City of Madison Parking Division

Internal Audit Report

Audited Entity: City of Madison – Parking Division (PP-2025-02)

Fieldwork Completion Date: April 17, 2026

Date of Report: May 8, 2026

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Executive Summary

Background

This audit engagement was initiated based on the results of the City of Madison's enterprise risk assessment conducted in the fourth quarter of 2024. Accordingly, the engagement was incorporated into the Internal Audit Division's approved 2025 Annual Audit Plan.

The audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS), issued by the U.S. Government Accountability Office, which establish a framework for performing high-quality audits with competence, integrity, objectivity, and independence. In addition, the audit was aligned with the International Standards for the Professional Practice of Internal Auditing, issued by Institute of Internal Auditors, particularly with respect to independence (Standard 1100), due professional care (Standard 1220), and engagement planning and performance (Standards 2200–2600). These standards collectively ensure that the audit was conducted using a systematic, disciplined, and risk-based approach.

The City of Madison Parking Division is responsible for managing the City's on-street and off-street parking infrastructure to support broader transportation and mobility objectives. Its mission includes promoting sustainable transportation choices while ensuring equitable and efficient access to local businesses, community events, and residential areas.

The Division administers a substantial parking portfolio, including more than 5,000 public parking spaces distributed across six parking garages, five surface parking lots, and over 1,300 on-street metered spaces. In addition, the Division manages a range of parking permit programs, including daily, monthly, and annual permits, as well as a comprehensive residential parking permit program designed to balance neighborhood access with citywide mobility needs.

Beyond parking allocation and revenue management, the Division is responsible for the ongoing maintenance and capital upkeep of parking facilities and infrastructure, including garages, lots, and metering systems. The Division also oversees parking enforcement activities to ensure compliance with applicable ordinances and regulations.

Furthermore, the Parking Division plays a key role in advancing the City's Transportation Demand Management (TDM) initiatives, which aim to reduce reliance on single-occupancy vehicles and encourage alternative modes of transportation. In support of these objectives, the City adopted a TDM Ordinance in 2022, establishing regulatory and programmatic requirements to promote sustainable transportation behaviors among residents, employers, and developers.

Objectives

The objective of this engagement was to provide independent assurance to management and the Common Council regarding the adequacy and effectiveness of controls within the Parking Division.

The key objectives of the audit were to evaluate the effectiveness of Parking operations and related controls in the following areas:

- Processes to ensure compliance with applicable federal, state, and local laws and regulations, including adherence to municipal codes and state traffic laws. Timeliness and accuracy required regulatory and internal reporting.
- Process controls over citation issuance, including accuracy, completeness, and authorization.
- Processes governing ticket voiding, cancellations, and adjustments to ensure appropriate segregation of duties and supervisory review.

- Effectiveness and timeliness of citation appeal processes, including compliance with established review timelines and documentation standards.
- Processes for manual cash collection and receipt of funds from parking meters, reporting and remittances to the Treasury department, to ensure accuracy, accountability, transparency, and compliance with the City's policies.
- Processes for citation appeals and deletion.
- Processes for ensuring existence and the compatibility of mobile payment tools with the parking meters and systems.
- Processes to ensure mobile parking enforcement devices reliably sync citation data with the central citation database in real time.
- Processes to ensure that the division has effective systems and processes in place to monitor parking meter status and performance in real time
- Processes for ensuring that differences in citation volumes across neighborhoods are supported by valid operational, demographic, or enforcement-related factors.
- Processes on the parking protocols, including existence of parking zone signages, signages indicating parking time limits, etc.
- Processes to respond to public inquiries (e.g., citation questions, permit requests, meter issues) within established timeframes.
- Processes for providing accurate, complete, and accessible public reporting on the use of parking revenues.

Note: See Objectives and Methodology beginning on page 10 for more detail.

Scope

The scope of the audit encompasses the operational and administrative activities under the responsibility of Parking for the period of January 1 through December 31, 2024.

Key Findings

Reference	Finding	Risk Rating
F1	Inadequate Tracking and Reconciliation of Citations Transferred to Court	High
F2	Late removal (deprovisioning) of exited employees	High
F3	Absence of Formalized Budget Monitoring and Variance Review Procedures	High
F4	Absence of Formal SOPs for Monitoring and Reviewing Parking Enforcement Officer Performance	Moderate
F5	Outdated Standard Operating Procedures (SOPs)	Moderate
F6	Lack of Retained Evidence for Completed Repairs	Moderate

Key Recommendations

- Management should work with the AIMS application developers to implement measures (capabilities) to improve tracking and reconciliation of citations transferred to the court.
- Management should establish formal procedures requiring immediate notification to IT upon employee separation, transfer, or role change.
- Management should establish a SOP for budget monitoring and variance review.
- Management should implement formal SOPs for monitoring and reviewing Parking Enforcement Officer performance.

- Management should establish a formal SOP governance policy requiring review and reapproval at defined intervals.
- Management should establish formal documentation standards outlining required evidence prior to closing a work order.

Note: See all findings and recommendations beginning on page 16 for more detail.

Introduction

Pursuant to Chapter 4.02(3) of the City of Madison Code of Ordinances and the results of the City's enterprise risk assessment, the Internal Audit Unit conducted an internal audit of the City of Madison Parking Division.

This audit was performed in accordance with Generally Accepted Government Auditing Standards (GAGAS), issued by the U.S. Government Accountability Office. These standards require that auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for the findings and conclusions presented in this report.

This report presents control and procedural deficiencies identified during the audit that were assessed as significant based on their potential impact on operations, compliance, and financial reporting. In addition, the report also includes less significant observations and opportunities for improvement.

This engagement was limited to internal audit procedures performed by the Internal Audit Unit and did not include reliance on, or evaluation of, work performed by external auditors or other external oversight bodies.

