
OFFICE OF THE CITY AUDITOR

AUDIT OF THE ADMINISTRATIVE FUNCTION OF FAIR PARK

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Memorandum



CITY OF DALLAS

December 26, 2003

Honorable Mayor and Members of the City Council
City of Dallas

We performed an audit of the administrative function of Fair Park (FP), a division of the Park and Recreation Department.

We found that significant objectives of FP's oversight function are achieved, however the efficiency and effectiveness of FP administrative and operational practices should be improved, including contract and program management, safeguarding physical assets, safety and security measures, and lack of a division specific mission statement and goals.

Related opportunities for improvement and recommendations are presented in this report.

We appreciate the cooperation of City staff during our audit.

Thomas M. Taylor

Thomas M. Taylor, CPA
City Auditor

c: Teodoro J. Benavides, City Manager

AUDIT OF THE ADMINISTRATIVE FUNCTION OF FAIR PARK

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EXECUTIVE SUMMARY

We performed an audit of the administrative function of Fair Park (FP), a division of Park and Recreation Department. Our audit covered October 1, 2002, through June 30, 2003. As a result of our inquiries, observations, examinations, and tests, we concluded that the significant objectives of FP's oversight function are achieved, however:

- The efficiency and effectiveness of FP administrative and operational practices and procedures should be improved.
- Contract and program management and oversight should be improved.
- Physical assets should be adequately controlled and properly safeguarded.
- Safety and security measures should be improved.
- Park users concerns and suggestions should be adequately, consistently, and formally obtained and addressed (This concern has been verbally communicated to FP management).
- A division specific mission statement and related goals should be developed.

We have summarized our Opportunities for Improvement below.

- FP contract administering and monitoring needs improvement.
 - FP Administration's contract authorization and oversight are inadequate. Operations were begun prior to developing operating contracts or amendments; and contracts were entered into without having proper approval or authorization.
 - Various contractors submitted certificates of insurance that were not in compliance with contractual requirements.
- FP does not have adequate controls over event concession revenues.
 - FP did not adequately enforce contract terms and conditions, or monitor concession sales during events.
 - FP did not timely collect or adequately verify concession revenues. FP used and relied on concessionaire information for collecting and reporting of some concession sales.
- FP does not adequately monitor or verify lease revenues due from the Smirnoff Music Center.
- FP Administration does not have adequate control over its parking revenue.
 - FP did not receive parking fees to which it is entitled.
 - Exemption approvals for a designated paid parking event were not obtained and parking fees were not collected.

- FP does not formally notify lessees whether event patrons will be charged for parking.
- FP fixed assets and personal property are not adequately controlled. Various City assets were not accounted for. Assets that were not located include a surveillance camera system, refrigerators, a gas cook range, cameras, computer equipment, and other items.
- FP's safety and security measures need improvement.
 - FP does not have specific written guidelines and procedures regarding safety and security for FP employees and visitors.
 - FP does not have emergency evacuation plans created for each FP facility/building.
- FP does not have adequate facility rental criteria.
 - FP facility lease discount guidelines were not adequately or properly approved.
 - Facility rental discounts and move-in fees were not consistently applied to lessees.
- FP's current practices for loaning City's assets to facility users do not adequately protect City interest. FP lost tables and chairs that were loaned to State Fair of Texas, Inc. during the 2002 annual State Fair and was not reimbursed for the loss.
- Various FP revenues earned were either not billed or not timely billed and collected.
 - Various FP facility rental fees were significantly overdue before they were paid, and lessees were not consistently charged interest on late payments.
 - FP did not timely bill or collect utility reimbursements due from State Fair of Texas, Inc.
- FP has not developed a division specific mission statement and related goals.

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Authorization

We performed an audit of the administrative function of Fair Park, a division of the Park and Recreation Department. We conducted this audit under the authority of Chapter IX, Section 2 of the Dallas City Charter and in accordance with the Annual Audit Plan approved by City Council.

Scope and Methodology

We performed our audit in accordance with generally accepted government auditing standards and included tests of the accounting records, inquiries, and other audit procedures that we considered necessary in the circumstances.

Our objectives were to determine whether:

- Fair Park's mission statement adequately addresses all areas of operational and administrative responsibility and the written objectives fully encompass all responsibilities.
- Administrative personnel and related resources are adequately and properly structured to oversee Fair Park (FP) operations; assigned personnel are sufficient and have adequate experience and education to fulfill their assigned responsibilities; employees exercise due diligence to ensure all needed tasks are timely accomplished; and administrative oversight is adequate to reasonably ensure FP is administered economically, effectively, efficiently, and in accordance with applicable regulations and guidelines.
- Administrative oversight is adequate to reasonably ensure that concession and event contracts, as well as lease agreements, are adequately administered in accordance with applicable regulations, guidelines, and contract terms, and that the revenues derived from all sources are accurately and adequately documented, accounted for, and safeguarded.
- FP solicits comments from external City personnel, facility users, and other interested parties to identify areas that should be considered for change, addition, or modification and adequate procedures are in place to review external peer group operations and industry trends to ensure industry changes, innovations, improvements, and concerns are timely and fully addressed.

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- Safety and security mechanisms are adequate.
- Physical assets are fully accounted for and properly safeguarded.

Our audit covered administrative oversight and related functions for the five-month period ended February 28, 2003. We also reviewed certain related procedures, events, and matters occurring before and after this period.

We developed an understanding of relevant control structures through:

- Interviewing FP management and staff, other relevant City personnel, and contractors' representatives.
- Reviewing applicable regulations and procedures.
- Observing operations.
- Inspecting fixed assets (FA) as well as other assets and properties.
- Examining contracts, transactions, and other relevant documentation.

Overall Conclusion

We found that significant objectives of FP's oversight function are achieved; however:

- The efficiency and effectiveness of FP administrative and operational practices and procedures should be improved.
- Contract and program management and oversight should be improved.
- Physical assets should be adequately controlled and properly safeguarded.
- Safety and security measures should be improved.
- Park users' concerns and suggestions should be adequately, consistently, and formally obtained and addressed. (This concern has been verbally communicated to FP management).
- A division specific mission statement and related goals should be developed.

Specific issues are discussed in the Opportunities for Improvement section of this report.

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Background

FP is a multi-purpose 277-acre facility located southeast of downtown Dallas and has been the site of the annual State Fair of Texas (State Fair) since 1877. In addition to the State Fair, FP is also the home of the Cotton Bowl Stadium, various exhibit buildings, and other venues hosting a wide variety of events. Other attractions in the park include the Music Hall (i.e., a venue for various professional productions), various museums (cultural facilities), and other attractions and sites that are open to the general public.

FP is owned and operated by the City of Dallas and is overseen by an executive General Manager under the direction of PKR. PKR is under dual oversight of the City Council and the Park Board.

