



Parks and Recreation Department – Rental of Park Facilities Follow-Up Audit

No. A2022-03

Issued by the
Internal Audit Office
March 10, 2022

City of El Paso
Internal Audit Office
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EXECUTIVE SUMMARY

The Internal Audit Office conducted a Follow-Up Audit of the Parks and Recreation Department – Rental of Parks Facilities Audit Report dated September 26, 2019. The original Audit Report contained two (2) findings. Upon completion of the audit fieldwork, we have determined the status of the recommendation for each audit finding as outlined in the table below:

| Finding No. | Description of Original Findings | Status |
|-------------|--|---|
| 1 | <p>The Parks and Recreation Department's Operating Guidelines do not have documented procedures for:</p> <ul style="list-style-type: none">• Calculating facility rental rates (recreation centers, senior centers, pools, fields, shelters, etc.) and miscellaneous rental fees (janitorial, security, lifeguard, etc.).• Reviewing invoices for the security and cleaning services of facility rentals. | Implemented |
| 2 | <p>Reservations for the rental and use of Parks Facilities are not being paid on time as required by the Parks and Recreation Department's Operating Guidelines and the Rental Permit requirements. A judgmental sample of 25 Parks Facility Rental Reservations for the month of April 2019 identified the following:</p> <ul style="list-style-type: none">• Eight out of 25 (32%) rental reservations were not paid on time as required by the Parks and Recreation Department's Operating Guidelines and the Rental Permit requirements. | In Progress – Management will assume the risk. No further Follow-Up needed. |

For a detailed explanation of the current observations please refer to the appropriate finding contained in the body of this Audit Report.

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BACKGROUND

The *Generally Accepted Government Auditing Standards* (Standard 8.30) states that auditors should evaluate whether the audited entity has taken appropriate corrective action to address findings and recommendations from previous engagements. The *International Standards for the Professional Practice of Internal Auditing* (Performance Standard 2500.A1) require that the chief audit executive establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

AUDIT OBJECTIVES

The audit objective was to ensure that corrective action was taken by management to address the recommendations identified in the original Audit Report dated September 26, 2019.

AUDIT SCOPE

The audit period covered the Parks and Recreation Department's operations between Fiscal Years 2020 through Fiscal Year 2021.

AUDIT METHODOLOGY

To achieve our audit objectives, we:

- Reviewed Parks and Recreation Department Operating Guidelines,
- Reviewed Parks and Recreation Facility Rental Agreements and Payment Receipts.

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*. 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.

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CURRENT OBSERVATION AND STATUS

Based on the follow-up audit results, each original finding recommendation will be designated with one of the following four status categories:

| | |
|------------------------|--|
| <i>Implemented</i> | The finding has been addressed by implementing the original corrective action or an alternative corrective action. |
| <i>In Progress</i> | The corrective action has been initiated but is not complete. |
| <i>Not Applicable</i> | The recommendation is no longer applicable due to changes in procedures or changes in technology. |
| <i>Not Implemented</i> | The recommendation was ignored, there were changes in staffing levels, or management has decided to assume the risk. |

Finding 1

Current Observation

The Internal Audit Office reviewed Parks and Recreation Operating Guidelines to determine if they were updated to include procedures for calculating rental rates and reviewing security and cleaning invoices. The most recent update for the Operating Guidelines was March 2, 2018.

While the Operating Guidelines have not been updated, two separate documents were created to address the original finding:

- The Parks and Recreation Department developed a “*Guideline for Facility Rentals – Fee Structures*” with an effective date of February 1, 2020. This document outlines how to calculate rental fees for Parks and Recreation facilities. The document is used to develop the rates presented to City management before they are listed in Schedule C.
- A Memorandum was issued by the previous Director titled “*Procedures for Reviewing Invoice Charges for Security and Janitorial Services for Facility Rentals.*” The Memorandum was dated September 30, 2020. The Memo outlines procedures on how to review and approve monthly invoices for security and janitorial services related to facility rentals.

