

City of San Diego

AUDIT REPORT



PARK & RECREATION POOL AUDIT

May 20, 2009

**Office of the City Auditor
Eduardo Luna, CIA, CGFM, City Auditor**

This Page Intentionally Left Blank



THE CITY OF SAN DIEGO

DATE: May 20, 2009

TO: Honorable Mayor, City Council, and Audit Committee Members

FROM: Eduardo Luna, City Auditor

SUBJECT: **Park & Recreation – Pool Audit**

Attached is our report regarding our Park and Recreation Pool Audit. Management's response to our audit report can be found after page 17 of this report. City Audit staff members that participated in the preparation of this report are DeeDee Alari and Kyle Elser.

We would like to thank the staff from the Park and Recreation Department for their assistance and cooperation during this audit. All of their valuable time and efforts spent on providing us information is greatly appreciated.

Respectfully submitted,

Eduardo Luna
City Auditor

cc: Stacey LoMedico, Director Park and Recreation Department
David Monroe, Deputy Director Park and Recreation Department
Jay M. Goldstone, Chief Operating Officer
Mary Lewis, Chief Financial Officer
Gail Granewich, City Treasurer
Jan Goldsmith, City Attorney
Andrea Tevlin, Independent Budget Analyst
Stan Keller, Independent Oversight Monitor



Table of Contents

<u>Section</u>	<u>Page</u>
Executive Summary	2
Introduction	3
Background	3
Audit Objectives, Scope and Methodology	7
Audit Results	
Finding 1	9
Other Issues Reviewed	16
Conclusion	17
Attachment – Department Response	

EXECUTIVE SUMMARY

The City of San Diego (the City) operates 13 aquatic facilities with 19 pools. In FY 2008, an estimated 325,000 people used the City's swimming pools, generating almost \$1.1 million in revenue against \$3.2 million in expenses. The City operates the swimming pools at a loss, with declining attendance and increased expenses the norm. In 2008, a pool employee embezzlement scheme was discovered that totaled approximately \$1,200. As a result of this fraud, the Park and Recreation Department (the Department) requested the Office of the City Auditor conduct a performance audit of the pool revenue collection and deposit process.

We found that the City's swimming pool revenue collection process is an outdated, manual process that is labor intensive and inefficient. As a result, citizens have to enroll in swimming programs and pay swimming fees in person. Our audit also revealed that the City's current revenue collection process contains material control weaknesses that put the Department at risk for theft and misappropriation. In addition, Department oversight over the pool revenue process needs a defined purpose that adds value and is more effective. We have made 2 recommendations regarding process automation and 15 recommendations to improve controls over cash handling and to strengthen pool oversight.

A much bigger embezzlement scheme totaling over \$70,000 occurred at a Department recreation center (not pool) over the period 2003-2006. In 2007, the Department hired outside accountants Mayer Hoffman McCann to perform agreed-upon procedures over internal controls at recreation centers. Procedures implemented by the Department in response to the Mayer Hoffman McCann reports established a foundation of controls but additional improvements should be made to reduce the risk to the City and its employees.

New federal pool safety regulations impacting all 19 pools went into effect in December 2008. The Virginia Graeme Baker Pool and Spa Safety Act requires all public pools be equipped with anti-entrapment drain covers. The Department is in compliance with these new regulations.

INTRODUCTION

In response to a request from the Director of the Park and Recreation Department, we have audited the City of San Diego's pool revenue collection and deposit process. As part of our pool audit, we reviewed the City's compliance efforts in regards to the Virginia Graeme Baker Pool and Spa Safety Act. Lastly, we performed a follow-up to the April 2007 independent accountants' internal controls reports for six of the Department's recreation centers.¹

We conducted this audit in accordance with Generally Accepted Government Auditing Standards and limited our work to those areas specified in the Scope and Methodology section of this report.

BACKGROUND

Pool Revenue Collection and Deposit Process

The Park and Recreation Department operates 13 aquatic facilities with 19 pools. Each location contains a main pool and 4 sites have one or more children's pool. Each of the 13 locations has one pool manager, which is a full-time, benefited position. The remaining on-site pool staff includes hourly/seasonal assistant pool managers and pool guards. There are two Supervising Recreation Specialists (SRSs) who oversee pool operations (similar to recreation center Area Managers). Each SRS oversees six or seven pools and the areas are generally split into north of Interstate-8 and south of Interstate-8. The SRSs report to one District Manager, who reports to the Deputy Director of Community Parks II Division.

Figure 1 – Carmel Valley Pool



¹ We did not perform an audit of recreation centers or recreation councils.

Revenue is collected for admissions and passes, facility rentals and various types of programming such as swim lessons, swim team, water polo team, and water fitness class.

