

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY:

IMCO Parking LLC Correctly
Reported Fifth & Mission/Yerba Buena
Parking Garage Revenues for July
2014 Through June 2016, but a Few
Improvements Can Strengthen Its
Operations



September 26, 2017

**OFFICE OF THE CONTROLLER
CITY SERVICES AUDITOR**

The City Services Auditor (CSA) was created in the Office of the Controller through an amendment to the Charter of the City and County of San Francisco (City) that voters approved in November 2003. Charter Appendix F grants CSA broad authority to:

- Report on the level and effectiveness of San Francisco's public services and benchmark the City to other public agencies and jurisdictions.
- Conduct financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operate a whistleblower hotline and website and investigate reports of waste, fraud, and abuse of city resources.
- Ensure the financial integrity and improve the overall performance and efficiency of city government.

CSA may conduct financial audits, attestation engagements, and performance audits. Financial audits address the financial integrity of both city departments and contractors and provide reasonable assurance about whether financial statements are presented fairly in all material aspects in conformity with generally accepted accounting principles. Attestation engagements examine, review, or perform procedures on a broad range of subjects such as internal controls; compliance with requirements of specified laws, regulations, rules, contracts, or grants; and the reliability of performance measures. Performance audits focus primarily on assessment of city services and processes, providing recommendations to improve department operations.

CSA conducts its audits in accordance with the Government Auditing Standards published by the U.S. Government Accountability Office (GAO). These standards require:

- Independence of audit staff and the audit organization.
- Objectivity of the auditors performing the work.
- Competent staff, including continuing professional education.
- Quality control procedures to provide reasonable assurance of compliance with the auditing standards.

For questions about the report, please contact Chief Audit Executive Tonia Lediju at Tonia.Lediju@sfgov.org or 415-554-5393 or CSA at 415-554-7469.

CSA Audit Team: Winnie Woo, Senior Auditor

Audit Consultants: Sjoberg Evashenk Consulting, Inc.



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

September 26, 2017

Board of Directors
San Francisco Municipal Transportation Agency
1 South Van Ness, Avenue, 7th Floor
San Francisco, CA 94103

Mr. Edward D. Reiskin
Director of Transportation
San Francisco Municipal Transportation Agency
1 South Van Ness, Avenue, 7th Floor
San Francisco, CA 94103

Dear Board Chairman, Board Members, and Mr. Reiskin:

The Office of the Controller's City Services Auditor Division (CSA) engaged Sjoberg Evashenk Consulting, Inc., (SEC) to audit the lease agreement under which IMCO Parking LLC (IMCO) operates the Fifth & Mission/Yerba Buena Parking Garage (Fifth & Mission Garage). SEC also reviewed the management and oversight of the lease by the San Francisco Municipal Transportation Agency (SFMTA).

Reporting Period: July 1, 2014, through June 30, 2016

Revenue: \$34,436,795

Results:

IMCO correctly reported to SFMTA Fifth & Mission Garage's operating revenues of \$34,436,795 and expenses of \$8,532,302 during the audit period. In general, SFMTA ensured that IMCO appropriately performed most garage activities, with the goal of achieving optimal operational and financial performance at the Fifth & Mission Garage. However, the audit identified a few areas in which SFMTA could improve its oversight of IMCO garage operations and better monitor compliance with the lease agreement.

CSA appreciates the assistance and cooperation of the staffs of SFMTA and IMCO during the audit. For questions about the report, please contact me at Tonia.Lediju@sfgov.org or 415-554-5393 or CSA at 415-554-7469.

