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Facility Rentals Audit (Park and Recreation)

July 10, 2020



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

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The Facility Rentals (Park and Recreation) Audit was conducted as a part of the Department of Internal Audit's Fiscal Year 2019 Annual Audit Plan.

Audit Objectives

The objectives of this audit were to:

- determine whether existing policies and procedures provided necessary guidance for the rental of City facilities; and,
- evaluate internal controls over the assessment, collection and refunding of park facility rental fees.

Audit Scope

Our audit covered the period from October 1, 2016 through September 30, 2018. Activity beyond this period was reviewed as deemed necessary.

Opportunities for Improvement

Facility reservation fees billed at authorized rates

Facility reservation fees refunded in accordance with policy

Complete and non-contradictory policies and procedures

Enhanced system reporting functionality

Retention of signed facility rental agreements

Executive Summary

As part of the FY2019 Annual Audit Plan, the Department of Internal Audit conducted an audit of Facility Rentals (Park and Recreation).

Based on our audit results, some customers were charged facility rental rates that differed from authorized rates. For example, some customers were billed:

- the prior fiscal year's rate;
- the individual/non-profit rate instead of the authorized commercial/for-profit rate; and/or,
- erroneous rates, reportedly due to human error.

For permits where admissions/concessions are charged, and for which the City is entitled to \$50.00 or 10% of the customer's admission/concession revenue (whichever is greater), we concluded that the Park and Recreation Department did not verify admission/concession revenue to determine the proper billing rate. Instead, the Park and Recreation Department billed a \$50.00 rate. It should be noted that the majority of the facility rentals were not from customers who charged admissions/concessions.

Some refunds were not processed in accordance with City policy. Additionally, documentation did not exist to support the rationale for some refunds, and/or permit data related to refunds was contradictory. As a result, Internal Audit could not determine whether some refunds were appropriate.

Written policies and procedures (governing facility rentals) were sometimes incomplete, and/or did not address whether the authorization to adjust or waive reservation fees was required to be in writing or verbal. Also, departmental policies and procedures sometimes contradicted reservation policies provided to the public.

We also concluded that the ActiveNet (facility reservation software) refund report did not include information, such as permit number or name of the reserved facility. ActiveNet functionality allowed for the overriding of authorized rates, without an adequate supporting audit trail. It should be noted that Internal Audit was unable to determine whether any of the rate discrepancies identified during this audit were due to system overrides. We noted permits with contradictory facility rental descriptions (i.e., charge description was different from resource description). As a result, the customer could have been billed an incorrect room rate. Also, signed facility rental agreements were not always available.

These findings are discussed in further detail within the [Detailed Audit Findings](#) section of this report.

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Background

As of April 2020, the City of Fort Worth's Park and Recreation Department (PARC) was responsible for the oversight of approximately 290 parks and public spaces, citywide. The PARC provides recreational activities and educational programming, and rents facilities to customers desiring to host events at any of the following:

- fourteen community centers;
- Park facilities (e.g., pavilions and fields);
- the Botanic Garden; and,
- other facilities, such as the Bradley Center, the Log Cabin Village and the Fort Worth Nature Center and Refuge.

Customers can reserve facilities for small (e.g., birthday parties and family reunions) and/or large events (e.g., walks, runs and concerts). Although facility rentals at community centers, parks and the Botanic Garden are managed separately, all facility rental transactions are processed within ActiveNet.

ActiveNet is commercial, web-based software. Since ActiveNet software is hosted, Active Network, LLC 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 deductions from total registration/rental fees collected on behalf of the CFW.

Based on our audit results, in FY2018, the CFW paid Active Network, LLC approximately \$4,800.00 in technology fees related to cash payments for facility reservations and other park and recreation related registration and membership fees. These fees were in addition to monthly on-line transaction, credit card, electronic check processing and credit card refund fees. While companies generally charge transaction fees to help absorb charges incurred when processing credit card transactions, the contract between the CFW and Active Network, LLC requires a per-transaction fee, regardless of payment method.



Objectives

The objectives of this audit were to:

- determine whether existing policies and procedures provided necessary guidance for the rental of City facilities; and,
- evaluate internal controls over the assessment, collection and refunding of park facility rentals.

