



## **Audit of Recreation Facility Operations**

### **Follow-Up Review**

All Recreation Center safes and cash drawers have been properly secured and placed under video surveillance per the City's updated cash handling policy. New standard operating procedures have improved documentation of payments, refunds, incidents, and training records.

Additionally, Human Resources has established a formal process to record Risk Management reviews of independent contractor program applications.

Further, the City has begun working to obtain a new Enterprise Resource Planning software system to streamline internal processes, including asset and inventory management.

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Why we did this Follow-Up:

This report is intended to provide information on what changes have been made in response to the Audit of Recreation Facility Operations issued in April 2023. The original audit evaluated the controls implemented to ensure recreation programs were properly managed and conducted per rules and best practices, and that cash and other assets were properly managed and safeguarded. This follow-up review was included on the City's Fiscal Year 2024-2025 Annual Internal Audit Plan as approved by the City Council.

What we Found:

The Parks & Recreation Department has implemented several standard operating procedures to better document the processing of independent contractor payments, customer refunds, department incidents, and employee training records. Guidance has been established detailing expectations for employee use of the cloud-based recreation management system. The City's Cash Handling Policy was updated to require safes be placed under direct video surveillance and secured to a building or fixture. The Risk Management Division is finalizing City-wide incident reporting procedures for incidents involving City employees and non-employees injured while on City property or while using City equipment. In addition, the City is working to obtain a new Enterprise Resource Planning software system, which should enhance asset and inventory management. Finally, the Human Resources Department has established a formal process to record Risk Management reviews of independent contractor programs although evaluation of the effectiveness of this process will occur during the next follow-up review since initiation occurred February 2025. The status of each recommendation is summarized below:

Recommendation	Mgmt. Response	Status
1. Update the City's Cash Handling Policy to require safes to be secured to the building and to be under direct video surveillance.	Concurred	Implemented
2. Update current cash handling procedures to document safe management processes, including passcode issuance and periodic updates for employee turnover.	Concurred	Implemented
3. Coordinate with Facilities to ensure all cash drawers and safes are secured to a fixture or building and are under direct video surveillance.	Concurred	Implemented
4. Ensure employees handling cash are set-up with the automatic cash drawer function and restrict access to cash drawer keys.	Concurred	Implemented
5. Develop a formal refund request process for program and activity fees to document supervisor approval.	Concurred	Implemented
6. Develop a formal conflict of interest procedure detailing employee responsibility, expectations, and the process to report potential conflict of interests prior to processing account transactions.	Concurred	Implemented
7. Ensure all employees who handle cash complete required cash handling certification and refresher training.	Concurred	Implemented
8. Develop a process to formally record Risk Management reviews of independent contractors, including approvals, denials, and applicable support documentation.	Concurred	In Progress

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9. Coordinate with Risk Management to evaluate the current Independent Contractor Program checklist.	Concurred	In Progress
10. Develop a formal process to prepare and review contractor invoices prior to payment issuance.	Concurred	Implemented
11. Evaluate the current waiver verification process to determine if the recreation management system has a function to allow reporting or alerting capabilities to notify staff of an expired or unacknowledged waiver.	Concurred	Implemented
12. Establish a centralized repository for all Recreation Centers to ensure physical documentation is retained electronically and in a central location.	Concurred	Implemented
13. Continue coordinating with Risk Management to ensure incidents are reported appropriately.	Concurred	Implemented
14. Establish guidance for City incident reporting, including requirements and expectations to properly manage incidents and accidents that occur to members of the public.	Concurred	In Progress
15. Ensure safety training records are adequately tracked and recorded.	Concurred	In Progress
16. Conduct a full inventory of all assets and record items in the cloud-based recreation management system or other centralized repository that cannot be easily manipulated by all staff.	Concurred	In Progress
17. Establish procedures to periodically review Recreation Center inventory and assets, and ensure completion is verified and documentation retained in a centralized repository.	Concurred	In Progress
18. Ensure City vehicle keys are properly secured and only accessible to authorized Recreation Division personnel.	Concurred	Implemented
19. Establish a process to periodically review the user access list at the conclusion of the Summer season to ensure only current employees have access to the system.	Concurred	Implemented

## Recommendation Status Update

This report summarizes the Audit of Recreation Facility Operations recommendations, management responses, and the City Auditor's Office's follow-up findings, which describe to what extent City management has implemented Internal Audit's recommendations since the publication of the original report in April 2023.

