



CITY OF SAN ANTONIO

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September 29, 2015

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SUBJECT: Audit Report of the Parks and Recreation Department Contracts

Mayor and Council Members:

We are pleased to send you the final report of the Parks and Recreation Department Contracts Audit. This audit began in February 2015 and concluded with an exit meeting with department management in July 2015. Management's verbatim response is included in Appendix B of the report. The Parks and Recreation Department management and staff should be commended for their cooperation and assistance during this audit.

The Office of the City Auditor is available to discuss this report with you individually at your convenience.

Respectfully Submitted,

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
City of San Antonio

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CITY OF SAN ANTONIO
OFFICE OF THE CITY AUDITOR



Audit of Parks and Recreation Department

Contracts

Project No. AU15-021

September 29, 2015

Kevin W. Barthold, CPA, CIA, CISA
City Auditor

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted an audit of the Parks and Recreation (Parks) Departments user facility contracts and reservations process. The audit objective, conclusion, and recommendations follow:

Determine if contracts with users of City recreation facility are properly managed?

Yes, contracts with users of City recreation facility are properly managed. The department has effective controls over the reservations process to ensure they are accurately calculated and collected. In addition, the contract monitoring was adequate to verify organizations were in compliance with the contract.

However, we identified areas that need improvement. We noted no policies and procedures for the award of City contracts to sports organizations. Also, outdated contract language does not reflect current business practice. Additionally, Parks does not charge for certain pavilions without clear documented criteria for doing so. Parks does not adequately manage user access to the Information Systems Parks & Recreation (ISPR) mainframe. Finally, Parks does not have an online reservation and payment system.

We recommend the Parks Director:

- Develop policies that define what type of facility usage requires a contractual agreement. In addition, establish a process for organizations to follow when requesting the use of parkland when a contractual agreement is required.
- In collaboration with the City Attorney's office perform a review of current contract language and determine if contract language should be updated to reflect current business practices.
- Review the current business practices of not charging for specific facilities. In addition, ensure written policies are created to document the basis for current and future locations which are exempt from fees or charged discounted rates.
- Develop policies and procedures related to granting and managing user access in the Information System Parks & Recreation (ISPR) system in accordance to Administrative Directive 7.8D.

- Identify the authority granted to each user role and provide staff with only the necessary access within the ISPR system to perform individual job responsibilities.
- Coordinate with the Finance Department and ITSD to determine feasibility of the implementation of an online reservation and payment system.

San Antonio's Parks and Recreation Management's verbatim response is in Appendix B on page 8.

Other Matters Section:

Parks and Recreation does not charge for the use of parkland. Currently, many of the contractual agreements with organizations allows for the free use of parkland as long as they maintain and develop the facilities. Some of these contracts have been in place for over 50 years. Based on benchmarking performed of other cities, we noted that they charge either a one-time administrative fee or collect a percentage of concession fees for the contractual use of parkland. Parks should consider performing an analysis of the contractual agreements to reflect current business practices and determine if a fee based contract should be implemented for all future facility usage contracts and renewals.

Table of Contents

Executive Summary	i
Background.....	1
Audit Scope and Methodology	2
Audit Results and Recommendations	4
A. No Policies or Procedures for Facility Use Contracts	4
B. Contract Monitoring	4
C. No Written Policy for Providing Pavilions Free of Charge.....	5
D. User Access, Roles and Authority	5
E. No Online Reservation or Payment System.....	6
Appendix A – Staff Acknowledgement	7
Appendix B – Management Response.....	8

Background

The San Antonio Parks and Recreation Department (Parks) operates the City's recreational and cultural programs and maintains 259 City-owned parks including swimming pools, gymnasiums, historic cemeteries, sports facilities, recreation centers and the Botanical Garden and Conservatory. The mission of the department is to provide exceptional parks, facilities, programs and services to improve the quality of life for all.

