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ActiveNet Software Audit

August 12, 2022



**City of Fort Worth
Department of Internal Audit**

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The ActiveNet Software Audit was conducted as part of the Department of Internal Audit's Fiscal Year 2021 Annual Audit Plan.

Audit Objectives

The objectives of this audit were to:

- determine whether the internal controls within the recreation management software are adequate; and,
- evaluate existing controls to ensure accountability for facility rental revenue.

Audit Scope

Our audit included a review of ActiveNet data for October 1, 2020 through September 30, 2021.

Opportunities for Improvement

Establish consistency for refund procedures and functionality

Executive Summary

As part of the FY2021 Annual Audit Plan, the Department of Internal Audit conducted an audit of the ActiveNet software (ActiveNet). We concluded that the software effectively manages the reservations of facilities operated by the Park and Recreation Department (PARC).

Documented procedures for the reconciliation of FY2021 ActiveNet revenues to the City's general ledger were used to verify and validate that the recorded revenues in both systems were the same, and to ensure the completeness of the documented procedures.

Based on our audit results, refunds issued by ActiveNet in FY2021 were appropriately recorded and reconciled by PARC staff. However, we noted that ActiveNet allowed refunds to occur in a manner (e.g. allowing cash transactions to be refunded to a credit card) that is inconsistent with current PARC policies. It should be noted, however, that no instances of inconsistent refunds were found, and the identified issue was subsequently corrected.

The facility rental fee rates, as published on the City of Fort Worth (CFW) PARC website are consistent with fees programmed in ActiveNet. However, the published fees on the PARC website were not all posted on the same web page. For instance, athletic field rental fees were on a separate web page, apart from other rental fees posted on the Park Reservations web page. PARC staff subsequently consolidated all rental fees onto one web page.

The employee ID for two (2) CFW employees was miskeyed on their ActiveNet system user accounts, and one (1) CFW non-supervisory employee was assigned a Supervisor-level user profile in ActiveNet. PARC indicated that they have corrected these issues.

Our audit finding is discussed in further detail within the [Detailed Audit Findings](#) section of this report.

Management has responded as to how they plan to address our audit findings and the related recommendations.

We feel that management's response adequately addresses the audit recommendation and will help mitigate the City's risk once implemented.

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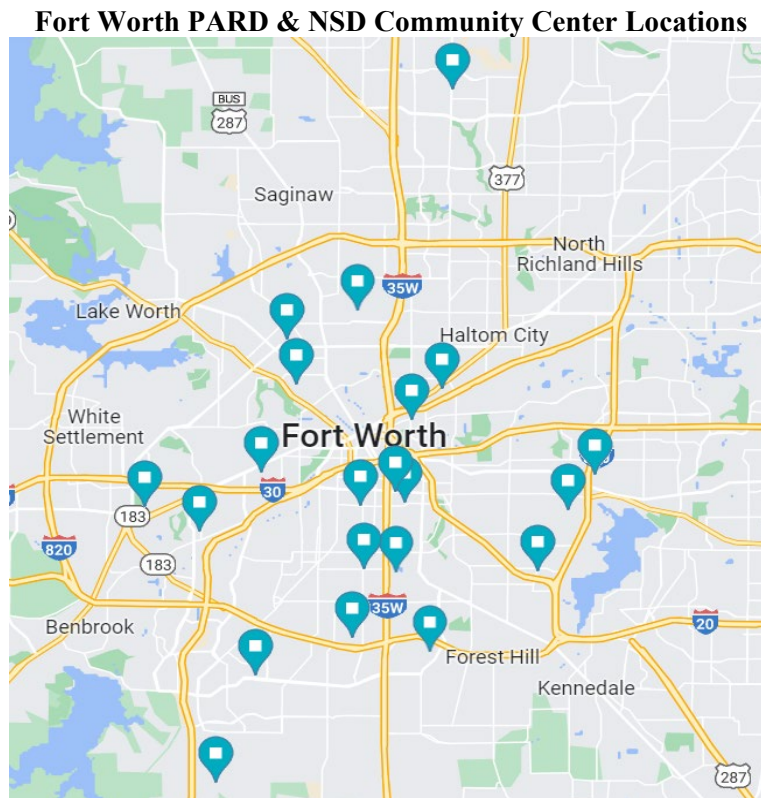
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Background

