



Richmond City Council

The Voice of the People.

Richmond, Virginia

OFFICE OF THE CITY AUDITOR

REPORT # 2012-13

AUDIT

Of the

Department Of Parks, Recreation and Community Facilities Recreation Division

June 2012

OFFICIAL GOVERNMENT REPORT

Richmond City Council

OFFICE OF THE CITY AUDITOR

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*Committed to increasing government efficiency, effectiveness,
and accountability on behalf of the Citizens of Richmond.*

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Richmond City Council

The Voice of the People Richmond, Virginia

Office of the City Auditor

Executive Summary

June 26, 2012

The Honorable Members of the Richmond City Council
The Honorable Mayor Dwight C. Jones

Subject: Department of Parks, Recreation and Community Facilities – Recreation Division

The City Auditor's Office has completed an audit of the Recreation Division within the Department of Parks, Recreation and Community Facilities (DPR). The auditors conducted this performance audit in accordance with Generally Accepted Government Auditing Standards.

The following are the salient findings of the audit:

- Not all Richmond citizens have equal access to recreation facilities. The recreation facilities in Richmond are concentrated in the northeast quadrant of the City. The least number of facilities are in the northwest quadrant of the City.

The primary users of the recreation facilities consisted of age groups 5 years through 14 years and 60 and over. There is a disproportionate number of recreation facilities to provide services to these age groups in the City council districts, with the 2nd district having no facilities. Based on demographic (income level) distribution in the City, the current distribution of the facilities does not appear to be adequate to provide equal service to citizens living throughout the City.

- DPR operates the Linwood Robinson Senior Center to cater the needs of the City's elderly population in the 7th district on the City's far east side. While some activities and events are periodically held at other locations, this is the only center where seniors can visit daily to socialize or engage in regularly offered activities.

This location is not easily accessible by seniors living in other districts unless they have the ability to transport themselves to the center. A large majority of participants in the Senior Center depend upon the transportation provided by DPR to participate. However, DPR's transportation is available only to north Richmond residents due to funding constraints. This issue will be magnified since a projected population growth of 22% is expected by 2022 for the City in the 55 and above age category.

DPR disagreed with the recommendations that could address this situation. Currently, the non-recreation facilities such as parks, generally do not offer the wide variety of year-round recreation programs provided by the community centers. Not implementing a solution would continue the disparity in availability of access to recreation facilities and programs for Richmond residents.

- Pine Camp Recreation Center is located on the north border of the City in district 3, and is the only center that offers cultural arts classes such as dance, music, painting, etc. The location of the center may deter citizens that are living in other districts and are not able to arrange for transportation.
- DPR did not consistently comply with background check policies, allowing individuals with inappropriate backgrounds access to children and the elderly. The current level of access for individuals with inappropriate backgrounds to children and the elderly can expose the City to liabilities and negative publicity.

DPR did not completely agree with the recommendations of having a single background check policy and centralizing the approval process for volunteers. This means that the youth and elderly will continue to be exposed to the risk of potential threats. In addition, the staff may not have adequate guidance in this matter.

- Internal controls needs improvement to provide assurance of proper accountability over City resources invested in this Division that leads to the following risks:

- Not providing adequate policies and procedures and communicating them to all employees may lead to unclear job duties, inconsistent employee performance, and inadequate service delivery to the public.
- Money collected and held at field locations for an extended period is subject to the threat of theft or misuse.
- Having insufficient and unsupported performance measures may hinder management from properly evaluating the efficiency and effectiveness of their operations and staff productivity.
- Unavailability of summarized operational data and not using the available information could hinder management from determining adequacy of staffing, evaluating staff efforts, and verifying desired outcomes of programs.
- Auditors found that all expenditures reviewed, other than the payments to instructors, were supported by proper documentation, and appeared to be for the City's business purposes.
- DPR hires instructors (contractors) to teach many of the athletic, cultural arts, and educational courses. Auditors found inconsistent methods to engage these instructors from having formal to verbal contracts. This inconsistency may not be in the benefit of the City. Having written agreements legally protects all parties involved, and can mitigate any issues that might surface related to billing rates, scope of services, liabilities, etc.
- DPR does not have a formal, systematic method for seeking customer feedback. Without customer feedback obtained from a systematic survey methodology, the quality of programs and contractors cannot be adequately evaluated.
- DPR rarely maintains attendance records for the non-fee based programs they offer. Therefore, it is difficult to determine if the courses the contractors were paid for were actually taught.
- Relevant documentation pertaining to fee based programs was incomplete, inaccurate, or nonexistent. As a result, auditors do not have assurance that fees assessed were actually collected and were appropriate.

The City Auditor's Office appreciates the cooperation of the Recreation Division's staff. Please contact me for questions and comments on this report.

Sincerely,

Umesh Dalal

Umesh Dalal, CPA, CIA, CIG
City Auditor

cc: Mr. Byron C. Marshall, CAO
The Richmond City Audit Committee
Dr. Norman Merrifield, Director

#	COMPREHENSIVE LIST OF RECOMMENDATIONS	PAGE
1	Complete an internal (not a comprehensive study) needs assessment to determine recommended locations for basic recreation facilities and present it to the Administration and for consideration and approval.	7
2	Provide services to seniors living on the south side of the City until a long-term solution to allow access to the seniors living on the south side can be developed.	7
3	Develop a single, comprehensive background check policy and provide training to all relevant staff on the policy.	9
4	Ensure that background checks are conducted for all volunteer applications. Analyze the feasibility of issuing photo IDs for approved volunteers after background checks have been completed.	9
5	Complete formal, comprehensive policies and procedures for the daily operations of the community centers, special services and cultural arts.	10
6	Communicate to all staff the policies requiring timely deposits and acceptable forms of payment. Enforce these policies with disciplinary action to employees that do not comply with the policies.	12
7	Develop and implement a process that enables the Permits and Scheduling Office to communicate weekly to field locations if deposits have not been made.	12
8	<ul style="list-style-type: none"> a. Based on program goals and objectives that tie to the Division’s mission or purpose; b. Used for measuring outcomes, efficiency and effectiveness leading to continuous improvement; c. Verifiable, understandable and timely; d. Reported internally and externally; e. Monitored and used in managerial decision-making processes; f. Designed in a way to motivate staff at all levels to contribute toward organizational improvement; and g. Adequately supported with detailed records. 	14
9	Develop procedures that provide guidance to field staff related to record retention and reporting of key data to management for community centers, special services, and cultural arts.	16
10	Develop a methodology to periodically analyze community center attendance as compared to the number of employees and volunteers at each location. Adjust staffing allocations as necessary to ensure an appropriate level of customer service can be provided.	17
11	<ul style="list-style-type: none"> Develop and implement procedures for programs, to include the following: a. Require the use of formal, written agreements with all contractors. b. Receive formal, written customer feedback that measure the quality of program content and effectiveness of contractors c. Require contractors to maintain attendance records d. Document record retention requirements of program supporting documentation (registration forms, receipts, fee waiver forms, and attendance records) e. Require staff to reconcile revenue received from programs to expected collections 	21

