

# Internal Audit Report

## **Miami-Dade County Public Schools Office of Management and Compliance Audits**



### **MIAMI PARKING AUTHORITY (MPA) AND M-DCPS PARKING LEASE REVENUE SHARING AGREEMENT**



Parking receipts reported and submitted by the MPA to the School Board are complete and the District has received the appropriate amounts of leasing revenues, although less than projected amounts. Certain measures, if implemented, could increase leasing revenues received by the District.

September 2010

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**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

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Superintendent of Schools

Mr. Jose F. Montes de Oca, CPA  
Chief Auditor  
Office of Management and Compliance Audits

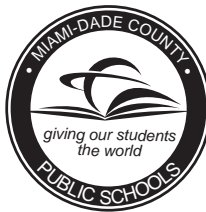
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# Miami-Dade County Public Schools

*giving our students the world*

**Superintendent of Schools**

Alberto M. Carvalho

**Miami-Dade County School Board**

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September 7, 2010

Members of The School Board of Miami-Dade County, Florida  
Members of the School Board Audit Committee  
Mr. Alberto M. Carvalho, Superintendent of Schools

Ladies and Gentlemen:

At the request of the administration and pursuant to the terms of the Parking Agreement between the School Board and Miami Parking Authority (MPA) dated September 25, 2006, we audited the parking receipts reported and submitted by MPA to the School Board for the use of certain parking facilities owned by the Board. Under the agreement, the Board allows MPA to use designated parking facilities during events held at the Adrienne Arsht Center for the Performing Arts of Miami-Dade County (Adrienne Arsht Center) after the School Board's normal business hours.

The audit objectives were to ascertain the completeness of the parking receipts and whether the District has received the appropriate amounts of leasing revenues. The initial audit scope was to include the period beginning October 1, 2008 and ending May 31, 2010; however, due to MPA not retaining the parking ticket stubs issued prior to October 2009, our scope was limited to the 8-month period from October 2009 through May 2010, for which the original parking ticket stubs were available for audit.

In our opinion, MPA maintained a satisfactory system of accountability and internal control over parking activities related to the Parking Agreement that afforded us the basis to conclude that the parking receipts reported and submitted by MPA to the School Board for the 8-month audit period are complete, and the District has received the appropriate amounts of leasing revenues, in all material respects. We have also made four recommendations, and the implementation of some of those could increase the parking revenues to the School Board.

Sincerely,

Jose F. Montes de Oca, CPA, Chief Auditor  
Office of Management and Compliance Audits



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## **EXECUTIVE SUMMARY**

The School Board owns several parking lots at the School Board Administration Complex to provide necessary parking to staff and visitors of the central District offices during regular working hours. To generate additional revenue, the School Board leases the lots to the Miami Parking Authority (MPA) for their use after regular working hours, and in return receives 40% of the gross receipts from parking revenues. Recent negotiations to extend the Parking Agreement included a proposal by the District to increase its share of future parking revenues from 40% to 60%.

MPA typically used one of the five (5) Board-owned parking lots that are included in the agreement on evenings or weekends, in support of artistic and cultural events that occurred at the Arsht Center. Use of the other four (4) Board-owned parking lots to the agreement was limited due to their lack of proximity to the Arsht Center.

The audit found that, in all material respects, the parking receipts reported and submitted by MPA to the School Board for the 8-month audit period totaling \$19,159 are complete and the District has received the appropriate amounts of leasing revenues. The agreement with the MPA generated \$54,030 in revenues for the District for the 20-month period from October 2008 through May 2010. The initial audit scope was to include the entire 20-month period. However, due to MPA not retaining the parking ticket stubs issued prior to October 2009, our scope was limited to the 8-month period from October 2009 through May 2010, for which the original parking ticket stubs were available for audit.

We further concluded that the parking agreement with the MPA has proven beneficial to the School Board, providing revenues by utilizing parking facilities during otherwise nonproductive times. In addition, our audit indicates the MPA maintained satisfactory accountability over parking sales and collections for their operation of the School Board owned parking facilities.