Respectfully,

Tonia Lediju
Chief Audit Executive

Attachment

cc: Board of Supervisors
Budget Analyst
Citizens Audit Review Board
City Attorney
Civil Grand Jury
Mayor
Public Library

San Francisco Municipal Transportation Agency:
IMCO Parking LLC Correctly Reported Fifth &
Mission/Yerba Buena Parking Garage
Revenues for July 2014 Through June 2016,
but a Few Improvements Can Strengthen Its
Operations

September 2017



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Executive Summary

Purpose of the Audit

As authorized by the San Francisco Administrative Code, the Office of the Controller's City Services Auditor engaged Sjoberg Evashenk Consulting, Inc., to assess whether IMCO Parking LLC (IMCO) complied with certain provisions in its lease agreement with the City and County of San Francisco (City) to operate the Fifth & Mission/Yerba Buena Parking Garage (Fifth & Mission Garage). The audit also assessed whether the San Francisco Municipal Transportation Agency (SFMTA) conducted appropriate contract management and oversight activities of the leases.

Highlights

Overall, the audit found that SFMTA ensured IMCO appropriately performed most parking garage activities to ensure optimal operational and financial performance at the Fifth & Mission Garage. For example, IMCO maintains a sequential listing of license plate numbers of all overnight vehicles, including vehicle entry date, to ensure accurate parking fee assessment for customers with lost tickets. Additionally, IMCO requires management approval for all manual gate entry/exit and tracks and reviews the reason for each occurrence daily to mitigate against abuse.

However, the audit identified the following areas where SFMTA could improve its oversight of IMCO garage operations and better monitor compliance with the lease agreement between the City and IMCO:

- Certain IMCO Cash Handling Practices Undermine Intended Internal Controls.
- IMCO Garage Operational Expenses Paid by SFMTA Were Generally Supported; However, the Audit Noted One Instance Where An Expense Was Paid Without Proper Support.
- Insurance Policies Held By IMCO May Not Have Met Contract Requirements.
- SFMTA Lacks Policies and Procedures for the Management of its Parking Garage Lease Agreements.

Recommendations

The report includes nine recommendations for SFMTA to ensure best cash handling practices are employed at the garage and to ensure compliance with the provisions of the lease agreement, including that it should:

- Ensure IMCO Parking LLC adheres to recently updated cash handling protocols prohibiting employees sharing system credentials and cash drawers.
- Request IMCO Parking LLC to modify the DATAPARK system to allow the processing of non-daily parking related payments.
- Request IMCO Parking LLC to modify the DATAPARK system to recognize all payments by the correct payment type.
- Ensure that it only approves and reimburses IMCO for expenses that are fully supported.
- Clarify whether the excess/umbrella liability insurance covers the City's general liability insurance requirements.
- Develop written policies and procedures which detail the role and responsibilities of managing the parking garage lease agreements.

INTRODUCTION

Audit Authority

The lease agreement between the City and County of San Francisco (City) and IMCO Parking LLC (IMCO) authorizes the City and its representatives to audit all accounts and records established under the lease. The San Francisco Administrative Code Chapter 10.6-2 grants the Office of the Controller (Controller) the authority to audit departments to ensure that they are adequately managing their leases for leased property. Also, the City Charter provides the Controller, CSA, with broad authority to conduct audits. This audit was conducted under these authorities and pursuant to an audit plan agreed to by the Controller and the San Francisco Municipal Transportation Agency (SFMTA). CSA engaged Sjoberg Evashenk Consulting, Inc., to audit the lease agreement between the City and IMCO under which IMCO operates the Fifth & Mission/Yerba Buena Parking Garage (Fifth & Mission Garage), as well as an assessment of SFMTA's management of the agreement.

Background

The City has a lease agreement with IMCO to manage the Fifth & Mission Garage, a public parking garage located at 833 Mission Street in San Francisco. The lease commenced on March 1, 2012, with IMCO as parking garage operator under the now-dissolved City of San Francisco Downtown Parking Corporation (Parking Corporation). An assignment and assumption agreement between the City, the Parking Corporation, and IMCO established that the Parking Corporation would no longer have any interest in or manage the Fifth & Mission Garage as of December 31, 2012, and that IMCO would continue as the parking garage manager and operator through the February 28, 2017, lease termination date. In 2017, the City extended the lease agreement with IMCO through February 28, 2019.

IMCO is responsible for the supervision and oversight of Fifth & Mission Garage operational activities and ensuring revenues and operational expenses generated through the garage are appropriately remitted to the City. IMCO remits all Fifth & Mission Garage revenues to the City daily and submits monthly requests for reimbursement for operational expenses, including staff salaries and benefits.

