

**FISCAL AUDIT**

**DEPARTMENT OF PARKS & RECREATION  
SENIOR CITIZENS PROGRAM TRUST FUND (SCPTF)**

Report by the  
Office of City Controller

**MICHAEL E. LAMB  
CITY CONTROLLER**

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January 30, 2017

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MICHAEL E. LAMB

CITY CONTROLLER

First Floor City-County Building • 414 Grant Street • Pittsburgh, Pennsylvania 15219

January 30, 2017

To the Honorables: Mayor William Peduto and  
Members of Pittsburgh City Council:

The Office of the City Controller is pleased to present this Fiscal Audit of the **Senior Citizens Program Trust Fund** conducted pursuant to the Controller's powers under Section 404(b) of the Pittsburgh Home Rule Charter.

### EXECUTIVE SUMMARY

The Senior Citizens Program Trust Fund (SCPTF) was established in 1974 to account for funds received from the Department of Housing and Urban Development Community Development Block Grant Program (CDBG), Allegheny County Area Agency on Aging (AAA), and Meeting Room Rental Fees (also known as Facility Rentals). Funds deposited into the trust fund are utilized by the Department of Parks & Recreation to pay for expenses related to the operation of the City's Senior Community Centers.

We performed certain procedures to determine whether policies, procedures and internal controls relating to the administration of the fund are adequate and that expenditures charged to the fund are allowable and properly supported. Although our procedures did not disclose any significant internal control deficiencies or irregularities, we noted:

- There are no formal policies and procedures over the facility rental process,
- Rental application forms utilized are not uniform,
- The rental fees collected are not formally tracked.

Improved controls in the form of formal rental processes and procedures, utilization of a standardized rental form as well as a formal tracking of fees collected will increase efficiency as well as mitigate any potential risk for irregularities. These issues and our recommendations are further discussed in the Result section of this report.

We appreciate the cooperation of the staff involved with the management of the fund as well as their patience during the course of our audit.

Sincerely,

  
Michael E. Lamb  
City Controller

## **INTRODUCTION**

This fiscal audit of the **Senior Citizens Program Trust Fund** was conducted pursuant to the Controller's powers under Article IV, Section 404(b) of the Pittsburgh Home Rule Charter.

## **SCOPE AND METHODOLOGY**

Our procedures were conducted pursuant to the Article IV, Section 404(b) of the City of Pittsburgh Home Rule Charter. Our procedures covered the period January 1, 2013, to December 31, 2014.

The objectives of this audit are to determine whether procedures and internal controls relating to the administration of the trust fund are adequate. In order to achieve these objectives, we performed the following procedures:

- Interviewed personnel from the Department of Parks & Recreation involved with the fund to gain an understanding of the fund's operations, processes, and internal controls.
- Reviewed procedures and related internal controls over the administration of the fund.
- Reviewed procedures for the receipt and deposit of all revenue categories.
- Reviewed CDBG and AAA funding requirements and application process.
- Applied procedures to a sample of expenditures to determine whether they were properly documented and approved.
- Performed variance analysis on expenditures for plausible relationships.
- Summarized revenues by source and expenditures by category for the period of our audit.
- Conducted site visits to a sample of the senior centers.

## **BACKGROUND**

The Senior Citizens Program Trust Fund (SCPTF) was established in 1974 to account for funds received from the Department of Housing and Urban Development Community Development Block Grant Program (CDBG), Allegheny County Area Agency on Aging, and Meeting Room Rental Fees (also known as Facility Rentals). Funds deposited into the trust fund are utilized by the Department of Parks & Recreation (Citiparks) to pay for expenses related to the operation of the City's senior community centers. The City operates 14 senior community centers located throughout the City to help seniors live active and healthy lifestyles by providing various programs focused on improving their wellbeing. This is achieved by operating the 'Healthy Active Living' (HAL) Program. This program is committed to ensuring that all persons 60 and older live active and healthy lives.