Parks Department offers a wide variety of facilities available to the public for rental, which include parkland, picnic pavilions, community centers, sports fields, and more. Specifically, sports use facility reservations are made at the Ron Darner Headquarters and are allotted on a first come first serve basis. They generated revenue in the amount of \$904,000 and \$805,000 for fiscal year 2014 and 2013, respectively. Currently, reservations have to be made in person at Ron Darner Headquarters as there is no online booking or payment system in place.

In addition, the department has entered into agreements with outside non-profit organizations to lease parkland. The land is provided at no cost to the non-profit organizations as long as they maintain the property and comply with specific contract requirements. These agreements range from 1 year to perpetuity and include but are not limited to sports leagues, Boys and Girls Club, YMCA, and local football organizations. The Parks and Recreation department manages approximately 49 of these contracts.

Audit Scope and Methodology

The audit scope covered parks reservations and facility usage contracts from October 2013 to March 2015.

We interviewed parks reservation staff to obtain an understanding of their responsibilities and duties for booking reservations for the general public. Additionally, we interviewed the contract manager and his staff to determine how they award and monitor contracts to the various users of City facilities.

We tested 50 reservation transactions to verify they were processed appropriately. Specifically, we tested each transaction to verify the fee was supported with receipts, accurately charged, and recorded correctly.

In addition, we performed an analysis to determine the basis for the existence of transactions that were charged but not paid and transactions with no charges for several facilities.

We reviewed 20 user facility contracts between the City and various organizations to verify key contract clauses were included and that the contract deliverables were being monitored.

We verified ISPR system automated controls designed to prevent duplicate reservations and cancel reservations in the event of nonpayment were operating as intended.

Finally, we surveyed several Cities to obtain their current practices regarding contractual agreements. Four cities responded to our survey of questions related to contractual agreements with user facility organizations. In addition, four cities and two local school districts responded to our survey questions related to athletic field rentals.

Testing criteria included Parks and Recreation departmental policies and procedures along with City contracts with the various organizations. Additionally, we used the schedule of fees to verify reservations rates were accurately charged.

We reviewed relevant information technology Administrative Directive 7.8D Access Control to ensure Parks and Recreation compliance with managing user access in the ISPR mainframe system. We obtained a list of all system users and corresponding roles and authority to verify appropriate segregation of duties.

We relied on computer-processed data in SAP, the City's financial system, and ISPR, Parks' system for the recording and processing of payments, and to verify reservations were appropriate. Our reliance was based on performing direct tests

on the data rather than evaluating the system's general and application controls. We do not believe that the absence of testing general and application controls had an effect on the results of our audit.

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 audit results and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our audit results and conclusions based on our audit objectives. Our audit included tests of management controls that we considered necessary under the circumstances.

Audit Results and Recommendations

A. No Policies or Procedures for Facility Use Contracts

San Antonio Parks and Recreation (Parks) has no policies and procedures for how City contracts are awarded to organizations. Currently, leagues and organizations have no formal process to follow when requesting parkland to use for their various activities.

We observed the inconsistent use of contracts. For instance, Parks approved the use of parkland requested by one organization without a contract based on a memo submitted to Parks. Other organizations with the same type of requests were under contract.

In addition, several leagues are allowed to reserve park fields for 6 months to a year at a time in advance. This reservation activity should be incorporated into a contract so that the league is contractually obligated to pay for the entire reservation. In addition, requiring a contractual agreement would potentially limit the liability to the City. Currently, the league can reserve for up to one year and do not have to pay for the reservations until the day before they use the facilities. Finally, these arrangements create additional administrative duties for the Parks staff when these leagues have cancellations or cannot use the field due to inclement weather.

Recommendation

The Parks Director should develop policies that define what type of facility usage requires a contractual agreement. In addition, establish a process for organizations to follow when requesting the use of parkland when a contractual agreement is required.

B. Contract Monitoring

Parks did not monitor contract requirements related to an organization's 501(c)(3) status. Specifically, we noted 10 out of 14 Licensees were not monitored by Parks to verify they maintained a 501(c)(3) status.

Per the contract agreement, Licensees are required to maintain a 501(c)(3) status to be in good standing with the City and have access to the agreed upon facilities.

