



DATE: May 8, 2009

TO: RANDY COOPER, Director, PARCS
JERRY HAYNES, Assistant Director, PARCS
PAUL MELIKIAN, Administrative Manager, PARCS

THROUGH: RENENA SMITH, Budget Director
Budget and Management Studies Division

FROM: BOB KOURY, Principal Internal Auditor
BILL RICHARDS, Internal Auditor
Budget and Management Studies Division - Internal Audit

SUBJECT: FINAL AUDIT REPORT – PARCS NEW RESERVATION SYSTEM AUDIT

Attached is the Final Audit Report of the PARCS New Reservation System Audit. Internal Audit wishes to thank you and your staff for their cooperation and assistance in performing the audit.

City and Department Management has responsibility for implementation of Internal Audit recommendations and for establishing an effective system of internal controls. Internal Audit believes the implementation of our audit recommendations to the best of your Department's ability will aid your Department and City Management in increasing Customer Satisfaction, Employee Satisfaction, and Financial Management.

Internal Audit will perform a follow-up audit six to twelve months after this report is issued to verify that the recommendations have been implemented or that the issue documented in the finding has been resolved in a manner that address the weakness or risk identified. The follow-up review is performed in accordance with AO 1-12 and Government Auditing Standards.

If you have any questions regarding this matter, please do not hesitate to contact Bob Koury, Principal Internal Auditor, at 621-7072 or Bill Richards, Internal Auditor, at 621-7063.

Attachment

cc: Ashley Swearengin, Mayor
Council Members
Andrew T. Souza, City Manager
Bruce Rudd, Assistant City Manager
Margaret Arechiga, Deputy City Manager
Karen Bradley, Interim Finance Director/Controller
Jane Sumpter, Principal Budget Analyst, Budget and Management Studies Division
Margie Pina, Computer Systems Specialist III, PARCS

INTERNAL AUDIT



FINAL AUDIT REPORT

**PARCS
New Reservation System Audit**

09-0010

**Performed by:
Bill Richards, Internal Auditor
Budget and Management Studies Division – Internal Audit**

Issued on May 8, 2009

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EXECUTIVE SUMMARY

This report presents the results of our New Reservation System Audit performed in March 2009, in accordance with AO 1-12 and Government Auditing Standards. We performed the audit to determine if adequate internal controls are in place related to the Reservation System.

Results

PARCS has strengthened their internal controls by installing drop safes at reservation cash handling sites, implemented a new Policy and Procedures Manual, and installed a new Reservation System. We identified the following opportunities to further strengthen internal controls over the Reservation System.

- The PARCS Director or his designee should update the RecTrac Security Listing regarding the status and location of employees to prevent unauthorized access to the system and for audit trail purposes.
- The PARCS Director or his designee should establish and implement a formal policy and procedure regarding an annual fee verification to ensure the fees and descriptions recorded in RecTrac are in compliance with the City's Master Fee Schedule (MFS).

INTRODUCTION

Background

The Parks, After School, Recreation and Community Services Department (PARCS) is dedicated to creating community through people, parks, and programs. PARCS maintains and operates three regional parks, numerous community and neighborhood parks; pocket parks and regional trails; public grounds in Downtown Fresno, including City Hall, Santa Fe Depot, Fulton/Mariposa malls; and operation of the Memorial Auditorium.

PARCS receives a majority of its operating revenue from the general fund and generates revenue through a variety of services including facility reservations, sports leagues, camp registrations and instructional classes.

PARCS implemented the RecTrac Recreation Tracking System in September 2008 and WebTrac in October 2008. RecTrac is used to assist the management of facility and activity reservations. WebTrac provides customers with real-time internet access for self-service reservations for a variety of activities and facilities such as sports fields and leagues, picnic tables and shelters, and to make credit card payment. For Customers without internet access, RecTrac allows staff to process reservations over the phone. Customers gain the convenience and time-saving advantage of making reservations through the Internet, and PARCS increases productivity and efficiency without increasing personnel.

