
The District's Worksite Parking Program Treats Employees Inequitably and Could Increase Revenue

August 2, 2018



Audit Team:

Leslie Flores, Auditor-in-Charge
Julie Lebowitz, Audit Supervisor

Kathleen Patterson, District of Columbia Auditor
www.dcauditor.org

Executive Summary



What ODCA Found

The Department of General Services (DGS) did not effectively manage the Worksite Parking Program, which led to inconsistent treatment of program participants, some free employee parking, and loss of revenue to the District.

In addition, ODCA found internal control deficiencies that included a lack of supervisory reviews, segregation of duties, and program monitoring, and unreliable program data. For example, the inequitable treatment involved some employees parking for free at District-owned and leased facilities throughout the District while others paid for parking through enrollment in the Worksite Parking Program. We also found instances when employees who parked for free should have been taxed on a portion of the parking benefits they received. Neither the Office of the Chief Financial Officer nor DGS took the initiative to address this disparity. While DGS created an infrastructure for the Worksite Parking Program and collected \$2 million in revenue annually during FYs 2014 through 2016, it failed to collect at least \$331,684 from employees who received free parking and \$26,880 from DHCF, an agency that agreed to pay for parking on behalf of its employees.

ODCA tallied these amounts from a sample of just six agencies and a review of agency MOU payments, and we believe the amount of uncollected revenue is much larger. Our analysis also showed that if the District were to expand the program to additional facilities that currently provide parking spaces at no cost to employees, the District could generate an additional \$2 million to \$4 million in revenue annually. However, the internal control deficiencies identified in our report must first be addressed to minimize loss of revenue and the inequities we identified. Furthermore, the \$140 monthly fee that Worksite Parking Program participants pay equates to \$7 per day and is approximately 64% lower than the market rate for monthly parking. These low rates may be providing incentives for employees to drive to work, which contradicts the District's environmental and energy goals which are to foster mass-transit commuting, reduce greenhouse gas emissions, and create a more sustainable environment.

Why ODCA Did This Audit

ODCA initiated this audit to determine whether DGS effectively managed the Worksite Parking Program and what additional revenue the District could generate by expanding the Program to additional District-owned and leased facilities and/or charging market rates.

What ODCA Recommends

Our recommendations include that:

- DGS should significantly improve management of the payment processes policies.
- OPRS should improve its supervisory reviews of payments and documentation. *The OCFO, DGS, and OCTO should establish a plan to comply with IRS commuter benefit requirements.
- DGS should require employees who currently park at leased buildings to pay the cost of parking in the lease agreement, enroll those employees in the Program or consider parking a taxable benefit.
- DGS should obtain control over all Henry Daly Building parking spaces and ensure that all employees who park their personal vehicles there are enrolled in the Program
- The OCFO should address whether parking at the Wilson Building falls under the definition of qualified parking and if it does, include the additional compensation on W-2s
- DGS should work with the District's elected leadership to determine whether the Program should be modified and broadened to support "Sustainable DC" initiatives.

For more information contact Diane Shinn at Diane.Shinn@dc.gov or 202-727-3600.

Contents

Background	1
Objectives, Scope, and Methodology	4
Audit Results	5
Conclusion	25
Agency Comments	26
ODCA Response to Agency Comments	36
Summary of Report Recommendations	37
Appendix A	42
Appendix B	44

Background

The District's Department of General Services (DGS) administers the Worksite Parking Program (Program) providing just over 1,000 parking spaces to District government employees among a total workforce of more than 30,000. The Parking Manager within DGS's Facilities Management Division oversees the program at seven District-owned buildings and three leased facilities.

Most District agencies that participate in the Program have at least one agency parking coordinator (APC) who is designated to be the point-of-contact for DGS. The APC's job is to interact with the DGS Parking Manager regarding management of all matters associated with the agency's allotted parking spaces, including employee parking assignments, reassignments, and terminations.

The DGS Parking Manager is responsible for the Program's daily administration, which includes ensuring payment from permit holders, working with APCs and contractors to monitor parking assignments, monitoring compliance with the DGS Citywide Parking Policies, and ordering parking permits.

According to the DGS Citywide Parking Policies, detailed below, there are three ways to collect Program revenue:

- Payroll deductions from employees.
- Payments collected from contractors.
- Fund transfers or check payments from agencies.

Payroll deductions from employees

District employees who participate in the Program must pay for parking through biweekly payroll deductions. Since 2010, the biweekly deduction amount has been \$64.61 for employees stationed at nine of the 10 Program locations, and \$30 for Department of Employment Services's (DOES) employees located at 4056/4058 Minnesota Avenue, N.E.²

Employees receive 26 biweekly parking deductions annually. This equates to a \$140 monthly fee for most employees enrolled in the Program who receive \$64.61 biweekly deductions, and a \$65 monthly fee for Minnesota Avenue employees who received \$30 biweekly deductions.

Employees enroll by submitting a completed application to their APC. The APC assigns a parking space to the employee, provides them with a parking permit, and submits the paperwork to DGS's Parking Manager. The DGS Parking Manager reviews the documents, updates the parking assignment log and garage roster with the enrollment information and parking space assignment number, requests that the employee's badge is activated if the parking garage is automated, and forwards the payroll agreement form to the Office of the Chief Financial Officer's Office of Pay and Retirement Services (OCFO/OPRS).

1. D.C. Code §10-551.01(b)(3).

2. According to DGS's Parking Manager, DGS established a lower rate for employees at this location because DGS's market rate analysis showed that the monthly parking rate was \$65.

3. The report also noted that Fire and Emergency Medical Services (FEMS) and Metropolitan Police Department (MPD) employees park for free, but many of their

OPRS enters the enrollment information into PeopleSoft, the District’s online human resource management system, so that the employee will have biweekly payroll deductions. These deductions continue until the employee returns the parking permit to their agency parking coordinator and submits a signed cancellation form to DGS. Figure 1 provides an overview of the enrollment and cancellation process for District employees.

Figure 1: Overview of the Enrollment and Cancellation Process for District Employees

APC	DGS	OPRS
Enrollments - Employee submits parking application and payroll deduction form to agency parking coordinator (APC). - APC reviews documents, assigns a vacant parking space, issues parking decal to employee, updates the parking roster, and sends completed forms to DGS’s Parking Manager. Cancellations - Employee completes a cancellation form and returns parking decal to APC. - APC updates parking roster and sends cancellation form to DGS Parking Manager.	DGS’s Parking Manager reviews and signs forms, updates the Parking Assignment Log and garage roster, ensures badge is activated/deactivated, and sends paperwork to OPRS for processing.	- OPRS receives forms and processes them in PeopleSoft by adding or removing the biweekly parking deduction. - OPRS sends DGS’s Parking Manager signed, hand- delivery receipts documenting receipt of forms.

Payments collected from contractors

Some contractors receive parking spaces at Program locations and they are also required to pay the Program fee. Contractors must submit \$140 monthly payment per parking space to the Parking Manager, who then forwards payments to the D.C. Treasurer.

Fund transfers from agencies

Some agencies elect to pay for their employees’ parking and do so by entering into a memorandum of understanding (MOU) with DGS that lists the number of parking spaces and parking rate per space. Payments are submitted via an intra-District transfer that is processed in the D.C.’s System of Accounting and Reporting (SOAR), the financial accounting system of record for the D.C. government.

Employee parking fee reimbursement process

If an employee's deductions continue after they have submitted a cancellation form, then the employee can submit a reimbursement request to DGS. DGS's Citywide Parking Policies do not state when and how reimbursements should be processed, but DGS and OPRS reported they follow the following process:

- The DGS Parking Manager prepares a memo for OPRS that states why the employee should be reimbursed, reports the pay periods eligible for reimbursement, and includes copies of relevant pay stubs, the employee cancellation form, and supporting documentation.
- An OPRS manager receives this information, verifies the reimbursement amount by recalculating the number of pay periods during which the employee incorrectly received deductions, and processes the reimbursement. Only one OPRS manager reviews reimbursement requests.

Parking program is not maximizing revenue

In 2011, former Mayor Vincent C. Gray created a One City Performance Review (OCPR) team to execute a structured review of each District agency as well as the District government on an enterprise-wide basis to find efficiencies, cost savings, revenue opportunities, and better ways of doing business across the District government. The OCPR team issued recommendations in a draft report to Mayor Gray and the City Administrator in February 2012. One proposed initiative would have required all employees to pay for parking at their worksite and doing so would increase net revenue by \$10 million over a five-year period. The report highlighted that the District was not charging employees for parking at locations such as the Unified Communications Center, John A. Wilson Building, D.C. Armory, D.C. General campus, and leased buildings.³

In FY 2016, DGS had 39 leases that included employee parking spaces at 36 distinct locations that do not participate in the Program. DGS allowed employees to park at these leased locations at no cost. In addition, employees who received a parking space at the Unified Communications Center and the John A. Wilson Building, both District owned facilities, received parking at no cost. The Unified Communications Center is located at 2720 Martin Luther King Jr Avenue, S.E., and it contains a secure parking lot of approximately 232 spaces, and the Wilson Building is located at 1350 Pennsylvania Avenue, N.W., and the Council of the District of Columbia controls an estimated 151 on-street parking spaces surrounding the building.⁴

firehouses and police stations are in residential neighborhoods. Consequently, if DGS charged a fee to park at those locations, the employees may instead choose to park on the street. Therefore, the OCPR team did not include those spaces in their analysis.

4. ODCA conducted on-site observations and reviewed parking rosters from the D.C. Council when calculating the approximately 151 parking spaces adjacent and/or near to the Wilson Building.

Objectives, Scope, and Methodology

The Office of the D.C. Auditor (ODCA) initiated this audit to update the analysis presented in the OCPR, determine if DGS properly managed the Program, and consider whether the Program supports the District's commitment to a sustainable environment.

Specifically, the objectives of this audit were to determine:

1. Whether DGS effectively managed the Program and has sufficient internal controls in place.
2. The amount of additional revenue the District could generate by expanding the Program to additional District-owned and leased facilities and/or charging parking fees in correlation with the market rate.

The scope of this audit was FYs 2015 and 2016, (October 1, 2014, through Sept. 30, 2016). Our scope extended to FY 2017 when conducting onsite observations of parking assignments. ODCA's analysis included Program locations, leases that provided employee parking, the Unified Communications Center, and the John A. Wilson Building.

To complete this audit, we conducted site observations at parking garages and interviewed employees. We reviewed D.C. Code, Internal Revenue Service (IRS) guidelines on transportation (commuting) benefits, DGS Citywide Parking Policies, agency-specific policies and procedures for parking, and parking information from DGS, agency parking coordinators, and the OCFO. We also reviewed and reconciled data from agency parking coordinators, DGS's Parking Manager, and the OCFO. For more details on our methodology, please see Appendix A.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). 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 provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Results

DGS oversaw the Program as mandated by D.C. Code, but the decentralized nature of the Program, lack of senior management involvement, and weak internal controls resulted in inadequate Program monitoring and a loss of revenue to the District. ODCA found that DGS failed to collect all fees from agencies and contractors and retain documentation of payment; employees received free parking or were incorrectly reimbursed for parking; DGS ceded its authority to other agencies to manage their own parking programs; and Program data was not reliable. In addition, the Program's provision of subsidized and free parking to employees did not support the District's efforts to reduce single occupancy vehicle commuting.

ODCA determined that the District could generate a significant increase in revenue by expanding the Program to include the Wilson Building, Unified Communications Center and 36 leased facilities. However, DGS must first correct internal control deficiencies before an expansion could be successful.

The following pages detail the results of the audit which take several forms:

- **Findings.** Areas in which there were clear criteria and DGS and/or OCFO did not comply.
- **Auditors Concern.** An area where we have a concern but for which there was no clear mandate for DGS and/or OCFO to have acted differently.
- **Analysis.** Results of additional revenue analyses when changing the Program fee and/or expanding the Program to include additional locations.