Per Parks staff, they consider this language outdated and they intend to revise the contract to eliminate this requirement. They do not believe the Licensees have to be a 501(c)(3) to comply with the contract. However, we did note Parks

verified that organizations were registered non-profits with the Texas Secretary of State.

Recommendation

Parks Director in collaboration with the City Attorney's office perform a review of current contract language and determine if contract language should be updated to reflect current business practices.

C. No Written Policy for Providing Pavilions Free of Charge

Parks does not have a formal documented policy which outlines the management criteria for not charging a rental fee for certain pavilions. We identified several instances where a reservation fee was not charged or paid.

We observed Parks was not charging for three specific reservation locations. The three locations included Collins Garden Shelter, Harlandale Pavilion and McAllister #3 picnic area.

Per Parks staff, the business practice has always been to allow for free usage of the three locations. However, they could not provide documentation to support the basis of this business practice. As a result, the City has not charged reservation fees for these three facilities.

Recommendation

Parks Director should review the current business practices of not charging for specific facilities. In addition, ensure written policies are created to document the basis for current and future locations, which are exempt from fees or charged discounted rates.

D. User Access, Roles and Authority

Parks and Recreation did not adequately manage user access to the Information Systems Parks & Recreation (ISPR) mainframe. We identified the following issues:

D.1 Parks did not have a formalized process for granting and managing user access. Parks had no documentation with department approval granting user's authorization in the ISPR system. Per Administrative Directive (AD) 7.8D, access authorization should be formal, well-defined, documented and an auditable process. This occurred because most of the reservation staff was transferred from the 311 Link Centers and kept their same authority without Parks reviewing their privileges in ISPR.

D.2 Parks staff could not define User authority. We obtained a list of all reservation system users and their assigned roles. However, the authority granted for each user role could not be determined. Therefore, we could not test user access for proper segregation of duties. Per AD 7.8D, proper user access restricts users to performing functions that are within scope of their authority and/or responsibility. Without proper segregated access controls, users have the ability to manipulate data beyond the scope of their approved authority.

Recommendation

The Parks Director should:

D.1 Develop policies and procedures related to granting and managing user access in the ISPR system in accordance to Administrative Directive 7.8D.

D.2 Identify the authority granted to each user role and provide staff with only the necessary access within the ISPR system to perform individual job responsibilities.

E. No Online Reservation or Payment System

Parks does not have an online reservation and payment system. Currently, a reservation for a playing field or pavilion rental can only be made at the Ron Darner Parks and Recreation Headquarters. The customer can call in and ask for the availability of a facility. After obtaining availability, the customer is then required to pay at headquarters by 3 pm on the same day. The implementation of an online system would enhance the customer service experience and could potentially increase revenue from reservations.

Recommendation

Parks Director should coordinate with the Finance Department and ITSD for implementation of the online reservation and payment system.

Appendix A – Staff Acknowledgement

Buddy Vargas, CFE, Audit Manager
Danny Zuniga, CPA, CIA, Auditor In Charge
Cristina Stavley, Auditor
Cecilia Gonzalez, Auditor

Appendix B – Management Response



CITY OF SAN ANTONIO

P.O. Box 839966
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August 27, 2015

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
San Antonio, Texas

RE: Management's Corrective Action Plan for Audit of Parks and Recreation Contracts

San Antonio Parks and Recreation Department has reviewed the audit report and has developed the Corrective Action Plans below corresponding to report recommendations.

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
A	<p>No Policies or Procedures for Facility Use Contracts</p> <p>The Parks Director should develop policies that define what type of facility usage requires a contractual agreement. In addition, establish a process for organizations to follow when requesting the use of parkland when a contractual agreement is required.</p>	4	Accept	Homer Garcia, Contract Manager	12/01/15