The City Charter, Chapter XVII, Section 4(a), requires City Council to approve any:

- Purchase of land.
- Contract requiring Council approval under rules established by ordinance.
- Lease or agreement with a term exceeding one year.

The Park Board authorizes rental rates for using FP facilities/sites. However, the FP Reservation and Scheduling Policy, adopted by PKR, defines the responsibilities of FP's Executive General Manager to include:

- Negotiating special rates.
- Applying existing rates to the various areas of the facility.
- Proceeding to handle contractual matters and establish charges for rentals and services not specifically outlined when such action is in the best interest of the City.

FP Administration (FPA) oversees lease agreements for various FP based institutions and leases those facilities/sites to groups and individual promoters for a wide variety of events. The major revenue sources include:

- Food, beverage, and merchandise concessions.
- Parking service concession.
- Facility/site leases and rentals [e.g., State Fair of Texas, Inc (SFTI), Smirnoff Music Center, other].

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The City receives a percentage of food and beverage sales revenues from FP concessionaires.

Parking services are provided under a contract with Venture Parking. Under the contract, the City receives 78.5% of gross revenues collected.

The City entered into a 20-year agreement with SFTI in 1987. Before the expiration of the contract, on August 28, 2002, the City Council approved a new 25-year contract with two 5-year extensions. The contract was executed on May 21, 2003. We did not evaluate this agreement.

MANAGEMENT'S ACCOMPLISHMENTS

FPA management staff was asked to provide comments on recent procedural and operational accomplishments. Their unedited comments are shown below:

MANAGEMENT ACCOMPLISHMENTS October 2001-February 2003

- Gilley's, the future biggest nightclub in the world to re-open in Dallas, hosted an event for National Visiting Nurses Association consisting of over 3500 nurses in a total country and western environment.
- Dallas International Festival: A multi ethnic festival featuring foods, arts and entertainment from more than six countries.
- Convoy of Hope: A religious base organization that provided food, entertainment, clothing, social, services and financial assistance to the needy.
- 2012 Olympics Site Evaluation Visit
- King Juan Carlos I and Queen Sofia of Spain Visit to Fair Park
- Canadian Prime Minister Visit to Fair Park
- Dallas Museum of Natural History "Dinner in the Wild" and Exhibition: An African Safari exhibit.
- Cirque du Soleil's Production of "Dralion": An international acclaim, French Canadian theatrical circus that played at Fair Park for six weeks.
- Low Rider Magazine – 2001 Boulevard Tour: A National Motor Sport Magazine featuring exotic cars that drew over 18,000 people in six hours. No alcoholic beverages were sold or distributed.
- Cotton Bowl Hall of Fame Induction Celebration
- Mayor Ron Kirk's 5th Annual "Back to School" Fair: Largest school supply give-a-way and social services in the southwest. Serving over 30,000.
- Easyriders Custom Motorcycle Show: Featuring exotic motorcycles, clothing and parts.
- Greater Dallas Hispanic Chamber International Business Expo: To attract and orientate non-English speaking Hispanics about business and community services.
- Military Vehicle Preservation Association International Convention: To orientate and educate the public on the history and preservation of old military vehicles.
- Dallas Black Expo
- Day Out with Thomas Event
- Southwestern Bell Cotton Bowl Classic: Provide easy and clear access for direction in and around the stadium for pedestrians.

MANAGEMENT'S ACCOMPLISHMENTS

- Electronic Signs
- Fair Park Comprehensive Development Plan – Hargreaves
- Cotton Bowl Directional signage for pedestrians
- Woofus Installation
- Lived within budget and exceeded revenue for past three years
- On October 1, 2002, J.B. Gassaway, Assistant General Manager assumed the responsibility that was performed by two assistant general managers in the past.

OPPORTUNITIES FOR IMPROVEMENT

We identified certain policies, procedures, and practices that should be improved. Our audit was not designed or intended to be a detailed study of every relevant system, procedure, and transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvements may be needed.

1. FPA contract administering and monitoring needs improvement.

FPA's contract authorization and oversight are inadequate. We noted that:

A. Operations were begun prior to developing operating contracts or amendments and contracts were entered into without having proper approval or authorization.

- FP developed a facility use lease agreement with the Southwest Celtic Music Association (SCMA) to hold an annual two-day Irish Festival (IF) in March of 1998 through 2002. The contract was dated July 10, 1997, for events occurring on March 7-8, 1998, and annually thereafter through March 2002, for two specified days. The relevant City Council Resolution, #981746, was approved on June 10, 1998, and showed that the lease period was for 1999 through 2003. Thus, there is a one-year discrepancy between the operating period shown in the signed contract and the approved Council Resolution.

FPA stated that the cause for this discrepancy was that historically one PKR division prepared contracts and another division prepared proposed Council resolutions. FPA stated that currently the same division prepares both contracts and council agenda items.

- On February 24, 2003, a FP senior manager entered into a one-year contract amendment (under the same terms and conditions contained in the above five-year agreement) with SCMA to a then expired five-year contract to hold the 2003 IF at FP. We were not provided any documentation that this contract amendment was signed by the City Manager and approved by the City Attorney.

The City Charter requires City Council to approve any lease or agreement with a term exceeding one year. The Dallas City Code requires the City Manager to sign, and the City Attorney to approve as to form, all contracts, contract amendments, or other legal instruments.

City Council and City management authority is weakened when unauthorized personnel sign contracts.

- On May 8, 1996, Council Resolution #961649 authorized a one-year contract with four 1-year renewal options with Weiss Enterprises, Inc. (Weiss), to operate food and beverage concession services for events held in the Automobile Building at FP beginning on May 8, 1996. The contract required

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the City to deliver written notice to the concessionaire of its annual election to exercise the renewal options. However, there is no evidence that written notice was delivered by the City to Weiss to exercise the contract renewal options.

In 1999, Council Resolution #993316 authorized another one-year contract with four one-year renewal options with Weiss to operate food and beverage concession services for events held in the Automobile Building at FP. The contract period is from May 8, 2001, through May 8, 2006. We found no evidence of a signed contract or agreement between the City and the concessionaire as authorized by Council Resolution #993316. However, Weiss is currently operating a food and beverage concession in the Automobile Building.

FP personnel stated that:

- FP does not have written procedures that address administering and monitoring of multi-year contracts and long-term lease agreements.
- Preparing and monitoring contracts are job functions and goals of the FP Contract Compliance Position.

Inadequate administration and monitoring of contracts resulted in a concessionaire operating on City premises without a valid agreement.

- B. Submitted certificates of insurance do not meet contractual requirements. Various contractors submitted certificates of insurance that were not in compliance with contractual requirements. The identified exceptions are summarized below.