12	Update the existing agreement with the Enrichmond Foundation to: a. Reflect current business practices; b. Include a clause that gives DPR the right-to-audit the Foundation’s accounting records as it relates to City fundraising activities; c. Obtain written approval from the City Attorney’s Office; and d. Obtain the City’s share of donations the same year they are received by the Foundation	23
13	Establish a formal, written agreement with Richmond Public Schools that clearly defines the roles and responsibilities, billing rates, and liabilities related to the transportation of youth for athletics and other recreation programs.	24
14	Develop and implement procedures requiring staff to maintain a log for youth transported for athletics and other recreation programs.	24
15	Communicate the current payroll policy to all relevant staff to ensure that sign-in/out sheets are used. Strengthen procedures for management review and approval of employee work hours for all locations that will not utilize the new RAPIDS payroll system, such as pools.	26

Overview

Introduction and Scope

The City Auditor's Office has completed an audit of the Recreation Division within the Department of Parks, Recreation and Community Facilities (DPR). This audit covers the 18 - month period that ended December 31, 2011. The objectives of this audit were to:

- Determine the existence and effectiveness of internal controls;
- Evaluate the efficiency and effectiveness of operations; and
- Verify compliance with laws, regulations, and policies.

The auditors conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those Standards require that the auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for their findings and conclusions based on the audit objectives. The auditors believe that the evidence obtained provides a reasonable basis for their findings and conclusions based on the audit objectives.

Methodology

Auditors employed the following procedures to complete this audit:

- Reviewed relevant records, policies and regulations;
- Performed various tests;
- Conducted interviews; and
- Performed other audit procedures, as deemed necessary.

Management Responsibility

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

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Background

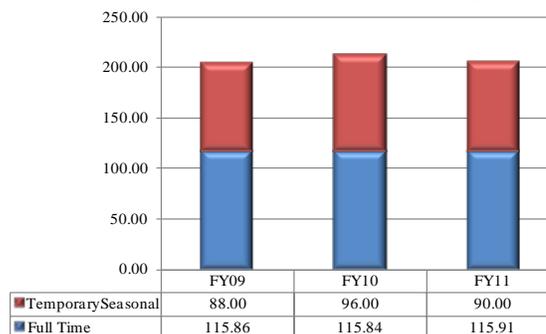
DPR owns, operates, and manages a wide variety of community centers, pools, parks, special facilities, recreation programs, and community wide events. The following table presents the DPR's selected activities:

Function	# Facilities	Services Provided
Community Centers	19	Recreational services and special programs for citizens of all ages
Senior Center	1	Information on counseling, advocacy, health, nutrition, employment, social services and volunteerism is available
Special Services	Various	Aquatics and athletic programs that include football, basketball, tennis, martial arts, track & field, boxing, swimming, cheerleading, baseball, soccer, and golf
Cultural Arts	1	Arts education and exposure activities, classes in visual arts and crafts, dance, theater/spoken word, and music

Other Information:

The division employs approximately 200 full-time and seasonal employees. The adopted budget for the division (includes community centers, special services, and cultural arts) from fiscal year 2009 – 2011 ranged from \$5.4 to \$5.9 million. During the same period, revenue from fee-based programs ranged from \$481,531 to \$603,935.

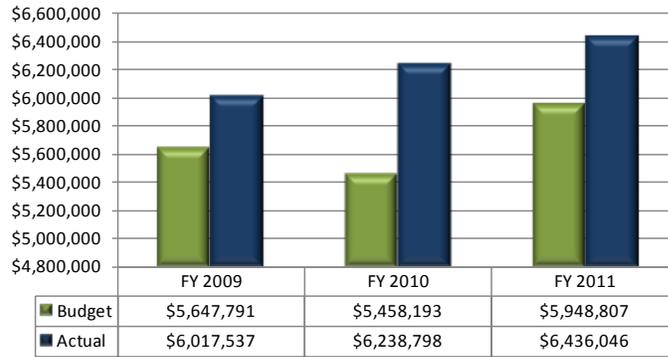
Full Time and seasonal Employees



Source: DPR

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Budget vs actual expenditures



