



Audit of Recreation Facility Operations

Madison Rorschach

City Auditor

Internal Audit Department

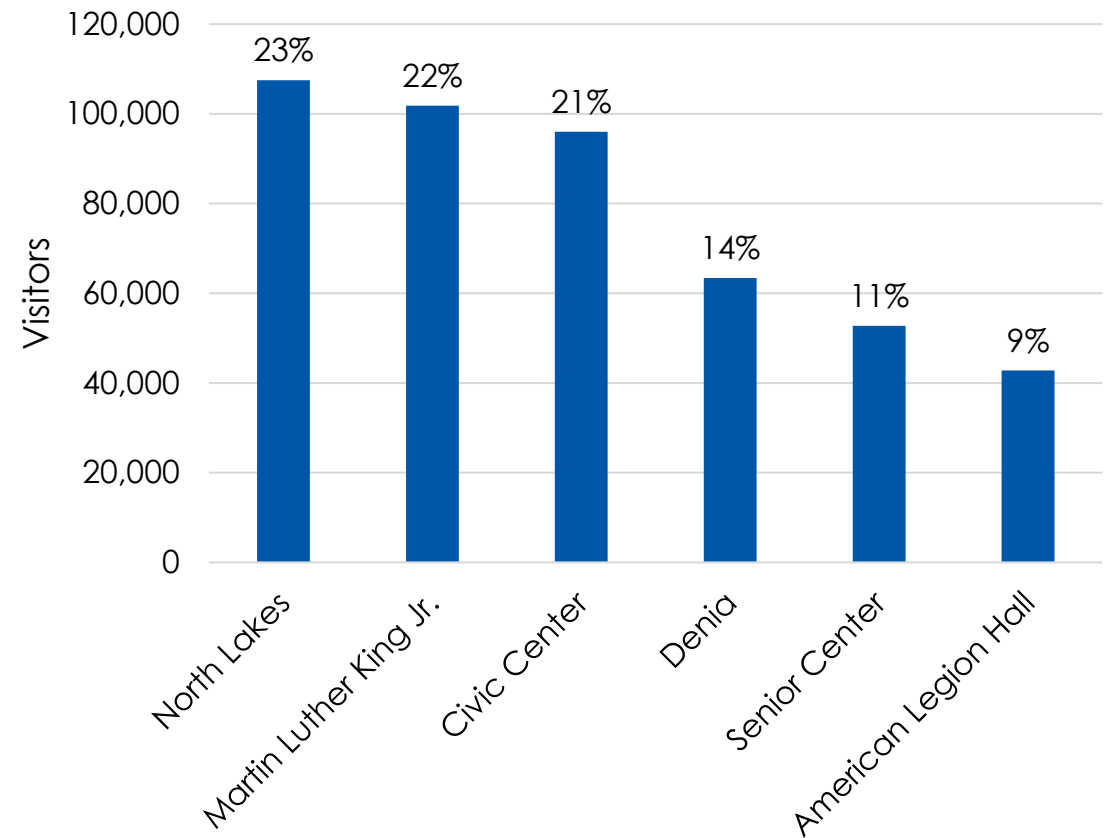
March 21, 2023



Purpose of the Audit

- Audit evaluated the controls implemented to ensure recreation programs were adequately managed & recreation center assets and cash were appropriately safeguarded.
- Recreation Facilities process about \$2.5 million in revenue annually at six centers.

FY2021-22 Recreation Center Visitors



Payments Generally Processed Accurately; Physical Cash Safeguards & Refund Reviews Could Improve

- City Cash Handling Policy generally comprehensive:
 - Does not require safes/cash drawer to be physically secured to building or under direct surveillance

- Not all safes & cash drawers physically secured and under direct surveillance.

- Payment processing generally accurate and appropriately controlled:
 - 98% of reviewed refunds had clearly documented purpose. No requirement for management review prior to issuance at any value;
 - Two refunds issued by Recreation staff to themselves. Did not appear fraudulent.
- About 14% of cashiers do not have a current cash handling certification.

