



CITY OF TAMPA

Pam Iorio, Mayor

Internal Audit Department

Cynthia D. Miller, Audit Director

November 30, 2004

Honorable Pam Iorio
Mayor, City of Tampa
1 City Hall Plaza
Tampa, Florida

RE: Recreation Operations, Audit 04-25

Dear Mayor Iorio:

Attached is the Internal Audit Department's report on Recreation Operations.

We thank the management and staff of the Recreation Division for their cooperation and assistance during this audit.

Sincerely,

Cynthia D. Miller
Director of Internal Audit

cc: Darrell Smith, Chief of Staff
Santiago Corrada, Neighborhood Services Administrator
Bonnie Wise, Finance Director
Karen Palus, Parks and Recreation Director
Wayne Papy, Parks and Recreation Deputy Director

**PARKS AND RECREATION DEPARTMENT
RECREATION DIVISION
RECREATION OPERATIONS
AUDIT 04-25
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Auditor

Audit Supervisor

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INTRODUCTION

The Recreation Department was recently combined with the Parks Department to form a single Parks and Recreation Department. Recreation remains a separate Division within the new Department.

The Division is responsible for providing a wide range of leisure and child-care programs at over 30 sites throughout the City.

STATISTICS

Facilities

Swimming Pools	13
Tennis & Racquetball	194
Playgrounds	79
Community Centers & Craft Centers	26
Baseball/Softball Fields	107

Authorized Personnel

Full Time	208
Part Time	195
Seasonal	117

Participants-Selected Programs

After School	3,000
Summer Recreation	6,100

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY04 Audit Agenda. The objectives of this audit were to:

1. Determine if after school and summer programs provide reasonable protection for participants.
2. Determine if major revenues appear reasonable in comparison with enrollment or other measures.
3. Determine if cash handling procedures provide adequate control relative to risk.
4. Review user charges/fee schedules.
5. Review major agreements for compliance.

STATEMENT OF SCOPE

The audit period covered Recreation activity included in the objectives that occurred from October 1, 2003 through August 10, 2004, the last day of fieldwork.

STATEMENT OF METHODOLOGY

Source documentation was obtained from various Division Administrative and Field sites. Original records as well as copies were used as evidence and verified through physical examination. Direct observation of programs and interviews with staff at all levels was also employed. Financial data were compared to source documents such as receipts or register tapes. Enrollment in Summer and After-School Programs were based upon Division representation.

The only computerized data used were the Athletics database for team sports, and the City's accounting system, FAMIS. Receipt numbers recorded in the Athletics database were sequential, amounts charged were in accordance with the fee resolution, and the scheduling appeared reasonable. We deemed it to be reliable. FAMIS has been determined to be reliable in previous audits.

STATEMENT OF AUDITING STANDARDS

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to afford a reasonable basis for our judgments and conclusions regarding the organization, program, activity or function under audits. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

AUDIT CONCLUSIONS

Based upon the test work performed and the audit findings noted below, we reached the following conclusions:

1. The after-school and summer programs do not have adequate written procedures. Policies vary considerably from site to site.
2. Receipts for some programs did not appear reasonable either in relation to enrollment or as to revenue trends and fees schedules. The utilization of Club Funds should be evaluated and if not needed phased out.
3. Cash handling procedures work reasonably well considering the decentralized nature of the collections, but improvements can be made.
4. Fees are in accordance with the governing Fee Resolution, but fee waivers are not standardized or controlled. The variation in fees charged at different sites is not documented.
5. Agreements with outside parties may not have been in compliance, or the language was unclear.

AFTER SCHOOL AND SUMMER PROGRAMS (Child-Care)

As part of this audit, we observed programs at nine sites during the after school program, and six sites during the summer program. The programs are available for children between the ages of 5 and 17. The Division's child-care programs are not required to be licensed by any governmental agency. Licensed facilities are required to have child to staff ratios of no more than 25 to 1. Generally, the Division's programs meet this staff ratio.

Our observations are as follows:

- ❑ There are no written procedures, either for staff or parents for the after school program. There is a parent guide for the Summer Program. Therefore, program management varies between centers.
- ❑ There is no consistency as to whether or who signs children in and out. We noted one situation where over half of the children signed in did not sign out.
- ❑ There is no standardization of sign-in/sign-out procedures or logs.
- ❑ There was no indication the logs were being reviewed to assure that all of the children signed in were signed out at the end of the day.