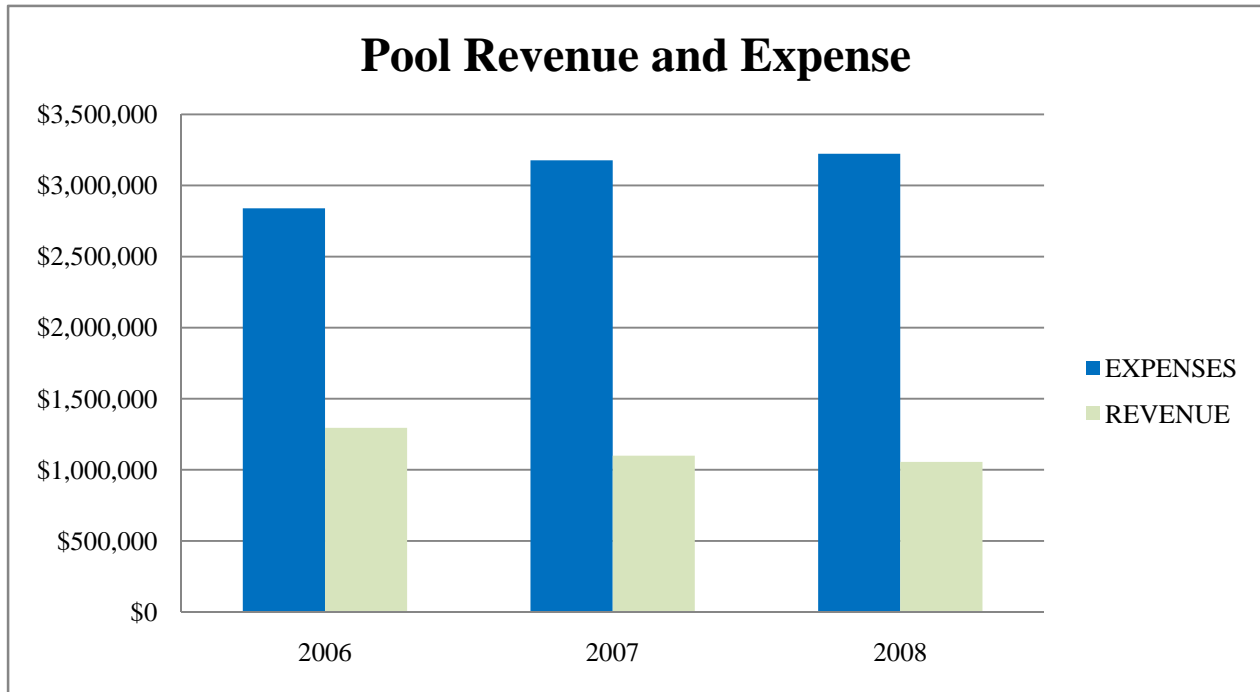
As seen in **Table 1**, annual pool revenue varies by site and has been decreasing over the past few years due to seasonal pool closures and a reduction in attendance. Pool expenses, however, have been increasing while revenues decline. **Chart 1** below shows annual pool revenue and expense from 2006 to 2008. **Chart 2** below shows annual attendance from 2003 to 2008.

Table 1 – Annual Pool Revenue by Site 2005 to 2008

Pool Site	Fiscal Year End June 30			
	2005	2006	2007	2008
CARMEL VALLEY	\$249,754	\$161,238	\$146,869	\$151,291
MIRA MESA	254,734	173,283	183,066	186,613
CITY HEIGHTS	68,218	96,156	112,411	67,300
TIERRASANTA	176,899	129,000	91,670	106,874
BUD KEARNS	177,334	106,844	104,191	102,341
MEMORIAL	27,284	26,078	34,913	22,826
MARTIN L KING	44,906	30,104	16,477	18,584
KEARNY MESA	57,131	56,693	29,351	39,333
COLINA DEL SOL	47,124	29,988	27,539	27,900
SAN YSIDRO	62,501	52,142	70,320	54,597
SWANSON	94,250	76,572	66,863	70,919
CLAIREMENT COMM	169,925	252,690	131,930	131,078
ALLIED GARDENS	132,408	104,095	83,525	75,911
Total	\$1,562,468	\$1,294,882	\$1,099,124	\$1,055,565

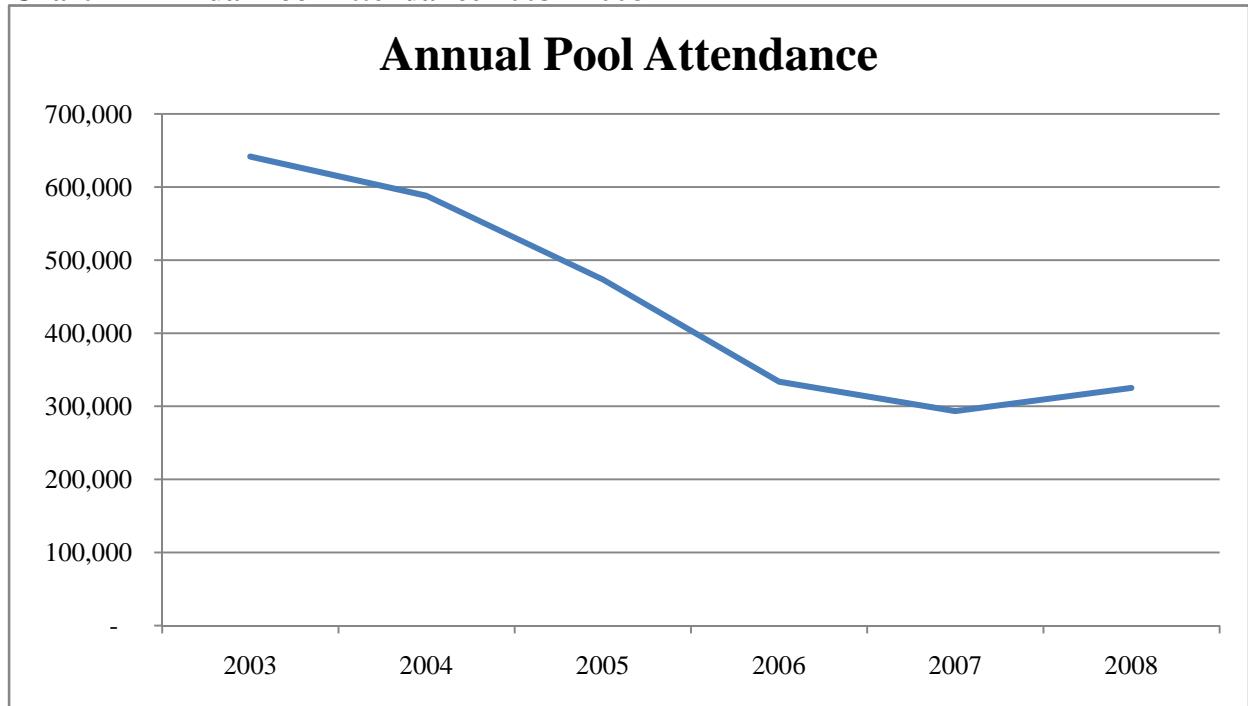
Source: Simpler, AMRIS Report: Revenue Balances, Fund 100, Department 444