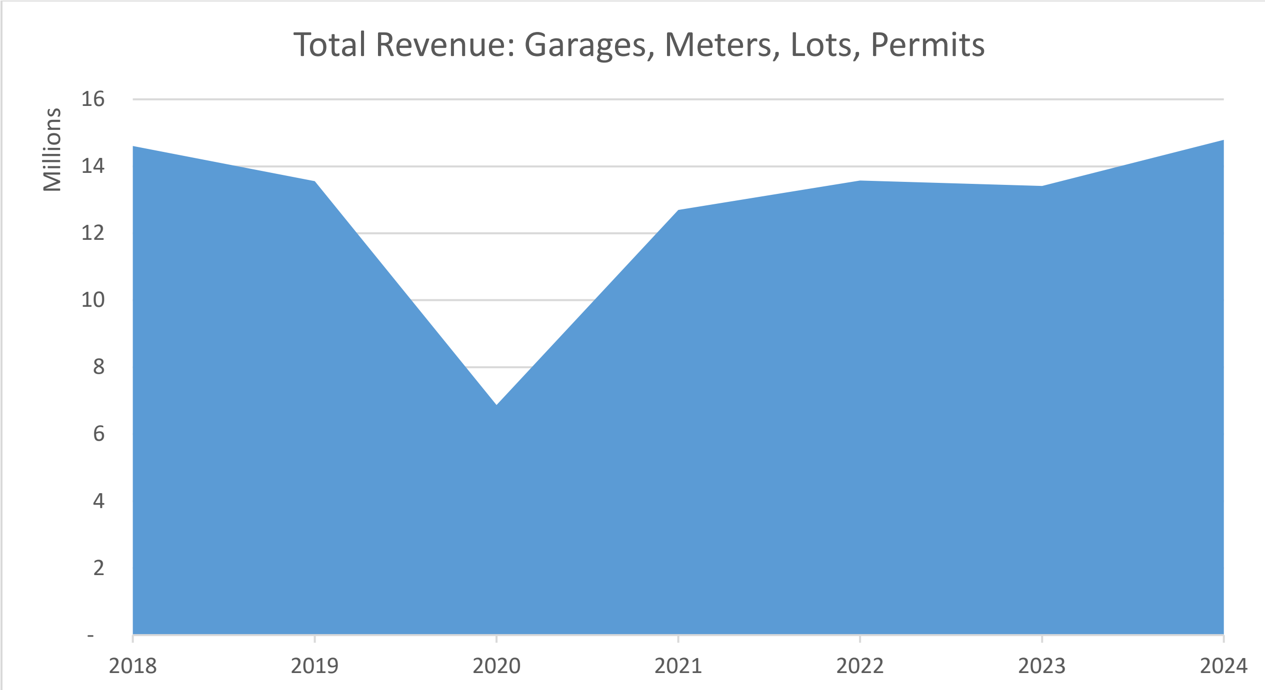
Background

The City of Madison Parking Division aims to enhance the overall customer experience while strengthening the efficiency and reliability of the City's parking infrastructure. Key strategic initiatives include improving system efficiencies, expanding cross-training to support operational continuity, and modernizing off-street parking access and revenue control systems. These efforts are intended to improve delivery service, reduce operational risk, and support long-term sustainability.

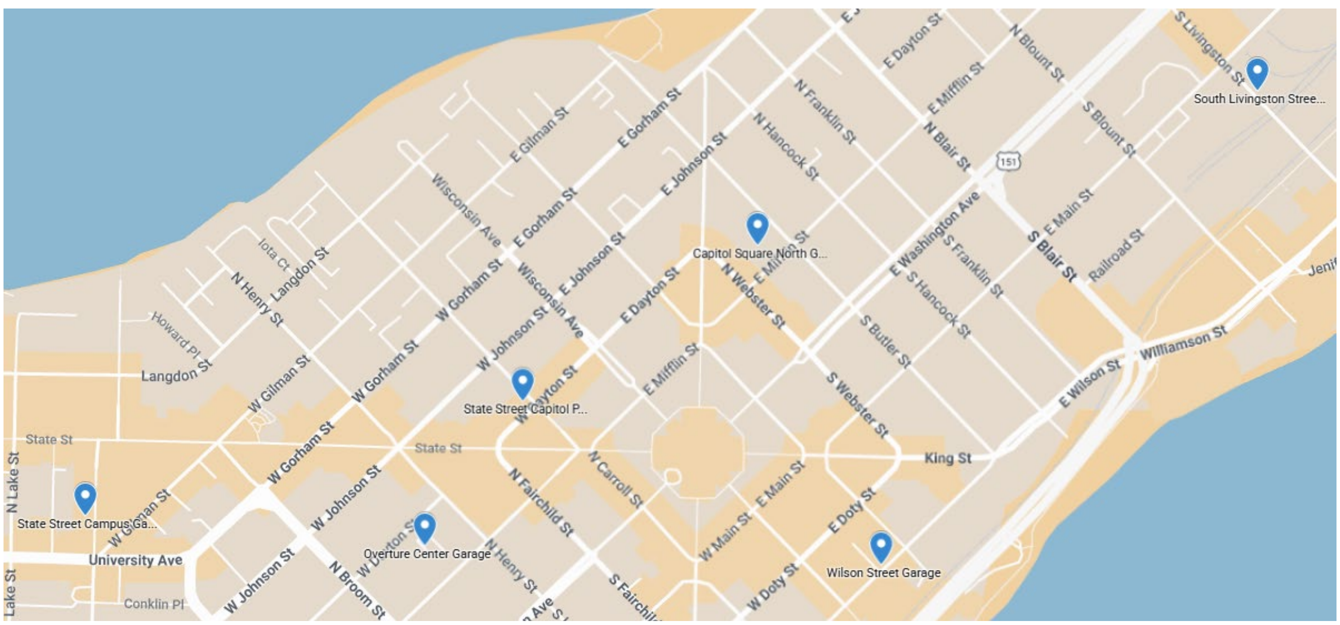
The Parking Division operates as an enterprise fund, meaning that its operations are primarily sustained, with revenues generated funding both operating expenditure and capital investments. As such, effective revenue management, cost control, and long-term capital planning are critical to maintaining financial stability and service quality.

Revenue is generated through multiple streams, including six parking garages, five surface parking lots, over 1,300 on-street metered parking spaces, and a variety of parking permits (e.g., daily, monthly, annual, and residential permits). This diversified revenue model helps mitigate reliance on any single source but also introduces complexity in revenue tracking, reconciliation, and oversight.

Following the decline in activity during the COVID-19 pandemic, the Division's revenues have demonstrated a steady recovery, returning to pre-pandemic levels in recent years. In 2024, total revenue increased by approximately 10.3%, rising from $13.4 million in 2023 to $14.7 million in 2024. This upward trend reflects increased utilization of parking assets and improved economic activity; however, it also heightens the importance of ensuring that internal controls, systems, and processes scale effectively with demand.



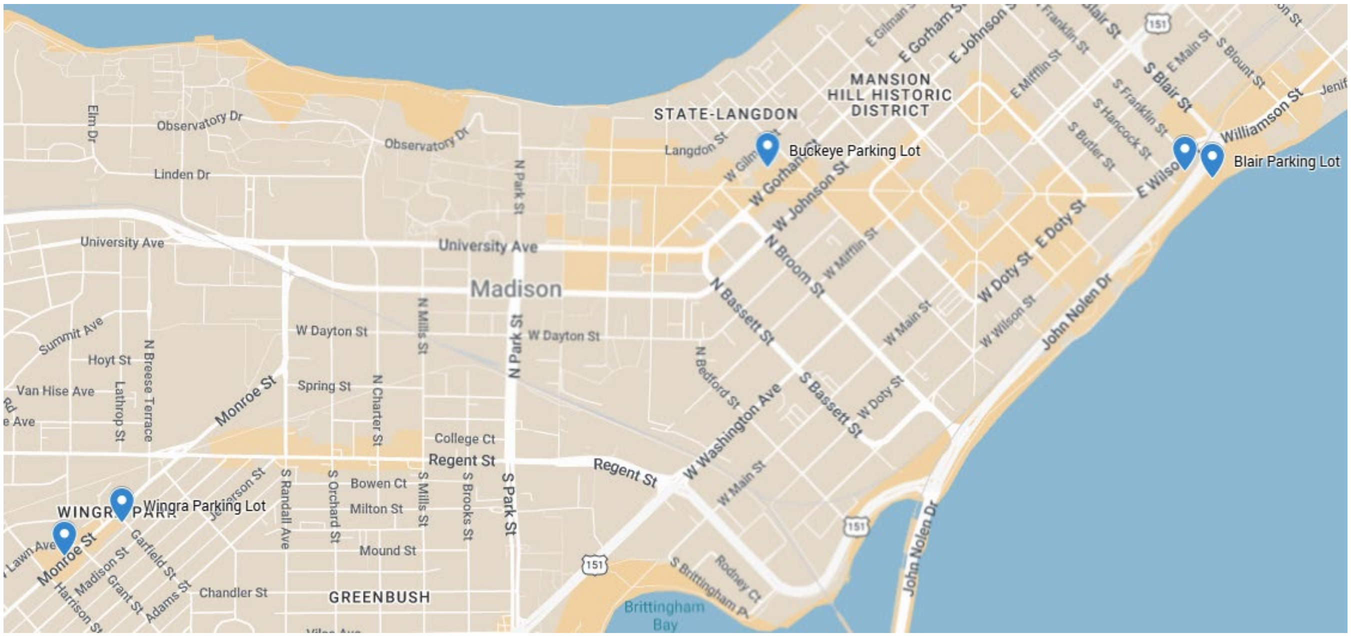
Garages



Parking operates six garages throughout the city:

- **Capital Square North Garage**: 218 E. Mifflin St., 615 spaces
- **Overture Center Garage**: 318 W. Mifflin St., 628 spaces
- **South Livingston Street Garage**: 111 S. Livingston St., 671 spaces
- **State Street Campus Garage**: 430 N. Frances St., 545 spaces
- **State Street Capital Garage**: 200 N. Carroll St., 853 spaces
- **Wilson Street Garage**: 20 E. Wilson St., 534 spaces

Parking Lots



Parking also operates five lots throughout the city:

- **Blair Lot**: 410 South Blair St., 58 spaces
- **Buckeye Lot**: 214 W. Gorham St., 55 spaces
- **Evergreen Lot**: 1802 Monroe St., 26 spaces
- **Wilson Lot**: 499 E. Wilson St., 50 spaces
- **Wingra Lot**: 800 Garfield St., 21 spaces

Parking Meters Infrastructure

The City of Madison Parking Division manages an on-street parking system comprising over 1,300 metered spaces. The Division currently utilizes two primary types of metering technology to support parking operations and revenue collection:

- **Single space "smart" meters**: These are stand-alone meters assigned to individual parking spaces. Each unit is equipped to accept multiple forms of payment, including credit/debit cards, coins, and mobile payment applications. These meters provide flexibility for users and allow for direct transaction processing at the point of use.
- **Multi-Space Pay Stations**: Multi-space pay stations are deployed in surface lots, along designated street corridors, and in certain garage areas. Under this model, individual parking stalls are identified by space numbers and associated signage indicating applicable time limits and restrictions. Users make payments at a centralized pay station using credit/debit cards, coins, or mobile applications. Upon payment, a receipt is generated for display or validation purposes, depending on enforcement protocols.

Examples of single space meters and multi-space pay stations in Madison.

Permits

The Parking Division administers a range of parking permit programs, including daily, monthly, and annual permits, designed to support diverse user needs while promoting equitable access to limited parking resources.

A key component of these programs is the **Residential Parking Permit Program**, which allows eligible residents to park beyond posted time limits within designated permit areas. This program is intended to mitigate the impact of commuter and non-resident parking in residential neighborhoods, thereby preserving access for residents and supporting neighborhood stability.

In addition to residential permits, the Parking Division issues several other permit types to accommodate various user groups and operational needs. These may include, but are not limited to:

- **Monthly Permits:** Provide discounted, long-term parking access in designated garages and surface lots for regular users.
- **Motorcycle Permits:** Annual permits that allow motorcycles to park in designated areas within garages and lots at a reduced rate.
- **Temporary No Parking Signs:** Issued to reserve on-street spaces in non-metered areas for short-term use such as moving, construction activities, or special events.
- **Meter Hooding (Meter Signs):** Used to temporarily reserve metered parking spaces for authorized short-term uses by restricting public access during the reserved period.

- **Street Occupancy Permits:** Allow for the temporary use of public right-of-way for activities such as placement of moving trucks, storage containers, or equipment.
- **Contractor Hangtags:** Flexible permits that allow contractors to utilize metered parking spaces without feeding meters, typically for short-duration or intermittent work.
- **Contractor Permits:** Issued to contractors, repair personnel, and moving companies operating in non-metered areas with time restrictions, allowing extended parking beyond posted limits where justified.

CITY OF MADISON PARKING

TEMPORARY
PARKING PERMIT

EXAMPLE

Vehicle Plate/VIN #: ____________________

Only valid in area: ____________________

EXAMPLE

Permit expires on: ____________________

Reason for temporary permit:

Temporary Plate ☐ Other ☐

THIS PERMIT IS NOT TRANSFERABLE

EXAMPLE

Examples of temporary no parking signs and parking permits.

Parking Enforcement – Organizational and Operational

Parking enforcement within the City of Madison has undergone notable organizational changes in recent years; however, its core mission remains unchanged: to promote the safe and efficient movement of traffic and ensure compliance with parking regulations across the City.

Historically, parking enforcement operated within the organizational structure of the Madison Police Department (MPD). In 2023, responsibility for parking enforcement was formally transferred to the Parking Utility. This transition resulted in structural and financial changes, including the reallocation of budgeting responsibilities for Parking Enforcement Officers (PEOs), who are unarmed civilian personnel. Prior to the transition, the Parking Utility partially funded PEO salaries and benefits while personnel were administratively housed within MPD. Following the transition, these costs were fully absorbed by the Parking Utility, aligning financial responsibility with operational control.

Operationally, the enforcement function initially retained the six geographic districts established under MPD for 2023 and 2024. However, due to differences in enforceable parking zones and workload distribution across districts, the City re-evaluated this structure. In 2025, enforcement districts were redesigned to divide Madison into three more balanced geographic areas, with the objective of improving equity, resource allocation, and operational efficiency.

District	Citations in 2024
Central	69,250
Midtown	30,836
East	8,062
North	4,809
South	4,522
West	3,290

A City of Madison Parking Enforcement vehicle.

Transportation Demand Management (TDM) Program

Transportation Demand Management (TDM) refers to a set of strategies designed to maximize the efficiency of transportation systems by influencing travel behavior. These strategies aim to improve mobility, reduce traffic congestion, and lower greenhouse gas emissions by encouraging the use of alternative transportation modes. TDM initiatives are intended to ensure that residents, employees, and visitors have access to affordable, efficient, and sustainable transportation options.

In 2022, the City of Madison adopted a TDM Ordinance requiring certain developments to evaluate and implement TDM strategies as part of the planning and approval process. The Ordinance is supported by the City's TDM Program, which provides guidance and resources, including background data, case studies from peer municipalities, and a structured framework for implementation.

A key feature of the TDM Program is the establishment of **TDM point thresholds**, whereby the scale and type of development determine the level of TDM measures required. Developers must select from a range of approved strategies to meet these thresholds, promoting consistency while allowing flexibility in implementation.

The TDM Program emphasizes reducing reliance on single-occupancy vehicles and managing parking demand through pricing and policy measures. These include:

- **Parking Pricing Strategies:** Encouraging cost transparency and demand-based pricing, such as unbundling parking costs for residential rent and avoiding the provision of free parking as an employment benefit.
- **Mode Shift Incentives:** Promoting alternatives to driving, including public transit, biking, walking, and carpooling.
- **Preferential Parking for High-Occupancy Vehicles (HOV):** Allocating designated spaces for carpool vehicles to incentivize shared trips.
- **Shared Parking Arrangements:** Allowing multiple users or developments to share parking resources, thereby reducing the total parking supply required.

Scope

The City of Madison Parking Division audit covers all Division activities conducted during the period of January 1 through December 31, 2024.

Audit Objectives and Methodology

This audit engagement was designed to provide independent assurance to management and the Common Council that Parking Division activities are conducted effectively, align with approved programs, and comply with City of Madison policies, established procedures, and applicable federal, state, and local laws and regulations.

Consistent with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, the audit evaluated the adequacy and effectiveness of governance, risk management, and internal control processes supporting parking operations.

To achieve the audit objective, we assessed the design and operating effectiveness of key controls across the following areas:

1. Processes for compliance with all relevant federal, state and local laws and regulations including timely report filing and enforcement of municipal codes/state traffic laws.
2. Processes for ticket issuance, ticket voiding and cancellation or appeal processes, including review of appeals within stipulated timelines.
3. Processes for manual cash collection and receipt of funds from parking meters, reporting and remittances to the Treasury department, to ensure accuracy, accountability, transparency, and compliance with the City's policies.
4. Processes for citation appeals and deletion.
5. Processes for ensuring existence and the compatibility of mobile payment tools with the parking meters and systems.
6. Processes to ensure mobile parking enforcement devices reliably sync citation data with the central citation database in real time.
7. Processes to ensure that the division has effective systems and processes in place to monitor parking meter status and performance in real time
8. Processes for ensuring that differences in citation volumes across neighborhoods are supported by valid operational, demographic, or enforcement-related factors.
9. Processes on the parking protocols, including existence of parking zone signages, signages indicating parking time limits, etc.
10. Processes for responding to public inquiries (e.g., citation questions, permit requests, meter issues) within established timeframes.
11. Processes for providing accurate, complete, and accessible public reporting on the use of parking revenues.