Audit Objective

The objective of our audit was to determine if adequate internal controls are in place over the RecTrac System.

Audit Scope and Methodology

We performed the audit in March 2009, in accordance with AO 1-12 and Government Auditing Standards. The scope of this audit was limited to planning and performing our audit procedures to obtain reasonable assurance concerning the Reservation System. To gain an understanding of the process, we conducted interviews of appropriate personnel, reviewed applicable policies and procedures and reference guides, performed observations of the reservation processes, and reviewed a sample of transactions.

Conclusion

Based on the results of our limited scope audit, we conclude that overall internal controls are in place and operating as intended over the RecTrac Reservation System. PARCS Management and staff are commended for their effort in this regard. However, we did observe some areas where internal controls could be strengthened. These items are addressed in the audit report and have been discussed with the RecTrac Systems Administrator during the audit and corrective actions were immediately initiated.

RESULTS AND RECOMMENDATIONS

RecTrac Security Listing

The RecTrac user access Security Listing is not current. The Security Listing was not updated when personnel changes occurred. The Security Listing contains the name of a person who is no longer with the city, one employee is listed twice, one employee with an out of date location/device link, and four employees without a location/device link. The RecTrac Security Listing should be updated to prevent the possibility of unauthorized access, attempts to compromise the system and for audit trail purposes. Internal Audit discussed this issue with the RecTrac Systems Administrator and immediate corrective action was taken to correct the Security Listing.

Recommendation 1

The PARCS Director or his designee should update the RecTrac Security Listing regarding the status and location of employees to prevent unauthorized access to the system and for audit trail purposes.

MANAGEMENT RESPONSE

PARCS Department Management concurs with the Audit Recommendation - See attached May 5, 2009 Memorandum Response.

RecTrac Fees and Descriptions

Internal Audit compared the RecTrac descriptions and fees to the City's Master Fee Schedule (MFS) and noted the following.

- Soccer Team/League Fee \$560; the MFS list as \$585.
- CPR/First Aid Class as \$35; the MFS list \$30 First Aid, \$40 CPR and \$50 CPR and First Aid.
- Manchester Park Diamond 2 of 2 Security/Cleaning fee not listed; the MFS list the fee range as \$100-500.
- Mosqueda Field with Lights not listed; the MFS list the fee as \$18.25.
- Eaton Plaza Amphitheater over 500 people not listed; the MFS list the fee as \$500.
- Woodward Group Activity Area over 500 people not listed; the MFS list the fee as \$500.
- Woodward Rotary Amphitheater:
 - NP 0-200 people \$200; the MFS list as \$100.
 - NP 201-500 \$350; the MFS list as \$175.
 - NP Over 500 \$500; the MFS list as \$250.
 - PF over 500 missing; the MFS list as \$500.
- Pool Rental:
 - Pool Public Rental \$12.50; not listed in the MFS.
 - Pool Rental FUSD \$6.25; not listed in the MFS.

Sp Pool Rentals 2L \$0; the MFS list as \$25.
Sp Pool Rentals 3L \$37; the MFS list as \$37.50.
Sp Pool Rentals 5L \$62.00; the MFS list as \$62.50.
Airways Pool AP Pool Rentals 6L \$0; the MFS list as \$75.

- Veterans Memorial Auditorium:
Mem Aud Dep #1 1; the MFS has Mem Aud Dep Up to 3 Dates.
Mem Aud Dep #1 4; the MFS as Mem Aud Dep 4-7 Dates.
Mem Aud Dep #1 8; the MFS as Mem Aud Dep 8 or more Dates.
Mem Aud NP 8a-12; the MFS has Mem Aud NP 6pm to 12 midnight.
- Roeding and Woodward picnic tables and shelters have the same fee for half-day and full-day and the Roeding fees do not match the MFS.

There is no formal policy and procedure for the periodic verification of the RecTrac System Fees to ensure compliance with the City's MFS. Non-compliance with the MFS could result in the charging of fees different than the City's MFS. Internal Audit discussed this issue with the RecTrac Systems Administrator and immediate corrective action was taken to correct the fees and descriptions in RecTrac.