Chart 1 – Annual Pool Revenue and Expense 2006 - 2008



Source: Simpler, AMRIS Reports: Expenditure Balances, Fund 100, Department 444, Job Orders 008202-008211, 008214, 008220-008221 and Revenue Balances, Fund 100, Department 444

Chart 2 – Annual Pool Attendance 2003 - 2008²



Source: Department Analyst spreadsheet

² Beginning in fiscal year 2005 all pools began seasonal closures, and closure durations have increased through 2008.

Virginia Graeme Baker Pool and Spa Safety Act

In December 2007, the President signed into federal law the Virginia Graeme Baker Pool and Spa Safety Act. The Act requires that by December 19, 2008, all public swimming pools be equipped with anti-entrapment drain covers that meet the ASME/ANSI³ A112.19.8-2007 standard. Furthermore, each public swimming pool with a single main drain other than an unblockable drain must also be equipped with a device or system designed to prevent entrapment. The Act is named after the granddaughter of former Secretary of State James Baker. Virginia Graeme Baker died in a tragic incident in June 2002 after the suction from a spa drain entrapped her under the water.

Follow-up on Independent Accountants' Reports

In April 2007 independent accountants from Mayer Hoffman McCann issued six reports to the Department on agreed-upon procedures applied to internal controls at six recreation centers. The City hired Mayer Hoffman McCann to conduct independent reviews of Department recreation centers in response to an employee embezzlement discovered in late 2006 and totaling more than \$70,000 over a four year period.

³ American Society of Mechanical Engineers/American National Standards Institute

AUDIT OBJECTIVES, SCOPE AND METHODOLOGY

The scope and objectives of our audit were to determine if:

- Current pool revenue collection policies and procedures are effective and efficient;
- Appropriate cash handling controls are in place to adequately safeguard pool revenue;
- The City is in compliance with the Virginia Graeme Baker Pool and Spa Safety Act; and
- The Department has made remediation efforts regarding the findings and recommendations contained in the April 2007 independent accountants' reports on internal controls over six recreation centers.

The following audit procedures were used to achieve the audit objectives:

Pool Revenue Collection and Deposit Process

- Reviewed laws and regulations pertaining to the collection and deposit of City revenue;
- Reviewed the City Treasurer's Cash Handling Manual and the Department's Pool Manual;
- Identified risks and controls related to cash handling;
- Performed a site visit of all 13 locations and interviewed all pool managers;
- Interviewed both Supervising Recreation Specialists, the District Manager, the Department's Analyst and other City staff;
- Assessed the internal control practices related to cash handling;
- Contacted other local municipalities to get best practices regarding pool revenue collection;
- Participated in a demonstration by online registration and payment vendor Active Network.

We evaluated internal controls related to these audit objectives. Our review was focused on controls related to the safeguarding of money from pool fees. Our conclusions on the effectiveness of the controls we reviewed are detailed in the audit results.

Virginia Graeme Baker Pool and Spa Safety Act

- Reviewed the Virginia Graeme Baker (VGB) Pool and Spa Safety Act and corresponding interpretations and opinions published by the United States Consumer Product Safety Commission (CPSC) and industry organizations;
- Performed a site visit of all 13 locations and interviewed the City's aquatics technician supervisor;
- Interviewed the City's VGB installation contractor;
- Contacted other local municipalities regarding VGB compliance efforts and attended an Aquatics Council meeting;
- Observed drain grate replacement and measured sump depths.

Follow-up on Independent Accountants' Reports

- Summarized all findings and recommendations contained in the independent accountants' reports on six recreation centers;
- Reviewed the Department's responses to the reports to evaluate the adequacy of remediation efforts related to the findings and recommendations.

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 findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Our audit work was limited to areas specified in the Objective, Scope and Methodology section of the report.

FINDING I

The Pool Revenue Collection Process is a Manual Process Containing Control Weaknesses and Poor Oversight

The Department's pool revenue collection process is an outdated, manual process that is labor intensive and inefficient. The process also contains material control weaknesses that put the Department at risk for theft and misappropriation. Procedures implemented in response to the Mayer Hoffman McCann reports established a foundation of controls but additional improvements should be made to reduce the risk to the City and its employees. Department oversight over the pool revenue process needs a defined purpose that adds value and is more effective.

