

**DEPARTMENT OF PARKING AND TRANSPORTATION
SERVICES
AUDIT OF BUSINESS PROCESSES**

THE UNIVERSITY OF NEW MEXICO

**Report 2005-13
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The University of New Mexico

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ABBREVIATIONS

Parking Services.....	Department of Parking and Transportation Services
UBP.....	University Business Policies and Procedures Manual
UNM.....	The University of New Mexico
HR.....	Department of Human Resources
HSC.....	University of New Mexico Health Sciences Center
NMSA.....	New Mexico Statues Annotated

EXECUTIVE SUMMARY

The Department of Parking and Transportation Services (Parking Services) was selected for audit as part of the Internal Audit Department's audit plan for fiscal year 2005. Parking Services is functionally structured under the Executive Vice President for Administration, is administratively managed by the Associate Vice President for Auxiliary Enterprises, and is operationally managed by the Director of Parking Services. We limited our review to the Parking Services of the main campus at The University of New Mexico (UNM). We did not review transportation operations or the parking operations at Athletics, Continuing Education, or UNM Hospitals.

Parking Services does not have a complete written business policies and procedures manual. In instances where written procedures do not exist, we used standard internal control principles and best practices concepts as the criteria for our evaluation. Parking Services should continue to document policies and procedures, implement appropriate internal controls, and organize and maintain the office in a manner conducive to business operations. Once a policies and procedures manual is completed, we will follow up to review the documented procedures. The following summary provides management with an overview of conditions requiring attention.

OUTSTANDING PARKING TICKETS

Parking Services should implement an action plan to collect the approximately \$500,000 in outstanding citation fees occurring in the previous three years. Parking Services responded with plans to develop a proactive process to identify undocumented vehicles and collect outstanding fines.

CASH CONTROLS

Parking Services Management should tighten internal controls over cash handling, including segregation of duties and access to the vault room and safe. Parking Services responded that they will further segregate duties and provide more supervisory review throughout the business processes.

OTHER INTERNAL CONTROLS

Parking Services Management should document business policies and procedures; reconcile parking data with University systems; improve the reconciliation process for payroll deductions; and tighten controls over parking permits on hand. Parking Services stated that they will complete the Business Services Division Operating Procedures Manual by the end of fiscal year 2005-06, perform more reconciliation of processes, and implement monthly audits of permits on hand. The Associate Vice President of Financial Services stated that they will make every effort to integrate the parking management system within the Banner implementation.

SPECIAL PERMITS

Management should enhance control over Special Guest Permits assigned to the President's office, and develop written policies for Official "O" permits administered by the Associate Vice President for Auxiliary Enterprises. The Office of the President stated that they will develop a set of written policies and implement the recommendation to transfer administration of Special Guest Permits to the Associate Vice President for Auxiliary Enterprises. The Associate Vice President for Auxiliary Services responded that they have established guidelines for "O" permits, and will develop a brochure summarizing the guidelines for acceptable use of the permits.

EFFECTIVENESS & EFFICIENCY OF BUSINESS OPERATIONS

Parking Services should increase the effectiveness and efficiency of the business operations by increasing cross training of personnel, strengthening the waiver process, and cleaning and organizing the business office. Parking Services responded that they will take steps to more effectively organize its records and provide cross training for its personnel.

UNIVERSITY-WIDE ISSUES

The UNM Policy Office has issued a draft policy on background checks for job applicants or employees holding critical positions. The Executive Vice President for Administration should expedite the process of approval and implementation of a policy on background checks. The Executive Vice President for Administration responded that the policy is in its final stages of review.

The Associate Vice President for Financial Services should review the safety and security procedures for transportation of cash deposits to the Bursar's Office. The Associate Vice President of Financial Services responded that they will explore alternative cash transportation methods with UNM Police.