Contractor	Contract Requirement	Coverage Shown On Certificate of Insurance	Status
A	Comprehensive automobile liability insurance.	No coverage.	Not In Compliance.
	Crime coverage, including: a. Employee dishonesty. b. Theft, disappearance, and destruction of money and securities.	No coverage.	Not In Compliance.
	Workers' Compensation and Employers Liability.	No coverage.	Not In Compliance.
B	Comprehensive General Liability Insurance, including Personal Injury Liability, Independent Contractors Liability, and Contractual Liability ...with limits of liability for bodily injury and property damage of not less than \$1,000,000.	No coverage shown for " General Aggregate " under the section of General Liability on the certificate (coverage shown for Products, Personal & Advertising Injury and others).	Not In Compliance.
	Comprehensive Automobile and Truck Liability Insurance, covering owned , hired and non-owned vehicles...	No coverage shown for " all owned autos " under the section of Automobile Liability on the certificate.	Not In Compliance.
	Insurers shall have no right of recovery or subrogation against the City of Dallas.	Waiver of subrogation is not shown on the certificate of insurance.	Not In Compliance.

FP personnel stated that Contractor B does not own any vehicles. However, staff also stated that there is no written statement from Contractor B in FP's file stating that this contractor does not own any vehicles.

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If contractors do not obtain required insurance coverage, the City is exposed to increased risk from claims and judgments for damages.

FPA's oversight and demonstrated understanding of City contracting requirements did not reasonably ensure that needed written contract development and oversight policies and procedures were in place and functioning as intended in accordance with applicable regulations, guidelines, and contract terms.

Contracts or agreements should be developed and fully approved prior to implementation, then adequately administered and monitored in accordance with applicable regulations, guidelines, and contract terms.

We recommend that the Director of PKR:

- A. Develop and implement policies and procedures to ensure that contracts/agreements are reviewed and properly approved by applicable oversight bodies/personnel prior to being operational and administered in accordance with established regulations, guidelines, and contract terms.

Execute a contract with Weiss for its concession operation in the Automobile Building in accordance with Council Resolution #993316.

- B. Review all contracts to ensure that all insurance requirements are complied with.

Management's Response:

- A. We concur with the recommendation. Policies and procedures are being implemented to address the situations identified. Furthermore, a database has been created and is in the process of being implemented that prompts each of the approval levels for event contracts and tracks the date of each approval.

A spreadsheet has been implemented that identifies the key points of each of the concession contracts and other long-term use contracts. This tool will assist Fair Park administration and the person responsible for contract management by identifying, per contract, what actions are required and the dates required for each action. One of the fields on the spreadsheet, for example, identifies whether a contract requires the City to deliver written notice to the concessionaire of its annual election to exercise the renewal options.

The contract with Weiss to operate food and beverage concession services as approved in Council Resolution #993316 from May 1, 2001 through May 8, 2006 is in process of being executed.

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- B. We concur with the recommendation. Policies and procedures are being implemented to ensure that insurance requirements and insurance documents are reviewed annually for long-term contracts, and reviewed prior to the event for event contracts.

2. **FP does not have adequate controls over event concession revenues.**

FP event concession revenues are not adequately controlled. FP leases facilities to groups and individual promoters for a variety of events. Concession contract terms provide for the City to receive a percentage of gross concession revenues.

SCMA contracted to lease FP facilities for the IF. SCMA selected Weiss, a FP contracted concessionaire, as an event concessionaire. Weiss operated fixed and mobile food and beverage locations. SCMA sold alcoholic beverages and engaged various independent food vendors to sell specialty food items. The concessionaires were required to pay the City 25% of their gross concession revenues for this event.

Concessionaires reported cash and some coupon sales on Daily Stand Reports (DSRs). A DSR is a pre-numbered form issued by the Fair Park Business Office (FPBO) that details concessionaire event sales related transactions.

We reviewed the event revenue collection process and noted the following concerns:

- A. Customer food and beverage purchases were not paid for exclusively with coupons, as required, and FPBO did not develop mechanisms to account for coupon sales. According to representatives of the event, Weiss accepted cash or coupons for food and beverages. SCMA accepted only coupons for alcohol beverages. Specialty food vendors accepted only cash.

FPBO personnel stated that they did not know how many coupons were used during the 2003 event and SCMA did not submit the coupons to the FPBO prior to the event.

The City's contract with SCMA specifies, "Lessee (SCMA) shall manage and be responsible for coupon sales for food and beverage sales within the Premises during the event." Council Resolution #981746 requires SCMA to use coupons approved by the City for all food and beverage sales to the public. Additionally, the City Auditor's Office previously recommended to FP that all coupons be ordered, designed, and distributed by FP to provide adequate accountability of vendor sales.

- B. FP did not require food and beverage concessionaires to use electronic cash registers. FPBO personnel said that Weiss has never provided electronic cash register tapes to support concession revenue payments. The City's contract

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agreement with Weiss specifies that the "Concessionaire shall provide an electronic cash register...for use on the Contract Premises in connection with the Concession Operation." However, if coupons are used exclusively, electronic cash registers would not be needed.

- C. FP did not adequately monitor food and beverage concession stands during events. FP personnel stated that, for events with concessions, a representative of the FP Sales and Events Office (FPSEO) or FPBO occasionally verifies the number of stands and that the most recent verification was done in 2002. However, we were not provided documentation of FP verification of the 2002 event. Discussion with FPBO manager revealed that the FPBO conducted its last physical stand verification in January 1998.

Since FP did not adequately enforce various contract terms and conditions and monitor events, there is decreased assurance that vendors reported all sales or that the City received its rightful share of those revenues.

- D. Weiss and SCMA representatives stated that Weiss collected and calculated revenues from its own operations during the IF. Weiss accepted both cash and coupons. SCMA handled collections from alcohol beverage sales (coupon) plus sales by specialty food vendors (cash).

Commissions paid to the City by Weiss and SCMA were based on the following:

- Total event collections by Weiss related to cash transactions.
- Cash sales reported to SCMA by specialty food vendors.
- SCMA's coupon sales from alcohol beverage plus coupon sales reported by Weiss.

We reviewed SCMA's remittance to the City for the 2002 IF. Commissions remitted for "beer sales" was \$8,251.50. FPBO personnel stated the submitted amount should have included Weiss' coupon sales for the event. Based on Weiss' 2002 IF DSRs, the City's commission from its coupon sales should have been \$1,325.65. We were not provided sufficient sales summary data to determine whether the submitted \$8,251.50 included the City's entire rightful revenue share on coupon sales for the 2002 event. FPBO personnel further stated that FPBO did not know the total number of coupons that were at the 2002 IF.

FPBO personnel stated that they relied heavily on the concessionaire completed DSRs. We noted that some DSRs were not signed by concessionaires and/or

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did not provide detail vendor business transactions. Discussion with SCMA personnel revealed that SCMA used and relied on vendor information for collecting and reporting of specialty food sales. We were not provided corroborating support for reported DSR sales.