### Enhancement of Physical Cash Handling Controls Would Further Safeguard Funds

1. **Update the City's Cash Handling Policy to require safes to be secured to the building and to be under direct video surveillance.**

Management Response: Concur

Treasury Division Comments: Treasury will update Cash Handling Regulations policy 403.01 to include this recommendation.

#### **Audit Follow-Up Finding: Implemented**

City Policy 403.01 Cash Handling Regulations was updated in October 2023 to include requirements for safes to be placed under direct video surveillance and secured to a building or fixture.

2. **Update current cash handling procedures to document safe management processes, including passcode issuance and periodic updates for employee turnover.**

Management Response: Concur

Parks & Recreation Department Comments: Parks and Recreation will update the current cash handling procedures to comply with this recommendation.

#### **Audit Follow-Up Finding: Implemented**

The Parks & Recreation Department has developed and implemented a standard operating procedure that documents the department's process to manage safes, including safe security, passcode issuance, and access removal.

Additionally, the Parks & Recreation Department is coordinating with the Facilities Division to install new safe keypads that will allow easier passcode issuance and tracking. This project is expected to be completed by the end of June 2025.

3. **Coordinate with Facilities to ensure all cash drawers and safes are secured to a fixture or building and are under direct video surveillance. Coordinate with the Treasury Division and Facilities Division to determine the feasibility and financial considerations of installing security cameras or relocating current safes to video monitored areas to ensure proper safe management.**

Management Response: Concur

Parks & Recreation Department Comments: Parks and Recreation staff met with Treasury to determine the best location for each recreation center safe. To comply with this request, work orders have been submitted to Facilities Management to secure cash drawers and safes in the appropriate location and adjust and or install video surveillance.

#### **Audit Follow-Up Finding: Implemented**

As noted in Recommendation 2, the Parks & Recreation Department has developed and implemented a standard operating procedure that documents the department's process to manage safes, including requiring safes to be bolted to the floor or fixed furniture, within view of a surveillance camera, and out of direct public view.

Based on an on-site observation of all City safes and cash drawers at each recreation center during February 2025, all safes and cash drawers were properly secured and were under direct video surveillance as shown in Table 1 related to the safe observations and Table 2 related to the cash drawer observations.

**Table 1: Safes: On-Site Visit Observations**

Recreation Center	Original Audit		Follow-Up Review	
	Video Sur.	Secured	Video Sur.	Secured
Civic Center <sup>1</sup>	No	No	Yes	Yes
Senior Center	No	Yes	Yes	Yes
North Lakes	No	Yes	Yes	Yes
Denia	No	No	Yes	Yes
MLK	No	Yes	Yes	Yes
ALH	Yes	Yes	Yes	Yes

#### **4. Ensure employees handling cash are set-up with the automatic cash drawer function and restrict access to cash drawer keys.**

Management Response: Concur

Parks & Recreation Department Comments: All locations have assigned drawer access through CivicRec and relocated the cash drawer keys to inside the safe. The department will develop a process for tracking cash drawer key use for emergency purposes.

#### **Audit Follow-Up Finding: Implemented**

The Parks & Recreation Department has developed and implemented a standard operating procedure that documents the department's process to manage cash drawers, including ensuring authorized cash handlers have assigned cash drawer access in the cloud-based recreation management

<sup>1</sup> Civic Center and Rec Care are located in the same building and share the same safe.

system, and requiring cash drawer keys to be retained in the facility's safe and only used during emergency purposes.

Based on an on-site observation at each City recreation center during February 2025, all cash drawer keys were retained inside the safe in each facility as shown in Table 2.