The CDBG program provides communities with resources to address a wide range of unique community development needs as authorized under Title I of the Department of Housing and Community Development (HUD) Act of 1974. The City of Pittsburgh is an 'Entitlement Community', which means that it receives funds directly from HUD to fund activities of its Senior Division. Applications for all eligible CDBG grants are submitted to HUD by the Department of City Planning on behalf of the City. Funding decisions are then made and the list of projects receiving funding is included in the City's Annual Action Plan, which is submitted to HUD. All grants are awarded under a grant agreement that requires compliance with applicable laws and regulations. The City's CDBG program year runs from April 1 to March 31. City Planning wires the awarded funds to Citiparks' Senior Citizen Program Trust Fund account. HUD requires that over a 1, 2, or 3-year period, not less than 70% of CDBG funds must be used for activities that benefit low and moderate-income persons. Permissible usage of the CDBG funds includes: housing rehabilitation, public facilities, infrastructure, economic development, and public services. Ultimately, the Individual Community (such as the City of Pittsburgh) determines the need and usage of the funds.

The Allegheny County Department of Human Services Area Agency on Aging (AAA) division, distributes annual state Lottery funding in the form of grants to the City to help fund programs that benefit its senior residents. The AAA's program year runs from, July 1 to June 30, with the grants received in the form of reimbursements after expenditures are incurred. Reimbursements are received at the Citiparks administrative office in the form of a check on a quarterly basis and processed for deposit into the trust fund via the City's regular deposit process.

The City allows the general public to rent certain Senior Community Centers facilities. These facilities may be rented either on-line or in person at the facility. Resources in the form of an online rental guide and frequently asked questions are available to aid interested parties in the rental process. The on-line rental process begins with the prospective renter filling out an on-line application via the City of Pittsburgh website. Then, a Citiparks' administrator reviews the application before sending an email to the corresponding senior center director. The center director is responsible for following up with the renter to confirm that the center is available for the date requested in the application.

Conversely, individuals may go to one of the senior centers to reserve their facility of choice. Once they arrive at the senior center, they can take a tour of the facility as well as fill out an “Application for Permit for use of Senior Community Center”. The renter is then instructed to submit payment either before or on the day of the event. The payment must be in the form of a check or money order, made payable to “Treasurer, City of Pittsburgh”. The weekday rental fee is \$25.00 per hour, while the weekend rental fee is \$35.00 per hour; in which case the facility must be rented for a minimum of two hours. We noted however that the application form does not specify the weekday versus weekend hourly rate. The program supervisor’s signature is required to confirm that the senior center is officially reserved. The center director faxes the rental application to the program supervisor for their signature. The center director makes two copies of the application form; one for the senior center internal records and the other is provided to the renter, which serves as a facility rental permit as well as a receipt. There is no formal tracking or accounting of these application forms. All payments received are sent to either the program supervisor or directly to the Citiparks’ administration office. Payments sent to the program supervisor are forwarded to the administration office to be prepared for deposit.

A total of \$2,721,973 was deposited into the trust fund during the period of our audit, January 1, 2013 through December 31, 2014 as detailed below:

<i>Fund Source</i>	<i>2013</i>	<i>2014</i>	<i>Total</i>
<b>AAA Grant</b>	\$932,881	\$485,683	\$1,418,564
<b>CDBG Grant</b>	425,981	842,293	1,268,274
<b>Facility Rental Fee</b>	16,281	18,854	35,135
<i>Total:</i>	<i>\$1,375,143</i>	<i>\$1,346,830</i>	<i>\$2,721,973*</i>

A total of \$3,170,339 was paid out of the trust fund to cover eligible expenses for the same period as detailed below:

<i>Category</i>	<i>2013</i>	<i>2014</i>	<i>Total</i>
<b>Personnel-Salaries</b>	\$1,313,312	\$1,342,650	\$2,655,962
<b>Meeting Rooms</b>	108,778	78,363	187,141
<b>Cleaning Services</b>	73,935	79,932	153,867
<b>Supplies</b>	50,954	28,559	79,513
<b>Property</b>	16,091	28,905	44,996
<b>Professional and Technical</b>	18,894	13,164	32,058
<b>Travel</b>	7,605	9,197	16,802
<i>Total:</i>	<i>\$1,589,569</i>	<i>\$1,580,770</i>	<i>\$3,170,339*</i>

*\*: Difference due to timing of AAA and CDBG funding disbursements dates.*

## RESULT

### **Finding #1: Internal Controls over the Facility Rental Process needs Strengthened**

Our procedures disclosed opportunities for strengthening internal controls over the senior facility rental program. Improved controls will increase efficiency as well as mitigate any potential risk for irregularities. Specifically, we noted the following:

***Policies & Procedures*** -There are no written procedures for the facility rental process thereby creating operating inconsistencies among the various centers. Although department-wide payment procedures are formally documented in the Cash management policies and procedures, procedural policies for the facility rental process should also be documented to provide guidance and establish a clear and comprehensive direction to the staff.

