PARKING AND TRANSPORTATION SERVICES DEPARTMENT: INVESTIGATION OF ALLEGATIONS

THE UNIVERSITY OF NEW MEXICO

Report 2013-27
February 13, 2014

Audit Committee Members

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ABBREVIATIONS

PATS	UNM Parking and Transportation Services
UAPP	University Administrative Policies and Procedures
UNM	University of New Mexico
UNMH	University of New Mexico Hospital

EXECUTIVE SUMMARY

BACKGROUND

Parking and Transportation Services (PATS) is charged with enforcing parking and traffic regulations campus-wide. PATS issues parking permits, monitors designated parking areas, issues citations, collects payments for parking violations, and transfers outstanding citation information to the Bursar's office for collection.

MANUAL RECEIPT PROCESS

PATS did not adequately track, review, or reconcile pre-numbered receipts assigned to a particular employee. University Administrative Policies and Procedures (UAPP) require reconciliation of receipts.

PATS should review and reconcile all paper receipts to account for all cash transactions, and ensure that all transactions are compliant with UAPP.

PATS PAYMENT PLANS

PATS has extended unallowable "internal payment plans" to select students. UAPP require that departments channel all accounts receivables through the Bursars Office.

PATS should cease any use of special accounts receivable plans. The Vice President for Institutional Support Services should formally inform PATS staff of this recommendation and prohibit extension of special payment plans to any student.

IT ISSUES

PATS granted privileges of voiding or marking down citations to IT or Financial positions. PATS did not have documentation of approval of user privilege activation.

PATS should implement an access policy requiring written and filed documentation of requests and approvals of privilege activations and should only grant appropriate persons privilege to perform void and markdown duties. The PATS Director or Manager should independently and periodically review the privilege report.

CONCLUSION

PATS issues paper receipts on occasion and should work to implement suggested controls to ensure that cash receipts are timely reconciled. PATS has extended special accounts receivable

payment arrangements to students for outstanding parking citations. PATS did not meet the UAPP requirement that all accounts receivables channel through the Bursar's Office.

INTRODUCTION

BACKGROUND

PATS is charged with enforcing parking and traffic regulations campus-wide. PATS issues parking permits, monitors designated parking areas, issues citations, collects payments for parking violations, and transfers outstanding citation information to the Bursar's office for collection.

PURPOSE

The purpose of this confidential report is to provide a summary of findings and recommendations made as a result of our investigation into the following allegations:

- A large amount of money was temporarily missing from PATS
- PATS' methods of granting access to the IT system
- PATS extended special payment options to a student athlete for an outstanding parking citation balance

OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

PARKING REGULATIONS

The current Parking Regulations do not reflect the totality of the current parking operation. There are currently four departments, outside of PATS, that handle their own parking: the University of New Mexico Hospital (UNMH), Athletics, Science and Technology Park, and Continuing Education. Each time the University obtains land or adds another building, PATS becomes involved in the parking discussions for the additional space. The decision as to who will manage the parking depends on location and population served.

Regents Policy Section 8.3: Parking and Vehicles on Campus states that PATS and UNM Police are to enforce established Parking and Traffic Regulations:

> The UNM Parking and Traffic Regulations are enforced by the UNM Police
> Department and UNM Parking Services.

Per the PATS Parking Regulations, PATS is charged with making parking designation decisions for all of the UNM property as governed by the Board of Regents.

> UNM Parking Regulations section 4-3; authority to Post Signage:
> The Department of Parking and Transportation Services is authorized to determine the most appropriate use of parking areas and to place any signage, markings, or control devices necessary to realize that use.

> UNM Parking Regulations section 4-5; Jurisdiction:
> The jurisdiction covered by the University of New Mexico Parking Regulations shall be all lands within the exterior boundaries of lands under the control of the Regents of the University of New Mexico.

Recommendation 1

The Associate Vice President of Institutional Support Services should work with the Board of Regents to revise the PATS Parking Regulations to reflect the actual parking enforcement configurations and update the other entities that handle their own parking services.

Response from the Associate Vice President of Institutional Support Services:

Action Items
Targeted Completion Date: *September 30, 2014*
Assigned to: *Barbara Morck, Interim Director*
Corrective Action Planned: *We concur. UNM PATS Parking Regulations will be updated to reflect the current parking enforcement configurations, and submitted, for approval, to the President who has been delegated authority to approve UNM Parking & Transportation Services Regulations on behalf of the UNM Board of Regents.*

MANUAL RECEIPT PROCESS

PATS did not adequately track, review, or reconcile pre-numbered receipts assigned to a particular employee. As a result, a PATS cashier issued a handwritten receipt to a customer for an annual reserved parking permit. The receipt was lost/destroyed and not accounted for, allowing for alleged misplaced/missing cash.