Note: Audit Objectives and Methodologies are described below in more detail.

The Internal Audit conducted interviews with stakeholders and relevant third-party vendors, as well as reviews of requested documents to determine if:

1. Parking has controls in place to comply with all relevant federal, state and local laws and regulations including timely report filing and enforcement of municipal codes/state traffic laws.
   a. Examined the PCI (Payment Card Industry Data Security Standard) audit logs and reports during the review period to verify the following:
      i. Annual PCI audit for parking meters and devices is completed as required.
      ii. All documents are provided to regulators by their due dates.
      iii. Any required corrections for noted warnings, issues, or citations are completed.
   b. Selected a sample of issued citations from the audit period to verify the following:
      i. Confirmed citation's legal basis by cross-referencing with relevant municipal or state codes.

  ii. Confirmed the citation documentation supports the violation (photos, officer notes, timestamp data).

2. Parking has controls in place to have written policies for ticket issuance, voiding, cancellation, or appeal processes. Requested the current, approved policy manual for the Parking Division to verify the following:
   a. Confirmed whether written policies or ticket issuance, voiding, cancellation, and appeal processes exist
   b. Confirmed whether existing written policies have been reviewed and/or updated within the past year of 2024.

3. Parking Division has controls in places for effective coordination and oversight of collection of fees through agencies to ensure that unpaid citations are collected on time.
   a. We requested the list of third-party agencies that worked with the Parking Division (if any), and their contracts.
   b. Reviewed contract terms to ensure it includes the performance metrics to measure performance and collection effectiveness.
   c. Obtained and reviewed collecting agent's performance reports and compare reports to ensure compliance with engagement terms.
   d. Reviewed outstanding collection for the review period and confirm efforts deployed to ensure timely collection.
   e. Identified general collection gaps (if any) and suggest measure to ensure timely collection of unpaid citations.

4. Parking adheres to the City's policies and procedures for the reimbursement and timely reconciliation of P-card expenses. Obtained the P-cards report from Munis for the review period and selected a sample to verify the following:
   a. The P-card transactions were accurately recorded, categorized, and matched with receipts or invoices.
   b. The appropriate personnel had approved P-card reimbursement.
   c. The P-card reconciliation was done on time.

5. Parking has controls in place to prevent and detect unauthorized claims of reimbursements or expenses. Obtained an Expenses/Reimbursements paid report from Munis for the review period and selected a sample to verify the following:
   a. Each reimbursement was supported with sufficient documentation and was duly approved by authorized personnel.
   b. Samples were analyzed for red flags or indicators of potential fraud in requesting claims reimbursement.
   c. The accuracy and authenticity of supporting documentation (receipts and invoices).

6. Parking has controls in place to employ dual custody with manual coin collection. Obtained a list collection assignment logs and route schedules during the review period and selected a sample to review the following:
   a. Verified whether more than one employee is assigned during collections.

7. Parking has controls in place to eliminate any gaps in physical cash count vs. Treasury revenue reports. Requested and obtained a list of cash bag counts and Treasury reports to verify the following:
   a. Verified whether counted totals on bags match the Treasury count.
   b. Verified whether any variances are explained/resolved.

8. Parking has controls in place to prevent unauthorized voiding or adjustment of citation fees. Requested and obtained a list of amended and voided citations during the review period to verify the following:
    a. Verified that the reason for the voided citation matches documentation.
    b. Confirmed whether the amendment was approved by someone other than the issuer.
    c. Verified that the reason for the appeal decision matches documentation.

9. Parking has controls in place to prevent and detect employees from not taking necessary mandatory training for their development. Obtained a list of training required during the review period and selected a sample to verify the following:
    a. Confirmed whether employees completed the approved training and on time.
    b. Confirmed whether training completion is tracked.

10. Parking has sufficient safeguards in place to monitor application access (provisioning) and termination, thereby ensuring data protection and access security (including data storage). Requested for all users to Fleet Services applications for the review period and selected a sample from the user's list to verify the following:
    a. Their access to each application is within their job function.
    b. Their managers approved all application access for the provisioning.
    c. Employees who are no longer in Parking Division or whose job function do not require access to the applications.

11. Parking has controls in place and it's operating effectively to be compatible with mobile payments. Obtained a list of on street and off-street locations during the review period to verify the following:
    a. Selected locations are in AIMS, the software used to manage online payments.
    b. Selected locations and are active.

12. Parking has controls in place to ensure that contract performance is monitored to ensure satisfactory performance. Obtained a list of contracts during the review period to verify the following:
    a. Confirmed whether contracts are signed by authorized individuals and whether appropriate legal review is documented.
    b. Confirmed whether contracts include performance standards and deliverables that are measurable and enforceable.
    c. Reviewed contract files to verify that performance is being tracked through regular progress reports, site visits, and status meetings.
    d. Checked whether issues with performance (e.g., delays, non-compliance) are identified and addressed promptly.
    e. Reconciled payment amounts with contract terms, approved deliverables, and actual performance.
    f. Reviewed supporting documentation for vendor payments (e.g., delivery receipts, progress reports) to ensure that payments are made for actual work completed.
    g. Checked whether there are any overpayments or duplicate payments and review how disputes or discrepancies are handled.

13. Parking has controls in place and it's operating effectively to maintain real-time parking meter monitoring and diagnostic alerting. Reviewed a sample from the list of meters in the City and compared it to the IPS parking meter software that is used for real-time monitoring to confirm the following:
    a. Selected meters are in IPS as of 2024
    b. Verified whether work orders are completed in a timely manner (1 business day)
    c. Confirmed whether evidence exists of repairs being completed (pictures, receipts, logs, etc.)

14. Parking has controls in place to ensure there is a segregation of duties throughout operations so that one individual cannot initiate and complete one process or transaction. This was tested throughout the following:
    a. Reviewed p-card transactions to ensure that someone other than the submitter approved transactions
    b. Reviewed expense reimbursements to ensure that someone other than the submitter approved transactions
    c. Reviewed appealed citations to ensure that someone other than the issuer reviewed the appeal.
    d. Reviewed completed contracts to ensure that they received proper legal and financial review outside of the division prior to execution.

15. Parking has controls in place to respond to public inquiries within required timelines. Requested and obtained a list of responses to public inquiries from Parking Enforcement during the review period to verify the following:
    a. The issue was properly resolved in a timely matter (three days)
    b. The resolutions are communicated to the complainants.

16. Parking has controls in place to ensure that they provide accurate, complete, and accessible public reporting of parking revenue.
    a. Downloaded the Parking Division revenue report for the period under review from the City's ERP (MUNIS)
    b. Obtained the City's published financial report for the same period from the Finance Department
    c. Reviewed the downloaded report to ensure that data/information reported are complete and accurate
    d. Compare the reported revenue from the City's published financial report to the total revenue reported for the same period in MUNIS.
    e. Identified if there are discrepancies in the reported figures in the published financial report and the total revenue in the ERP.