INTRODUCTION

BACKGROUND

Parking Services supports the mission of UNM by providing safe and efficient access to University facilities and services for faculty, staff, students, and visitors. Parking Services is a business auxiliary service of UNM, responsible for managing approximately 10,000 parking spaces on the north, south, and main campuses. Parking Services provides shuttle bus service to parking lots located off campus, enforces parking regulations, and manages parking arrangements for University events. Parking resources not managed by the Department of Parking and Transportation Services include Athletics, Continuing Education, and UNM Hospitals.

Gross revenue for Parking Services as of the fiscal year ended June 30, 2005, was \$4,579,683 consisting of: \$2,696,306 in Permit Sales, \$1,059,560 in Visitor and Event Parking Revenue, \$565,618 in Citation Fee Revenue, and \$258,199 in Metered Parking Revenue.

The Department of Parking and Transportation Services is organized into five divisions: Administration, Business Services, Transportation, Enforcement, and Facilities.

The Administration Division is responsible for making strategic management decisions as well as offering recommendations to the Associate Vice President for Auxiliary Enterprises. The division is comprised of the Director, Associate Director, Events Coordinator, Public Information Representative, and two Administrative Assistants.

The Business Services Division is responsible for issuing parking permits, receiving payment for citations and collecting parking fees at the visitor lots. Personnel in the Business Services Division include the Business Manager, System Administrator, Accounting Technician, Cashier Supervisor, Customer Service Desk Assistants, and Cashiers.

The Transportation Division is responsible for providing safe and efficient transportation. Services include shuttles to off-campus parking lots, intra campus shuttles, and shuttles for University special events. The Enforcement Division enforces the UNM Parking Regulations by issuing citations, and the Facilities Division ensures that parking lots are safe and in good repair, and that equipment such as meters and gates work properly.

The parking system at UNM operates on a zone system which divides the campus, excluding UNM Hospital, into parking zones. Parking at UNM requires display of a valid parking permit for a particular zone. Permits are sold by Parking Services to students, faculty and staff, and comprise the main source of revenue for the department. Permits may be purchased online, over the counter, or through payroll deduction for faculty and staff. Issued permits are tracked through the parking management software, which interfaces with other business systems throughout the University. Scarce parking resources and high demand for those resources create a challenging environment for the management of Parking Services. Despite the challenges, Parking Services was voted best department at UNM in the 2005 Lo Mejor student survey conducted by the Daily Lobo.

PURPOSE

The purpose of our audit is to review operations of Parking Services to determine whether adequate policies and procedures are in place and whether the department is compliant with these policies and procedures. Our recommendations will assist Parking Services in meeting the challenges of managing scarce resources.

SCOPE

Our audit was limited to a review of Parking Services business operations at the University of New Mexico main campus. We did not review transportation operations or the parking operations at Athletics, Continuing Education, and UNM Hospitals. The audit period was the fiscal year ended June 30, 2005, with fieldwork completed on September 26, 2005. This report does not include our findings from the audit of Information Technology at Parking Services. We will address those findings in a separate report.

OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

OUTSTANDING PARKING TICKETS

NMSA 1978, §29-5-1 grants the Board of Regents of the University the authority to promulgate regulations governing the operation of motor vehicles on University property, including the issuance of traffic citations for violation of those regulations. In addition, under Article IV, Sec. 32, of the New Mexico State Constitution “no obligation or liability of any person, association or corporation ... owed by, or owing to the state ... shall ever be exchanged, transferred, remitted, released, postponed ... or extinguished, except by the payment thereof into the proper treasury, or by proper proceeding in court.”

Some parking citations are issued by Parking Services Enforcement Officers to individuals who do not have an official association with UNM. Collection of parking citations generally poses no problem if a vehicle owner has a connection to the University and is on record within the parking management system. If the vehicle owner has no connection with the University, is unknown, or is otherwise not recorded in the parking management system, Parking Services does not pursue collection unless the vehicle accumulates four citations. This approach appears to be inconsistent with the statute quoted above.

