



Richmond City Auditor

# Office of the Inspector General

Fighting government waste, fraud and abuse.

Umesh Dalal, CPA, CIA, CIG  
Richmond City Auditor/Inspector General

March 9, 2010

Mr. Byron Marshall, CAO  
900 E. Broad Street, Suite 201  
Richmond, VA 23219

Dear Mr. Marshall:

## Ref: Contract between the City of Richmond and Lanier Parking Meter Services

The Office of the Inspector General has completed a review of the contract. This contract was reviewed to verify certain compliance issues identified during a previous investigation. The following are salient findings:

- According to the contract the City agreed to pay:
  - 8% interest on the initial Capital Equipment (valued at \$103,751)
  - 10% interest on additional Capital Equipment (valued at \$118,791)

The investigator determined that Lanier Parking Meter Services improperly charged the City at interest rates higher than contractual rates for certain items. In addition, Lanier charged the City 10% for the subsequent parking meters purchase of \$215,848 and 11% on the purchase of a \$1,408.75 safe. For both of these items, the City was responsible for payment of interest at the rate of 8% per annum. As of March 31, 2010, the overbilling that resulted from these actions is depicted in the following table:

<i>Items</i>	<i>Interest Charged</i>	<i>Interest Payable</i>	<i>Overbilling</i>
Vehicles	\$35,532.29	\$32,072.09	\$3,460.20
Parking meters	\$58,276.03	\$45,948.25	\$12,327.78
Safe	\$421.38	\$299.89	\$121.49
Total			<b>\$15,909.47</b>

- Further review indicated that Lanier charged the City \$519.47 for a vehicle repair that was covered under warranty. During this investigation, the charge was credited back to the City.
- The investigator also noted that Lanier Parking Meter Services did not pay its vendors in a timely manner. As a result, the vendors charged Lanier late fees. Lanier included these late fees in the billing to the City even though the City was not responsible for them. These fees totaled \$656.80.

Based on the above information, the following total amount is collectible from Lanier:

<i>Description</i>		
Overbilling of interest	\$15,909.47	
Erroneous charge for vehicle repairs	\$519.47	
Inappropriate late fees	<u>\$656.80</u>	\$17,085.74
Total amount collectible from Lanier		
Less: Credits already received		<u>\$519.47</u>
Net amount due		<u>\$16,566.27</u>

The City needs to offset the above amounts against future payments to Lanier. If you have any questions, please contact me at (804) 646-5640.

Sincerely,



Umesh Dalal, CPA, CIA, CIG  
City Auditor/Inspector General

- C: Mr. Marcus Jones, DCAO, Finance & Administration  
Mr. Chris Beschler, DCAO, Operation  
Mr. Bobby Vincent, Interim Director of General Services  
Ms. Carolyn Yancey, Regional VP Operations, Lanier Parking Systems