



# Internal Audit Report

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2024-05 – AIRPORT PARKING

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Internal Auditor

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DeLand, Florida 32720

**October 29, 2024**

[volusia.org/auditor](https://volusia.org/auditor)

## Report Highlights

### Why We Performed This Audit

Airport parking generated over \$3 million in revenue during 2023. The airport parking operates under a concessionaire agreement with Republic Parking. The agreement is nearing its term. We wanted to ensure the current agreement was operating as intended and that the airport has effective monitoring controls in place to ensure all parking revenue is received.

### What We Found

Airport staff do not have real-time access to the ticket system and must rely on monthly reports provided by Republic. These reports do not always agree with each other, are not straightforward, and an important report was not included until recently requested. Seven percent of the tickets tested had an issue as many did not record the payment type or the tickets were unreadable as the ticket information printed incorrectly. Improvements to discount programs are needed to reduce the likelihood of misuse. Inventory records of equipment and unused tickets were not maintained to ensure that the equipment was operating effectively or that parking tickets were properly accounted for. Airport staff do not document their review of monthly and annual reports provided by Republic.

### We Recommend

Establishing monitoring controls to ensure all revenue received at the parking booth is being accurately reported. Improving controls on discount programs to reduce the likelihood of abuse of discounts. Establishing monitoring controls to ensure equipment is tested daily and maintained so that the ticket information is legible. Additionally, documenting staff's review of Republic's audit reports will further strengthen the controls and assurance of parking operations at the airport.

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October 29, 2024

Honorable Members of the County Council and County Manager:

I am pleased to present the audit report 2024-05 Airport Parking. The purpose of this audit was to assess, with a reasonable degree of assurance, that internal controls related to the assessment and collection of parking revenues at Daytona Beach International Airport were operating efficiently, effectively, and in compliance with laws, regulations, and policies. The audit scope included parking transactions processed during calendar year 2023.

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*. Those standards require that I plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for my findings and conclusions based on audit objectives. I believe the evidence obtained provides a reasonable basis for my findings and conclusions. The audit was performed in the months of April 2024 through September 2024. Svetlana Ries, staff auditor, assisted with the audit work.

This audit was successful due to the assistance of the staff with the Daytona Beach International Airport. We appreciate their support. All audit reports are available on the County's website at: [volusia.org/auditor](https://volusia.org/auditor).

A handwritten signature in black ink, appearing to read "Jonathan Edwards".

Jonathan Edwards, CIA, CPFO  
Internal Auditor

## Background

The Daytona Beach International Airport (“airport”) parking lot is owned and operated by the County of Volusia. It is just steps from the terminal and offers 300 short-term spaces and 779 long-term spaces. All lot entrances have ticket arms that are activated by loop connectors and ticket machines. Figure 1 is a map of the parking lots. All patrons exit and pay at the exit toll booth.

Figure 1: Daytona Beach International Airport Parking Lot Map



Table 1 provides the current parking rates, which the County Council approved on August 6, 2019, and made effective October 1, 2019. A comparison of the airport rates to comparable airport parking lots in Florida is included in the appendix.

Table 1: Parking Rates at the Airport

Time	Short-Term	Long-Term
First 15 minutes	Free	N/A
16-30 minutes	\$1.00	N/A
First 30 minutes	N/A	\$1.00
Each additional 30 minutes	\$1.00	\$1.00
Maximum rate for 24 hours	\$15.00	\$12.00

The airport provides a “Gold Card Club” discount to senior citizens who are 62 or older. The membership provides a 10% discount on parking, gifts, and refreshments at the airport. The airport also provides free parking to disabled veterans, who display the “Disabled Veterans License Plate.” The airport offers a coupon, available to print from the website, for any patron who parks for 3 or more days to receive 1 day free.

Since 1967, the airport’s parking operations have been operated by Republic Parking System, Inc<sup>1</sup>(“Republic”). In 2014, the County released a concessionaire request for proposal (RFP) and received three solicitations. Republic was recommended by staff to continue parking operations which was approved by the County Council on May 21, 2015. The contract allowed for an initial 10-year term with an option to renew for an additional 5 years. Republic operates and maintains the premises twenty-four hours a day, seven days a week with an onsite manager and eight part-time employees.

Republic is responsible for the collection of parking fees and charges, the preparation and maintenance of accurate books and records with daily report sheets, the removal of improperly parked or abandoned vehicles, the performance of a nightly license plate inventory of all vehicles parked, maintenance and reporting of customer complaints, customer assistance requests, reporting of suspicious or criminal activity, any maintenance needs on parking equipment, and all claims for losses or damage on the premises.

Republic is responsible for accounting for each parking ticket issued, including used and unused ones. To ensure accountability of unused, mutilated, or unusable tickets, Republic is responsible for providing an inventory report accounting for tickets in storage and in the system. Customers who may lose a ticket are required to complete a “lost ticket” form, which is to be confirmed by the Republic employees who review the customer’s travel itinerary.

Republic will provide a minimum annual guarantee (MAG) or a certain percentage of revenue, whichever is more. The MAG is proportioned by month, i.e., for year 10, the monthly MAG would be \$130,000. After year 10, if the County and Republic agree to extend the contract for an additional 5-year term, the MAG will be renegotiated. Republic is responsible for providing annual independently audited financial schedules specific to operations at the airport. Table 2 provides the breakdown of the MAG and percentage by contract year.