Parking Services has been accumulating outstanding parking citation fees. The three most recent calendar years show the following outstanding citation fees, including citations issued at the UNM Hospitals: \$115,610 for January through May 2005, \$230,544 for 2004, and \$240,735 for 2003.

Recommendation 1

We recommend that Parking Services Management develop an action plan to collect outstanding parking citations when vehicle owners are unidentified. The plan should include a process to identify vehicle owners, determine whether there is an association with UNM, invoice the owners for the citation amounts, and follow up with collection. Management might consider using a third party vendor to manage this process.

Response from the Director of the Department of Parking and Transportation Services

UNM Parking and Transportation Services (the Department) has employed a multiphase collection process that is aligned with the mission of the Department as well as that of UNM. Parking Services is also developing a new proactive process to attempt to identify undocumented vehicles with one or more violations through state motor vehicle records so that they can be matched to a campus user and the fines collected. To ensure that its processes are in compliance with State Law, Parking and Transportation Services will present an outline of the system to University Counsel for their review.

CASH CONTROLS

Segregation of Duties

University Business Policies and Procedures Section 3.3. “Cash Management” Policy 7200 UBP reads as follows:

Duties for receiving and recording monies must be segregated. No single employee should be in a position that allows the employee to both receive money and record the payment into the financial system. This segregation of duties preserves responsibility and accountability and is necessary to ensure that a person who has access to monies cannot conceal a fraud or error. When the size of a department does not allow for proper segregation of duties, the Controller's Office will provide assistance in designing systems, which ensure adequate internal control.

We observed the following segregation of duties concerns during the course of our audit:

- Two cashiers in the business office are responsible for receiving monies, verifying daily reconciliation reports, and recording the monies on departmental money lists.
- The lead cashier verifies daily reconciliation reports and prepares departmental money lists for the visitor booth and the Cornell parking structure, and acts as a cashier in the main office. As a compensating control, the lead cashier and accounting clerk review money lists prepared by the other, however, there is no higher-level supervisory review of the reconciliation reports or the money lists.
- The accounting clerk serves as a front office cashier and prepares money lists for the main office, the foot pay stations, and for all credit card activity. The lead cashier reviews reports prepared by the accounting clerk, while the accounting clerk reviews the lead cashier's reports. There is no management level review of reports prepared by either the lead cashier or the accounting clerk.
- Although there are video cameras that record all activity by the cashiers, there is no process for random reviews of the videotape.
- The business manager at Parking Services has access to both coin collected from parking meters and cash used in the pay on foot stations; and is responsible for reconciling and recording revenue earned by the pay on foot stations and the parking meters.

Without proper segregation of duties, the risk of theft of funds is increased. These control issues exist because the department's size makes segregation of duties challenging. The department has not developed clear written business procedures that separate the record keeping and cash handling duties, and there are no clear job descriptions to prevent incompatible functions. Proper segregation of duties requires reorganization of work in the office and restructuring of tasks assigned to each person.

Recommendation 2

We recommend Parking Services Management strengthen internal controls over cash by designing and implementing additional segregation of cash handling and record keeping functions, and supervisory review of money lists and reconciliation reports.

Response from the Director of the Department of Parking and Transportation Services

Parking and Transportation Services agrees that because it is a small department, adequate segregation of duties can be very challenging. In response to the recommendation, we have improved our processes by further segregating duties and including more supervisory review at several stages in the process. We will request review of the new process by the Controller's Office, in keeping with UBP 7200 (3.3), "Cash Management."

Access to Vault Room and Safe

A vault or safe is necessary in business operations that collect cash or maintain physical custody over other valuable assets. Access to the vault should be restricted to those with a legitimate need to access safe contents in order to perform their job duties.