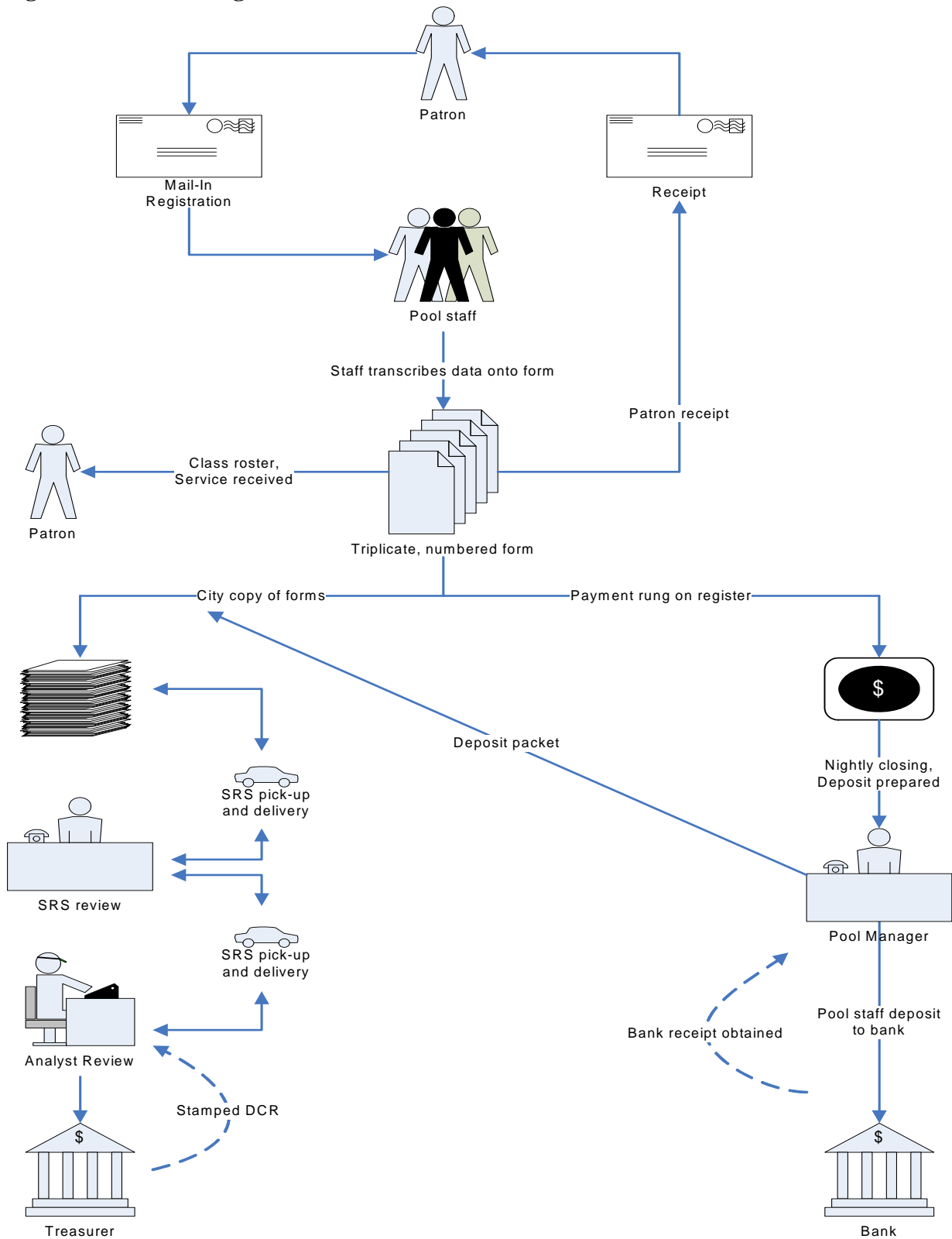
Pool Revenue Collection and Deposit is an Inefficient Manual Process

All City pools use hard copy forms for most patron transactions and a cash register for payment collection. The entire process – from patron transaction to funds deposit – is done manually. There is no computer based or otherwise automated system and cash register transactions are independent of patron registration.⁴

Most of the hard copy forms are in triplicate and copies are driven between various locations by both SRSs on a daily basis, in City and personal vehicles, for processing by several people. All registration must be done in person – even mail in registrants must come to the pool site to pick up the mail-in registration form. It is not available online. No transaction history is maintained and patrons must provide the same data multiple times. **Figure 2** depicts the process for mail-in registration.

⁴ The Department has requested \$200,000 to implement on-line registration in Fiscal Year 2010. In addition, the Department is researching the feasibility of using pay stations at pool locations.

Figure 2 – Mail-In Registration Process



Source: Auditor generated from interviews with Department personnel.

This manual process creates the following problems:

- Increased risk of funds misappropriation and employee theft;
- Increase potential for errors in processing and document misplacement;
- Increase cost for staff and supervisor time processing paperwork and tracking down errors; and
- Patron and staff frustration.

Cash register transactions are independent of patron registration and receipting; therefore, patrons can successfully register, pay, collect a receipt and receive services without the transaction being rung up on the cash register and the money being deposited. Since all transactions are done in person or by mail, pool staff physically handle all payments. These two elements of a manual system cause an increased risk in misappropriation and employee theft.

Since all relevant patron and class information is maintained on hard copy forms (rather than a database) pool staff are unable to retrieve a customer's transaction history and personal information, requiring patrons to fill out multiple forms containing much of the same data. Form copies are easily misplaced, making it difficult to create class rosters and to know when classes become full.

A significant amount of staff and supervisor staff time is used processing paperwork and tracking down errors and misplaced form copies. Mail-in registration is particularly time consuming for staff. All patron data contained on a mail-in registration form is transcribed by pool staff onto a triplicate registration form.

