

WASHINGTON AVENUE PARKING BENEFIT DISTRICT AUDIT



FY2026

REPORT # 2026-02

NOVEMBER 5, 2025

OFFICE OF THE CITY CONTROLLER

CHRIS HOLLINS
CITY CONTROLLER

OLANIYI OYEDELE, CPA
INTERIM CITY AUDITOR



CHRIS HOLLINS

City Controller

The Honorable John Whitmire, Mayor
City of Houston, Texas

SUBJECT: REPORT #2026-02 WASHINGTON AVENUE PARKING BENEFIT DISTRICT

The Audit Division has completed a performance audit of the Washington Avenue Parking Benefit District (PBD), which is administered by the ParkHouston Division of the Administration and Regulatory Affairs Department at the City of Houston. ParkHouston is responsible for managing revenue collected from parking meters within the Washington Avenue PBD and for reinvesting these funds into neighborhood improvement projects within the district.

The objective was to evaluate the revenue collection process and the reinvestment activities – initiated based upon revenues collected – in projects designed to improve the overall quality of life in the neighborhood. The audit covered the period from July 1, 2022, through June 30, 2023.

Based on our audit procedures, we identified three findings. Collectively, these findings represent nonconformance with the requirements of the revenue collection process and reinvestment activities as contained in the provisions of Section 26.714 of the City Code of Ordinances. Our audit noted that these findings may be addressed through operational improvements initiated by management.

Key areas requiring improvement:

- Initiate process for ensuring that citation is included as part of the total revenue (and not included as an offset of expenses). This is necessary to ensure that revenue is complete and accurate;
- Perform periodic revenue reconciliation and agree balance with the general ledger; and
- Establish proper procedures for the determination of the minimum threshold requirement for project initiation. This is necessary to ensure projects are funded based on accurate information and adequately funded.

We appreciate the time, effort, and cooperation of the ParkHouston management and staff throughout this audit.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "CH", is written over a horizontal line.

Chris Hollins
City Controller
City of Houston, Texas

xc: City Council Members
Dr. Cynthia Wilson, Chief of Staff, Mayor's Office
Tina Paez, Director, Administration and Regulatory Affairs Department
Maria Irshad, Deputy Director, Administration and Regulatory Affairs Department
Aubrey Hooper, Chief Administrative Officer, Office of the City Controller
Jennifer Pierce, Deputy Director, Audit Division, Office of the City Controller
Olaniyi Oyedele, CPA, Interim City Auditor, Office of the City Controller

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AUDIT REPORT

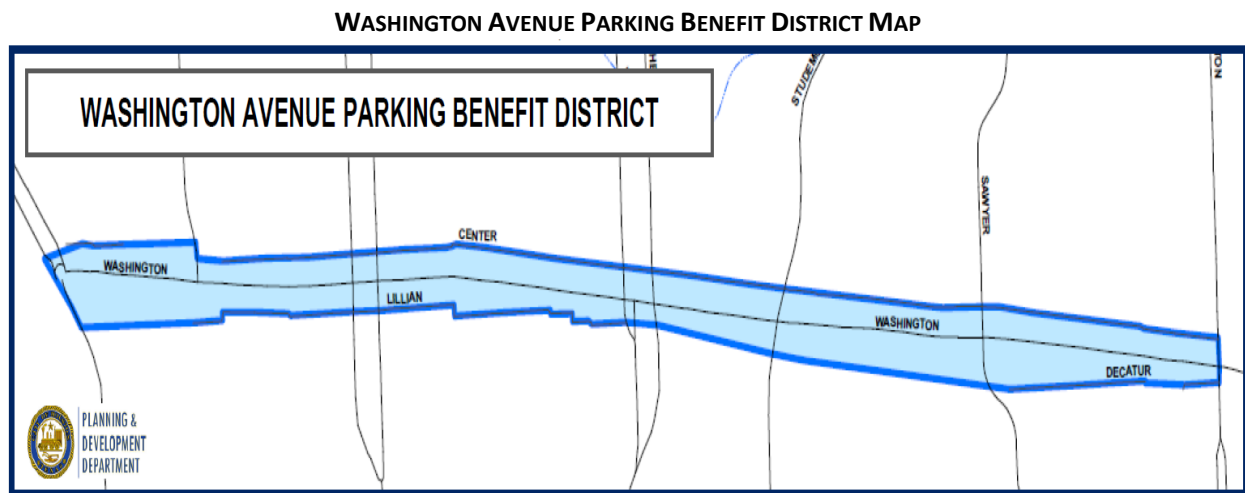
INTRODUCTION

The Office of the City Controller's Audit Division has completed a performance audit of the Washington Avenue Corridor Parking Benefit District ("PBD", "The District"). Parking Benefits Districts are designated geographic areas, typically located in downtown areas or along commercial corridors. A substantial portion of their revenue generated from on-street parking facilities is returned to the district to finance neighborhood improvements. The audit was included in the Annual Audit Plan for Fiscal Year (FY) 2024.