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	<p>Action plan: There is an established institutional process in place for users of parks facilities which varies from transactional permits, direct special requests to the Director's Office, to more formalized arrangements memorialized by a license agreement, for example, which typically are for long-term use in exchange for full maintenance of the park property by the tenant. In part, the process is driven by the use type or purpose and duration of the use. Accordingly, the user agreement is then executed in accordance with the City's governing policies be it a transactional fee established by ordinance or license agreement approved by City Council. To sustain the consistency in how the Parks Department enters into user agreements, a management policy will be developed outlining the criteria to execute such agreements while establishing a public process to guide such activity.</p>				
B	<p>Contract Monitoring</p> <p>Parks Director in collaboration with the City Attorney's office perform a review of current contract language and determine if contract language should be updated to reflect current business practices.</p>	5	Accept	Homer Garcia, Contract Manager	Ongoing
	<p>Action plan: Antiquated contract language in agreements will be evaluated and modified accordingly to match current business operating models and practices. This will be a phased-in process and occur at the earliest opportunity as existing agreements come up for extension and renewal or at the time of negotiation and execution of new tenant agreements or amendments to the Parks Department portfolio.</p>				
C	<p>No Written Policy for Providing Pavilions Free of Charge</p> <p>Parks Director should review the current business practices of not charging for specific facilities. In addition, ensure written policies are created to document the basis for current and future locations, which are exempt from fees or charged discounted rates.</p>	5	Accept	Melinda Cerda, Parks Manager	12/01/15

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	<p>Action plan: Generally, park amenities are available on a first come, first served basis unless otherwise reserved. A majority of popular high-use parks facilities are on the reservation system, which the generated permit issued at the time of payment serves as documentation needed upon arrival in the event a third party may be utilizing the facility as a walk-on. There are very few exceptions to this dynamic where no fee is charged to reserve use of a park amenity and a permit is issued. In these cases, the capacity of the particular location is small which makes it undesirable as a paid venue. However, to mitigate public discourse, the Parks Department allows citizens to reserve the amenity at no charge so that a permit may be issued. Accordingly, the Department will document the guiding criteria of this effective management practice which will assist in the continuity of business operations when there is turnover.</p>				
D	<p>User Access, Roles and Authority</p> <p>Develop policies and procedures related to granting and managing user access in the ISPR system in accordance to Administrative Directive 7.8D.</p> <p>Identify the authority granted to each user role and provide staff with only the necessary access within the ISPR system to perform individual job responsibilities.</p>	6	Accept	Rae Tucker, Fiscal Administrator	12/01/15
	<p>Action plan: Current user roles for the mainframe (ISPR) system will be evaluated and modified based on job function to ensure segregation of duties are in place and are consistent with the requirements of the job. Accordingly, the Department will adopt an operational policy so that user access is aligned with individual job responsibilities and appropriate controls are in place as the new online payment and reservation system is implemented.</p>				
E	<p>No Online Reservation or Payment System</p> <p>Parks Director should coordinate with the Finance Department and ITSD for implementation of the online reservation and payment system.</p>	6	Accept	Lyn Kinton, Recreation Manager	Ongoing

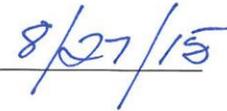
Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	<p>Action plan: City Council approved the vendor contract for the online reservation and payment system on June 18, 2015. The reservation system is a component of the Customer First San Antonio (C1SA) project that will also implement an enterprise point-of-sale system. After the C1SA project is formally kicked off later in calendar year 2015, it is anticipated the timeline for the reservation-registration component will be finalized with implementation occurring in Fiscal Year 2016. The Parks and Recreation Department will be in the first phase of implementation of this online reservation and payment system, and a Department liaison has been identified to track the status of this implementation. The Department will take action accordingly to develop milestones for implementation as part of the migration from the mainframe application to the go-live date.</p>				

We are committed to addressing the recommendations in the audit report and the plan of actions presented above.

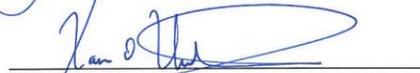
Sincerely,



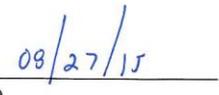
 Janet A. Martin, M.Ed, CPRP
 Acting Director
 Parks and Recreation Department



 Date



 Xavier D. Urrutia
 Interim Assistant City Manager
 City Manager's Office



 Date