Table 2: Minimum Annual Guarantee (MAG) by Contract Year

Contract Year	MAG in Dollars	MAG as Percentage
Year 1 (7/1/15-6/30/16)	\$ 1,320,000	84.75%
Year 2 (7/1/16-6/30/17)	1,320,000	84.75%
Year 3 (7/1/17-6/30/18)	1,320,000	84.75%
Year 4 (7/1/18-6/30/19)	1,320,000	85.00%
Year 5 (7/1/19-6/30/20)	1,440,000	85.00%
Year 6 (7/1/20-6/30/21)	1,440,000	85.00%
Year 7 (7/1/21-6/30/22)	1,440,000	85.00%
Year 8 (7/1/22-6/30/23)	1,560,000	86.00%
Year 9 (7/1/23-6/30/24)	1,560,000	86.00%
Year 10 (7/1/24-6/30/25)	1,560,000	86.00%

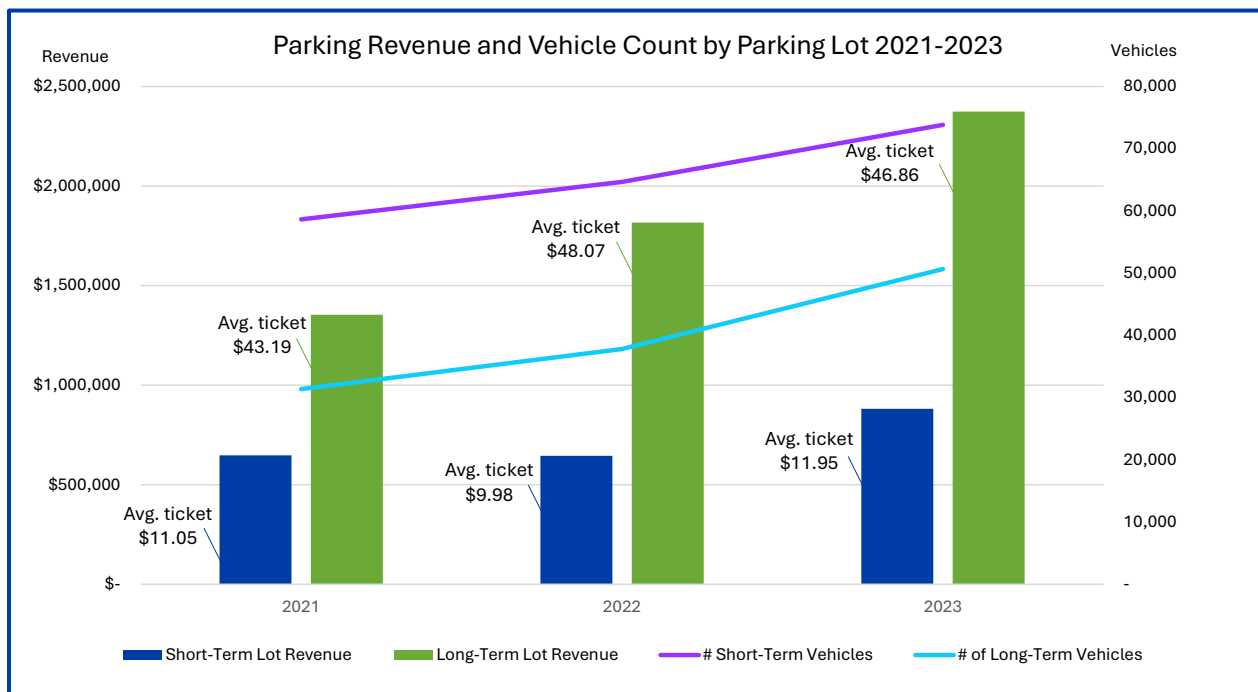
<sup>1</sup> Republic Parking System, INC, is part of Reimagined Parking, a family of nationally recognized brands that includes Republic Parking, Impark, AmeriPark, and Park One.

On April 6, 2021, the County Council approved an amendment to the contract for pandemic accommodations as air traffic was significantly impacted. The MAG was waived from March through September 2020. The amendment also allowed that during FY 2021 (October 2020 through September 2021), if monthly revenue were less than \$145,000, Republic would retain \$25,000. If monthly revenue was over \$145,000, then 15% of the revenues were to be retained by Republic, and 85% were to be turned to the County.

Table 3 summarizes the parking revenues for the last 3 calendar years, including the number of vehicles processed, based on Republic-provided reports. The corresponding graph compares the number of vehicles and revenue generated by the short-term and long-term lots. The average ticket amount by year is included.

Table 3: Parking Revenue by Calendar Year

Year	Short-Term Lot Revenue	Long-Term Lot Revenue	Number of Short-Term Vehicles	Number of Long-Term Vehicles
2021	\$ 647,724	\$ 1,354,079	58,634	31,355
2022	\$ 645,806	\$ 1,816,994	64,678	37,799
2023	\$ 882,102	\$ 2,373,887	73,831	50,656



## Scope and Methodologies

On January 4, 2024, the County Council approved the 2024 Audit Plan, which included an audit of the airport's parking operations. The primary objective was to determine if internal controls related to the assessment and collection of parking revenues at Daytona Beach International Airport are operating efficiently, effectively, and in compliance with laws, regulations, and policies.

Specific audit objectives were:

1. To obtain an understanding of internal controls that are significant to the assessment, collection, and recording of airport parking fees.
2. To determine whether parking revenues were received by the County and accounted for properly.
3. To determine whether the parking management concessionaire, Republic Parking, INC, complied with the contract terms.
4. To assess compliance with applicable laws, regulations, contracts, and policies.

Audit procedures to accomplish these objectives included the following:

- Obtained and reviewed State statutes, County ordinances, policies and procedures, best practices, and other relevant documentation pertaining to airport parking operations.
- Reviewed and understood County and Republic internal controls over parking activities.
- Interviewed various County and Republic staff.
- Reviewed and tested parking ticket transactions for compliance.
- Reviewed Republic's audited financial schedules and monthly revenue submittal reports.

The audit scope included parking revenues collected during calendar year 2023. Table 4 provides the revenue and vehicle count by month for 2023, including monthly permits. The month of May was judgmentally selected for testing, which amounted to 9% of revenues and vehicles.

Table 4: 2023 Gross Revenue and Vehicle Count by Month

Month	Gross Revenue	Vehicle Count
January	\$ 213,737	10,242
February	203,808	9,985
March	272,261	12,546
April	271,175	11,897
May	314,018	13,532
June	283,188	12,860
July	301,885	12,823
August	305,518	12,629
September	305,132	13,633
October	321,539	12,940
November	270,732	11,863
December	254,563	11,287
<b>Total</b>	<b>\$ 3,317,556</b>	<b>146,237</b>

## Findings and Recommendations

### 1. ACCESS TO SOFTWARE AND RECONCILIATIONS ARE CRUCIAL TO ENSURE REVENUE REPORTED ACCURATELY

Airport staff have not been granted access to the ticket software which would assist in their monthly verification of parking revenue. Several of the required monthly reports from Republic have not been provided or were only provided recently upon request. Airport staff have not documented their review of monthly reports to reconcile the revenue received from Republic. 7% of the tickets tested had issues, including unknown payment types and unreadable tickets.