**Table 2:** Cash Drawers: On-Site Visit Observations

Rec. Center	Original Audit			Follow-Up Review		
	Video Sur.	Secured	Key	Video Sur.	Secured	Key
Civic Center <sup>2</sup>	Yes	No	Front Desk	Yes	Yes	Safe
Senior Center	Yes	Yes	Front Desk	Yes	Yes	Safe
North Lakes	Yes	No	Front Desk	Yes	Yes	Safe
Denia	Yes	Yes	Front Desk	Yes	Yes	Safe
MLK	No	Yes	Super. Office	Yes	Yes	Safe
ALH	Yes	Yes	Safe	Yes	Yes	Safe

## Additional Oversight of Refunds, Conflicts of Interest, & Training Would Provide Assurance Transactions Are Processed Appropriately

- Develop a formal refund request process for program and activity fees to document supervisor approval. Consider requiring escalating approval authority based on certain dollar thresholds.**

Management Response: Concur

Parks & Recreation Department Comments: While requiring supervisor approval for all refunds will present an issue providing responsive customer service for the transfer or withdrawal from programs, Parks and Recreation staff agree that escalating authority based on a certain dollar threshold can be implemented. Staff will discuss what an acceptable threshold might be and provide their suggestions for finance approval.

### **Audit Follow-Up Finding: Implemented**

The Parks & Recreation Department has developed and implemented a standard operating procedure that documents the department's refund process, including establishing dollar thresholds for refunds to receive management review and approval prior to processing.

Based on a review of a statistical sample of 81 refunds, all refunds were processed per department procedures, and were processed and approved by an appropriate employee per the refund amount and had a documented refund purpose. Based on a comparison between the results from the original audit and this follow-up review, the Parks & Recreation

<sup>2</sup> Civic Center and Rec Care are located in the same building and share the same safe.



Department appears to have improved the process for managing and processing refunds as shown in Table 3.

**Table 3:** Refund Review

Result	Quantity	
	Original	Follow-Up
Clear Refund Purpose	98%	100%
Documented Approval	N/A	100%

- 6. Develop a formal conflict of interest procedure detailing employee responsibility, expectations, and the process to report potential conflict of interests prior to processing account transactions. Consider development of an annual conflict of interest ethics statement.**

Management Response: Concur

Parks & Recreation Department Comments: Parks and Recreation staff will develop a conflict-of-interest procedure to comply with this recommendation.

**Audit Follow-Up Finding: Implemented**

The Parks & Recreation Department has established a department policy outlining employee use of the cloud-based recreation management system, prohibiting employees from processing transactions on personal or family member accounts from their employee accounts, and ensuring employees utilize the same public channels as residents when registering for programs and services. The department has sent out reminders of this policy to employees annually since January 2024.

Based on review of all department transactions processed on the cloud-based recreation management system between August 2024 and January 2025, no transactions appeared to be inappropriately processed on an employee's personal or relative member's account.<sup>3</sup>

- 7. Ensure all employees who handle cash complete required cash handling certification and refresher training. Training records should be retained in a central repository accordingly.**

Management Response: Concur

Parks & Recreation Department Comments: Parks and recreation Staff will examine how to improve the tracking process; a database has been set up in a central location.

**Audit Follow-Up Finding: Implemented**

The Parks & Recreation Department has established an internal database to track and record all employee training, including cash handling certification

<sup>3</sup> This review was conducted based on comparison between the last names of the employee processing the transaction and the customer.



and refresher training, and staff attach training certificates within the database.

Based on review of the user access report from the cloud-based recreation management system and cash handler training records, all users with access to process transactions had appropriately completed cash handling training or refresher training within the past three years, including three users that are scheduled to complete training in May 2025. Based on a comparison between the results from the original audit and this follow-up review, the Department appears to have improved the process for managing and tracking employee cash handling training completion as shown in Table 4.