The City of Fort Worth’s Park and Recreation Department (PAR) is responsible for the oversight of approximately 300 parks and public spaces, citywide. The PAR provides recreational activities and educational programming, and/or rents facilities to customers desiring to host events at any of the following:

- 14 community centers, it should be noted that the City’s Neighborhood Services Department (NSD) operates an additional 7 community centers, called Community Action Partner Centers;
- park facilities (e.g., pavilions and fields); and,
- other facilities, such as the Bradley Center, the Log Cabin Village, and the Fort Worth Nature Center and Refuge.

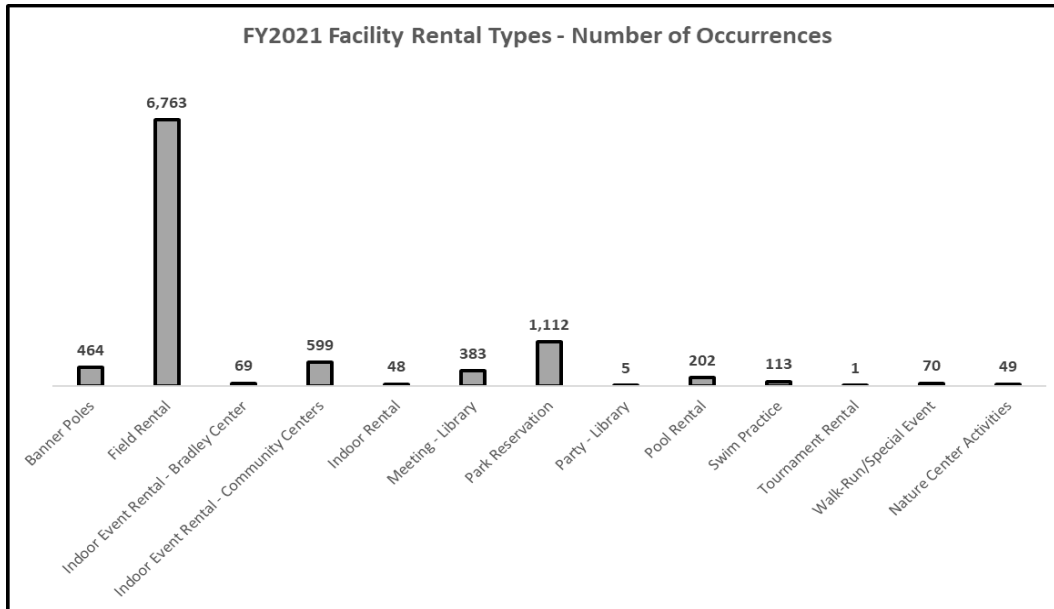


Source: City of Fort Worth Public Website

Customers can reserve facilities for small (e.g., birthday parties and family reunions) and/or large events (e.g., walks, runs and concerts). All facility rental transactions are processed within ActiveNet. ActiveNet is a commercial, web-based software used by PAR since 2017 to manage the reservations for its facilities. The ActiveNet software is hosted by Active Network LLC, which is responsible for storing and securing facility reservation data, as well as processing payment card transactions. Section 14.1(c) of the contract between the City of Fort Worth (CFW) and Active Network, LLC indicates that Active Network, LLC is responsible for collecting all payments processed through its on-line services, as well as all service charges. Before submitting payments to the CFW, Active Network, LLC deducts service charges and any other fees from the total registration/rental fees collected on behalf of the CFW.



A total of 9,878 facility reservations were recorded in FY2021, within the following categories:



Source: Park & Recreation Department ActiveNet Data



Objectives

The objectives of this audit were to:

- determine whether the internal controls within the recreation management software are adequate; and,
- evaluate existing controls to ensure accountability for facility rental revenue.

Scope

Our audit included a review of ActiveNet reservation transaction data for the period of October 1, 2020 through September 30, 2021. Our audit covered only the use of ActiveNet by the Park and Recreation Department, as they are responsible for the software.