The Parking Services vault room is located in the business office and contains a safe-style locking file cabinet and a main vault. The locking file cabinet stores the daily cash receipts from visitor lots and main office cash registers, a petty cash fund, and temporary permits. The file cabinet also contains clutter such as loose papers, expired parking permits, and old files. It functions as a catchall depository for lost and found items, while cashiers' change funds are stored on a shelf above the main vault. Although the vault room is secure with a locking door, as noted below, there are several employees authorized to access the vault room and its contents, including the change funds.

We observed that there are five Parking Services employees who have access to the vault room and the safe: the cashier supervisor, the lead cashier, the accounting clerk, and two administrative assistants. The administrative assistants occasionally perform cashier duties. A control weakness exists when individuals outside the cashiering function have access to the vault. Control weaknesses also exist when individuals with record-keeping duties have access to the vault, as is the case with the accounting clerk. Multiple persons have access to the vault for convenience. Failure to restrict access to the vault room creates an unsecured environment making it more difficult to establish accountability and increasing the potential for theft.

Recommendation 3

We recommend Parking Services Management restrict access to the vault room and the safe only to personnel whose duties include working with cash transactions on a daily basis. These personnel should not include employees responsible for recording transactions in the financial system. We also recommend Parking Services management ensure the vault room, the locking file cabinet and the safe are organized and cleared of items not related to the cash function, and that cash is secured at all times in the locking file cabinet or the safe.

Response from the Director of the Department of Parking and Transportation Services

Parking and Transportation Services agrees that access to the vault room and to the safe can be more limited. Access has therefore been removed for the two administrative assistants. We also agree that persons responsible for recording transactions in the financial system should not have access to the vault. We are addressing this in our plan for further segregation of duties.

OTHER INTERNAL CONTROLS

Documented Office Policies and Procedures

Parking Services does not have a written policies and procedures manual for Business Services Operations. Although Parking Services has documented many business procedures, they have not consolidated them into a written policies and procedures manual. The delay in producing a written manual was due in part to changing policies resulting from implementation of Banner and other Project Link information systems.

Well-documented policies and procedures provide employees with guidance on performance of their duties, provide structure and organization to the office, and contain the basis for disaster recovery planning. Inconsistent application of policies and procedures generally occurs when there is inadequate documentation. Absent documented policies and procedures, there is substantial risk of business interruption should there be excessive turnover of key personnel. Documented policies and procedures assist in training and discipline as they set precedent and serve as the authority for how to conduct business.

Recommendation 4

We recommend that Parking Services Management continue to document policies and procedures, and consolidate them into a written manual for business operations. The policies and procedures manual should include flowcharts or descriptions of key business processes, such as sales of parking permits, parking meter collections, reconciliation of daily cashiers reports, and other key business processes. The manual should establish responsibility for carrying out the procedures and should be consistent with policies and procedures contained within the University Business Policies and Procedures Manual.

Response from the Director of the Department of Parking and Transportation Services

Parking and Transportation Services will take the necessary measures to complete the draft of its Business Services Division Operating Procedures Manual by the end of the fiscal year 2005-06. Prior to finalizing the document, the Department will request review by the Controller's Office to ensure compliance with UBP. The Department will also provide updated training for all Business Services Division staff prior to the commencement of the fall 2006 term.

Reconciliation of Parking Management System Data

Parking Services uses a computerized parking management system that performs the following parking functions:

- Maintains parking records and data
- Administers permit sales and issuance
- Maintains parking rate schedules
- Manages parking citations
- Manages parking space allocation
- Manages a host of other parking administration functions

Parking Services purchased the parking management system from an outside software vendor approximately five years ago. Vendor support for the software is limited and costly.

The parking management system is set up to interface with many University systems and programs outside Parking Services. At present, there is either limited or no reconciliation of data exchanges between the parking management system and other University systems. Systems in need of reconciliation include citation revenue collected with amounts recorded as revenue by the Bursar; payroll deductions as recorded in the parking management system with payroll records on the HR payroll system; and permit sales per the parking management system to revenues recognized in the financial accounting system.

