



DATE: February 12, 2008

TO: RANDY COOPER, Director, Parks Department  
PAUL MELIKIAN, Administrative Manager, Parks Department

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

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

SUBJECT: FOLLOW-UP AUDIT – REGIONAL PARKS ENTRANCE FEES AND PARKS  
CAPITAL EXPENDITURE FUNDS AUDIT

Attached is the Final Follow-Up Audit Report with the current implementation status of the eighteen audit recommendations made in the Regional Parks Entrance Fees and Parks Capital Expenditure Funds Audit issued May 10, 2007. Internal Audit wishes to thank you and your staff for their cooperation and assistance in performing this follow-up audit, which was performed in accordance with AO 1-12 and Government Auditing Standards.

Based on follow-up audit procedures and visits to all Regional Parks by Internal Audit on January 26, 2008, some audit recommendations had not been adequately implemented by the Parks Department, as stated in their January 18, 2008 Memorandum. However, subsequent to January 26<sup>th</sup>, the Parks Department immediately addressed the outstanding audit recommendations, as stated in their February 1, 2008 Memorandum. Parks Management is commended for their efforts in the implementation of most all audit recommendations.

The Parks Department's management responses/actions taken Memorandums dated January 18, 2008 and February 1, 2008, are attached to this Follow-up Report in their entirety.

If you have any questions regarding this matter, please contact Bob Koury, Principal Internal Auditor, at 621-7072.

#### Attachments

cc: Alan Autry, Mayor  
Council Members  
Andrew T. Souza, City Manager  
Jon Ruiz, Assistant City Manager  
Bruce Rudd, Assistant City Manager  
Jerry Haynes, Assistant Director, Parks Department  
Forrest Dean, Parks Manager, Parks Department  
Karen Bradley, Interim Finance Director/City Controller  
Jane Sumpter, Principal Budget Analyst



# **FINAL FOLLOW-UP AUDIT REPORT**

## **REGIONAL PARKS ENTRANCE FEES AND PARKS CAPITAL EXPENDITURE FUNDS AUDIT**

**AUDIT NUMBER 08-0013**

**FEBRUARY 12, 2008**

**Performed By: Bob Koury, Principal Internal Auditor**

**Budget and Management Studies Division - Internal Audit**

# TABLE OF CONTENTS

## AUDIT FINDINGS AND RECOMMENDATIONS

Finding 1 – Untimely Deposit of Regional Parks Gate Fees.....	1
Finding 2 – Shortages/Overages of Gate Entrance Fees.....	1
Finding 3 – Reconciliation and Distribution of Gate Entrance Fees.....	3
Finding 4 – Auditor Visits to Regional Parks – Internal Control Weaknesses and Items of Operational Concern.....	4
Finding 5 – Regional Parks Capital Improvement Fund Expenditures.....	13

### Attachments:

Attachment A – “Regional Parks Gate Fee Revenues and Capital Improvement Fund Cash Balances As of January 31, 2008”

“Parks Department Responses/Actions Taken Memorandums dated January 18, 2008 and February 1, 2008”

# ORIGINAL AUDIT FINDINGS AND RECOMMENDATIONS

## **Finding 1 – Untimely Deposit of Regional Parks Gate Fees**

Regional Parks gate entrance fees are picked up from the Regional Parks on Mondays and Fridays by armored car service and delivered to Parks Administration Business Office on Wednesdays of every week. The previous week's gate entrance fees are given to the armored car service on Wednesdays to transport to the City's Bank for deposit, i.e. deposits of all Parks Department receipts are only made once a week regardless of the amount of receipts on hand in the Parks Administration vault.

Tests of parks records and as also confirmed by Parks Business Office staff, weekly Parks Department deposits have averaged between \$20,000 - \$40,000 between May and September due to the pleasant weather, visitor volume increases at the regional parks during this time of year, and especially due to significant holidays or events, e.g. Easter, Mother's Day, Memorial Day, Father's Day, Fourth of July and Labor Day.

Excessive cash on hand (\$20,000 - \$40,000), although adequately secured in the Parks Department vault, should be deposited more timely than once a week to the City's Bank. Untimely deposits of Parks Department receipts can also result in lost interest revenue to both the General Fund and the Parks Capital Improvement Funds.

### Audit Recommendation

1. Parks Department Management should develop a policy related to more timely deposits of Parks Department receipts (including regional parks gate entrance fees) to the City's Bank rather than just once a week. For example: "Parks Department receipts will be deposited to the City's Bank on Wednesdays and also whenever the total receipts on hand (in vault) reach \$20,000 or more."

