



# **Parks Department Events Management Audit Report**

Issued by the  
Internal Audit Office  
March 5, 2007

**City of El Paso  
Internal Audit Office  
Parks Department Events Management Audit**

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***EXECUTIVE SUMMARY***

The Internal Audit Office has concluded its audit of the Parks Department Events Management. The audit was performed to determine the state of the Special Events Management process. Based on the results of this audit, seven findings were identified to indicate internal control weaknesses within the Parks Department Events Management.

Listed below is a summary of the seven significant findings identified in this report.

1. There is a lack of facilities to organize competitive swimming events using the City's pools.
2. There are no policies and procedures for Special Events activities.
3. The Special Events activities are not compatible with the mission of the City of El Paso and the mission of the Parks and Recreation Department.
4. Not all pool facilities have fire lanes as mandated by Fire Code laws.
5. The reporting system to track results of Special Events is unreliable, inadequate and inconclusive.
6. Policies and procedures for financial activities related to Special Events are deficient.
7. Internal controls for the cash handling process are lacking. Cash is not adequately safeguarded. Cash deposits are not being recorded on a timely basis.

For a detailed explanation of the findings please refer to the appropriate findings contained in the body of this audit report.

## ***BACKGROUND***

The Parks and Recreation Department operates 12 Recreation Centers throughout the City of El Paso. These centers provide healthy activities in sports, games, classes and leisure activities in order to improve the quality of life for persons of the community. The Aquatics Division is under the Parks and Recreation Department. The Aquatics Division operates 14 city pools. Nine indoor pools are open year-round and five outdoor pools are open from Memorial Day to Labor Day.

The Aquatics section offers a variety of programs for participants of all ages which include the following activities:

- Learn to Swim Sessions:
  - Parent/Baby program for 6 months to 3 years
  - Pre-school class for children 3 -5 years of age
  - School age class for children 6 years and up
  - For pre-school and school age children there is a pre-test in order to accommodate placement level.
- Water aerobics class for all ages and ability levels. Types of classes offered are low impact, high impact and water step aerobics. Some of the benefits from water aerobics are cardiovascular, respiratory, joint fitness, muscle toning, conditioning and stress relief. Daily, weekly or monthly rates are offered for the class. At several of the pools, with deep ends, classes for deep water, water walking is also available. This program allows the participant to work out with zero impact on joints.
- Lap swimming and recreational swimming at different scheduled times throughout the day.
- Summer recreational swim league for youths. This program gives youth the opportunity to learn team work, fair play, good sportsmanship and enhance their basic swimming skills.
- Pool rentals and pool party items and packages. The Gus & Goldie party package includes a safety video presentation, a Gus & Goldie appearance, two game coordinators, coloring books for 25 children and a pair of Gus & Goldie stuffed animals for the child who is hosting the party. Other items available for rent include the slide, the basketball hoops, inflatable dolphin and inflatable thingamajig.

Each year, more people participate in the sport of swimming than any other sport. Swimming is the nation's number one activity which produces lifelong benefits for the individual. It is safe, fun and promotes a healthy, clean lifestyle.

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***SCOPE***

We performed a limited scope audit of the Parks Department Events Management. The purpose of the audit was to conduct a review of the Special Events Management process at the Parks and Recreation Department. The objective was to conduct audit work to understand and provide assurance on the policies and procedures currently in place for the Special Events Management process. In order to accomplish this, the audit addressed the following areas:

1. Identified Financial Objectives and related risks in
  - Conducting breakeven analysis prior to staging events and events planning.
  - Collection of Pre-Sales Revenue.
  - Collection of Revenues (Cash Checks, Credit Cards), Cash Flow and Cash Handling Controls.
  - Collections of Concessions Revenue.
  - Rental Agreements if applicable.
2. Identified Compliance Objectives and related risks in
  - Quality of Pool Safety (to include prevention of contamination, cleanliness of facilities).
  - Quality of Trained Lifeguards.
  - Fire Codes.
  - Compliance with Federal, State and Local regulations.
3. Identified Operational Objectives and related risks in
  - Capacity of facilities.
  - Post event debriefs.
  - Procedures for dealing with emergencies.
  - Quality of Staff.
  - Event Security.
4. Identified Strategic Objectives and related risks
  - To determine if Special Events are in line with the mission of the City of El Paso.
  - To determine if Special Events are in line with the mission of the Parks and Recreation Department.
5. Identified Reporting Objectives and related risks
  - To determine if policies and procedures for planning, execution and reporting results of events are adequate to meet needs.
  - To determine if policies and procedures for monitoring events by administration staff are adequate.

The audit period covered was fiscal year 2006-2007.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

***SIGNIFICANT FINDINGS, RECOMMENDATIONS,  
AND MANAGEMENT’S RESPONSES***

The definition of a significant finding is one that has a material effect on the City of El Paso’s financial statements, identifies an internal control breakdown, a violation of a City policy and/or procedure, or a violation of a law and/or regulation that the City is required to follow. Any finding not meeting these criteria is classified as an “Other Finding”.

**Finding 1**

**Operational - Facilities**

There is a lack of facilities to organize competitive swimming events using the City’s pools. The Ysleta Del Sur Pueblo (YDSP) Aquatics Center which is owned and operated by the Ysleta Del Sur Pueblo and was used as a benchmark, provided the best pool facility to hold these types of events for large crowds. Unlike the YDSP complex, the City aquatic facilities are much smaller and not conducive to accommodate large Special Events.

**Recommendation**

Competitive swimming events should not be conducted in the City’s aquatic facilities due to the lack of facilities and economic resources.

**Management’s Response**

The challenge the City faces is that none of the pools were designed or constructed to accommodate competitive swimming. Only because of staff’s creativity by making alterations to the pools mechanical system can competitive swim meets be held at certain City of El Paso facilities, and then only if the number of swimmers and events is compatible to the facility. High School (probably up to three teams) and the developmental swim league (Del Norte) run by Border Swimming are examples of meets properly sized for our facilities. However these should be run by organizations skilled and familiar with these events. The facilities would be leased to them. This is also a way to still generate some income for the aquatics section as rental fees are applied.

**Responsible Party**

Director of Parks and Recreation and Recreation Services Manager

**Implementation Date**

Immediately: Note that any future development of major aquatics facility should come from collaborative ventures with school districts and substantial commitment from the competitive swimming community.

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**Finding 2**

**Operational - Policies and Procedures**

There are no policies and procedures for Special Events activities in the following areas:

- Enforcement of facility capacity.
- Post event debriefs.
- Emergency safety plans.
- No formal staff training programs for conducting special event activities.
- Event security for employees, guests and participants.

**Recommendation**

Competitive swimming events should not be conducted in the City's aquatic facilities due to the lack of expertise in organizing and managing Special Events.

**Management's Response**

Competitive swim meets conducted in City of El Paso facilities should be run by organizations familiar with this including local school districts and Border Swimming sanctioned meets. Furthermore, in the event these take place, policies and procedures regarding any special events will be developed to ensure that facility's use liability issues are covered.

**Responsible Party**

Director and Assistant Director for Recreation Services

**Implementation Date**

Immediately

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**Finding 3**

**Strategic**

The Special Events activities are not compatible with the mission of the City of El Paso and the mission of the Parks and Recreation Department.

- The City’s mission is to provide quality customer service to its citizens.
- The Park’s & Recreation mission is to maintain open space facilities and provide opportunities for structured and unstructured recreational and leisure-time activities for all citizens of El Paso.
- In addition, the primary purpose of the Aquatics program is to teach proper swimming techniques and provide a facility for recreational enjoyment.

**Recommendation**

Management should emphasize its efforts on meeting the expectations of the missions of the City and Park’s & Recreation Department’s which is to teach proper swimming techniques and provide a facility for recreational and leisure-time activities for the citizens of El Paso.

**Management’s Response**

Program staff should concentrate in this area however as described above our facilities can be used for competitive swim meets when rented by outside organizations. The department needs to specifically identify its core and non-care programs in aquatics. Nevertheless, as the department is the sole provider of aquatics facilities, presently there is a certain obligation to work with the swimming community in order that residents are afforded this opportunity. As outlined before, however, future development should be predicated on the City moving away from this type of competitive facility.

**Responsible Party**

Director and Assistant Director for Recreation Services

**Implementation Date**

Immediately

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**Finding 4**

**Compliance**

Not all pool facilities have fire lanes as mandated by Fire Code laws. Fire lanes had not been designated in the Shawver pool facility until after the over crowded incident, which occurred 07/16/06. A sample of facilities include the following:

<b>Name of Pool</b>	<b>Fire Lanes Y/N</b>
Shawver	Y
Hawkins	N
Armijo	N
Veterans	N

**Recommendation**

Management should enforce compliance with Fire Code laws for the pool facilities as mandated by the City Ordinance 15964 and International Fire Code Sections 403-404 and 1001-1003.

**Management's Response**

Concur

**Responsible Party**

Facilities maintenance in coordination with Aquatics Director

**Implementation Date**

End of September 07

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**Finding 5**

**Reporting**

The following internal control weaknesses and risk areas for reporting purposes were identified:

**Benchmark to City Facilities**

- The Ysleta Del Sur Pueblo pool rents their facility for approximately \$3,000.00 and the City rents their facility for approximately \$1,000.00 for competitive swimming events.
- In comparison to the fee structure, when the City facilities are benchmarked against the Ysleta Del Sur Pueblo facilities, the Aquatics Division is subsidizing private and public competitive swimming leagues through lower fees charged for hosting the events.
- The City pays for ribbons, trophies, printing fees for brochures, refreshments and staffing. These costs are included in the \$25 participant registration fee charged to the private and public leagues. The Ysleta Del Sur Pueblo does not pay for these costs.

