

Memorandum



CITY OF DALLAS

DATE: March 17, 2005

TO: Honorable Mayor and Members of the of the City Council

SUBJECT: Follow-up report of the December 26, 2003, *Audit of the Administrative Function of Fair Park--Report #404*

We conducted this follow-up under the authority of Chapter IX of the City Charter, and according to applicable government auditing standards. We included tests of records and reviews of program guidelines and procedures that we considered necessary in the circumstances. Our objective was to determine whether management had implemented the original audit's recommendations or had taken other acceptable actions to remedy the control weaknesses identified in the original audit report.

The original audit contained ten findings with twenty-three recommendations. Management implemented nineteen the recommendations; partially implemented three, and did not implement one.

1. Fair Park Administration (FPA) contract administering and monitoring needs improvement.

We recommended that the Director of Park and Recreation (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.

We found that FPA has developed and implemented policies/procedures (in its event procedures manual-contract process section) for reviewing and approving contracts prior to their effective dates. They also executed a contract with Weiss for concession operation in the Automobile Building (per Council resolution) **(Implemented)**.

B. Review all contracts to ensure compliance with all insurance requirements.

We found that FPA has reviewed all contracts for required insurance coverage (Implemented).

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

We recommended 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.

The coupon sales process, including issuing and accounting for the coupon, is now managed by FP staff according to procedures (Implemented).

B. Ensure concessionaires provide electronic cash registers as contractually required. No action required if coupons are exclusively used.

FPA now requires concessionaires to use electronic cash registers if they don't use coupons (Implemented).

C. Develop and implement procedures to ensure that City personnel monitor food and beverage concession stands during concession events. No action required if coupons are exclusively used.

FPA now has procedures to monitor concession stands during events (Implemented).

D. Determine and collect the City's total commission due on all coupon sales from the 2002 and 2003 Irish Festivals as stated in contract.

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.

FPA has collected the commission due and implemented policies and procedures to track and collect revenues timely and with sufficient support (Implemented).

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

We recommended that the Director of PKR:

- Establish and implement detailed policy and procedures to ensure that revenue payments are adequately and frequently validated.

*We found that the FPA developed policy and procedures to validate Smirnoff's revenue payments. However FPA was unable to obtain sufficient support data for Smirnoff's 2001 through 2004 statements and asked the City Auditor to audit them. FPA will commence validating Smirnoff revenues once the audit is complete and any necessary changes to the policy and procedures are made including procedures to verify amounts due to the South Dallas Fair Park Trust Fund **(Partially implemented)**.*

- Include employee responsibilities and related tasks in applicable personnel performance evaluations.

*FPA has included the validation responsibilities in the job description of a manager in the Business Office **(Implemented)**.*

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

We recommended that the Director of PKR:

- A. Ensure that FP develops and implements procedures to collect all parking revenue from paid parking event patrons.

*We found that FPA brought this recommendation to the Park Board and the Board declined to change its policy to authorize collection of parking fees from all FP patrons visiting FP on parking event days. It is the Park Board policy not to charge parking fees to individuals who visit FP museums and cultural facilities. On non parking event days no visitors are charged for parking. The policy provides not charging parking fees to people who state they are going to FP museums and/or cultural facilities on a paid parking event day. FP continues to have no system to guarantee that everyone that claims that they are going to a FP museum or cultural facility is telling the truth **(Not implemented)**.*

- B. Create formal written parking fee assessment guidelines for FP and ensure consistent application. Document and obtain approval for exceptions.

*FPA created formal written parking fee assessment guidelines, including approval for and documentation of exceptions **(Implemented)**.*

- C. Ensure any deviation from Council Resolutions is justified, documented, and reported to applicable City parties, and that any needed corrections are implemented.

FPA is building a database that will contain relevant information on the parking terms in contracts and be readily available to FP personnel; this should help ensure that mistakes like the one that prompted this recommendation do not occur in the future (Partially implemented).

- D. Develop a formal communication mechanism to timely inform lessees whether patrons will be assessed parking fees.

FPA developed criteria by which to judge whether parking will be charged; and they notify lessees of this by form letter at least 30 days from the events (Implemented).

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

We recommended 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.

We found that FPA completed an inventory and reconciliation of all property (Implemented).

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

We recommended that the Director of PKR:

- A. Develop and implement detailed written safety and security guidelines for FP visitors and employees.

We found that FPA developed safety and security guidelines for visitors and employees, including an emergency procedures manual (Implemented).

- B. Develop and implement an emergency evacuation plan for each FP facility or building that is consistent with the provisions of AD 2-5.

FPA developed emergency evacuation plans for all facilities and posted them in obvious locations (Implemented).

7. FP does not have adequate facility rental criteria.

We recommended that the Director of PKR:

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.

We found that FPA developed standards and guidelines for leases and reservations of the facilities that were approved by the Park Board. These standards and guidelines were disseminated to employees (Implemented).

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

We recommended 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.

We found that FPA developed a check out form to document asset conditions when used by non-City personnel (Implemented).

- 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.

FPA developed a facility rental turnover form to document the use and return of facilities by the State Fair (Implemented).

9. Various FP revenues earned were either not billed or not timely billed and collected.

We recommended that the Director of PKR:

- A. 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.

We found that FPA developed, and included within the Business Office Procedures Manual, procedures to timely collect all fees and reimbursements due including interest and penalties (Implemented).

- B. Ensure that:

- The State Fair of Texas, Inc. (SFTI) is billed monthly for electricity usage, based upon the usage amount of the same period of prior year, and makes 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.

*The electricity used on the Midway (the majority of that used at Fair Park during the State Fair) is now billed directly to SFTI. FPA continues to assert that an interest and penalty amendment to the SFTI contract is not in the City's best interest because it would reduce the amount of net revenue STFI can spend on major maintenance and capital improvements to Fair Park **(Partially implemented)**.*

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

We recommended that the Director of PKR:

- Develop a division specific mission statement and related goals that address all administrative, functional, and operating areas of responsibility.

*We found that FPA developed a mission statement and related goals within its comprehensive development plan **(Implemented)**.*

- Evaluate progress in achieving its objectives through frequent, periodic, and documented assessments.

*FPA periodically evaluates its progress on the goals **(Implemented)**.*

- 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.

*FPA included the objectives in the responsibilities of various personnel and evaluates their progress in meeting them **(Implemented)**.*

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c: Paul Dyer, Director of Park and Recreation