### Follow-up Response/Current Status Per Management 1/18/08

Consistent with our initial response, increasing armored car pick ups from the PARCS Administration Business office from one to two times per week is not feasible from either a financial or operational perspective. However, this will be revisited in the future as accounts payable and payroll work processes change.

### Internal Audit Comment

Not Implemented – It is still considered appropriate that Parks Management reconsider the implementation of this audit recommendation based on the reasons cited in our original audit report and noted above.

## **Finding 2 – Shortages/Overages of Gate Entrance Fees**

The regional parks gate entrance fees, which are delivered to the Parks Business Office on Wednesdays by armored car service, are immediately secured in the vault. On the following Monday or Tuesday, all regional parks receipts are counted by the Business Office staff and are identified separately by each Regional Park and gate attendant, i.e. Roeding Park, Regional

Sports Complex, and Woodward Park including Japanese Garden. All parks entrance fees are in sealed envelopes with the date, amount and attendant's name written on the outside of the envelope until opened and counted by the Business Office.

During the audit, it was noted that each park attendant's gate receipts envelopes are opened and counted by the Business Office staff and verified to each day's cash register "Z-Tapes" to determine if any shortages/overages occurred and for reconciliation purposes as well. However, if during the counting of cash it is discovered that the amount written on the outside of the envelope does not agree with the receipts counted, the amount written on the envelope by the gate attendant is "crossed off" and the correct amount of cash counted is written on the envelope. The day's total receipts counted for each respective Regional Park is then compared to all "Z-Tape" totals and a "net" overage or shortage is noted for that particular park. For example, for any Regional Park's gate receipts, one gate attendant's total cash receipts counted may be "short" by \$20 and another gate attendant's receipts on the same day may be "over" by \$15, resulting in a "net" shortage of only \$5. This is all the Parks Supervisor II's would see for the day. In addition, the names of the actual gate attendants whose individual receipts were either over or short is not identified/documented for tracking and monitoring purposes, nor are the attendant's names provided to the Parks Supervisor II's for appropriate action, e.g. additional training, closer oversight and/or, if discrepancies continued to occur, possible termination from the City. Parks Administration also does not currently have a formalized policy that indicates either a certain level/amount of individual shortages or overages which are "acceptable" or that require appropriate action by Parks Supervisors to address such shortages or overages incurred by gate attendants.

The total of all cash shortages and overages "netted" for all Regional Parks for the period July 2006 through March 2007 per the monthly "Cash Reconciliation Forms" prepared by Parks Administration is as follows:

Roeding Park - Total Shortages = \$1,452; Total Overages = \$1,672.  
Woodward Park - Total Shortages = \$847; Total Overages = \$2,205  
Japanese Garden - Total Shortages = \$91; Total Overages = \$226  
Sports Complex - Total Shortages = \$1,172; Total Overages = \$1,190

Total Shortages for All Regional Parks for the 9 month period = \$3,562  
Total Overages for All Regional Parks for the 9 month period = \$5,293

Note: These totals are "net" for each day of all individual cash shortages and overages by all gate attendants, i.e. actual individual cash shortages and overages by attendant on a daily basis is most likely much higher.

### Audit Recommendation

2. Parks Administration should establish a formalized (written) policy related to cash shortages and overages that occur at all regional parks. This policy should include a specific amount, e.g. \$5 or more (shortage or overage), by attendant, per day, and the required monitoring/tracking (documentation) of attendant's individual shortages/overages. From the individual attendant's daily shortages/overages provided to them by the Business Office, Parks Supervisors can then take appropriate action, e.g. additional training on cash handling for specific gate attendant's, or if shortages/overages continue to occur without improvement, termination of gate

attendant from City. These formalized policies should be clearly communicated to all Parks Supervisors and gate attendants and monitored for compliance purposes.

#### **Follow-up Response/Current Status Per Management 1/18/08**

Effective July 6, 2007, PARCS implemented a written policy related to operator identification numbers, Z-tape and cash shortages and overages. (See attached policy P.M. 31.2).

Due to the weekly monitoring of cash reconciliation forms and our new improved cash registers, the shortages and overages has significantly improved. As a result, corrective action is taken in a timelier manner when shortage or overages occurs more than three times in a six-month period.

#### **Internal Audit Comment Per Park Visits on January 26, 2008**

Partially Implemented – A new Policy, P.M. 31.2, was developed and implemented by Parks Management in July 2007 as recommended. However, it was noted that this policy was not posted within the Parks Toll Booths nor had any of the Toll Booth Operators seen it.