Exhibit D of the contract includes Republic's response to the County's RFP which states, "All activity of the PARCS (Parking and Revenue Control System) may be viewed at any time by the County's authorized staff using the internet to log into the system to review 100% of all information at any time." It further states that logins will have two-factor authentication and the PARCS system is PCI-DSS<sup>2</sup> compliant. Republic also stated that authorized airport staff would be able to generate reports, including customized reports, to support accountability over the parking operations.

Airport staff were not provided access to the PARCS system as promised. Only one computer on the airport property can generate reports from the PARCS system. The Republic Vice President stated PCI requirements have become stricter over time, and Republic decided to limit access to secure credit card information. The Republic Vice President stated that airport staff may visit the toll booth and generate any reports as needed. Airport staff did not initiate or generate any monthly reports to independently recalculate monthly revenues from the PARCS system.

Having real-time access to PARCS will assist in efficiently reconciling any discrepancies and issues identified.

Having real-time access to the PARCS system would allow airport staff to better monitor and reconcile parking activity throughout the month. It would also help staff identify any issues sooner.



Section 9.8 of the contract requires Republic to submit daily and monthly activity reports that are described in Table 5. Each month Republic produces and submits revenue reports to airport staff. Typically, these reports include a cover page, a summary report, two different general ledger reports (referred to as "GL 220" and "GL 250"), and a bank statement.

In April 2023, airport staff requested GL 220 to be modified to a better format for the ease of the monthly reconciliation. In July 2023, Republic started submitting the GL 250 report to provide additional information. Yet, even after including this other report, the reports were inconsistent (i.e., the data in one report provided conflicting information). In September 2024, the Vice President of Republic suggested using GL 250 only as a solution. However, auditors still found report inconsistencies between the reported revenue generated and the number of tickets processed.

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<sup>2</sup> PCI-DSS is the Payment Card Industry Data Security Standard which is an internationally recognized information security system standard specific to organizations that handle credit card data. Being PCI-DSS compliant ensures businesses process credit and debit card payments securely, protecting them and their customers, and reducing the likelihood of payment card fraud.

Table 5: Required Activity Report and Comments

Required Activity Report Per Contract	Comments
Daily cash summary reconciling total gross receipts to daily deposit and a bank deposit slip.	Starting in July 2023 bank statements were added to monthly packet. Daily summaries have not been provided.
Monthly credit card transaction report.	Not received.
Number of tickets issued at each entrance gate.	Not received.
Number of tickets and revenue amount collected at each exit booth.	In total only, not by booth.
Revenue deposits, shortage, and overages at each exit booth.	In total only, not by booth.
Amount of gross receipts collected, in total.	Received.
Number of vehicles entering and exiting parking facility, in total.	Exit only information provided.
Number and related revenue of all lost tickets, in total.	Received.
Number and related revenue of all mail-in payments.	Not applicable.
Number of non-revenue tickets processed, in total.	Received.
Unaccounted for tickets ratio (number of tickets short as a percentage of tickets issued).	Not received or calculated.
Gross receipts from other activities agreed to, but not limited to valet parking.	Received.
Delivery of monthly activity reports including all processed tickets, which shall be returned to Republic after County staff review.	Republic stores all processed tickets for the past 12 months at the parking plaza and stores prior years at an off-site storage. Airport staff have not requested to review the processed tickets.

The Daily Activities Report was not provided until the auditors requested the reports in August 2024. When auditors questioned Republic's Vice President on the inconsistencies between the reports, she stated she was unaware the daily and monthly reports did not agree and stated she only reviews the daily reports.

Providing consistent and reliable reports would allow airport staff to reconcile the monthly parking activity.



Each month airport staff received the reports with the payment from Republic. Airport staff accepted the payments; however, it was not documented that staff reviewed or analyzed the reports each month. Starting in the summer of 2023, the Business Manager attempted to analyze and review the reports; however, there were many hurdles to tackle, including other job duties, inadequate access to the PARCS system, Republic not being responsive to staff requests, and the lack of backup data being provided by Republic.

By not documenting the review of monthly reports, the County is at risk of revenue being underreported, an unclear understanding of parking operations, and inadequate monitoring of the concessionaire activities.

Documenting review of reconciliation and analysis strengthens internal controls.

For an effective internal control system, monitoring and assessing performance over time and promptly resolving issues as they arise is crucial. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, analysis, and other routine actions. In addition, the County Council recently established goals to increase the efficiency and effectiveness of operations, enhancing fiscal stewardship by consolidating, outsourcing, or reorganizing the services when appropriate in a solution-oriented culture.

✈ 850 of the 11,435 (or 7%) parking tickets auditors analyzed from May 2023 had various circumstances that were questioned. Many of these tickets were unknown payment types or were unreadable. Those tickets were unreadable or could not be located on the PARCS reports and remained unidentified. Many of these 850 tickets were from the unmanned exit booths that only accept debit or credit card payments. As depicted in Figure 2, the entrance and exit information are printed over each other.

Figure 2: Ticket Entrance and Exit Information Printed on Top Of Each Other



The 850 tickets were grouped into categories as shown in Table 6 with a brief description following.