SFMTA is tasked with the management and oversight of the City's public, off-street parking garages. The City delegated authority to SFMTA to oversee the activities of the parking

garage operators responsible for the daily management and operations of the parking garages. SFMTA is responsible for reviewing and approving parking garage budgets and operational expenses, conducting physical garage inspections, and ensuring the parking garage operators adhere to the terms and provisions in its lease agreements.

Objectives

The purpose of this audit was to determine whether IMCO:

- Reported, and correctly submitted to SFMTA, all revenues collected from the operation of the Fifth & Mission Garage;
- Calculated and reported correctly all of its operating expenses; and,
- Complied with other provisions of its lease agreement with the City.

Additionally, the audit included evaluating whether SFMTA's contract management practices and procedures adequately ensured that IMCO complied with certain lease agreement provisions.

Scope and Methodology

The audit covered the period July 1, 2014, through June 30, 2016.

To meet the objectives of the audit, the audit team:

- Reviewed the applicable terms of the lease agreement between the City and IMCO.
- Assessed IMCO's internal controls and procedures over collecting, recording, summarizing, and reporting gross revenues and expenditures, including cashiers processing payments and balancing cash drawers; day-end close-out practices associated with verification of amounts collected and preparing the daily deposit.
- Observed IMCO management reconciling monthly parking payments received against monthly parking passes issued; and
- Evaluated controls associated with the automated parking revenue control equipment system, DATAPARK, utilized to manage the parking garage cash registers and the entry and exit gates.
- Determined whether IMCO submitted complete and accurate monthly statements to report accurate gross revenues, remitted all revenues collected according to the terms of the lease agreement, and correctly submitted operating expenditure reports.

- Reviewed whether IMCO complied with various other lease and operating agreement provisions.

**Statement of
Auditing Standards**

This compliance audit was conducted in accordance with generally accepted government auditing standards. These standards require planning and performing the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. Sjoberg Evashenk Consulting, Inc. believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

AUDIT RESULTS

Summary

From July 1, 2014, through June 30, 2016, IMCO Parking LLC (IMCO), in all material respects, correctly reported to SFMTA total operating revenues of \$34,436,795 and expenses of \$8,532,302. The exhibit below summarizes Fifth & Mission Garage’s revenues, expenditures and operating income for the audit period.

Exhibit Fifth & Mission Garage Operating Revenues and Expenses July 1, 2014, Through June 30, 2016¹			
Reporting Period	Revenues ²	Expenses	Operating Income (Revenue less Expense)
July 1, 2014 – June 30, 2015	\$16,715,834	\$4,228,682	\$12,487,152
July 1, 2015 – June 30, 2016	\$17,720,961	\$4,303,620	\$13,417,341
Totals	\$34,436,795	\$8,532,302	\$25,904,493

The audit found that, in general, IMCO appropriately performed most parking garage activities at the Fifth & Mission Garage, in accordance with the lease agreement. For example, IMCO maintains a sequential listing of license plate numbers of all overnight vehicles, including vehicle entry date, to ensure accurate parking fee assessment for customers with lost tickets. Additionally, IMCO requires management approval for all manual gate entry/exit and tracks and reviews the reason for each occurrence daily to mitigate against abuse. However, the audit identified the following areas where SFMTA could improve its oversight:

- Certain IMCO Cash Handling Practices Undermine Intended Internal Controls.
- IMCO Garage Operational Expenses Paid by SFMTA Were Generally Supported; However, the Audit Noted One Instance Where An Expense Was Paid Without Proper Support.
- Insurance Policies Held By IMCO May Not Have Met Contract Requirements.
- SFMTA Lacks Policies and Procedures for the Management of its Parking Garage Lease Agreements.

According to SFMTA, they are in the process of obtaining a new revenue control equipment system for all parking garages,

¹ Source: Fifth and Mission Parking Garage Operating Income Statement

² Includes revenues from parking, retail rental income and other garage revenues.

including the Fifth & Mission Garage, which SFMTA anticipates will help mitigate or eliminate some of the findings identified in this report. The Fifth & Mission Garage anticipates implementation of the new system in 2018.