Parks Management should immediately provide all Regional Parks Supervisors and Toll Booth operators with P.M. 31.2 and ensure that they all comply with such policy.

#### **Subsequent Action Taken by Parks Management Per Their February 1, 2008 Memorandum – Recommendation Implemented**

### **Finding 3 – Reconciliation and Distribution of Gate Entrance Fees**

The “Cash Reconciliation Forms” referenced above in Finding 2 are prepared by the Parks Business Office 3-4 weeks subsequent to the actual day’s receipts activity at the Regional Parks and then provided to the Parks Supervisor II’s for review purposes and, if considered appropriate, for further action related to shortages/overages, etc. The receiving of these reconciliation forms by the Parks Supervisor II’s 3-4 weeks subsequent to the actual day’s receipt transactions and discovery of gate attendant’s cash shortages/overages is not timely.

For the period July 2006 through March 2007, the Regional Parks gate entrance fees were tested for the proper distribution and posting to the General Fund and to each respective Regional Park’s Capital Improvement Funds. There were no exceptions related to these audit tests and it was determined that Regional Parks gate fees are being properly distributed as per established distribution requirements.

#### **Audit Recommendation**

3. The “Cash Reconciliation Forms” prepared by the Parks Business Office should be provided to the Parks Supervisor II’s in a more timely manner, e.g. every two weeks, in order to allow the Parks Supervisor II’s to initiate appropriate and timely action and/or communication with their respective Parks Supervisor I’s regarding cash shortages or overages identified with specific gate attendants.

### **Follow-up Response/Current Status Per Management 1/18/08**

Effective July 6, 2007, Cash Reconciliation Forms have been prepared and provided to the Parks Supervisors weekly. Cash Reconciliation Forms are reviewed by the supervisors to monitor if tollbooth operators are consistently experiencing shortage or overages. Corrective action is taken when shortage or overages occur more than three times in a six-month period.

### **Recommendation Implemented**

## **Finding 4 – Auditor Visits to Regional Parks – Internal Control Weaknesses and Items of Operational Concern**

On March 30<sup>th</sup> (Friday) and March 31<sup>st</sup> (Saturday), 2007, the City's Principal Internal Auditor conducted "unannounced" visits at all Regional Parks – Roeding (both at the Olive Street and Belmont Street Toll Booths), Regional Sports Complex, Woodward Park Toll Booth and Japanese Garden. Observations were made of gate attendant's procedures and park visitor activities, and all gate attendants were interviewed related to gate entrance fee procedures and internal controls over such fees. Internal control weaknesses and/or items of an operational concern for improved customer service and employee satisfaction were noted during the course of the Regional Parks visits, as follows:

### **Items of Concern or Internal Control Weaknesses Affecting Customer Service and Employee Satisfaction at All Regional Parks:**

- A. **"Seniors and Handicapped"** – It was noted during the audit that most all park gate attendants were confused on who was truly a "Senior" for admittance into their respective regional park. Most gate attendants stated that "if the visitor appeared to be old or look like a Senior", they would not charge the \$3 gate fee. Gate attendants also were not clear on the age criteria for a Senior, i.e. some thought it was 55, some thought it was 62. There was nothing in writing for the gate attendants to follow regarding Seniors in the performance of their duties other than a one sheet document that only states "Annual Passes, Seniors, and the Handicap are waved in – do not ring up". For the Handicapped visitors to the parks, it was much more clear to the gate attendants that a Disabled Person Placard or license plate decal must be evident for free admission to the park. There is also no signage at any of the parks related to Seniors or Handicapped Visitors.

The City's Master Fee Schedule clearly states "Park entrance fee shall be waived for either vehicles displaying Disabled Person Placard/Decal or vehicles in which a senior citizen (age 62 or older) is a passenger/driver".

### **Audit Recommendations**

4. Parks Management should develop formalized (written) policies related to Seniors and Handicapped Visitors to all Regional Parks (as per the City's MFS) and formally communicate this policy to all parks gate attendants as soon as possible. This will improve employee satisfaction and consistency in procedures at all Regional Parks and may also increase gate fee revenues, i.e. for Seniors who "looked like Seniors" and were not charged entrance fee and were actually under the age of 62.

5. Parks Management should consider additional signage at all Regional Parks related to Seniors and Handicapped Visitors, e.g. "Seniors 62 or older and Vehicles with Handicapped Placard or Decal – Free Admittance". This would improve customer satisfaction and efficiencies in the admittance of these individuals/vehicles into the Regional Parks.