***Fee Tracking*** - Current facility rental procedures and practices does not provide an adequate audit trail to account for rental payments received. Although the online rentals are tracked via RecPro, there are no formal procedures to ensure all rental fees collected are actually turned in for deposit. In addition, the practice of each center assigning a manual permit number for the rental of its facility does not allow for completeness of records to ensure adequate internal controls over the payments received. Although revenue generated may not be that significant (\$35,135 for the audit period), improved controls prevent the risk of fraud or misappropriation.

***Rental Application Form*** -The application form used for renting the senior centers facility does not specify weekday versus weekend hourly rental rates. This lack of clarity creates an opportunity for a misunderstanding with patrons as well as provides potential for misappropriation of fees collected.

### **Recommendations**

Develop formal ***rental policies and procedures*** detailing the rental program that are communicated to all senior centers to provide specific and uniform guidance for the rental process, from the application process to the collection and eventual deposit of the fees. This will not only provide a basic foundation but it also ensures the establishment of accountability and management oversight. Policies and procedures help in establishing appropriate levels of internal controls and can be useful training tools. Policies and procedures also provide center directors with a point of reference, which can guide them in the right direction without a phone call to administration.

Establish procedures to easily ***track fees*** collected and ensure completeness of records for the facility rental by implementing a pre-numbered rental application form that communicates to interested parties the fee structure and also enables the tracking of payments received. This could be easily implemented by allocating a block of sequential numbers to each center, which are to be used during the year as permit numbers. The use of pre-numbered documents ensures that all payments received are properly documented and eventually deposited intact. This also provides a formal method of tracking payments received at each center as well as provides completeness of records.

Establish steps to ensure that the *application form* utilized by the public to rent the senior center facility is uniform, clear and unambiguous. The hourly rates for both weekday and weekend should be clearly indicated on the forms.





# CITIPARKS

City of Pittsburgh  
Department of Parks & Recreation

William Peduto, Mayor  
Jim Griffin, Director

Mr. Michael E. Lamb  
City of Pittsburgh  
Office of the City Controller  
414 Grant Street  
Pittsburgh, PA 15219

January 23, 2017,

Controller Lamb:

Attached is the Department of Parks and Recreation preliminary response to your office's fiscal review of the Department of Parks and Recreation's Senior Citizens Trust Fund. This asset is a vital component in allowing Citiparks to program healthy active living solutions to seniors from across the County.

Thank you for your report. We appreciate the care and diligence that was required to create this report and we resolve to respond carefully and critically to all your audit team's recommendations. Most of all, Citiparks is pleased to know that while your audit found areas upon which Citiparks can improve its management, it also found no evidence fiscal malfeasance.

We look forward to working with your office as we move forward. This letter represents our final report regarding our planned implementation of solutions required to address the identified deficiencies.

Please feel free to contact me if you have questions or concerns regarding the responses provided.

Sincerely,



Jim Griffin  
Director

cc: Mayor William Peduto  
City of Pittsburgh Council Members  
Director of Finance, Paul Leger  
Chief of Operations, Guy Costa



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William Peduto, Mayor  
Jim Griffin, Director

## Department of Parks and Recreation Response to fiscal audit of the Senior Program Trust Fund

### Finding #1: Internal Controls over the Facility Rental Process needs Strengthened

Our procedures disclosed opportunities for strengthening internal controls over the senior facility rental program. Improved controls will increase efficiency as well as mitigate any potential/risks for irregularities. Specifically, we noted the following:

**Policies & Procedures** -There are no written procedures for the facility rental process thereby creating operating inconsistencies among the various centers. Although department-wide payment procedures are formally documented in the Cash management policies and procedures, procedural policies for the facility rental process should also be documented to provide guidance and establish a clear and comprehensive direction to the staff.