Finding 1

Certain IMCO Cash Handling Practices Undermine Intended Internal Controls.

The audit identified several cash handling practices that increase the risk that the Fifth & Mission Garage cannot assure the accuracy of collecting, processing, and remitting parking payments:

- Shared System Credentials and Cash Drawers
- Processing Payments Outside of DATAPARK
- DATAPARK Recognition of Payment Types

Shared System Credentials and Cash Drawers

IMCO managers processed payments using a cashier's login and cash drawers multiple times during our observations. Managers and cashiers are assigned unique usernames and passwords in the DATAPARK cash register system to process transient (daily) garage parking payments. DATAPARK links all system activity, including payments received, to the username of the individual that processed the transaction. This tracking process allows IMCO to hold an individual responsible for all activities they process through the system. However, auditors observed multiple instances where IMCO managers process payments under a cashier's username and password instead of processing the payments under their own system credentials.

Additionally, daily at the beginning of each shift, IMCO requires cashiers to count and sign to receive a cash drawer from the manager. This process is intended to hold individuals receiving the cash drawer responsible for the monies held in the drawer while under their control and hold staff accountable for potential shortages or overages. However, auditors noted that managers processed payments utilizing tills assigned to cashier's rather than their own separate cash drawer.

Allowing managers and staff to share system login credentials and cash drawers undermines the cash handling controls IMCO has in place and prevents IMCO from holding any specific person responsible for the amounts processed and collected. According to IMCO, because of the audit, effective June 2017

management corrected the issue, and staff may no longer share cash registers and all employees must process transactions under their own system credentials.

DATAPARK Does Not Capture All Payment Types

The audit found that IMCO processes several types of payments outside of DATAPARK, including payments associated with bike locker rentals, parking validation booklets, and monthly parking payments. As a result, IMCO reports and deposits more cash than what is recorded in DATAPARK. For example, of the approximately \$225,000 in monthly parking fees, the Fifth & Mission Garage processes, on average \$6,000 (2.7 percent) of these fees outside of DATAPARK. Although moderate in comparison to payments processed within the system, processing payments outside of DATAPARK decreases IMCO's ability to ensure that cash collections are complete and accurately recorded and deposited.

To track payments processed outside of DATAPARK, cashiers list the various payment types on the daily shift deposit envelope which summarizes all collections received during their shift. Because these payments are not processed in DATAPARK, the totals reflected on the daily shift deposit envelope are greater than the amounts on the DATAPARK daily collections report. This process does not ensure that collections processed outside of DATAPARK are appropriately reflected on the daily shift deposit envelope, particularly cash payments. Parking validation booklets are sequentially logged and tracked; however, bike locker rentals or monthly parking payments are not tracked. Payments not reflected on the daily shift deposit envelope would be missed until the customer's access was denied for missed payment. Not tracking cash collections makes it more difficult for staff to ascertain whether cash was misappropriated and, if so, when the event occurred and for what transactions. Further, tracking transactions throughout the collection process helps ensure that they are complete and accurately recorded.

According to DATAPARK, modules exist which would allow IMCO to process non-parking fee related payments through DATAPARK allowing IMCO to maintain appropriate cash handling controls over all payment transactions. IMCO advised that it previously looked into incorporating the DATAPARK modules necessary for non-parking payment processing; however, IMCO has had difficulty with DATAPARK's degree of responsiveness to upgrade requests.

Inaccurate Recording of Payment Method for Credit Card Transactions Processed Outside of DATAPARK

Credit card transactions processed through DATAPARK greater than \$100 are recorded as cash instead of credit card sales. Additionally, all credit card transactions processed manually outside of DATAPARK, such as when the system malfunctions, are also recorded as cash transactions instead of credit card transactions when subsequently entered in DATAPARK. According to IMCO management, the DATAPARK system has always handled these transactions in this manner but it appears the system could be modified to correctly identify payment types.