As part of this audit, we also attempted to determine whether the revenues received under this agreement were comparable to net amounts the District would receive if the lots were leased to the MPA through a conventional usage lease with fixed monthly lease payments. However, due to its proprietary nature, we were unable to obtain the information needed to accurately complete such an analysis.

Although our audit concluded this agreement has benefited the District, we noted some operational practices that limit the marketability of the School Board-owned parking lot. In order to maintain or increase the parking revenues to the School Board, and improve operations, we provide four recommendations.

Our recommendations were discussed with management. Their response along with explanations, are included herein. We would like to thank M-DCPS management and the Miami Parking Authority administration, for the cooperation and courtesies extended to our staff during the audit.





## **INTERNAL CONTROLS**

Our overall evaluation of internal controls over the systems and functions the Miami Parking Authority (MPA) has in place to account for and to manage parking receipts collected, reported, and remitted by MPA to M-DCPS pursuant to the terms of the Leasing Revenue Sharing agreement is summarized in the table below.

<b>INTERNAL CONTROLS RATING</b>			
<b>CRITERIA</b>	<b>SATISFACTORY</b>	<b>NEEDS IMPROVEMENT</b>	<b>INADEQUATE</b>
<b>Process Controls</b>	X		
<b>Policy &amp; Procedures Compliance</b>	X		
<b>Effect</b>	X		
<b>Information Risk</b>	X		
<b>External Risk</b>	X		

<b>INTERNAL CONTROLS LEGEND</b>			
<b>CRITERIA</b>	<b>SATISFACTORY</b>	<b>NEEDS IMPROVEMENT</b>	<b>INADEQUATE</b>
<b>Process Controls</b>	Effective	Opportunities exist to improve effectiveness.	Do not exist or are not reliable.
<b>Policy &amp; Procedures Compliance</b>	In compliance	Non-Compliance Issues exist.	Non-compliance issues are pervasive, significant, or have severe consequences.
<b>Effect</b>	Not likely to impact operations or program outcomes.	Impact on outcomes contained.	Negative impact on outcomes.
<b>Information Risk</b>	Information systems are reliable.	Data systems are mostly accurate but can be improved.	Systems produce incomplete or inaccurate data which may cause inappropriate financial and operational decisions.
<b>External Risk</b>	None or low.	Potential for damage.	Severe risk of damage.



## **BACKGROUND**

The School Board owns several parking facilities at the School Board Administration Complex. These facilities provide necessary parking to staff and others who visit central District offices to conduct business during regular working hours. However, the parking facilities generally remain unused on weekends and evenings. The facilities are located in proximate walking distance of the Adrienne Arsht Center.

This audit was requested by M-DCPS administration in an effort to evaluate past performance under the September 25, 2006 agreement between the School Board and the MPA. This agreement was established as an interim parking solution to assist the Adrienne Arsht Center for the Performing Arts and also to generate parking revenues for the District, by allowing the Adrienne Arsht Center to use certain Board-owned parking lots during evenings and weekends, when the facilities are not needed for school district's use. The agreement makes the MPA responsible for all operating expenses, including insurance, staffing, and managing the activities of the parking facilities during their period of use by the MPA. The School Board benefits by receiving a 40% share of the gross parking revenues, after deducting applicable surcharges and sales taxes collected by MPA. Negotiations to extend the Parking Agreement include a proposal by the District to increase its share of any future parking revenues from 40% to 60%.

The MPA generates revenues from the Board-owned parking lot in two ways. Patrons may reserve parking in advance of any event, through pre-sale purchases administered by the Arsht Center. The Center retains \$2 from the \$15 parking fee for each ticket sold in this fashion. The MPA receives pre-sales reports and payment from the Arsht Center on a monthly basis. The MPA also makes cash collections from customers who drive up to the lots on the day of an event. The MPA reports and transmits revenues from both sales modalities to the District monthly. It must be noted that the long-standing practice of \$15 pre-sales is reportedly under review, in response to reduced fees charged by nearby recently improved parking facilities that have become available.