**Table 4:** Cash Handler Training Requirements

Requirement	Quantity	
	Original	Follow-Up
Compliant	73%	100%

## Central Repository for Recreation Program & Activity Documentation Could Strengthen Current Processes

8. **Develop a process to formally record Risk Management reviews of independent contractors, including approvals, denials, and applicable support documentation.**

Management Response: Concur

Risk Management Comments: Concur. The independent contractor process is moving to the new Sr. Compensation Analyst in HR when she starts with the organization in mid-March. The process will be reviewed and updated as needed.

### **Audit Follow-Up Finding: In Progress**

As of February 2025, Human Resources has established a process to formally record Risk Management reviews of independent contractor program applications through the City's Human Resource Information System platform. This process records all submitted information and documentation for independent contractor program reviews, including support documentation, comments, approvals, and denials. Additionally, Human Resources has established a standard operating procedure detailing this process.

Due to the recent implementation of this formal process, evaluation of the effectiveness of this process will be conducted during the next follow-up review.

**9. Coordinate with Risk Management to evaluate the current Independent Contractor Program checklist. Consider requiring all program applications to be reviewed by Risk Management.**

Management Response: Concur

Parks & Recreation Department Comments: Parks and Recreation Leisure Services will continue to explore ways to refine the existing process in partnership with risk management.

Risk Management Comments: Concur. The independent contractor process is moving to the new Sr. Compensation Analyst in HR when she starts with the organization in mid March. The process will be reviewed and updated as needed.

**Audit Follow-Up Finding: In Progress**

The Parks & Recreation Department has developed and implemented a standard operating procedure that documents the procedures to process independent contractor program applications, contracts, and agreements, and submit the independent contractor program review request to Risk Management.

As noted in Recommendation 8, as of February 2025, Human Resources has established a process to formally record Risk Management reviews of independent contractor programs through the City's Human Resource Information System platform. This process includes an updated independent contractor program review request intake form to ensure all program information and documentation is submitted to Risk Management for review. Further, all independent contractor programs are required to be reviewed and approved by Risk Management prior to initiation.

Due to the recent implementation of this formal process, evaluation of the effectiveness of this process will be conducted during the next follow-up review.

**10. Develop a formal process to prepare and review contractor invoices prior to payment issuance. This should include proper customer registration and attendance support, and acknowledgement by both parties prior to issuing payments.**

Management Response: Concur

Parks & Recreation Department Comments: Parks and Recreation staff is in the process of documenting written procedures for accepting, reviewing, and submitting invoices for payment.

**Audit Follow-Up Finding: Implemented**

The Parks & Recreation Department has developed and implemented a standard operating procedure that documents the procedures to process independent contractor invoices, including verifying invoice

accuracy with program attendance records, ensuring timely and accurate payment, and retaining all payment support documentation in a central location.

Based on a review of a statistical sample of 50 independent contractor payments, all but four payments had appropriate support documentation, including a clear invoice with City and independent contractor acknowledgement, and program attendance verification to support the class registration amounts to ensure invoice and payment accuracy.

Based on a comparison between the results from the original audit and this follow-up review, although program attendance verification remained generally the same, the Parks & Recreation Department appears to have improved the process for ensuring adequate invoice details and party acknowledgement to assist with ensuring payment accuracy as shown in Table 5.

**Table 5:** Independent Contractor Invoice Review

Requirement	Percent Complete	
	Original	Follow-Up
Invoice Detail Adequate	69%	100%
City & I.C. Signature Acknowledgement	76%	94%
Attendance Accurate	97%	96%

**11. Evaluate the current waiver verification process to determine if the recreation management system has a function to allow reporting or alerting capabilities to notify staff of an expired or unacknowledged waiver.**

Management Response: Concur

Parks & Recreation Department Comments: Participant waivers are required at the time of online registration. In-person registrations generate an email to the participants which are occasionally overlooked due to memberships lacking instructor oversight of participation. Parks and Recreation staff have confirmed there is no alert through CivicRec to notify when a customer account has an unacknowledged or expired waiver. Staff will continue working to address this concern with the software provider. If the provider is unable to create functionality, staff will work on a procedure to verify waivers for each activity.

