



Internal Audit Department

O R A N G E C O U N T Y

AUDIT HIGHLIGHT

OCTOBER 7, 2011

REVENUE GENERATING PRICE AGREEMENT AUDIT:
 OC COMMUNITY RESOURCES/OC PARKS
 PARKING CONCEPTS, INC.
 Audit No. 1052

WHY IS THIS AUDIT IMPORTANT?

Parking Concepts, Inc. (PCI) collects parking fees and installs/maintains the parking equipment/pay stations at seventeen (17) of OC Parks' Regional Parks, Wilderness Parks, and Beaches. Over the three (3) year term, this price agreement is estimated to generate about **\$5.2 million** in revenue to the County. During the one year audit period, PCI collected approximately **\$3.1 million** in parking fees, of which the County retained about **\$1.8 million (59%)** and PCI was paid about **\$1.3 million (41%)** as an operating fee. Since revenue paid to the County is essentially a percentage of gross receipts (parking fees) collected, we audit the underlying books and records of PCI to ensure gross receipts are complete and revenue is properly paid as defined by the price agreement. Because this is the first audit of the new price agreement (effective in 2008), we also reviewed the revenue controls of the new or upgraded pay stations and performed a high-level analytical review of gross receipts before and after the new price agreement for revenue consistency and reasonableness.

WHAT THE AUDITORS FOUND?

Successes: We found that PCI's accounting records and source documentation overall supported the reported gross receipts; however, some improvements to PCI's records are needed such as those records supporting bank deposits and manual ticket inventory logs. We also found that the revenue controls for the parking equipment appear appropriate. Additionally, based on our high-level analytical review of gross receipts, parking fees collected and remitted by PCI appear reasonable.

Audit Findings and Control Recommendations: We found the price agreement is missing several key terms and conditions typically standard in this type of agreement and we consider this a **Critical Control Weakness**. Additionally, OCCR is not currently reconciling the bank statement with PCI's collection records and we consider this a **Significant Control Weakness**. We also identified **thirteen (13) Control Findings** with recommendations for improvement related to: improving records, timely bank deposits, safeguarding cash, timely submission of insurance certifications, parking lot signage, and evaluating free parking locations. OCCR/OC Parks agreed with all fifteen (15) findings and recommendations and is working with PCI to implement corrective actions.