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HARRIS COUNTY AUDITOR

May 11, 2026

Dear Dr. Milton Rahman, County Engineer:

The Harris County Auditor's Office - Audit Division has completed a contract compliance audit of the Parking Facilities Management Services agreement between Harris County and Lanier Parking Meter Services, LLC. The results of our audit are included in the attached report.

We appreciate the time and attention provided by your team. Please expect an email request to complete our Post Engagement Survey. We look forward to your feedback. If you have any questions, please contact me or Glenn Holloway, Chief Assistant County Auditor, 713-274-5673.

Sincerely,

A handwritten signature in blue ink that reads "Michael Post".

Michael Post
County Auditor

Report Copies:

District Judges

County Judge Lina Hidalgo

Commissioners:

Lesley Briones

Rodney Ellis

Adrian Garcia

Tom Ramsey

County Administrator Erica Lee Carter

County Attorney Jonathan Fombonne



Internal Audit Report

LANIER PARKING AGREEMENT

May 11, 2026

Executive Summary

OVERALL CONCLUSION

The overall controls related to monitoring contract compliance with the requirements in the Parking Facilities Management Services agreement between Harris County and Lanier Parking Meter Services, LLC (Vendor) can be strengthened in certain areas. Specifically, the following were identified:

- Strengthening oversight of Vendor-reported financial activity
- Improving the timeliness of parking fee revenue deposits
- Ensuring submission of required administrative and operational reports

The observations were discussed with the County Engineer, and management's action plans have been developed to address the observations identified by November 30, 2026.

SCOPE AND OBJECTIVE

The audit procedures assessed contract compliance with key financial, operational, and administrative elements outlined within the Parking Facilities Management Services agreement between Harris County and Lanier Parking Meter Services, LLC. The scope covered the period of March 1, 2024, to February 28, 2025.

The audit observations, management's action plans to address the observations, and background information regarding this audit are discussed in more detail on the following pages. Each audit observation is ranked based on the likelihood and impact of the risk to Harris County.

AUDIT OBSERVATIONS

OBSERVATION #1: Strengthening Oversight of Vendor-Reported Financial Activity [MODERATE]

What is the Observation: An opportunity exists to strengthen oversight processes related to Vendor-reported financial activity. Specifically, a formal variance review process is not in place to compare Vendor-reported monthly revenue and expense reimbursements to budgeted amounts. Additionally, management does not formally review and document the approval of invoices and payments to the Vendor.

Why it Happened: Formal policies and procedures requiring structured oversight of Vendor-reported revenues and expenses have not been established.

Why it Matters: Without strengthened oversight, discrepancies in Vendor-reported revenues or expenses could go undetected. Strengthening these controls would improve the County's ability to effectively monitor contract performance and safeguard resources.

What is Expected: An enhanced oversight process aligns with best business practices to ensure reliable financial reporting and safeguard resources when using third parties.

What Action(s) are Suggested: Develop and implement a more structured oversight process that includes the following:

- Variance analysis to compare actual revenues and expenses to the budgeted amounts, with explanation of significant variances
- Management review and documented approval authorizing invoices and payments to the Vendor

MANAGEMENT'S ACTION PLAN

Responsible Party: Dr. Mike Etienne, Chief, OCE, Planning & Development Services

OCE Real Property Division has developed and implemented enhanced oversight measures to ensure accuracy and completeness of Vendor-reported financial activity. Specifically:

- The Vendor has begun providing detailed revenue reports from all collection processors for each parking facility. This enables OCE to perform direct reconciliations between collected revenues and the amounts reported by the Vendor, including credit card payments, bank withdrawals, and check payments.
- The Vendor now provides revenue reports generated from their point-of-sale devices used for event operations, including supporting information such as merchant fees assessed per transaction and transient visitor activity reports.
- OCE has incorporated reconciliation and audit verification of Form 140B2 into its regular monthly procedures, which have been consistently applied since September 2025.
- At month-end, the Vendor now submits a variance report identifying discrepancies between budgeted and actual revenues and expenses. This report includes space for explanations of all variances.
- The above enhancements became effective at the beginning of September 2025. The following additional measures will be implemented by the required deadline.
- OCE will implement a formal approval process requiring documented pre-approval (digital or physical signature and date) for any Vendor-reported expenses that exceed the associated budget line before such expenses may be reflected in Vendor's monthly financial statements.