The DGS Parking Manager issued 39 unauthorized parking decals and fraudulently used an unauthorized parking decal to circumvent paying for parking.⁵

DGS's Citywide Parking Policies require that employees receive biweekly payroll deductions to pay for their parking space. In addition, the U.S. Government Accountability Office (GAO) recommends that management design a variety of transaction control activities for operational processes, which may include verifications, reconciliations, authorizations and approvals, physical control activities, and supervisory control activities.⁶

The DGS Parking Manager made unauthorized changes to the Program by reportedly issuing 39 Facilities decals to DGS employees for use at the Reeves Center. These Facilities decals seen in Figure 2 granted garage access without the employee having to pay for parking, and were supposedly used during snow events or when there was an "all hands-on-deck" situation.



Figure 2: Unauthorized Facilities Decal Used By DGS Parking Manager

⁵. ODCA referred this matter to the D.C. Office of the Inspector General.

⁶. "Standards for Internal Control in the Federal Government," U.S. Government Accountability Office, Sept. 2014, Pg 50, Principle 10.10

Ten of the 39 employees who were listed as Facilities decal recipients were already stationed at the Reeves Center and included the DGS Parking Manager and DGS's Deputy Director of Facilities Management. The DGS Deputy Director of Facilities Management, however, stated he had no knowledge of Facilities decals, had not received one, and had not authorized their issuance even though his name was on the DGS Parking Manager's list of Facilities decal recipients. He did, however, have a Program space and decal, and ODCA verified that he was enrolled in the Program and received biweekly parking deductions for that space.

During five unannounced visits to the Reeves Center, ODCA observed the DGS Parking Manager's personal vehicle parked in an unmarked space with a Facilities decal in his window in lieu of the standard Program decal that lists the assigned parking garage and space number. ODCA confirmed with OPRS that the DGS Parking Manager did not receive biweekly parking deductions for that Facilities decal, and therefore granted himself free parking by creating Facilities decals and using one in his personal vehicle. This was the only employee for whom ODCA found evidence of using a Facilities decal in a personal vehicle.

We could not confirm the account of how the Facilities decals originated. The DGS Parking Manager stated the DGS Deputy Director of Facilities Management provided the names of the employees who were to receive Facilities decals, but the DGS Deputy Director of Facilities Management said that was incorrect.



The lack of supervisory oversight and segregation of duties created an opportunity for the DGS Parking Manager to park for free and issue “Facilities” decals without approval from a supervisor.

The DGS Parking Manager did not have a supervisor when this audit commenced, but he reported to the DGS Deputy Facilities Director in the interim. The lack of supervisory oversight and segregation of duties when monitoring enrollments and ordering and distributing decals created an opportunity for the DGS Parking Manager to park for free and issue Facilities decals without approval from a supervisor.

The Parking Manager was able to grant himself preferential treatment by creating his own parking program and the lack of adequate supervision created an environment for fraud to occur and go undetected.

Recommendations:

1. DGS should terminate use of Facilities decals and collect all that were issued.
2. DGS should ensure that the DGS Parking Manager is properly supervised and segregation of duties exist when ordering and disseminating parking decals for fleet vehicles, Program participants, and temporary use.

DGS was ineffective in managing payment for the Program, including not charging for parking and not retaining proof of deposits.

DGS failed to process payments for half of the agency parking MOUs.

When an agency opts to pay all or a portion of employee parking, DGS's parking MOUs require that agencies submit payment via funding transfers. In FY 2016, DGS executed parking MOUs with three District government agencies—the Department of Forensic Sciences (DFS), the Department of Health Care Finance (DHCF), and the Office of the Chief Financial Officer (OCFO)—and one federal agency, the Court Services and Offender Supervision Agency (CSOSA). ODCA found that DGS failed to collect payments from two of the agencies, DFS and DHCF, totaling \$112,380.

DGS failed to collect \$85,500 from DFS because a DGS employee did not send the OCFO a copy of the MOU so that it could be processed in SOAR. At DHCF, a \$26,880 payment was not processed because the expenditure was incorrectly classified in SOAR. DGS returned DHCF's \$26,880 payment instead of processing a journal entry for the reclassification. As a result, DFS and DHCF received free parking for their employees in FY 2016.

Contractor received free parking.

When contractors park in spaces governed by the Program, they are required to submit payments to the DGS Parking Manager, according to DGS's Citywide Parking Policies. Payment is due on the first day of each month in the form of a check or money order made payable to the D.C. Treasurer. The DGS Parking Manager sends the payments to the D.C. Treasurer for processing, and the D.C. Treasurer sends DGS a receipt once the payment is deposited.

DGS provided three Reeves Center parking spaces to a contractor for free. The DGS Parking Manager reported that these spaces were included under the Consolidated Maintenance Services contract⁷, but the contract did not include any parking provisions.

Therefore, DGS failed to collect \$1,680 for each of the three parking spaces for each year that this arrangement was in place. ODCA could not quantify the total amount of free parking because DGS could not provide documentation regarding how long this parking arrangement had been in place.

⁷ DGS's consolidated maintenance contract requires that the contractor provide services including the management, supervision, labor, materials, supplies, and equipment to ensure effective performance of operations, maintenance, and repair services at the Reeves Center.

DGS could not document that all program revenue was properly deposited.

ODCA reviewed DGS's FY 2016 payment records for eight of the nine contractors who paid the DGS Parking Manager directly for parking. ODCA found that of the \$18,480 in payments that DGS reported it received; neither DGS nor OCFO could produce receipts proving that \$4,200 was deposited.⁸ Of additional note was that DGS and OPRS could not produce receipts for two of the six money orders DGS reported it received in FY 2016, totaling \$40.

DGS lacked segregation of duties and supervisory reviews for processing check payments and money orders, and DGS did not properly monitor and reconcile payments. As a result, contractors may have received free parking, and collected checks and money orders may not have been deposited in the District's General Fund.

These issues could likely be addressed with steps that include supervisory reviews to verify that all parking MOUs are uploaded and properly classified in SOAR and revenues are received and monitoring contractors to address delinquencies and end the practice of providing free parking.

Some 51 employees received free parking or an incorrect deduction totaling at least \$66,244, due to DGS's lack of program monitoring.

DGS's Citywide Parking Policies require that employees who participated in the Program were to have the program fee deducted from their paychecks.

ODCA sampled six of the 44 agency parking coordinator parking rosters, which represented 29 percent of the 1,034 available Program spaces, and observed numerous instances when employees received free parking or incorrect parking deductions. We found that:

- Some 35 employees received free parking; 27 of those employees received \$41,609 worth of free parking over the course of one to 95 pay periods, and eight employees received free parking, but ODCA could not determine the monetary value because there was no documentation on file recording parking start dates.
- Three employees received temporary parking, but parked in permanent parking spaces for extended periods of time without receiving a biweekly parking deduction.

⁸ ODCA observed problems with OCFO querying their system to locate payment receipts. For example, OPRS employees had misspelled or inconsistently spelled some contractor names in the District's cashiering system, which made it difficult for OPRS to locate some payment receipts.

ODCA also reviewed an OPRS parking payroll report to determine whether the correct parking deduction amount was withheld from employee paychecks and 13 employees had the following deduction errors:

Figure 3: Uncollected and Unverified Payments

Source	Missing Amount
DFS MOU	\$85,500
DHCF MOU	\$26,880
DC Employees	\$66,244
Uncollected Subtotal	\$178,624
Contractors	\$4,200
Money Orders	\$40
Unverified Subtotal	\$4,240
Total Uncollected & Unverified	\$182,864

- Five employees incorrectly had \$0 withheld and received \$22,937 worth of free parking over the course of 13 to 118 pay periods.
- One employee had \$55.38 withheld biweekly from 2009-2016 that totaled \$1,698 in discounted parking, and two employees had \$64.41 withheld biweekly, which was only 20 cents less than the required amount, but shows the needs for supervisory review or controls in the data entry process.
- Five employees had \$70 withheld biweekly, which was too much.

Overall, we found that DGS failed to collect payments from both government agencies and contractors. Figure 3 summarizes the payment sources and amounts that were uncollected or unverified.

There were internal control breakdowns at each level of the enrollment process as seen below in Figure 4, but the most critical breakdown was that the DGS Parking Manager failed to perform reconciliations of new enrollments, agency parking coordinator parking rosters, parking assignment log data, and OPRS biweekly payroll reports, which would have identified employees with incorrect deduction amounts.

Figure 4: Pervasive Internal Control Failures at All Levels Resulted in Free Parking and Incorrect Deductions

APC	DGS	OPRS
• APCs did not collect and/or submit enrollment forms to DGS. • The Office of the Chief Technology Officer's APC thought the director could park for free, and therefore he did not enroll the Chief Technology Officer.	• DGS did not reconcile new enrollments, agency parking coordinator parking rosters, parking assignment log data, and OPRS biweekly payroll reports. • DGS did not provide guidance regarding how long APCs should retain enrollment and cancellation forms. • DGS did not perform supervisory reviews to ensure that the DGS Parking Manager verified that new enrollments and cancellations were processed and that employees received the proper deduction amounts. • DGS did not provide training to APCs on their duties and responsibilities despite high turnover. • DGS failed to submit enrollment forms to OPRS, or OPRS did not process forms from DGS.	• DGS failed to submit enrollment forms to OPRS, or OPRS did not process forms from DGS. • OPRS did not complete supervisory reviews that could have detected instances when \$6,461 or \$5,461 was entered as the deduction amount instead of \$64.61, causing \$0 to be withheld. • OPRS did not complete supervisory reviews that could have detected when the parking deduction amount for an employee should have increased to the new rate.

As a result, employees received free parking or an incorrect parking deduction, and funds should have been deposited into the District's General Fund.

DGS's standard operating procedures (SOPs) are in need of updating to define how and the frequency with which the DGS Parking Manager must monitor employee parking assignments by conducting onsite audits, reconciling enrollments and cancellations against biweekly parking payroll deduction reports received from OPRS, and then notifying OPRS of identified errors and unprocessed requests. The SOPs should also state how and the frequency with which supervisory reviews should occur and

include segregation of duties when processing enrollments and cancellations, monitoring employee parking assignments at each Program location, and conducting onsite audits. DGS should conduct biennial training for APCs on their duties and responsibilities and update its Citywide Parking Policies to comprehensively address APCs' duties and responsibilities in areas such as processing and retaining documentation of enrollment and cancellation paperwork and maintaining a copy of the parking roster for each month of the fiscal year.

DGS and OPRS reimbursed 11 employees for parking, even though the reimbursements did not comply with Program requirements; one improper employee reimbursement was for approximately \$2,700.

DGS's Citywide Parking Policies state that employees must submit a signed notice of cancellation or they will continue to receive a biweekly parking fee deduction from their paychecks. Furthermore, DGS must receive the cancellation 30 days before the employee departs from the parking space in order for the cancellation request to be processed by OPRS on the next pay period.

DGS and OCFO personnel reported that employees requested parking reimbursements for reasons such as: they stopped using their parking space (e.g., because they relocated to another work location) but forgot to submit the cancellation form, they submitted the cancellation form but parking deductions continued, or the deductions reactivated without the employee's authorization.

ODCA analyzed 15 of the 24 parking reimbursements (63 percent) issued in FYs 2015 and 2016.⁹ We found that 11 of the 15 reimbursements were approved and processed by DGS and OPRS without a signed cancellation form from the employee, resulting in \$6,836 of inappropriate reimbursements. One of the reimbursements was for \$2,703, which was 40 percent of the total amount that was inappropriately reimbursed.



The DGS Parking Manager had full autonomy over the Program and issued reimbursements, regardless of the amount, without supervisory review.