Table 6: Ticket Test Results for May 2023

Issue Category	Ticket Count	Discounts Provided	Revenue Collected
Unknown payment type (a)	435	\$ 1,132.70	\$ 13,706.30
Unreadable tickets (b)	267	-	48.00
Missing from daily batch (c)	25	48.00	602.00
Damaged or missing tickets (d)	23	205.60	702.40
Possible ambassador tickets (e)	22	93.00	7.00
Discounts not documented (f)	17	365.30	711.70
Operator error (g)	16	97.10	688.90
Coupons not attached (h)	14	168.00	787.00
Validator jam (i)	14	-	177.00
Misprinted tickets (j)	8	-	394.00
Monthly permits missing information (k)	5	124.00	35.00
Missing exception ticket (l)	4	-	65.00
<b>Total Tickets with Issues</b>	<b>850</b>	<b>2,233.70</b>	<b>17,924.30</b>
<b>Total Tickets for May 2023</b>	<b>11,435</b>	<b>\$ 15,321.48</b>	<b>\$ 290,791.60</b>
<b>Percentage of Ticket Issues to Total</b>	<b>7.4%</b>	<b>14.6%</b>	<b>6.2%</b>

- (a) Payment methods could not be found on the Daily Reports due to missing information on the tickets as the tickets were not included in the Daily Report.
- (b) Tickets were unreadable as the exit information was printed over the entrance information.
- (c) Tickets missing from the operator's daily batch of tickets; however, auditors could trace the tickets to the daily reports.
- (d) Tickets were damaged or missing and exception tickets were not attached to the damaged ticket.
- (e) Tickets marked as "ambassadors" tickets; however, no other information was recorded, and auditors were unable to verify the legitimacy of these tickets.
- (f) Explanations for the discount were missing with no justification provided, and exception tickets were not attached or were unintelligible that auditors could not decipher the information.
- (g) Errors stemmed from various reasons, such as payment methods marked incorrectly in the system, operators charging the incorrect rate (short-term vs. long-term rate), or the operator not completing the exception ticket per policy.
- (h) Coupons for the 1-day free parking were not attached for retention.
- (i) Validator tickets jammed and exception tickets were not filled out or attached for retention.
- (j) Tickets were misprinted; however, auditors could trace them to the Daily Reports.
- (k) Tickets marked as monthly permits, but the operators did not note the permit holder's name and auditors could not verify the ticket's legitimacy.
- (l) Tickets marked as "manual entry," but the exception tickets were not completed, and no explanation was provided.

Section 7.3 of the contract states that the “Concessionaire shall maintain an inventory of all Revenue Control System equipment, documenting its age, condition, and all repairs and maintenance performed on each item. Such log shall be provided to the County at least yearly.” Additionally, Sections 9.9 and 9.10 address missing and lost tickets stating that the “Concessionaire shall also keep an inventory of all tickets that are unused, mutilated, or unusable for verification of ticket substation.”

Republic’s standard operating procedures inform their staff that operators are responsible for checking all no-charge exception tickets for correct authorization and full signatures. It further instructs operators to ensure lost ticket forms are legible.

It is noted that Republic’s staff performed daily tests of ticket dispensers; however, the unmanned exit booths were either not included or performed as documentation was not maintained to demonstrate conformance with the agreement.

#### **RECOMMENDATIONS:**

- A. Work with information technology analysts to evaluate PCI-DSS requirements to enable real-time access to the ticket software.
- B. Request additional fields to be added to the daily and monthly reporting for more user-friendly reporting ensuring all categories of revenues and exceptions are itemized and included.
- C. Consider hiring an airport accountant or fiscal analyst dedicated to reconciliation and other accounting-related duties. Alternatively, review the current airport staff duties and amend them to include concessionaire revenue reconciliation.
- D. Ensure Republic maintains copies of the traveler’s itinerary and attaches the exception tickets to the parking ticket to document the correct charge. Periodically compare the itineraries to the nightly inventory reports to ensure operators duly charge the correct number of days.
- E. Ensure Republic performs daily ticket dispenser tests at entrance and exit booths to verify tickets are readable.

#### **MANAGEMENT’S RESPONSE:**

- A. *We agree with this recommendation and will continue to work with Republic to explore options for airport staff to access the PARCS (Parking Access and Revenue Control Software) software. The airport staff requested access to the PARCS to view parking activity information and was told that due to PCI-DSS (Payment Card Industry - Data Security Standards) requirements, we could not be granted access. PCI-DSS standards are applicable to the storage, processing, and transmission of payment account data (credit card information). As such, access to actual credit card numbers, expiration dates, and PIN numbers is restricted and typically encrypted. The airport does not request access to payment card data, nor does it need access to the payment card data. The airport staff needs access to parking activity*

*data such as entries and exits, length of stay, parking occupancy, and to verify parking validations, exceptions, and discounts. The reason for not granting software access to airport staff does not make sense given that the software and the hardware were part of the proposal the County accepted, and, in the proposal, the airport staff was promised access. If access cannot be given as promised, then we will explore options including a total replacement of the PARCS system and if not feasible, soliciting and securing another parking operator.*

- B. We agree with this recommendation and will continue to work with Republic to improve the daily and monthly reports to include and itemize all revenues and exceptions categories. However, we were told that the current report format is limited in the number of fields that can be included.*
- C. We agree with the recommendation and concur that additional reconciliation should occur. The Airport is in the process of hiring an Airport Finance Manager whose role will include tasks associated with contract management and reconciliation and therefore should help meet this goal.*
- D. We agree with this recommendation and will work with Republic to implement this recommendation.*
- E. We agree with this recommendation. We will work with Republic to implement a procedure to verify ticket readability daily and follow up on any deficiencies found.*

## 2. IMPROVEMENTS ARE NEEDED OVER AIRPORT DISCOUNT PROGRAMS

Improvements are needed over the discount programs offered by the airport. The Gold Club program is susceptible to fraudulent use by patrons or any parking operators. The reporting from the PARCS system is inconsistent and did not agree with each other for May 2023. The airport provided \$5,401 of free parking after the expiration of an incentive. Policies and procedures regarding validations and travel agents should be addressed to reduce the likelihood of misuse.



The airport offers a Gold Club Membership program to senior citizens aged 62 or older. The program entitles members to a 10% discount on parking, gifts, and refreshments at the airport. To receive a membership, participants must show proof of age at the time of sign-up. The membership is good for life.

When participants sign up for the Gold Club program, airport ambassadors verify the driver's license and issue the card. However, a listing or database of Gold Club members is not maintained. When participants pay for parking, Republic employees write down the last name on the ticket and issue the 10% discount. However, there is no verification of the customer since there is no member listing.