In 2008, the original two-year agreement was extended for an additional two-year period ending September 25, 2010. Original projections in 2006 had estimated the District could earn more than \$133,000 from this operation for the 11 months from September 2006 through July 2007. Also, it was originally considered that the MPA would use up to five (5) District-owned parking lots for this operation. Our audit found that those early expectations did not materialize. Actual monthly earnings recorded for the 20-month period from October 2008 through May 2010 for which revenue information was available averaged \$2,700. This revenue was generated by the MPA using only one (the most conveniently situated) of five (5) district parking lots. Competing parking operations offered by private entities have recently become available and have decreased the demand for other M-DCPS parking lots. In order to secure these parking revenues into the future, M-DCPS administration and MPA are involved in negotiations to consider possible modifications to and extension of the agreement.



The agreement is administered by the Executive Director, Facilities Planning, in the Office of Site Acquisition/Leasing and Intergovernmental Coordination, who reports to the Eco-Sustainability Officer within the Office of School Facilities.



## **OBJECTIVES, SCOPE AND METHODOLOGY**

This audit was requested by the administration and conducted pursuant to the terms of the September 25, 2006 Parking Agreement between the School Board and the Miami Parking Authority. The objectives of this audit were to ascertain the completeness of the parking receipts and whether the District has received the appropriate amounts of leasing revenues.

The initial audit scope was to include the period beginning October 1, 2008 and ending May 31, 2010; however, due to MPA not retaining the parking ticket stubs issued prior to October 2009, our scope was limited to the eight-months period from October 2009 through May 2010, for which the original parking ticket stubs were available for audit.

We performed the following procedures to satisfy our objectives:

- Interviewed District staff and appropriate officials from the Miami Parking Authority;
- Reviewed the September 25, 2006 Parking Agreement as well as documentation extending the Agreement through September 2010;
- Examined, on a sample basis, parking ticket collection reports, deposit packages, actual ticket stubs used, remittances and accounting reports, copies of checks received by the District;
- Reviewed MPA procedures used to manage and operate district and MPA parking lots used in connection with the Adrienne Arsht Center events;
- Visited the School Board-owned parking lot for a scheduled Adrienne Arsht Center event occurring subsequent to the audit period; and
- Performed various other audit procedures deemed necessary.

We conducted this performance audit in accordance with generally accepted *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives. This audit also included an assessment of applicable internal controls and compliance with the requirements of the Parking Agreement to satisfy our audit objectives.





## **RECOMMENDATIONS**

### **1. APPLY FLEXIBLE RATES FOR THE USE OF SCHOOL BOARD-OWNED PARKING LOTS**

We noted that a standard \$15 fee was consistently charged by the MPA during the audit period for patrons to park at the School Board-owned facility. This practice may have resulted in limiting the use of this parking lot, as comparable facilities in the area use a flexible fee schedule and adjust their parking fees accordingly to obtain a competitive advantage. Our comparison of parking activity at the School Board-owned lot and the MPA-owned lot, which operates with a flexible fee schedule, indicated the MPA was able to remain competitive and have greater utilization of its parking lot by reducing their fee to be competitive on several days when no sales were reported at the District lot.

We recommend that the District negotiates with the MPA to use flexible rate schedules that are comparable to those used by MPA at other lots, for parking at the School Board-owned lot. This issue should be considered for the extension of the Agreement with MPA, in order to assure the Board-owned facility remains competitive in the future.

### **RESPONSE FROM THE OFFICE OF SCHOOL FACILITIES:**

MPA has advised that it discontinued the use of pre-sale tickets for the Board-owned lot, with the rate to be established daily by MPA staff (at either \$5, \$10 or \$15), in an attempt to remain competitive with nearby lots, and increase volume. MPA advised it anticipates continuing to offer pre-sales for its lot located south of the Performing Arts Center, as this lot typically fills to capacity regardless of the competition's prices.