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Findings Risk Rating

Finding Risk Rating Audit findings identified in this report were assigned a risk rating based on the potential impact and likelihood of occurrence. Risk likelihood is the probability that the risk will materialize if no action is taken. Risk impact is the degree of expected loss resulting from a materialized risk. The risk matrix found below reflects the potential risk related to each finding identified in this report. **High Impact + High Likelihood**	
High	Sufficient policies and procedures, preventative, detective, and mitigating controls do not exist; reputation or financial status is at risk when the business unit is not in compliance with established policies, laws, and regulations.
High Impact + Low Likelihood or Low Impact + High Likelihood	
Moderate	Policies and procedures exist, but adherence is inconsistent. Preventative and detective controls do not exist, but some level of mitigating controls exist within the business unit. Compliance with laws and regulations is inconsistent.
Low Impact + Low Likelihood	
Low	Policies and procedures exist but were not adhered to on an exceptional basis. Preventative controls do not exist, but detective and mitigating controls exist. The possibility of inappropriate activity is remote.

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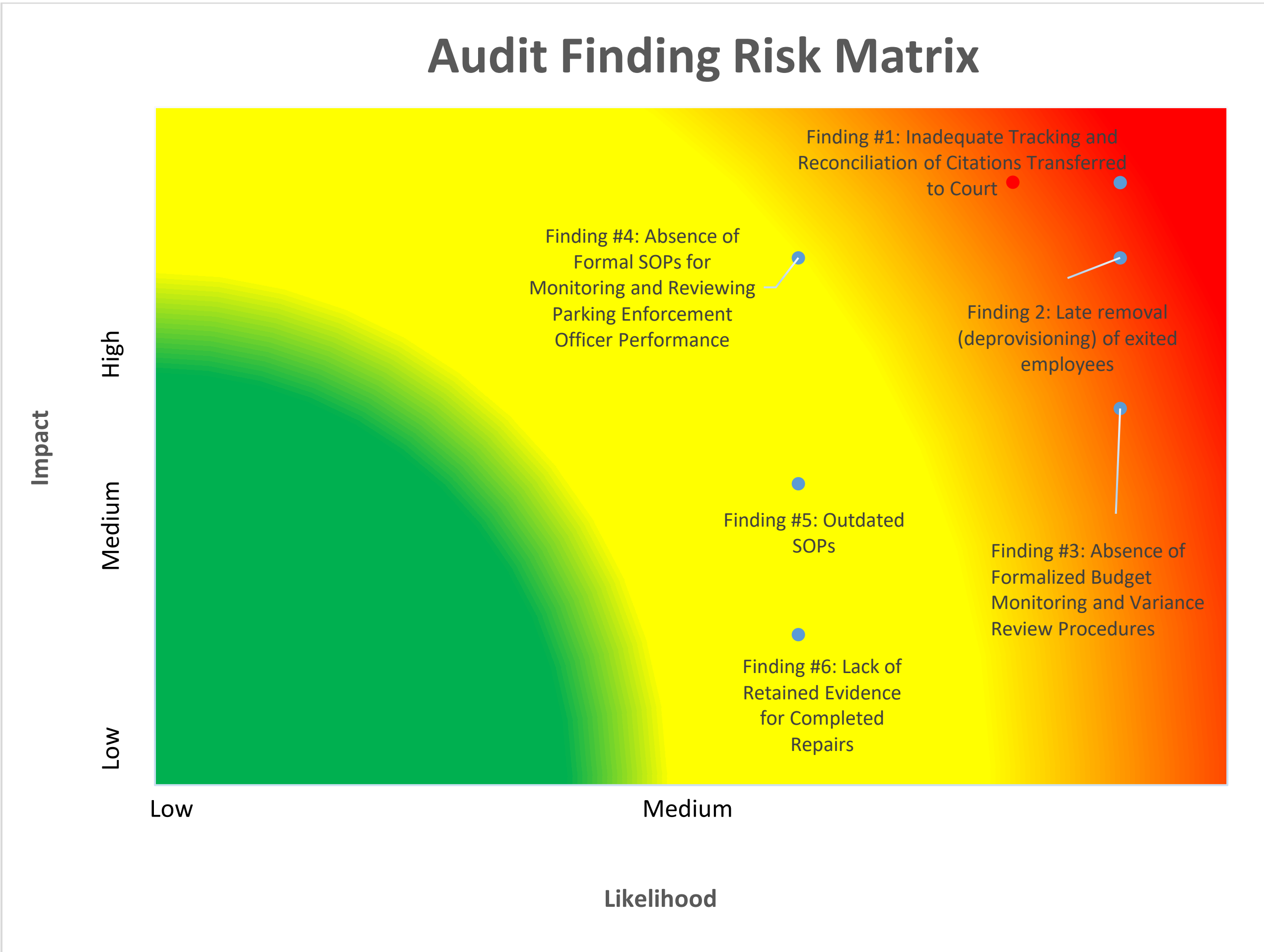
Findings Risk Matrix

The Findings Risk Matrix rates the potential impact and likelihood of risk associated with each identified audit finding. Impact and likelihood are rated on a scale of one to five for each finding and then plotted on the matrix. Green areas represent a relatively low risk, while red areas represent a relatively high risk.



The following section contains a detailed listing of each audit finding, applicable internal audit recommendations, and audit observations.

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Findings and Recommendations

Reference 1: Inadequate Tracking and Reconciliation of Citations Transferred to the Municipal Court

Finding

Our review of the Parking Division control process for effective collection of citations transferred to the court identified limitations in the Parking Division's ability to track and reconcile citations transferred to the court system.

The Division's citation management system (AIMS) is configured to zero out (i.e., remove from active receivables) citations once a defendant requests a court summons and complaint. At that point, responsibility for adjudication and collection transitions to the court.

However, due to differences in system design, the court's case management system consolidates multiple citations into a single case and retains only one primary citation number for tracking purposes. As a result, individual citation numbers associated with the same case are not consistently traceable within the court system.

During the audit period, a total of 5,234 citations were transferred to the court. Of these:

- 462 citations were identified as paid.
- 220 citations were identified as transferred to the State or collection agents; and
- The collection status of approximately 4,552 citations could not be verified due to the loss of unique citation-level traceability following consolidation in the court system.

This limitation prevents the Parking Division from effectively tracking the status and outcomes of a significant portion of citations once they are transferred to the court.

Presently, it appears that once the citations move to the court, their visibility drops off. This shows a control gap rather than just a system issue. There is a need for citations traceability to be restored for all transferred citations, to ensure that the Division fully demonstrates accountability for a meaningful portion of its receivables.

Criteria

In accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (Standards 2130 – Control and 2120 – Risk Management), organizations are expected to establish controls that ensure the reliability, completeness, and traceability of financial and operational information.

Additionally, Generally Accepted Government Auditing Standards (GAGAS) emphasize the need for adequate internal controls to support accountability and enable effective monitoring of public resources, including receivables transferred to external parties.

Cause

The issue appears to result from:

- System design limitations within both AIMS and the court's case management system, particularly the consolidation of multiple citations under a single case identifier.
- Lack of system integration or interface between the Parking Division and court systems; and
- Absence of compensating controls (e.g., crosswalks, reconciliation processes, or tracking logs) to maintain citation-level visibility after transfer.

Risk / Impact

- **Revenue Leakage Risk**: Inability to confirm collection status increases the risk that citations may remain uncollected without detection.
- **Lack of Accountability**: The Division cannot fully account for citations once transferred, weakening oversight of public funds.
- **Financial Reporting Limitations**: Revenue and receivable balances may be incomplete or misstated due to lack of reliable downstream data.
- **Ineffective Monitoring**: Management lacks the information needed to evaluate the effectiveness of court-related collection processes.
- **Audit Trail Gaps**: Absence of end-to-end traceability reduces transparency and may limit the ability to respond to inquiries or disputes.