The Department has pursued process automation in the past, but due to budget constraints and the lack of necessary high speed internet connections, has been unsuccessful. Pool sites have recently been equipped with high speed internet, and the Department is currently researching options for online payment and automated patron registration for recreation centers. A pilot program is proposed for Fiscal Year 2010 at Carmel Valley and Tierrasanta Recreation Centers.

Recommendations:

1. Include Carmel Valley and Tierrasanta pools in the online payment pilot program proposed for fiscal year 2010.
2. Continue to pursue online payment and automated patron registration for all city pools.

Control Weaknesses Exist in the Pool Revenue Collection and Deposit Process

Too many staff work the cash register, and there is no individual accountability which increases the risk of employee theft and misappropriation. All pool staff work one cash register at each pool site. Pool staff rotate posts approximately every 20 to 30 minutes (based on Red Cross recommended best practices), and front counter work (which includes cash register use) is part of the staff rotation. A site could have a dozen or more register users in one day and register users

do not perform a close-out or over/short reconciliation between rotations. Staff are generally young (teenagers into early twenties) and transient.

Consequently, pool managers bear much of the responsibility for the revenue collection process. Currently each site's pool manager performs a once nightly register closing (X and Z tapes) and over/short reconciliation (using a Daily Pool Revenue form, or DPR). The once nightly closing includes transactions rung up by everyone who worked the register that day. The pool manager also prepares funds for deposit, fills out the Treasurer's Daily Cash Receipt (DCR) and physically makes the deposit at the bank. Low staffing levels have limited a site's ability to have a second person review a nightly closing or count funds prepared for deposit.

Deposits are not prepared or made daily. Revenue is kept in a zipper bag, in the safe until deposit day. This increases the risk of staff tampering with a prior day's revenue. Department policy states that deposits should be made at least every fifth day or \$200, whichever comes first; however, an analysis of 2008 revenue showed many instances of deposits delayed six or more days.

Recommendations:

3. When feasible, eliminate cashiering from staff rotation and limit register use to one person for an entire shift. Ensure cashiers balance the cash station according to City Treasurer cash handling procedures at the end of the shift. Instruct pool managers to verify and initial each cashier's balancing documents, and continue to prepare and make deposits. Ensure cashiering staff and pool managers attend Treasurer's Cash Handling Training.

Figure 3 - Colina Del Sol Pool



4. Consider implementing daily preparation of deposits that are sealed in serial numbered, tamper-proof bank security bags that are placed inside the safe. (Physical delivery to bank and DCR preparation can continue to be every fifth day or \$200, whichever comes first.) When possible, add a second staff person verification of funds prepared for deposit prior to sealing into bag.

Patrons do not receive a receipt that is generated from the cash register increasing the risk of employee theft of funds from transactions that have not been rung up on the register. Pool staff indicated that the receipting function of each site's cash register is turned off and not used

because the receipts do not provide enough information for the patron, such as the type of service or location.

Patrons who fill out a form (registration, facility rental, swim pass) will be given one of the triplicate copies of that form as their receipt.⁵ Drop-in patrons such as day or lap swimmers and drop-in water fitness customers are not given any type of receipt, and generally do not sign-in. Without a form or sign-in sheet, there is no documentation available to reconcile register transactions to patron services and payment. Currently, a day swimmer's payment could easily be stolen and the shortage would not be detected by the register Z-tape if the payment had not been rung up.

All six reports issued by Mayer Hoffman McCann regarding internal controls over cash handling at Department recreation centers included a recommendation that sites issue a register receipt for all transactions, and that existing forms receipts have preprinting on them that states "not valid without cash register receipt."

Recommendations:

5. Turn on and use the register receipting function at all sites for all transactions and require staff issue a register receipt to all patrons in addition to the existing forms receipt. Consider adding preprinting on the existing forms receipt that states "not valid without cash register receipt."
6. Implement a sign-in sheet for all day swimmers and drop-in water fitness patrons (all patrons who do not fill out a registration form, swim pass or other document) and instruct cashiers and pool managers to reconcile the daily sign-in sheets to cash register transactions as part of cash station balancing.

Not all pool sites have a sign displayed instructing patrons to make checks payable to City Treasurer and none have one instructing patrons to obtain a register receipt (since the receipting function is currently not used). This type of signage is an easy and effective way to reduce the risk of employee theft by informing patrons of required procedures.

All checks received are restrictively endorsed with a site specific "For Deposit Only" stamp; however, the endorsement is done during nightly closing or at the time of the deposit. This delay increases the risk of check fraud. All six Mayer Hoffman McCann reports recommended checks be restrictively endorsed upon receipt.

Recommendations:

7. Require all pool sites post signs near the register instructing patrons to make checks payable to City Treasurer only and to obtain a register receipt.
8. Restrictively endorse all checks immediately upon receipt.

⁵ Facility rental patrons also receive an Official City Receipt (OCR).

Safe combinations are not adequately safeguarded and access to safes needs to be limited to authorized personnel only. All pool sites are equipped with a combination safe; however, many sites have a very old, in-ground safe that is difficult to open and therefore is left on “day lock” during business hours. One safe became stuck on “day lock” due to overuse. A safe left on “day lock” is easily opened by unauthorized personnel.

The older safes also are not equipped with drop-slots so visiting pool managers and staff who are performing manager functions in an out-of-class (OCA) assignment are given the safe combination. One site had written instructions for visiting pool managers and OCA staff. The instructions included the safe combination and the document was in an unlocked drawer near the cash register, essentially available for anyone to read.