Accuracy and confidence in management reports depend on reconciliation and verification of amounts entered in the parking management system. Effective internal control includes regular reconciliation of parking data with interfacing University systems. Even though the parking management system contains many features that could assist in reconciliation between systems, we observed that the system is not being used to its full potential. Some processes are reconciled upon entry into the parking system; however there is no overall reconciliation of subsidiary ledger data with the general ledger system.

Recommendation 5

We recommend that Parking Services Management design and implement reconciliation processes to validate the integrity of data entered into the parking management system as it relates to and integrates with interfacing University systems. Reconciliation should be performed at frequent intervals such as monthly or quarterly, with a comprehensive review of the reconciliation process done annually.

Response from the Director of the Department of Parking and Transportation Services

Parking and Transportation Services presently conducts regular reconciliation of Parking Management System Data. Frequency is determined by the time required for reconciliation, availability of data from other University systems, and Department staffing levels. For particularly labor-intensive reconciliation processes, the Department reconciles annually and takes corrective action. Parking and Transportation Services plans to acquire and implement an update of the Parking Management System that will allow integration with Banner to improve the reconciliation process. Until that goal can be achieved, reconciliations will be done quarterly.

Payroll Deduction Process

As of June 30, 2005, there were sixty-one (61) instances of employees listed as paying for permits through payroll deduction but not enrolled in the automated payroll deduction program through the Payroll Department. Some of these occur when employees leave UNM employment; however, each instance is a potential failure to collect the cost of permits. At year-end, the system administrator individually investigates each instance to determine whether the permit costs were properly deducted from the paychecks.

Payroll deduction data from the parking management system and the human resource system is only reconciled once a year. There is no process for timely reconciliation of actual payroll deductions with manual forms submitted to the Payroll Department. To effectively prevent errors the two systems should be reconciled on a more frequent basis.

Per Parking Services Management, the Payroll Department requires the use of manual forms to enroll employees for payroll deduction. We observed that the parking management system is capable of administering the payroll deduction process, and thus, eliminating the need for manual forms. The continued use of manual forms increases the potential for lost revenue from failure to properly deduct the cost of parking permits from faculty and staff paychecks.

Recommendation 6

We recommend Parking Services Management work with the Payroll Department toward a solution allowing effective reconciliation of the parking management system with the Payroll Department system. We recommend reconciliation of payroll deductions per the parking management system with the Payroll Department records on a monthly or quarterly basis.

Response from the Director of the Department of Parking and Transportation Services

Parking and Transportation Services agrees that reconciliation of payroll deduction data between the parking management system and the human resources system should be done more frequently than annually. We will begin to prepare these reconciliations on a quarterly basis.

Recommendation 7

We recommend that the Payroll Department work with Parking Services to determine whether there may be a better method of facilitating the payroll deduction process and reconciliation, possibly using the parking management system.

Response from the Associate Vice President of Financial Services

The HR/Payroll module of the Banner System is currently being implemented with a 'go-live' date of January 1, 2007. The Payroll Department will make every effort to integrate the parking management system within the Banner implementation.

Parking Permit Inventory on Hand

Parking Services determines parking permit requirements at the beginning of the permit year and places an order with a printing company. The printer physically controls the permit inventory and issues the permits in sequential order as they are purchased. Most parking permits are purchased online and the printer ships them directly to the purchaser. However, some types of permits are physically on hand at Parking Services. These permit are secured in the vault and include Special Guest permits, Official "O" permits, TVI permits, Regents permits, motorcycle permits, EMBA permits, vendor permits, and a variety of other special permits.

Parking permits have an inherent value, ranging from \$49 for motorcycle permits to \$1,355 for structure reserved spaces, and, therefore, should be controlled and accounted for in a precise and orderly manner. We observed several control issues concerning the stock of permits on hand. Although the permits are sequentially numbered, we noted gaps in sequence indicating the permits are issued out of order. Physical inventory of permits on hand and reconciliation to inventory records is only performed once a year. Furthermore, permits on hand are not reconciled with permits recorded in the parking management system on a regular basis. Failure to adequately control permit inventory could result in theft of permits, lost revenue, or issuance of permits in excess of available parking spaces.