ODCA observed two additional processing issues. There was an instance when OPRS refunded one employee \$450 instead of the \$480 that they were entitled to receive. In a separate case, an employee was reimbursed for \$325.55 after discovering that another employee used their ID number when registering for parking (the employee ID numbers were not similar).

The DGS Parking Manager had full autonomy over the Program and requested reimbursements, regardless of the amount, without supervisory review. In addition, DGS did not have standard operating procedures stating when supervisory review and approval of reimbursement requests should occur.

9. Our sample included each of the reimbursements totaling \$258.44 or more (i.e., four pay periods or more in parking fees) and represented \$8,345 of the total \$9,742 (86 percent) reimbursed in those fiscal years.



As a result, employees received reimbursements they were not entitled to and there was a loss of revenue from the District's General Fund because DGS did not adhere to parking cancellation internal controls.

The DGS Parking Manager accepted direct payment from a DGS employee instead of requiring biweekly payroll deductions and the OCFO could not verify payment for one month.

DGS's Citywide Parking Policies state that all District government employees who participate in the Program must enroll in the payroll deduction program.

A DGS employee, who parked at the Reeves Center, paid the DGS Parking Manager directly instead of receiving biweekly deductions as required in DGS's Citywide Parking Policies.

DGS's Parking Manager reported that this payment method with the employee was in place before he took on the DGS Parking Manager role, so he continued it. ODCA requested that the OCFO provide receipts for FY 2016 parking payments for this employee, and they could locate all but one \$140 monthly payment.

DGS did not conduct supervisory reviews of OPRS reports and check and money order records to verify whether all employees paid for parking via automated payroll deductions.

Without these reviews, employees could receive free parking and the District would not receive the revenue that it is due. In addition, because ODCA identified issues with how DGS processed contractor payments, money orders, and MOU payments, there is an increased risk that individual payments from employees would also be mishandled.

Recommendations:

3. DGS should significantly improve management of the payment processes including segregation of duties, SOPs that outline check and money order handling procedures, stronger supervision, and fair and equitable enforcement of payment policies among all like-situated employees and contractors.
4. OPRS should significantly improve its supervisory reviews of payments and documentation.

The OCFO did not ensure that the District complied with IRS guidelines, resulting in approximately 108 employees¹⁰ who were not taxed on approximately \$43,492 in parking benefits in 2016.¹¹

The OCFO's Office of Pay and Retirement Services (OPRS) is responsible for reporting federal and state tax withholding information. The IRS has rules pertaining to the taxability of certain fringe benefits provided by employers to employees.¹² "Qualified Parking"¹³ up to a certain value may be provided by employers and excluded from an employee's compensation (and therefore not taxed). For calendar year 2016, the cap on the value of qualified parking was \$255 per month. Federal rules state that any value in excess of that amount must be included in an employee's reported compensation and taxed as income.

ODCA identified the average market rate for monthly parking at the 36 leased buildings that provided parking at no cost to employees, 10 Program locations, and the Unified Communications Center. ODCA determined that the average market parking rates at nine of those 47 locations were greater than the IRS's \$255 monthly threshold, and employees should have been taxed on the parking benefit amount that exceeded \$255 as seen in Figure 5 on the next page. For example:

- Leased buildings: Six locations, average monthly parking rate ranged from \$265 to \$320.
- Three Program locations: Two agencies stationed at Program locations had MOUs with DGS and paid for parking spaces on behalf of their employees. The average monthly parking rate ranged from \$281 to \$292, and that is why these employees were subject to this qualified parking requirement unlike other employees enrolled in the Program.¹⁴

Of additional concern is that agencies such as MPD (excluding some Program spaces at the Daly Building), FEMS, D.C. Public Libraries, D.C. Public Schools (excluding headquarters), and Department of Parks and Recreation facilities may offer their employees parking at no cost, and the average monthly parking rate parking in some of those locations may also have exceeded \$255.

10. This includes four ODCA employees at 717 14th Street, N.W. ODCA obtained an opinion from the Office of the Attorney General (OAG) on how to address taxable parking benefits received by those four employees. The OAG confirmed that the difference between the fair market value of the free parking provided by the District and the limits established by the IRS is taxable. Therefore, it should be reported as such by both the employer and the employee.

11. The facilities analyzed in this finding only include the 10 existing Program facilities, the Unified Communications Center, and 36 leased locations. Additional District agencies provided free parking to employees that were not included in our analysis. As a result, the total amount of taxable parking benefits and number of employees that should have been taxed is higher.

12. See Internal Revenue Service (IRS) Publication 15-B, Employer's Tax Guide to Fringe Benefits.

13. Qualified Parking includes parking which is provided to employees on or near the workplace.

14. The IRS requirement did not impact employees enrolled in the Worksite Parking Program because the monthly rate for parking in the District never exceeded \$395 (\$395 represents the \$140 monthly Program payment plus the \$255 allowed by the IRS).

Although OPRS is responsible for monitoring federal tax withholding information, they were unaware that some individuals had parked for free and received taxable income that was not reported in accordance with IRS guidelines. An OPRS manager reported that because the OCFO does not execute leases or parking MOUs and monitor parking arrangements for the employees who received free parking, they would not have known which employees had received taxable benefits that should have been reported as income. DGS, the agency, or the employee needed to report that information to the OCFO so that they could be taxed accordingly on the parking benefits they received. The representative noted that now that they are aware of this issue, they can issue amended W-2s to the affected employees. Currently, the OCFO uses specific parking codes in PeopleSoft to monitor parking deductions and the OCFO would have to discuss this issue with the Office of the Chief Technology Officer to see whether PeopleSoft could be updated to track taxable parking benefits going forward.

Consequently, OCFO did not report the amount of taxable income to be included on employees' W-2s. As a result, approximately 108 employees and the District were not in compliance with IRS requirements. These employees were not taxed on \$43,492 in parking benefits in calendar year 2016, as detailed in Figure 5.

Figure 5: Number of Employees at 9 of the 47 Analyzed Locations Who Should Have Been Taxed in 2016.¹⁵

Location	Number of Employees
1225 I Street, N.W.	24
3222 M Street, N.W.	18
717 14th Street, N.W.	17
655 15th Street, N.W.	13
441 4th Street, N.W.	13
300 Indiana Avenue, N.W.	8
808-810 5th Street, N.W.	6
450 H Street, N.W.	6
420 First Street, N.W.	3

Recommendation:

- OCFO should consult with DGS and OCTO and establish an MOU describing procedures for how the District will comply with IRS qualified parking requirements at the end of calendar year 2018. These agencies should determine the processes and parties responsible for: completing annual analyses for District-owned and leased properties, identifying locations where the average market rate for parking exceeds the IRS's annual qualified parking threshold, determining which employees received parking at those locations and which employees should pay the cost of parking reflected in the least according to the DGS Parking Policy, and then providing the

¹⁵. This estimate assumes that all parking spaces were occupied by employees for the entire year.

OPRS with the names of the employees and the value of taxable qualified parking that should be reported in employees' income, (i.e., the difference between the "cap" or tax-free sum provided for "qualified parking," and the actual market rate of the parking).

By not effectively monitoring lease agreements, DGS provided approximately 1,339 parking spaces at 36 leased facilities at no cost to employees. This resulted not only in lost District revenue, but also unequal treatment to employees who paid for parking.¹⁶

The DGS Citywide Parking Policies state that all parking spaces in or on District-owned or -leased properties will be administered by DGS, and that parking rates at leased facilities will be established as provided in the lease.

ODCA determined that DGS provided 1,339 parking spaces at no cost to employees at 36 leased buildings that were not part of the Program. In some instances, the lessor provided parking spaces at no cost to the District or as part of the rent, but other leases specified a monthly rate for parking or stated the market rate for parking would be charged. When a lease specified a fee or stated that the market rate would be charged for parking spaces, DGS should have required employees to pay that amount instead of paying it on their behalf.



Allowing employees to park for free at 36 leased locations, but requiring other employees at leased facilities to pay the Program fee created inequity in treatment and a loss of revenue to the District.

Despite being the signatory on all leases, DGS did not monitor parking at leased locations and was not aware of the extent of free parking provided at those facilities. DGS reported that the District did not pay for employee parking in most leases and that the DGS Parking Manager only monitored parking at Program locations. In addition, DGS senior management had not established any Program-related performance goals or objectives that addressed revenue collection.

Allowing employees to park for free at these 36 leased locations, but requiring other employees who park at Program locations to pay the Program fee, created inequity in treatment. Furthermore, some employees who parked at no cost received a parking benefit that should have been taxed, as discussed previously in this report.

DGS reported that when it executes new leases going forward, they will not pay for employee parking and employees will have to contract directly with the parking company. However, this initiative did not address the existing long-term leases that provide free parking and have not yet expired.

¹⁶ This includes four ODCA parking spaces at the Office of the D.C. Auditor, 717 14th Street, N.W.

Recommendation:

6. DGS should require employees who currently park at leased buildings for free to pay the cost of parking as defined in the lease agreement consistent with current policy. Alternatively, DGS could consider amending the Citywide Parking Policies to permit these employees to be enrolled in the parking program, or to have their parking treated as a part of employee compensation subject to income tax according to IRS guidelines.

DGS allowed the Metropolitan Police Department (MPD) to manage its own parking program, and this resulted in MPD employees parking for free at the Henry Daly Building.

The DGS Citywide Parking Policies state that all parking spaces in or on District-owned or -leased properties will be administered by DGS. Management of facilities and/or lots owned by the D.C. government is subject to direct management by the DGS Facilities Division. Furthermore, DGS's Protective Services Division guards stationed at parking facilities are responsible for controlling vehicle access to underground/in-building parking and limiting parking to employee vehicles, authorized visitor vehicles, approved government vehicles, and other authorized parkers. Despite these requirements, DGS allowed MPD to control parking within a portion of the Daly Building, which is a District-owned building at 300 Indiana Avenue, N.W.

The Daly Building's parking garage contains the central, west, and east bays, but DGS only administered the Program in the east bay. MPD's Corporate Support Bureau controlled the west and central bays, and employees who parked in these bays did not pay the Program fee. The DGS Parking Manager believed MPD used those sections for parking government-issued vehicles and that there was limited personal vehicle parking in those regions. The DGS Parking Manager also reported that the arrangement of MPD having authority over part of the Daly Building garage was in place before he became the Parking Manager in July 2010. However, there is no documentation between DGS and MPD stating that DGS delegated authority to MPD to manage parking in areas outside of the east bay or how those parking spaces should be used.



MPD occupied 175 parking spaces in the west and central bays, and 158 of them were provided to employees at no cost. If these employees were part of the Program, the District could generate an additional \$265,440 annually.

During onsite observations and interviews with MPD personnel, ODCA learned that MPD allowed numerous employees to park personal vehicles in the west and central bays for free. In fact, when DGS reassigned 26 of the Department of Motor Vehicles east bay parking spaces to MPD in 2017, MPD filled 20 of those 26 spaces with fleet vehicles that were previously assigned to the west bay in order to increase the number of west bay parking spaces that employees could park in for free. The remaining six east bay spaces were assigned to MPD employees who pay the Program fee. ODCA also learned that

MPD employees who were not officially assigned a Daly Building parking space, still gained access to the garage and parked in unauthorized spaces in the east and west bays. This can result in employees who are enrolled in MPD's or DGS's parking program not having access to their parking space because an unauthorized vehicle is parked in it, and there are increased safety issues when unauthorized individuals are granted access to the garage.

ODCA determined that the free and improper employee parking in the west and central bays would have been detected if the DGS Parking Manager conducted onsite audits of Daly Building parking conditions, and that MPD guards allowed unauthorized vehicles to park in the Daly Building garage.