- OCE initiated its first quarterly meeting with the Vendor's executive leadership team in December 2025, with the second scheduled for March 2026 to address strategic and contractual matters, and will complement the ongoing weekly operational meetings held with the Vendor's local team.

Targeted Completion Date: November 30, 2026



OBSERVATION #2: Improving the Timeliness of Parking Fee Revenue Deposits **[LOW]**

What is the Observation: The Vendor generally deposited parking revenues collected daily into the parking facilities' bank account by the close of the next business day as required by the contract. However, testing identified 38 out of 90 daily cash revenue deposits that were made three or more business days after the date of collection.

Why it Happened: Monitoring processes were not in place to identify delays in deposit activity.

Why it Matters: Delays in depositing cash and checks increase the risk of theft, accidental loss or displacement, and result in noncompliance with contract terms.

What is Expected: The Parking Facility Management Services agreement states: *"The vendor shall deposit all gross revenues collected daily from each parking facility into the vendor's bank account by the close of the next business day."*

What Action(s) are Suggested: Require the Vendor to deposit any cash and checks collected at parking facilities by the next business day and establish a process to monitor compliance.

MANAGEMENT'S ACTION PLAN

Responsible Party: Dr. Mike Etienne, Chief, OCE, Planning & Development Services

OCE Real Property Division will reinforce contract compliance and institute monitoring processes to ensure timely deposits of collected parking revenues. Action steps include:

- Formally notifying the Vendor of the contractual requirement that all gross revenues collected daily must be deposited by the close of the next business day. A copy of the contractual clause will be provided to reaffirm expectations.
- Requiring the Vendor to submit a Daily Deposit Log that includes:
 - Date of deposit
 - Amount deposited
 - Transaction number (when available)

This documentation will be used to cross-reference reported revenues and to identify or investigate any irregularities or missing deposits in a timely manner.

Targeted Completion Date: November 30, 2026



OBSERVATION #3: Ensuring Submission of Required Administrative and Operational Reports [LOW]

What is the Observation: The Vendor consistently provided the Monthly Summary Reporting Packages; however, certain required reports were not included:

- Parking Utilization by Parking Facility
- Parking Facility Employee Working Schedules
- Daily Parking Activity Report by Parking Facility
- Operational Problem/Patron Complaint Logs
- Monthly Financial and Operational Performance Meetings

Why it Happened: Following the transfer of responsibility for managing the County's parking facilities contract in 2023, a process to request and track required reports from the Vendor was not established.

Why it Matters: The absence of complete administrative and operational reports may limit the County's ability to make timely and informed operational decisions.

What is Expected: The Parking Facility Management Services agreement requires the Vendor to provide specific administrative and operational reports monthly to the County.

What Action(s) are Suggested: Require the Vendor to submit the missing administrative and operational reports as part of the Monthly Summary Reporting Package and establish a process to monitor compliance.

MANAGEMENT'S ACTION PLAN

Responsible Party: Dr. Mike Etienne, Chief, OCE, Planning & Development Services

To ensure that all required administrative and operational reports are consistently provided, OCE Real Property Division will:

- Require the Vendor to develop a standardized Monthly Reporting Table of Contents and Checklist that includes an initialed checkbox confirming the inclusion of each required report.
- Ensure that this checklist remains static each month and serves as the official reporting template for all Monthly Summary Reporting Packages.
- Review the completed checklist each month to confirm receipt of all required documents and follow up promptly on any omissions.
- Require the Vendor to provide a comprehensive complaint log that identifies root causes and includes columns documenting corrective actions, resolution status, and completion dates. Verbal complaints shall be discussed weekly, with a consolidated complaint log submitted monthly as part of the financial reporting packet.
- Require the Vendor to produce monthly parking metrics and include them in the month-end financial reporting package.
- Require the Vendor to maintain a daily manager/supervisor pass-down log documenting unusual events or operational issues and submit the compiled log at month-end with the financial reporting package.
- Vendor required to meet monthly to discuss financial and operational performances.

Targeted Completion Date: November 30, 2026



BACKGROUND

On January 16, 2020, Harris County (County) entered into a one-year agreement, with four one-year renewal options, with Lanier Parking Meter Services, LLC (Vendor) to manage the County's parking facilities. Initially, the agreement was for the Vendor to provide parking facilities management services for nine downtown parking facilities (surface lots and garages) with a combined total of 4,459 parking spaces.