Recommendation 8

We recommend Parking Services maintain proper control over permits by issuing permits on hand in sequential order, performing physical inventory on a monthly basis, reconciling the permits on hand with the parking management system, and investigating any gaps in the sequence of permits.

Response from the Director of the Department of Parking and Transportation Services

Parking and Transportation Services agrees that consistent issuance of permits in sequential order would improve control over these assets. Gaps in sequence for permits issued may be avoided by using a different method of bundling of inventoried permits. The Department will work with the permit printer to determine a more effective way to bundle the permits that are shipped to the Department for on-hand inventory. The Department will implement monthly audits for all permit types.

SPECIAL PERMITS

Official “O” Permits

Official “O” Permits exist for the convenience of University employees who conduct official business on campus. The permits, administered by the Associate Vice President for Auxiliary Enterprises, are restricted to a handful of people whose job duties require travel throughout campus. “O” permits are valued at the standard rate for a surface lot parking permit and are paid for by the individuals to whom they are issued. The permit holder can park in any UNM parking lot and in official spaces, but the permits are not valid for parking in reserved spaces, parking meters or handicapped parking. No written policies exist on issuing and administering “O” type permits. Management has not established policies on eligibility and acceptable usage of the permits. These issues are currently determined on an informal basis by the Associate Vice President for Auxiliary Enterprises. The absence of a clear written policy that is consistently applied could result in a negative perception concerning the assignment and use of these permits.

Recommendation 9

We recommend that the Associate Vice President for Auxiliary Enterprises develop and implement written procedures for who is eligible for “O” permits and the acceptable use of these permits.

Response from the Associate Vice President for Auxiliary Enterprises

The Associate Vice President for Auxiliary Enterprises agrees that written procedures for “O” permit eligibility and use would be beneficial. Eligibility guidelines authorizing issuance of “O” permits have been drafted, establishing eligibility for the President, Executive Vice Presidents, Vice Presidents, and Associate Vice Presidents. Requests from other individuals will be considered on a case by case basis with “critical and continuing University business need” as the primary consideration. Acceptable use of the permits is governed by the UNM Parking Regulations. To further assist “O” permit-holders, the Department will develop a brochure summarizing guidelines for acceptable use. The brochure will be distributed with all “O” permits, effective immediately.

Special Guest Permits

Special guest permits were created to afford the Office of the President flexibility in providing parking access to legislators and State Officials visiting the University. The permits are granted on an annual basis and allow the holder to park in any surface lot at UNM.

Upon request, the Parking Services assigns the special guest permits in bulk to the Office of the President. The Office of the President is responsible for administration of special guest permits, which included 250 special guest permits for the 2004 – 2005 fiscal year. The Office of the President has control over the permits to allow ease of issuance and to afford some confidentiality to the special guests.

All parking permits at UNM have value and are subject to control processes, including detail inventory lists, assignment of permits, periodic physical inventory and control over custody of permits. There are separation of duty concerns over custody of the special guest permits and record keeping, and there are no written policies or procedures on issuing and administering the permits.

Recommendation 10

We recommend that the Office of the President transfer responsibility for administration and control of the Special Guest Permits to the Associate Vice President for Auxiliary Enterprises. The Office of the President would request the special guest permits at any time; however, the physical custody of permits, the inventory list, and the assignment control lists would be kept in the office of the Associate Vice President for Auxiliary Enterprises. We recommend that the Office of the President develop written policies on the issuance and terms of use for special guest permits, including taxation of fringe benefits should any special guest permits be issued to University employees.