#### **Follow-up Response/Current Status Per Management 1/18/08**

Information regarding senior and handicapped entrance requirements is provided in the Master Fee Schedule. A written policy was developed and supervisors and employees have been trained on senior age requirements and handicap access to the Regional Parks. Also, additional signage was installed in each tollbooth at all three Regional Parks eliminating any confusion on age or handicap requirements. (See attached draft Policy P.M. 47)

#### **Internal Audit Comment Per Park Visits on January 26, 2008**

Partially Implemented – Additional signage was installed at all Regional Parks addressing Seniors and Handicapped park visitors. However, the Draft policy, P.M. 47, is still in DRAFT form as of this follow-up audit. Thus, all Regional Parks toll booth operators remain without the formalized and final policy related to such issues as entry and reentry by park visitors, pre-ringing of receipts, and (for Roeding Park) charging or noncharging entry fee for Chafee Zoo staff and outside vendors.

Parks Management should immediately finalize and implement the Draft P.M. 47 for all Regional Parks and formally communicate this policy to all Toll Booth operators and train them accordingly for compliance and consistency purposes.

#### **Subsequent Action Taken by Parks Management Per Their February 1, 2008 Memorandum – Recommendations Implemented**

- B. **"Park Visitor Reentry and City Vehicles Entering Regional Parks"** – These were two other areas of concern noted during the internal auditor's park visits based on observed confusion by some of the park gate attendants related to these items.

It appeared that at the Regional Sports Complex, reentry of vehicles into this park was unlimited, i.e. \$3 for the entire day, no matter how many times a visitor left the park and reentered. However, at both Roeding and Woodward Parks, the \$3 entrance fee was only good for one reentry and the receipt was then taken from the park visitor.

It was also observed that all City Vehicles, including Non-Parks Vehicles, were being allowed into the Regional Parks free of charge. Some of the Non-Parks City Vehicles (employees) may be using the Park for their lunch hours or breaks, although this could not be validated; however, these Non-Parks City Vehicles are taking up parking stalls within the Regional Parks that could be available to other citizens of Fresno who have paid the \$3 entrance fee and cannot find parking.

There is currently nothing in writing for the gate attendants to follow related to the reentry of visitor vehicles into the Regional Parks, nor for the admittance, without charge, of all City Vehicles, including Non-Parks City Vehicles.

## Audit Recommendation

6. Parks Management should develop formalized (written) policies related to visitor reentry and the admittance of City Vehicles into the Regional Parks and formally communicate these policies to all park gate attendants as soon as possible. This will improve customer service, employee satisfaction and consistency in procedures at all Regional Parks. This may also increase gate fee revenues based on the policies established by Parks Management, e.g. if only one reentry allowed on the same day for parks visitors or if only City Parks Vehicles were allowed into the Regional Parks at no charge.

### Follow-up Response/Current Status Per Management 1/18/08

Roeding, Woodward and Regional Sports Parks now have the same re-entry policy. The \$3 entrance fee is good for one re-entry and those park visitors wishing to re-enter the park must surrender their receipt to the tollbooth operator. Multiple entries are allowed for tournaments at Regional Sports Complex. (See attached draft Policy P.M. 47)

### Internal Audit Comment Per Park Visits on January 26, 2008

Partially Implemented – Although Management states that all Regional Parks have the same re-entry policy, except for the Regional Sports Complex during tournaments, the Draft Policy P.M. 47 is still in DRAFT form as of this follow-up audit and has not been finalized and implemented.

Parks Management should immediately finalize and implement the Draft P.M. 47 for all Regional Parks and formally communicate this policy to all Toll Booth operators and train them accordingly for compliance purposes.

### Subsequent Action Taken by Parks Management Per Their February 1, 2008 Memorandum – Recommendation Implemented

- C. **“Ringing Up” Park Entrance Receipts Prior to Park Visitor Arrival** – The practice of “ringing up” several hundred park entrance receipts prior to the arrival of park visitors was noted at all Regional Parks. This is only done in anticipation of busy weekends, major events or holidays in order to expedite the taking of entrance fees and minimizing vehicle congestion at park entrances or on local streets. The reasons for this practice are understandable; however, this type practice of “ringing up” of receipts prior to the receipt of actual gate entrance fees is an internal control weakness and can obviously result in “uncollected” gate receipts and inadequate accountability of total receipts given to park visitors compared to the actual gate fees received. Any “unissued” receipts that were prematurely “rung up” and not used for the day are simply “voided” and turned in with the day’s receipts.

## Audit Recommendation

7. Parks Management should review the practice of its Regional Parks gate attendants “ringing up” park entrance receipts prior to the arrival of park visitors and develop a formalized (written) policy regarding this practice and communicate these policies to all park gate attendants for improved internal controls. For example, the policy could stipulate only a limited number of receipts can be “rung up” prior to visitor arrivals at the park, and that these receipts should be properly accounted for and approved by

Supervisor I's for their respective Regional Parks.

**Follow-up Response/Current Status Per Management 1/18/08**

The current practice of pre-ringing receipts and the reconciliation of unsold receipts is incorporated into the park visitor entry/re-entry policy.  
(See attached draft Policy P.M. 47)

**Internal Audit Comment Per Park Visits on January 26, 2008**

Partially Implemented – Although Management states that the practice of pre-ringing receipts is not acceptable without the approval of their immediate supervisor, the Draft Policy P.M. 47 is still in DRAFT form as of this follow-up audit and has not been finalized and implemented. Management also indicates in their above response that “the reconciliation of unsold receipts is incorporated into the park visitor entry/re-entry policy”. However, there is no mention of reconciliation in the Draft Policy P.M. 47.

Parks Management should immediately finalize and implement the Draft P.M. 47 for all Regional Parks and formally communicate this policy to all Toll Booth operators and train them accordingly for compliance purposes.

**Subsequent Action Taken by Parks Management Per Their February 1, 2008 Memorandum – Recommendation Implemented**

- D. **“Regional Parks Issuance of Receipts to Park Visitors”** – Although it is assumed that all Regional Parks visitors who pay the park entrance fee of \$3 is being given a receipt, this particular function is the most likely to be vulnerable to risk and possible abuse by any gate attendant. For example, park visitors will pay their \$3 entrance fee and proceed into the park without obtaining a receipt from the gate attendant. The gate attendant can simply not “ring up” the transaction, as if there were no visitor, and “pocket” the cash payment, i.e. no cash register receipt, no audit trail, unless for some reason, the particular park visitor remembers they did not receive a receipt and subsequently contacts the Parks Department.

**Audit Recommendation**

8. Parks Management should consider the placement of a small sign below all Regional Parks toll booth windows, e.g. **“Receipt Required To Be Given Upon Payment – If You Do Not Receive A Receipt, Please Call 559-621-xxxx”**. This control measure should not be cost prohibitive and would increase the internal control related to the mandatory issuance of receipts to all Park Visitors, as well as enhancing gate fee revenues.

**Follow-up Response/Current Status Per Management 1/18/08**

Signage has been installed at every tollbooth that reads, “Receipt Required to Be Given upon Payment- If You Do Not Receive a Receipt, Please Call 559-621-2900”.

**Recommendation Implemented**

- E. **“Annual Vehicle Pass For Individuals Meeting Guidelines Per PG&E’s Family Assistance FERA Program”** - Per the City’s Master Fee Schedule effective July 1, 2006, individuals meeting low-income guidelines as established by PG&E’s FERA Program are allowed to purchase an annual vehicle pass to all Regional Parks for \$15. During the audit, it was noted that this particular program was not implemented nor has there been any annual passes sold to date under this program by the Parks Department.

### Audit Recommendation

9. Parks Management should immediately resolve any implementation issues related to the PG&E’s FERA “low-income” annual parking pass program, as was approved in the City’s FY07 Master Fee Schedule. Implementation procedures should then be formally communicated to all appropriate Parks Department staff and Regional Parks gate attendants for improved customer service and additional gate fee revenues.

### **Follow-up Response/Current Status Per Management 1/18/08**

Regional Park annual passes are sold only at the main business office located at the City Hall Annex. The centralization of this activity has improved our record keeping, communication, and customer service.

### **Internal Audit Comment Per Park Visits on January 26, 2008**

Not Implemented - Management’s response to this particular audit finding/recommendation does not specifically address the issue of PG&E’s FERA “low income” annual pass program. There is no clear signage nor specific information regarding the PG&E FERA Program available at the Regional Parks Toll Booths for park visitor’s awareness.

Parks Management should immediately develop clear and concise information regarding the PG&E FERA “low income” annual pass program. It should then be made available at all Regional Parks to ensure that the appropriate and applicable citizens of Fresno are afforded the opportunity to make use of this program.

### **Subsequent Action Taken by Parks Management Per Their February 1, 2008 Memorandum – Recommendation Implemented**

### **Additional Audit Finding Specific to Roeding Park**

During the audit, it was noted and observed that “free admittance” is given to Chaffee Zoo employees and outside vendors entering Roeding Park. These individuals simply show the gate attendant a business card (not picture ID) that apparently reflects they are either an employee of the Chaffee Zoo or an outside vendor coming for a meeting or to make a presentation to Chaffee Zoo representatives. Anyone who simply obtains a business card from either a Chaffee Zoo employee or legitimate vendor can currently enter the park at no charge. In addition, there is currently no formalized (written) policy for the Roeding Park gate attendants to follow related to these individuals entering the park without payment of the \$3 entrance fee. This situation creates frustration and inconsistency for all gate attendants at Roeding Park and also impacts gate fee revenues.

## Audit Recommendation

10. Parks Management should immediately develop a formalized (written) policy related to the entering of Chaffee Zoo employees and outside vendors into Roeding Park, i.e. that these individuals are to be admitted “free of charge” or not. If admittance is “free”, proper controls and accountability should be established related to these individuals. For example, an authorized/approved listing of all valid Chaffee Zoo employees outside vendors could be provided to the Roeding Park gate attendants for verification upon entrance to the Park and a picture ID shown to the gate attendants by these persons versus a business card.

### Follow-up Response/Current Status Per Management 1/18/08

Department staff is working with the Chaffee Zoo to finalize the entrance policy for temporary and permanent employees. This policy will be finalized when Ace Parking assumes operations of the tollbooths. Our draft policy states that the Chaffee Zoo administration must provide the PARCS Department an updated list and a daily log sheet of their vendors, permanent and temporary employees. Supervisors must ensure that tollbooth operators have an updated list of vendors and employees at each tollbooth daily.

### Internal Audit Comment Per Park Visits on January 26, 2008

Partially Implemented – A Draft Policy, P.M. 47, has been developed; however, it is still in DRAFT form as of this follow-up audit. Per Management’s response, “This policy will be finalized when Ace Parking assumes operations of the tollbooths.” In the interim, there continues to be much frustration and confusion by the Toll Booth operators at Roeding Park related to this issue.

Parks Management should expedite the finalization of an entrance policy with the Chaffee Zoo for their employees, as well as a formalized policy for entry of outside vendors, media, tow trucks, taxi cabs, etc. that are currently entering Roeding Park “free of charge”.

### Subsequent Action Taken by Parks Management Per Their February 1, 2008 Memorandum and the formal approval by City Council on February 12, 2008 for Ace Parking to assume operations of Regional Parks Toll Booths effective February 16, 2008 – Recommendation Implemented

**Woodward Park Toll Booth** - The door to the Woodward Park Toll Booth cannot be secured/locked from inside by the gate attendant during park hours and the receipting of gate entrance fees. This is an internal control weakness and a safety issue as well for the gate attendants working at the park.

## Audit Recommendation

11. The door to the Woodward Park Toll Booth should immediately be repaired in order to be secured/locked from the inside for improved internal control and safety for the gate attendants working at the park.

### Follow-up Response/Current Status Per Management 1/18/08

The faulty door at the Woodward Park tollbooth has been properly secured and is no longer a safety concern.

### Internal Audit Comment Per Park Visits on January 26, 2008

Partially Implemented – Although the door had been repaired, it was unlocked at the time of Internal Audit's visit on 1/26/08; thus, the security of gate fee receipts and toll booth operators was at risk. Parks Management should instruct the toll booth operators at Woodward Park to keep the door locked at all times for security purposes.

### Subsequent Action Taken by Parks Management Per Their February 1, 2008 Memorandum – Recommendation Implemented

#### Japanese Garden

A. Inadequate Staffing at the Japanese Garden - Currently, and for the past couple of months, there has only been one attendant at the Japanese Garden entrance. As observed, and as stated by the lone attendant during the audit, this situation creates security concerns and several operational issues, as follows:

- If necessary to utilize the restroom, the one attendant must secure the day's receipts from the register and take them with him to the restroom, leaving the entrance to the Japanese Garden unattended for a short period of time.
- If additional change is needed for cash handling purposes, the one attendant cannot obtain change from the Woodward Park Toll Booth without leaving the Japanese Garden.
- If visitors walk through the entrance of the Japanese Garden without payment, the one attendant cannot pursue the visitors without leaving the cash register unattended.

#### Audit Recommendation

12. Parks Management should place an additional attendant at the Japanese Garden as soon as possible to eliminate the above operational issues cited, as well as to strengthen security over the gate receipts and for the attendants themselves.

### Follow-up Response/Current Status Per Management 1/18/08

The Parks Division has hired an additional attendant to work at the Japanese Garden. As result, the operations have improved significantly, eliminating any security concerns.

### Internal Audit Comment Per Park Visits on January 26, 2008

Implemented – However, at the time of Internal Audit's visit to the Japanese Garden on 1/26/08, there was only one attendant on duty. The sole attendant indicated that the other attendant on duty that day had left to get additional change for the Japanese Garden, i.e. the security concerns and operational issues noted above will continue to exist in the absence of the additional hired attendant.

Parks Management needs to ensure that both attendants at the Japanese Garden are on duty throughout the day for security and safety reasons.

- B. Cash Register and Change Fund – The cash register observed at the Japanese Garden is a very old, non-electric metal register that is not adequate for the security of the entrance fees received at the Garden. Cash receipts at the Japanese Garden can reach several hundred dollars on the busier weekends or holidays.

The current \$20 Change Fund at the Japanese Garden is inadequate. As stated by the attendant, additional change must be obtained from the Woodward Park Toll Booth 3-4 times a day during very busy weekends and holidays due to the small Change Fund amount on hand.

It was also stated by the attendant that at the end of the day, once all entrance receipts have been “dropped in the safe” at the Garden, the \$20 Change Fund is taken home by the attendant. The practice of a park employee taking City monies home is inappropriate, regardless of the amount. The Change Fund should be secured by the Parks Supervisor I responsible for the Woodward Park staff and operations e.g. can be secured at the Woodward Park Toll Booth safe.

Note: During the audit, it was observed that a friend (non-City employee) of the Japanese Garden attendant was helping him during the day by obtaining change from the Woodward Park Toll Booth attendant. A non-employee of the City should not be handling City monies in any capacity.

### Audit Recommendations

13. Parks Management should replace the cash register at the Japanese Garden with a more secure cash register for improved security and efficiencies for cash handling purposes.
14. The \$20 Change Fund should be increased to a sufficient amount for improved efficiencies and cash handling purposes at the Japanese Garden, e.g. \$40 or \$50.
15. The Change Fund at the Japanese Garden should be secured at the Woodward Park Toll Booth (safe) at the end of the day and should never be taken home by any Park employees for improved security and accountability purposes.

### Follow-up Response/Current Status Per Management 1/18/08

We are currently using the ticket system until completion of the new ticket booth. Once the ticket booth is complete, a new cash register will be installed and secured at that time.

A change fund of \$200 for each tollbooth is now established at the Controllers Office for Woodward Park. Initially, only one change fund resided at the Japanese Garden in the amount of \$100 and funds were split between Japanese Garden and all booths.

### Internal Audit Comment Per Park Visits on January 26, 2008

Not Implemented – On 1/26/08, the same cash register was still in place that was noted by the Internal Auditor in April 2007. In addition, the Change Fund was still only \$20, thus, the reason why the additional hired attendant was absent on 1/26/08 - to get additional change for the Japanese Garden.

For the reasons cited in the original audit report and noted above, Parks Management should immediately acquire a new, electronic cash register for the Japanese Garden, and increase the Change Fund to at least \$50, for improved security, accountability and operational efficiency.

- C. Entrance to the Japanese Garden – As visitors approach the entrance to the Japanese Garden (including the Internal Auditor), there is a natural tendency to enter through the larger opening, rather than through the right side entrance towards the “toll booth” to pay the entrance fee. It was also observed during the audit that most all visitors to the Garden entered through the larger opening without seeing the attendant. On several occasions, the attendant had to call out to the visitors to come back and pay their entrance fees because they did not see him when they entered the Garden.

#### Audit Recommendation

16. Parks Management should consider the placement of a sign at the entrance to the Japanese Garden with the word “Enter” and an arrow pointing towards the right side of the entrance to “force” visitors towards the toll booth and attendant for payment of their entrance fees prior to entering the Garden.

#### Follow-up Response/Current Status Per Management 1/18/08

A sign is now at the entrance of the Japanese Garden and customers are no longer confused as to which opening to enter.

#### Internal Audit Comment Per Park Visits on January 26, 2008

Partially Implemented – Although an entrance sign has been installed, the gate to which the sign “pointed to” was locked. The attendant stated the gate is kept locked at all times, thus, defeating the purpose of the “Entrance Sign” arrow.

Parks Management should immediately instruct the ticket booth attendant at the Japanese Garden to keep the gate unlocked to which the “entrance arrow” points for enhanced customer service and entry fee efficiencies.

#### Subsequent Action Taken by Parks Management Per Their February 1, 2008 Memorandum – Recommendation Implemented

#### Additional Audit Finding Specific to Regional Sports Complex

Per the City’s Master Fee Schedule, an annual Regional Park Vehicle Pass can be purchased for \$25 which is good at all Regional Parks. It was noted, however, that there is currently no signage at the Regional Sports Complex for the \$25 Annual Pass, nor is this Park currently selling the \$25 Annual Pass. The non-sale of the Annual Vehicle Pass at this Park is impacting park revenues, as it was stated by the gate attendants that several visitors have asked to purchase the Annual Pass when visiting this Park but were unable to do so.

#### Audit Recommendation

17. Parks Management should place signage at the Regional Sports Complex regarding the \$25 Annual Pass and immediately commence the sale of the Annual Pass for improved Customer Service and enhanced Park revenue.

**Follow-up Response/Current Status Per Management 1/18/08**

Regional Park annual passes are only sold at the main business office located at the City Hall Annex. Signs have been posted at tollbooths advertising the annual passes and cashiers have been provided with fliers to give to visitors on where to purchase annual passes and to also inform them of the PG&E Family Assistance FERA Program.

**Internal Audit Comment Per Park Visits on January 26, 2008**

Not Implemented – When the Internal Auditor arrived at the Regional Sports Complex on 1/26/08, there was no “Annual Pass” signage present at the toll booth. There were also no fliers for park visitors regarding annual passes. Note: There were also no fliers available at Woodward Park toll booths regarding annual passes.

**Subsequent Action Taken by Parks Management Per Their February 1, 2008 Memorandum – Recommendation Implemented**

**Finding 5 – Regional Parks Capital Improvement Fund Expenditures**

In conjunction with this audit, an analysis and summarization of the following Parks Capital Improvement Funds was performed for the period July 1, 2006 through March 31, 2007.

Roeding Park Capital – Fund 44504

Woodward Park Capital – Fund 30125

Regional Sports Complex Improvement – Fund 30126

Japanese Garden Capital – Fund 30127

Woodward Legacy Trust – Fund 24014

Woodward Park Japanese Garden Donation – Fund 24015

Governmental Accounting guidelines as well as Generally Accepted Accounting Principles provide for the use of Capital Projects Funds “to account for financial resources to be used for the acquisition or construction of major capital facilities”. In reviewing the Parks Capital Improvement Funds expenditures, some of the expenditures appear questionable in nature as to meeting the definition of a true capital expenditure, as follows:

Roeding Park Capital – \$104,374 for “Equipment Rental”

Japanese Garden Capital - \$103 for Water Testing

Woodward Legacy Trust - \$178 for a Bronze Plaque

Regional Sports Complex – \$2,374 for Various Purchasing, Overhead, Copy & Telephone Charges

## Audit Recommendation

18. Parks Management should work closely with the Finance Department to ensure that expenditures being made from their various Capital Improvement Funds are appropriate and in accordance with Governmental Accounting guidelines for both budgetary and accounting purposes.

### Follow-up Response/Current Status Per Management 1/18/08

Internal audit found that funds were appropriated and expended in accordance with Governmental Accounting guidelines. The Department continues to properly budget and utilize all capital improvement funds.

### Recommendation Implemented

For informational purposes only, we have attached a schedule of "Regional Parks Gate Fee Revenues and Capital Improvement Fund Cash Balances" for FY08 and as of January 31, 2008. See Attachment A.

**Regional Parks Gate Fee Revenues and Capital Improvement Fund Cash Balances  
As of January 31, 2008**

<b>Fund and Org</b>	<b>Account Name &amp; No.</b>	<b>FY07 Budgeted</b>	<b>Actual Received As of 1/31/08</b>	<b>Percent Received</b>
General Fund 10101 - Regional Parks 170504	Gate Fees - 34304	\$375,000	\$170,530	45%

<b>Fund Cash Balance @ 1/31/08</b>
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Roeding Park Capital & Rec Capital 44504 - Parks 179901	Gate Fees - 34304	\$225,000	\$126,441	56%	(\$50,350)
Woodward Park Capital Improvement 30125 - Parks & Rec Capital 179901	Gate Fees - 34304	\$90,000	\$45,462	51%	(\$16,674)
Regional Sports Complex Improvement 30126 - Parks & Rec Capital 179901	Gate Fees - 34304	\$70,000	\$60,254	86%	\$91,320
Japanese Garden Capital Improvement 30127 - Parks & Rec Capital 179901	Gate Fees - 34304	\$11,000	\$7,438	68%	\$45,336
Woodward Legacy Trust 24014 - Parks & Rec Capital 179901	No Gate Fees Deposited to this Fund	NA	NA	NA	\$91,482
Woodward Park Japanese Garden Donations 24015 - Parks & Rec Capital 179901	No Gate Fees Deposited to this Fund	NA	NA	NA	\$52

**Source: PeopleSoft Financial System As of January 31, 2008**