BACKGROUND

Pursuant to Chapter 26 of the City of Houston Code of Ordinances, the Parking Management Division is responsible for overseeing various parking-related functions, including on-street parking, off-street metered parking, temporary access restrictions to metered parking, commercial vehicle loading zone permits, residential parking permits, news rack permits, community parking permits, parking benefit districts, valet permits, and such other parking responsibilities as may be designated by the director.

PBD was established through the approval of an ordinance by the City Council on December 5, 2012. The designated boundaries of the PBD are Houston Avenue, Center Boulevard, Lillian/Decatur Street and Westcott Street, as depicted below.



Source: Washington Avenue Parking Benefit District

PBD was established to address key parking management challenges within the Washington Corridor. These issues included, but were not limited to, the following, as per *Quality of Life Committee Briefing* issued on May 14, 2014:

- Parking congestion created on residential streets.
- Zero or minimal curb space management.
- Valet operators use free parking spaces on residential streets.
- Congestion and cruising behavior creates nuisance and sometimes hazardous conditions.
- Employees using on-street spaces for long-term parking.
- Some streets are ineligible for residential parking permits.

The District's primary functions are carried out by the Advisory Committee ("The Committee"), whose members are appointed by the mayor and approved by the City Council. The Committee consists of seven representatives from the business and residential communities, along with five non-voting City department directors. The Committee provides recommendations to the mayor and the City Council on matters impacting the District, including, but not limited to, project funding decisions, the timing of the initiatives, and adjustments to parking meters and permit fees.

AUDIT SCOPE AND OBJECTIVE

The scope of this audit encompassed the processes, procedures, and transactions of the Washington Avenue Parking Benefit District from July 1, 2022, through June 30, 2023. The objective of the audit was to determine the existence of policies, procedures, and practices currently in place to ascertain accurate and complete revenue collection and examine the utilization of revenue generated from the Washington Avenue Parking Benefit District.

CONCLUSION

We believe that we have obtained sufficient and appropriate evidence to adequately support the conclusions provided below, as required by professional auditing standards. Each conclusion is aligned with the related Audit Objective for consistency and reference.

The audit identified the following concerns in revenue collection and reinvestment processes.

- Citation revenues were not recognized as part of District's reported revenue.
- Discrepancies identified between PBD departmental records and the City's SAP ledger for recorded revenue indicate deficiencies in reconciliation controls.
- Certain reinvestment activities were not in compliance with project guidelines.

The combination of these audit findings indicates control deficiencies in the operation, oversight, and policy compliance of Washington's parking benefit districts.

ACKNOWLEDGMENT

The Audit Team would like to thank PBD's management and staff for their professionalism, cooperation, time, and efforts throughout the course of this engagement.

AUDIT TEAM

Jennifer Pierce, Deputy Director
Olaniyi Oyedele, CPA, Audit Manager / Interim City Auditor
Temitope Obagbamigbe, CISA, Lead Auditor
Mohammad Haroon, CPA, Quality Reviewer

DETAILED FINDINGS

FINDING #1: IMPROPER REVENUE RECOGNITION

RISK RATING

High

BACKGROUND

We performed procedures to determine whether all fees and revenues were properly accounted for and recognized in accordance with the provisions of Section 26-714.

CRITERIA

Chapter 26 – Parking; Article XI – Parking Benefit District

- Section 26-714(a): “All fees and revenues generated from the use of parking meters in the Washington Avenue Corridor parking benefit district and the issuance of permits under this article shall be allocated to the Washington Avenue Corridor parking benefit district. All fees and revenues generated from the issuance of parking citations in the Washington Avenue Corridor parking benefit district shall be allocated to the ParkHouston special revenue fund.”