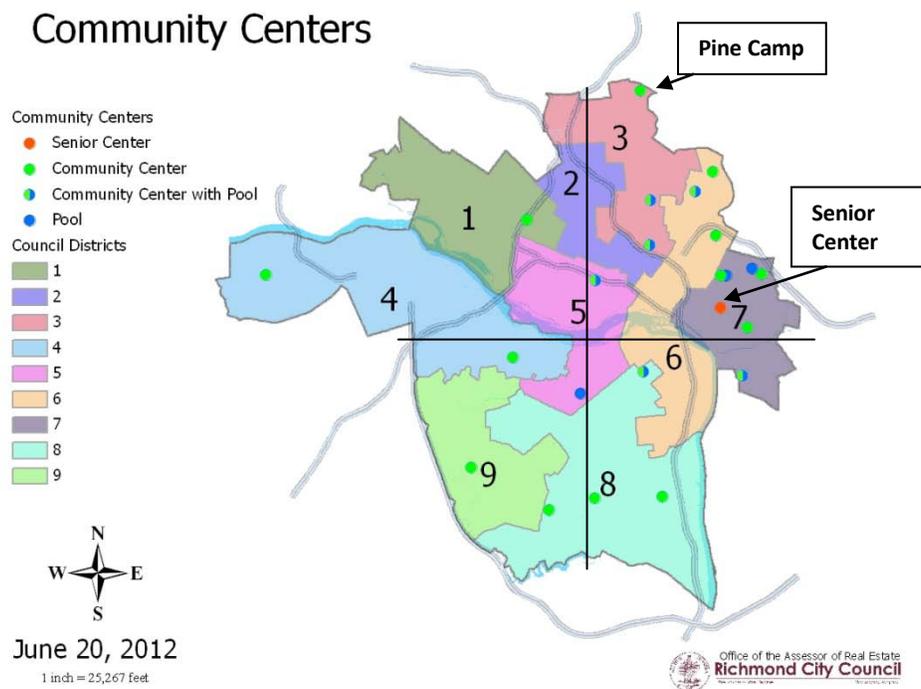
Source: DPR

Observations and Recommendations

Finding 1: All Richmond citizens do not have equal access to recreation facilities.

Citizen Access to Recreation Facilities

DPR provides recreation services to Richmond residents through various community centers, swimming pools and a senior center as depicted in the map below:



Source: Office of the City Assessor

Note: DPR offers various parks for citizens' use which are not part of this audit. The City Auditor's Office audited the DPR's Parks Division in the previous year.

The above map depicts that the recreation facilities are concentrated in the northeast quadrant of the City. The least number of facilities are in the northwest quadrant of the City.

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Based on the available data from DPR, it appeared that the primary users consisted of age groups 5 years through 14 years and 60 and over. The following table depicts the population in these age ranges served by the facilities operated by DPR:

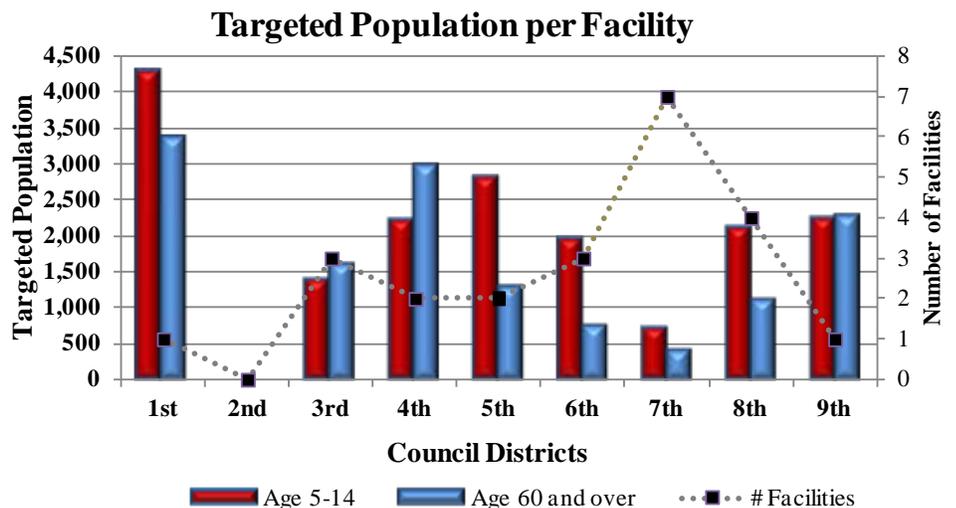
Council District	1st	2nd	3rd	4th	5th	6th	7th	8th	9th
Population aged 5 to 14 (per facility)	4,272	-	1,371	2,220	2,796	1,941	706	2,099	2,232
Population aged 60 and over (per facility)	3,351	-	1,596	2,956	1,267	735	406	1,086	2,259
Number of DPR facilities	1	0	3	2	2	3	7	4	1

Source: US Census data

Note: District 2 has a population of youth aged 5 to 14 and seniors aged 60 and over. This population does not have the benefit of any recreational facilities located within their district.

This information is presented in graphical format as follows:

The population in various Council Districts does not have equal access to recreation facilities



Based on the above information, the population of Council District 2 does not conveniently get service, as they do not have any DPR facilities. Compared to other districts, youth in districts 1, 5, and 9

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have a smaller number of facilities available. Similarly, in districts 1, 4, and 9 the elderly population has a smaller number of recreation facilities available to them. Within some of the districts, the location of recreation centers is not optimal to provide convenient access to their population. The disproportionate number of facilities and their locations within the respective quadrants of the City has caused this situation. Auditors learned that due to funding limitations, this issue has not been addressed. However, DPR has not requested additional funding to make efforts towards addressing this issue.

The need for the property also depends upon the demographic composition of the population within districts. Typically, neighborhoods that are more affluent may be able to afford private facilities. The table below depicts the median income levels within each Council district. The income levels in Council district 2 indicate that the population could use City facilities for recreation services.

	1st	2nd	3rd	4th	5th	6th	7th	8th	9th
Median Income	\$95,081	\$37,185	\$40,870	\$61,289	\$37,084	\$25,558	\$33,232	\$32,764	\$38,728

Linwood Robinson Senior Center

DPR operates the Linwood Robinson Senior Center on the City's north side. This center caters to the needs of the City's elderly population. While some activities and events are periodically held at other locations, this is the only center where seniors can visit daily to socialize or engage in regularly offered activities.

As depicted in the above map, the center is located in the 7th district on the far east side of the City. This location is not easily accessible by

Seniors living throughout the City do not have equal access to the lone senior center

seniors living in other districts unless they have the ability to transport themselves to the center. According to Linwood Robinson staff, they use a City vehicle to pick up a large majority of the participants. DPR provides the transportation service only to north Richmond residents. Many years ago, DPR stopped providing transportation to the seniors living on the south side of the City due to a lack of resources. This disparity will be magnified since a projected population growth of 22% is expected by 2022 for the City in the 55 and above age category.

Pine Camp Recreation Center

Pine Camp Recreation Center is located on the north border of the City in district 3. This is the only center that offers cultural arts classes such as dance, music, painting, etc. for youth and adults in the City. The location of the center may deter citizens that are living in other districts and are not able to arrange for transportation. This situation results in the cultural arts services not being uniformly available throughout the City.