As a result, MPD employees who parked in the Henry Daly Building were not treated equally—some MPD employees paid for a parking space and others received the benefit for free. In addition, this parking arrangement prevented the District from collecting revenue for the General Fund.

According to MPD's January 2018 roster, MPD occupied 175 parking spaces in the west and central bays, and 158 of them were provided to employees at no cost. If these employees were part of the Program, the District could generate an additional \$265,440 annually.

Recommendations:

7. DGS should obtain control over all Henry Daly Building parking spaces and ensure that all employees who park their personal vehicles there are enrolled in the Program and charged the Program fee.
8. DGS should ensure that guards do not grant unauthorized individuals access to the Daly Building garage by conducting unannounced site visits and notifying DGS's Protective Services Division¹⁷ when violations occur.

DGS did not administer parking programs for D.C. Public Schools (DCPS) headquarters and the Office of the Chief Financial Officer (OCFO), contrary to DGS requirements.¹⁸

DGS's Citywide Parking Policies state that the DGS Director is responsible for the administration of the Program and the establishment of appropriate procedures and fee structuring for District employees who use District-owned or -leased parking facilities. Despite this requirement, ODCA found that DCPS and OCFO managed separate parking programs at leased facilities, and they required their employees to pay for parking via biweekly payroll deductions. More specifically:

- DCPS occupied a leased building at 1200 First Street, N.E., and managed its own parking program, which had a different parking manager and bi-weekly fee (\$79.99).¹⁹
- OCFO employees parked at five locations throughout the District and received biweekly payroll deductions of \$64.61. Two of those locations were part of the Program. OCFO had a separate parking manager who managed parking enrollments and cancellations.²⁰

¹⁷ The District of Columbia Protective Services Division (PSD) is the police force responsible for law enforcement activities and physical security of all properties owned, leased or otherwise under the control of the Government of the District of Columbia.

¹⁸ ODCA did not evaluate parking at individual school facilities.

¹⁹ The parking rate for DCPS employees was \$64.37 in FY 2016 and increased to \$79.99 in FY 2017.

²⁰ Some OCFO employees park at 441 4th Street, N.W., and 420 First Street, N.W., which are Worksite Parking Program locations. DGS monitored parking assignments for this subset of OCFO employees, but not for those who parked at the other locations.

DGS and the OCFO reported that the OCFO and DCPS managed their own parking, but there was no memorandum of understanding (MOU) delegating authority to the OCFO and DCPS to do so. DGS's General Counsel suggested that the OCFO had its own autonomy because the OCFO is independent of the Executive Office of the Mayor (EOM).

These inconsistencies occurred because DGS did not adhere to its oversight requirements for District-owned and -leased buildings as stated in the DGS Citywide Parking Policies. For example:

- The Program included three leased facilities, but not the leased facilities that DCPS and the OCFO occupied.
- DCPS employees paid a different monthly fee for parking than the OCFO and Program employees.
- Parking revenue from DCPS employees was deposited into a DCPS special purpose fund instead of the District's General Fund.

Having multiple parking programs managed by three different agencies also led to processing errors and inaccurate reporting. For example, OPRS coded some DCPS employees in PeopleSoft as part of the Program,²¹ and OCFO employees were coded in PeopleSoft with the DGS Parking Program deduction code (PARKG) even though most OCFO employees are managed by a different parking manager. As a result, OPRS biweekly reports included employees from DCPS and the OCFO, which hindered DGS from efficiently reconciling its parking enrollment and cancellation data.

Recommendations:

9. The DGS Parking Manager should administer employee parking for the OCFO and DCPS, per DGS's Citywide Parking Policies, or DGS should officially delegate authority to the OCFO and DCPS and update DGS's Citywide Parking Policies to reflect this policy change.
10. If agencies such as the OCFO continue to manage parking programs outside of the Program, then OPRS should submit bi-weekly reports to DGS that only include Program employees.

OPRS reports were incomplete, which hindered DGS from verifying that employees received parking deductions.



The GAO recommends that, "Reliable internal and external sources provide data that are reasonably free from error and bias and faithfully represent what they purport to represent.... Management obtains data on a timely basis so that they can be used for effective monitoring."²²

OPRS sent biweekly payroll reports to DGS that listed employees that received a Program deduction and the amount of the deduction.

²¹. ODCA issued a Management Alert Letter to OCFO that addressed employees who were incorrectly coded as part of DGS's program and who received the wrong deduction amount.

²². Standards for Internal Control in the Federal Government," U.S. Government Accountability Office, Sept. 2014, Pg 59, Principle 13.04.

ODCA observed that these reports did not accurately report employees who received a parking deduction. For example, we identified 11 instances when employees received a parking deduction in their pay period 20 paycheck, but those employees were not listed on the parking payroll report that OPRS provided to DGS.

OPRS explained that the 11 discrepancies occurred because the reports sent to DGS only listed active employees at the time that the report was run. The 11 missing employees were classified as inactive following pay period 20 because they had retired, were terminated, or were incorrectly coded in PeopleSoft, and were not captured in the OPRS report as a result.

If OPRS reports are incomplete, then the DGS Parking Manager cannot verify that employees received parking deductions.

Recommendation:

11. OPRS should ensure that the biweekly payroll reports include all Program deductions that took place during the payroll period regardless of whether the employee is still listed as active in PeopleSoft.

Program data was unreliable, making program monitoring difficult.

The DGS Parking Manager is responsible for analyzing parking data such as payroll reports, space assignments, and employee information and GAO Standards for Internal Control state that “Management should use quality information to achieve the entity’s objectives....Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis.”²³

Agency parking coordinators and the DGS Parking Manager collected and processed parking information. ODCA observed the following errors within their documents, which made it difficult to verify which employees received and paid for parking.

- **APC Rosters.** ODCA analyzed parking rosters from six agency parking coordinators; three rosters were not current and listed employees who no longer had a parking space.
- **Parking Assignment Log.** The parking assignment log documents information such as when employees enrolled and cancelled their parking, the parking location and space number, and the employee’s agency and ID number. When reviewing a July 2017 version, nine months had elapsed since the last entry was made in October 2016.
- **DGS parking garage rosters.** The DGS Parking Manager maintained a garage roster for each Program location and the rosters documented a variety of items such as: the employee assigned to each space and the agency they worked for, vehicle and license plate information, employee contact information, ID numbers for parking garage access cards, the total number of spaces at the garage, and an accounting of which of those spaces were for fleet vehicles, employees, visitors, or vacant. Five garage rosters contained administrative errors such as incorrect tallies

²³ Standards for Internal Control in the Federal Government,” U.S. Government Accountability Office, Sept. 2014, Pg 59, Principles 13.01 and 13.05.

of the actual number of parking spaces, an employee who was incorrectly categorized as a contractor, and instances when employees' names appeared twice.

ODCA also tested the reliability of DGS's documentation and identified the following data inconsistencies:

- Employees were not listed on the parking assignment log as enrolled but were listed on a garage worksheet with a space.
- The employee location listed in the parking assignment log did not match the actual garage roster on which the employee appeared.

These data errors resulted from a variety of reasons including:

- The DGS Parking Manager did not update the parking assignment log and rosters concurrently and timely.
- The DGS Parking Manager did not verify that employees on APC rosters were enrolled in the Program and received correct deductions.
- APCs did not update their rosters to reflect current parking assignments.
- There were no supervisory reviews of Program data and data monitoring processes.
- DGS's SOPs required that the DGS Parking Manager analyze parking data, but did not specify how to collect and reconcile data on the parking assignment log, garage rosters, APC rosters, and OPRS reports.



Without complete, accurate, and consistent data, DGS could not effectively monitor Program performance and ensure that all employees who received a parking space paid for it. Unreliable data leaves the Program vulnerable to fraud, waste, and/or abuse, as supervisors cannot identify patterns, conduct reconciliations, or efficiently monitor the Program. For example, the lack of accurate APC rosters prevented the DGS Parking Manager from effectively reconciling his records against theirs. An incomplete and outdated parking assignment log reduces the accuracy and reliability of this document, and if DGS's parking garage rosters are inaccurate, it compromises DGS's ability to verify who received parking and for how long.

Recommendation:

12. DGS's SOPs should be updated to require that the DGS Parking Manager: collect APC rosters at least quarterly; reconcile APC information with DGS's parking assignment log, garage rosters, and OPRS payroll reports; and document the completion and outcomes of this reconciliation. The SOPs should also include supervisory reviews of monitoring and reconciliation activities.

Area of Concern: Approximately 151 employees may not have been taxed on an estimated \$65,232 in parking benefits in 2016 because the OCFO has not determined whether parking near the Wilson Building qualifies as a fringe benefit subject to taxation.

OPRS is responsible for reporting federal and state tax withholding information. The IRS has rules pertaining to the taxability of certain fringe benefits provided by employers to employees.²⁴ Qualified parking is defined as “parking which is provided to employees on or near the workplace,” and IRS rules state that up to a certain value of qualified parking may be provided by employers and excluded from inclusion in an employee’s wages (and therefore not taxed). For calendar year 2016, the cap on the value of qualified parking was \$255 per month. Any value in excess of that amount must be included in an employee’s wages and taxed as income.

The Secretary of the Council issued permits for official parking spaces on specific streets adjacent and/or near to the Wilson Building, and those employees parked at no cost. Among the agencies that received permits from the Secretary were the D.C. Council, OCFO, and EOM.²⁵ Although there was street signage identifying which on-street spaces were reserved for D.C. Council permit holders, some parking zones did not have lines designating where a parking space began and ended, and employees who received a parking permit were not guaranteed a parking space *because they were available on a first-come, first-served basis*. For these reasons, an EOM representative believed that employees should not be charged a parking fee.

The OCFO has not addressed this issue by seeking an opinion from the IRS to determine whether parking at the Wilson Building is considered qualified parking, and as discussed in our prior finding, it has not monitored the average market rate for monthly parking at all District-owned and -leased facilities²⁶ or ensured that parking benefits provided to employees that exceed the IRS’s annual threshold were included in an employee’s wages as taxable income.

ODCA determined that if parking spaces surrounding the Wilson Building were considered qualified parking, then employees who were issued a parking permit and parked there received a taxable benefit in FY 2016 because the average market rate for monthly parking was \$291; this was \$36 above the \$255 threshold in 2016. Therefore, approximately 151 employees and the District were not in compliance with IRS requirements, and these employees may not have been taxed on up to \$65,232 in parking benefits in calendar year 2016.

Recommendation:

13. The OCFO should make a determination or seek an advisory opinion from the IRS on whether parking at the Wilson Building falls under the definition of qualified parking and if it does, include the amount of taxable qualified parking for employees who park at that location in their income.

²⁴ See Internal Revenue Service Publication 15-B, Employer’s Tax Guide to Fringe Benefits.

²⁵ ODCA requested that the D.C. Council and EOM provide rosters noting how the permits were distributed, but EOM did not comply with this request.

²⁶ Although DGS completed annual market rate analyses for Worksite Parking Program locations, it did not do so for the Wilson Building, which is controlled by the D.C. Council.

