



Office of Internal Audit

PRM Nonresident Fees Implementation Follow-up Audit (A2016-05F)

August 2023

Internal Audit Director
Rose Rasmussen

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Date: August 31, 2023

To: Michael Gibson, Parks, Recreation & Maintenance Director
James McMillan, Assistant Parks, Recreation & Maintenance Director - Recreation
Jessica Legette, Assistant Parks, Recreation & Maintenance Director - Administration

From: Rose Rasmussen, Internal Audit Director

Cc: Audit Committee
Douglas J. Hewett, City Manager

Re: PRM Nonresident Fees Implementation Follow-up Compliance Audit (A2016-05F)
Originally Issued January 30, 2019

The Office of Internal Audit completed a follow-up audit on the Parks, Recreation & Maintenance Nonresident Fees Implementation Audit approved by the Audit Committee on January 30, 2019.

The original report can be found through the Office of Internal Audit website at:
<https://www.fayettevillenc.gov/city-services/city-manager-s-office/internal-audit/internal-audit-reports>

Objective and Scope

Determine whether management implemented corrective actions to the audit recommendations reported by the Office of Internal Audit.

The scope of the follow-up audit was limited to the findings and accepted recommendations in the original audit of the nonresident fees implementation. This included observations, review of documents and electronic files, to include FY2023 adopted fee schedule, *Fayetteville-Cumberland Parks & Recreation Non-Resident Fee Policy*, department records and current RecTrac user access.

Background

The original audit report, dated January 2019, had seven agreed upon recommendations. The audit provided improvements for management in areas including, compliance (policy, procedures and training), safeguarding documentation and information systems (RecTrac).

As of the April 28, 2022 Corrective Action Plan provided to the Audit Committee, the Department reported all accepted recommendations as fully implemented.

Summary Results

Testing included an evaluation of the seven agreed upon recommendations to determine if corrective actions were implemented as reported. The Department fully implemented three recommendations by updating the fee schedule and departmental policy. However, the four remaining recommendations were determined to be either partially implemented or not implemented.

| Status of Recommendations: | | |
|-----------------------------------|------------------------------|------------------------|
| Implemented | Partially Implemented | Not Implemented |
| 3 | 2 | 2 |

The Department implemented recommendations by updating the Fiscal Year 2020 fee schedule and the *Fayetteville-Cumberland Parks & Recreation Non-Resident Fee Policy* with a revised date of August 1, 2023.

Movement toward implementation was made by establishing a quality review program to verify documentation, fees charged and age group of sports registrants. However, this quality review program was not implemented across all programs and activities.

A conflict of interest remained with Parks, Recreation and Maintenance (PRM) personnel administering user access to the RecTrac management system. The number of users with administrative access went from three personnel as of the April 25, 2019 corrective action plan to 28 according to the report of active user access as of March 24, 2023. This access allows the user to change dates on receipts, change drawer numbers and change general ledger dates. Additionally, 78 former employees were identified as active users within the system. Internal Audit provided the department with a list of user access for verification and deactivation. The department reviewed and took appropriate and immediate action to correct the users access and account status for the former employees.

Internal Audit will continue to recommend the Department strengthen processes and controls by:

- Expanding the quality review process for all departmental fees; and
- Implement a review of the RecTrac Audit Log, at a minimum monthly but more often if possible. This review should be conducted by an employee who does not have administrative access and is in a position within the Department that allows them to address any exceptions noted.

Conclusion

The Office of Internal Audit has concluded the Parks, Recreation & Maintenance Nonresident Fees follow-up Audit and expresses appreciation for the assistance provided by Department staff. Internal Audit encourages the Department to continue working toward full implementation of outstanding recommendations.