The City offers cultural arts activities only at one center that is not conveniently located for a majority of the City population

Recommendations:

- 1. Complete an internal (not a comprehensive study) needs assessment to determine recommended locations for basic recreation facilities and present it to the Administration for consideration and approval.*
- 2. Provide services to seniors living on the south side of the City until a long-term solution to allow access to the seniors living on the south side can be developed.*

Finding 2

DPR did not consistently comply with background check policies, allowing individuals with inappropriate backgrounds access to children and the elderly

***Background
Checks***

***The City needs a
single background
check policy to
assure consistent
compliance***

City policies require that:

- Background checks are conducted for all employees and volunteers working closely with children.
- An individual be prohibited to work as an employee or volunteer if they are convicted of certain barrier and other crimes.

DPR has three additional policies that provide inconsistent guidance as it relates to:

- The frequency of background checks and
- The convictions that would disqualify an individual from working as an employee or volunteer.

Auditors selected a sample of 15 employees and 30 volunteers to determine if DPR performed proper background checks. No exceptions were noted for the 15 employees tested. However, several exceptions were identified for the volunteers, as follows:

- Three volunteers coaching in 2011 should have been disqualified. These individuals had various felony and misdemeanor convictions in the last few years. These convictions included possession of narcotic drugs, assault, destruction of property, probation violation, and contributing to the delinquency of a minor.
- Fourteen of the 30 volunteers selected for testing did not have a background check performed.

Risk:

The current level of access for individuals with inappropriate backgrounds to children and the elderly can expose the City to liabilities and negative publicity.

***Current practices
expose the City to
liabilities and
negative publicity***

Recommendations:

3. *Develop a single, comprehensive background check policy and provide training to all relevant staff on the policy.*
4. *Ensure that background checks are conducted for all volunteer applications. Analyze the feasibility of issuing photo IDs for approved volunteers after background checks have been completed.*

Finding 3 Management practices in the Recreation Division needs improvement.

Auditors found several issues that need addressing to improve management of the Division. These issues included:

Internal Controls

According to Government Auditing Standards, internal control, in the broadest sense, encompasses the agency's plan, policies, procedures, methods, and processes adopted by management to meet its mission, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It also includes systems for measuring, reporting, and monitoring program performance.

Internal controls needs improvement to provide assurance of proper accountability over City resources

Based on the results and findings of the audit methodology employed, auditors concluded that:

- Internal controls needs improvement to provide assurance of proper accountability over City resources invested in this Division
- There are numerous opportunities to either enhance existing controls, or to put in place controls that are missing.

The basis for these conclusions is discussed as follows:

Policies and Procedures

DPR does not have comprehensive, formal policies and procedures related to performing daily operations of community centers, special services, and cultural arts. The current procedures are fragmented and do not include all functional areas.

Risk:

Not providing adequate policies and procedures and communicating them to all employees may lead to unclear job duties, inconsistent employee performance, and inadequate service delivery to the public.

Recommendation:

5. *Complete formal, comprehensive policies and procedures for the daily operations of the community centers, special services and cultural arts.*

Deposits

Current City policy requires:

- Transporting funds collected at field locations exceeding \$500 to DPR's Permits and Scheduling Office (PSO) within 24 hours, or
- The funds equal to \$500 or less must be transported at least weekly.

Auditors found that the PSO accurately and timely prepared deposits for the armored carrier and performed proper reconciliation. However, the auditors found that field locations did not deliver funds to the PSO in a timely manner for 23 of 25 days tested. In these instances, the funds were held by field locations for up to nine weeks and at one location over \$10,000 were accumulated prior to transporting to the

DPR needs to enforce the policy related to timely deposits

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PSO. Also, DPR requires the field locations to accept payments in the form of checks, money orders, or credit cards. DPR policy specifically prohibits collecting cash in the field. The auditors noted the following violations of the policies:

Violation	Number of violations
Delayed deposits	14
Excessive funds on hand	16
Violation related to cash collection	2

Auditor inquiries and available documentation indicated that the above occurrences are common for DPR. Auditors reviewed correspondence to the field supervisors and DPR management informing them about non-compliance with the DPR and the City policies. However, the compliance has not improved.

Auditors also determined that the PSO does not provide receipts to field staff when they drop off their funds at the PSO for deposit. Not providing field staff with a receipt could create challenges in reconciling any funds that were not deposited by the PSO.

According to management, they are in the process of developing procedures to assure timeliness and accuracy of deposits in compliance with the City policies. The department will be training employees on these new procedures.

Risk:

- Money held at field locations for an extended period is subject to the threat of theft or misuse.

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- For cases where personal checks have been received, the possibility of a returned check increases.
- Funds received at the PSO are subject to the threat of theft or misuse if receipts are not provided to field staff.

Recommendations:

6. *Communicate to all staff the policies requiring timely deposits and acceptable forms of payment. Enforce these policies with disciplinary action to employees that do not comply with the policies.*
7. *Develop and implement a process that enables the Permits and Scheduling Office to communicate weekly to field locations if deposits have not been made.*

Operational and Financial Measurement & Analysis

DPR allows significant amount of autonomy to the field staff to decide what documentation and data is maintained, and how long it should be retained. DPR management does not provide adequate guidance for data maintenance and record retention. Manual or unreliable records present challenges for management to adequately perform operational and financial analysis, track results, and evaluate historical trends.

Performance Measures

Performance measures are standards used to evaluate and communicate performance against expected results. Performance measures should:

- be based on program goals and objectives that tie to program mission or purpose;
- measure program outcomes;
- measure efficiency and effectiveness for continuous improvement;

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- be verifiable, understandable, and relevant; and
- be monitored and used in managerial decision-making processes.

*DPR needs
meaningful
performance
measures*

The measures tracked by DPR for the entire Recreation Division are:

- “Percentage of cultural arts participants that feel their access to quality arts programming has increased due to their participation in departmental cultural art activities;
- Percentage of Special Services-Neighborhood participants that feel their access to quality programming have enhanced their skill development and promote social interaction.”

DPR also tracked the percent of participants that rated recreation programs as good or excellent in the Biennial Fiscal Plan for 2012-2013 and in previous years. The auditor noted that DPR’s performance measures “goal/target” and “actual results” did not change in three of the previous four years. Reliable data is not available to support these results. Auditors found that these results are based on undocumented verbal feedback from the users. Due to a lack of sufficient performance measures, management needs to have formally documented information in place to evaluate the quality of service delivery to the public.