During our testing of May 2023 transactions, there were 128 of these discounts, totaling \$1,119. Table 7 provides the amount of senior discounts by calendar year for 2021. The amounts were supplied by Republic's monthly reports.

Table 7: Parking Discount Amounts From Republic's Reports by Calendar Year

Calendar Year	Gold Club Parking Discounts
2021	\$ 5,752
2022	9,012
2023	11,455

The lack of verification controls over Gold Club discount cards is an opportunity for fraud by parking attendants and participants.

As there is no formal monitoring system for the Gold Club program, the County may be losing revenue. Participants could be sharing their discount cards with family or friends. In addition, the cards are not prenumbered, the cards are stored where the public may access them, and the cards are printed on regular stock paper.

Additionally, the opportunity risk is greater for fraud by the Republic parking operators as they could be charging the full price to the customer, record the transaction as a discount, and personally pocket the difference. Alternatively, the operators could be discounting their own friends or family members without proper authorization.



Section 9.11 states that upon request from the County, the "concessionaire shall prepare such other financial or statistical reports relating to its operations at the airport." It was noted that the discount reports do not match in number or the discount amounts. Due to the differences between the reports, the County cannot rely upon the reporting. Airport staff is unable to verify the discount details for monthly reconciliations, resulting in potentially underreported revenues.

Four different monthly reports for May 2023 were reviewed and compared to determine the number and amount of discounts provided for the month. The daily summary reports were provided by the local parking manager who prepares the reports utilizing Excel spreadsheets. The system-generated “Monthly Report for Discounts” was provided by the local manager upon the auditor’s request. The GL 220 and GL 250 reports are provided by Republic each month along with their cover sheet as previously described. Table 8 provides a summary of the count of discounts. Table 9 provides a summary of the amount of the discounts.

County is at risk of Republic underreporting revenue when daily and monthly reports do not agree to each other.

As stated previously, when auditors questioned Republic’s Vice President, she was unaware the monthly reports were inconsistent and said she only reviews the daily reports. It is noted that until auditors requested the daily reports, the airport staff received only monthly reports.


The County is at risk of Republic underreporting revenue when the reports do not agree with each other.

Table 8: Count of Discounts by Type for May 2023, per Republic’s Reports

Discount Type	Daily Summary Reports	Monthly Report of Discounts	GL 250 Report	GL 220 Report
Airport Authorization	1,426	1,371	2,119	1,956
Monthly Permit Sales	81	78	48	-
Disabled Parking	98	97	96	-
Gold Card Club	129	125	125	-
<b>Total Counts</b>	<b>1,734</b>	<b>1,671</b>	<b>2,388</b>	<b>1,956</b>

Table 9: Amount of Discounts by Type for May 2023, per Republic’s Reports

Discount Type	Daily Summary Reports	Monthly Report of Discounts	GL 250 Report	GL 220 Report
Airport Authorization	\$ 10,758	\$ 10,290	\$ 13,892	\$ 20,384
Monthly Permit Sales	2,840	2,467	4,340	4,340
Disabled Parking	5,237	5,363	5,357	-
Gold Card Club	1,130	1,091	1,130	-
<b>Total Amounts</b>	<b>\$ 19,965</b>	<b>\$ 19,211</b>	<b>\$ 24,719</b>	<b>\$ 24,724</b>

 From June to December of 2023, the airport offered free parking for passengers using a new air service. The County Council approved the program on September 20, 2022. The Air Service Support Program is intended to complement the strategies and objectives of the airport’s air service development efforts of attracting new air carriers while encouraging incumbent carriers to consider expansion and new market development. The program allowed for 6 months of free parking to the new air service

\$5,401 worth of expired coupons were accepted between January and June of 2024 as Republic was unaware the coupons were expired.

passengers. The parking incentive expired on December 31, 2023. The coupon was handed out to passengers as they arrived at the terminal with instructions to provide the boarding pass and the coupon to the parking attendant. The coupon stated it expired on December 31, 2023.

However, the coupons were still in circulation and were accepted by the parking operators after the expiration date. A total of 83 coupons were accepted between January and June of 2024, worth \$5,401 in discounts. Airport staff were unaware the coupons were being utilized after the expiration. As mentioned elsewhere, airport staff were not documenting their review of monthly reports provided by Republic.

On August 20, 2024, the County Council approved an updated air service program, and the 6 months of free parking was removed as an attribute of the program.



Each day the airport validates numerous parking tickets, enabling free parking for the visitor. The airport consistently hosts community meetings, allows vendors on site to perform various tasks, and other County employees may have airport business to conduct. The airport does not charge the visitor for parking for these various meetings, instead, the airport validates the parking.

All visitors receive a parking ticket upon entry to the parking lot. The visitor must have the ticket stamped and signed by an authorized airport employee to be validated. Upon being validated, the ticket is returned to the visitor, who then presents the ticket at the exit booth. Republic staff then record the transaction as a validation in the PARCS system and the visitor exits the parking lot. At month end, Republic staff then hand-over the validated tickets to airport staff for further reconciliation.

The authorized airport employee is supposed to enter the ticket into a monthly validation log, including the ticket number, the date, and the purpose of the meeting conducted at the airport (i.e., county business, tenant request, ambassador, meeting, airport county employee, or other). At the end of each month, the authorized employee turns their logs in to an assistant who reconciles the validated tickets received by Republic and the logs completed by the airport employees.

However, the validation logs are missing important information such as the purpose. Figure 3 includes 2 different logs for May 2023.