**Fee Tracking** - Current facility rental procedures and practices does not provide an adequate audit trail to account for rental payments received. Although the online rentals are tracked via RecPro, there are no formal procedures to ensure all rental fees collected are actually turned in for deposit. In addition, the practice of each center assigning a manual permit number for the rental of its facility does not allow for completeness of records to ensure adequate internal controls over the payments received. Although revenue generated may not be that significant (\$35,135 for the audit period), improved controls prevent the risk of fraud or misappropriation.

**Rental Application Form** -The application form used for renting the senior centers facility does not specify weekday versus weekend hourly rental rates. This lack of clarity creates an opportunity for a misunderstanding with patrons as well as provides potential for misappropriation of fees collected.

*As recommended by the Controller, Citiparks has developed formal rental policies and procedures detailing the rental program that will be communicated to all the senior centers to provide specific and uniform guidance for the rental process from the application process to the collection and eventual deposit of the fees. This will not only provide basic foundation but also ensure the establishment of accountability and management oversight.*

*In addition, Citiparks has established procedures to easily track fees collected and ensure completeness of records for the facility rental by implementing an application process that communicates to interested parties the fee structure and also enables the tracking of payments received.*

*Finally, Citiparks has improved and implemented a uniform, clear and unambiguous rental process for use at all Citiparks faculties. The hourly rates for both weekday and weekend are clearly indicated on the forms.*

*Both the process and procedures map and the new rental form are included below in this response.*



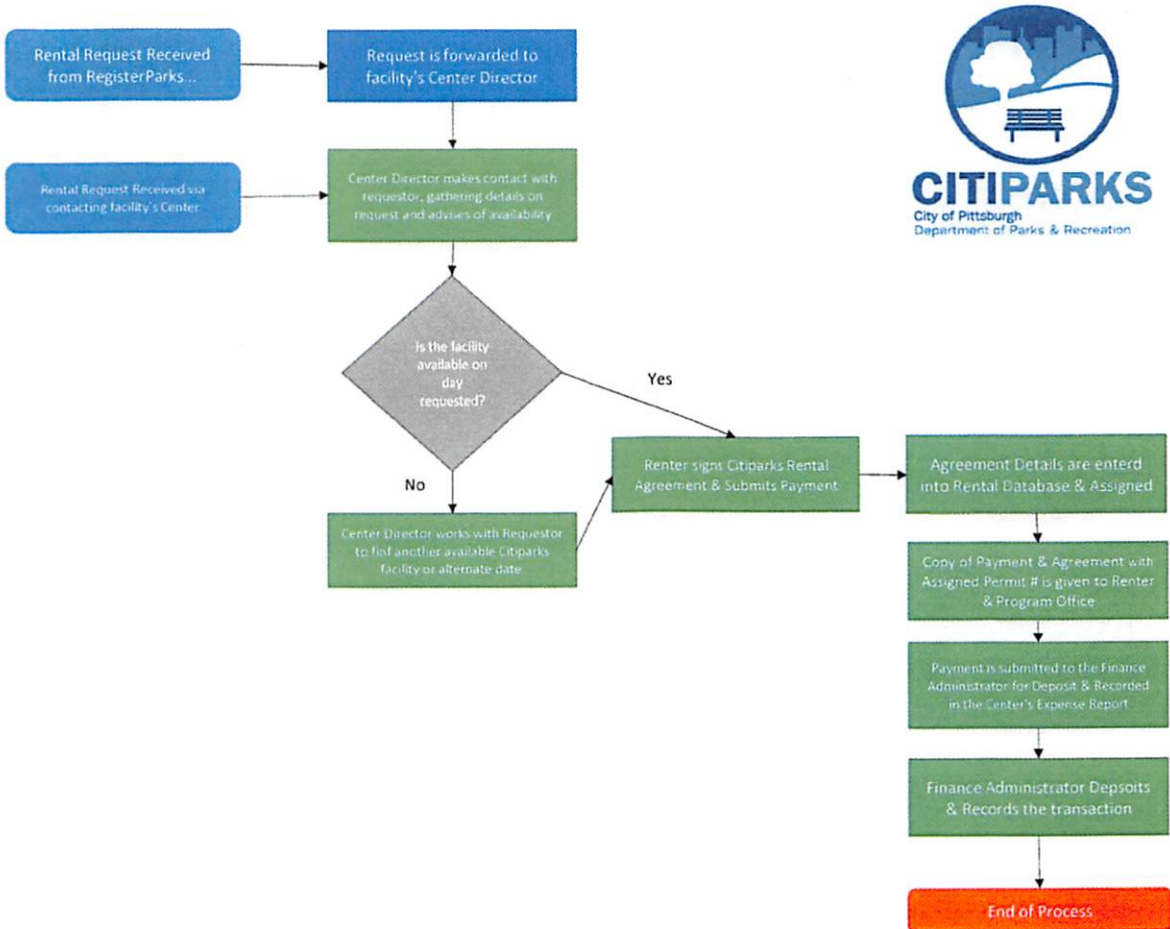
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**CITIPARKS RENTAL PERMIT APPLICATION**