Appendix A:

DEPARTMENT: Fayetteville-Cumberland Parks, Recreation and Maintenance

AUDIT: Parks, Recreation and Maintenance Nonresident Fees Implementation (A2016-05)

ORIGINALLY ISSUED: January 30, 2019

The Office of Internal Audit has completed follow-up on the Parks, Recreation and Maintenance Nonresident Fees Implementation Audit approved by the Audit Committee on January 30, 2019. Internal Audit's objective was to determine whether management implemented corrective actions to the audit recommendations reported by the Office of Internal Audit.

Results

| <i>IMPLEMENTED¹</i> | <i>PARTIALLY IMPLEMENTED</i> | <i>NOT IMPLEMENTED</i> |
|--------------------------------|----------------------------------|----------------------------|
| 3 | 2 | 2 |

¹ For recommendation number 2, the Department did not concur with the entire recommendation. The Department only implemented the areas that management concurred with in the management responses to the original audit report.

| Finding Number | Summary of Original Recommendation Dated January 30, 2019 | Current Observation | Implementation Disposition: | | |
|---|---|---|-----------------------------|---|------------------------------|
| | | | Initial Implementation Date | Reported Implementation Date | Status as of August 31, 2023 |
| 1. Fees were not always charged correctly. | | | | | |
| 1.1 | Amend written <i>Fayetteville-Cumberland Parks & Recreation Non-Resident Fee Policy</i> to provide clear guidance on how to accurately and consistently charge fees. The policy should include, but not be limited to: <ul style="list-style-type: none"> a. Define the process for determining whether the resident or nonresident fee should be charged; b. Establish specific guidance on what areas, if any, of Fort Bragg should be charged the resident fees; and c. Establish specific guidance and expectations on charging swimming pool and Adult Open Play Athletic fees. | <i>The Fayetteville-Cumberland Parks & Recreation Non-Resident Fee Policy revised August 1, 2023 addressed the recommendations.</i> | July 01, 2019 | October 2019 CAP DATE January 23, 2020 | Implemented |

| | | | | | |
|-----|---|---|----------------------|---|------------------------------|
| 1.2 | Once the policy and procedures are updated, management should provide training to PRM personnel involved in charging and monitoring of the parks and recreation program fees. | <p>Department personnel conducted monthly or bi-monthly meetings and provided training to staff on policy changes and any other topics of interest.</p> <p>Internal Audit reviewed four meeting agendas for meetings between January and February of 2019. Each agenda included the resident/nonresident fees as an item of discussion.</p> <p>The Department should ensure these meetings and training include any changes made to the policy effective August 1, 2023. Based on Internal Audit inquiry, the Department stated this training will be provided this fall.</p> | <i>July 01, 2019</i> | <i>October 2019 CAP DATE January 23, 2020</i> | <i>Partially Implemented</i> |
| 1.3 | Management should develop a quality review program for the fees and conduct an adequate number of appropriate quality reviews in a timely manner. The documented results should be maintained and utilized as measures of effectiveness during performance evaluations. | <p>The Department developed and implemented a quality review process for the athletic programs. Maintained documentation was reviewed. However, Internal Audit could not verify if the information obtained through these quality reviews were utilized as measures of effectiveness during performance evaluations.</p> <p>An adequate number of quality reviews should be conducted for all departmental fees, not just athletic programs.</p> | <i>July 01, 2019</i> | <i>October 2019 CAP DATE January 23, 2020</i> | <i>Partially Implemented</i> |

| 2. Fees were not always transparent on the fee schedule. | | | | | |
|---|--|---|---------------------|---------------------|--|
| 2 | <p>The Office of Internal Audit recommends management update the existing fee schedule to provide additional transparency and clarity for City Council and citizens. This should include, but not be limited to, all fees applicable for the resident and nonresident rates, and fees for regularly scheduled programs led by PRM personnel.</p> | <p>Management partially concurred with this recommendation.</p> <p>The Department did not concur with the recommendations regarding leisure activities and golf lessons. The fees for those programs have not been updated on the fee schedule as stated in the original audit report.</p> <p>For the recommendations originally concurred to by the Department, the Fiscal Year 2020 fee schedule adopted by City Council effective July 1, 2019 was updated to include:</p> <ul style="list-style-type: none"> • A set fee for Youth Amateur Athletic Union Traveling Teams; • Intercession School Workday Camp with a daily rate; and • Summer Day Camp with a pro-rated daily rate. <p>Whenever practical, the Department should include fees on the Fee Schedule for City Council's approval.</p> | <i>July 1, 2019</i> | <i>July 1, 2019</i> | <i>Implemented (Recommendations Department Concurred with Only)</i> |