- E. FPBO personnel did not timely collect or adequately verify concession revenues. The City's agreement with SCMA specifies that "Lessee shall pay all amounts due to Lessor or Lessor's food and beverage concessionaire manager, whichever is appropriate, within 36 hours following the end of the event." On April 15, 2003, six weeks after the 2003 IF, FPBO had not received the City's commission on event coupon sales. This uncollected revenue was not reflected on any FP accounting reports. We expressed our concerns and discussed this matter with FPBO personnel.

On April 17, 2003, subsequent to the Auditor's expressed concern, SCMA remitted \$11,707.11 as the City's commission from coupon sales. SCMA did not provide detail supporting documentation for the payment. On May 5, 2003, SCMA submitted another payment of \$3,054.78 as additional coupon sale commission due the City. SCMA's supporting documentation accompanying the \$3,054.78 payment shows that the total coupon sales from both SCMA and Weiss were \$64,357 and that SCMA excluded \$5,309.45 as sales tax collected. However, according to FPBO personnel, the concession sales tax rate used has been 7.6213 percent (.0825/1.0825) of total sales, which represents \$4,904.84. Thus, SCMA overstated total sales tax liability by \$404.61 and, therefore, under-calculated the City's commission from coupon sales by \$101.15. In addition, SCMA did not provide documentation to substantiate that the reported coupon sales total (\$64,357) was the total event coupon sales.

If the concession revenues are not adequately accounted for or timely remitted, concession revenues may be inaccurate, unreliable, and not received and properly recorded.

FP does not have adequate control systems/procedures and lacks adequate management oversight to ensure that concession revenues are being adequately monitored, verified, supported, and timely collected. Inadequate concession revenue oversight and a lack of written procedural guidelines result in the City's financial interests not being adequately protected.

Program controls and management oversight should be adequate to reasonably ensure City guidelines and contractual requirements are met, legal and regulatory stipulations are fully achieved, and financial interests are adequately protected.

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We recommend that the Director of PKR:

- A. Ensure all events that require coupon sales use coupons procured and controlled by the City and that FP management develop procedures to reasonably account for coupons issued and used.
- B. Ensure concessionaires provide electronic cash registers as contractually required. No action required if coupons are exclusively used.
- C. Develop and implement procedures to ensure that food and beverage concession stands are monitored by City personnel during concession events. No action required if coupons are exclusively used.
- D.&E. Determine and collect City's total commission due on all coupon sales from the 2002 and 2003 IFs in accordance with contractual agreement.

Establish and implement written policies and procedures to ensure that all concession revenues are adequately tracked and collected in a timely manner, and that amounts remitted are substantiated with sufficient supporting data.

Management's Response:

- A. We concur with the recommendation. When coupon sales are used by an event for sales of items generating revenue from which a commission is paid to the City, Fair Park will administer the process including issuing and accounting for the coupons before and after the event. Policies and procedures will be developed to specify the actions required.
- B. We concur with the recommendation. By January 31, 2004, all Fair Park concessionaires will be required to use cash registers as specified in their current contracts.
- C. We concur with the recommendation. Policies and procedures will be implemented to ensure that concession stands are routinely monitored by City personnel during concession events.
- D. The City has been paid the correct commission for the 2002 Irish Fest. The Treasurer for the event confirmed that check #2775 written 3/3/02 in the amount of \$3,375.88 to the City of Dallas and Check #2785 written 3/11/02 in the amount of \$8,251.50 to the City of Dallas covers 25% owed the City for all coupon sales, both food and drink. The coupons that Weiss collected for food and beverage sales were accounted for in the 25% commission that the Irish Fest paid the City of Dallas for coupon sales.

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The City has been paid the correct amount for the 2003 Irish Fest. The Irish Fest Treasurer was notified that the 2003 commission payment to the City was short by \$101.15 due to their use of an incorrect sales tax calculation. The City received Check #3160 written 7/25/03 in the amount of \$101.15.

- E. We concur with the recommendation. Policies and procedures will be implemented that specify the reporting mechanisms for the concessionaires to support sales with their cash register tapes. Additionally, when events pay a commission, the event documentation will be flagged to identify the specifics of those payments. Finally, we will instruct concessionaires to post a sign visible to patrons reading, "If you are not issued a receipt for your purchase, contact Fair Park Administration at 214-670-8400."

3. FP does not adequately monitor or verify lease revenues due from the Smirnoff Music Center.

FP does not adequately validate lease revenues. The City has a long-term lease agreement with the PACE AMPHITHEATRES GROUP, L.P. (PACE), the operator of the Smirnoff Music Center. Under the lease agreement, PACE pays the City an annual minimum guaranteed rental in addition to a percentage rental.

The minimum guaranteed rental equals the greater of the fixed minimum guaranteed rental for the applicable lease year or a calculated amount in accordance with the formula as set forth in the contract. The percentage rental amount is calculated as a percentage of Smirnoff's gross ticket proceeds and revenues from other sources, less the minimum guaranteed rental.

We spoke with FPBO personnel regarding the verification process for Smirnoff's lease payment. The FPBO manager stated that they perform a "recalculation of attached data," which is a mathematical computation to verify the accuracy of the attached computations (i.e., the ticket and other revenue summary data provided by Smirnoff with the percentage revenue remittance). The business manager further stated that FPBO "depends upon the City Auditor to perform detailed audits." However, this business manager also stated that FP has not requested the City Auditor's Office to validate the City's rightful share of revenues from Smirnoff Music Center.

FP does not have adequate management oversight and procedures to ensure that submitted revenue reports are sufficiently and reasonably supported. Inadequate contract oversight may result in the City not collecting all lease revenues to which it is contractually entitled.

Accounting and management controls and procedures should be established and implemented to fully address contract revenue verification. Selected events should be

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verified against adequate supporting documentation to validate the underlying computations and ensure all events and amounts are properly accounted for.

FP does not adequately include controlling and administering contract revenues as a performance measure of the FPBO manager job expectations. Since the performance measures or expectations are inadequate, it is unlikely that FP personnel are fulfilling their responsibilities.

Employee job performance measures should include all relevant responsibilities and assigned tasks.

We recommend that the Director of PKR:

- Establish and implement detailed policy and procedures to ensure that revenue payments are adequately and frequently validated.
- Include employee responsibilities and related tasks in applicable personnel performance evaluations.

Management's Response:

We concur with the recommendation. Smirnoff pays the City a minimum guaranteed rental amount that is divided into two payments each year. Additionally, by November 15 of each year, Smirnoff pays the percentage rental, which is a percentage of their ticket, concession and novelty sales, less the guaranteed minimum payments. The Fair Park Business Office will verify the appropriate amount of the minimum guaranteed rental and the percentage rental due the City each year. These responsibilities will become part of the performance criteria for the Fair Park Business Manager.