Recommendation

We recommend that the Parking Division, in collaboration with the Municipal Court and relevant IT stakeholders (**City of Madison IT Department, AIMS Application Developers, and the Municipal Court TiPSS Application Developers**), implement measures to improve tracking and reconciliation of citations transferred to the court, including:

1. **Unique Identifier Crosswalk**: Develop and maintain a cross-reference table linking all original citation numbers to the corresponding court case number to preserve traceability.
2. **Reconciliation Process**: Establish a periodic (e.g., monthly or quarterly) reconciliation between AIMS records and court system data to track the status of transferred citations, including payments, dismissals, and collections.
3. **Data Sharing and Integration**: Explore opportunities to enhance data exchange between systems (e.g., automated interfaces, shared reporting) to improve visibility into citation outcomes.
4. **Retention of Financial Values**: Ensure that the dollar value of citations transferred to court is retained and tracked separately, rather than fully zeroized, to support monitoring and reporting.
5. **Performance Monitoring**: Develop key metrics (e.g., collection rate on court-transferred citations, aging of unresolved cases) to evaluate effectiveness and inform decision-making.
6. **Formal Agreements**: Consider establishing a memorandum of understanding (MOU) with the court to define roles, responsibilities, and reporting expectations related to citation tracking and collections.

Management Response

The Parking Division has begun discussions with City IT and the Municipal Court to address the identified issues. As part of a broader legal review of the remaining parking functions within the Madison Police Department Court Services Section, the Office of the City Attorney is evaluating the current process for handling parking citations. The goal is to determine whether these functions can be transferred to the Parking Division. This review also involves a comprehensive assessment of the workflow for transferring parking citations to court, which is complex and requires significant restructuring. During the analysis, we will examine the current systems to determine if an interface or middleware is achievable.

Implementation Date
December 31, 2026

Risk Rating
High

Reference 2: Delays in User Access Deprovisioning and Lack of Periodic User Access Reviews

Finding

Our review of the Parking Division's processes for managing user access provisioning and deprovisioning, including safeguards over application security and data protection, noted that controls over onboarding were generally operating effectively. New users were appropriately reviewed and authorized prior to being granted access to the City's application systems, and access permissions were generally aligned with employees' job responsibilities.

However, weaknesses were identified in the employee termination and ongoing access review processes. Of the three terminated or transferred employees tested during the audit period, two instances were identified in which user access was not removed until a few days after the employee's last working day.

- In one instance, the delay resulted in the Parking Division not promptly notifying the Information Technology (IT) Department of the employees' separation until after a week (7 days).
- In the second instance, the IT Department did not remove the employees' access within the timeframe established by the Service Level Agreement (SLA), which requires access removal on the employees' last working day or, at the latest, the following business day.

Additionally, the audit cannot establish that the Parking Division, in coordination with the IT Department, performs periodic user access reviews or monitors privileged/administrative access on a regular basis.

Criteria

Effective user access management is a fundamental component of internal control frameworks and is required under the **International Standards for the Professional Practice of Internal Auditing** issued by the Institute of Internal Auditors (Standard 2130 – Control), which emphasizes the need for controls that safeguard assets, ensures that access are appropriate and relevant to work, approved by a supervising authority, to ensure the integrity of information systems.

In addition, **Generally Accepted Government Auditing Standards (GAGAS)** and leading IT control frameworks (e.g., access control and identity management principles) require that management should establish control activities to restrict access to authorized users and periodically review access privileges to reduce the risk of unauthorized access.

While industry best practices for identity and access management (IAM), recommends:

- Timely deprovisioning of terminated users, usually employees' last working day or the next business day.
- Formal communication protocols between departments for employee status changes.
- Periodic user access recertification; and
- Enhanced monitoring of privileged or administrative accounts due to their elevated access capabilities.

Cause

The delays in removing user access were attributable to:

- Ineffective communication and coordination between the Parking Division and the IT Department regarding employee terminations; and
- Noncompliance with established SLA requirements governing the timely removal of system access.

The absence of periodic user access reviews and privileged access monitoring appears to result from the lack of a formally documented and consistently implemented review process assigning responsibility, review frequency, and evidence retention requirements.

Risk/Impact

Failure to promptly remove user access and periodically review access privileges increases the risk of:

- Unauthorized access to City systems and sensitive information.
- Inappropriate use, modification, or disclosure of data.
- Retention of excessive or incompatible access rights.
- Increased exposure to cybersecurity incidents, fraud, or misuse of privileged accounts; and
- Reduced accountability and noncompliance with internal control and information security standards.

Delayed deprovisioning is particularly significant because former employees or users with outdated access rights may continue to access systems after separation or role changes, creating avoidable security vulnerabilities.

Recommendations

We recommend that the Parking Division, in coordination with the IT Department:

1. Establish and enforce formal procedures requiring immediate notification to IT upon employee separation, transfer, or role change.
2. Ensure compliance with the established SLA requiring user access removal on the employees' last working day or, where operationally necessary, no later than the following business day.
3. Implement a documented periodic user access review process, at least quarterly or semiannually, to verify that user access remains appropriate based on current job responsibilities.
4. Establish enhanced monitoring and periodic review procedures for privileged and administrative accounts, including documentation of management review and approval.
5. Maintain evidence of user access reviews, deprovisioning activities, and management approvals to support accountability and auditability.
6. Consider implementing automated workflow notifications or identity and access management tools to strengthen the timeliness and consistency of provisioning and deprovisioning activities.

Implementation of these recommendations would strengthen internal controls over logical access management, improve compliance with established standards and best practices, and reduce the risk of unauthorized access to City systems and data.

Management Response

In 2025, the Parking Division underwent a thorough reorganization, establishing a dedicated Data and IT section. This was part of its wider effort to define specific sections responsible for particular controls and functions. Currently, we are developing new workflows for hiring and offboarding, which will include documentation, clear structures, and designated staff to ensure tasks are completed on time. This information will be stored on our SharePoint site and assigned out by leadership to internal IT staff. In addition, we have been reviewing all staff permissions, access, and controls since the manager positions were created in 2025. We plan to develop a guide that outlines roles and responsibilities, including permission levels, software requirements, and access levels.

Implementation Date

December 31, 2026

Risk Rating

High

Reference 3: Absence of Formalized Budget Monitoring and Variance Review Procedures

Finding

Our review of budgetary controls within the Parking Division identified the absence of a formal Standard Operating Procedure (SOP) governing budget monitoring and variance analysis processes.
Specifically:

- Roles and responsibilities for reviewing budget-to-actual reports are not formally documented.
- The frequency and timing of budget monitoring activities are not defined; and
- There are no established variance thresholds to trigger investigation, escalation, or formal explanation.

While management indicated that budget monitoring activities are performed on an informal basis, the lack of standardized procedures results in inconsistent application, limited transparency, and reduced accountability across the Division.

Criteria

Leading practices in public sector financial management, as well as the **International Standards for the Professional Practice of Internal Auditing** issued by the Institute of Internal Auditors (Standards 2120 – Risk Management and 2130 – Control), require organizations to establish structured processes to monitor financial performance and manage variances.

Sound fiscal management practices require:

- Clearly defined roles and responsibilities for financial oversight.
- Regular review of budget-to-actual reports.
- Documented investigation and resolution of significant variances.
- Maintenance of an audit trail evidencing supervisory review and corrective actions.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework states that management should implement control activities and ongoing monitoring activities to ensure organizational objectives are achieved and risks are mitigated.

Additionally, **Generally Accepted Government Auditing Standards (GAGAS)** emphasize the importance of internal controls that support effective stewardship of public resources, including timely monitoring of budget performance and investigation of significant deviations.

Formalized procedures are essential to ensure consistency, transparency, and accountability in financial management.