Response from the Office of the President

Regarding the Preliminary Report, Department of Parking and Transportation Services Audit of Business Processes, our office is in agreement with Recommendation 10, which states:

We recommend that the Office of the President transfer responsibility for administration and control of the Special Guest Permits to the Associate Vice President for Auxiliary Enterprises. The Office of the President would request the special guest permits at any time; however, the physical custody of permits, the inventory list, and the assignment control lists would be kept in the office of the Associate Vice President for Auxiliary Enterprises. We recommend that the Office of the President develop written policies on the issuance and terms of use for special guest permits, including taxation of fringe benefits should any special guest permits be issued to University employees.

We will develop a set of written policies that will be done by January 15, 2006 and forwarded to your office.

EFFECTIVENESS & EFFICIENCY OF BUSINESS OPERATIONS

Business Office

An organized and clean workplace is conducive to a productive, effective, and efficient business operation. The cleanliness and organization of the work environment has an impact on employee morale and productivity, and can influence the entire tone of the office. We noticed a few instances at Parking Services that could hinder an effective and efficient business operation.

There are numerous boxes of old parking stubs and cashiers reports stacked in the hallway and blocking walkways, which gives the office an appearance of disorganization. Failure to maintain clear pathways in the office increases the potential for accidents leading to increased liability insurance premiums. Use of office space could be more efficient by establishing filing systems and storing files offsite or in the basement. To facilitate this, there should be a process in place

for filing, storing, archiving, or destroying old files. The entire office could benefit from regular cleaning and better organization, including the vault room and the cashier booth at the Cornell parking structure.

Recommendation 11

We recommend Parking Services Management organize the business office and other facilities, including establishing a record retention and storage policy, setting up a filing system, and conducting regular thorough cleanings.

Response from the Director of the Department of Parking and Transportation Services

Parking and Transportation Services agrees with this finding and has taken steps to more effectively organize its records. The Department is developing a new process where all records required for daily operations will be organized and stored for easy accessibility. All other records will be logged and transferred to Records Management on a frequent, regular basis, allowing the Department to maintain a clean and efficient work environment. This new process will be documented and added to the Business Services Division Operating Procedures Manual.

Cross Training

Parking Services is at risk for business interruption because knowledge of key processes vests with a few select employees. Cross training in key processes is necessary to prevent business interruption in the event of employee turnover. We noted two instances where there is considerable risk of business interruption should the employee be unable to perform his duties.

1. The business manager is the only employee with the requisite knowledge and skill to reconcile online transactions and upload accounting data to the Bursar's Office.
2. The system administrator is the only employee with knowledge of key processes and administration of the parking management system.

Inadequate cross training could result in interruption of business services, costly training and consultation issues with software vendors, and inefficient use of departmental resources in recovering from the disruption.

Recommendation 12

We recommend Parking Services Management provide cross training for key positions and processes to minimize the risk of business interruption should there be turnover in key employees. Management should take care, however, to maintain proper segregation of duties when developing adequate coverage for key functions and positions.

Response from the Director of the Department of Parking and Transportation Services

Parking and Transportation Services agrees that cross training is important for the key positions noted and has already completed some of this work. The System Administrator is capable of assuming the key Business Manager duties specifically mentioned in the report. The IT support tech is being trained on the key processes and administration of the parking management system in support of the System Administrator. The Department will continue its efforts to identify and implement cross-training opportunities for these and other positions.

Waiver Process

Parking Services maintains a waiting list for available parking spaces because parking resources at UNM are scarce. The assignment of available parking spaces to individuals on the waiting list is based on availability of parking spaces and an individual's length of time on the waiting list. Occasionally the waiting list process is waived and employees are given a parking permit based on special circumstances.

Four individuals have the ability to grant waivers including the Director, Associate Director, Business Manager, and System Administrator. Parking Services has developed written waiver procedures with six criteria for determining waivers as follows:

1. The requesting office.
2. The employee's job function.
3. Employee's shift as it pertains to shuttle operating hours.
4. Employee's work location.
5. The presence and length of the permit waiting list.
6. Extenuating circumstances, such as child and elder care arrangements.