Methodology

To achieve the audit objectives, the Department of Internal Audit performed the following:

- interviewed PARD staff;
- reviewed and compared the publicly advertised facility rental rates to those rates configured within the ActiveNet software;
- reviewed ActiveNet software user accounts;
- reviewed policies and procedures regarding the reconciliation of ActiveNet transaction data to the City's general ledger (within PeopleSoft Financials software);
- tested accuracy of facility rental permit rates and refunds; and,
- evaluated internal controls related to ActiveNet software.

We conducted this performance audit in accordance with generally accepted government auditing standards. 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

The Park and Recreation Department (PAR) provides customers with the ability to reserve one or more facilities (e.g., community centers/rooms, pavilions, and athletic fields), for multiple dates/times, and effectively manages the reservation transactions through the ActiveNet software.

Internal Audit used documented procedures to reperform the reconciliation of FY2021 revenues between the ActiveNet and the City's general ledger. Our testing did not identify any material differences between the revenues posted in ActiveNet and the general ledger. The documented procedures appear to be complete. Internal Audit's evaluation of PAR's internal controls specific to ActiveNet identified no issues with the exception of the issue noted in the next paragraph.

We reviewed ActiveNet refund transactions for FY2021, and concluded that all refunds were appropriately recorded and reconciled. Based on our audit results, ActiveNet allowed for refunds to occur in a manner inconsistent with current PAR policies. For example, a cash transaction could be refunded to a credit card, and a credit card transaction could be refunded to a credit card different from the one used for the original transaction. However, we did not find any instances in FY2021 where such refund actions occurred, and the identified issue was subsequently corrected.

Internal Audit compared the facility rental fee rates, as published on the City of Fort Worth (CFW) PAR website, to the rental fee rates configured in the ActiveNet software. The comparison results showed that the fees matched without exception. However, we noted that the published fees on the PAR website were not all on the same web page. The athletic field rental fees were on one webpage, while other rental fees were found on another. Upon Internal Audit inquiry, PAR staff subsequently consolidated all rental fees onto one web page.

Our review of the 349 ActiveNet system user accounts identified two (2) instances where the user's associated CFW employee ID were miskeyed in ActiveNet. Additionally, a CFW non-supervisory employee was assigned a Supervisor-level profile in ActiveNet. The identified issues were subsequently corrected by PAR staff.



Overall Risk Evaluation

High	Medium	Low
	<u>ActiveNet refund controls were inconsistent with Park & Recreation refund policies</u>	



Detailed Audit Findings

1. Refund transaction controls within ActiveNet were inconsistent with Park and Recreation Department written policies.

Internal Audit reviewed ActiveNet refund transactions for FY2021 to determine the appropriateness and reliability of refund tracking and reporting. Our review concluded that refunds were appropriately recorded and reconciled. During interviews with PARD staff, we determined that the ActiveNet software has the ability to refund a transaction to a source other than the one used for the originating transaction. For example, a cash transaction may be refunded to a credit card, and a credit card transaction may be refunded to a credit card different from the originating transaction. According to PARD's current Park Reservation Policy document, as well as e-mail communications with PARD personnel, refunds are issued either via check or, in the case of credit cards, back to the credit card used for the original transaction.

Our review of credit card refund transactions found no instances where a credit card refund was issued to a different card, and no cash refunds to a credit card were found. However, the configured capabilities of the ActiveNet software were inconsistent with PARD's current policies concerning refunds, and presented a weakness in internal controls.

Recommendation 1: *The Park and Recreation Department Director should ensure that the ActiveNet software controls for refunds are configured to align with current department policies for the processing of refunds.*

Auditee's Response: Concur. On April 25, 2022, Active Network was asked if ActiveNet would allow us to implement controls to prevent the refunding of cash payments to a credit card. A setting was unchecked in Active Net that was allowing it. Once the staff learned of this setting, they immediately checked the box that will prevent the refunding of cash payments to a credit card. This was completed on April 25, 2022.

Target Implementation Date: Completed

Responsibility: Sheri Endsley, District Superintendent

Applicable Department Head: Dave Lewis, Park & Recreation Department Interim Director

Applicable Assistant City Manager: Valerie Washington, Assistant City Manager



Acknowledgements

The Department of Internal Audit would like to thank the Park and Recreation Department for their cooperation and assistance during this audit.