A customer paid for an annual pass with $1600 cash and the PATS cashier issued a handwritten receipt to the payee. The original receipt was lost/destroyed. The cash was allegedly missing. During the reconciliation process, PATS management noted multiple actions for this particular employee's transaction and investigated. Part of the investigation required contacting the customer and asking questions about their particular transactions at PATS. The customer provided a copy of the receipt; however, PATS could not locate the original receipt. The cash appeared later in the vault room.

Per the UAPP Manual, departments must issue a pre-numbered, printed receipt at time of payment, and the receipts and log of transactions recorded are reconciled.

> Administrative Policies and Procedures Manual – Policy 7200: Cash Management:
>
> 3.2. Recording Payment Transactions
>
> 3.2.1. Person Paying Is Present
>
> When money is received in the presence of the person making payment, the recording of the transaction must take place immediately by:

- using a cash register or other locked mechanical device with each payment recorded separately or
- issuing pre-numbered printed receipts with each employee who accepts monies responsible for an assigned block of receipts.

3.3.2. Duties Performed by Someone Who Does Not Have Access to Monies

The following duties should be performed by someone in the department who does not have access to monies:

Authorize extension of credit.

Approve customer's discounts, returns, or allowances.

Compare the deposit receipt to customer receipts recorded on the departmental report of transactions.

Recommendation 2

PATS should review and reconcile all paper receipts to account for all cash transactions, and ensure that all transactions are compliant with UAPP. PATS should consider including the receipts issued to each cashier on the daily close out sheet. PATS should include review of receipts in daily reconciliations.

Response from the Director of PATS:

Action Items
Targeted Completion Date: January 31, 2014 – completed
Assigned to: Christine Evans, Business Operations Manager
Corrective Action Planned: We concur. PATS Business operations will abide by all UAPP regulations. Any and all paper receipts used in cash transactions are now reconciled daily. All paper receipts are numbered; issuance documented, and returned and accounted for daily.

PATS PAYMENT PLANS

PATS has extended unallowable "internal payment plans" to select students. Documentation of the plans is only available for the plans extended to two student athletes. The result is a violation of UAPP.

PATS made special payment plan arrangements for two student athletes. There is no documentation to support that PATS extended the special arrangement to other non-athlete students.

The investigation noted two incidents whereby PATS allowed student athletes to have a special payment arrangement with regard to large outstanding parking ticket balances. Barring the special payment arrangements, UNM would not have allowed the students to pre-register for classes until the parking fines were paid. The parking tickets were issued during the fall 2012 semester and totaled $805 worth of parking tickets for one student athlete, and $555 for the other student athlete. It appears that by direction of the PATS director at that time, PATS reversed the parking citation charges from the students' Bursar accounts so that the "hold for pre-registration" was lifted. This allowed the students to register and receive their full scholarship reimbursements. The parking citations were later charged/transferred back onto the student athlete's accounts in smaller increments. PATS allowed the students to make smaller payments to their respective student accounts until all charges related to the parking tickets were paid in full.

The Bursar's Office promptly informed the Athletics Compliance Office (Compliance) of the reversed parking ticket charges. As a result Compliance contacted the VP for Institutional Support and together they worked swiftly to investigate the specifics of the situation and assure that there was no benefit extended that would result in an NCAA violation.

University Business Policies and Procedures Manual 7200 Section 3.4 "Billing and Reconciliation of Accounts Receivable" states:

> All accounts receivable activity of the University, with the exception of University Health Sciences Center patient receivables and Contract and Grant receivables, should be channeled through the centralized accounts receivable system under the direction of the Bursar's Office.

PATS should not offer special payment plan arrangements to any student. Banner is the official system of financial record. All accounts receivable and payment plans should be managed via Banner through the Bursar's office.

Recommendation 3

PATS should cease any use of special accounts receivable plans. The Vice President for Institutional Support Services should formally inform PATS staff of this recommendation and prohibit extension of special payment plans to any student.

Response from the Associate Vice President of Institutional Support Services:

Action Items
Targeted Completion Date: *January 31, 2014 - completed*
Assigned to: *Barbara Morck, Interim Director*
Corrective Action Planned: *We concur. PATS will work with the Bursar's Office in the event that a special accounts receivable plan is required to ensure the collection of monies due to PATS. PATS will not create a special accounts receivable plan within the PATS system.*

MANDATORY CASH HANDLING TRAINING

Two PATS employees that receive University monies have not completed the required cash handling training through UNM Employee and Organizational Development.

UAPP Manual 7200 Section 1.4 "Mandatory Cash handling Training" states:

> Individuals responsible for handling cash and their direct supervisor must take the cash management training course offered by the University Employee and Organizational Development Department. Supervisors are responsible for ensuring that new employees, students, and volunteers responsible for monies take the required training as soon as possible after being assigned cash handling duties, but no later than sixty (60) days after the assignment date.