Figure 3: Example of Validation Logs Maintained by Airport Staff

DAYTONA BEACH INTERNATIONAL AIRPORT									
Daytona Beach International Airport Parking Ticket Validation Log Location: Airport Security									
(May 2023) Stamp # 13									
#	Date	Code A	Code B	Code C	Code D	Code E	Code F	PURPOSE	Ticket #
43	08/17/2017	✓						See Example	17102
1.	5/3/23	✓						"	75079
2.	5/3/23	✓						"	75100
3.	5/4/23	✓						"	92210
4.	5/8/23	✓						"	75749
5.	5/9/23	✓						"	92484
6.	5/9/23	✓						"	75838
7.	5/10/23	✓						"	92517
8.	5/11/23	✓						"	76157
9.	5/11/23	✓						"	26057
10.	5/17/23	✓						"	76816
11.	5/19/23	✓						"	77327
12.	5/19/23	✓						"	77317
13.	5/19/23	✓						"	77279
14.	5/19/23	✓						"	77312
15.	5/19/23	✓						"	77311
16.	5/19/23	✓						"	77319
17.	5/19/23	✓						"	77330
18.	5/19/23	✓						"	77329
19.	5/19/23	✓						"	77331
20.	5/19/23	✓						"	77335
21.	5/19/23	✓						"	77333
22.	5/19/23	✓						"	77339
23.	5/23/23	✓						"	77961
24.	5/30/23	✓						"	78875
25.	5/31/23	✓						"	93488
26.	5/31/23	✓						"	79026
Legend Code(s): A - County Business D - Ambassador B - Airport County Employee E - Meeting, Banquet/Restaurant C - Tenant Request F - Other									

DAYTONA BEACH INTERNATIONAL AIRPORT									
Daytona Beach International Airport Parking Ticket Validation Log Location: Airport Administration									
May 2023 Stamp 4									
#	Date	Code A	Code B	Code C	Code D	Code E	Code F	PURPOSE	Ticket #
1.	5-2	X						Meeting	B288-054
2.	5-4	X						"	B288-281
3.	5-4	X						"	A102-551
4.	5-4	X						"	B288-283
5.	5-4	X						"	A102-554
6.	5-4	X						"	A102-555
7.	5-4	X						"	B288-290
8.	5-5	X						"	B288-436
9.	5-8	X						"	B288-730
10.	5-9	X						"	A102-875
11.	5-10	X						"	B289-010
12.	5-10	X						"	A102-877
13.	5-10	X						"	B289-055
14.	5-10	X						"	B289-014
15.	5-12	X						SIDA Bridge	7425
16.	5-15	X						SIDA	B289-604
17.	5-16	X						"	C119-330
18.	5-18	X						"	C118-349
19.	5-18	X						"	A103-293
20.	5-18	X						"	B289-140
21.	5-31	X						Sabrina	
22.									
23.									
24.									
25.									
26.									
Legend Code(s): A - County Business D - Ambassador B - Airport County Employee E - Meeting, Banquet/Restaurant C - Tenant Request F - Other									

While a detailed purpose is not expected within this log, a general purpose should be documented when questions arise and for monthly reconciliations. Lax controls over validations allow for the opportunity for inappropriate or misuse of the validation system. It was also noted that some airport employees are using the ticket stock number and not the ticket number in the validation logs (see Figure 3). Republic does not utilize the ticket stock number, which does not appear on any reports. Therefore, the tickets cannot be compared or verified to the validation logs.

The airport assistant responsible for reconciling the validation logs indicated the policy and procedures had been passed down over time and had not been updated.



During the May 2023 testing, 8 tickets were marked for "travel agents" or ambassadors that were parked longer than 1 day. Employees with the Daytona Convention and Visitors Bureau parked at no charge for a total of 16 days totaling \$284. There were 3 tickets issued to unknown people for a total of 7 days totaling \$123. These tickets were marked as unknown as no information was documented on the ticket. The special circumstance was provided to a temporary employee who utilized short-term parking for medical purposes, which was approved by the airport director. However, the ticket was marked as entering the lot on 5/30/23 at 6 a.m. and not exiting until 5/31/23 at 4:21 p.m. Table 10 summarizes these trips.

Table 10: Ambassadors/ Travel Agent Trips for May 2023

Category	Number of Tickets	Total Number of Days (duration)	Amount for month
Daytona CVB	4	16	\$ 284
Unknown	3	7	123
Special circumstance	1	1	15
<b>Total for May 2023</b>	<b>8</b>	<b>24</b>	<b>\$ 422</b>

A policy and related procedures regarding free parking for ambassadors and travel agents do not exist at the airport.

Chapter 15.9 of the Federal Aviation Administration (FAA) “Policy and Procedures Concerning the Use of Airport Revenue” dictates permitted and prohibited uses of airport revenues. It allows for marketing of the airport; however, promotions and marketing activities unrelated to the airport are prohibited. The FAA may consider this activity as revenue diversion. Having a policy and procedures addressing the travel agents’ marketing activities, will help ensure the airport complies with the FAA policy.

Documenting the airport’s policy and procedures will strengthen the Airport’s controls to ensure activity is operating as intended.

#### **RECOMMENDATIONS:**

- A. Develop a tracking system for the Gold Club program. Require the members to register for initial membership with an annual reregistration to ensure accountability. Ensure the updated membership list is sharable with the concessionaire for verification.
- B. Consider license plate reader as a means to track all discount programs.
- C. Ensure the Summary Report for Discounts is reconciled to the Daily Revenue Summary Report and that information agrees to the amounts in the general ledger reports.
- D. Communicate the expiration of coupons to the concessionaire and ensure expired coupons are not accepted.
- E. Develop policies and procedures regarding validation logs. This should include recording the visitor’s last name and/or the vendor’s name. Recording a brief purpose of the validation will assist the business manager when analyzing and reconciling the validation logs.
- F. Ensure the ticket number is recorded and not the ticket stock number to assist in reconciling any discrepancies.
- G. Establish a policy and procedures for airport employees, ambassadors, and travel agents to address potential revenue diversion.