Analysis: The District could generate an additional \$2.2 million annually by expanding the Program to the Wilson Building, Unified Communications Center, and 36 leased facilities. If DGS charged the average market rate for parking at these locations and existing Program locations, the District could generate an additional \$4.3 million annually.²⁷

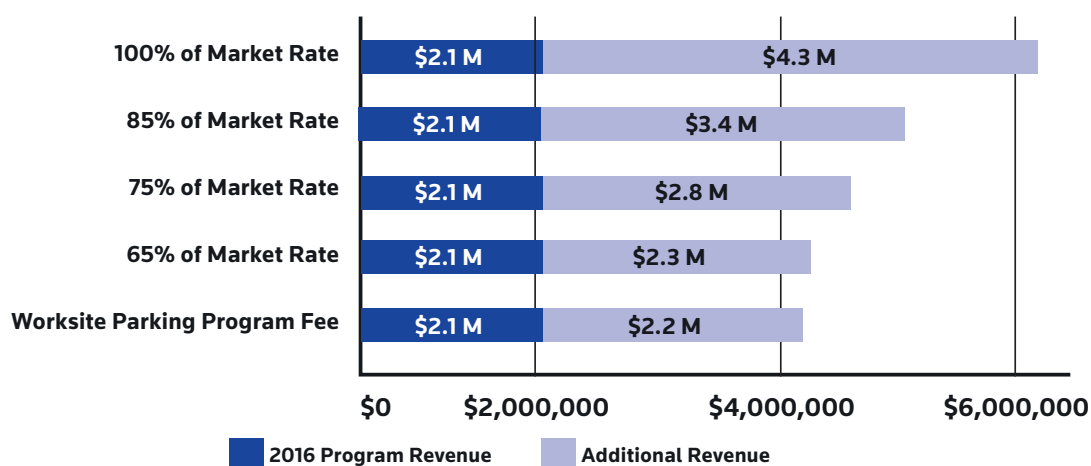
Objective two of this report was to determine the amount of additional revenue the District could generate by expanding the Program to additional District-owned and -leased facilities and/or charging market rate parking fees. ODCA identified the Wilson Building, the Unified Communications Center, and 36 leased facilities as eligible for expansion because employees received free parking at these locations.²⁸

Two options can deliver additional revenue

In FY 2016, DGS collected \$2,054,387 in revenue from the Program. Figure 6 shows that the District could generate an additional \$2.2 million annually by charging the Program fee to employees who currently do not pay to park at the Wilson Building, Unified Communications Center, 36 leased facilities, and three Program locations where employees receive a parking benefit via an MOU,²⁹ representing a 106 percent increase in revenue from 2016.

Figure 6 also shows another option that could generate an additional \$4.3 million annually by expanding the Program to those locations **and** charging all participants the average market rate for parking at each location. This represents a 210 percent increase in revenue from 2016. Despite inflation, DGS has not increased the monthly parking fee since 2010. DGS reported that it has considered raising the fee, but recognizes the balance between revenue generation and the potential financial impact upon District employees.

Figure 6: Revenue Possible From Expanding the Worksite Parking Program

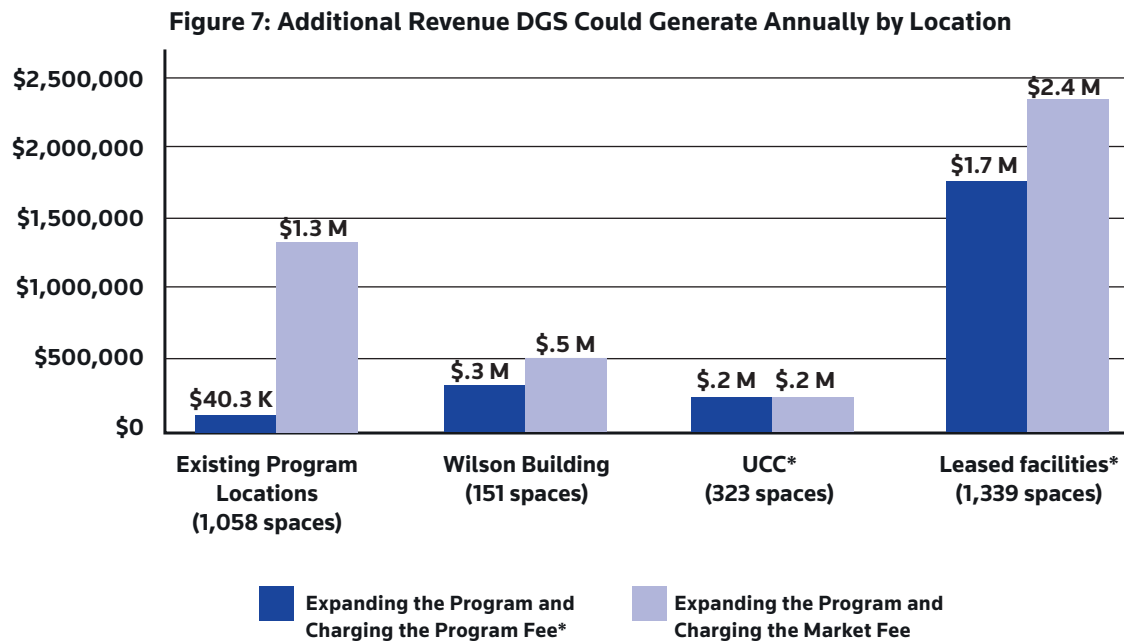


²⁷ These are conservative revenue estimates because several agencies that provided free parking to employees were excluded from our analysis. Among the agencies that were excluded are: Metropolitan Police Department stations (excluding headquarters), Fire and Emergency Medical Services stations, D.C. Public Libraries, D.C. Public Schools (excluding headquarters), and Department of Parks and Recreation facilities.

²⁸ We included the Unified Communications Center because the characteristics of the parking location were conducive to a managed parking program, (i.e., secure, gated, and lined parking), and DGS managed the building. We included the Wilson Building because the D.C. Council had jurisdiction over approximately 151 on-street parking spaces near the Wilson Building and disseminated parking permits to employees for use of those spaces.

²⁹ ODCA established \$65 per month as the average rate for monthly parking instead of \$140 in instances when: 1) we could not establish an average rate because there were no other parking facilities near the building, and 2) the average market rate for monthly parking near the location was less than \$65.

Figure 7 and Appendix B show how the two options can generate additional revenue at each location.



*ODCA used a \$65 monthly fee to calculate the Program fee and Market rate for the Unified Communications Center and 17 leased facilities due to a lack of comparable parking.

Source: ODCA analysis based on current Program fee and market rate research for parking

Although DGS has the potential to increase the amount of Program revenue by charging fees at additional locations and/or charging the market rate, DGS must first address the internal control deficiencies cited in our report.

The benefits beyond revenue generation

The cost of parking is a key determinant of which mode of transit a commuter selects. Because DGS offers parking that is below the average market rate or free, employees are incentivized to drive rather than use more environmentally friendly commuting options. Consequently, changing the Program fee to the average market rate at each parking location could discourage employees from commuting in single occupancy vehicles and encourage them to take advantage of other mass transit options.³⁰ This would support the District's goals to reduce greenhouse gas emissions and create a more sustainable environment.

For example, former Mayor Vincent C. Gray issued a Sustainable DC Plan in 2012 that identified the current state of the District's environment and identified strategies and goals for making the District the healthiest, greenest, and most livable city in the nation. The Plan reported that a large part of the District's heavy traffic congestion is due to the high number of commuters using private vehicles to commute into the city every day and as of 2011, vehicles accounted for 21 percent of greenhouse gas emissions in the District. Consequently, the Plan included transportation goals that targeted reducing

³⁰ ODCA recognizes that increasing the monthly fee would dis-incentivize some employees from driving to work and therefore, projections of additional potential revenue may not be actualized.

car commuting. The D.C. Council passed the Sustainable DC Omnibus Act of 2013 which included the goal of reducing single occupancy vehicle use by providing transit benefits to employees.³¹

The Bowser Administration continued the Sustainable DC Plan efforts and pledged to cut greenhouse gas emissions by 80 percent by 2050. In addition, in March 2017, the District Council introduced the Transportation Benefits Equity Amendment Act of 2017³² which would amend the Sustainable DC Omnibus Act of 2014 to require covered employers who provide parking benefits to an employee to offer the employee the option to instead receive an equivalently-valued transportation benefit.

If the District wants to remain on pace with reducing greenhouse emissions and promoting a sustainable environment, it should further evaluate how modifications to the Program can support those initiatives.

Recommendation:

14. DGS should work with the District’s elected leadership to determine whether the Program should be modified and broadened to support “Sustainable DC” initiatives.

³¹. Sustainable DC Omnibus Act of 2013 (Bill 20-573, Law 20-142). Effective December 17, 2014.

³². Transportation Benefits Equity Amendment Act of 2017 (Bill 22-175), introduced March 7, 2017. The Committee on Transportation and the Environment held a hearing on September 22, 2017, however the bill has not yet moved out of Committee.

Conclusion

The Department of General Services (DGS) did not effectively manage the Worksite Parking Program, which led to inconsistent treatment of program participants, some free employee parking, and loss of revenue to the District. In addition, ODCA found internal control deficiencies that included a lack of supervisory reviews, segregation of duties, and program monitoring, and unreliable program data. For example, the inequitable treatment involved some employees parking for free at District-owned and leased facilities throughout the District while others paid for parking through enrollment in the Worksite Parking Program. We also found instances when employees who parked for free should have been taxed on a portion of the parking benefits they received. Neither the Office of the Chief Financial Officer nor DGS took the initiative to address this disparity.

While DGS created an infrastructure for the Worksite Parking Program and collected \$2 million in revenue annually during FYs 2014 through 2016, it failed to collect at least \$331,684 from employees who received free parking and \$26,880 from DHCF, an agency that agreed to pay for parking on behalf of its employees. ODCA tallied these amounts from a sample of just six agencies and a review of agency MOU payments, and we believe the amount of uncollected revenue is much larger. Our analysis also showed that if the District were to expand the program to additional facilities that currently provide parking spaces at no cost to employees, the District could generate an additional \$2 to \$4 Million in revenue annually. However, the internal control deficiencies identified in our report must first be addressed to minimize loss of revenue and the inequities we identified. Furthermore, the \$140 monthly fee that Worksite Parking Program participants pay equates to \$7 per day and is approximately 64% lower than the market rate for monthly parking. These low rates may be providing incentives for employees to drive to work, which contradicts the District's environmental and energy goals which are to foster mass-transit commuting, reduce greenhouse gas emissions, and create a more sustainable environment.

Agency Comments

On June 11, 2018, we sent a draft copy of this report to the OCFO and DGS for review and written comment. DGS responded with written comments on July 13, 2018, and the OCFO responded with written comments on July 23, 2018. Agency comments are appended in full to this report followed by ODCA's response to specific comments on this audit report.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF GENERAL SERVICES



July 13, 2018

Kathleen Patterson, Auditor
Office of the D.C. Auditor
717 14th Street NW 9th Floor
Washington D.C. 20005

Re: Draft Report entitled "*The District's Worksite Parking Program Treats Employees Inequitably and Could Increase Revenue.*" (the "Draft Report")

Dear Ms. Patterson:

Thank you for the opportunity for the Department of General Services (DGS) to provide comments to the above-referenced Draft Report. We value the opportunity to review and further improve DGS' management and oversight of the Parking Program. DGS values the Auditor's review and welcomes the opportunity for further improvement. The agency's responses to the Auditor's recommendations are as follows:

Auditor Recommendation	DGS Response
1. DGS should terminate use of Facilities decals and collect all that were issued.	DGS does not agree to terminate use of Facilities decals, but we do concur that improved procedures related to the issuance and tracking of such decals would be beneficial. We are currently updating our standard operating procedures (SOPs) and will specifically address controls related to the use of Facilities decals. Revised SOPs are currently in development and will be drafted by the end of Fiscal Year 2018. Facilities decals are a valuable management tool which provides essential access to the Reeves Center Garage only to Area Managers during necessary staff meetings and emergencies, as the Reeves Center is not their primary reporting location. The Reeves Center