4. FPA does not have adequate control over its parking revenue.

FP parking revenue is not adequately controlled. FPA determines whether an event will have paid or free parking. However, FP does not have documented criteria that specifically define whether parking at each event will be paid or free. FP generally charges for parking when total park users are estimated to be 5,000 or more or if patrons pay an admission fee. FP does not charge parking fees for charitable or religious events. When parking fees are charged, FP provides pre-numbered parking stickers to Venture Parking prior to the event. The parking fee is currently \$8.00.

- A. FP does not charge parking fees to individuals visiting resident FP based museums or cultural facilities (FP institutions).

Parking fees are not charged to people that state that they are going to FP institutions on a paid parking event day. FP personnel stated that FPA "has no

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system to guarantee that everyone who claims they are going to the museum is telling the truth.”

Parking access controls do not ensure that FP receives all parking fees to which it is entitled.

- B. FPA did not charge patrons for parking for some events where parking fees should have been charged. The Dino Dash Race/Discovery Fest (Dino) and Gray Eagle Kickboxing (Gray Eagle) should have been paid parking events according to FP’s current paid parking criteria. Attendance at the 2003 Dino event was 6,500. Attendance at the 2003 Gray Eagle event, which was a paid admission event, was 2,000. However, FPA did not charge attendees parking fees for either event.

We estimated that the City lost \$17,607.20 potential parking revenues in 2003 from these two events. See the table below.

Events	2003 Event Attendance	2003 Estimated Numbers of Cars (1)	2003 Parking Rate At FP	Estimated Total Potential Parking Revenues	Estimated Total Potential Parking Revenues After Sales Tax (2)	Estimated City’s Potential Parking Revenues From Venture (3)
Dino	6,500	2,321	\$8	\$18,568	\$17,153	\$13,465
Gray Eagle	2,000	714	\$8	\$ 5,712	\$ 5,277	\$ 4,142
Total	8,500	3,035	\$8	\$24,280	\$22,430	\$17,607

(1) Assumption of one car out of every 2.8 event attendees per Fair Park personnel.

(2) Estimated Total Potential Parking Revenues – 7.6213% (sales tax rate=0.0825/1.0825) of Estimated Total Potential Parking Revenues.

(3) 78.5% of Estimated Total Potential Parking Revenues After Sales Tax.

FP’s Reservation and Scheduling Policy requires FPA to “operate the complex in a sound business manner in an effort to maximize both economic benefit and financial stability of Fair Park.”

- C. Exemption approvals for a designated paid parking event were not obtained; however, parking fees were not collected. In June 1998, Council Resolution #981746 authorized a five-year contract with Dallas Morning News to hold the Dallas Regional Science Fair (SF) at FP. The resolution stipulates that the SF is to be a paid parking event and specifies that the FP Executive General Manager must approve any exceptions. We found that parking has never been charged for this event at FP, but we did not find any evidence that the FP Executive General Manager approved that contract exception. FP did not ensure that provisions of a Council resolution were achieved.

FP personnel stated that parking has not been charged for this event because it is primarily a school event. FPA personnel stated that the discrepancy was due

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to the fact that one division historically prepared contracts while another division prepared Council agenda items. According to Fair Park personnel, currently, the same division prepares both contracts and proposed Council resolutions.

- D. Current lease contract language does not specify whether parking fees will be assessed for the specific event. FP does not formally notify lessees whether event patrons will be charged for parking.

FP did not have documented procedures to ensure that specific language regarding whether parking would be charged was included in each applicable contract. Developing standard, formal parking fee contract language will reduce potential misunderstandings and enhance working relationships between FP and its lessees. Lessees should be given relevant and timely information for events.

We recommend that the Director of PKR:

- A. Ensure that FP develops and implements procedures to collect all parking revenue from paid parking event patrons.
- B. Create formal written parking fee assessment guidelines for FP and ensure consistent application. Document and obtain approval for exceptions.
- C. Ensure any deviation from Council Resolutions is justified, documented, and reported to applicable City parties, and that any needed corrections are implemented.
- D. Develop a formal communication mechanism to timely inform lessees whether patrons will be assessed parking fees.

Management's Response:

- A. The current practice of not charging parking fees to individuals who are visiting Fair Park based museums or cultural facilities (FP institutions) is a directive from the Park and Recreation Board, documented from a Park Board meeting held March 14, 1996. Fair Park cannot collect parking from all visitors on paid parking days while this directive is in effect.
- B. We concur with this recommendation. Policies and procedures will be implemented that clearly establish the paid parking guidelines and will provide for consistent application. The policies will also identify how to document and obtain approvals when exceptions are required.
- C. We concur with this recommendation. It was in error that the Council Resolution authorizing a multi-year contract for The Dallas Regional Science Fair specified

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that paid parking would be in effect for that event. Fair Park management failed to document and report to applicable parties that a correction/exception was needed for this event. The event database, which is in the process of being implemented, will reflect when an event has been identified for paid parking. This information will be widely reported and less likely to be overlooked.

- D. We concur with this recommendation. The Fair Park Events Office creates a "Traffic Worksheet" report that is distributed at the weekly meeting of Fair Park campus members. Paid parking dates and times will be included on this report.

5. FP fixed assets and personal property are not adequately controlled.

FP did not adequately control its fixed assets (FA) and personal property. There are six defined functional areas within FP. Each functional area has designated personnel to maintain the property listing and is responsible for reconciling its own FA. We noted that FP did not provide an asset reconciliation report that clearly showed the status of each asset; nor did we see any evidence that FP had conducted a complete fixed asset inventory.

We reviewed the City's February 2003 FA listing for Org 5206, which includes 626 items for FP functional areas of Administration, Business Office, Marketing, and FPSEO (in-part). We judgmentally selected twenty-four items for physical inspection; however, we were unable to locate seventeen. FP was unable to formally account for the disposal or transfer for any of these items. In 1999, FP management had identified nine of these seventeen items as unaccounted for; however, the items have not been removed from the fixed asset listing. FP personnel stated that on March 13, 2003, they reported 13 of the 17 unaccounted for items. See the table below for the seventeen unaccounted assets that we identified during our inspection.

FA Number	Description*	Acquisition Amount	Acquisition Date	Current Status	Identified as Unaccounted Asset in 1999
PX2185RI001	CCTV System (Cotton Bowl) ¹	65,494.35	9/14/1994	Unaccounted	
236735	Golf Cart	9,000.00	10/7/1988	Unaccounted	
290507	Security Camera w/Accessories	7372.62	1/27/1997	Unaccounted	
252216	Lazerwriter w/Cassette Print	2,836.33	12/12/1990	Unaccounted	
284464	Commercial Gas Cooking Range	2,805.00	10/27/1995	Unaccounted	Yes
271450	Facsimile Machine	1,255.75	4/7/1994	Unaccounted	
294039	Laserjet 6P Printer	749.99	7/2/1998	Unaccounted	
252286	Printers	695.00	9/25/1990	Unaccounted	
248169	35mm Camera	489.50	2/8/1989	Unaccounted	Yes
280841	Laser Printer	487.00	9/27/1994	Unaccounted	Yes
284220	TV/VCR Combo	460.00	7/27/1995	Unaccounted	Yes
288433	Color Scanner	400.00	6/30/1996	Unaccounted	Yes

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FA Number	Description*	Acquisition Amount	Acquisition Date	Current Status	Identified as Unaccounted Asset in 1999
262495	Typewriter	391.00	2/13/1992	Unaccounted	
263797	35/mm Camera, Case & Battery	379.95	7/16/1993	Unaccounted	Yes
248179	28mm Canon Camera	149.95	9/7/1988	Unaccounted	Yes
242316	Cantilever Guest Chair	120.80	12/16/1988	Unaccounted	Yes
242317	Cantilever Guest Chair	120.80	12/16/1988	Unaccounted	Yes

* The table description is taken from the City's FA Listing as of February 2003.