Recommendation 4

PATS should remove the two employees that do not have cash handling training from any cash handling/management duties until they complete required training. In the future, PATS should ensure that all employees that have cash handling duties receive training before they handle cash.

Response from the Director of PATS:

Action Items
Targeted Completion Date: _January 31, 2014 - completed_
Assigned to: _Christine Evans, Business Operations Manager_
Corrective Action Planned: _We concur. The two employees mentioned in this audit were Temporary Employees and assumptions were made that they had received the required Cash Handling Training from Temp Services. Both employees have now taken the mandatory training and going forward, ALL employees involved in cash handling are required to take Cash Handling Training before working with customers and/or handling cash transactions. Certification of such training will be documented in their personnel files._

IT ISSUES

Internal Audit reviewed IT system access with PATS personnel and data from the PATS Flex system regarding citations written, citations marked down to warnings, and/or voided transactions during the period of July 1, 2012 through June 30, 2013. PATS also provided us with the list of people with system access privilege (ability to void and mark down to warning) and related privilege change reports as of June 30, 2013.

PATS allegedly deactivated several individuals who had access to void or mark down citations to warnings and re-activated them a few months later. Based on the users and privilege reports, PATS has re-activated some of those individuals; however, according to an inquiry of PATS personnel, there was no documentation of approval of the user re-activation.

Hospital Parking Unit:

The UNM Hospital has its own separate parking unit led by a Parking Director. The UNMH Parking Director was given hand-held parking monitor/ticketing devices allegedly linked to the UNM parking system. PATS indicated that a report within the Flex parking system has a way to tell which units the officers belong to - UNM Hospital officer user numbers start with numbers 4 or 6, whereas UNM PATS employee user numbers start with 3. Internal Audit confirmed with PATS that Hospital parking officers who performed similar duties as UNM PATS officers in enforcing parking order at UNM Hospital used hand-held devices linked to the Flex system to write citations.

In addition, based on analysis of data, the UNMH Parking Director has voided or marked down UNMH-issued citations to warnings. According to UNM PATS personnel, PATS users also voided or marked down UNMH-issued citations, as situations warranted, through citation appealing. Based on analysis of the data, the Flex users performing voiding functions for UNMH

were the former Parking Director, IT Administrator, and Financial Officer of UNM PATS. Most UNMH markdowns or voids originated from the IT Administrator and former Operations Manager of UNM PATS.

UNM PATS:

Based on analysis of data, the former Parking Director, former Parking Operations Manager, Supervisor for Parking Enforcement, Supervisor of Parking Facilities, IT Administrator, and Financial Officer performed most of the transactions of voided PATS-issued citations and citations marked down to warnings. However, we did not note citations issued by PATS that were marked down or voided by the Hospital parking unit.

Based on citation activities by users listed above, PATS should not grant voiding or marking down privileges to IT or Financial positions, as this could create a segregation of duties issue.

Recommendation 5:

PATS should implement a Flex access policy requiring written and filed documentation of requests and approvals of privilege activations. PATS should ensure that they only grant appropriate persons such privilege to perform void and markdown duties. An appropriate person is someone who, during their normal course of duties, does not perform conflicting or incompatible duties (i.e., PATS should restrict users generally to Operations personal who have no access to accounting and IT functions). The PATS Director or Manager should independently review the privilege report.

PATS should periodically review the citations history for any markdown and/or void activities performed by unauthorized persons.

Response from the Director of PATS:

Action Items
Targeted Completion Date: *April 30, 2014*
Assigned to: *Barbara Morck, Interim Director*
Corrective Action Planned: *We concur. PATS will institute a Flex Access Policy that requires documentation of level of access within T2-Flex; documentation will require the approval and signature by a Manager and the Director of PATS for implementation. Any and all changes to be made to the level of access also will require approval and signature of a Manager and the Director of PATS before implementation.*   *   The PATS Director will receive weekly privilege reports that will allow him/her to track any and all changes that have been made within T2-Flex system and will address said changes in a timely manner. The reports will indicate the following items: 1) Flex User Accounts*

with Void-Warning Privileges; 2) Current Active Flex User Privileges; 3) Current Flex Accounts with Void-Warning Privileges; 4) Historic Role Privilege Changes; and 5) Voids and/or Markdowns for All Users within Past Week.

Furthermore, the reasons for any and all voids and/or markdowns will be fully documented in the T2-Flex system. The Parking Operations Manager and Supervisors will continue to perform voids that are a result of error made in the field by the Enforcement Officer and self-reported. All other voids and/or markdowns will be handled through the Citation Appeal process; the void/markdown activity will be performed by the PATS Director and fully documented in the T2-Flex system.

APPROVALS

Manu Patel, CPA
Director, Internal Audit Department

Approved for Publication

Chair, Audit Committee