2000 14th St. NW, 8th Floor Washington DC 20009 | Telephone (202) 727-2800 | Fax (202) 727-7283

	serves as the Command Center during all facilities emergencies, including snow emergencies. As provided by Section XVIII of the DGS Citywide Parking Policies (2013), temporary parking permits may be issued for employees attending meetings.
2. DGS should ensure that the DGS Parking Manager is properly supervised and segregation of duties exist when ordering and disseminating parking decals for fleet vehicles, Program participants, and temporary use.	DGS agrees with the importance of ensuring that the Parking Manager is properly supervised and that the Program should include appropriate checks and balances related to the ordering and dissemination of decals. However, DGS disagrees with the conclusion that the Parking Manager was unsupervised. The Parking Manager was directly supervised by the Deputy Director for Facilities, Spencer Davis, during the audit period and has maintained supervision under the Supervisory Manager for Business Operations, and broader supervision of the newly-hired Facilities Administrative Officer as of February 20, 2018. DGS agrees that checks and balances are critical in the management and distribution of parking decals. Ordering and distributing the parking decals are among the main duties and responsibilities of the DGS Parking Manager. As mentioned above, DGS is currently updating its SOPs to ensure that adequate controls and levels of supervision exist within the Worksite Parking Program. Although DGS does not agree that segregation of duties should occur by giving duties to other staff, DGS will include appropriate checks and balances (including supervisory review) within the updated SOPs. Revised SOPs are currently in development and will be drafted by the end of Fiscal Year 2018.
3. DGS should significantly improve management of the payment processes including segregation of duties, SOPs that outline check and money order handling procedures, stronger	DGS agrees with this recommendation. DGS has already implemented SOPs for the handling of checks and money orders from the Worksite Parking Program. As of today, there are only two (2) contractors who pay via check or money order for their parking because

supervision, and fair and equitable enforcement of payment policies among all like-situated employees and contractors.	payroll deduction is not possible for non-employees. The DGS Worksite Parking Program provides parking for contractors that are a part of special projects and located on-site at DGS - McKissack and McKissack employees along with Brailsford and Dunlavy employees. Brailsford subsidizes their employees' parking while McKissack's employees pay individually on the 1st of each month. DGS will work with the Office of the Chief Financial Officer (OCFO) to evaluate the feasibility of collecting contractor parking payments via the EASIPAY system, creating an electronic document trail. DGS will conduct the feasibility determination by the end of calendar year 2018. Revised SOPs related to the collection of payments are currently in development and will be drafted by the end of Fiscal Year 2018.
4. OPRS should significantly improve its supervisory reviews of payments and documentation.	There are no specific actionable items for DGS within this recommendation. DGS will coordinate with OPRS, as needed, in their implementation of this recommendation.
5. OCFO should consult with DGS and OCTO and establish a plan for how the District will comply with IRS commuter benefit requirements at the end of calendar year 2018. These agencies should determine the processes and parties responsible for: completing annual analyses for District-owned and leased properties, identifying locations where the average market rate for parking exceeds the IRS's annual commuter benefit threshold, determining which employees received parking at those locations, and then providing the OPRS with the names of the employees and the value of taxable qualified parking that should be reported in employees'	There are no specific actionable items for DGS within this recommendation. DGS will coordinate with OCFO, as needed, in their implementation of this recommendation.

income.	
6. DGS should require employees who currently park at leased buildings for free to pay the cost of parking as defined in the lease agreement or enroll those employees in the Program and update DGS's Citywide Parking Policies to reflect this policy change.	DGS agrees with this recommendation to the extent that it calls for employees in leased facilities to remain responsible for costs associated with parking personal vehicles in leased property. DGS has specifically adopted a written policy to govern the allocation of parking within District-owned and leased property and to ensure that District-leased parking spaces are allocated only to District fleet vehicles. This policy provides that DGS shall annually assess agency parking usage to confirm that District-owned spaces are allocated to fleet vehicles or are part of the Worksite Parking Program or that District-leased spaces are allocated to fleet vehicles only. DGS staff would have responsibility for reporting non-compliance. Although DGS agrees that employees parked at leased buildings will pay the cost of parking personal vehicles under DGS' parking policy, DGS will need to evaluate the timing, communication required and any contractual implications associated with requiring payment by employees. Our goal is to balance the impact upon employees by providing adequate notice and avoiding an abrupt, unannounced change in policy. DGS' Facilities Division will work with our Portfolio Division to ensure that all relevant leased locations are evaluated for inclusion in the DGS Worksite Parking Program.
7. DGS should obtain control over all Henry Daly Building parking spaces and ensure that all employees who park their personal vehicles there are enrolled in the Program and charged the Program fee.	DGS agrees with this recommendation and will work with MPD to evaluate the feasibility of incorporating all MPD properties into the Worksite Parking Program. Presently, all employees who park in the 1st Bay of the Daly Building garage, pay for parking via payroll deduction. The exception is agency government vehicles and CSOSA which pay DGS via MOU for its spaces. Any MPD officers utilizing one of the spaces in this area must enroll in the DGS Parking Program.

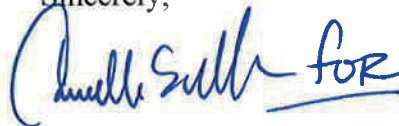
8. DGS should ensure that guards do not grant unauthorized individuals access to the Daly Building garage by conducting unannounced site visits and notifying DGS's Protective Services Division when violations occur.	DGS agrees with this recommendation and as part of the evaluation with MPD regarding the feasibility of incorporating all MPD properties into the Worksite Parking Program, DGS will ensure that Daly building guards have post orders which reflect the parking access requirements for the Daly Building and will continue to conduct unannounced site visits to ensure compliance with post orders and parking requirements.
9. The DGS Parking Manager should administer employee parking for the OCFO and DCPS, per DGS's Citywide Parking Policies, or DGS should officially delegate authority to the OCFO and DCPS and update DGS's Citywide Parking Policies to reflect this policy change.	DGS agrees in part with this recommendation and DGS' Facilities Division will work with our Portfolio Division to ensure that all relevant leased locations are evaluated for inclusion in the DGS Worksite Parking Program.
10. If agencies such as the OCFO continue to manage parking programs outside of the Program, then OPRS should prepare reports that only include Program employees.	There are no specific actionable items for DGS within this recommendation. DGS will coordinate with OPRS, as needed, in their implementation of this recommendation.
11. OPRS should ensure that the biweekly payroll reports include all Program deductions that took place during the payroll period regardless of whether the employee is still listed as active in PeopleSoft.	There are no specific actionable items for DGS within this recommendation. DGS will coordinate with OPRS, as needed, in their implementation of this recommendation.
12. DGS's SOPs should be updated to require that the DGS Parking Manager: collect APC rosters at least quarterly; reconcile APC information with DGS's parking assignment log, garage rosters, and OPRS payroll reports; and document the completion and outcomes of this reconciliation. The SOPs should also include supervisory reviews of monitoring and reconciliation activities.	DGS agrees with this recommendation. Employee parking rosters are currently requested every 6 months to ensure accuracy. SOPs will be updated to reflect the new "quarterly" agency roster request from all agencies participating in the Program. DGS requests that OCFO send the reports after each pay period however, additional controls will be detailed in the revised SOPs to ensure the reports are delivered on a consistent basis. Revisions to the SOPs are currently under

	development and will be completed by the end of Fiscal Year 2018.
13. The OCFO should seek an advisory opinion from the IRS on whether parking at the Wilson Building falls under the definition of qualified parking and if it does, include the amount of taxable qualified parking for employees who park at that location in their income.	There are no specific actionable items for DGS within this recommendation. DGS will coordinate with OCFO, as needed, in their implementation of this recommendation.
14. DGS should work with the District's elected leadership to determine whether the Program should be modified and broadened to support "Sustainable DC" initiatives.	DGS agrees with this recommendation. DGS Construction has already taken steps to include the "sustainable" initiatives into the construction of 2 or more recent buildings; 200 Eye St SE and the CFL Building located at 401 E St SW. Both buildings were constructed to have fewer than 200 total parking spaces to deter employees from driving and to encourage use of other means of transportation to commute to work.

Again, DGS recognizes the importance of improvements within the Worksite Parking Program and has already taken affirmative steps to make improvements to the existing Program, as highlighted above.

Please do not hesitate to contact me at 202.727.2800 if you have questions or require additional information.

Sincerely,



Greer Johnson Gillis, PE
Director

Cc: Betsy Cavendish, EOM
Camille Sabbakhan, DGS, General Counsel
Yohance Fuller, DGS Acting COO
Donny Gonzalez, DGS Deputy Director Facilities

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER



Jeffrey S. DeWitt
Chief Financial Officer

JUL 23 2018

Ms. Kathleen Patterson
District of Columbia Auditor
717 14th Street, N.W., Suite 900
Washington, DC 20005

Re: ODCA Draft Audit on the District's Worksite Parking Program Treats Employees Inequitably and Could Increase Revenue

Dear Ms. Patterson:

Thank you for the opportunity to comment on the findings and recommendations presented in the Office of the District of Columbia Auditor's draft report entitled, *District's Worksite Parking Program Treats Employees Inequitably and Could Increase Revenue*, dated June 11, 2018. The responses of the Office of the Chief Financial Officer (OCFO) are attached.

If you have any questions or require additional information, please feel free to contact Bill Slack, Deputy Chief Financial Officer for Financial Operations and Systems.

Sincerely,

Jeffrey S. DeWitt

cc: Bill Slack, Deputy Chief Financial Officer for Financial Operations and Systems
Timothy Barry, Executive Director, Office of Integrity and Oversight

In general, OPRS is committed to making the necessary changes and applying the requisite oversight to better serve all stakeholders with parking management.

RECOMMENDATION #4:

OPRS should significantly improve its supervisory reviews of payments and documentation.

OCFO RESPONSE:

OPRS concurs with this recommendation. Effective immediately, two supervisors will review and approve all parking requests for starting the deduction, changing the deduction and stopping the deduction, as well as any refund requests.

RECOMMENDATION #5

The OCFO should consult with DGS and OCTO and establish a plan for how the District will comply with IRS commuter benefit requirements at the end of calendar year 2018. These agencies should determine the processes and parties responsible for: completing annual analyses for District-owned and leased properties, identifying locations where the average market rate for parking exceeds the IRS's annual commuter benefit threshold, determining which employees received parking at those locations, and then providing the OPRS with the names of the employees and the value of taxable qualified parking that should be reported in employees' income

OCFO RESPONSE:

The OCFO will work with DGS and OCTO to ensure the District complies with IRS commuter benefit requirements; however, the determination of the employees that are subject to reporting the parking benefit, and determination of average market rate is under the purview of DGS and this effort should be led by their office. Upon the identification of the employees and completion of the analysis, the OCFO will ensure W-2 information is accurate and includes qualified taxable parking for the identified employees.

RECOMMENDATION #10:

If agencies such as the OCFO continue to manage parking programs outside of the program, then OPRS should prepare reports that only include program employees.

OCFO'S response to ODCA report: District's Worksite Parking Program Treats Employees Unfairly and Could Increase Revenue (June 11, 2018)

OCFO RESPONSE:

OPRS concurs with this recommendation. Currently there are multiple agencies which manage parking other than the Department of General Services (DGS). These agencies should have reports which contain information applicable to their areas. However, OPRS will standardize the report(s) for all parking managers.

RECOMMENDATION #11:

OPRS should ensure that the biweekly payroll reports include all program deductions that took place during the payroll period regardless of whether the employee is still listed as active in PeopleSoft.

OCFO RESPONSE:

OPRS concurs with this recommendation and will ensure that all who had deductions in the payroll period are included in the reports.

RECOMMENDATION #13:

The OCFO should seek an advisory opinion from the IRS on whether parking at the Wilson Building falls under the definition of qualified parking and if it does, include the amount of taxable qualified parking for employees who park at that location in their income.

OCFO RESPONSE:

The OCFO does not concur. The OCFO does not require an advisory opinion from the IRS. Pursuant to the IRS Code Section 132, street parking around the Wilson Building is considered "qualified parking" and meets the requirements for inclusion into a qualified parking plan. Further, the OCFO, Executive Office of the Mayor, and the Council of the District of Columbia are each responsible for the management of parking around the Wilson Building and as such, each agency should determine the employees impacted. Once that determination is made, the agencies should send OPRS the employee's name and the amount of taxable qualified parking to include in their income by November 1, 2018 and each subsequent year thereafter.

ODCA Response to Agency Comments

We greatly appreciate the responses provided by the Department of General Services and the Office of the Chief Financial Officer and note that the agencies agree in whole or in part with 13 of the 14 recommendations.

We acknowledge DGS' disagreement with terminating using Facilities decals and agree that implementing written procedures for issuing and tracking these decals will address the concerns reflected in our finding. However, we stand by our determination that the decals were originally created without proper authorization because DGS's Director of Facilities reported that he was unaware of and had not provided the Parking Manager the names of employees who received Facilities decals, and DGS's response did not contain information that refuted this.

During ODCA's exit conference with the OCFO, the OCFO requested that we add a recommendation requiring an MOU between DGS and the OCFO that establishes the procedures for sharing the names of employees and the value of taxable qualified parking that should be reported in their income (i.e., the difference between the "cap" or tax-free sum provided for "qualified parking" by the Internal Revenue Service and the actual market rate of the parking). We updated recommendation five to capture this request.

We also acknowledge that the OCFO determined that street parking around the Wilson Building is considered qualified parking as defined by IRS Code Section 132 and that the agency will work with affected agencies to ensure that the amount of qualified taxable parking is included in their employee's income calculations.

We also made adjustments to our draft Recommendations #5 and #6 to bring greater consistency with regard to the treatment of government employees who park in leased facilities, and to be clear that if additional options are provided to such employees – including joining the Worksite Parking Program or having their free parking considered part of compensation – that would require a change in the DGS Parking Policy which, today, would require that they pay the amount reflected in the lease.

Summary of Report Recommendations

Most of the recommendations in this report can be implemented without any additional costs to the agencies, have the potential to generate revenue and/or cost savings to the District, and/or help to advance the goals of DGS and OCFO, as seen below.

Recommendation	Is there a Cost to the Agency to Implement?	Potential to Generate Revenue or Savings for the District?	Specific Agency or District-Wide Goal Advanced by Recommendation
1. DGS should terminate use of Facilities decals and collect all that were issued.	No	Yes	<u>FY 2018 Proposed Budget and Financial Plan:</u> In all of its endeavors, DGS is dedicated to delivering aggressive and attentive management of the District's resources.
2. DGS should ensure that the DGS Parking Manager is properly supervised and segregation of duties exist when ordering and disseminating parking decals for fleet vehicles, Program participants, and temporary use.	No	No	<u>FY 2018 Proposed Budget and Financial Plan:</u> In all of its endeavors, DGS is dedicated to achieving efficiency in operations and delivering aggressive and attentive management of the District's resources. <u>DGS FY 2018 Strategic Objective:</u> Create and maintain a highly efficient, transparent and responsive District government.
3. DGS should significantly improve management of the payment processes including segregation of duties, SOPs that outline check and money order handling procedures, stronger supervision, and fair and equitable enforcement of payment policies among all like-situated employees and contractors.	No	No	

Recommendation	Is there a Cost to the Agency to Implement?	Potential to Generate Revenue or Savings for the District?	Specific Agency or District-Wide Goal Advanced by Recommendation
4. OPRS should significantly improve its supervisory reviews of payments and documentation.	No	Yes	<u>OCFO 2017-2021 Strategic Plan:</u> Improve Transparency and Quality of Information: This strategic objective works to ensure that information provided by the OCFO is accurate, timely, accessible, and easily understood. <u>OCFO 2017-2021 Strategic Plan:</u> Manage a Fair and Equitable System to Fully collect District Revenues: This strategic objective focuses on improving our ability to fairly and equitably collect District revenues. This includes the use of technology, ensuring fair and reasonable collection tools are used, conducting audits and using other available tools that provide residents and businesses assurance that everyone is paying their fair share under current laws and regulations.
5. OCFO should consult with DGS and OCTO and establish an MOU describing procedures for how the District will comply with IRS qualified parking requirements at the end of calendar year 2018. These agencies should determine the processes and parties responsible for: completing annual analyses for District-owned and leased properties, identifying locations where the average market rate for parking exceeds the IRS's annual qualified parking threshold, determining which employees received parking at those locations, and then providing the OPRS with the names of the employees and the value of taxable qualified parking that should be reported in employees' income (i.e., the difference between the "cap" or tax-free sum provided for "qualified parking," and the actual market rate of the parking)	Yes	No	<u>OCFO 2017-2021 Strategic Plan:</u> Implement Quality Financial Systems: This objective focuses on updating OCFO financial systems in the areas of tax (which has commenced and is ongoing), financial reporting, budget, and business intelligence. The intent is to implement quality systems that are upgraded regularly and reflect effective and efficient business processes. <u>OCFO 2017-2021 Strategic Plan:</u> Improve Transparency and Quality of Information: This strategic objective works to ensure that information provided by the OCFO is accurate, timely, accessible, and easily understood.

Recommendation	Is there a Cost to the Agency to Implement?	Potential to Generate Revenue or Savings for the District?	Specific Agency or District-Wide Goal Advanced by Recommendation
6. DGS should require employees who currently park at leased buildings for free to pay the cost of parking as defined in the lease agreement or enroll those employees in the Worksite Parking Program and update DGS's Citywide Parking Policies to reflect this policy change.	Yes	Yes	<u>FY 2018 Proposed Budget and Financial Plan:</u> Generate Revenue: Portfolio Division objective is to improve the district utilization of space and therefore increase revenue generations. By introducing innovative Total Workspace initiative, aimed at creating a 21 st century workspace throughout the District Government, could generate additional revenue opportunities for the district and reduce costs for other client agencies.
7. DGS should obtain control over all Henry Daly Building parking spaces and ensure that all employees who park their personal vehicles there are enrolled in the Program and charged the Program fee.	Yes	Yes	<u>DGS FY 2018 Performance Measure:</u> Total revenue generated from District owned real property. <u>DGS FY 2018 Target:</u> \$13,000,000
8. DGS should ensure that guards do not grant unauthorized individuals access to the Daly Building garage by conducting unannounced site visits and notifying DGS's Protective Services Division when violations occur.	No	No	<u>FY 2018 Proposed Budget and Financial Plan:</u> In all of its endeavors, DGS is dedicated to delivering secure and safe places of work for District employees. <u>DGS FY 2018 Strategic Objective:</u> Increase the safety of employees, residents, and visitors at District owned and leased properties by providing effective management of security and law enforcement.
9. The DGS Parking Manager should administer employee parking for the OCFO and DCPS, per DGS's Citywide Parking Policies, or DGS should officially delegate authority to the OCFO and DCPS and update DGS's Citywide Parking Policies to reflect this policy change.	Yes	No	<u>FY 2018 Proposed Budget and Financial Plan:</u> In all of its endeavors, DGS is dedicated to delivering aggressive and attentive management of the District's resources.

Recommendation	Is there a Cost to the Agency to Implement?	Potential to Generate Revenue or Savings for the District?	Specific Agency or District-Wide Goal Advanced by Recommendation
10. If agencies such as the OCFO continue to manage parking programs outside of the Program, then OPRS should submit bi-weekly reports to DGS that only include Program employees.	No	No	<u>OCFO 2017-2021 Strategic Plan:</u> Improve Transparency and Quality of Information: This strategic objective works to ensure that information provided by the OCFO is accurate, timely, accessible, and easily understood. <u>OCFO 2017-2021 Strategic Plan:</u> Improve Customer Service: This strategic objective is intended to improve the quality, timeliness, and accuracy of services provided by the OCFO to the public, District agencies, and elected officials. This may include improvements in technology such as telephony and financial systems, ongoing customer service training, monitoring customer satisfaction, and improving employee morale as a means to enhance customer service.
11. OPRS should ensure that the biweekly payroll reports include all Program deductions that took place during the payroll period regardless of whether the employee is still listed as active in PeopleSoft.	No	No	<u>OCFO 2017-2021 Strategic Plan:</u> Improve Transparency and Quality of Information: This strategic objective works to ensure that information provided by the OCFO is accurate, timely, accessible, and easily understood.
12. DGS's SOPs should be updated to require that the DGS Parking Manager: collect APC rosters at least quarterly; reconcile APC information with DGS's parking assignment log, garage rosters, and OPRS payroll reports; and document the completion and outcomes of this reconciliation. The SOPs should also include supervisory reviews of monitoring and reconciliation activities.	No	No	<u>FY 2018 Proposed Budget and Financial Plan:</u> In all of its endeavors, DGS is dedicated to delivering aggressive and attentive management of the District's resources.

Recommendation	Is there a Cost to the Agency to Implement?	Potential to Generate Revenue or Savings for the District?	Specific Agency or District-Wide Goal Advanced by Recommendation
13. The OCFO should make a determination or seek an advisory opinion from the IRS on whether parking at the Wilson Building falls under the definition of qualified parking and if it does, include the amount of taxable qualified parking for employees who park at that location in their income.	Yes	No	<u>OCFO 2017-2021 Strategic Plan:</u> Implement Quality Financial Systems: This objective focuses on updating OCFO financial systems in the areas of tax (which has commenced and is ongoing), financial reporting, budget, and business intelligence. The intent is to implement quality systems that are upgraded regularly and reflect effective and efficient business processes. <u>OCFO 2017-2021 Strategic Plan:</u> Improve Transparency and Quality of Information: This strategic objective works to ensure that information provided by the OCFO is accurate, timely, accessible, and easily understood.
14. DGS should work with the District's elected leadership to determine whether the Program should be modified and broadened to support "Sustainable DC" initiatives.	No	No	<u>FY 2018 Proposed Budget and Financial Plan:</u> In all of its endeavors, DGS is dedicated to delivering aggressive and attentive management of the District's resources. <u>DGS FY 2018 Strategic Objective:</u> Create and maintain a highly efficient, transparent and responsive District government.

Appendix A: Audit Methodology

To assess the Worksite Parking Program's management and internal controls, we:

- Conducted interviews, document reviews, and onsite observations to determine whether any individuals received free parking.
- Compared agency parking coordinator rosters to payroll reports to verify whether employees assigned a parking space received payroll deductions.
- Reviewed an OPRS parking payroll report to determine whether the correct parking deduction amount was withheld from employee paychecks.
- Assessed whether DGS administered parking at all District-owned and leased properties as mandated in the D.C. Code and DGS Citywide Parking Policies.
- Analyzed the accuracy of biweekly parking payroll reports that the OPRS sends to DGS.
- Reviewed parking reimbursement documentation from DGS and OPRS and determined whether the reimbursements were justified and supported with required documentation.
- Reviewed invoice reports to determine whether any employees paid DGS directly for parking and reviewed OCFO receipts to verify completed payments.
- Reviewed memoranda of understanding (MOU) and SOAR records to determine whether agencies remitted payment for parking to DGS as required, and reconciled contractor check payments and money order deposits that DGS reported it received against OCFO receipts.
- Assessed whether DGS required employees to pay for parking at leased locations at the monthly rate established in the leases.
- Determined market rates for parking and assessed whether the District was in compliance with the IRS's qualified parking requirements.³³
- Analyzed the accuracy of data located in DGS's parking assignment log, parking rosters for each Program location, and contractor monthly payment and invoice spreadsheets.
- Selected a sample of employees who were currently paying for parking and then checked to see if they appeared on DGS's parking assignment log as enrolled, and if the space assignment information listed on the parking assignment log matched what was listed on the parking garage rosters.

To assess the amount of additional revenue the District could generate by expanding the Program to additional District-owned and leased facilities and also charging parking fees in correlation with the market rate, we:

³³ IRS Publication 15-B (2016), Employer's Tax Guide to Fringe Benefits.