Cause

The condition appears to result from the absence of a formally documented budget monitoring framework, including defined procedures, thresholds, and accountability structures. Reliance on informal practices has limited the consistency and effectiveness of oversight.

Risk/Impact

The absence of a formal budget monitoring procedure increases the risk of:

- **Delayed Identification of Issues:** Without defined monitoring frequency and thresholds, significant variances may not be identified or addressed in a timely manner.

- **Reduced Financial Control:** Inconsistent review practices weaken oversight of expenditures and revenues, increasing the risk of budget overruns or underperformance.
- **Lack of Accountability:** Undefined roles and responsibilities may result in gaps in ownership and follow-up on identified variances.
- **Ineffective Decision-Making:** Management may lack reliable and timely financial insights to support operational and strategic decisions.
- **Enterprise Fund Risk:** As a self-sustaining operation, inadequate budget monitoring may impact on the Division's ability to fund operations and capital projects.

Without formal monitoring controls, management may not detect emerging financial issues in sufficient time to implement corrective action.

Recommendation

We recommend that management:

1. Develop and formally adopt an SOP for budget monitoring and variance review that includes:
   - Defined roles and responsibilities.
   - Required frequency of budget-to-actual reviews (e.g., monthly).
   - Established variance thresholds requiring investigation (e.g., percentage or dollar thresholds).
   - Documentation standards for review and follow-up.
   - Escalation protocols for significant budget concerns.
2. Implement a standardized review template to document variance explanations and corrective actions.
3. Require supervisory or management sign-off to evidence review.
4. Conduct periodic oversight to ensure adherence to the established procedure.

Implementing a formal budget monitoring process will strengthen financial oversight, improve transparency, and reduce the risk of budgetary control weaknesses.

Management Response

Management agrees with this finding and recognizes this risk during the 2025 reorganization, which established the Finance and Administrative Manager role and clarified budgeted services through the Results Madison process. In 2025, the Finance and Administrative Manager worked with the revenue, payroll, enforcement, and administrative teams to develop and train staff on proper financial coding. This effort resulted in budget-aligned data with an emphasis on the ability to clearly monitor the budget. By the end of 2026, the Parking Division will have a well-defined standard operating process for reviewing and monitoring the budget.

Implementation Date
December 31, 2026

Risk Rating
High

Reference 4: Absence of Formal SOPs for Monitoring and Reviewing Parking Enforcement Officer Performance

Finding

Our review of supervisory controls (Parking Enforcement) within the Parking Division showed that the Division complied with all relevant federal, state, and local laws and regulations regarding parking enforcement, but identified the absence of formal Standard Operating Procedures (SOPs) governing the monitoring and evaluation of Parking Enforcement Officer (PEO).

Specifically:

- Supervisory roles and responsibilities for performance oversight are not formally documented,
- Key performance metrics (e.g., citation accuracy, productivity, route coverage, and customer service standards) have not been defined or standardized,
- The frequency, methodology, and documentation requirements for performance evaluations are not established,
- Evidence of supervisory review and feedback is inconsistent; and
- There is no formal process for identifying performance issues, documenting corrective actions, or tracking remediation efforts over time.

While supervisors indicated that performance is monitored informally through direct observation and review of citation activity, the absence of structured procedures will result in inconsistent practices, limited transparency, and reduced accountability.

Without a supervisory structure in place, the Division will continue to rely on individual judgment instead of a system, and this may lead to control breakdown.

Criteria

Effective supervisory review and performance management are key components of internal control. The **International Standards for the Professional Practice of Internal Auditing** issued by the Institute of Internal Auditors (Standards 2120 – Risk Management and 2130 – Control) emphasize the need for organizations to establish processes that ensure activities are performed as intended and risks are appropriately managed. While leading public sector practices require the use of defined performance metrics, regular evaluations, and documented feedback to ensure consistency, fairness, and operational effectiveness.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework requires management to establish control activities and ongoing monitoring processes to ensure operations are effective and aligned with organizational objectives.

Additionally, sound management and internal control practices require:

- Clearly defined performance expectations and measurable standards.
- Documented supervisory review procedures.
- Consistent monitoring and evaluation processes.
- Maintenance of records, evidencing review and corrective action.

Formalized procedures are necessary to ensure fair, consistent, and defensible personnel oversight.

Cause

The condition appears to be driven by the absence of a formalized performance management framework for enforcement staff, including documented procedures, standardized metrics, and accountability mechanisms.

Risk/Impact

The absence of formal performance monitoring procedures increases the risk of:

- **Inconsistent Enforcement Practices:** Lack of standardized oversight may result in variability in citation issuance, route coverage, and adherence to policies.
- **Reduced Accountability:** Absence of documented reviews limits management's ability to hold staff accountable for performance. This reduces accountability for productivity and accuracy.
- **Equity Concerns:** Without defined metrics and monitoring, disparities in enforcement across districts or neighborhoods may go undetected, which may lead to increased citation errors or customer complaints.
- **Customer Service Risk:** Inconsistent handling of public interactions may impact public perception and trust.
- **Reduced Accountability:** Absence of documented reviews limits management's ability to hold staff accountable for performance. This may also lead to difficulty in defending disciplinary actions due to lack of documentation.
- **Training and Development Gaps:** Without structured feedback, opportunities for staff improvement may not be identified or addressed. This reduces ability to identify training needs or operational improvements.

Without structured oversight, management may not effectively detect or address performance issues in a timely and consistent manner.

Recommendation

We recommend that management should:

1. Develop and implement formal SOPs for monitoring and reviewing Parking Enforcement Officer performance, including:
    - Defined performance metrics (e.g., citation accuracy rate, productivity benchmarks, response times, complaint trends).
    - Required frequency of supervisory review (e.g., weekly, monthly, quarterly).
    - Documentation standards for review and feedback.
    - Procedures for addressing performance deficiencies, including corrective action and follow-up.
2. Establish standardized reporting tools or dashboards to support performance monitoring.
3. Require documented supervisory review sign-off to evidence review activities.
4. Provide training to supervisors to ensure consistent and objective application of performance standards.

Implementing formal performance monitoring procedures will strengthen operational consistency, enhance accountability, and reduce legal and reputational risks associated with enforcement activities.

Management Response

The Parking Division concurs that establishing formal SOPs for monitoring and reviewing Parking Enforcement performance is essential. We will utilize our current Parking Management Software (AIMS) as a tool to review enforcement officer productivity and develop additional performance metrics. This will help ensure officers deliver effective and efficient service to the community through engagement, education, and enforcement.

Implementation Date

December 31, 2026

Risk Rating

Moderate

Reference 5: Outdated Standard Operating Procedures (SOPs)

Finding

We reviewed the Parking Division's general departmental Standard Operating Procedures (SOPs) and confirmed that formal procedures exist for key operational areas. However, the audit identified deficiencies in document governance, maintenance and control.

Based on a sample of 29 SOPs reviewed:

- **15 SOPs (52%)** had not been formally reviewed or updated since 2023,
- SOPs did not consistently include revision dates, version numbers, or designated document owners;
- There was no documented evidence of periodic supervisory or management review and approval; and
- Staff interviews indicated that, in certain operational areas, activities are performed based on informal practices rather than formally documented procedures.

These issues limit the Division's ability to ensure that procedures remain current, controlled, and consistently applied, and aligned with constantly changing applicable policies and regulations.

Criteria

The **International Standards for the Professional Practice of Internal Auditing** issued by the Institute of Internal Auditors (Standards 2130 – Control and 2140 – Internal Communication) require that organizations establish and maintain effective control activities, including clearly documented, communicated, and periodically reviewed procedures.

Best practices in internal control frameworks such as the **Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework** also require management to establish control activities through policies and procedures that are periodically reviewed and updated to reflect current operations.