| 3. Sufficient documentation to validate fees charges was not maintained. | | | | | |
|---|---|---|----------------------|---|--------------------|
| 3 | <p>The Office of Internal Audit recommends management amend the written <i>Fayetteville-Cumberland Parks & Recreation Non-Resident Fee Policy</i> to ensure clear guidance is provided on documentation for resident and nonresident fees. This policy should be amended to include sufficient guidance to allow an individual who is unfamiliar with the operations to perform the necessary activities.</p> <p>Improvements to the policy based on Internal Audit's observations should include, but not be limited to:</p> <ol style="list-style-type: none"> a. Types of documentation considered sufficient and insufficient; b. Frequency for updating documentation; and c. Documentation maintenance, retention and destruction requirements which should ensure adherence to the security of sensitive and confidential information and the State's retention requirements. | <p>The updated written <i>Fayetteville-Cumberland Parks & Recreation Fee Policy</i> revised August 1, 2023 included a list of acceptable documents for proof of residency and provided instructions for documents to be updated every two years. In addition, the updated policy guides employees to the City of Fayetteville Records Management Policy #109.</p> | July 01, 2019 | October 2019 CAP DATE January 23, 2020 | Implemented |

| 4. Internal controls need strengthened. | | | | | |
|--|---|--|------------------------------|---|-------------------------------|
| 4.1 | <p>Management should consider having RecTrac administration supervised by the Information Technology Department. This should not only alleviate the current conflict of interest but would allow personnel to supervise this with knowledge of the need for segregation of duties, access controls and security over RecTrac.</p> | <p>Based on Internal Audit review, a conflict of interest still existed with the Parks, Recreation and Maintenance (PRM) Department staff administering RecTrac.</p> <p>City management stated that due to the functionality of RecTrac, moving administrative rights to Information Technology staff would negatively impact operations in the PRM Department. Therefore, PRM management will implement a review of the RecTrac Audit Log, at a minimum monthly but more often if possible. This review should be conducted by an employee who does not have administrative access and is in a position within the Department that allows them to address any exceptions noted.</p> | <p><i>March 01, 2019</i></p> | <p><i>CAP DATE April 28, 2022</i></p> | <p><i>Not Implemented</i></p> |

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|-----|--|---|-----------------------|------------------------------------|------------------------|
| 4.2 | <p>Management should review RecTrac user access to ensure users only have access for which there is a necessary business need. This should include but not be limited to determining if a necessary business need exists for the ability to change receipt and general ledger dates, drawers, and pay codes.</p> | <p>Internal Audit reviewed a report of active user access as of March 24, 2023 which included 78 former employees. Once a list of these exceptions was provided to the Department the access was deactivated.</p> <p>In addition, the active user access report showed 28 current employees with administrative access. However, the corrective action plan dated April 25, 2019, management stated that administrative access had been reduced to the Business Manager and Analysts.</p> <p>Based on Internal Audit inquiry, the Department stated an update to RecTrac requires administrative access to set up and update activities. Therefore, these users would need to retain this access.</p> <p>The RecTrac Audit Log review noted in 4.1 should be conducted in a manner that will at a minimum determine if employees with administrative access are changing receipt and general ledger dates, drawers, and pay codes to circumvent controls in place that were designed to prevent fraud, waste and abuse.</p> | <i>March 01, 2019</i> | <i>CAP DATE April 25, 2019</i> | <i>Not Implemented</i> |
|-----|--|---|-----------------------|------------------------------------|------------------------|