FINDING

We conducted a revenue reconciliation review for the Washington Avenue Parking Benefit District (PBD). The analysis revealed that revenue generated from citations was not recognized as part of the total revenues in accordance with Section 26.714. This omission resulted in an understatement of net revenue, specifically:

1. Revenue from citations amounting to \$306,311 was excluded from the District’s total revenue calculation, despite being a significant component of parking-related income.
2. Management confirmed that citation receipts are accounted for separately within the City’s citation revenue general ledger under the control of the Finance Department, rather than being allocated to the District’s revenue.
3. According to information provided by management, the Finance Department aggregates all citation revenue for the City in compliance with Section 26.714 (a) and exercises operational control over its accounting and recording in the general ledger. However, the auditors believe that management should have performed necessary accounting procedures to identify the portion of the revenue attributable to the operations of the District for the purpose of determining its total revenue in accordance with the provisions of Section 26.714(a).

RECOMMENDATION

1. Management should implement a dedicated account to ensure citation receipts are recognized as revenue in the District’s financial records. This step is essential for maintaining complete and accurate revenue recognition in accordance with the provisions of Section 26-714.
2. The Finance Department should establish a general ledger to specifically capture citation revenue for each parking benefit district. To facilitate accurate tracking, each account should be identified using special codes corresponding to individual parking benefit districts.
3. Citation revenue should be properly allocated within the SAP system by posting receipts into the respective parking benefit district accounts. This measure will enhance financial transparency, ensuring each district can accurately account for its revenue.

MANAGEMENT RESPONSE

Revenue from citations issued in the PBD is deposited into the parking citation violation G/L 427020 in the ParkHouston Special Revenue Fund in compliance with Section 26-714(a). All parking citation revenue is allocated to this fund. The PBD Fund does not receive any portion of the citation revenue to apply towards public projects, only 60% of the net meter revenue after operating costs are defrayed. The \$100,000 project threshold was achieved in September 2014.

The purpose of codifying the \$100,000 project threshold was to ensure that the PBD generated sufficient funding prior to approving or initiating any projects. Because PBD projects can only be funded by meter and permit revenue we do not include citation revenue in calculating the one-time \$100,000 project threshold.

Citation revenue is monitored in the district to ensure that administrative costs of the district are proportionally shared between the PBD and the City. Monthly reports are shared with the Advisory Committee that track citation revenue and proportionally divide the costs of the PBD between the PBD fund and the ParkHouston Special Revenue Fund in compliance with Section 714(b):

All the total combined fees and revenue of the Washington Avenue Corridor parking benefit district and the parking management special revenue fund shall be first expended to defray the total administrative costs, signage, enforcement, debt service, and the installation, operation and maintenance of parking meters placed in service in the Washington Avenue Corridor parking benefit district on or after the effective date of designation of the parking benefit district. The total administrative costs shall be shared and paid by the Washington Avenue Corridor parking benefit district and from the ParkHouston special revenue fund in proportion to the total combined fees and revenue generated by or deposited into each respectively for the previous year.

The monthly report described above has been shared with the Controller's office.

The ordinance can be clarified to ensure that citation revenue is not considered in any aspect of the PBD operations except for the City's proportional costs of operation expenses.

RESPONSIBLE PARTY

Maria Irshad, Deputy Director, Park Houston

ESTIMATED DATE OF COMPLETION

April 2026

ASSESSMENT OF RESPONSE

Management's response, as presented, adequately addresses the identified issue. As such, the proposed corrective action plan is appropriate.

FINDING #2: UNRECONCILED REVENUE ACCOUNTS

RISK RATING

High

BACKGROUND

During the audit we obtained the documents relating to revenue transactions recorded in PBD's general ledger and performed a reconciliation with the City's general ledger for the entity maintained in SAP. The purpose was to ascertain whether internal control over financial reporting was adequate, and the amount recorded in the general ledger was accurate and complete. Adjustments were made to account for payment of sales tax included in the amount obtained from the City's balance.

CRITERIA

SOP No. 31-2 Customer Service Cash Handling issued by the Administration and Regulatory Affairs Department under Section 7.10, as follows:

- "The Administrative Services Division shall ensure that all deposits are promptly and accurately recorded within the City's accounting system" (Sub-section 7.10.1).
- "In addition to recording, they will perform reconciliation of the deposited amount, accounting entries, and bank account activity to ensure that all amounts agree, and the accounting entries have been booked to the appropriate accounts" (Sub-section 7.10.1.1).