**System to Track Results of Special Events**

- The Expenditure Cost Report and Revenue Comparison Report to track results of the Special Events activities are unreliable, inadequate and inconclusive.
- The reports are prepared manually and do not reflect all the components of a revenue/expense system such as general and administrative costs resulting in an incomplete review of performance operations.
- Data to generate the Expenditure Cost Report and Revenue Comparison Report is obtained from vendor receipts, participant log books and registration rosters. In addition, administration costs are provided by City employees. Private league revenue information is provided by the private league coordinators.
- The source documents are not verified to a comprehensive reporting system.

**Recommendation**

Management should implement internal controls for reporting systems so that amounts are reliable and accurate. Also, proper controls for performance measures should be used so that performance outcomes can be accurately monitored.

**Management's Response**

The Parks & Recreation Department is waiting funding to procure a program such as Vermont system's RecTrac which will enable this to be done. Partial funding to acquire MainTrac (maintenance and work order tracking) is provided in the City Manager's proposed FY08 appropriations. It is hoped that RecTrac can be acquired during FY09. Until then the requested reporting systems will be heavily reliant upon manual data collection and compilation. Efforts will be made to better organize this.

It should also be noted, as per the finding regarding the rental fees that the Ysleta Del Sur Pueblo facility exceeds anything the City can offer from a facility perspective. There is also an expectation that the cost to use public facilities should be somewhat less expensive than using private facilities.

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**Responsible Party**

Business & Financial Manager in cooperation with Aquatics Director

**Implementation Date**

Upon Funding and hire of Business Financial Manager. In the meantime, Aquatics Director will be responsible. SOP on this subject will be ready by December 2007.

**Finding 6**

**Financial**

Internal controls and procedures for financial activities relating to Special Events are inadequate in the following areas:

- No breakeven analyses are conducted prior to staging events and planning. There are no written or formal procedures performed to forecast a breakeven amount.
- There are no procedures for collection of pre sales revenue. There are no methods to account for pre sale items. To prevent the potential of over crowding, the Director of Parks and Recreation Department mandated no admission tickets be sold in advance.
- There are no policies in place for Special Events activities for collection of revenues, cash flow and cash handling controls. They are processed in the same manner as daily operations.
- There are no procedures in place for collection of rental space concession revenue. The rental space concession revenue is processed in the same manner as daily operations.

**Recommendation**

Management should implement internal controls for collection of revenues, concessions and cash handling operations for the Special Events. Also, breakeven analyses should be conducted prior to staging events.

**Management's Response**

Concur

**Responsible Party**

Business & Financial Manager in coordination with Aquatics Director

**Implementation Date**

December 2007

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**Finding 7**

**Cash Operations**

The following internal control weaknesses and risk areas were identified for cash handling at the Aquatics Division:

- There are no scheduled deposit procedures in place to deposit money to the bank.
- There is no specific time when the deposit is taken to the bank. The decision to make the bank deposit is subjective based on amount and availability of the Runner or Pool Manager. However, the money is held in a locked safe until taken to the bank.
- Based on a review of the weekly revenue report for 1/28/07 through 1/31/07, \$356.15 in cash was received on three separate days (1/28/07 \$16.50, 1/29/07 \$132.50 and 1/30/07 \$207.15) at the Leo Cancellare pool facility and held for one to two days before a deposit was made on 1/31/07 to the bank.
- Daily cash deposits are not recorded into the general ledger on a daily basis.

**Recommendation**

Management should implement internal controls for cash handling and record cash deposits on a timely basis.

**Management's Response**

The department has established a procedure that deposits are made whenever \$100 in cash is collected or no less frequently than weekly. This is now monitored for Recreation and Senior Centers and this monitoring will be extended to aquatics facilities. The location of all parks facilities including aquatics makes it very difficult to collect the documents to be able to post and record cash deposits into the general ledger daily. This could only be done with either on-line processing for all revenues which is feasible with Vermont Systems RecTrac described above; or staffing which would be responsible to collect these from each facility, take to the bank for deposit, and then to City Hall for entry into PeopleSoft and posting to the general ledger. Security and employee safety dictates that there is no scheduled time to take deposits to the bank. The specific examples at LCMP are accurate but reflect a discipline situation where the responsible employee (s) were later terminated or resigned.

**Responsible Party**

Business and Financial Manager along with Aquatics/Sports Manager

**Implementation Date**

On going. New SOP manual by December 2007

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***INHERENT LIMITATIONS***

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods are subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may deteriorate.

***CONCLUSION***

Based on the results of this audit, the City's pool facilities are not adequate to hold Special Events such as competitive swimming meets. The Aquatics Division should focus on the City's mission to provide quality customer service. Compliance with Fire Lane codes should be enforced in all pool facilities to ensure public safety. If Special Events are to continue, reporting systems should be reliable and performance measures adequately monitored in order to track event results properly. Establishing policies and procedures should be accomplished to ensure strong internal controls for financial activities and cash handling processes.

Implementation of the recommendations summarized in this Audit Report should assist management in increasing their ability to meet their objectives.

We wish to thank the Parks and Recreation management and staff for their assistance and numerous courtesies extended during the completion of this audit.

Signature on file  
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