Recommendation:

9. Ensure safe combinations are properly safeguarded and changed routinely (particularly after staffing changes) and maintain a list of personnel with safe access. Remind staff to only use the “day lock” feature on a limited basis. Research the feasibility of providing all pool sites with a safe containing a drop slot for use by OCA and visiting staff.

Pool Oversight of the Revenue Collection Process Needs Improvement

Management review of pool revenue documentation is ineffective. Two Supervising Recreation Specialists (SRS) oversee pool operations at all 13 sites. As described and depicted in **Figure 2** above the SRSs drive to each of their sites several times per week to pick-up and drop-off supplies and documents, including documents related to pool revenue collection (i.e. DCRs, DPRs, Z-tapes, deposit slips, bank receipts, etc.). They organize and perform a cursory review (verify math) of the deposit documents then deliver them to the Department’s Analyst. They do not forecast, monitor or analyze the revenue in any way. Without a more effective review of revenue documentation, an SRS is less likely to identify an abnormality, such as lower than expected revenue from a site.

Although SRS pool site visits do include safety drills and other non-revenue oversight, the SRSs do not currently perform any on-site fiscal monitoring or accountability reviews. The Department should have its own internal fiscal monitoring to ensure established policies and procedures are being followed.

Recommendations:

10. Instruct the SRSs to perform monthly revenue forecasting for each site based on published schedules and historic attendance, and to perform a periodic comparison of forecasted revenue to actual revenue.
11. Implement on-site fiscal monitoring and review, such as surprise cash counts and accountability checklists, by the SRSs during unscheduled site visits.

The use of pool forms is not properly monitored. The Department implemented serial numbered forms to strengthen controls in response to the Mayer Hoffman McCann reports; however, the serial number is not tracked by any off-site pool personnel. Some pool sites attempt to keep a log, but serial numbered forms are only an effective control if the number is tracked by someone off-site, otherwise on-site staff could use forms to register patrons without depositing the corresponding funds.

Serial numbered forms include registration forms and swim passes. Currently the SRSs do not receive a copy of registration forms and pool sites keep two copies. The SRSs do receive a copy of swim passes, but it is not retained by the SRS but is included in the packet of documents that is delivered to the Department Analyst.

Recommendation:

12. Establish procedures for SRS tracking of all serial numbered forms for each site, and ensure all missing forms are researched and accounted for and that the sum of all uninterrupted sequence of forms reconciles to the amount deposited at the bank.

The procedures for picking up revenue documents and dropping off supplies at pool sites needs to be streamlined. Since SRS site visits are not scheduled, an SRS may drive to a site that has nothing ready for pick-up. In addition, pool sites are not always provided needed equipment and supplies in a timely manner. Some pool sites have inadequate change funds, and are in the practice of making change with the previous day's revenue (from the safe). Not all sites have credit card machines. Several pool managers indicated they often run out of registration forms or that the forms they are given have no serial number or duplicate serial numbers. Sites improvise by making a copy of a blank form and having the patron fill it out. In order to have three copies for proper processing and receipting the site then makes two copies of the document. When the serial numbered forms are received, the data is either transcribed onto the form or the copy is stapled to it. The lack of necessary forms creates added work for staff and undermines the purpose of serial numbered forms.

There is no standard form used for water fitness classes. Patrons can pay on a daily basis (drop-in) or purchase a series of classes. This is similar to day or lap swimmers who can pay a daily admission or purchase a Swim Pass for 20 swims at a discount. Swim Passes are serial numbered triplicate forms that are marked-off by pool staff each time the Patron uses it. There is no similar pass for water fitness patrons who have purchased a series of classes. Sites have improvised and created their own passes. Some sites use a registration form, but that does not provide a document that can be marked-off for each use.

Recommendations:

13. Consider scheduling SRS site visits⁶ for delivery and pick-up of documents to avoid a wasted trip.

⁶ The recommendation refers to site visits done for pick-up of revenue collection paperwork. We are not suggesting changes to site visits done for safety drills and other pool oversight responsibilities performed by the SRS.

14. Ensure all sites are equipped with the supplies and equipment needed including an adequate change fund, a credit card machine, and a sufficient amount of usable forms.
15. Consider a water fitness pass, similar to a swim pass.

The complexity of certain pool fees causes an increase in cash register mistakes and requires frequent register adjustments by pool managers. Currently, fees for swim team and water polo are based on an hourly rate; therefore, fees for the same team change every month and are odd amounts such as \$14.85 or \$19.80. Pool managers must reprogram cash register buttons to reflect the new fee. Even pool fees that do not change but are flat rates are not rounded to the nearest dollar, requiring sites to have proper change.

Low income patrons can apply for a Fee Waiver. Approval is based on family size and annual income. Patrons provide copies of tax returns or other forms of income verification. A Patron can fill out a request for Fee Waiver, and if approved the class is free rather than provided at a discount, even though some could afford to pay a discounted rate. Without any monetary commitment, some Fee Waiver Patrons register and then drop-out after a few sessions, leaving a vacant and sometimes unused spot.

There is no Department-wide policy on the maximum number of Fee Waiver Patrons in a class, or the maximum number of classes a Fee Waiver Patron can participate in during a season. Some sites have had Fee Waiver Patrons sign-up for multiple classes, for multiple children over an entire summer season, effectively taking up several available spots, and then not regularly attending all the classes.