**MANAGEMENT'S RESPONSE:**

- A. *We partially agree with this recommendation and recommend the implementation of a rolling continuous audit of the registrations over a set period that will ensure a complete verification of the registrations.*
- B. *We partially agree with this recommendation. License plate recognition (LPR) is a relatively new technology and is not currently compatible with the existing parking access and revenue control system (PARCS). A total replacement of the PARCS is required and the cost is significant. When the PARCS is replaced, we will consider incorporating LPR and/or other technologies.*
- C. *We partially agree with this recommendation. Implementing this recommendation is time-consuming and may not be feasible under the current airport staffing model. The Airport will work with Republic and Accounting to review the feasibility of implementing this recommendation given the available resources including seeking outside resources to perform this level of reconciliation.*
- D. *We agree with this recommendation. We will develop a protocol to confirm in writing the coupon expiration dates have been read and acknowledged by Republic employees.*
- E. *We agree with this recommendation. We will implement the recommended changes and will modify the validation logs to allow for the collection of additional information.*
- F. *We agree with this recommendation. We will retrain the employees authorized to validate tickets to ensure the ticket number (aka transaction number) is recorded rather than the ticket stock number. As the ticket number may be faded or is hard to read, we propose to record both the ticket number and the stock number in which case the validation logs will be laid out in "landscape" format to also allow additional information to be recorded such as the last name and the company name as recommended in item E above.*
- G. *We agree with this recommendation. Please note that the policy to validate travel agents parking at the airport has been discontinued and Republic was notified. Airport employees are allowed to park in the public parking lot only with prior permission from the Airport Director in special circumstances such as medical reasons. Airport ambassadors are community volunteers who donate their time to the airport and receive no compensation. We will review and revise our parking policies in consultation with the Federal Aviation Administration (FAA) to ensure compliance with the FAA Sponsor Assurance 25 and that no revenue diversion occurs.*

### 3. INVENTORY RECORDS OF EQUIPMENT AND UNUSED TICKETS WERE NOT MAINTAINED

Republic did not provide the airport with annual equipment inventory reports. Monthly inventory reports of unused, mutilated, and unusable tickets were not provided. Both inventory reports are required per the contract.

✈ Section 7.3 of the contract requires that the “concessionaire shall maintain an inventory of all revenue control system equipment, documenting its age, condition, and all repairs and maintenance performed on each item. Such log shall be provided to the County at least yearly on or about each anniversary.”

Section 7.6 of the contract requires that the “concessionaire shall maintain an inventory of its fixtures, equipment, and property and provide such list to the County at the beginning of this Agreement and upon any changes to such list during the term.” The contract also requires the equipment to be maintained according to the manufacturer’s specifications. It also requires a log of routine and non-routine repairs and maintenance.

When the contract ends, all parking equipment is to be transferred to the County but if the equipment is not maintained, the County is at risk of receiving poor equipment.

The revenue control system, depicted in Figure 4, is defined as “the mechanical, electronic and/or computerized equipment provided and owned during the term by the Concessionaire to control and



Figure 4: Pictures of the Revenue Control System

record entrances and exits from the Parking Facilities, including, but not limited to: loop detectors, gate arms, ticket dispensers, fee computers, fee indicators, control lights, computerized data management systems, all recorded data, and other management systems existing or to be established related thereto.”

All installed revenue control system equipment and stored data generated when the contract expires will be transferred to the County. The inventory list, equipment maintenance, and repair records were not maintained or provided to the County. Upon request by the auditors, the Vice President of Republic created a list and stated that reports would be provided in the future.



Section 9.9 requires that the “concessionaire shall be fully accountable for each parking ticket issued including both used and unused tickets. Concessionaire shall also keep an inventory of all tickets that are unused, mutilated, or unusable for verification of ticket substitution. On a monthly basis, Concessionaire shall provide a summary inventory report, accounting for tickets in storage and in the system.”

Tickets left un-inventoried allow for the opportunity for theft or unauthorized use.

Republic staff do not inventory the unused tickets nor reconcile the ticket inventory in stock. Unused tickets are maintained in a storage room with access to Republic employees. Republic’s Vice President stated they inventory the tickets when entered into the ticket dispenser, but do not include the unused tickets in storage.

The lack of control over unused tickets allows the opportunity for theft or unauthorized use of tickets. Additionally, airport staff have not received or requested inventory reports. Auditors observed that Republic staff performed daily tests of ticket dispensers; however, the unmanned exit booths were not included as there was no documentation that these tests were performed.

#### **RECOMMENDATIONS:**

- A. Ensure the concessionaire establishes and provides equipment inventory reports to include the age, condition, and repairs performed on at least an annual basis.
- B. Ensure the concessionaire has control over ticket inventory and periodically review the inventory and reconciliation reports.

#### **MANAGEMENT’S RESPONSE:**

- A. *We agree with this recommendation and will ensure this is done regularly.*
- B. *We agree with this recommendation. While ticket inventory and inventory reconciliation are a core responsibility of Republic, we will implement a protocol to verify Republic implements a ticket inventory control and will periodically review the inventory and the reconciliation reports.*

#### 4. CONTRACT MANAGEMENT ENHANCEMENTS NEEDED FOR EFFECTIVE OVERSIGHT

Monitoring contractors, vendors, and concessionaires is vital to a quality internal control system, just as important as monitoring employees. Airport staff received audited financial schedules but did not document their review. Republic promised to conduct internal audits which, if performed, were not shared with the airport staff. The results of customer complaints are not provided to the County to ensure resolution of issues.



Section 9.4 of the contract requires independent audited schedules showing on a month-to-month basis the gross receipts generated and rental payments made to the County. Republic submitted independent audited financial schedules of the parking system activities for each year.

Comparing audited schedules to County records helps ensure revenue is accurately received.

However, the audited financial schedules are submitted to the airport staff who then share the reports with the County's Accounting Division. However, no documentation supports that accounting or airport staff reviewed the audited schedules. In discussions with both groups, each division assumed the other group reviewed the audited reports. Airport staff contend they did not have expertise to properly review the reports, and accounting staff assumed the airport staff reviewed the reports.

By not reviewing or documenting their review of the audited reports, revenue discrepancies as mentioned elsewhere in this report, were left unreconciled, potentially causing underreported revenue.

For an effective internal control system, monitoring and assessing performance over time and promptly resolving issues as they arise is important. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, analysis, and other routine actions.