FINDING

Audit procedure noted the difference in the amount of \$1,896 between the revenue recorded in PBD's T2 general ledger and that of the City for the year ending June 30, 2023, as follows:

FY23 REVENUE RECONCILIATION		
	PER SAP	PER T2
PBD Revenue per T2		\$263,762
PBD Revenue per SAP	\$256,643	
FY23 ParkMobile revenue carried forward to FY24	\$8,839	
Chargeback	\$176	
Total Revenue on SAP		\$265,658
Difference		(\$1,896)

We conducted additional inquiries with management to determine the cause of the reconciling difference. The Finance Department indicated that the variance resulted from a delay in recognizing credit card receipts. In response, we requested supporting documentation for bank reconciliation to substantiate the reconciling difference. However, no documentation was provided to support either the reconciliation or the reconciling difference.

RECOMMENDATION

Management should perform a monthly reconciliation of all transactions on the PBD T2 IRIS Ledger to ensure that financial records are accurate and complete in accordance with the provisions of Section 7.10 of SOP 31-2 (Customer Service Cash Handling).

MANAGEMENT RESPONSE

T2 IRIS captures, in real-time, all meter payments whether in cash, credit card or mobile app. The amount captured in IRIS is gross and does not account for sales tax that are netted out in the reconciliation process. We believe the primary driver of the difference in the reports above is that one report is gross revenue while the SAP GL is the amount after sales tax has been netted out of the earned meter revenues. The credit card cut off time will also impact the payment posting timing. Payments are posted when received. Cash payments are posted after we collect them from the meters and deposit the funds in the bank. Credit card payments collected from the meter are automatically deposited into our bank account. And we book what's in the bank account to SAP. Our SAP record is reconciled against bank deposits. Bank reconciliation statements were provided to the auditor in October 2023.

A majority of meter payments are made by credit card or mobile payment. The chart on page 5 of this report demonstrates that only 4% of meter payments are in cash resulting in less frequent collection activity. ARA FIN reconciles monthly deposits for all revenue earned by ParkHouston. To further improve the reconciliation process, all Washington meters with any amount of coins or bills will be collected at least once a month to ensure most of the cash is deposited the same month it is earned. However, there will still be the chance that cash payments are made after collections are completed, which will result in minor differences.

Effective April 2025, all Washington PBD meters with cash or coin stored in the vault will be collected at least once a month instead of collection on demand as is the case with the remaining meter plant.

RESPONSIBLE PARTY

Maria Irshad, Deputy Director, Park Houston

ESTIMATED DATE OF COMPLETION

April 2025

ASSESSMENT OF RESPONSE

Management's response, as presented, adequately addresses the identified issue. As such, the proposed corrective action plan is appropriate.

FINDING #3: PROJECT INITIATION THRESHOLD NOT MET

RISK RATING

High

BACKGROUND

An assessment of the projects presented to the mayor and city council for approval based on recommendations from the Washington Avenue Corridor Advisory Committee were included as part of the audit. A review of the committee's meeting minutes revealed that two projects were executed in FY23 and subsequently submitted for advisory review and recommendation.

CRITERIA

Chapter 26 – Parking; Article XI – Parking Benefit District

- Section 26-714(d): “The threshold of net revenue (the remaining total combined fees and revenue of a parking benefit district and the parking management special revenue fund after the total administrative costs are paid) that must be generated before a project may be initiated is \$100,000”.

FINDING

We reviewed the following projects that were presented to the advisory committee for recommendation to the mayor and city council as follows:

1. Flock Camera
2. HPD Enhanced Security

Recalculation performed to determine project threshold revealed that the Flock Camera project did not meet the minimum threshold of \$100,000 of net revenue required for project initiation before it was presented to the advisory committee, in contravention of the provisions of Section 26-714(d).

NET REVENUE THRESHOLD DETERMINATION		
DETAILS	FLOCK CAMERAS	HPD ENHANCED SECURITY
Date of Initiation	09/20/2022	02/28/2023
Parking Meter & Permits	36,611.11	158,718.63
Citation	40,886.50	146,527.50
Total Revenue	77,497.61	305,246.13
Less: Expenses	-	-
Net Revenue (A)	77,497.61	305,246.13
Minimum Threshold for Project Initiator (B)	100,000.00	100,000.00
Is A > B?	No	Yes
Meet Minimum Threshold?	No	Yes

RECOMMENDATION

We recommend that management establish a process to ensure that a minimum threshold is determined for each potential project prior to presentation to the advisory committee for recommendation to the mayor and city council. Such a process should include a detailed calculation with adequate support documentation. This will ensure compliance with Section 26-714 (d).