Status

Implemented

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Finding 2

Current Observation

The Internal Audit Office selected a judgmental sample of 10 Facility Rentals held between June and October 2021 for review to ensure that that customers are being charged the correct amounts and are making payments on time.

Four (4) out of 10 (40%) of Facility Rentals selected were cancelled. An Agreement Summary was produced but reservations were cancelled before any payment was made.

Six (6) out of 10 (60%) Facility Rentals had a proof of payment.

- Six out of 6 (100%) of Facility Rental customers were charged the correct amount according to FY2022 Schedule C.
- Three (3) out of 6 (50%) of Facility Rentals were paid on time. The Facilities were paid in full on or before the Event Date as required by the Parks and Recreation Department's Operating Guidelines.
- Three (3) out of 6 (50%) of Facility Rentals were not paid on time as required by the Parks and Recreation Guidelines for Facility Rentals.
 - Three (3) club team swim event rentals totaling \$636.00 were paid between 28 and 79 days after the permit date. Parks and Recreation Guidelines 303 – Aquatic Facility Reservation and Lane Rental Use, Section: Payment, Bullet # 2 – 4 states “*The lane fees are due in full prior to the beginning of each month. Payment of swim lanes will be made in person to the Aquatics Manager or his designee before a permit is issued for the month. A permit will be issued and signed at the time payment is received.*”
 - Two (2) out of 3 (67%) late payments were allowed as permits for practices are issued in advance for scheduling purposes to ensure the swim lanes will be used. Payments are generally made after the event happens in order to properly account for facility usage. Events were held on June 8, 2021 and August 29, 2021.
 - The remaining event was held on July 9, 2021 and payment was late due to lack of staff time, COVID scheduling and training. The late payment is considered immaterial.

The Parks and Recreation Department has begun using PerfectMind software in order to keep track of Reservations. PerfectMind was implemented on October 19, 2020, but has had limited activity due to lack of open facilities related to COVID. An Aging Schedule format is currently being developed according to the Administrative Services Manager in order to keep track of open reservations. The Aging Schedule will be reviewed monthly to properly identify any past due reservations.

Status

In Progress – The Parks and Recreation Department has taken proactive steps in order to mitigate past due reservations. Management will assume the risk of fully implementing PerfectMind and keeping track of the Aging Schedule. No further Follow-Up will be necessary.

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INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods beyond the Audit Report date are subject to the risk that procedures may become inadequate due to changes in conditions, management override of internal controls, or that the degree of compliance with the procedures may deteriorate. This was a limited scope audit which only reviewed the areas stated in the Audit Objectives during the Audit Scope period. No representations of assurance are made to other areas or periods not covered by this audit.

CONCLUSION

We have concluded our audit work on the objectives of the Parks and Recreation Department – Rental of Parks Facilities Follow-Up Audit. The audit evidence used in the analysis is sufficient and appropriate for addressing the objectives and supporting the observations and conclusion. In accordance with *Generally Accepted Government Auditing Standards*, we are required to conclude on whether Parks and Recreation met the objectives of this Follow-Up Audit. Based on our audit work, we have determined that:

1. Parks and Recreation met the audit objectives in the following areas:

- Created two documents to supplement their Operating Guidelines that detail:
 - Criteria for calculating facility rental rates,
 - Processes to review invoice charges for security and cleaning services for facility rentals.
- Charged customers the correct Rental Fee in accordance with Schedule C.
- In the process of developing an Aging Schedule to keep track of past due reservations.

2. Parks and Recreation did not meet the audit objectives in the following areas:

- Collecting Facility Rental Revenue on time as required by the Operating Guidelines. The Parks and Recreation Department will assume the risk of implementing our recommendation by implementing the PerfectMind software and reviewing the Aging Schedule for past due reservations.

We wish to thank Parks and Recreation management and staff for their assistance and courtesies extended during the completion of this Follow-Up Audit.

Signature on File

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