Recommendations:

16. Consider making all pool fees flat rates (by class or by month) and rounded to the nearest dollar.
17. Consider eliminating a 100% fee waiver and replacing it with a fee discount such as 50%, to increase Patron commitment. A scholarship program could be available for Patrons unable to afford the discounted rate.

OTHER ISSUES REVIEWED

We also reviewed the Department's compliance with the Virginia Graeme Baker (VGB) Pool and Safety Act and its efforts to improve control weaknesses identified in previous outside accountants' reports. We found that the Department's efforts to be in compliance with the VGB Pool and Safety Act should be commended. As of the date of this report, all pool main drains have been replaced with VGB compliant grates. Department personnel were very diligent in obtaining VGB compliant grates, which were in low supply. Every effort was made to keep pools open to the public, but during the drain grate replacement, which occurred from approximately November 2008 through March 2009, any and all pools (main pools and children's pools) were closed until a VGB inspection was performed and VGB compliant grates

were installed. A pool is still considered in compliance during closure; therefore, the City was never out of compliance with the VGB Act.

Remediation efforts made by the Department in response to findings and recommendations contained in six reports issued by Mayer Hoffman McCann in April 2007 appear reasonable, but some lack implementation. The Department purchased cash registers, made updates to its Department Instruction (DI) 7.25 “Recreation Center Programs and Related Facility Operations”, and implemented other procedures designed to strengthen internal controls; however, as outlined in Finding I above, some procedures are not being followed. Additional improvements should be made to reduce the risk to the City and its employees.

CONCLUSION

The Park and Recreation Department has made efforts to establish a foundation of internal controls over cash handling, as demonstrated by its remediation efforts in response to the six Mayer Hoffman McCann reports issued April 2007. In addition, the Department’s willingness to further strengthen controls is demonstrated by its request for this audit; however, significant control weaknesses still exist. The revenue collection process at City pools is still a manual process, and changes should be made to improve controls and to increase oversight effectiveness. Ultimately, the Department should automate the process, and provide Patrons with the option of online registration and payment.

The Department has been successful in its efforts to be in compliance with the Virginia Graeme Baker Pool and Safety Act.



THE CITY OF SAN DIEGO
M E M O R A N D U M

DATE: May 18, 2009

TO: Eduardo Luna, City Auditor

FROM: David ^{DM} Monroe, Park and Recreation Community Parks II Division Deputy Director
via Stacey LoMedico, Park and Recreation Director

SUBJECT: Park and Recreation Department Responses to Park and Recreation Pool Audit 2009

Recommendations:

1. Include Carmel Valley and Tierrasanta pools in the on-line payment pilot program proposed for fiscal year 2010.

The Department concurs with this recommendation. The Department requested and received funding in the Mayor's Proposed FY 10 Budget.

2. Continue to pursue online payment and automated patron registration for all city pools

See above.

3. When feasible, eliminate cashiering from staff rotation and limit register use to one staff person for an entire shift. Ensure cashiers exclusively use the register and balance the cash station according to City Treasurer cash handling procedures at the end of the shift. Instruct pool managers to verify and initial each cashier's balancing documents, and continue to prepare and make deposits. Ensure cashiering staff and pool managers attend Treasurer's Cash Handling Training.

The Department concurs with this recommendation. Beginning summer 2009 season (June to September) the Department will make every effort to assign designated staff at each cash register. The increased cost of hourly staff is not known at this time, the Department will track the additional staff hours necessary to comply with this recommendation. Pool Managers will verify balancing documents at all shift changes. All full time benefitted Pool Managers have been scheduled to attend Treasurer's Cash Handling Training. To implement this recommendation all additional staff would need to attend Treasurer's Cash Handling Training. Trainings will need to be scheduled by Treasurer's Office as soon as possible and classes will need to be scheduled evenings and/or weekends.

Staff is investigating the feasibility of pay stations at the pools that would collect entrance fees only. The analysis for this will be completed in the fall of 2009.

4. Consider implementing daily preparation of deposits that are sealed in serial numbered, tamper-proof bank security bags that are placed inside the safe. (Physical delivery to bank and DCR preparation can continue to be every fifth day or \$200, whichever comes first.) When possible, add a second staff person verification of funds prepared for deposit prior to sealing into bag.

The Department concurs with this recommendation. Serial numbered, tamper proof bags will be ordered once staff is able to locate a bag that physically fits into the drop slot for our safe. Staff will change the Pool Manual to reflect that two staff members are to verify each deposit.

5. Turn on and use the register receipting function at all sites for all transactions and require staff issue a register receipt to all patrons in addition to the existing forms receipt. Consider adding preprinting on the existing forms receipt that states "not valid without cash register receipt."

The Department concurs with this recommendation. This is already part of the Pool Manual (Chapter 3, page 2) and is part of the normal operating procedures. This will be re-emphasized to all pool managers at the next mandatory pool manager meeting to be held May 21, 2009. Pool Manual also states that a cash register receipt be stapled to the registration forms (Chapter3, page 4). We will add this verbiage to all forms.

6. Implement a sign-in sheet for all day swimmers and drop-in water fitness patrons (all patrons who do not fill out a registration form, swim pass or other document) and instruct cashiers and pool managers to reconcile the daily sign-in sheets to cash register transactions as part of cash station balancing.

The Department concurs in part with this recommendation. The Department will implement a sign in for all water fitness classes. Incorporating this "sign in" sheet for "day swimmers" poses issues such as customer complaints, delays in admission, confusion from patrons on who needs to sign in and who does not, and additional staff time particularly in the summer season. However, the Department will test this recommendation during the off-season (After October 1, 2009) at two busy pool locations.