¹ This is a surveillance camera system.

We also requested and obtained FP's "Inventory Items Not Accounted For – Org 5206" report dated March 23, 1999. We compared this report to the City's FA listing as of February 2003. We found that 173 (27.6%) of the 626 items had not been located in 1999. The items that were not found included commercial refrigerators, a gas cook range, cameras, computer equipment, as well as other assets.

As of March 5, 2003, FP management had not reported the 173 unaccounted for assets to the City Controller's Office or cleared the "unaccounted" status. The City's February 2003 FA report does not list an exception for any of the 173 items.

We obtained and reviewed FP's current FA/personal property report for Org 5206, which listed 343 items. As of February 2003, the City's FA listing includes 626 items. As discussed above, the 173 items identified as "unaccounted for" in 1999 are included in the City's FA listing. Some of the 343 assets on FP's report may not be included on the City's FA listing. Therefore, in addition to the 173 unaccounted items, there are at least an additional 110 items (626 - 343 - 173) on the City's FA listing that are not shown on FP's report.

Assets should be safeguarded and periodically substantiated.

FP's management oversight and practices do not provide reasonable assurance that essential functions and responsibilities have been identified, assigned, implemented, and monitored. Inadequate FA controls may result in City property loss, inaccurate and unreliable inventory records.

We recommend that the Director of PKR develop a complete reconciliation of all FA and personal property. Identified discrepancies and missing assets should be promptly investigated and reported to applicable City personnel.

Management's Response:

We concur with this recommendation. The Fair Park divisions are in the process of inventorying all fixed assets and personal property. Identified discrepancies will be promptly investigated and reported as directed in the City's Administrative Directive and

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the Park and Recreation Department's policy on fixed assets and personal property. Subsequent to having an up-to-date list of fixed assets and personal property, Fair Park will conduct an annual inventory audit.

6. FP's safety and security measures need improvement.

FP's written safety and security guidelines were not adequate to enhance the safety of FP employees and visitors. Additionally, emergency evacuation plans were not developed for each FP facility as required by Administrative Directive (AD) 2-5. We noted that:

- A. FP does not have specific written guidelines and procedures regarding safety and security for FP employees and visitors. Currently, FP uses PKR's guidelines. These guidelines were developed in 1988 and provide general instructions to all PKR employees. The guidelines reference the City Personnel Rules, which identify employee safety requirements and address departmental safety rules including injuries, motor vehicle accidents, traffic violations, and equipment abuse. These guidelines do not specifically address security related issues.

FPA has not placed sufficiently high priority on developing detailed written safety and security guidelines and instructions for FP employees and visitors. In the absence of adequate, comprehensive guidelines and procedures, FP management may not address all needed related issues.

- B. FPA does not have emergency evacuation plans (EEP) created for each FP facility/building. AD 2-5 requires each department to prepare an EEP for each facility outside City Hall and Police and Courts Municipal Buildings.

In September 1993, FPA created and implemented EEP for the Cotton Bowl and the Coliseum. According to a FP senior manager, FPA is in the process of revising the current EEP and creating an EEP for each City facility or building at FP.

FPA entered into a contract with D&L to provide crowd management services for most events held at FP. According to the FPSEO Manager, D&L is also responsible for evaluating those contract events in light of an emergency situation.

Without an adequate, current, updated EEP for each FP facility and building, FPA may not have an effective and efficient evacuation approach in case of an emergency.

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We recommend that the Director of PKR:

- A. Develop and implement detailed written safety and security guidelines for FP visitors and employees.
- B. Develop and implement an emergency evacuation plan for each FP facility or building that is consistent with the provisions of AD 2-5.

Management's Response:

- A. We concur with this recommendation. Safety and security guidelines specific to Fair Park's visitors and employees will be developed and implemented.
- B. We concur with this recommendation. An emergency evacuation plan for each Fair Park facility or building will be written and posted as directed in AD 2-5.

7. FP does not have adequate facility rental criteria.

FP facility rental criteria were not adequate. FP leases its facilities to groups and promoters for various activities. Contracts are negotiated and lease fees are based on specific facility(ies) to be used, event duration, services required, and other factors.

FP discounts lease fees to various lessees. Discount rates generally range from ten to fifty percent. Some of the lease discounts are:

- 501 C3 Organizations (Non-Profit Organizations)
- Multi-Day
- Multi-Year Contracts
- FP Campus Family Members (institutions/organizations that are residents in FP)
- New Business Development
- Community Relations Activities

- A. FP facility lease discount guidelines were not adequately or properly approved. The current FP lease discount guidelines were originally issued in 1996. These guidelines document facility rental discount types and corresponding percentages. FPA stated that they were unable to find any Park Board agendas or minutes from 1996 to validate that the guidelines were approved then. FP personnel stated that the current lease rates and discounts in use at FP were briefed to, and approved as modified by, the Park Board in 2002.

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The 1996 discount guidelines do not consistently define lessee types that may qualify for each discount type (e.g., who is eligible to receive a Community Relations Activities discount). The discount guidelines do not specify whether a lessee may be qualified for only one or multiple discounts. Further, the guidelines do not address individuals or positions who are authorized to approve one or more of the various discounts or who is authorized to approve exceptions (e.g., special negotiation contracts, increasing the discount percentage).

Currently, the FPSEO has primary responsibility for drafting event contracts. The FPSEO is under the supervision of a FP senior manager, who authorizes specific discounts given on individual lease contracts.

B. Rental discounts are not applied consistently. We noted that:

- In early 2003, two similar lessees leased FP's Centennial Building for events that appeared to be similar in nature. Lessee A received a 50% discount, which included a 25% 501 C3 Organizations discount and another 25% Community Service discount. Lessee B received only a 25% 501 C 3 Organizations discount.

We raised our concerns with FP management. A FP senior manager stated that the 25% Community Service discount granted to Lessee A was in error and that FP's policy is to grant only one type of discount per event. However, this FP manager also stated that Lessee A was qualified for a 50% discount "due to its long tenure in Fair Park." The provided FP written discount guidelines do not include a "Tenure" discount or a "Community Service" discount. The granted 50% discount to Lessee A appears to be excessive.