Enrollment and Release of Liability Forms

All children are supposed to have a completed registration form on file. This form provides emergency data, who is authorized to pick the child up (or permission for the child to walk home on his/her own), and medical information. A release of liability form is on the back of the registration.

We noted:

- ❑ The form is supposed to be signed by a parent or guardian. However, many were not signed.
- ❑ Of the ones that were signed, the relationship of the signer to the child was not clear.
- ❑ One center apparently duplicated a blank registration form but not the back side with the release of liability.
- ❑ Many were improperly or incompletely filled out.
- ❑ Multiple registration/permission forms are maintained for each child during the summer program; one for registration and one for each field trip.
- ❑ At one site, the forms were locked up and no one present could access them in the event of an emergency or other need.
- ❑ The program has no policy to address parents who are consistently late picking up children. Staff at a number of centers reported occasional problems in this area.

AFTER SCHOOL AND SUMMER PROGRAMS (continued)

RECOMMENDATION 1

Standardized written procedures should be prepared and implemented regarding the program operation. The procedures should define the minimum acceptable sign-in/sign-out process. These procedures should provide guidelines to both staff and parents/guardians. A policy for late pickups should be included in these procedures.

AUDITEE RESPONSE

The Department will work to standardize written procedures and review policies as related to sign in/out of children and a late pick up guideline.

Many of the department programs are drop in programs that make parental sign in/out impossible. However, we will work on devising a procedure that does not require parental sign in/out. Standardizing which programs facilitate this requirement will be done. We hope to have this procedure implemented by March 1, 2005.

RECOMMENDATION 2

Registration/permission/liability waiver forms should be filled out completely. Relationship of person signing should be indicated. The form should be designed to include field trips and other required authorizations in order to reduce the paperwork.

Emergency contact data must be available to on-site staff at all times.

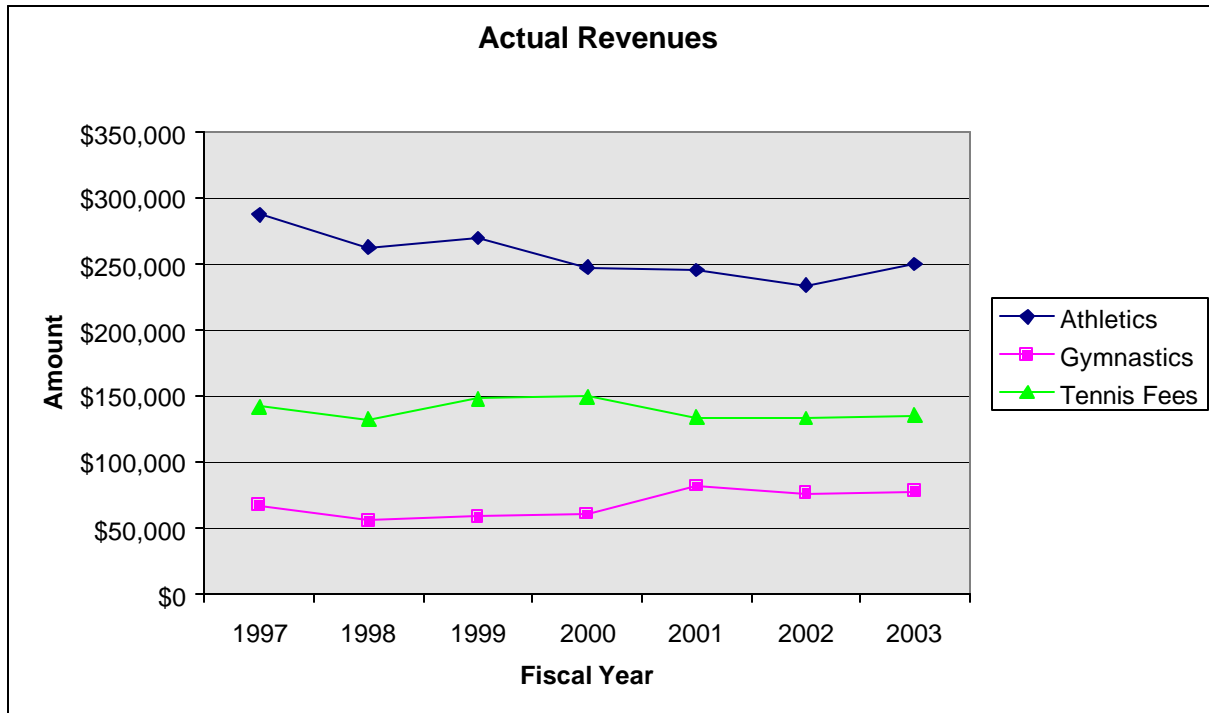
AUDITEE RESPONSE

The Department will modify forms to include relationship of person signing form will be indicated. We will institute random checks of these forms by supervisors to ensure that they are being filled out properly and completely by January 1, 2005.

We will review the form with Legal to see if we should include field trips, etc. on the same form prior to Summer 2005.

REASONABLENESS OF REVENUES

As discussed later in the Cash Handling Procedures section, the nature of the Recreation Programs reduces the control provided by the cash receipts systems. We evaluated whether the revenue being reported was reasonable based upon the measures available, generally, enrollment or trends in the following activities. Except as described later with respect to the Summer Recreation Program, the revenue appeared to be reasonable.



Athletics

This area is the largest revenue source in the Division. Revenues are from entry fees for various league sports and tournaments. Revenue has been fairly stable, with peaks in 1997 and 1999, and some decline starting in 2000. However, revenue improved in 2003. There was a rate increase in FY 2001 of approximately 33% that did not seem to affect revenues.

We projected revenue based upon the Division's League database, which included teams and schedules, and found it to be consistent with the revenues recorded.

Tennis

We noted that revenues have been stable or declined over the past six years, despite a 10 % rate increase in FY 2001. Generally, the court charges are low compared to private facilities, so it is unlikely the increase affected use of these two facilities.

REASONABLENESS OF REVENUES (continued)

Gymnastics

Testing indicated revenues to be consistent with enrollment. Revenue for the first ten months of FY 2004 has increased 18% compared to the prior year, due to recent expansion of the facility and programs. This is not reflected in the graph.

Summer Recreation Program

The Division represents that this program enrolls approximately 6100 children.

We calculated the amount that would have been collected for the Summer program based upon the enrollment indicated at each site and the fees said to be charged at the respective site. This was calculated to be about \$171,000. It is important to note that this amount already reflects the low fees at some sites, and that ten sites are free or have a \$5 optional fee. (Optional fees were considered to be free for this purpose.).

Discussion with several site leaders indicated that the enrollment for their site as reported by the Division appeared high and may have included other activities.

The revenue reported in FAMIS was \$92,000. The large difference may be due to overstated enrollment and fee waivers; however, we could not verify that this was the reason. We further tested fees at three sites, all of which charged \$70. Collection rates were 96%, 86% and 72%. These percentages were based upon the lower enrollment reported by the site leaders, and takes into account the relatively few fee waivers at these centers. The Division is looking into this discrepancy.

Postings

We noted three material errors in posting revenues to the revenue accounts. Such errors make reasonableness monitoring much more difficult.

The Division is in the process of installing an accounting program (Quickbooks ®) which would track revenues by site. Site specific information is difficult to obtain at present and is not normally being produced. This program may facilitate reasonableness determination, which we consider to be a stronger control than the receipting system currently used at most sites.

REASONABLENESS OF REVENUES (continued)

RECOMMENDATION 3

Revenue trends should be monitored and determine the reasons for unexpected significant increases or declines. Management should inform the site supervisors of revenue from their programs and encourage input resolving unexpected trends.

The Accounting Section of Recreation Administration (Accounting) should compare enrollment to revenues recorded for reasonableness. As part of their comparison, adjustments for fee waivers should be taken into account

Recreation Administration should increase supervisory oversight to reduce revenue posting errors.

AUDITEE RESPONSE

We agree with this recommendation the accounting section is currently installing an accounting program (Quick Books) to assist in the tracking of revenue as it relates to enrollment and fee waivers. This will be implemented by March 1, 2005.

CASH HANDLING PROCEDURES

Cash handling falls into two broad categories.

Facilities with Cash Registers -Tennis. The two staffed tennis facilities are the only sites in the Division that do not discourage payment in cash. They are also the only facilities utilizing cash registers.

We compared court schedules to register close out tapes, and the tapes to cash deposits and recording in the City's accounting system (FAMIS). We found no material discrepancies. However, separation of duties frequently cannot be maintained because of staffing.

The tennis facilities make deposits directly to the bank, and turn in the deposit receipt and other supporting material to Accounting. Register tapes are not turned in. We also noted that on occasion, excess currency accumulates before a bank deposit is made. This could present a risk to the safety of personnel.

Facilities without Cash Registers. Payments are collected at over 30 Community Centers, Playgrounds, Athletics and Gymnastics Programs.

The Recreation Division has its own pre-numbered receipt books. Receipts for payment are issued to program participants at these sites. We found numerous cases where receipts are written after the fact and never given to the participant. In some cases small amounts are collected from a number of participants and one receipt is written so the deposit will balance. Such a system does not really provide control. The Division's policy of discouraging cash may provide some protections from theft, but does not assure that cash was not received without being recorded.

The Division is performing audits of the receipts. Follow-ups are being made where discrepancies occur. We found that the procedures were generally being followed, and found no material discrepancies in our tests.

CASH HANDLING PROCEDURES (Continued)

RECOMMENDATION 4

Tennis personnel should turn in register close out tapes from the tennis facilities with the other supporting documentation to Accounting. Tapes should be balanced to the bank deposit receipt by Accounting. Register reset numbers should be noted and questioned if any numbers are missing in the sequence, which would indicate a reset since the last deposit. This will improve cash controls.

AUDITEE RESPONSE

We agree with this recommendation. The tennis staff will turn in register close out tapes from the tennis facilities to the accounting section as supporting documentation. Accounting will track register reset numbers to make sure they are in sequence by January 1, 2005.

RECOMMENDATION 5

Management should establish a maximum dollar threshold for currency on hand at tennis facilities for making bank deposits. Once this is reached, a deposit should be promptly made. This should be properly documented in the policies and procedures.

AUDITEE RESPONSE

We agree with this recommendation. The management staff will establish a maximum dollar threshold for currency on hand at the tennis facilities for making bank deposits by December 1, 2004.

RECOMMENDATION 6

Evaluate the control provided by the current Division receipt system. As an alternative to writing individual receipts consider maintaining at each collection site a log of cash turned in to Accounting. Balance this log to enrollment, taking into account fee waivers, where applicable. Accounting should review these documents. This should be done by someone other than the person receiving the cash from the site. If receipts are issued, this should be done at the time payment is made.

AUDITEE RESPONSE

The Department will re-evaluate the receipt system that is presently in place. We will include both the site staff and accounting section in the review. We plan this review to be completed by March 1, 2005.

USER CHARGES/FEE SCHEDULES

The current fee structure was established by Resolution 2000-1312, which was effective as of FY 2001. It replaced a fee schedule adopted in 1995. In addition to raising most rates, it provided the Department with a range of fees for some types of activities, such as summer program fees and lease fees.

We compared published rates (on program schedules) to the resolution and found no discrepancies. We also compared a limited number of Department receipts to the resolution, and again found no discrepancies.

The Department charges \$12 per school year for the After-School program; the summer program is listed in the Program Guide at \$60 per session. In actuality, fees for the summer program vary from free to \$75, the maximum permitted by the resolution.

The differences in fees are represented by the Division as being a reflection of the activities available at the center and the economic situation of the neighborhood. Some facilities are just playgrounds, others are Community Centers which may have gymnasiums and computer labs. However, even the playgrounds are staffed, have structured programs and provide field trips. For example, the Davis Island facility is limited, but is adjacent to a pool, and provides Arts and Crafts programs. The fee for that facility is \$10 for the Summer.

The Rate Resolution provides that the fees may be waived if the participant meets Federal Poverty Guidelines. We found no attempts to document eligibility, waivers are granted based upon a subjective judgment of the on site staff.

We also noted some of the more expensive centers had few or no children enrolled who had fee waivers. At least one was in an area where most children are receiving free or reduced fee lunches, an indication that they likely are eligible for waivers.

Fee waivers appear to be material.

RECOMMENDATION 7

Determine reasonable criteria for setting fees. There may be justification for higher fees at facilities with gymnasiums, computer labs, or other enhancements

AUDITEE RESPONSE

The Department will review the fee structure for all programs, events, etc. This will include a review of program enhancements and facilities, while keeping in mind the community's needs and the access to public recreation. Review to be completed by March 1, 2005.

USER CHARGES/FEE SCHEDULES (continued)

RECOMMENDATION 8

Establish written procedures for granting fee waivers. The procedures should designate who can grant waivers and require a brief explanation why the waiver was granted. A copy of these waivers should be forwarded to Accounting to be used when reconciling enrollment to revenue.

AUDITEE RESPONSE

The fee waiver procedure will be reviewed at the same time we review fees and a procedure put in place to document this process for staff by March 1, 2005.

RECOMMENDATION 9

Develop a process to inform potential users that fee waivers are available.

AUDITEE RESPONSE

We will include our fee waiver information in our program information given to the public, posted at our centers and facilities and included in all parent guides.

AGREEMENTS

The Division has an agreement file that contains numerous documents; most of which are joint use agreements with schools, non-profits, or other government agencies. We noted the following:

New Tampa YMCA

The City contributed \$350,000 toward pool construction at the New Tampa YMCA with a provision for use by non-member City residents. This availability was not mentioned in the Summer or Fall Program Schedules or on the Department's web site. (It was prominently noted in the Winter Schedule.)

We called the New Tampa YMCA without identifying ourselves and asked if City residents who were not members could use the pool. We were told they could not (except for a one time courtesy use of the facility).

Under these circumstances, it is likely that many City residents are unaware of the availability of the pool.

Vending Machines

The City appears to be paying sales tax on the lease payments that should be the responsibility of the operator. (This is separate from the sales tax on the product itself, which appeared to be handled properly.)

The City receives a commission on sales from vending machines. We noted that over half of the machines are not being filled, according to the remittance reports. This indicates that the machines are inoperative, not being used, or collections are not being reported. There is no control over this revenue; the Division accepts what is sent.

The vending contract is scheduled to be rebid in less than a year.

Insurance Certificates

We noted agreements with two Not-for-Profit (NFP) organizations that require that the City be named as an insured. The organizations are Children's Athletic Network and Dance Opportunities (Can-Do), and the Tampa Gymnastics and Dance Association. The Insurance Certificates provided at the time of the agreements have expired and need to be updated. Risk Management was advised of the lapsed insurance.

AGREEMENTS (continued)

RECOMMENDATION 10

The New Tampa swimming pool agreement should be discussed with the YMCA to insure that they inform the facility staff of the periods that are available for use by City citizens. The availability should be prominently displayed in all of the Division's program schedules.

AUDITEE RESPONSE

The Department will meet with the YMCA to discuss the New Tampa YMCA swimming pool agreement to ensure that it is available for use by City of Tampa citizens, and will include this information in all of our publications and media when possible.

RECOMMENDATION 11

The sales tax payment for the vending machines should be discussed with Revenue and Finance to ascertain if it is required to be made.

AUDITEE RESPONSE

The Department's Accounting staff will meet with the Revenue and Finance staff to discuss the sales tax issue for vending machines.

AGREEMENTS (continued)

RECOMMENDATION 12

A procedure to monitor the vending machine revenues should be instituted.

AUDITEE RESPONSE

The Accounting section will review the monitoring process for vending machines, and develop a database to monitor by February 1, 2005.

RECOMMENDATION 13

Develop a procedure to monitor insurance certificates to insure the policies are renewed prior to the expiration date.

AUDITEE RESPONSE

The Department will develop a monitoring system and database to monitor insurance certificates by February 1, 2005.

CLUB ACCOUNTS

The club accounts were established sometime prior to 1992 as a means to allow the Division to spend self-generated revenues on its programs. These were set up as a Trust and Agency Fund.

Money generated in the Club Accounts is transferred to the General Fund, and must be appropriated through normal budgetary processes. Some revenues are split between the Club Accounts and the General Fund without a clear basis for allocation. This makes it more complicated to trace revenues through the system and determine reasonableness.

The Club Funds do not seem to be providing any purpose that could not be accomplished by matching revenues and expenses in the General Fund, which is being done for other programs. The current allocation of revenues between the Club Accounts and the General Fund complicates the accounting process and weakens control.

RECOMMENDATION 14

Division Management should evaluate the usefulness of the club accounts. If it is determined that these accounts are serving, or could serve a useful purpose, establish guidelines as to how revenue is to be allocated between the Club and General Funds. We recommend that the Budget and Accounting Division of the Department of Revenue and Finance be consulted during this process.

If it is determined that these accounts do not serve a purpose that justifies the additional record keeping, integrate these activities into the General Fund and eliminate the club accounts.

AUDITEE RESPONSE

The Department is currently working with the Budget Department to review club funds. Once review has occurred, a procedure for use will follow.