**Audit Follow-Up Finding: Implemented**

According to Parks & Recreation Department staff, the department confirmed there was no automatic waiver notification feature and hosted a roadmap user group with the cloud-based recreation

management system in April 2023 to discuss these issues and potential feature requests. As of December 2024, the cloud-based recreation management system had not implemented a solution for this issue.

Parks & Recreation Department staff currently utilize the same process as the original audit where staff manually verify waiver acknowledgement prior to each program class. According to the department, due to budget limitations it is not currently possible to obtain a new software with this feature, staff will continue evaluating options for an automatic waiver verification process in coordination with the current cloud-based recreation management system.

**12. Establish a centralized repository for all Recreation Centers to ensure physical documentation is retained electronically and in a central location.**

Management Response: Concur

Parks & Recreation Department Comments: Parks and Recreation staff are currently researching a better process for storing documents as a department.

**Audit Follow-Up Finding: Implemented**

The Parks & Recreation Department has established an internal document management system to centrally retain electronic records and documentation. The document management system is utilized for managing support documentation for purchase orders, independent contractor invoices and payments, and refund requests. Additionally, the department has established internal databases to track independent contractor program application requests and employee training, which retains attachments, including program application records and training certificates.

## **Recreation Division Accidents Should be Reported Through Risk Management to Ensure Proper Management**

**13. Continue coordinating with Risk Management to ensure incidents are reported appropriately. Update procedures to reflect updated processes.**

Management Response: Concur

Parks & Recreation Department Comments: Parks and Recreation and Risk Management met in January to determine reporting procedures for all levels of incidents and accidents. Parks and recreation will continue working with risk to refine this process and develop written expectations for when to report.

**Audit Follow-Up Finding: Implemented**

The Parks & Recreation and Risk Management Departments met in January 2023 to establish incident reporting procedures for the

department, and Risk Management updated the City's incident entry portal with a section for Parks & Recreation incidents.

Additionally, the Parks & Recreation Department has developed and implemented a standard operating procedure that documents the process and expectations for managing and reporting department incidents through the department's internal database and the City's incident entry portal for review by Risk Management, including completing required department incident forms and retaining evidence as necessary (i.e. photographs, witness statements, police reports, etc.).

Based on review of a judgment sample of 12 Parks & Recreation Department incidents, all incidents were appropriately reported through the City's incident entry portal and included necessary support documentation, including department incident forms, photographs, and emails, depending on the nature of the incident.

**14. Establish guidance for City incident reporting, including requirements and expectations to properly manage incidents and accidents that occur to members of the public.**

Management Response: Concur

Risk Management Comments: Concur. An SOP is in development to provide city-wide guidance on the requirements and expectations of accident/injury reporting to Risk Management for all incidents, including those that occur to members of the public.

**Audit Follow-Up Finding: In Progress**

Risk Management has established a draft standard operating procedure to document the requirements and expectations of City-wide incident reporting for incidents involving City employees and non-employees who are injured while on City property or while using City equipment to ensure all incidents are appropriately reported through the City's incident entry portal. Additionally, according to Risk Management staff, once these procedures are finalized, a City-wide training will be developed covering these requirements. Further, the City recently hired a Safety Manager who will be responsible for finalizing the City's policy and developing related training as of May 2025.

**15. Ensure safety training records are adequately tracked and recorded. Safety training documents should also be retained in a central repository.**

Management Response: Concur

Parks & Recreation Department Comments: Staff will update written procedures regarding training requirements and tracking to comply with this recommendation.

**Audit Follow-Up Finding: In Progress**

As noted in Recommendations 7 and 12, the Parks & Recreation Department has established an internal database to track and record all employee training, including safety training, and staff attach training certificates within the database.<sup>4</sup>

Based on review of the department's internal database and current employee safety training as of April 2025, approximately 95 percent of employees had appropriately completed safety training, while three percent of employees' training appeared to be expired; however, only 81 percent of employee training records were retained. Table 6 shows the breakdown of safety training completion and record retention by Department service area. According to Department staff, all employees with expired or uncompleted safety training have been enrolled in the May 2025 training.