- In 2001, a 25% "First Time" discount was granted to another lessee. The provided discount guidelines do not include a "First Time" discount, but do include a "New Business Development" discount, which represents "a fifty percent discount for first event only."

In an e-mail correspondence, the FPSEO manager stated that "First Time" discount is used to help promote FP to first time users and that the "Community Service" discount is "used to recognize community service-based events, which are generally designed to provide food, health care and/or social services to the community." However, the current FP discount guidelines do not include either of the "First Time" or "Community Service" discounts.

C. Move-in fees for lessees were not consistently applied. According to FP personnel, FPA does not have written guidelines that specify when to charge

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fees for move-in (\$500.00 per day); thus, move-in fees may not be charged consistently.

The general criteria in practice for determining whether to charge fees for a move-in are: (1) the amount of equipment and items brought in by a lessee, (2) the amount of time that FP expends for the move-in, and (3) whether utilities are requested.

FP has not developed needed written criteria and guidelines. Lack of adequate written guidelines and procedures can result in discounts or fees being inconsistently granted or assessed and/or management's intent and program guidelines being misunderstood.

All operating criteria and guidelines should be documented, approved by appropriate authorizing bodies, periodically reviewed and updated, applied consistently, and strictly adhered to.

We recommend that the Director of PKR:

A-C. Establish and implement written lease discount and move-in policies and procedures, which should be properly approved by applicable authorizing personnel and provide sufficient applicable guidelines to minimize misunderstanding of, and inconsistent application by, employees.

Management's Response:

We concur with this recommendation. Fair Park administration will create and present updated lease discount guidelines to the Park Board for consideration. The lease discount guidelines will define the lessee types that may qualify for each type of discount and will identify the position(s) within Fair Park administration which are authorized to approve one or more of the various discounts or authorize the approval of exceptions.

The Fair Park lease discount guidelines presented to the Park Board will also include direction on applying the discounts, and will include definitions and examples of how each discount is to be used. Once the Park Board approves the discount guidelines, Fair Park will implement policies and procedures for applying the discounts. Move-in fees, and policies governing their application and exception will be included in the policies and procedures.

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8. FP's current practices for loaning City assets to facility users do not adequately protect City interest.

FP's practices do not ensure that the City's assets are adequately protected. The current agreement with SFTI gives the SFTI possession of FP for two months each year for the preparation, operation, and cleanup of the State Fair. During our audit, we noted the following concerns:

- A. Prior to the opening of the 2002 State Fair, SFTI requested that FP provide various tables and chairs. FP employees took the requested furniture to the designated FP sites. SFTI personnel did not sign for the furniture or formally acknowledge receipt.

On October 24, 2002, after the State Fair closed, a physical count of furniture used by SFTI showed that 50 chairs and 10 tables were missing. The estimated property value is \$1,500.

FP staff notified an SFTI senior vice president (VP) of the shortage. The VP stated that SFTI "is not willing to pay for the replacements" because SFTI personnel did not confirm table and chair counts. The City's agreement with SFTI requires that they return the premises to the City in the same condition as it was prior to the State Fair, unless otherwise agreed to, in writing, by the City's PRK Director.

FP had no documented requirement to formally document loaning City assets to SFTI or obtaining signatures formally accepting the assets at the point of transfer. As a result, City assets were lost and not reimbursed.

We discussed our concerns with FPA, who subsequently developed documented procedures covering SFTI's future use of FP furniture and equipment. This procedure requires obtaining applicable SFTI signatures acknowledging and accepting items checked out. We have not evaluated the adequacy of the newly developed procedures.

- B. FP does not have adequate written policy or procedures for turning the Park over to SFTI prior to the State Fair, or that describes required checks and verifications when FP is administratively and operationally returned to the City. When we requested written policy and procedures, we were provided a 2002 Fair Park Make Ready and Turnover Schedule (Schedule). The Schedule primarily includes a detailed listing of the dates that FP facilities will be made ready for turnover and related agreements that are to be signed by FPA and SFTI representatives.

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The current steps do not provide for:

- Walking through all leased facilities by both FPA and SFTI staff.
- Requiring that any observable structural or material, visible damage or irregularities be noted, signed, and dated by both parties.
- Documenting a description of assets to be transferred.

FPA has not established adequate policies and procedures that require an appropriate assignment of responsibility for loaned assets. Therefore, lessees cannot reasonably be held accountable and City interest is not protected from risks of potential damage or loss.

Policies and procedures should be developed and implemented to fully protect the City's interest.

We recommend that the Director of PKR:

- A. Develop and implement adequate written policies and procedures to ensure that all assets including asset conditions are formally documented and acknowledged by both parties prior to any asset transfer to external parties.
- B. Establish and implement a walk-through procedure and relevant guidelines regarding turning over FP to SFTI prior to the annual State Fair and subsequent verifications after the Fair.

Management's Response:

- A. We concur with the recommendation. As of August 25, 2003 Fair Park administration implemented the use of a new form to track equipment check-out and check-in. The policies and procedures governing loaning City's assets to facility users are being developed and implemented.
 - B. We concur with the recommendation. A new form has been created to document the status of the facilities at the time they are turned over to the State Fair of Texas and the status of the facilities upon their return to Fair Park management. The policies and procedures governing this process are being developed and implemented.
- 9. Various FP revenues earned were either not billed or not timely billed and collected.**

We identified various concerns regarding the assessing, billing, and collecting of various accounts due to the City.

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- A. Various FP facility rental fees were significantly overdue before they were paid, and lessees were not consistently charged interest on late payments.

FPA did not demonstrate adequate efforts to collect various past due receivables. See the table below.

Lessees (1)	Event Date	FP Invoice Date	Description	Amount	FP Payment Receipt Date	Numbers Of Days Rental Overdue
African American Museum (AAM)	05/25/2002	06/19/2002	Event Facility Rental	\$900	4/11/2003	320 (2)
Dallas Historic Society (DHS)	10/30/2002	10/17/2002	Usage of FP Court of Honor Fountains	\$250	3/11/2003	131 (3)

(1) Both entities are FP based institutions.

(2) 320 Days = 5/25/2002 (event date) through 4/11/2003 (payment receipt date).

(3) 131 Days = 10/30/2002 (event date) through 3/11/2003 (payment receipt date).

Both entities were critically late in paying rental fees. The AAM was not charged interest on the late payment as contractually allowed. FP's invoice to DHS did not specify the payment due date or state that a penalty would be assessed for a late payment. A late payment penalty was not assessed.

FP management was aware of the outstanding invoices and did not take needed timely action. FP personnel stated that an accounts receivable aging report is shown to FP supervisory and other personnel at their monthly staff meeting.

FPA's management oversight and procedures did not ensure that contract terms and conditions were achieved or that adequate business practices were followed. Inadequate management action and not following contractual terms resulted in earned revenues not being timely received and late fees not being billed.