On-Site Visit Observations

Rec. Center	Safe		Cash Drawer	
	Location	Secured	Secured	Key
Civic Center	Office Hallway	No	No	Front Desk
Senior Center	Super. Office	Yes	Yes	Front Desk
North Lakes	Super. Office	Yes	No	Front Desk
Denia	Super. Office	No	Yes	Front Desk
MLK	Super. Office	Yes	Yes	Super. Office
ALH	Front Desk	Yes	Yes	Front Desk

Rec Programs Missing Contract Support Docs; Risk Reviews Conducted Inconsistently

- Rec Programs marketed & monitored per Accreditation standards.
- Contractor program support documentation not always available:
 - Review process may lead to inconsistent liability insurance requirements; &
 - Some Contractors missing background check.
- Contractor payments not always adequately detailed or missing support documentation.
- Participant anti-bullying & liability waivers not always complete; rec management system impedes monitoring.
- Not all safety incidents reported to Risk Management due to unclear guidance.
- About 15% of Recreation staff do not have current CPR & AED training.

Independent Contract Program Support

Requirement	Percent	Requirement	Percent
IC Analysis	18%	IC Paperwork Checklist	55%
IC Program Proposal	45%	HR & RM Approval	62%
Assumption of Risk Waiver	45%	COI Questionnaire	67%
Return to Play Action Plan	45%	Background Check	86%
Liability Insurance	50%	Program Contract	100%

Rec Center Assets Inspected; Some Processes Hinder Rec Management System Oversight

- List of Rec Center assets maintained:
 - List can be manipulated by all staff;
 - Some valuable assets (i.e. tablets) not on list.

- Recreation equipment periodically inspected & maintained by vendor;
 - Rec staff do not document periodic review equipment condition.

- Access to recreation management system is appropriately role-based; six of 126 users reviewed should not have had access;
 - Third of users without City emails increase risk of cybersecurity incident.

- Lack of Service Organization Control report hinders City monitoring of system vendor.

Rec Center Fitness Equipment



Management Response Summary

Rec.	Recommendations*	Response	Implementation Actions*
1	Update Cash Handling Policy to require safes be secured & under camera surveillance.	Concur	Will update Cash Handling Regulations policy.
2	Update Rec. cash handling procedures to document safe management processes.	Concur	Will update cash handling procedures.
3	Ensure all cash drawers & safes are secured & under camera surveillance	Concur	Submitted work orders to secure cash drawers and safes.
4	Ensure cashiers have the automatic cash drawer function; restrict cash drawer key access	Concur	Automatic cash drawer function assigned and cash drawer keys secured in safe.
5	Develop a formal refund request process; consider escalating approval authority	Concur	Establishing refund dollar threshold for escalating authority.
6	Develop formal conflict of interest procedure for payment processing	Concur	Will develop a conflict-of-interest procedure.
7	Ensure cashiers complete required cash handling training	Concur	Examining process to improve training tracking; centralized database established.
8	Develop process to record Risk Management review of independent contractors.	Concur	Independent contractor process is moving to new Sr. Comp. Analyst in mid-March.
9	Coordinate with Risk Management of evaluate Independent Contractor checklist	Concur	PARD & Risk Management will explore ways to refine current process.
10	Develop process to prepare & review contractor invoices prior to payment.	Concur	Will develop procedures for processing invoices.
11	Evaluate current waiver verification process to notify staff of unacknowledged waivers	Concur	Will research waiver notification options in system.
12	Establish central repository for Rec Center documentation	Concur	Will research better process for document storage.
13	Continue coordinating with Risk Management to ensure incidents are appropriately reported	Concur	Will continue working with Risk Management to refine process.
14	Establish guidance for City incident reporting; including members of the public	Concur	An SOP is in development to provide City-wide guidance.
15	Ensure safety training records are adequately tracked & recorded	Concur	Will update procedures with training & tracking requirements.
16	Conduct a full inventory of all assets; record in system that can't be easily manipulated	Concur	Been included on the city-wide team to procure an asset management software.
17	Establish procedures to periodically review Rec Center inventory & assets	Concur	Been included on the city-wide team to procure an asset management software.
18	Ensure City vehicle keys are properly secured	Concur	Vehicle keys have been moved to a secure area.
19	Establish process to periodically review recreation management system user access	Concur	Will evaluate & refine current process.



ID 22-2443

*Detailed recommendations and implementation actions can be seen in the full audit report.

Questions?

Madison Rorschach

City Auditor

Internal Audit Department