These written procedures provide limited guidance for determining waivers and do not clearly define circumstances that qualify for waiver.

Recommendation 13

We recommend Parking Services Management develop more specific criteria for granting waivers. The waiver process should be centralized with authority to grant waivers limited to fewer managers.

Response from the Director of the Department of Parking and Transportation Services

Parking and Transportation Services agrees that the criteria for granting of waivers can be more specific and is revising its documentation accordingly. Additionally, the System Administrator will no longer have authority to review waivers and will support the other managers only by answering questions regarding the availability of space in individual parking areas.

UNIVERSITY-WIDE ISSUES

Background Checks

Background checks should be conducted to obtain a variety of information, including criminal records, credit histories, and job credentials. Failure to investigate the background of employees and applicants could expose the University to loss of funds, legal liability, adverse publicity, or loss of trust within the community. Parking Services has a number of employees who handle cash and cash equivalents. The Department of Human Resources (HR) performs background checks on temporary employees hired as cashiers, but does not conduct checks on permanent or student employees who handle cash.

The best practices for a background check include residence history, Social Security Number trace, credit history report, and Federal, State, and County criminal records. In addition, background checks should include inquiry into references, work history, educational credentials, and professional licenses of prospective employees. Notification of background checks should be clearly disclosed in the job description and job posting. The Department of Human Resources should obtain written authorization from applicants before commencing the background check.

The University has developed a policy on background checks for a number of University positions including cash handlers, security personnel, patient care employees, and child care workers. The draft policy is currently in the approval process.

Recommendation 14

We recommend that the Executive Vice President for Administration expedite the process of establishing the policy to conduct background checks to mitigate risks to the University.

Response from the Executive Vice President for Administration

The Executive Vice President for Administration agrees that this policy is an important tool to mitigating risk and has expedited its review to the extent that it can be. The issue is complex and needs review and input from many constituencies. The policy is in its final stages of review.

Transportation of Deposits

Transporting deposits should be handled in a manner that is safe and secure. Any transportation of cash on University property carries with it the risk of theft, robbery, or harm to the courier.

[REDACTED]. Our concern is whether this method of transport of cash and other deposits is safe and secure, or if there may be a better method of transport available.

Recommendation 15

We recommend that the Associate Vice President of Financial Services review cash transportation methods for safety concerns and determine the acceptable level of risk exposure from potential theft or robbery.

Response from the Associate Vice President of Financial Services

We will continue to explore alternative cash transportation methods with UNM Police to see if there are more safe and secure methods, which are not prohibitively expensive to implement.

[REDACTED]

CONCLUSION

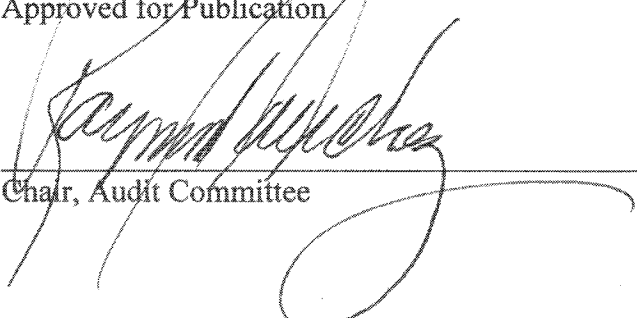
Parking Services does not have a complete written business policies and procedures manual. Parking Services should continue to document policies and procedures, implement appropriate internal controls, and organize and maintain the office in a manner conducive to business operations. Once a policies and procedures manual is completed, we will follow up to review the documented procedures. The Executive Vice President for Administration should expedite the approval of a policy on background checks for employees with cash handling responsibilities. Finally, we identified approximately \$500,000 of outstanding citation fees over the prior three years and recommend these revenues be collected to the extent possible.

APPROVALS



Debra Yoshimura, CPA, CIA, CGAP
Director, Internal Audit Department

Approved for Publication



Chair, Audit Committee