DPR’s performance measurement can be improved. DPR management could consider several items not currently tracked as follows:

- Unit costs per attendee;
- Program cost recovery;
- Accidents or injuries per attendee served;
- Lifeguard to swimmer ratio; and

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- Repeat customers for programs

Risk:

Having insufficient and unsupported performance measures may hinder management from properly evaluating the efficiency and effectiveness of their operations and staff productivity.

Recommendation:

8. *Develop performance measures that are:*

- a. Based on program goals and objectives that tie to the Division's mission or purpose;*
- b. Used for measuring outcomes, efficiency and effectiveness leading to continuous improvement;*
- c. Verifiable, understandable and timely;*
- d. Reported internally and externally;*
- e. Monitored and used in managerial decision-making processes;*
- f. Designed in a way to motivate staff at all levels to contribute toward organizational improvement; and*
- g. Adequately supported with detailed records.*

Recordkeeping and Reporting

Auditors were informed that the community centers are supposed to track attendance, staffing and other data monthly. Each center's supervisor is expected to share their monthly operational data with a Management Analyst for preparing a summarized report for all centers. Auditors determined that the summarized reports are not consistently produced in a timely manner and the reports' reliability is questionable. Due to a lack of appropriate detailed records, it is not possible to verify

*Proper, relevant
operational data
was not available
during the audit*

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the accuracy of these reports. In addition, any type of summarized reporting does not exist for the special services and cultural arts functions.

Unavailability of operational data may hinder management of the Division

Auditors could not determine if the reports produced by the staff were used for management purposes. Currently, it appears that a significant amount of time is spent at community centers in tracking attendance and other information that results in limited benefits.

According to management, they in the process of acquiring an online registration system to help automate some of the current manual tasks with the hope of achieving the following objectives:

- Automate and improve their ability to serve the citizens by leveraging technology
- Improve operational efficiencies throughout the organization
- Reduce overall operational costs
- Improve financial transparency and the ability to manage and report revenues

Risk:

Unavailability of summarized operational data and not using the available information could hinder the management from appropriately evaluating their operations. Proper use of this analysis could help management to determine adequacy of staffing, evaluate staff efforts, and verify desired outcomes of the programs.

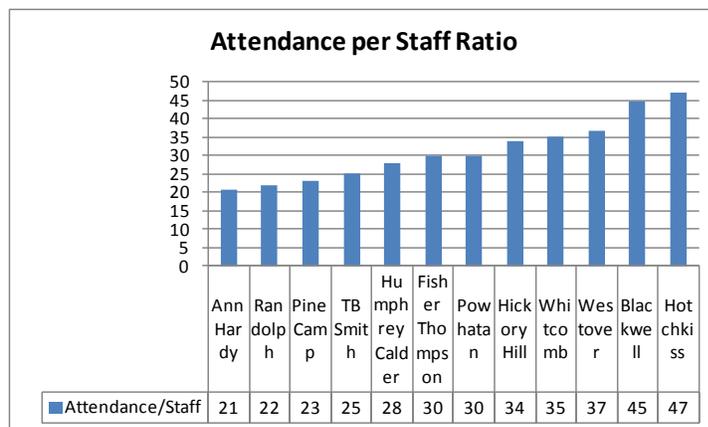
Recommendation:

9. *Develop procedures that provide guidance to field staff related to record retention and reporting of key data to management for community centers, special services, and cultural arts.*

Staffing Analysis

Auditors analyzed staffing at the centers where adequate data was available using the summary level reporting from August 2011 to December 2011. Auditors analyzed average daily attendance divided by available staff ratio for each center. The results below show a large variance in the attendance each center is responsible for as compared to the number of staff working:

Inconsistent workload per staff may affect service delivery



Some of the centers have twice as many attendees per available staff. DPR indicated this data does not account for volunteers. However, appropriate data was not available to support the number of volunteers working in each center each day to augment the number of staff employees working. According to DPR personnel, they use informal judgment to staff community centers. No formal analysis exists that determines the staffing level needed to handle various workload levels.

In addition, DPR does not have a documented methodology related to staffing allocations at the centers. As a result, it may not be possible for the department to determine adequacy of staffing or productivity of the staff.

Risk:

The community center employees either may not be able to provide adequate services to visitors or could be unproductive.

Recommendation:

10. Develop a methodology to periodically analyze community center attendance as compared to the number of employees and volunteers at each location. Adjust staffing allocations as necessary to ensure an appropriate level of customer service can be provided.

***Operations
Management***

Auditors found that all expenditures reviewed, other than the payments to instructors, were supported by proper documentation, and appeared to be for the City's business purposes. However, weaknesses were noted with numerous other operational management controls and processes tested as discussed below:

Programs

DPR provides numerous programs in the community centers, pools, and other locations. These programs encompass a vast array of activities, such as:

- Athletic (e.g. martial arts, swimming, aerobics);
- Cultural arts (e.g. dance, art, pottery); and
- Educational (e.g. computers, money management, parenting)

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DPR hires contractors to teach many of these courses. Some of the programs may be free for citizens to attend, while the others are fee-based programs. Some of the contractors are paid based on the number of users that sign up for a particular program. If a sufficient number of users do not register for a fee-based program, it is cancelled. The City may waive or reduce the program fees for users due to lack of affordability. In these instances, the user making this request must complete a form and may be required to show certain documentation justifying the need. Auditors found several issues related to how these programs are managed or operated, as follows:

- Formal, written contracts are not consistently used to establish agreements between DPR and contractors. Therefore, the auditors were not able to test to ensure that the contractors were paid only at agreed upon rates. The cultural arts area utilized various methods for hiring contractors. These included formal contracts several pages in length, one page letters, and some did not have any formal agreement in place. In these instances, only invoices or copies of checks existed.

DPR did not have formal, written contracts with all contractors

For other non-cultural arts programs held at community centers, no written agreements exist for any programs. The supervisor at each community center verbally agrees to rates with contractors and gets verbal approval from the Recreation Program Coordinator.

Risk:

Having written agreements legally protects all parties involved, and can mitigate any issues that might surface related to billing rates, scope of services, liabilities, etc.