Sound governance practices require that:

- Policies and procedures be reviewed at defined intervals (e.g., annually or biannually).
- Revisions are to be documented with version control and approval evidence.
- Procedures accurately reflect current systems, organizational structure, and regulatory requirements.

Without regular review, policies may not support effective internal controls or operational consistency.

Cause

The condition appears to result from the absence of a formal SOP governance framework, including:

- Defined ownership and accountability for SOP maintenance;
- Standardized requirements for document control (e.g., versioning, reviewing cycles); and
- Centralized oversight to ensure periodic updates and adherence.

Risk/Impact

Failure to maintain updated SOPs increases the risk of:

- **Inconsistent operational practices**: Outdated or uncontrolled procedures increase variability in how key processes (e.g., citation issuance, voiding, appeals) are performed.
- **Control Weaknesses:** Lack of standardized procedures increases the risk of errors, unauthorized actions, or inconsistent decision-making, which may also lead to reduced accountability and unclear roles and responsibilities

- **Compliance Risk:** SOPs may not reflect current laws, ordinances, or internal policies, increasing the risk of non-compliance with regulatory or municipal requirements.
- **Training and Knowledge Gaps:** Staff reliance on informal practices may result in inconsistent onboarding and execution. While updated SOPs may help resolve training challenges for new employees
- **Audit and Legal Exposure:** Inability to demonstrate adherence to current, approved procedures may weaken the City's position in disputes or reviews.

Outdated documentation also limits management's ability to demonstrate that controls are properly designed and operating effectively.

Recommendation

We recommend that management should:

1. Establish a formal SOP governance policy requiring review and reapproval at defined intervals (e.g., annually or every two years).
2. Assign clear ownership of each SOP to the manager responsible.
3. Implement version control standards for each SOPs updated. This should include:
   - Revision date
   - Version number
   - Document owner
   - Approval signature
4. Conduct a comprehensive review of all existing SOPs to ensure alignment with current operations, systems, and organizational structure.
5. Maintain a centralized SOP inventory with review due dates and status tracking.

Implementing these actions will strengthen internal controls, improve operational consistency, and reduce compliance and operational risk.

Management Response

As the Parking Division works to establish SharePoint as a key platform for communication and document review, SOP tracking is being integrated. We are ongoing in identifying, developing, and updating SOPs across the division, and incorporating them into our onboarding and succession plans.

Implementation Date
December 31, 2026

Risk Rating
Moderate

Reference 6: Lack of Retained Evidence for Completed Repairs

Finding

Our review of repair and maintenance activities for parking meters identified deficiencies in documentation and verification controls.

Specifically:

- In all instances, no photographic evidence, or any other type of completion confirmation, were maintained to substantiate that repairs were performed; and.
- There is no standardized documentation checklist or requirement outlining the minimum required evidence before repair work can be formally closed.

As a result, there is limited audit trail to demonstrate that repairs were properly performed, reviewed, and completed in accordance with departmental standards or expectations.

Criteria

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework states that management should design control activities that provide sufficient documentation to demonstrate that transactions and events are properly authorized, executed, and recorded.

Additionally, leading asset management and maintenance practices require that work performed, whether by internal staff or third parties, must be supported with adequate documentation, verification, and supervisory review to ensure accountability and quality assurance.

Sound record retention and internal control practices require:

- Adequate documentation to support operational activities.
- Maintenance of records to provide a clear audit trail.
- Supervisory review and approval evidence where applicable.
- Retention of documentation in accordance with municipal record retention policies.

Without proper documentation, management cannot demonstrate that the control activities established to show that repair work had been completed are operating effectively.

Cause

The condition appears to result from:

- Absence of a formalized maintenance documentation standard or SOP, which incorporates that a repair completion review/check must be documented;
- Lack of defined requirements for evidence retention (e.g., photos, technician notes, completion logs); and
- Limited supervisory review or validation processes prior to work order closure.

Risk/Impact

Failure to retain evidence of completed repairs increases the risk of:

- Incomplete or substandard repairs going undetected.
- Improper or fraudulent work order closures.
- Duplicate or unnecessary repairs.
- Disputes with vendors or internal departments.
- Inability to defend against liability claims related to equipment or facility failures.
- Reduced accountability and transparency.

The absence of sufficient documentation weakens internal controls and limits management's ability to monitor performance and ensure service quality.

Recommendation

We recommend that management should:

1. Establish formal documentation standards outlining required evidence prior to closing a work order (e.g., technician notes, parts used, labor hours, supervisory approval, photographs where appropriate).
2. Configure the work order system to require mandatory fields and attachment uploads before allowing closure.
3. Implement supervisory review procedures to verify completeness and accuracy of documentation.
4. Provide staff training on documentation expectations and record retention requirements.
5. Periodically perform quality assurance reviews of completed work orders to ensure compliance with documentation standards.

Strengthening documentation and retention practices will enhance accountability, improve operational transparency, and reduce financial and operational risks.

Management Response

As part of our SOP development, we will establish a documented process for Cityworks work orders, offering staff clear instructions on the steps required before closing a work order. Furthermore, we are developing an SOP for supervisory personnel that details their roles and responsibilities within the work order system to ensure accurate documentation and review. We are currently waiting for the completion of the Cityworks upgrade before implementing any system changes, such as modifications to fields or workflows.

Implementation Date
December 31, 2026

Risk Rating
Moderate

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Observations and Discussion Items

This section is designed to identify areas requiring management's (auditee's) attention that have not risen to the level of an audit finding; the observation owner is a different business unit, department, agency, or external party than the auditee. The Internal Audit Unit recommends that Parking management consider enhancing its internal control processes in the areas of responsibility to avoid potential audit findings in the future associated with the specific internal control objectives outlined below:

1. During our review of the parking meter coin collection process, we noted that coin boxes are collected by a single individual without dual custody. This differs from the handling of cash bags, where dual custody procedures are in place. Best practices in public enterprise always require two authorized individuals during collection, transport, and handoff of coin boxes. This practice helps to ensure separate responsibilities across collection, counting, reconciliation, and recording functions.

   Management had indicated that a compensating control exists that prevents coin boxes from being opened by a single individual. Audit also noted that there is no documented dual-custody process at the point of collection. Furthermore, formal collection logs and chain-of-custody documentation are not consistently maintained to evidence accountability throughout the collection process.

   We recommend that the Parking Division management should strengthen controls over the coin collection process by implementing a dual custody procedure that require two authorized personnel to be present during collection and transfer of parking meter coin boxes.

   Additionally, they should also implement standardized logs documenting collection time, location, personnel involved, and transfer points.

Conclusion

Opportunities were identified to improve the effectiveness and efficiency of the City of Madison Parking operations. These opportunities among many include implementing measures to improve tracking and reconciliation of citations transferred to the court, establishing and enforcing a formal user access management framework, establishing a SOP for budget monitoring and variance review, implementing formal SOPs for monitoring and reviewing Parking Enforcement Officer performance, establishing a formal SOP governance policy requiring review and reapproval at defined intervals, and establishing formal documentation standards outlining required evidence prior to closing a work order.

The City of Madison Finance Department, Internal Audit Unit, extends its appreciation to the staff of Parking Division, MPD Court Services, and all individuals who contributed to the completion of this audit. We are grateful for the courtesy extended, and the cooperation demonstrated throughout the engagement, particularly considering the challenges encountered during the audit process.

Acknowledgement

The Parking Division Audit

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Reviewed by | David Schmiedicke, Finance Director

Signing below certifies that you have received, read, and acknowledge the audit report prepared above.

David Schmiedicke 05/28/2026

David Schmiedicke, Finance Director Date

Stefanie Cox 05/28/2026

Stefanie Cox, City of Madison Parking Division Director Date

Appendix

2024 Parking Division Organizational Chart