Scope

Our audit included the period from October 1, 2016 through September 30, 2018. Activity beyond this period was reviewed as deemed necessary.

Our audit was limited to pavilions and indoor facility rentals at the PARD's community centers, parks (which would have included Bradley Center reservations) and the Botanic Garden.

Methodology

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

- interviewed PARD staff;
- reviewed departmental policies and procedures governing facility rentals at City community centers, parks and the Botanic Garden;
- tested accuracy of facility rental permit rates and refunds; and,
- evaluated internal controls related to facility rentals.

We conducted this 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 PARD provides facility rentals that benefit the public, and generate revenue. Facility rentals are convenient with on-line reservation and multiple payment options.

Internal Audit compared facility rental rates, authorized by the Mayor and City Council, to rates charged. Based on our audit results, customers were sometimes billed the wrong rate. In some instances, customers were over-billed, and in other instances, customers were under-billed. The net impact of erroneous billings, totaled less than \$1,200.00. However, there were multiple occurrences.

We concluded that the PARD did not ensure that customers, who charged admission and/or concession fees, were billed the correct rate. Customers who charge admission and/or concession fees are to pay the greater of \$50.00 or 10% of gross revenue. However, the PARD charged \$50.00 without determining the customers' gross revenue. PARD staff indicated that they did not require customers to present financial reports, which were required by City policy and would have been required to verify the customers' reported gross revenue. It should be noted that the majority of the facility rentals were not from customers who charged admissions/concessions.

Documentation supporting the basis for customer refunds was not always available and/or amounts refunded sometimes contradicted existing policy. Internal Audit, therefore, could not conclude as to whether some refunds were appropriate. Although we identified multiple refund discrepancies, the net financial impact was less than \$1,200.00 and considered immaterial.

In some instances, PARD staff indicated that refunds were due to customer service issues or inclement weather. While rate adjustments due to customer service issues and/or inclement weather seem reasonable, such adjustments were not authorized by the Mayor and City Council during our FY2017 and FY2018 audit period. However, in September 2018, the Mayor and City Council authorized the Park and Recreation Director (or his/her designee) to waive and adjust FY2019 Park and Recreation fees in response to market demands such as seasonal, weather-related factors, facility condition-related factors, customer service resolutions, etc.

Based on our test results, fee adjustments and/or waivers were not adequately addressed within the written policies and procedures. Additionally, we identified inconsistencies between departmental policies and written policies provided to the public. For example, written Park reservation policies and procedures indicated that a deposit was due 90 days prior to a special event, and that a site reservation fee was due at least 45 days prior to the event. However, policies provided to the public stated that the deposit and site reservation fee were due 30 (versus 45) days prior to the event date.

During our audit testing, we identified instances where PARD users input contradictory information within a single facility rental. For example, a user entered a medium room as the charge description, but entered small activity room as the resource event. Such discrepancies could result in the customer being billed at an incorrect rate.

Internal Audit concluded that over 50% of the sampled permits reviewed (55 out of 96) did not include required contractual signatures. In reference to the Botanic Garden, Botanic Garden staff indicated that signed rentals agreements were not available because a box of agreements/contracts had been misplaced. As of the end of the audit, the Botanic Garden staff confirmed they had not found the misplaced box.



Overall Risk Evaluation

High	Medium	Low
<u>Some customers charged the wrong rate</u>		
<u>Admission and/or concession revenue not considered when charging customers</u>		
<u>Refunds not in accordance with established policy, contradictory or the rationale was not supported</u>		
<u>Incomplete and/or contradictory policies and procedures</u>		
	<u>ActiveNet reports excluded pertinent data and rate adjustments not logged</u>	
	<u>Unsigned agreements/contracts between the City and facility rental customer</u>	



Detailed Audit Findings

1. Some customers were charged the wrong rate.

Based on Internal Audit's review of PARD facility rental charges, we identified instances where customers were charged rates different from those authorized by the Mayor and City Council. Although we identified multiple discrepancies, the net financial impact was considered immaterial. For example, net undercharges totaled less than \$1,200.00.

Community Centers

We identified four instances where the wrong rental rates were charged. Rate variances ranged from \$2.50 to \$75.00 per hour. The \$75.00 variance was due to a customer being charged the individual/non-profit (versus commercial/for-profit) rate. However, Park management nor Internal Audit were able to determine why wrong rates were charged in the remaining three instances.

Park Reservations

We identified eight instances where the wrong rates were charged.

- Although two customers reserved facilities in October 2017, they were billed FY2017 (versus FY2018) rates. Internal Audit was informed that the customers were billed the rates that PARD staff quoted.
- One customer was charged \$90.00 less than the authorized rate. PARD staff presumed that the rate was erroneously set up within ActiveNet.
- One customer was charged \$180.00 less than the authorized rate. Additionally, no security deposit was charged.
- Reservation fees were not billed to one customer. PARD staff indicated that upon refunding the security deposit, they did not notice that the customer had not paid reservation fees.
- Three customers were not charged a \$25.00 late fee as required by policy. Late fees are required when reservation requests are made less than two weeks before the event.

Botanic Garden

One customer was erroneously charged the non-profit rate of \$425.00, instead of the \$850.00 general public rate. The erroneous billing reportedly resulted from human error.

Facility rental rates should be billed as authorized by the Mayor and City Council. It should be noted that in September 2018, the Mayor and City Council authorized the Park and Recreation Director (or his/her designee) to waive and adjust FY2019 fees in response to market demands such as seasonal, weather-related factors, facility condition-related factors, customer service resolutions, etc. However, FY2019 was subsequent to our audit period.

Recommendation 1: *The Park and Recreation Department Director should ensure that PARD staff charge facility rental rates as authorized by the Mayor and City Council, granting fee waivers and adjustments as permitted by the Mayor and City Council, and with proper supporting documentation retained within the facility reservation software (e.g., ActiveNet).*

Auditee's Response: Concur. In ActiveNet, the fees are set up to automatically charge the approved fee. Those with a higher security level in ActiveNet, i.e., supervisors, have the ability to override the fee as



previously approved by Mayor and Council. Staff were trained on providing supporting documentation in November 2019 and will receive refresher training on charging the authorized rates (fees, rates and waivers) and where to enter the information in ActiveNet as supporting documentation for waivers and adjustments. This will be part of regular training going forward.

Target Implementation Date: October 1, 2020

Responsibility: District Superintendent

Applicable Department Head: Richard Zavala, Park and Recreation Director

Applicable Assistant City Manager: Valerie Washington

2. The City did not consider admission and/or concession fee revenue when billing customers.

Our sample consisted of facility rentals to two commercial/for-profit customers who charged admission and/or concession fees. City policy states that the City is entitled to \$50.00 or 10% of the customers' admission/concession revenue (whichever is greater). However, the PARD charged both customers \$50.00, without verifying the customers' revenue. It should be noted that the majority of the facility rentals were not from customers who charged admissions/concessions.

Park staff indicated that they did not require financial reports from the customers, although the financial reports would have provided information regarding the customers' admission/concession revenue. Since documentation was not available to support admission/concession revenue collected by these customers, Internal Audit could not determine whether the \$50.00 charge was appropriate.

Section VI. of the Community Center Rental Policy and Procedure states that rentals, for which customers plan to charge an admission or sell concessions within the Community Center or surrounding premises, shall be required to pay the City a percentage of the gross revenue. The policy further states that the purpose of the fees is to realize \$50.00 or 10% of gross revenue (whichever is greater) for commercial/for-profit organizations. The policy also requires that customers present a financial report to the Parks and Community Services Director (for tracking admission and concession fees) 14 days after the rental, along with any fee due to the City.

Recommendation 2: *The Park and Recreation Department Director should require that PARD staff charge customers, who charge admission and concession fees, the authorized rate.*

Auditee's Response: Concur. Staff will receive refresher training on when to charge admission and concession fees and how to record the revenue in ActiveNet. This will be part of regular training going forward. These types of rentals make up a small fraction of total rentals.

Target Implementation Date: October 1, 2020

Responsibility: District Superintendent

Applicable Department Head: Richard Zavala, Park and Recreation Director

Applicable Assistant City Manager: Valerie Washington



3. Some facility rental refunds were not made in accordance with established policy, or the appropriateness of some refunds could not be determined.

We identified instances where documentation and/or written policy was not available to conclude as to whether refunds were proper. Although we identified multiple discrepancies, the net financial impact was considered immaterial. For example, net over-refunds totaled less than \$1,200.00.

Community Centers

- In three instances where events were shown to be canceled, the PARD refunded the \$10.00 processing fee, although the on-line policy (which PARD staff indicated was followed) required the City's retention of the \$10.00 processing fee.
- Reservation fees were refunded for four permits that were shown to have been completed (e.g., event held). One customer was fully refunded reservation and processing fees. Customers for the three remaining events were partially refunded, reportedly due to customer service issues and inclement weather. Written policies and procedures that were effective during our audit period did not address the processing of refunds for customer service issues and/or inclement weather.

Park Reservations

- Based on ActiveNet records, the City erroneously refunded money that should have been recorded as City revenue.

Payments received from on-line reservations, for events with less than 100 people that do not require deposits, were recorded as "security deposits". PARD staff indicated that online payments were recorded as "security deposits" to ensure consistency across Park facilities (i.e., deposits are required for renting the Botanic Garden and community centers) and to decrease the likelihood of multiple tentative reservations and permits.

Internal Audit was informed that PARD's practice was to convert these on-line "security deposits" to rental revenue after the events were held. For two of the 17 on-line reservations tested, although ActiveNet records indicated that the events were completed (e.g., events held), the "security deposits" were refunded and not recorded as City revenue. PARD staff stated that the events were canceled, but the event records were in completed status.

- Three customers canceled their reservations less than 10 business days prior to the event. One customer was refunded 75% of the reservation fee; one customer was granted a full refund; and another customer was refunded \$50.00 of the \$75.00 reservation fee. City policy requires that 50% of the reservation fee be refunded if a reservation is canceled less than 10 business days prior to the event.
- One customer who canceled a reservation more than 10 business days prior to the event was refunded 100% of their reservation fee, instead of 75% as required by City policy.

In the following instances, event information was contradictory. Internal Audit, therefore, could not conclude as to whether the refunds were processed properly.

- ActiveNet indicated that two permits were completed (e.g., events held).
 - Notes within ActiveNet indicated that 75% of the reservation fees were refunded.
 - Notes within the ActiveNet Refund Report indicated that the permits were canceled due to inclement weather.
 - PARD staff stated that the two permits were not canceled.



- ActiveNet indicated that a permit was completed (e.g., event held).
 - No reservations fees were charged.
 - PARD staff stated that the permit was canceled, and that staff erroneously changed the permit status from canceled to completed.
- Active Net showed one completed permit (e.g., event held).
 - The PARD refunded the customer's reservation fee in full.
 - PARD staff stated that the event was canceled.
- ActiveNet indicated that one permit was completed (e.g., event held).
 - No reservation fee or security deposit was paid.
 - PARD staff stated that the event may not have occurred.
- ActiveNet indicated that one event was completed (e.g., event held).
 - A security deposit was paid and refunded. However, no reservation fee was paid.
 - PARD staff stated that the permit was canceled before any reservation fees were due.
- ActiveNet indicated that a permit was completed (e.g., event held).
 - The PARD refunded 75% of the customer's reservation fee.
 - PARD staff stated that the reservation fee was refunded because the permit was canceled, and that they erroneously changed the status to completed instead of canceled.
- The PARD changed the event permit status from approved to completed (e.g., event was held) 36 days after refunding the customer's security deposit.
 - The customer paid reservation and electricity fees when reserving a facility.
 - The PARD refunded the reservation and electricity fees in full, but on different dates.
 - PARD staff stated that this permit was cancelled and that they erroneously changed the status to completed instead of canceled.

Documentation supporting the status of facility rentals (e.g., approved, canceled and/or completed) was not always available/uploaded into ActiveNet.

- Community Center staff indicated that written cancelation documents were not required, and that phone calls sufficed.
- Park Reservations management indicated they have begun saving cancelation documents on the departmental shared drive.
- Botanic Garden management indicated that cancelation documents were unavailable as a result of the City's e-mail retention policy. Botanic Garden staff stated that they had begun cutting and pasting customer e-mails into ActiveNet.

Recommendation 3A: *The Park and Recreation Department Director should ensure that current refund policies be reiterated to staff, and that staff be required to comply with those policies.*

Auditee's Response: Concur. Refund policy varies depending on the type of rental. Staff will receive refresher training on the policies applicable to their area and how to record them in ActiveNet. This will be part of regular training going forward.



Target Implementation Date: October 1, 2020

Responsibility: District Superintendent

Applicable Department Head: Richard Zavala, Park and Recreation Director

Applicable Assistant City Manager: Valerie Washington

Recommendation 3B: *The Park and Recreation Department Director should require and ensure that adequate documentation is obtained and retained within ActiveNet (or any alternative system used) to support facility rentals, including but not limited to customer cancelation requests.*

Auditee's Response: Concur. Cancelation requests are recorded through email or by phone call. Entries have been kept on the department's shared drive or copied in the permit notes section of ActiveNet, but staff will receive refresher training for consistency on cancelation requests, the purpose of documentation, and where this information should be retained. This will be part of regular training going forward.

Target Implementation Date: October 1, 2020

Responsibility: District Superintendent

Applicable Department Head: Richard Zavala, Park and Recreation Director

Applicable Assistant City Manager: Valerie Washington

4. Facility rental policies and procedures were incomplete and sometimes contradictory.

The PARD's policies and procedures were intended to provide direction regarding facility reservations. However, we identified multiple policy versions in use, some of which lacked key requirements and/or were contradictory. As noted in the following examples, we also identified contradictions when comparing multiple departmental written policies, and when comparing those written policies to information provided to the public.

- On-line information provided to community center customers indicated that: full refunds would be given prior to rental start date; no refunds would be given once rental began; and the City would charge a \$10.00 processing fee on all refunds. Conversely, written departmental policy indicated that 75% of the reservation fee would be issued if a customer canceled an event within 10 business days or more prior to the event, and that 50% of the reservation fee would be refunded if the customer canceled an event in less than 10 business days.
- Written Park reservation policies and procedures indicated that if an event was canceled due to inclement weather or for personal reasons, the customer had 30 days to request a refund. The written policy further indicated that a public customer had to cancel their reservation by submitting a letter, while a private customer had to cancel their reservation by submitting a letter or calling. In contrast, the on-line policy provided to the public did not differentiate between a public and private customer. Instead, the on-line policy indicated that all cancelation or reschedule requests had to be submitted in writing.



During interviews, some PARD staff indicated that they adhere to the on-line policies. Additionally, some PARD staff indicated they were not aware of written Community Center policies.

Internal Audit observed rates that were reportedly adjusted/waived due to customer service issues, inclement weather, etc. Internal Audit did not observe documentation supporting the Mayor and City Council's authorization of PARD fee adjustments and/or waivers during our audit period. However, we did observe Mayor and Council communications authorizing discounts in response to market demands and/or for customer service, inclement weather, etc. effective FY2019.

The Government Finance Officers Association's (GFOA) Best Practices indicate that financial policies are central to a strategic, long-term approach to financial management. GFOA also recommends systemic financial policy monitoring, review, and updates, as needed.

It is unknown why the PARD's policies and procedures were not updated, nor why policies and procedures were inconsistent. However, the PARD management indicated that they are in the process of revising existing policies and procedures to provide more clarification and improvements. The lack of updated written procedures could lead to inconsistent and inefficient operations, frustration within and outside the organization, and/or loss of potential revenue.

Recommendation 4A: *The Park and Recreation Department Director should ensure that written policies and procedures (within park, community centers and the Botanic Garden) are developed and/or updated to: consolidate multiple versions; document requirements for fee adjustments and waivers; address system access level requirements (based on employee roles); and be consistent with information provided to the public, etc.*

Auditee's Response: Concur. Department rental policies and procedures will be updated and consolidated and will include information for adjustments and waivers and who has access in ActiveNet to authorize them. Staff will receive refresher training on department rental policies and procedures. This will be part of regular training going forward and the department will institute a regular schedule of policy review. Effective October 1, 2020, the Botanic Garden will be under management by Botanical Research Institute of Texas and will follow their policies and procedures.

Target Implementation Date: October 1, 2020

Responsibility: District Superintendent

Applicable Department Head: Richard Zavala, Park and Recreation Director

Applicable Assistant City Manager: Valerie Washington

Recommendation 4B: *The Park and Recreation Department Director should ensure that updated written policies and procedures are made available to the PARD staff and customers.*

Auditee's Response: Concur. Written rental policies and procedures have been and will continue to be made available to the public online and in written form at the customer's request. Written rental policies and procedures have been and will continue to be made available to staff on the city server shared drive. Staff will receive refresher training on where to locate all policies and procedures.

Target Implementation Date: October 1, 2020



Responsibility: District Superintendent

Applicable Department Head: Richard Zavala, Park and Recreation Director

Applicable Assistant City Manager: Valerie Washington

5. ActiveNet reports excluded pertinent data and rate adjustments were not logged.

We concluded that the ActiveNet refund report did not include information, such as permit number or name of the reserved facility. The exclusion of information such as permit number or name of the reserved facility could negatively impact monitoring, trend analysis, etc. Additionally, ActiveNet functionality allowed for the overriding of authorized rates, with no supporting audit trail. It should be noted that Internal Audit was unable to determine whether any of the rate discrepancies identified during this audit were due to system overrides.

Additionally, during our audit testing, we noted permits with facility rental descriptions that were contradictory (i.e., charge description was different from the resource description). In other words, and as noted in the following illustration, a permit could show a medium activity room as the charge description (\$50.00 rate), but a small room as the resource description (\$35.00 rate). As a result, it is not clear from the system record, which rate should have been charged. Internal Audit was informed that in this case, PARD staff reportedly modified the permit so that the correct \$35.00 rate would be charged, because the rate was initially set up incorrectly. However, the ability to modify the rate and the resulting inconsistent charge and resource descriptions represent control weaknesses.

Permit Information

CHARGES			
Description	Event / Resource	Unit Fee	Units Tax Charge
Activity Room Medium	RD Evans Afterschool Program Room	\$35.00	7.00 -- \$245.00
RDECC - After Hours Staffing	RD Evans Afterschool Program Room	\$35.00	7.00 -- \$245.00
Kitchen	RD Evans Kitchen	\$30.00	1.50 -- \$45.00
Activity Room Small	RD Evans Stage	\$35.00	7.00 -- \$245.00
Gym Rental - Full	RD Evans Gymnasium	\$75.00	7.00 -- \$525.00

Facility Charge Matrix List

Customer Type: General Public; Facility: RD Evans Afterschool Program Room

Name	Quantity	Units	Amount
Security Deposit	1.00	Each	\$150.00
RDECC - After Hours Staffing	0	Per Hour	\$35.00
RDECC - Before Hours Staffing	0	Per Hour	\$35.00
Activity Room Small	0	Per Hour	\$35.00

Rental Fees

	Non-Profit/Individual Fees
Refundable Deposit	\$75
Small Meeting Room	\$35 / hour
Medium Meeting Room	\$50 / hour
Large meeting Room	\$60 / hour
Full Gymnasium	\$75 / hour
1/2 Gymnasium	\$50 / hour
Kitchen	\$30 / hour
Additional Staffing Fee (for time outside center operating hours)	\$35 / hour

Source: ActiveNet and CFW Website



Best practices entail that computerized systems have reporting capabilities sufficient to provide accurate and consistent information that can be analyzed by management and stakeholders. Also, the Control Objectives for Information and Related Technologies (COBIT) standard states that business process exceptions and errors should be managed to facilitate escalation, so that corrective actions can be executed. Without systematic controls, invalid or unauthorized data entry could go undetected, resulting in reduced revenue.

Recommendation 5A: *The Park and Recreation Department Director should ensure that when permits are modified, both the resource and charge description are updated accordingly, if system enforced restrictions cannot be applied.*

Auditee's Response: Partially Concur. ActiveNet system functionality does not create errors. User error caused reports to exclude pertinent data. Staff received refresher training on how to modify permits in November 2019. This will be part of regular training going forward.

Target Implementation Date: October 1, 2020

Responsibility: District Superintendent

Applicable Department Head: Richard Zavala, Park and Recreation Department Director

Applicable Assistant City Manager: Valerie Washington

Recommendation 5B: *The Park and Recreation Department Director should consult with ActiveNet to determine whether necessary/relevant information (e.g., permit number and rental facility name) can be included in the Refund Report.*

Auditee's Response: Concur. Active Net released a software update that included a detailed refund report with all relevant information on the permit that is being refunded.

Target Implementation Date: Completed

Responsibility: District Superintendent

Applicable Department Head: Richard Zavala, Park and Recreation Department Director

Applicable Assistant City Manager: Valerie Washington

Recommendation 5C: *The Park and Recreation Department Director should ensure that the ability to override is restricted, with adequate oversight and an audit trail that tracks changes to authorized rates.*

Auditee's Response: Concur. The ability to override fees will be reviewed in ActiveNet to determine which security levels have the access to override fees. Security levels will be adjusted as necessary to only allow supervisors to have override access. Active Net security has been restricted as of July 1, 2020 to only allow supervisors and managers the ability to override fees. It is no longer a weakness.

Target Implementation Date: July 1, 2020 / October 1, 2020

Responsibility: District Superintendent



Department Head: Richard Zavala, Park and Recreation Department Director

Applicable Assistant City Manager: Valerie Washington

6. Signed facility rental agreements/contracts were not available.

Internal Audit identified 55 (Community Centers (12), Park Reservations (15) and Botanic Garden (28)) out of 96 permits that did not include required customer signatures. PARD management indicated that signatures were not always required for specific rental facilities. In addition, Botanic Garden staff indicated that signed Botanic Garden rental agreements were not available because a box of agreements/contracts had been misplaced. As of the end of this audit, Botanic Garden staff indicated that they had not located the box.

Botanic Garden management acknowledged that getting contracts signed by the customer and emailed back to the City was a challenge. Botanic Garden management indicated that there have been instances where customers have been refunded because there was no signed agreement, even though the event took place. Botanic Garden management plans to use PDF signature software as a solution.

Section 15 of the Park Reservation Policy stated that reservations were confirmed only when payment was made and the rental permit/contract was signed. Section I.U. of the Community Center Rental Policy and Procedures stated that “It shall be the responsibility of the person signing the contract for the application to comply with and enforce all rules and regulations ...” The Botanic Garden did not have a written policy that addressed the signing of contracts. However, agreements used to support contracted events at the Botanic Garden included a statement that the signor had read the rules and regulations, and understood the policies regarding deposits, payments, cancelations, liability and responsibility related to the contracted events.

Without a properly executed contract, staff may not receive all revenue that is due to the City. Additionally, if customers damage City property, the City’s potential liability is increased, as the City may not be in a position to hold the customer responsible. The City’s Records Retention Schedule states that records documenting the application for and issuance of permits and licenses by the City (for use of park or recreational facilities, facility usage, etc.) should be retained for two years after expiration, cancellation, revocation or denial date.

Recommendation 6A: *The Park and Recreation Department Director should require that all rental agreements/contracts are signed by customers prior to the event.*

Auditee’s Response: Concur. For in-person permits, these permits are signed by the customer on the digital signature pads at the front desk. For on-line permits, these permits are agreed to by the customer electronically at the time of reservation. These prior two types of rental agreements were in place prior to the audit. For phone-in permits, these permits are now emailed through Adobe Sign and signed electronically by the customer.

Implementation Date: Completed

Responsibility: District Superintendent

Applicable Department Head: Richard Zavala, Park and Recreation Department Director



Applicable Assistant City Manager: Valerie Washington

Audit Comment: Based on our test results, PARD staff sometimes either did not require signatures and/or retain signed documents. Required usage of electronic signature pads for in-person permits, along with capabilities for digitally-signed documents for on-line permits should result in signed rental agreements/contracts. Internal Audit observed an email from PARD management (to PARD staff) that included instructions regarding the use of Adobe Sign software, which captures electronic signatures.

Recommendation 6B: *The Park and Recreation Department Director should ensure that executed agreements/contracts are documented and retained within ActiveNet or other locations as deemed necessary.*

Auditee's Response: Concur. For in-person and on-line permits, these permits have been retained in ActiveNet. For phone-in permits, these permits are retained in Adobe Sign as of March 2020.

Implementation Date: Completed

Responsibility: District Superintendent

Applicable Department Head: Richard Zavala, Park and Recreation Department Director

Applicable Assistant City Manager: Valerie Washington

Audit Comment: Internal Audit observed an email from PARD management, to PARD staff, which included instructions regarding the use of Adobe Sign software. Adobe Sign captures electronic signatures. However, the retention of the electronically-signed documents will be incumbent upon the employee's action to save the documents/files in a designated folder.



Acknowledgements

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