Although the total collected amounts reported in DATAPARK reports and the total amounts on hand may agree, discrepancies occur between the reported amounts collected in cash and credit cards, and the actual amounts of cash and credit card payments on hand. The incorrect reporting of credit card transactions as cash transactions provides no assurance on the accuracy for each payment type, particularly cash. Tracking payments by the correct type (cash and credit card) will allow IMCO and the City to accurately determine bank processing fees related to credit card transactions and to also identify when cash in the tills have reached a specific threshold requiring a mid-shift deposit drop.

Recommendations

The San Francisco Municipal Transportation Agency should:

1. Ensure IMCO Parking LLC adheres to recently updated cash handling protocols prohibiting employees from sharing system credentials and cash drawers.
2. Request IMCO Parking LLC to modify the DATAPARK system to allow the processing of non-daily parking related payments, such as bike locker rentals, parking validation booklets, and monthly parking payments.
3. Request IMCO Parking LLC to modify the DATAPARK system to recognize all payments by the correct payment type. In particular, manual credit card transactions should be recorded in DATAPARK as a credit card transaction rather than a cash transaction.

Finding 2

IMCO Garage Operational Expenses Paid by SFMTA Were Generally Supported; However, the Audit Noted One Instance Where an Expense Was Paid Without Proper Support.

The audit determined that IMCO did not always comply with lease agreement provisions for the operational expenses claimed for its monthly reimbursement requests. Specifically, while expenses claimed were allowable, the audit identified one instance in our sample testing where IMCO did not submit the required supporting documents.

Section 6.8 Parking Facility Operation and Management Regulations of the lease agreement requires specific documentation to accompany all expense requisition packages submitted monthly to the City for reimbursement of operational expenses:

- Summary invoice.
- Detailed listing of all budgeted operating expenses incurred during the period, including costs such as salaries, wages, payroll taxes, and benefits as well as other unbudgeted pre-approved items.
- Supporting documentation of all expenses, such as payroll registers and vendor invoices.

We found a discrepancy with the support provided associated with our review of four monthly expense requisition packages submitted by IMCO during fiscal years 2014 through 2016. Specifically, we reviewed 69 individual operational expense claim line items totaling \$275,410.25. Although IMCO did not provide documentation supporting this expense, SFMTA paid IMCO the following amount claimed:

- May 2016—IMCO received a reimbursement of \$487.20 for vendor travel expenses, but did not submit the required supporting documents, such as rental car or airplane ticket receipts.

In total, SFMTA paid IMCO \$487.20 in May 2016 for unsupported expenses submitted in the months sampled.

Recommendations

The San Francisco Municipal Transportation Agency should:

4. Remind IMCO to provide the required supporting documents in monthly expense requisitions packages.

5. Ensure that it only approves and reimburses IMCO for expenses that are fully supported.
6. Determine whether the unsupported expenses of \$487.20 is appropriate and request for the required supporting documents from IMCO.

Finding 3

Insurance Policies Held by IMCO May Not Have Met Contract Requirements.

The audit determined that IMCO did not maintain the minimum general liability insurance required by the lease agreement with the City. Specifically, Section 10 Insurance and Surety Bonds of the lease agreement requires that the garage operator maintain the following specific levels of insurance:

- Garage Keeper's Liability, \$1,000,000;
- General Liability, \$2,000,000; and
- Crime, \$250,000.

Additionally, Section 10 requires IMCO have a Parking Tax Collection Bond. Furthermore, the agreement states additional insurance could be required upon request and approval from the City, such as property and automobile insurance, the City could not provide evidence of such additional requests placed on IMCO.

While IMCO provided sufficient evidence of having appropriate levels of Garage Keeper's Liability insurance, Crime insurance, and the required bond, IMCO did not provide evidence of sufficient General Liability coverage. The garage operator provided evidence of a Commercial General Liability insurance policy in the amount of \$1,000,000, which is less than the minimum requirement. While IMCO maintained additional excess/umbrella liability insurance coverage of \$2,000,000, covering multiple types of policies, this coverage may not meet the intent of the lease agreement insurance requirements.

By IMCO not maintaining all insurance policies as required by the parking garage agreement, the City is at risk of legal claims and loss of property without compensation.

Recommendations

The San Francisco Municipal Transportation Agency should:

7. Clarify whether the excess/umbrella liability insurance covers the City's general liability insurance requirements and, if not, require IMCO to obtain the liability insurance as required by the lease agreement.
8. Conduct periodic reviews to ensure all minimum insurance requirements are maintained.

Finding 4

SFMTA Lacks Policies and Procedures for the Management of its Parking Garage Lease Agreements.

SFMTA does not have written policies and procedures for its lease management and oversight activities. This finding was also identified in a 2014 and 2016 audit of other public parking garages SFMTA oversees. By not having formal policies and procedures, SFMTA may continue to encounter obstacles to effectively and efficiently conducting lease agreement oversight.

Recommendation

9. The San Francisco Municipal Transportation Agency should develop written policies and procedures that detail the role and responsibilities of San Francisco Municipal Transportation Agency staff in managing the parking garage lease agreements, including required support for approving and paying expense requisitions from parking garage operators.

Attachment A: SFMTA Response



Edwin M. Lee, *Mayor*

Cheryl Brinkman, *Chairman*

Malcolm Heinicke, *Vice-Chairman*

Gwyneth Borden, *Director*

Lee Hsu, *Director*

Joél Ramos, *Director*

Cristina Rubke, *Director*

Art Torres, *Director*

Edward D. Reiskin, *Director of Transportation*

August 30, 2017

Tonia Lediju, Director of City Audits
Office of the Controller, City Services Auditor Division
City Hall, Room 476
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Subject: Fifth & Mission/Yerba Buena Parking Garage Audit Recommendations Response

Dear Ms. Lediju:

I would like to thank you and your team for your work regarding the recent audit of the Fifth & Mission/Yerba Buena Parking Garage. Please find attached our responses to the audit recommendations; staff had no edits or comments on the Draft Report.

If you have any questions or need additional information, please do not hesitate to contact Rob Malone at (415) 701-2430.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Reiskin", written over a light gray background.

Edward D. Reiskin
Director of Transportation

Enclosure

Audit: Fifth & Mission/Yerba Buena Parking Garage Audit

For each recommendation, the responsible agency should indicate in the column labeled **Agency Response** whether it concurs, does not concur, or partially concurs and provide a brief explanation. If it concurs with the recommendation, it should indicate the expected implementation date and implementation plan. If the responsible agency does not concur or partially concurs, it should provide an explanation and an alternate plan of action to address the identified issue.

RECOMMENDATIONS AND RESPONSES

Recommendation	Agency Response	CSA Use Only Status Determination ¹
1. Ensure IMCO Parking LLC adheres to recently updated cash handling protocols prohibiting employees from sharing system credentials and cash drawers.	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur SFMTA Parking staff has reinforced this procedure with IMCO, and Parking staff will monitor adherence as they complete periodic compliance inspections at the garage.	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested
2. Request IMCO Parking LLC to modify the DATAPARK system to allow the processing of non-daily parking related payments, such as bike locker rentals, parking validation booklets, and monthly parking payments.	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur SFMTA Parking staff is actively coordinating with IMCO and Datapark regarding how to appropriately record each of these transaction types within the Datapark system. Parking will approve an updated processing protocol by 9/30/2017.	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested

¹ Status Determination based on audit team's review of the agency's response and proposed corrective action.

Recommendation	Agency Response	CSA Use Only Status Determination ¹
<p>3. Request IMCO Parking LLC to modify the DATAPARK system to recognize all payments by the correct payment type. In particular, manual credit card transactions should be recorded in DATAPARK as a credit card transaction rather than a cash transaction.</p>	<p><input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur</p> <p>SFMTA Parking staff is working with IMCO and Datapark to better understand the scope of the procedure and/or software updates that would be required to fully implement this recommendation. The current protocol evolved because a standalone credit-card machine is used on occasion as a backup when the Datapark system is inoperable. The Datapark system has occasional outages partially because it is over 15 years old and nearly obsolete. Because of this, the SFMTA is underway with a project to replace the Datapark system at all city-owned garages, including 5th & Mission Garage. If a fix as recommended is deemed either too complicated and/or costly, it may be that the existing protocol remains until the new access-control system is installed at the garage in the first half of 2019.</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>
<p>4. Remind IMCO to provide the required supporting documents in monthly expense requisitions packages.</p>	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p>SFMTA Parking staff has reviewed with IMCO and reinforced the detailed submission requirements.</p>	<p><input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested</p>
<p>5. Ensure that it only approves and reimburses IMCO for expenses that are fully supported.</p>	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p>SFMTA Parking staff involved with invoice processing have all been re-oriented to the detailed submission requirements.</p>	<p><input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested</p>
<p>6. Determine whether the unsupported expenses of \$487.20 is appropriate and request for the required supporting documents from IMCO.</p>	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p>SFMTA Parking management reviewed the specific expense in question and supporting documentation and confirmed it was appropriate.</p>	<p><input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested</p>

¹ Status Determination based on audit team's review of the agency's response and proposed corrective action.

Recommendation	Agency Response	CSA Use Only Status Determination ¹
<p>7. Clarify whether the excess/umbrella liability insurance covers the City's general liability insurance requirements and, if not, require IMCO to obtain the liability insurance as required by the lease agreement.</p>	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p>SFMTA Parking staff will follow up with the City's Risk Management Department to review all details of IMCO's insurance policies against the specific requirements of IMCO's management agreement. Following review with Risk Management, SFMTA Parking will request that IMCO update any policies, as warranted. SFMTA Parking staff will lead the coordination among all parties and seek to get any and all updated policies in place by 10/15/2017.</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>
<p>8. Conduct periodic reviews to ensure all minimum insurance requirements are maintained.</p>	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p>SFMTA Parking staff has a policy of completing a review of all insurance policies annually.</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>
<p>9. Develop written policies and procedures that detail the role and responsibilities of San Francisco Municipal Transportation Agency staff in managing the parking garage lease agreements, including required support for approving and paying expense requisitions from parking garage operators.</p>	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p>SFMTA Parking continues to develop written policies and procedures regarding its oversight of leases and management agreements for parking garages. SFMTA Parking plans to complete development by 12/31/2017.</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>

¹ Status Determination based on audit team's review of the agency's response and proposed corrective action.

Attachment B: IMCO Response



September 6, 2017

Ms. Tonia Lediju
Director of City Audits
City Services Auditor Division
City Hall, Room 476
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Subject: Audit report Mission/Yerba Buena parking garage for July 2014 through June 2016.

Dear Ms. Lediju,

In response to Sjoberg Evashenk Consulting, Inc., (SEC) draft audit report dated August 31st, 2017, IMCO parking LLC concurs with their recommendation and plans to complete and implement with SFMTA rules and regulations as follows:

Recommendations:

- 1) IMCO agreed with your recommendation and has corrected the issue as of June 2017.
- 2) IMCO agreed with your recommendation and working with Data Park to update the processing protocol.
- 3) IMCO agreed with your recommendation. However, the current revenue control system is not capable of processing your recommendation. SFMTA is in the process to replace the Data park system by 2019.
- 4 & 5) IMCO agreed with your recommendation for all expense requisitions to provide all supporting documents for reimbursement.
- 6) According to your recommendation, SFMTA Parking management reviewed the specific expense in question and supporting documentation and confirmed it was appropriate.
- 7) Waiting for City's Risk Management to review and respond the insurance policies. Following review, SFMTA team will lead the necessary policy and regulations updates to be in place by 10/15/2017.
- 8) IMCO agreed with your recommendation.

Sincerely,

Messay Girma

Messay Girma
Facility Manager

CC: Joe Braucher, Fred Bekele

IMCO Parking , LLC
1740 Cesar Chavez Street, Suite 2W
San Francisco, CA 94102

T 415.813.4237