- B. FP did not timely bill or collect utility reimbursements due from SFTI.

SFTI is located and operates within FP throughout the year. The City's contract with SFTI requires it to reimburse the City for all utilities incurred at FP during the State Fair (excluding the Music Hall and the cultural facilities) as well as utilities attributable to SFTI's operation at FP during non-Fair periods.

1. Reviewed documentation showed that as of May 9, 2003, FP has not billed SFTI for electric usage during non-Fair periods since August 2002 (eight months). The invoice in August 2002 was for a seven-month period ending August 21, 2002; however, the reimbursement amount was an estimate based on the same months' billings from the previous year. FPBO staff stated that an adjustment between the estimated and actual billings will be made subsequently.

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FP had difficulty obtaining needed detailed billing information from the current electric provider. The City has experienced delayed and problematic electric service billings.

2. Some utility reimbursements for the State Fair period were invoiced or paid significantly late.

We found no penalty or interest assessed for late payments. See the table below.

Activity State Fair Period	Reimbursement Amount	Invoice Date	Payment Received Date	Number of Days Between Invoice Date And Payment Received Date	Number of Days Between Service Period Ending Date And Invoice Date
9/25/01-10/24/01	\$380,815	2/13/02	3/26/02	N/A	111
9/15/02-10/31/02	\$407,673	10/24/02	3/25/03	151	N/A

N/A = analysis result not shown due to insignificance to the finding

Neither the City's previous or current (May 2003) lease agreement with SFTI includes a penalty provision for late payments. We expressed our concerns to FPA over the absence of a penalty/interest assessment for late payments prior to the lease ratification in May 2003.

FPA's management oversight and procedures did not ensure that reimbursements due were timely invoiced or that adequate follow-up actions were taken to more fully ensure timely account collection. The City's current contract with SFTI does not provide for interest and/or penalty assessments for late payments.

Not billing customers timely increases the risks that payments will be delayed or will not be made. Further, the City's interests are not adequately protected.

Fees earned and reimbursements for applicable services should be adequately and timely invoiced and collected in accordance with applicable contract terms and agency guidelines.

We recommend that the Director of PKR:

- A.&B. Develop controls and procedures that ensure that all fees earned and reimbursements due are timely invoiced and collected in accordance with applicable contract terms and conditions. Interests and penalties should be assessed on all applicable past due accounts.

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Ensure that:

- SFTI is billed monthly for electricity usage, based upon the usage amount of the same period of prior year, and make appropriate adjustments for the over or under billed amount until the City resolves the billing problems with the electricity provider.
- An amendment to the SFTI contract includes interest and penalty provisions.

Management's Response:

We concur with most of the recommendations. Controls and procedures will be implemented to ensure that fees earned and reimbursements due are timely invoiced and collected in accordance with applicable contract terms and conditions. Interest and penalties will be assessed as allowed and specified contractually.

In the event that electrical bills do not adequately provide needed detailed billing and/or usage information, as is required for Fair Park to invoice the State Fair of Texas for electrical usage, the Fair Park Business Office will invoice the State Fair of Texas based on the usage amount for the same period in the prior year. Once the needed detailed billing information regarding the current year's electrical usage is known, the Fair Park Business Office will make the appropriate adjustments on an invoice to the State Fair of Texas.

The current contract with the State Fair of Texas, Inc. was executed 5/21/03 for a term of 25 years with two 5-year options. The State Fair of Texas, Inc. pays the City a set rate for the rental period and reimburses the City for direct expenses such as electrical usage. Additionally, The State Fair of Texas, Inc. is contractually obligated to spend its excess revenues on major maintenance and capital expenditures at Fair Park. Levying additional expenses for interest and penalties on the State Fair of Texas is not in the City's best interest, since that would reduce the amount of net revenue the State Fair of Texas has available to spend for major maintenance and capital expenditures at Fair Park.

10. FP has not developed a division specific mission statement and related goals.

FP does not have a unique mission statement or goals. ; It uses PKR's general mission statement and related goals. PKR has seven divisions/programs (i.e., FP, Recreation, Maintenance, Golf and Tennis, Dallas Zoo and Aquarium, Botanical and Horticulture, and Planning and Engineering).

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PKR's stated mission statement is:

To enhance the quality of life for our customers by providing leisure, cultural and educational services while preserving, conserving and promoting our natural and physical resources.

The goals developed to allow PKR to accomplish its defined mission are to:

- Preserve and conserve natural resources and to support infrastructure.
- Continue strong, prudent financial management and increase financial resources.
- Recruit and sustain an efficient, culturally diverse workforce.
- Market, promote, and communicate our services and programs.
- Research, develop, and provide innovative, educational, cultural and leisure services.
- Enhance the quality of customer services.
- Maximize opportunities for Minority and Women Owned Business Enterprises.

The mission and goals appear reasonable for PKR. However, PKR's mission statement does not address FP's unique and specific objectives and responsibilities. Some of FP's responsibilities include:

- Administering lease agreements with SFTI, Smirnoff Music Center, and various FP institutions.
- Overseeing contractual obligations and responsibilities for lessees and vendors.
- Meeting the assigned responsibilities of the PKR adopted Reservation and Scheduling Policy, which states that "the primary objective of the sports, entertainment and cultural complex (FP) is to promote and facilitate events and activities that generate economic benefits to the City of Dallas and enhance the quality of the life of its citizenry."
- Protecting FP facilities and users.

Strategic Management and Integrated Approach, 4th edition, specifies that a "mission sets out why the organization exists and what it should be doing." The mission of FP should focus solely on FP, and its role within PKR, as well as within the City.

FPA has not given developing an adequate mission statement and related goals for FP sufficiently high priority to ensure its timely accomplishment.

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Absence of a specific mission statement and related goals may result in:

- Citizen needs not being adequately addressed.
- Employee performance goals and objectives not reflecting all functional areas for which they are and/or should be responsible.
- Criteria used to evaluate progress and personnel performance being flawed.

We recommend that the Director of PKR:

- Develop a division specific mission statement and related goals that address all administrative, functional, and operating areas of responsibility.
- Evaluate progress in achieving its objectives through frequent, periodic, and documented assessments.
- Ensure that newly defined objectives and responsibilities are included in the functional responsibilities of appropriate personnel and evaluate their performance in accomplishing related goals and targets.

Management's Response:

We concur with the recommendation. Fair Park has recently been the subject of a Comprehensive Development Plan. As of September 2003, the Park Board and City Council have approved and adopted the Fair Park Comprehensive Development Plan. With that plan identifying Fair Park's direction for the next 20 years, Fair Park Management will develop a mission specific statement and related goals that address the administrative, functional and operating areas of responsibility. The mission statement and goals will provide the benchmark for assessing Fair Park's progress against the City's goals, the Park and Recreation Department's goals and the Fair Park Comprehensive Development Plan.