Recommendation 2

The PARCS Director or his designee should establish and implement a formal policy and procedure regarding an annual fee verification to ensure the fees and descriptions recorded in RecTrac are in compliance with the City's MFS.

MANAGEMENT RESPONSE

PARCS Department Management concurs with the Audit Recommendation - See attached May 5, 2009 Memorandum Response.

City of



PARKS, AFTER SCHOOL, RECREATION AND COMMUNITY SERVICES DEPARTMENT

DATE: May 5, 2009

TO: BOB KOURY, Principal Internal Auditor
Budget and Management Studies Division/Internal Audit

FROM: RANDALL L. COOPER, Director *rlc*
PAUL MELIKIAN, Administrative Manager *pm*

SUBJECT: FORMAL RESPONSE- PARCS NEW RESERVATION SYSTEM AUDIT

In response to your audit conducted in March 2009 of the new RecTrac Reservation System, the Department has implemented recommendations from the Office of Internal Audit. Our formal responses and actions to the audit are as follows:

Recommendation 1: The PARCS Director or designee should update RecTrac Security Listing regarding status and location of employees to prevent access to the system and for audit trail purposes.

MANAGEMENT RESPONSE TO RECOMMENDATION:

The RecTrac Security listing has been updated to include adding additional sites, deleting duplicate users and disabling accounts for users who are no longer employed by the City. RecTrac will be monitored to ensure that user's in the "security listing" is updated as required. The Supervisor and/or Accounting clerks will notify the RecTrac Administrator immediately following employment status changes. (See attached P.M 31)

Recommendation 2: The PARCS Director or designee should establish and implement a formal policy and procedure regarding an annual fee verification to ensure the fees and descriptions recorded in RecTrac are in compliance with City's Master Fee Schedule.

MANAGEMENT RESPONSE TO RECOMMENDATION:

The RecTrac Administrator will work closely with Administrative Manager and staff in regards to any fees changes to ensure RecTrac is in compliance with City's Master Fee schedule. Master Fee Schedule updates that are submitted in July will be updated in RecTrac and the City's website immediately following approval from City council.

The Department is drafting a procedure to document the steps staff is required to take for RecTrac processing, monitoring and updating users, updating the Master Fee Schedule, system maintenance and accounting processing. Due to the confidentiality reporting, this procedure will be held separate from the general Department policy. The anticipated completion date for this procedure is July 1, 2009.

Attachment: Policy P.M. 31

Purpose:

To provide administrative policy and procedure guidelines for the collection and safeguarding of the Department revenue with the exception of the Aquatics Program, which policy is set forth in Policy Memorandum No. 32.

Policy:

1. Supervisors are to establish appropriate cut-off times for program registration times to allow staff adequate time to prepare deposits.
2. All cash, checks, or money orders are to be stored in a City safe. No cash, checks, etc., shall be stored in locked file cabinets or locked drawers at any time.
3. Donations collected at various sites must be secured prior to armored pickup.
4. Cash deposits must be initialed and dated. Pending checks will be held in safe until checks can be processed.
5. All payments must be counted and prepared daily for deposit and must balance to the Rectrac cash journal report. Daily reconciliation will be conducted at the Administration office.
6. All reservations entered into the computer reservations software must be made under the employee's login only. Under no circumstances will the login be shared between employees.
7. All payments received for reservations and registrations must be entered in Rectrac at the time of the transaction. Once processed, payments must be dropped in the safe immediately after the transaction is complete.
8. No handwritten receipts will be issued under any circumstances. Customers must be given computer reservation software generated receipts for all payments received.
9. A list of employees who are assigned keys to PARCS facilities and combinations to safes will be kept on file at the Administration office.
10. Supervisors and/or accounting should notify the RecTrac Administrator immediately following employment status changes.
11. The Senior Account Clerk and the Supervisors I and II shall be the only field or administrative staff that will have the combination to safes.
12. For backup purposes, the Recreation Manager and Department Administrative Manager will be the only other staff who will have the safe combinations.