7. Require all pool sites post signs near the register instructing patrons to make checks payable to City Treasurer only and to obtain a register receipt.

The Department concurs with this recommendation, as it is in the Pool Manual (Chapter 3, page 2) and is part of normal operating procedures. This will also be reviewed at the May 21, 2009 pool manager meeting.

8. Restrictively endorse all checks immediately upon receipt.

The Department concurs with this recommendation. All pool managers have been instructed to immediately endorse checks. This will also be reviewed at the May 21, 2009 pool manager meeting.

9. Ensure safe combinations are properly safeguarded and changed routinely (particularly after staffing changes) and maintain a list of personnel with safe access. Remind staff to only use the "day lock" feature on a limited basis. Research the feasibility of providing all pool sites with a safe containing a drop slot for use by OCA and visiting staff.

The Department concurs with this recommendation. Safes with the drop slots were ordered May 13, 2009 for the 7 pools that did not have them. All safe combinations are on record in our administrative office and an up to date list has been completed. All pool managers will be instructed to use day lock on a limited basis at Pool Manager Meeting of May 21, 2009.

10. Instruct the SRSs to perform monthly revenue forecasting for each site based on published schedules and historic attendance, and to perform a periodic comparison of forecasted revenue to actual revenue.

The Department concurs in part with this recommendation. The information is the responsibility of the Division Analyst and the SRS. With this responsibility the Division Analyst shares the data on a quarterly basis with the Aquatics Program supervisors (SRS) for the reasons stated above. The SRS should be already using the data to ensure there are no significant deviations in the revenue based upon the programming at their site. Effective immediately, the Division Analyst will provide the data to the SRS on a monthly basis and they will be trained on the use of the reports.

11. Implement on-site fiscal monitoring and review, such as surprise cash counts and accountability checklists, by the SRSs during unscheduled site visits.

The Department concurs with this recommendation. Effective since spring 2007 the supervisor staff made several surprise inspections to each pool site; although, not on a regular basis. Beginning July 1, 2009, the SRS and District Manager will conduct surprise inspections on a quarterly basis.

12. Establish procedures for SRS tracking of all serial numbered forms for each site, and ensure all missing forms are researched and accounted for and that the sum of all uninterrupted sequence of forms reconciles to the amount deposited at the bank.

The Department concurs with this recommendation. The current policy for processing the 3-part NCR form for Class/Program registration is found in the Pool Manual (Chapter 3, page 4). Next re- order of this form will be a 4-part NCR form and SRS will keep a copy in sequential order.

13. Consider scheduling SRS site visits for delivery and pick-up of documents to avoid a wasted trip.

The Department does not agree with this recommendation. The SRS is required to maintain adequate oversight of each pool within their supervision. This requires the SRS to make regular visits to each of their site, not only to pick up and drop off items but to provide consistent oversight of the pool sites, including evaluation of staffing ratios, cleanliness of the facility and overall programming. Staff has found that unscheduled visits give the SRS a truer picture of how that pool is functioning. While the SRS can change the schedule based upon the need for cash deliveries, this will not eliminate the SRS trip on occasions when there is no cash to be picked-up.

14. Ensure all sites are equipped with the supplies and equipment needed including an adequate change fund, a credit card machine, and a sufficient amount of usable forms.

The Department concurs with this recommendation. The Department returned to using sequentially numbered forms in spring of 2007. Due to the quick change over and high volume of class/registration forms used at the pools there were several instances of sites running out of forms, or receiving mis-numbered or blank forms however all those issues have been resolved and should not happen in the future. District Manager has informed all Pool Managers to contact her directly if there is a problem with receiving necessary items. All change funds have been reviewed and adjusted as needed. Credit card machines are currently at all sites except for Colina del Sol, Kearny Mesa, Martin Luther King, Jr., and Memorial Pools and staff is evaluating the costs vs. the potential usage to see if it is an appropriate expenditure at these sites.

15. Consider a water fitness pass, similar to a swim pass.

The Department concurs with this recommendation. This issue has been addressed and corrected in the City Council-approved Park and Recreation Department Fee Schedule which will become effective July 1, 2009.

16. Consider making all pool fees flat rates (by class or by month) and rounded to the nearest dollar.

The Department concurs with this recommendation. This issue has been addressed and corrected in the City Council-approved Park and Recreation Department Fee Schedule which will become effective July 1, 2009. The fee for swim team and water polo is now \$25 for the 3 hour program, \$35 for the 5 hours program and \$70 for the 10 hour program.

17. Consider eliminating a 100% fee waiver and replacing it with a fee discount such as 50%, to increase Patron commitment. A scholarship program could be available for Patrons unable to afford the discounted rate.

The Department will evaluate this recommendation. The Low Income Fee Waiver (LIFW) program is part of the Council adopted Fee Schedule. Staff agrees that LIFW raises a number of issues that have been problematic for a number of years. Over the year there is a consistent number of participants who receive the LIFW and enroll in classes but do not attend, do not finish a program, or attend meets, etc.. Department will evaluate the current LIFW in the next review of the Department's Fee Schedule for FY2011.

cc: Jay M. Goldstone, Chief Operating Officer
Stacey LoMedico, Park and Recreation Department
Kyle Elser, Audit Manager
Dee Dee Alari, Principal Auditor
Isabel Vargas, District Manager