Parking facilities management services include, but are not limited to the following responsibilities:

- Maintenance
- Revenue collection and control
- Parking enforcement
- Staffing
- Traffic control
- Other related services

Most of the parking spaces are utilized for County employees; however, there are a few parking garages that are utilized for public parking. The County or County employees pay a monthly fee for a non-transferable parking privilege on an assigned or non-assigned basis, using parking permits or electronically controlled access cards depending on the facility.

On January 10, 2023, the Commissioners Court approved the transfer of responsibility for managing County parking facilities, and the related Fund 5201, from Universal Services to the Office of the County Engineer effective February 11, 2023. The current Parking Facilities Management Services agreement was scheduled to end in July 2025 but was extended an additional six months to prepare the new Request for Proposal from potential bidders.

Table 1: List of the County's Parking Facilities Included in the Original Agreement and Subsequent Renewals or Amendments:

Parking Facility Name		Location	Contractual Status	Available Public Parking	Total Revenue (March 2024 through February 2025)
1	Commerce Lot	1109 Commerce Street	Removed	-	-
2	Lomas and Nettleton Garage	119 Fannin Street	Removed	-	-
3	Congress Plaza Garage	1019 Congress Street	Active	Yes	\$ 569,130
4	Congress Garage	1401 Congress Street	Active	No	\$ 2,271,320
5	Annex 44 Parking Lot	1310 Prairie Street	Active	No	\$ 75,801
6	Murworth Property	2500 Murworth Street	Active	Yes	\$ 505,057
7	Baker Street Garage	1200 Baker Street	Active	No	\$ 232,890
8	Baker Street Lot	1300 Baker Street	Active	No	\$ 289,878
9	Triangle Lot	800 N San Jacinto Street	Active	Yes	\$ 1,567,808
10	1111 Main St. Garage	1111 Main Street	Active	No	\$ 133,186
11	Fannin Garage	1111 Fannin Street	Added & Removed	-	-
Total Revenue					\$ 5,645,069



Table 2: Summary of Contracts, Renewals and Amendments for Parking Facility Management Services:

Contract Identification	Commissioners' Court Approval Date	Contract Description	Type	Term	Awarded Amount
Job No.190258	1/28/2020	Initial agreement to Parking Facility Management Services (Purchasing Job19/0258 RFP).	Initial Contract	January 28, 2020 - January 27, 2021	\$ 1,156,998
	8/11/2020	Incorporated Section 4 - "Contractor's Compensation And Revenue"	1st Amendment	Same as Original Agreement	-
	1/26/2021	Extended the initial agreement for 2021 (first annual renewal option).	2021 Renewal	January 28, 2021 - January 27, 2022	\$ 1,263,380
	1/4/2022	Extended the initial agreement for 2022 (second annual renewal option).	2022 Renewal	January 28, 2022 - January 27, 2023	\$ 1,261,813
	1/4/2022	Second Amendment to add the Fannin Garage for Parking Facility Management Services.	2nd Amendment	January 28, 2022 - January 27, 2023	\$ 104,815
	1/10/2023	Transfer of the Parking Facility Management Services Agreement administration from Universal Services to the Office of County Engineer.	Transfer	Effective February 11, 2023	-
	1/31/2023	Extended the initial agreement for 2023 (third annual renewal option).	2023 Renewal	January 28, 2023 - January 27, 2024	\$ 1,261,813
	1/31/2023	Third amendment to remove Parking Facility Management Services for the Fannin Garage.	3rd Amendment	January 28, 2023 - January 27, 2024	\$ 104,815
	1/9/2024	Extended the initial agreement for 2024 (fourth annual renewal option).	2024 Renewal	January 28, 2024 - January 27, 2025	\$ 1,156,998
	4/23/2024	Fourth amendment to add 1111 Main St. Garage for Parking Facility Management Services.	4th Amendment	January 28, 2024 - January 27, 2025	\$ 101,978
	1/9/2025	Fifth Amendment extends the term through July 31, 2025.	5th Amendment	January 28, 2025 - July 31, 2025	\$ 830,000
	1/10/2025	Sixth amendment extends the term through January 31, 2026.	6th Amendment	August 1, 2025 - January 31, 2026	\$ 922,000
Total					\$7,954,980

ACCOUNTABILITY

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards).

As the engagement's scope did not include a detailed examination of all transactions, there is a risk that fraud, errors, or omissions were not detected during this engagement. The official, therefore, retains the responsibility for the accuracy and completeness of their financial records and for ensuring sufficient controls are in place to detect and prevent fraud, errors, or omissions.