There is a need for systematic and formalized method of obtaining customer feedback

- Some of the community centers, cultural arts, and the Linwood Robinson Senior Center obtain customer feedback via suggestion box or verbally. However, having a more formal methodology to solicit customer feedback would assist DPR in evaluating adequacy of program content and effectiveness of the contractors.

Risk:

Without customer feedback obtained from a systematic survey methodology, the quality of programs and contractors can't be adequately evaluated.

Attendance records were not properly maintained for programs

- DPR rarely maintains attendance records for the non-fee based programs they offer. Therefore, it is difficult to determine if the courses the contractors were paid for were actually taught. Some contractors are paid on a per student basis. Absence of attendance records would prevent DPR from determining if the amount paid to the contractor is appropriate. Having attendance records ensures that only registered individuals are allowed to participate. Due to the lack of attendance records, auditors were unable to determine if contractors were paid for services actually rendered.

Risk:

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The City may pay for services not provided or vendors may not be paid accurately.

- Relevant documentation pertaining to fee based programs was incomplete, inaccurate, or nonexistent. As a result, auditors do not have assurance that fees assessed were actually collected and were appropriate. Auditors compared the scheduled fees for 12 programs to the actual fee amounts collected after considering any fee waivers. The following issues were noted:
 - Five of the 12 programs were missing all supporting documentation or individual components of required documentation (registration forms, receipts, etc.). As a result, auditors were unable to determine how much revenue should have been collected for each program.
 - Four of the remaining seven programs were missing receipts or fee waiver forms that hindered the auditor's ability to fully reconcile the funds charged and collected for each program. Auditors computed the fees that should have been collected and compared it with actual collections as follows:

Auditors have no assurance if program fees were appropriate and actually collected

Program	Expected collections*	Actual collections	Variance \$	Variance %
TB Smith Great Summer Escape	\$3,825	\$2,635	\$1,190	31%
Teen Summer Camp	\$5,750	\$1,900	\$3,850	67%
Onstage Richmond	\$3,890	\$2,321	\$1,569	40%
Black Nativity	\$5,100	\$5,080	\$20	1%
TOTAL	\$18,565	\$11,936	\$6,629	36%

**Fees at scheduled rate after considering waivers*

The exceptions noted were:

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- In one program, receipts were missing for nine of the 17 participants.
- In two other programs, fee waiver forms were missing for 18 of the 22 participants.
- In total, supporting documentation did not exist for 37% of the \$18,925 of expected collections.

Risk:

Not resolving discrepancies in reconciliation of revenue receipts could result in errors or misappropriation of funds not being detected in a timely manner.

Recommendation:

II. Develop and implement procedures for programs, to include the following:

- a. Require the use of formal, written agreements with all contractors*
- b. Receive formal, written customer feedback that measure the quality of program content and effectiveness of contractors*
- c. Require contractors to maintain attendance records*
- d. Document record retention requirements of program supporting documentation (registration forms, receipts, fee waiver forms, and attendance records)*
- e. Require staff to reconcile revenue received from programs to expected collections*

Relationship with EnRichmond Foundation

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The EnRichmond Foundation is a not for profit 501 c (3) organization that works with DPR for fundraising activities. The most prominent annual fundraising activity is the Radio-thon, an event held to raise funds for the City's annual Send-a-Kid-to-Camp Program. During this event, individuals donate funds via credit card or they may also mail in a check. The Foundation collects donations for this event and is responsible for remitting all the funds, except for a 5% fee, to DPR upon their request.

Auditors noted that a formal written agreement with the Foundation was signed in 2008. However, auditors noted several issues related to this agreement as follows:

DPR must strengthen their agreement with the EnRichmond Foundation for fund collection and disbursement

- There is no evidence that the agreement was reviewed by the City Attorney's Office.
- The agreement does not reflect current business practices. According to the agreement, the Foundation is responsible for remitting all funds except for a 3% fee. However, currently the Foundation charges a 5% fee on collections.
- The written agreement states that DPR will maintain complete and accurate records of fund raising activities. DPR management did not have a listing of donations for the Radio-thon event and acknowledged that a member of their finance staff was not present to record donations during the event.
- The written agreement does not include a right-to-audit clause. The City does not have any means to verify completeness of remittance of the funds collected by the Foundation for the benefit of DPR.
- The agreement does not address the timing of remittance of funds collected by the Foundation. Auditors noted that funds

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collected for the Radio-thon event in May 2011 have not been remitted to the City yet. These funds are expected to be received in June 2012.

Risk:

Not having a current, comprehensive, written agreement with the Foundation could create a misunderstanding about the respective parties' roles and responsibilities.

Recommendation:

12. Update the existing agreement with the EnRichmond Foundation to:

- a. Reflect current business practices;*
- b. Include a clause that gives DPR the right-to-audit the Foundation's accounting records as it relates to City fundraising activities;*
- c. Obtain written approval from the City Attorney's Office; and*
- d. Obtain the City's share of donations the same year they are received by the Foundation*

Transportation by Richmond Public Schools (RPS)

During the 18-month audit period, DPR paid RPS approximately \$150,000 to transport youth for athletics and other recreation programs. DPR pays RPS \$24.86 per hour for a driver and \$1.92 per mile for their services. One of the benefits of utilizing RPS is that DPR can cancel

The understanding related to RPS providing certain transportation services must be formalized

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trips at no cost. The auditors found that a formal written agreement with RPS does not exist between DPR and RPS.

Risk:

Roles and responsibilities, billing rates, and liability may not be clearly defined between DPR and RPS.

Sufficient documentation was maintained that outlined the locations where youth were transported and the mileage and total number of hours appeared proper. According to management, they have a list of the kids being transported to/from sports, summer camp, and other events, which are subsequently discarded upon return. DPR indicated employees or volunteers also assist with ensuring all kids are accounted for. However, auditors could not verify any of these assertions.

Risk:

Not documenting a list of youth transported to a location may lead to liabilities if a youth went missing. In addition, without such documentation, future demand for the service may not be known.

Recommendations:

13. Establish a formal, written agreement with Richmond Public Schools that clearly defines the roles and responsibilities, billing rates, and liabilities related to the transportation of youth for athletics and other recreation programs.