FACILITY NAME: \_\_\_\_\_ ROOM(S): \_\_\_\_\_  
 TODAY'S DATE: \_\_\_\_\_

NAME OF ORGANIZATION: \_\_\_\_\_  
 APPLICANT'S NAME: \_\_\_\_\_  
 ADDRESS: \_\_\_\_\_  
 PHONE NUMBER: \_\_\_\_\_ EMAIL: \_\_\_\_\_

EVENT DETAILS: \_\_\_\_\_  
 DATE(S) REQUESTED: \_\_\_\_\_  
 TIME(S) REQUESTED: \_\_\_\_\_

EXPECTED NUMBER OF PEOPLE: \_\_\_\_\_  
 ARE YOU A NON-PROFIT ORGANIZATION? \_\_\_\_\_

**PLEASE NOTE:** CITIPARKS PROVIDES SITE ONLY. PERMITEE IS RESPONSIBLE FOR ARRANGING ANY ADDITIONAL SUPPORT ITEMS NEEDED AND MUST HAVE PRIOR APPROVAL FROM SUPERVISOR TO PLACE ON SITE. PERMITEE IS RESPONSIBLE FOR CLEAN-UP OF ROOM(S) USED AS WELL AS ANY CANCELLATION FEES.

I HAVE READ, UNDERSTAND AND AGREE TO ABIDE BY THE PERMIT REGULATIONS AND GUIDELINES ON PAGES 2 & 3 OF THIS APPLICATION. IN ACCORDANCE WITH ORDINANCE 473.07, A PERMITEE SHALL BE BOUND BY ALL PARK RULES AND REGULATIONS AND ALL APPLICABLE ORDINANCES FULLY AS THOUGH THE SAME WERE INSERTED IN THE PERMITS.

APPLICANT'S SIGNATURE: \_\_\_\_\_ (DATE)

*FOR INTERNAL USE ONLY*

CENTER DIRECTOR'S SIGNATURE: \_\_\_\_\_ (DATE)

SUPERVISOR'S SIGNATURE: \_\_\_\_\_ (DATE)