### **2. ALLOW THE MPA TO OPERATE THE SCHOOL BOARD-OWNED PARKING LOTS UNDER THE AGREEMENT FOR EVENTS OTHER THAN THOSE SCHEDULED AT THE ADRIENNE ARSHT CENTER**

The 2006 Parking Agreement between the School Board and MPA originated as a temporary parking solution for the then new Adrienne Arsht Center for the Performing Arts. The use of the School Board-owned parking lots by the MPA has remained limited to artistic and cultural events scheduled for the Center. Our audit disclosed that the School Board-owned parking lot that is principally operated by the MPA was not used on May 30, 2010, when the MPA-owned lot located less than 400 feet away accommodated in excess of 340 patrons who attended a concert at the nearby Bicentennial Park. MPA's total parking receipts collected at the said lot for this event was approximately \$6,900.



We recommend that the District negotiates with the MPA to use the School Board-owned parking lots under the Agreement for other non-Arsht Center sponsored events that take place in the nearby areas. The lots are accessible not only to the Adrienne Arsht Center for the Performing Arts, but also to Bicentennial Park, the American Airlines' Arena, Bayside, and to the Freedom Tower. Those locations are frequently the sites for events of interest to large audiences, and the District could benefit from parking revenues from those activities in the future. Accordingly, this issue should be considered for the extension of the Agreement with MPA.

RESPONSE FROM THE OFFICE OF SCHOOL FACILITIES:

If desired by the Board, MPA has agreed to expand the scope of use of the Board-owned parking facilities to include other than Performing Arts Center events. This may increase future revenue to the District, and this provision would be included in any proposed lease extension.

**3. EXTEND CONTRACT TO INCLUDE ALL PREPAID TICKETS USED ON SCHOOL BOARD PARKING LOTS**

Patrons may reserve parking in advance of any event through \$15 pre-sale purchases from the Arsht Center. MPA's records disclosed a limited number of instances where patrons with pre-sale tickets for MPA-owned lots were permitted to park in the School Board-owned Lot E with those pre-sales revenue remaining with the MPA. The MPA's practice has been to remit revenues from pre-sale purchases for Lot E, reported by the Arsht Center, to the School Board. Revenues from pre-sale purchases are therefore recognized at the point of sales and not adjusted for based on actual usage. The Agreement does not address this situation where patrons with pre-sale parking tickets may be allowed to park in a lot other than the one for the pre-sale ticket and revenues not allocated to the owner of the lot actually used. We recommend the District make this an issue for consideration to be addressed for the extension of the Agreement with MPA.

RESPONSE FROM THE OFFICE OF SCHOOL FACILITIES:

MPA has indicated that, henceforth, the Board-owned parking facilities will not be used for overflow parking from non-District lots. MPA will research its records to determine if the District is due additional revenue for previous overflow parking use.

**4. RETAIN ALL AUDIT DOCUMENTS**

The MPA's practice is to destroy all parking ticket stubs and perforated unused parking tickets at the end of each fiscal year. Since the School Board's agreement with MPA includes a right to audit clause, we recommend that all parking ticket stubs and



perforated tickets for School Board lots be retained for the duration of the Agreement. This should be communicated to the MPA and made part of the Agreement.

RESPONSE FROM THE OFFICE OF SCHOOL FACILITIES:

MPA has provided assurances that, in compliance with the terms of the Parking Agreement, documentation necessary to complete an audit will be retained for a minimum of three (3) years, and will be made available to the District upon request.