MANAGEMENT RESPONSE

The intent of the \$100,000 threshold was to establish a one-time hurdle, not to apply to all projects in future years. When the ordinance was approved in 2013, because the PBD was a new program, the \$100K threshold ensured that the program generated and banked revenue prior to embarking on any projects to ensure funding. The threshold was achieved in September 2014. We understand that the section, as written, can be interpreted to mean “a” project and not initial project.

We will engage the Legal Department to clarify the language to ensure the intent of the section is clear and not subject to misinterpretation.

RESPONSIBLE PARTY

Maria Irshad, Deputy Director, Park Houston

ESTIMATED DATE OF COMPLETION

April 2026

ASSESSMENT OF RESPONSE

Management’s response, as presented, adequately addresses the identified issue. As such, the proposed corrective action plan is appropriate.

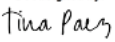
MANAGEMENT ACKNOWLEDGMENT STATEMENT

October 21, 2025

**SUBJECT: WASHINGTON AVENUE PARKING BENEFIT DISTRICT PERFORMANCE AUDIT REPORT-
ACKNOWLEDGEMENT OF MANAGEMENT RESPONSES**

I acknowledge that the management responses contained in the above referenced report are those of the Administration & Regulatory Affairs Department. I also understand that this document will become a part of the final audit report that will be posted on the Controller's website.

Sincerely,

DocuSigned by:

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Tina Paez,
Director, Administration & Regulatory Affairs

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APPENDIX 1: OBSERVATIONS

During the audit, we identified certain matters for consideration which we consider both individually and in aggregate to be opportunities for strengthening internal controls throughout the City.

OBSERVATION #1: ESTABLISH LOCK BOXES FOR CASH RECEIPTS

We observed that daily counted cash is typically placed on a moving dolly near the entrance of the walk-in safe rather than being stored in a cash drawer or secured location. Additionally, the walk-in safe remained open throughout business hours even when there were no activities inside. During interviews, the customer service supervisor stated that the safe is generally opened at the start of business and locked at the end of business everyday by the supervisor.

OBSERVATION #2: IMPROVE THE USE OF ARMORED CAR LOGBOOK

We reviewed the Brinks logbook completed by the armored van driver upon pickup of the bank deposit. However, we noted that the information contained in the logbook is incomplete and, in some instances, missing. Such information includes but is not limited to the date and time of pick-up, the driver's name and signature, and legible name of the employee processing the receipt.

OBSERVATION #3: ENHANCE THE USE OF METER COLLECTION SHEETS

We reviewed the collection sheets used by the parking technician to record meter collections and identified the following exceptions:

- (a) The name of the collection technician and/or supervisor were either missing, ineligible and/or improperly stated.
- (b) Collection sheets evidencing monies collected from the meter were not accurately filled resulting in discrepancies in amounts recorded for some months.

As a result of these exceptions, the description of the event, the amount collected, and the period under which it occurred could not be easily determined.

OBSERVATION #4: IMPROVE COLLECTION STRATEGIES FOR PARKING CITATIONS

The Municipal Court is responsible for the collection and processing of parking, traffic, and municipal code citations. During the audit, we noted that 53% of parking citations were not collected and were included in the Accounts Receivable Aging reconciliation. The aging of these citations indicates delays in payment and potential challenges in enforcement. Continued accumulation of unpaid balances may impact city revenue and enforcement efforts. Addressing these ageing accounts through improved collection strategies or policy updates may be necessary to enhance compliance and recovery rates.

APPENDIX 2: INTERNAL CONTROLS

Internal controls are processes established by management to provide reasonable (not absolute) assurance that the organization's objectives will be achieved. Our work included procedures to identify the internal controls that were significant to the objectives of this audit and to determine the effectiveness of those controls. A deficiency in design exists when (a) the control is missing entirely or (b) the control is in place but is not properly designed. A deficiency in operation exists when (a) the control is properly designed but does not *operate* as designed or (b) the person performing the control does not possess the necessary competence to perform the control effectively.

We identified two (2) design deficiencies and four (4) operating deficiencies in internal controls. In total, 19 of the 21 controls (90%) were appropriately designed, while 17 of the 21 (81%) operate as intended. These results indicate that while the overall control framework for the Parking Benefit District is generally sound and functioning as intended, opportunities remain to strengthen consistency in execution, documentation, and oversight to ensure sustained compliance

The Washington Avenue Parking Benefit District key controls were categorized as follows:

- **Physical Safeguard of Cash**
 - Controls over the secure storage of collected cash/receipts.
- **Segregation of Duties**
 - Controls to separate the functions of cash collection, recording transactions, depositing funds, and reconciling.
- **Documentation of Collection, Revenue Recognition, and Reinvestment**
 - Control involving using standardized receipts or tickets that are sequentially numbered and keeping detailed logs of collected meters, including the time and personnel involved.
 - Control for maintaining detailed records linking revenue received, project proposals, approvals, and expenditures.
- **Reconciliation Procedures**
 - Control for daily reconciliation of the number of meters collected, total cash received, and recorded revenue.
- **Deposit Controls**
 - Control over timely deposits of cash into the bank.
- **Budgeting and Recording:**
 - Control to ensure revenue is accurately recorded in the appropriate ledger, with calculations for reinvestment clearly documented.
- **Approval Process**
 - Control of the approval process involves establishing clear policies for approving reinvestment projects or expenditures and maintaining thorough documentation of approvals from relevant authorities to ensure accountability and compliance.
 - Control to ensure projects benefiting the neighborhood are approved based on established criteria.

The scope of our work did not constitute an evaluation of the overall internal control structure of the City or that of PBD. Management is responsible for establishing and maintaining a system of internal controls to ensure City assets are safeguarded, financial activity is accurately reported and reliable, and management and employees are following laws, regulations, policies, and procedures. The objectives are to provide management with reasonable, but not absolute assurance that the controls are in place and effective.

APPENDIX 3: REVENUE COLLECTION PROCESS

PBD revenues are mainly in the form of parking meter receipts and permits and citation. During the fiscal year 2023, the revenue distribution of PBD are as follows:

- Parking meter of \$284,912.50 (48%)
- Citation issuance of \$306,310.55 (52%)
- Permits issuance of \$609.45 (0.1%)

PARKING METER FEES

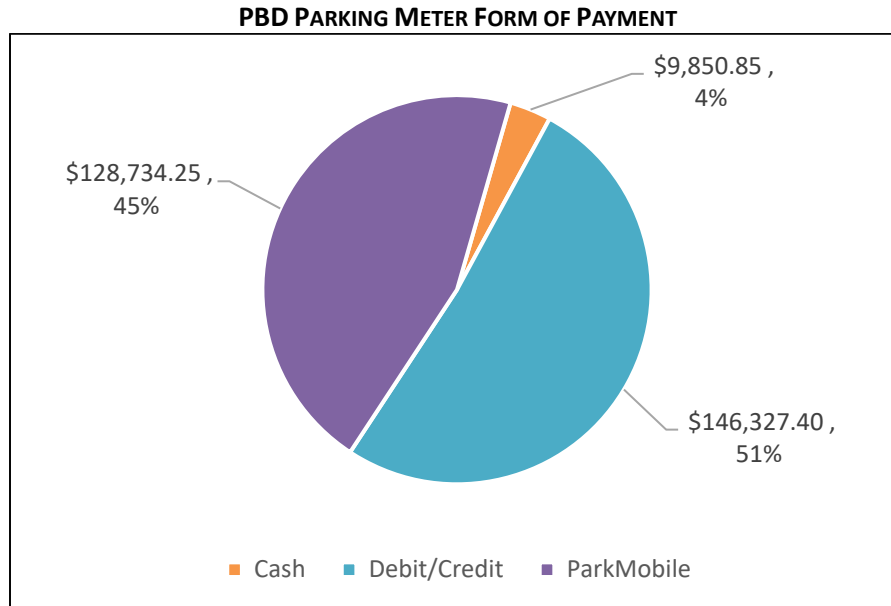
Parking meter fees represent revenue generated from payments made for the use of parking meters. These fees are collected through the installation of parking meters in designated on-street parking zones where regulation, control, or inspection of the parking of vehicles have been deemed beneficial. Additionally, mobile payment zones facilitate revenue collection through cashless transactions.

Parking meters and mobile payment zones are distributed within the locations in the PBD based on available spaces. There are currently 383 available spaces within the district with a total of 49 parking meters with pay-by-phone facility. In addition, there are 3 exclusive pay-by-phone facilities. Washington Avenue, with 306 spaces representing 80%, has 40 meters representing 77% of the installed parking meter capacity. Please see below for details.