14. Develop and implement procedures requiring staff to maintain a log for youth transported for athletic and other recreation programs.

***Labor
Management***

A consistent payroll process was not utilized for all field locations since a timesheet policy did not exist for part of the audit period. In March 2011, a policy was created requiring hourly staff to use detailed sign-

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in/out sheets. Prior to the creation of the new payroll policy, field locations had the option of using detailed sign-in/out sheets. Auditors attempted to perform detailed testing for several pay periods during July–September 2011. However, detailed sign in/out sheets supporting payroll records could not be located for most field locations. Based on discussions with management, the new policy was not communicated to all staff, so it was not properly executed by employees.

In the available documentation, auditors noted instances where employees were not paid accurately based on actual hours worked. Additionally, supervisors did not properly monitor hours worked or utilize quality assurance measures to ensure staff received proper payment for actual hours worked. The table below outlines the type of issues found:

Auditors found some employees were not paid accurately based on actual hours worked

- Employees signed in, but did not sign out;
- Employees were paid for days they did not work according to the sign-in/out sheet;
- Employees did not take the required 30 minute unpaid meal break per policy;
- Sign-in/out times indicating actual hours worked did not agree to the total hours calculated on the sign-in/out sheet; and
- Total hours worked per the sign-in/out sheets did not agree to the payroll summary report used to key the payroll

The City's new timekeeping system (implemented after the audit period) that uses biometrics should fix most of the issues noted above for the majority of DPR's field locations except pools. However, the pool locations will not have the benefit of the new technology.

Risk:

Employees may not be paid accurately based on actual hours worked.

Recommendation:

15. Communicate the current payroll policy to all relevant staff to ensure that sign-in/out sheets are used. Strengthen procedures for management review and approval of employee work hours for all locations that will not utilize the new RAPIDS payroll system, such as pools.

MANAGEMENT RESPONSE FORM

RECREATION DIVISION

#	RECOMMENDATION	CONCUR Y N	ACTION STEPS
1	<i>Complete an internal (not a comprehensive study) needs assessment to determine recommended locations for basic recreation facilities and present it to the Administration and for consideration and approval.</i>	Y	The Department of Parks, Recreation, and Community Facilities (DPRCF) will engage in a Needs Assessment in relationship to recommended locations for future Recreation Facilities and Services. Department findings will be presented to the City Administration for their review and consideration.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Deputy Director/Adm. Recreation		31-Dec-13
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION

#	RECOMMENDATION	CONCUR Y N	ACTION STEPS
2	<i>Provide services to seniors living on the south side of the City until a long-term solution to allow access to the seniors living on the south side can be developed.</i>	N	Senior Services will be included as part of the internal Needs Assessment described above. However, in terms of the Auditor's recommendations regarding limited southside senior services; currently the largest on-going senior program being offered by DPRCF is located on the south side of the City which is the aquatics program offered at the Swansboro Indoor Swimming Pool. The Audit Report refers to the Linwood Robinson Senior Center as "a northside center that cater's to the needs of the elderly population." The Linwood Robinson is not a basic senior services center. The center's population is comprised primarily of seniors with "special needs" who are no longer able to remain significantly independent. The Department's Senior Programming is geared primarily to the community's active senior population 55 & over and with programming provided through City Wide Programs and Events and a growing number of our Neighborhood Recreation Centers such as Bellemeade and Hickory Hill.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION

#	RECOMMENDATION	CONCUR Y N	ACTION STEPS
3	<i>Develop a single, comprehensive background check policy and provide training to all relevant staff on the policy.</i>	Y	
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Deputy Director & Recreation Prog. Supervisor		31-Dec-12
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	The Department of Parks, Recreation and Community Facilities is currently rewriting its Background Check Policy and Procedures. The department is currently coordinating through the City's Legal Department to appropriately comply with department needs, along with the City and State Codes, related to Background Checks. All changes will be incorporated into the draft of the Volunteer Background Check Policy currently being developed by the City's Central Human Resources Office. Once the revision is completed and approved, staff will be trained on the revised policy and procedures to ensure adherence.		

MANAGEMENT RESPONSE FORM

RECREATION DIVISION

#	RECOMMENDATION	CONCUR Y N	ACTION STEPS
4	<i>Ensure that background checks are conducted for all volunteer applications. Analyze the feasibility of issuing photo IDs for approved volunteers after background checks have been completed.</i>	Y	The Department currently has an approval process in place that is being modified as part of the revised Background Check Policy and Procedures. An existing employee will be given the additional responsibilities as a "Volunteer Coordinator" to assist with records and identification management for the department in terms of the Volunteer Program and Background Check Process. Currently the department issues Picture ID's for approved department volunteers.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Adm Serv. Mgr - HR & Rec Prog Coordinator		31-Aug-13
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y N	ACTION STEPS
5	<i>Complete formal, comprehensive policies and procedures for the daily operations of the community centers, special services and cultural arts.</i>	Y	
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Recreation Program Supervisor		31-Dec-13
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	The Director of PRCF assigned in July of 2011 a Senior Recreation Supervisor to work with the Director's Office, to coordinate the revision of the Department Policies and Procedures, including its Operation Manuals. This is an ongoing project occurring concurrently with our extensive year round public program. Upon completion, staff will be appropriately trained.		
#	RECOMMENDATION	CONCUR Y N	ACTION STEPS
6	<i>Communicate to all staff the policies requiring timely deposits and acceptable forms of payment. Enforce these policies with disciplinary action to employees that do not comply with the policies.</i>	Y	
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Recreation Program Supervisor		31-Dec-13
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	The Director has assigned an "Audit Supervisor" to monitor deposits and all financial documents and operations in the field for compliance regarding dept. policies and procedures. Department Director also assigned a Senior Recreation Supervisor to begin coordinating the revision of Department policies and procedures beginning in July 2011. Upon completion, expected Dec. 31, 2013, staff will be appropriately trained. The Department's anticipated On-Line Registration Software Program and newly Centralized Seasonal Registration Process will significantly enhance the financial management capacity and administrative oversight in the field. Adherence to policies and procedures will be included as an element of employee performance appraisals.		