**MANAGEMENT’S RESPONSE**






**MEMORANDUM**

September 3, 2010

TO: Jose F. Montes de Oca, CPA, Chief Auditor  
Office of Management and Compliance Audits

FROM: Jaime G. Torrens, Chief Facilities Officer   
Office of School Facilities

SUBJECT: **AUDIT OF MIAMI PARKING AUTHORITY (MPA) AND M-DCPS LEASING REVENUE SHARING**

In response to your preliminary and tentative audit findings of August 25, 2010, please note the response below to the four recommendations included in the report:

1. MPA has advised that it discontinued the use of pre-sale tickets for the Board-owned lot, with the rate to be established daily by MPA staff (at either \$5, \$10 or \$15), in an attempt to remain competitive with nearby lots, and increase volume. MPA advised it anticipates continuing to offer pre-sales for its lot located south of the Performing Arts Center, as this lot typically fills to capacity regardless of the competition's prices.
2. If desired by the Board, MPA has agreed to expand the scope of use of the Board-owned parking facilities to include other than Performing Arts Center events. This may increase future revenue to the District, and this provision would be included in any proposed lease extension.
3. MPA has indicated that, henceforth, the Board-owned parking facilities will not be used for overflow parking from non-District lots. MPA will research its records to determine if the District is due additional revenue for previous overflow parking use.
4. MPA has provided assurances that, in compliance with the terms of the Parking Agreement, documentation necessary to complete an audit will be retained for a minimum of three (3) years, and will be made available to the District upon request.

ARC:scj  
M079

cc: Ms. Ana Rijo-Conde  
Mr. Fernando Albuerne  
Mr. Michael A. Levine



The School Board of Miami-Dade County, Florida, adheres to a policy of nondiscrimination in employment and educational programs/activities and programs/activities receiving Federal financial assistance from the Department of Education, and strives affirmatively to provide equal opportunity for all as required by:

**Title VI of the Civil Rights Act of 1964** - prohibits discrimination on the basis of race, color, religion, or national origin.

**Title VII of the Civil Rights Act of 1964**, as amended - prohibits discrimination in employment on the basis of race, color, religion, gender, or national origin.

**Title IX of the Education Amendments of 1972** - prohibits discrimination on the basis of gender.

**Age Discrimination in Employment Act of 1967 (ADEA)**, as amended - prohibits discrimination on the basis of age with respect to individuals who are at least 40.

**The Equal Pay Act of 1963**, as amended - prohibits sex discrimination in payment of wages to women and men performing substantially equal work in the same establishment.

**Section 504 of the Rehabilitation Act of 1973** - prohibits discrimination against the disabled.

**Americans with Disabilities Act of 1990 (ADA)** - prohibits discrimination against individuals with disabilities in employment, public service, public accommodations and telecommunications.

**The Family and Medical Leave Act of 1993 (FMLA)** - requires covered employers to provide up to 12 weeks of unpaid, job-protected leave to "eligible" employees for certain family and medical reasons.

**The Pregnancy Discrimination Act of 1978** - prohibits discrimination in employment on the basis of pregnancy, childbirth, or related medical conditions.

**Florida Educational Equity Act (FEEA)** - prohibits discrimination on the basis of race, gender, national origin, marital status, or handicap against a student or employee.

**Florida Civil Rights Act of 1992** - secures for all individuals within the state freedom from discrimination because of race, color, religion, sex, national origin, age, handicap, or marital status.

**School Board Rules 6Gx13- 4A-1.01, 6Gx13- 4A-1.32, and 6Gx13- 5D-1.10** - prohibit harassment and/or discrimination against a student or employee on the basis of gender, race, color, religion, ethnic or national origin, political beliefs, marital status, age, sexual orientation, social and family background, linguistic preference, pregnancy, or disability.

*Veterans are provided re-employment rights in accordance with P.L. 93-508 (Federal Law) and Section 295.07 (Florida Statutes), which stipulate categorical preferences for employment.*

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**INTERNAL AUDIT REPORT**  
**Miami Parking Authority (MPA) and M-DCPS**  
**Parking Lease Revenue Sharing Agreement**



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