DISTRIBUTION OF PARKING METERS

LOCATIONS OF DISTRICT	# OF SPACES	# OF SMART METERS
Center Street	19	2
Knox Street	9	2
Lillian Street	23	1
Parker Street	5	1
Roy Street	5	1
Sandman Street	6	1
Washington Avenue	306	40
White Street	10	1
Total	383	49

Payment for parking is usually through cash, debit/credit card, text "PARK" to 77223, google pay and ParkMobile (mobile phone app for payment). Evidence for payment is the issuance of a receipt with the inscription of the vehicle plate number. Payment is recorded on a real-time basis as payment and transaction are monitored through T2 IRIS, a web-based application system. Details of the payment composition are detailed below:



Source: ParkHouston; Credit: Audit Division

The money collection is the process of retrieval of monies in the parking meters for the purpose of counting and depositing. Most payments are cashless and do not require cash collection activity, as a result cash collection is conducted on a quarterly basis unless the minimum cash threshold of \$200 (bill and coins) is attained at which stage a cash collection process is initiated. Upon determination of the meters earmarked for collection, each parking technician is assigned a set of unique numbered collection devices which are assigned to each designated meter. The supervisor and the parking technician will verify these numbers prior to the parking technician leaving the office to commence the meter collections. In addition, meters are checked monthly for preventive maintenance.

At the location, the parking meter collector opened the meter with the meter key, download all transactions into the Boss key (USB drive) and prints out transaction details report from the meter controller. Inside the meter, there is a bill and coin stacker in the meter for cash payment. The technician replaces the collection devices (Bills and coins stacker) in the meter and records the collection device number of the new and replaced route number in the collection sheet. The collection devices and sheets are taken to the office walk-in safe for counting.

At the walk-in safe, the revenue counting lead receives the collection devices and collection sheet from the technician. The audit transaction report printed from the meter is received as well by a staff in Customer Service. The cash is usually counted on a counting machine, and it automatically records counted amounts on an excel spreadsheet which is uploaded to the T2 application. At the end of the day, deposits are prepared and picked up by Brinks (armored van) and delivered to the bank.

CITATION ISSUANCE

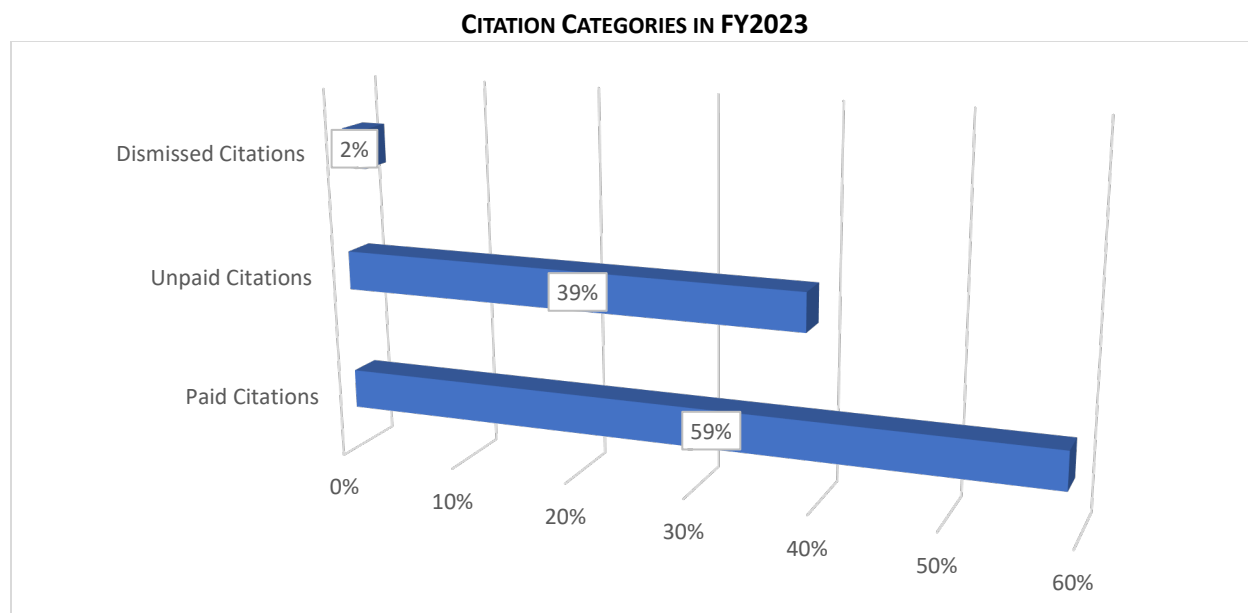
Citation is a ticket issued to vehicles that violate parking regulations. PBD which is a ParkHouston division of the Administration & Regulatory Affairs (ARA) Department of the City administers the citation process of the city. The parking enforcement officers are responsible for issuing citations to the public. The officers' monitor and patrol designated areas for parking violations and ensure those who violate parking

regulations are held accountable for doing so. The officers are empowered to tow vehicles parked in a tow-away zone.