MANAGEMENT RESPONSE FORM

RECREATION DIVISION

#	RECOMMENDATION	CONCUR Y N	ACTION STEPS
7	<i>Develop and implement a process that enables the Permits and Scheduling Office to communicate weekly to field locations if deposits have not been made.</i>	Y	
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Administrative Services Manager-Fiscal		31-May-13
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	The Department is in the process of centralizing its Financial Operations and limiting its revenue locations to ten sites, while incorporating seasonal registration periods. In addition, the department is implementing a web based online registration program for late spring 2013. The program will increase revenues and significantly decrease the risk and concerns articulated by the City Auditors Office. The program will provide online registration and automatically update staff. Bi-monthly site visits will be made by the Finance Office to insure timely deposits.		
#	RECOMMENDATION	CONCUR Y N	ACTION STEPS
8	<i>Develop performance measures that are: a. Based on program goals and objectives that tie to the Division's mission or purpose; b. Used for measuring outcomes, efficiency and effectiveness leading to continuous improvement; c. Verifiable, understandable and timely; d. Reported internally and externally; e. Monitored and used in managerial decision-making processes; f. Designed in a way to motivate staff at all levels to contribute toward organizational improvement; and g. Adequately supported with detailed records.</i>	Y	
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Director, Deputies and Respective Managers		31-Jul-13
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	Department staff have completed the beginning phases of the Balanced Score Card Assessment, which is being coordinated as a City-Wide Performance Initiative. The outcome of this comprehensive assessment will result in developing effective, efficient performance measures as it relates to bullets a-g listed above. The DPRCF has limited capacity to support what might be defined as "detailed records" however, acceptable/usable records will be managed and retained.		

MANAGEMENT RESPONSE FORM

RECREATION DIVISION

#	RECOMMENDATION	CONCUR Y N	ACTION STEPS
9	<i>Develop procedures that provide guidance to field staff related to record retention and reporting of key data to management for community centers, special services, and cultural arts.</i>	Y	
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Deputy Director/Rec Prog Supervisor		31-Dec-13
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	The Director assigned a Senior Recreation Program Supervisor to coordinate the revision of the Department's policies and procedures beginning in July 2011. Upon completion staff will be appropriately trained. Adherence to policies and procedures will be included as an element of employee performance appraisals. Records considered significant and appropriate to be held at least three years at the DPRCF Central Office. No permanent records will be held at off site locations.		
#	RECOMMENDATION	CONCUR Y N	ACTION STEPS
10	<i>Develop a methodology to periodically analyze community center attendance as compared to the number of employees and volunteers at each location. Adjust staffing allocations as necessary to ensure an appropriate level of customer service can be provided.</i>	Y	
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Deputy Director - Recreation		31-Dec-12
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	The Department Staff will determine on a seasonal basis the required staffing levels for each Recreation Center Site based on the programming and participation levels.		
#	RECOMMENDATION	CONCUR Y N	ACTION STEPS
11	<i>Develop and implement procedures for programs, to include the following: a. Require the use of formal, written agreements with all contractors. b. Receive formal, written customer feedback that measure the quality of program content and effectiveness of contractors c. Require contractors to maintain attendance records d. Document record retention requirements of program supporting documentation (registration forms, receipts, fee waiver forms, and attendance records) e. Require staff to reconcile revenue received from programs to expected collections</i>	Y	
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Deputy Director, ASM & Rec Prog. Supv.		31-Dec-12
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	A. Department will provide and manage contract agreements for all revenue program contractors. B. A voluntary questionnaire/survey for fee based programs will be developed and distributed at the end of the programs. C. All fee-based program registrations, not attendance records, will be retained for two years. D. Fee-based program records will be retained at least three years after the program and held at the Central Office. No permanent records will be held at off site locations. E. The department will enhance its reconciliation process, using finance personnel and consolidated registrations, to ensure that both revenue and program participation are equal.		

MANAGEMENT RESPONSE FORM

RECREATION DIVISION

#	RECOMMENDATION	CONCUR Y N	ACTION STEPS
12	<i>Update the existing agreement with the Enrichmond Foundation to: a. Reflect current business practices; b. Include a clause that gives DPR the right-to-audit the Foundation's accounting records as it relates to City fundraising activities; c. Obtain written approval from the City Attorney's Office; and d. Obtain the City's share of donations the same year they are received by the Foundation</i>	N	The Department of Parks, Recreation and Community Facilities Director will recommend to the Enrichmond Foundation Director and Board that the two organizations review and amend new and existing policies to reflect current business practices. New practices to consider include a policy establishing fund raising between the two organizations be separate & independent, which will establish an entirely separate financial relationship, eliminating the need for amending our current audit policy or have any revenue reconciliation requirements.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Administrative Services Manager-Fiscal		
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y N	ACTION STEPS
13	<i>Establish a formal, written agreement with Richmond Public Schools that clearly defines the roles and responsibilities, billing rates, and liabilities related to the transportation of youth for athletics and other recreation programs.</i>	Y	
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Recreation Program Coordinator-Spec Serv.		31-Dec-14
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	The Department will expand its agreement it began in 2011 with the Richmond Public Schools to ensure successful reciprocal operations between the two organizations which will emphasize the sharing of facilities, transportation needs, billing policies, liability interest and athletic collaboration.		
#	RECOMMENDATION	CONCUR Y N	ACTION STEPS
14	<i>Develop and implement procedures requiring staff to maintain a log for youth transported for athletics and other recreation programs.</i>	Y	The Department's current motor pool log will include requiring staff to maintain written procedures to insure that rosters are being maintained identifying the number of individuals being transported to/from athletic events and other recreation programs.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Recreation Program Coordinator - Spe Serv		31-Dec-12
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y N	ACTION STEPS
15	<i>Communicate the current payroll policy to all relevant staff to ensure that sign-in/out sheets are used. Strengthen procedures for management review and approval of employee work hours for all locations that will not utilize the new RAPIDS payroll system, such as pools.</i>	Y	The Department will develop a "Time-Collection Log Sheet" for lifeguards or other part-time personnel to be verified by respective Supervisors for accuracy prior to being forwarded to the Department's Time-Keeper for verification.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Dept Time Keeper & Adm Serv Mgr. - Fiscal		31-Dec-12
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION