

Audit Follow-up

As of September 31, 2012



Parks, Recreation, and Neighborhood Affairs' Contract with Warner Sports Promotions, Inc.

(Report #1209 issued May 10, 2012)

Report #1303

January 23, 2013

Summary

This is the first follow-up on the Audit of City's Contract with Warner Sports Promotions, Inc. (Warner), Report #1209, issued May 10, 2012. Six of eight action plan steps were due as of September 30, 2012. Four of the six steps (67%) have been completed, one step is partially completed, and one step is outstanding. The steps completed included:

- 1) Warner including all activities on the Daily Activity Sheets used by Warner to support the amounts billed monthly and having their field staff sign the forms attesting to its accuracy and completeness (this includes two steps). Warner indicates they are including all activities on the Daily Activity Sheets to support the monthly billing, and we observed that Warner field staff is signing the Daily Activity Sheets attesting to its accuracy and completeness.
- 2) Parks, Recreation, and Neighborhood Affairs (PRNA) re-evaluating the policies related to prioritization of scheduling at soccer fields to confirm that the current method is the most effective. PRNA management indicates they have re-evaluated the policies related to prioritization of scheduling at soccer fields and decided to make no changes at this time.
- 3) PRNA re-evaluating the resource allocation impact vs. benefits of tracking costs by program on an ongoing basis rather than on an as needed basis. PRNA management indicates they have re-evaluated the policies related to the resource allocation impact of tracking costs by program on an ongoing basis and decided to make no changes at this time.

The step partially completed related to making policies and rental fees available on the City's PRNA web site and updating the hours of operation on a

quarterly or seasonal basis. The field operation times have been updated through May 31, 2013, but the field policies and rental fees have not been updated.

The remaining outstanding step is for PRNA to implement a process to inform the contractor when invoices for soccer field rentals are sent to collections (and subsequent payments are received by the City) in order to prevent users from continuing to utilize soccer fields when they have outstanding invoices that are in the collections process.

We appreciate the cooperation and assistance provided by the PRNA management and staff and Warner staff during this audit follow-up.

Scope, Objectives, and Methodology

We conducted this audit follow-up in accordance with the International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require we plan and perform the audit follow-up to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit follow-up objectives.

Original Report #1209

The scope of report #1209 was to evaluate the internal controls and associated compliance related to the PRNA contract with Warner soccer operations to schedule and bill for soccer field usage during the period January 1, 2010, through December 31, 2011.

Specifically, we answered the following audit questions:

- 1) Has PRNA staff complied with relevant City policies and procedures and processes related to the City's contract with Warner?
- 2) Has Warner complied with the contract requirements?
- 3) Have the soccer fields been equitably allocated by the City?
- 4) What percent of soccer costs do soccer revenues recover (i.e., what is the cost recovery of the soccer program)?

Additionally, we provided recommendations for PRNA's consideration to improve the City's soccer program and the contract with Warner.

Report #1303

This is our first follow-up on action plan steps identified in audit report #1209. The purpose of this follow up is to report on the progress and status of efforts to complete action plan steps due for completion as of September 30, 2012. To determine the status of the action plan steps, we interviewed staff and reviewed relevant documentation.

Background

The City has contracted with Warner to perform soccer management services since 1993; the current contract has been in place since 1999. Our audit supports the view that the City's soccer program has grown and strengthened over a number of years largely due to the leadership, dedication, and work of Warner Sports Promotions and other leading soccer organizations in the community. The accomplishments, issues, and recommendations provided in this audit report should be considered by City management in making decisions going forward. Below are the answers to the audit questions in the original audit.

- 1) PRNA generally complied with City policies. We noted PRNA was not complying with one City policy related to communicating rental non-payment information to Warner and one instance where best practices related to contract competitiveness that should be considered.
- 2) Warner complied with the key contract requirements and Warner's billing of recorded soccer field usage was materially accurate. We provided two recommendations to improve their documentation supporting the billing of field usage. These were to include all scheduled activities (practices and games) on the Daily Sheets used by field supervisors to record

actual field use by organization and for field supervisors to sign the Daily Sheets to attest to its accuracy.

3) Soccer fields are not being equitably allocated because prioritization of scheduling at the Meadows soccer fields is given by the City to "primary user groups" over other soccer groups and users. Primary user groups were identified by the City PRNA due to the groups' historical participation and involvement in the City's soccer programs. The prioritization is defined in the City's facility user guidelines and procedures and implemented by Warner in the scheduling process. This type of partnership and prioritization is common in PRNA operations. We recommended that PRNA re-visit the policies related to prioritization of scheduling at soccer fields and seek alternative ways to accommodate as many groups and users as possible (for example, through revised prioritization of scheduling, additional lighting, facilities, operating hours, etc.). We also recommended that PRNA periodically survey soccer user groups to assess facility needs and satisfaction with various aspects of the soccer facilities, scheduling, and billing.

4) PRNA increased the recovery of costs for the City's soccer program from 28% to 35%. Billing records for 2011 showed PRNA field usage at 3%, and for-profit and not-for-profit field rentals at 90%. We estimated that in 2011, the City subsidized approximately 65% of the costs to maintain the soccer fields that were used by for-profit and not-for-profit organizations 90% of the time. We recommended PRNA management periodically track costs by program in order to have sufficient information to set fees and better monitor PRNA cost recovery efforts.