The issued citation tickets/fines could be paid for online, by phone, mail or in person. The city allows citation to be disputed when a parker believes they have been issued a ticket in error. This provides opportunities for parkers to explain the reason for dismissal. The hearing officer weighs the evidence and concludes whether to uphold or dismiss the citation. The citation can be disputed within 30 days from the issue date, and it can be done either online or in-person. Failure to pay or appear before an officer hearing within 30 days of citation issuance will result in:

- Delinquent fines are assessed if the citation is not resolved in 30 days.
- Accumulation of three or more delinquent parking violations subjects the vehicle to booting.
- One delinquent handicapped zone parking violation subjects the vehicle to booting.
- Citation not paid in full within 90 calendar days subject to 30% additional collection fee.

In addition, if the hearing officer decision is dissatisfying, parker can appeal by filling a petition to the Municipal Count not later than 30th day after the hearing officer's decision is filled. A total number of 8,997 citations were issued in FY2023. The figure below shows the percentage of citations categories in FY2023.



Source: ParkHouston; Credit: Audit Division

PERMIT ISSUANCE

A parking permit is a credential that allows a vehicle to legally park in certain areas during designated times. A parking permit is issued and valid for one year from the day of its date of issuance and may not be transferable. Renewal application can be made 30 days prior to the expiration of the permit.

Permit fees are payable by cash, check, or credit/debit card. Annual fee was \$25 which was increased in January 2023 to \$26.35. Monies received are recorded in the general ledger as revenue for the PBD.

REINVESTMENT ACTIVITIES

Proceeds of revenue received by the PBD are reinvested in the community to enhance mobility, ensure pedestrian safety, and improve the general quality of the community. Such reinvestment activities are undertaken through projects initiated by the PBD. Per the provisions of Section 26-714(d) projects can be initiated on the recommendation of the advisory committee to the mayor and the city council for approval, provided the net revenue (the remaining total combined fees and revenue of parking benefit and the parking management special revenue fund after the total administrative costs are paid) meet the minimum threshold of \$100,000 at initiation. Sixty percent of the net revenue is expected to be applied to the project. During the period under scope, the Advisory Committee recommended the following projects to the Mayor and City Council:

DETAILS OF PROJECTS EXECUTED IN FY2023

PROJECTS	DATE APPROVED	AMOUNT APPROVED	AMOUNT SPENT	BALANCED AMOUNT UNSPENT
Flock Camera	09/20/2022	\$30,000.00	\$20,591.46	\$9,408.54
HPD Enhanced	02/28/2023	\$50,000.00	\$7,126.83	\$42,873.17

Source: ParkHouston; Credit: Audit Division

APPENDIX 4: PROCEDURES AND STANDARDS

AUDIT PROCEDURES PERFORMED

To obtain sufficient, appropriate evidence to achieve the engagement objectives and the related audit conclusions, we performed the following:

- Obtained and reviewed the City of Houston Code of Ordinance, Chapter 26 relating to parking benefits.
- Obtained and reviewed the policies and procedures established by management in connection with the operations of the PBD.
- Interviewed ARA management and staff regarding their knowledge of policies and procedures.
- Interviewed parking meter mechanics for functions and operations, inquired of problem areas and corrective actions.
- Observed parking meter technicians on the field during collection of meter revenue.
- Observed cash counting process in the walk-in safe.
- Conducted a physical inspection of cameras to ensure proper placement.
- Reviewed audit report of transactions printed from the meter during collection.
- Reviewed logbook filled at the entrance of the walk-in safe and collection of deposits by Brinks.
- Obtained and analyzed downloaded Data from the T2 parking software application.
- Obtained and analyzed downloaded data from SAP.
- Reviewed the numerical sequence of permits issued.
- Observed permit payment procedure and ensured necessary forms and documents are attached to the system.
- Obtained and reviewed smart meter locations.
- Obtained and analyzed the citation schedule for resolved, unresolved and dismissed citations.
- Reviewed minutes of meetings held for the approver of projects by the advisory committee.
- Evaluated internal controls related to the operational activities of the PBD.
- Obtained and reviewed the general ledger of projects executed.

AUDIT STANDARDS

We conducted this performance audit in accordance with the Generally Accepted Government Auditing Standards and in conformance with the Global Internal Audit Standards as promulgated by the Institute of Internal Auditors. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provided a reasonable basis for our findings and conclusions based on our audit objectives.