.
- Adequate daily review or monitoring by the parking revenue control auditors.
- Daily reconciliation of credit card receipts to transaction records and bank deposits.

We also tested revenue transactions for one of the sample days and verified that parking fees charged were in accordance with the Commission-approved tariff rates.

2. To determine whether the parking revenue system completely captures a record of each vehicle exiting the parking garage.

We employed a contractor to count vehicles exiting the parking garage facility from each of the 14 Toll Plaza exit lanes using pneumatic tube counting devices. We conducted the test without interruption (i.e., 24/7) for a period of four weeks from March 15, 2014 - April 11, 2014. We retained video footage for the entire testing period of all exiting vehicles and used the footage where necessary to verify the counts.

We compared the results to the count of exiting vehicles, as recorded by the parking system in the table that logs non-financial parking events, to determine whether the system has a record for each exiting vehicle.

CONCLUSION

Management controls are adequate to ensure that exception transactions are properly reviewed, approved and documented, recorded cash and credit card transactions are reconciled to bank deposits, and parking fees are charged in accordance with the Commission-approved tariff. The tube-counting devices captured 99.2% of the vehicles exiting the garage when compared to the vehicle records captured in the parking revenue system.