- Identified 38 District-owned and leased facilities for inclusion in our analysis³⁴ and determined the number of available spaces at each location.
- Calculated the amount of additional revenue that could be generated by charging employees who currently do not pay a fee to park at 41 District-owned and leased buildings (36 leased facilities, Unified Communications Center, Wilson building,³⁵ and three Program locations where employees receive a parking benefit via an MOU) the current Program annual fee of \$1,680 or \$780 for locations where there was no market rate for parking.
- Determined the average monthly rate for parking at the 41 District-owned and leased facilities where employees receive a parking space at no cost (36 leased facilities, Unified Communications Center, Wilson building, and three Program locations where employees receive a parking benefit via an MOU) and calculated how much revenue the District could collect annually if employees were charged a fee in correlation with the market rate for parking.³⁶
- Determined the average monthly rate for parking at the 10 existing parking locations and calculated how much *additional* revenue would be generated by charging the market rate instead of the Parking program fee.

³⁴. DGS provided 62 lease agreements that contained parking clauses. ODCA reviewed these leases and excluded 23 leases because: a) employees at the locations were already enrolled in the Worksite Parking Program or pay the lessor directly for parking; b) no employee parking spaces were provided; c) the lease was silent regarding parking; d) the lease was for an MPD substation (which was outside of our scope because DGS did not manage their parking); e) there was a communal parking lot that did not provide guaranteed parking to employees, and f) the leases were for an apartment style homeless shelter that provided parking and closed effective July 2017.

³⁵. Some 39 leases remained for 36 distinct locations. We also included the Wilson Building and Unified Communications Center, two District-owned locations with parking infrastructures in place, in our analysis.

³⁶. We used the ParkMe (www.parkme.com), ParkWhiz (www.parkwhiz.com), and SpotHero (www.spothero.com) parking websites and listed monthly rates for “comparable” facilities (i.e., if the location was a covered garage, we calculated the average monthly rates from the three websites that were also covered garages) located within a .25-mile radius.

Appendix B: Additional Revenue the District Could Generate When Expanding the Program

Building Location	Worksite Parking Program Fee/ Month	Additional Revenue @ DCS' annual fee*	Average Monthly Market Rate	65% of Market Rate	75% of Market Rate	85% of Market Rate	100% of Market Rate
Worksite Parking Program Locations							
2000 14th Street, NW (Reeves Center)	\$140	\$0	\$250	\$69,120	\$145,920	\$222,720	\$337,920
441 4th Street, NW (DHCF MOU)**	\$140	\$21,840	\$290	\$139,281	\$209,558	\$279,835	\$385,251
300 Indiana Avenue, NW (Henry Daly Building)	\$140	\$13,440	\$292	\$54,560	\$78,720	\$102,880	\$139,120
4056/4058 Minnesota Avenue, NE (DOES Building)	\$65	\$0	\$65	-\$46,683	-\$33,345	-\$20,007	\$0
420 First Street, NW (1st and E Street) (DHCF MOU)**	\$140	\$5,040	\$281	\$16,829	\$24,587	\$32,345	\$43,983
401 E Street, SW	\$140	\$0	\$255	\$28,592	\$57,028	\$85,463	\$128,117
200 I Street, SE	\$140	\$0	\$249	\$20,696	\$44,041	\$67,385	\$102,401
810 First Street, NE	\$140	\$0	\$215	\$27	\$12,437	\$24,847	\$43,463
64 New York Avenue, NE	\$140	\$0	\$147	-\$36,271	-\$24,276	-\$12,281	\$5,712
363 E Street SW and 500 E Street, SW (DFS MOU)***	\$140	\$0	\$256	\$15,801	\$31,155	\$46,509	\$69,540
Total for Worksite Parking Program locations		\$40,320		\$261,952	\$545,825	\$829,697	\$1,255,506
Unified Communications Center (UCC) and John A. Wilson Building (wilson Building)							
2720 Martin Luther King Jr Avenue, SE (Unified Communications Center)*	\$65	\$180,960	\$65	\$117,624	\$135,720	\$153,816	\$180,960
1350 Pennsylvania Avenue, NW (John A. Wilson Building)	\$140	\$253,680	\$291	\$342,740	\$395,469	\$448,198	\$527,292
Total for UCC and Wilson Building		\$434,640		\$460,364	\$531,189	\$602,014	\$708,252

Building Location	Worksite Parking Program Fee/ Month	Additional Revenue @ DGS' annual fee*	Average Monthly Market Rate	65% of Market Rate	75% of Market Rate	85% of Market Rate	100% of Market Rate
Leased Locations with Market Rates							
64 New York Avenue	\$140	\$245,280	\$147	\$167,404	\$193,158	\$218,912	\$257,544
55 M Street, SE	\$140	\$210,000	\$231	\$225,225	\$259,875	\$294,525	\$346,500
250 E Street, SW	\$140	\$161,280	\$253	\$189,446	\$218,592	\$247,738	\$291,456
450 H Street, NW	\$140	\$10,080	\$320	\$14,976	\$17,280	\$19,584	\$23,040
645 H Street NE	\$140	\$114,240	\$225	\$119,340	\$137,700	\$156,060	\$183,600
655 15th St NW	\$140	\$21,840	\$295	\$29,913	\$34,515	\$39,117	\$46,020
717 14th Street NW	\$140	\$28,560	\$287	\$38,056	\$43,911	\$49,766	\$58,548
808-810 5th Street NW	\$140	\$10,080	\$265	\$12,402	\$14,310	\$16,218	\$19,080
899 North Capitol Street, NE	\$140	\$210,000	\$204	\$198,900	\$229,500	\$260,100	\$306,000
920 Rhode Island Avenue, NE	\$140	\$11,760	\$85	\$4,641	\$5,355	\$6,069	\$7,140
955 L'Enfant Plaza, SW	\$140	\$16,800	\$249	\$19,422	\$22,410	\$25,398	\$29,880
1133 15th Street, NW	\$140	\$18,480	\$243	\$20,849	\$24,057	\$27,265	\$32,076
1200 First Street, NE	\$140	\$60,480	\$234	\$65,682	\$75,786	\$85,892	\$101,049
1225 I Street, NW	\$140	\$40,320	\$274	\$51,293	\$59,184	\$67,075	\$78,912
1800 Martin Luther King Jr. Avenue, SE	\$140	\$6,720	\$104	\$3,245	\$3,744	\$4,243	\$4,992
2100 Martin Luther King Jr. Avenue, SE	\$140	\$25,200	\$104	\$12,168	\$14,040	\$15,912	\$18,720
2101 Martin Luther King Jr. Avenue, SE*	\$140	\$21,060	\$65	\$13,689	\$15,795	\$17,901	\$21,060
2235 Shannon Place, SE*	\$140	\$41,340	\$65	\$26,871	\$31,005	\$35,139	\$41,340
2900 V Street, NE*	\$140	\$3,120	\$65	\$2,028	\$2,340	\$2,652	\$3,120
2901 14th Street, NW	\$140	\$6,720	\$145	\$4,524	\$5,220	\$5,916	\$6,960
3222 M Street, NW	\$140	\$30,240	\$301	\$42,260	\$48,762	\$55,264	\$65,016
3350 9th Street, NE	\$140	\$13,440	\$155	\$9,672	\$11,160	\$12,648	\$14,880
TOTAL Leased Facilities w/ Market Rate		\$1,307,040		\$1,272,006	\$1,467,699	\$1,663,393	\$1,956,933

Building Location	Worksite Parking Program Fee/ Month	Additional Revenue @ DGS' annual fee*	Average Monthly Market Rate	65% of Market Rate	75% of Market Rate	85% of Market Rate	100% of Market Rate
Leased Locations without Market Rates							
119, 121, 123, 125 Wayne Place SE, 165 Mississippi Ave SE & 3831 2nd St SE*	\$65	\$7,800	\$65	\$5,070	\$5,850	\$6,630	\$7,800
1207 Taylor Street, NW*	\$65	\$24,960	\$65	\$16,224	\$18,720	\$21,216	\$24,960
1250 U Street NW*	\$65	\$8,580	\$65	\$5,577	\$6,435	\$7,293	\$8,580
2210 Adams Place, NE*	\$65	\$14,040	\$65	\$9,126	\$10,530	\$11,934	\$14,040
2850 New York Avenue, NE*	\$65	\$156,000	\$65	\$101,400	\$117,000	\$132,600	\$156,000
3130-3180 V Street, NE*	\$65	\$15,600	\$65	\$10,140	\$11,700	\$13,260	\$15,600
3330 V Street, NE*	\$65	\$13,260	\$65	\$8,619	\$9,945	\$11,271	\$13,260
3535 V Street, NE	\$65	\$37,440.00	\$65	\$24,336	\$28,080	\$31,824.00	\$37,440.00
3720 Martin Luther King Jr. Avenue, SE*	\$65	\$25,740	\$65	\$16,731	\$19,305	\$21,879	\$25,740
3841-3845 Alabama Avenue, SE*	\$65	\$4,680	\$65	\$3,042	\$3,510	\$3,978	\$4,680
4001-4005 South Capitol Street, SW*	\$65	\$16,380	\$65	\$10,647	\$12,285	\$13,923	\$16,380
4049 South Capitol Street, SW*	\$65	\$35,100	\$65	\$22,815	\$26,325	\$29,835	\$35,100
4525 Benning Road, SE*	\$65	\$37,440	\$65	\$24,336	\$28,080	\$31,824	\$37,440
12100 Sunrise Valley Drive, Reston VA*	\$65	\$5,460	\$65	\$3,549	\$4,095	\$4,641	\$5,460
Total Leased facilities w/o Market Rate		\$402,480		\$261,612	\$301,860	\$342,108	\$402,480
Total For All Leased Facilities		\$1,709,520		\$1,533,618	\$1,769,559	\$2,005,501	\$2,359,413
GRAND TOTAL (District-owned and leased)		\$2,184,480		\$2,255,934	\$2,846,573	\$3,437,213	\$4,323,171
*DGS charged a \$140 monthly fee to park at 9 of the 10 Worksite Parking Program locations. DGS charged a lower rate of \$65/month at the 10th location, 4056/4058 Minnesota Avenue, NE, because this building was located adjacent to another parking lot that charged \$65/month. Consequently, when ODCA was not able to generate an average market rate for a building due to a lack of available parking within .25 miles of the building, or when the average rate for monthly parking at a location was less than \$65, ODCA set \$65 as both the market rate and the Worksite Parking Program monthly rate. This impacted the Unified Communications Center and 17 leased locations.							
** This location contained spaces that employers paid for on behalf of employees. The additional revenue calculation at this Worksite Parking Program location is based on DGS requiring those employees to start paying \$1,680 for their own parking annually.							
*** DFS' MOU with DGS notes that DFS requested that DGS obtain 50 parking spaces at this location; employees pay the Program fee.							

About ODCA

The mission of the Office of the District of Columbia Auditor (ODCA) is to support the Council of the District of Columbia by making sound recommendations that improve the effectiveness, efficiency, and accountability of the District government.

To fulfill our mission, we conduct performance audits, non-audit reviews, and revenue certifications. The residents of the District of Columbia are one of our primary customers and we strive to keep the residents of the District of Columbia informed on how their government is operating and how their tax money is being spent.

Office of the District of Columbia Auditor

717 14th Street N.W.

Suite 900

Washington, DC 20005

Call us: 202-727-3600

Email us: odca.mail@dc.gov

Tweet us: https://twitter.com/ODCA_DC

Visit us: www.dcauditor.org



Information presented here is the intellectual property of the Office of the District of Columbia Auditor and is copyright protected. We invite the sharing of this report, but ask that you credit ODCA with authorship when any information, findings, or recommendations are used.
Thank you.