Additionally, we reported that, in our view, there was a conflict of interest in that: 1) Warner is a renter of the soccer fields (using the fields 43% and 53% of the time, in calendar year 2010 and 2011, respectively) and also manages the scheduling, billing, and on-site activities of all Meadows soccer field uses; and 2) Warner's management is in a position to directly influence the persons performing the scheduling, on-field supervision, and billing activities.

During our audit, no factual information came to our attention to lead us to conclude the Warner timekeeper or person scheduling fields and creating billing invoices for field usage had in fact either not recorded or not billed Warner, or had given preferential treatment to Warner for field rentals.

We recommended that PRNA re-evaluate the risks associated with conflict of interest issues related to the services contracted with Warner and determine whether

the current contractual arrangement best meets the needs of the City and facility users. Options available to the City include:

1. Bring in-house functions relating to scheduling, billing, and managing soccer facilities.
2. Contract with a provider that does not rent soccer fields or have any conflicts of interest with major soccer field users to perform scheduling, billing, and managing the soccer program. PRNA will also have to take into consideration the monitoring cost associated with this option.
3. Continue to contract with a company that manages the program and has perceived or actual conflicts of interest. In such arrangements, the City should determine the additional cost to the City to monitor and mitigate conflict of interest risk.

Lastly, we noted that the information about the Meadows Soccer Complex on the City’s website needed to be regularly updated.

Previous Conditions and Current Status

In report #1209, we provided recommendations to City management related to areas that need to be addressed related to the management of the City’s soccer program and contract with Warner Sports Promotions, Inc. To address our recommendations, City management developed an Action Plan consisting of eight action plan steps, six being due for completion by September 30, 2012. The status of the six action plan steps due is provided in Table 1 below.

**Table 1
Action Plan Steps from Audit Report #1209
Due as of September 30, 2012, and Current Status**

Action Plan Steps Due as of September 30, 2012	Current Status
<i>To improve compliance with City policies and contracts.</i>	
<ul style="list-style-type: none"> • PRNA implement a process to inform the contractor when invoices for soccer field rentals are sent to collections (and subsequent payments are received by the City) in order to prevent users from continuing to utilize soccer fields when they have outstanding invoices that are in the collections process. 	<ul style="list-style-type: none"> ○ Not Completed. PRNA will be implementing a process to review the outstanding invoices. Completion date is amended to February 15, 2013.
<ul style="list-style-type: none"> • The Daily Sheets used by Warner to support amount billed should include all activities (practices and games) that are scheduled so their field staff can attest to the name of the organization and the activity that took place on the correct field and field size. 	<ul style="list-style-type: none"> ✓ Completed. Warner staff indicated they are including all practices and games on the Daily Activity Sheets on the assigned fields for field staff to verify in support of the monthly billing. PRNA staff are satisfied with the information recorded on the Daily Activity Sheets.
<ul style="list-style-type: none"> • Warner field staff observing activities at the Meadows should sign and date the Daily Sheets used by Warner to attest to its accuracy and completeness. 	<ul style="list-style-type: none"> ✓ Completed. Warner field staff is signing the Daily Sheets. We reviewed the Daily Sheets for September 2012 and noted each sheet is dated for the activities and was signed by the field staff attesting to its accuracy.
<i>To improve equity of soccer field allocation.</i>	
<ul style="list-style-type: none"> • PRNA re-evaluate the policies related to prioritization of scheduling at soccer fields to confirm that the current method is the most effective. 	<ul style="list-style-type: none"> ✓ Completed. PRNA staff re-evaluated the policies related to prioritization of scheduling at soccer fields and decided not to make changes at this time.

<i>To improve measurement of program cost recovery.</i>	
<ul style="list-style-type: none"> • PRNA re-evaluate the resource allocation impact vs. benefits of tracking costs by program on an ongoing basis rather than on an as needed basis. 	<ul style="list-style-type: none"> ✓ Completed. PRNA staff re-evaluated the policies related to the resource allocation impact of tracking costs by program on an ongoing basis and decided not to make changes at this time.
<i>To improve communications.</i>	
<ul style="list-style-type: none"> • Make policies and rental fees available on the City’s PRNA website and update the hours of operation on a quarterly or seasonal basis. 	<ul style="list-style-type: none"> ❖ Partially Completed. While the updated field reservation information was available on the website, the Facility Use Guidelines and soccer field rental fees were not posted to the website for users to easily access. The completion date has been amended to February 15, 2013.

Table Legend:

- Issue to be addressed from the original audit

- ✓ In progress
- ❖ Partially completed
- Not completed

Conclusion

As described above, of the six action plan steps to be completed as of September 30, 2012, four were completed, one was partially completed, and one is outstanding. The completion date for the steps that have not been completed was amended to February 15, 2013.

We appreciate the cooperation and assistance provided by the staff from PRNA and Warner Sports Promotion, Inc. during this audit follow-up.

Appointed Official’s Response

City Manager:

We appreciate the thorough job the City Auditor's staff did in examining the City's contract with Warner Sports Promotions and the steps the Parks, Recreation and Neighborhood Affairs Department have taken to successfully rectify identified deficiencies. We recognize and appreciate the importance of good internal controls and are confident that continued active monitoring of the controls implemented as a result of this audit will continue to improve operations and performance within the department.

Copies of this audit follow-up #1303 or audit report #1209 may be obtained from the City Auditor’s website (<http://talgov.com/auditing/index.cfm>) or via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail or in person (Office of the City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (auditors@talgov.com).

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