On pages 92-94 in their response to the County's RFP in 2014, Republic stated that "internal auditors from the Republic Corporate Offices will perform a minimum of one secondary audit annually." Article 3 of the contract incorporates Republic's responses to the RFP. Their response further stipulates that these internal audits would include areas covering:

- Cash handling and balances
- Equipment checks
- Ticket accountability and transaction logs
- Validations and coupons
- Lot inventory procedures
- Cashier reports and transactions
- Contract parking cards

Their response further specifies that after each internal audit, a written report will be issued with a copy to the airport, the location manager, and Republic's senior vice president. Republic also promised any corrective actions needed would be responded to in writing within 21 days of receiving Republic's internal audit report.

Receiving operational audits provides insight and assurance that parking activity is operating as intended.

Airport staff stated they have never received an audit report conducted by Republic's internal auditors. The current Vice President stated that Republic's internal auditors only perform financial audits remotely and are not on site. She indicated that Republic would perform such an audit upon request and/or a fee.



Section 7.17 of the contract pertains to customer service, and a measure of success is the Concessionaire's prompt response to complaints. Republic agreed to provide the County documentation summarizing any complaint or claim received by a customer within 3 days of receiving such a complaint.

Airport staff stated that whenever a complaint is filed, they send it to the local parking manager, who then "handles it." Notably, airport staff stated most complaints are regarding flight delays, which are outside of Republic's purview. However, Republic has not submitted a response to the airport on the result of handling any parking complaints.

It is unknown if customer complaints are being investigated or resolved since neither feedback nor reporting is provided to the airport staff. At the same time, airport staff have also not followed up with Republic to ensure complaints are managed.

#### **RECOMMENDATIONS:**

- A. Remove silos between the Accounting and Airport divisions to ensure proper review of the audited reports and verify the schedules to the County's records.
- B. Ensure the concessionaire complies with the terms and conditions of the contract and promises made regarding all audits are received and reviewed. Upon reviewing any concessionaire audits, ensure to document airport staff's review and any corrective actions taken are appropriate.
- C. Ensure the concessionaire complies with the contract terms and require written reports on the result of customer complaints. Periodically review the written reports and address recurring issues for appropriate resolution.

#### **MANAGEMENT'S RESPONSE:**

- A. *We agree with this recommendation. The Airport Finance Manager will coordinate with Accounting to ensure an appropriate review.*
- B. *We agree with this recommendation. Same as item A above.*
- C. *We agree with this recommendation. Additionally, we will consider asking appropriate airport properties staff to enroll in the Certified Professional Contract Manager (CPCM) program and earn the CPCM certification. As the finance and accounting duties are delegated to the new Airport Finance Manager, the airport properties staff will be better positioned to monitor contract performance and compliance.*

## Appendix

Auditors compared airport parking rates for the following comparable airports in Florida. Information was gathered from the airport's respective websites, as of June 30, 2024:

Table 11: Maximum Rate per Day by Parking Lot Type

City	Economy	Parking Garage / Covered Parking	Long-Term Maximum per Day	Short-Term Maximum per Day	Sales Tax Included
Destin	-	-	\$8.50	\$8.50	No
Panama City	-	\$13.00	\$9.00	\$11.00	No
Gainesville	-	-	\$10.00	\$13.00	Yes
Pensacola	\$9.00	\$13.00	\$11.00	-	Yes
Ft. Myers	-	\$24.00	\$11.00	-	Yes
Tallahassee	-	-	\$12.00	\$14.00	Yes
Daytona Beach	-	-	\$12.00	\$15.00	Yes
Punta Gorda	-	-	\$12.00	\$24.00	Yes
Palm Beach	\$7.00	\$30.00	\$13.00	\$17.00	Yes
Sanford	\$13.00	\$17.00	\$14.00	-	Yes
Melbourne	-	-	\$14.00	-	Yes
St. Pete	\$10.00	-	\$15.00	\$24.00	Yes
Sarasota	-	-	\$16.00	\$29.00	Yes
Orlando	\$14.00	\$24.00	\$20.00	-	Yes
Tampa	\$14.00	-	\$20.00	\$24.00	Yes
Jacksonville	\$8.00	\$20.00	-	-	Yes

Figure 5: Parking Exit Booth at the Daytona Beach International Airport



# Internal Audit

## Our Values and Ethics

### Values

**Public Interest.** Internal audit work is performed to benefit the public and improve the way government operates.

**Integrity and High Ethical Conduct.** Auditors conduct themselves with integrity and honesty, which are the foundations on which trustworthiness is built.

**Objectivity.** Auditors maintain objectivity in performing services.

**Organization and Hard Work.** Auditors endeavor to make efficient use of their time. Valued is a safe work place and one in which we are honored and recognized for our talents and accomplishments. Encouraged are fresh ideas and teamwork among employees and between county government and the community we serve.

**Professionalism and Manner.** Auditors are committed to the highest level of competence and professional conduct. We expect honest and respectful interactions with each other and the public. We handle resources provided, access to information and the position in a professional manner and when appropriate, protect the confidentiality or restricted information our roles may allow us access.

**Auditee Relations.** Auditors make themselves accessible and communicate openly and frequently. Communications are friendly, non-threatening, fair, and objective.

**Audit Reports.** Reports focus on significant, timely, and useful information for our constituents. Audit staff strive to make reports accurate, clear, convincing, objective, fair, and constructive.

**Professional Development.** Auditors strive to improve their knowledge, skills, and abilities through training, work experiences, and related outside activities.

### Code of Ethics

**Integrity.** Establish trust. This provides the basis for reliance on judgment.

**Objectivity.** Exhibit highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. This will make a balanced assessment of all relevant circumstances not unduly influenced by own interests in forming judgments.

**Confidentiality.** Respect the value and ownership of information received and do not disclose information without appropriate authority unless there is a legal or professional obligation.

**Competency.** Apply knowledge, skills and experience needed in performance of internal audit services.

**Producing Results for My Community.** Be informed and knowledgeable. This can produce results my community expects to build trust.

**Treating People Fairly.** Treat people fairly and develop processes and procedures that are fair.

**Diversity and Inclusion.** Embrace diversity and inclusiveness to cultivate and promote policies that reflect the community we serve.

**Reliability and Consistency.** Consistently apply standards and honor the commitment to the community to make it easier to do the right thing even when faced with challenging circumstances.