**Table 6:** Training Rates by Service Area

Svc. Area	Employees	% Not Complete	% Expired	% Not Doc.
Aquatics	69	1%	0%	0%
Rec. Centers	81	4%	4%	22%
Programs	63	0%	5%	35%
All:	213	2%	3%	19%

According to Parks & Recreation Department staff, the manual process to manage and update safety training records is challenging due to the large quantities of full-time, part-time, and seasonal employees, so department staff are evaluating improved tracking and storage systems to further enhance this process. Still, due to the variety of programs and activities offered by the Department, including summer camps and aquatic activities, ensuring employees complete safety training and centrally retaining safety training records assists with minimizing the risk an emergency situation could be mishandled due to lack of proper training.

Additionally, as of May 2025 the Safety Division is in the process of centralizing safety training City-wide, which will further assist with ensuring employee safety training requirements are adequately fulfilled and documented for all departments, including the Parks & Recreation Department.

<sup>4</sup> Aquatics maintains a separate internal system for tracking employee training to ensure compliance with State safety regulations.

## General Asset Management & Repair Process Established; Further Guidance Would Ensure Assets & Inventory are Properly Managed

- 16. Conduct a full inventory of all assets and record items in the cloud-based recreation management system or other centralized repository that cannot be easily manipulated by all staff. Consider tagging assets to assist with identification and tracking.**

Management Response: Concur

Parks & Recreation Department Comments: Parks and Recreation has been part of the city-wide team working on procuring an asset management software that can properly track and maintain assets across the entire department.

**Audit Follow-Up Finding: In Progress**

The City is currently undergoing a needs assessment for a new City-wide Enterprise Resource Planning software system. This system is expected to replace current systems and streamline internal processes, including tracking and maintaining assets for the Parks & Recreation Department. The City is expected to procure the new software during 2025 and begin implementation in 2026.

Additionally, the Parks & Recreation Department has established a list of Recreation Center assets that will be entered into the new system once obtained.

- 17. Establish procedures to periodically review Recreation Center inventory and assets, and ensure completion is verified and documentation retained in a centralized repository.**

Management Response: Concur

Parks & Recreation Department Comments: Parks and Recreation has been part of the city-wide team working on procuring an asset management software that can properly track and maintain assets across the entire department.

**Audit Follow-Up Finding: In Progress**

As noted in Recommendation 16, the City is currently undergoing a needs assessment for a new City-wide Enterprise Resource Planning software system that is expected to replace current systems and streamline asset management for the Parks & Recreation Department. Software system implementation is expected to begin in 2026.

Additionally, the Parks & Recreation Department has established a draft standard operating procedure to document the asset management process, including asset tracking information, asset inspection and condition checks, and asset disposals, that will be finalized once the new software system is acquired and implemented for department use.



**18. Ensure City vehicle keys are properly secured and only accessible to authorized Recreation Division personnel.**

Management Response: Concur

Parks & Recreation Department Comments: To comply with this recommendation, Parks and Recreation will work with Fleet and Facilities Management for security improvement. Vehicle keys have been moved inside a secure area.

**Audit Follow-Up Finding: Implemented**

Based on an onsite observation at each City recreation center during February 2025, the Parks & Recreation Department has moved all vehicle keys to a locked key box secured inside the supervisor's office.

## **Improvement of User Access & Vendor Oversight Would Enhance City Data Protection**

**19. Establish a process to periodically review the user access list at the conclusion of the Summer season to ensure only current employees have access to the system. Consider coordinating with Technology Services to reevaluate the use of non-City email addresses for City employment and system user account management.**

Management Response: Concur

Parks & Recreation Department Comments: Parks and Recreation will evaluate and refine the current process to comply with this recommendation.

**Audit Follow-Up Finding: Implemented**

The Parks & Recreation Department has developed and implemented a standard operating procedure that documents the process for managing user access in the cloud-based recreation management system, including assigning access levels that align with job duties, removing access upon termination, and conducting periodic reviews of user access. Based on a review of department records, user access audits were conducted in December of 2023 and 2024.

Based on review of the user access report for the cloud-based recreation management system as of February 2025, out of 127 active users, four users appeared to have inappropriate access due to no longer being a City employee; three of these users had a non-city email. These accounts were updated during the course of this review, which was a slight improvement from the original audit where six out of 126 user accounts had inappropriate access as shown in Table 7.

Similarly, based on review of all City employee users' registered email addresses to the system, the percentage of registered users with non-City

of Denton email addresses remained generally the same as the original audit as shown in Table 7.

**Table 7: User Access Review**

Result	Quantity			
	Original		Follow-Up	
Inappropriate Access	6	5%	4	3%
Personal/School Email Address	42	33%	41	32%
<b>Total Users</b>	<b>126</b>		<b>127</b>	

Due to the high volume of seasonal employees hired, the City has historically not created a city email for these employees. However, since the original audit, Technology Services has established several options for City email accounts that better align with seasonal employee needs. These options were communicated to the Parks & Recreation Department as part of this follow-up review, and according to Department staff, they are evaluating these options to determine if obtaining City email accounts for seasonal employees is feasible.

## Audit Project Background

The City Auditor's Office is responsible for providing: (a) an independent appraisal<sup>5</sup> of City operations to ensure policies and procedures are in place and complied with, inclusive of purchasing and contracting; (b) information that is accurate and reliable; (c) assurance that assets are properly recorded and safeguarded; (d) assurance that risks are identified and minimized; and (e) assurance that resources are used economically and efficiently and that the City's objectives are being achieved.

### Auditing Standards

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.

### Management Responsibility

City management is responsible for ensuring that resources are managed properly and used in compliance with laws and regulations; programs are achieving their objectives; and services are being provided efficiently, effectively, and economically.

### Objectives, Scope, and Methodology

The City Auditor's Office has completed a follow-up review of the Audit of Recreation Facility Operations, which evaluated the controls implemented to ensure recreation programs were properly managed and conducted in accordance with rules and best practices, and that cash and other assets were properly managed and safeguarded. This report is intended to provide a progress update on recommendations from the [Audit of Recreation Facility Operations](#).

Audit fieldwork was conducted during February, March, and April 2025. The scope of review varied depending on the procedure being performed. The following list summarizes major procedures performed during this time:

- Reviewed documentation from the issued audit review to develop criteria including industry standards, best practices, policies, and procedures;

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<sup>5</sup> The City of Denton City Auditor's Office is considered structurally independent as defined by generally accepted government auditing standard 3.56.

- Interviewed Recreation, Finance, Facilities, Human Resources, Risk Management, and Technology Services Department staff;
- Reviewed updated City Policy 403.01 Cash Handling Regulations;
- Reviewed new standard operating procedures and guidance related to processing independent contractor payments, customer refunds, department incidents, employee training records, and employee use of the cloud-based management system;
- Verified applicable staff completed cash handling training as required per City Policy 403.01;
- Conducted an on-site visit to each Recreation Center to observe safe, cash drawer, and cash drawer and vehicle key safeguards;
- Reviewed a statistical sample of 50 independent contractor payments and 81 customer refunds from August 2024 through January 2025 to verify transactions were appropriately processed, recorded, and contained appropriate support documentation;<sup>6</sup>
- Reviewed the total population of active users in the Department's cloud-based recreation management system to determine whether all users were active employees and identify users' registered account email addresses;
- Reviewed a judgment sample of 12 Department incidents from December 2024 through April 2025 to ensure they were reported to the City's incident entry portal and contained necessary information and documentation; and
- Reviewed staff safety training records to verify training completion and certification retention.

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<sup>6</sup> Each sample size provides with 95 percent confidence that the true population statistic is with  $\pm 10$  percent of the sample estimate.