## PERMIT REGULATIONS AND GUIDELINES

- THE HOURS STIPULATED ON THE PERMIT INCLUDES SET UP AND CLEAN UP TIME; FACILITY WILL NOT BE OPENED IN ADVANCE OF THE PERMITTED TIME. ACTIVITIES MAY BE HELD ONLY IN THE AREA DESIGNATED BY THE PERMIT
- ALCOHOL IS STRICTLY PROHIBITED UNLESS GIVEN WRITTEN WAIVER BY THE DIRECTOR OF PARKS & RECREATION.
- THERE SHALL BE NO DEFACING OF THE BUILDING (ORD 473.01A); SIGNS AND BANNERS MUST BE AFFIXED SO IT CAUSES NO DAMAGE (I.E.: NO NAILS, PUSH PINS OR TAPE THAT WILL REMOVE PAINT); SIGNS OR BANNERS, USED AS DIRECTIONAL AND/OR INFORMATIONAL THROUGHOUT THE PARK, MUST BE REMOVED BEFORE THE PERMIT EXPIRES.
- REFUSE GENERATED BY THE PERMIT HOLDER MUST BE COLLECTED AND PROPERLY DISPOSED OF IN THE RECEPTACLES PROVIDED (ORD 473.02B). PLASTIC, PAPER AND CARD BOARD MUST BE RECYCLED IF RECYCLING RECEPTACLES ARE PROVIDED. NO GLASS ALLOWED WHEN OUTSIDE OF BUILDING (ORD 473.08); VIOLATORS SUBJECT TO FINES.
- RESTROOMS AND BUILDING FLOORS MUST BE LEFT CLEAN AND ORDERLY (ORD 473.01A).
- COOKING IS PERMITTED ONLY IN DESIGNATED AREAS; PERMIT HOLDERS, USING THE OUTDOOR GRILLS PROVIDED AT THE SHELTER, MUST USE THEIR OWN CHARCOAL, CLEANOUT THE GRILL AND DISPOSE OF THE USED CHARCOAL PROPERLY AND SAFELY (ORD 473.04c).
- VENDING IS PROHIBITED (ORD 477.01c).
- NOISE LEVELS, INCLUDING SOUND EQUIPMENT, MUST CONFORM TO ORDINANCE 601.04; PICNICS WITH A BAND/DJ MUST SECURE A POLICE OFFICER FOR SECURITY PURPOSES.
- CAPACITY PERMITTED WITHIN THE FACILITY SHALL CONFORM TO THE PROVISIONS OF ARTICLE 800 OF THE PITTSBURGH BUILDING CODE.
- VEHICLES MUST PARK IN APPROVED LOCATIONS; SERVICE ROADS ARE FOR AUTHORIZED VEHICLES ONLY - NOT THE PERMIT HOLDER OR GUESTS. PARKING ON LAWNS IS STRICTLY PROHIBITED AND ALL DAMAGES WILL BE ASSESSED TO THE PERMIT HOLDER (ORD 473.03).
- THE BUILDING WILL NOT BE LEFT OPEN; IF THE PERMIT HOLDER FAILS TO MAKE CONTACT WITH THE RECREATION STAFF BEFORE THE STAFF LEAVES FOR THE DAY THE PERMIT WILL BE CONSIDERED CANCELLED AND STAFF WILL NOT BE CALLED BACK TO OPEN THE FACILITY.
- THIS PERMIT ENTITLES THE PERMIT HOLDER TO USE THE BUILDING AND GROUNDS; IF ADDITIONAL ACTIVITIES ARE PLANNED (IE: PETTING ZOOS, PONY RIDES, MOON WALK, TENTS, ETC) OR THE EVENT WILL BE OPEN TO THE PUBLIC, THE PERMIT HOLDER MUST PROVIDE A CERTIFICATE OF INSURANCE NAMING THE CITY OF PITTSBURGH AS AN ADDITIONAL INSURED (ORD 473.01A).
- ALL PARK FACILITIES ARE DESIGNATED AS TOBACCO-FREE (ORD 473.5H); THIS PROHIBITION APPLIES TO THE CONSUMPTION OF ALL TOBACCO PRODUCTS INCLUDING SMOKELESS TOBACCO PRODUCTS, ELECTRONIC CIGARETTES, AND/OR ANY OTHER TOBACCO SUBSTITUTE PRODUCT THAT CREATES SMOKE OR OTHER VAPORS REGARDLESS OF WHETHER IT PRODUCES AN ODOR OF ANY KIND.

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# CITIPARKS

City of Pittsburgh  
Department of Parks & Recreation

William Peduto, Mayor  
Jim Griffin, Director

- THE DEPARTMENT OF PARKS AND RECREATION (DPR) RESERVES THE RIGHT TO EXTEND PRIORITY TO PROGRAMS WHICH ARE SPONSORED AND SCHEDULED BY OTHER CITY DEPARTMENTS; ALSO IN THE EVENT OF AN EMERGENCY THE DIRECTOR OR THEIR DESIGNEE RESERVES THE RIGHT OF DECISION.
- NO PERMIT FEE SHALL BE RETURNED UNLESS DPR RECEIVES A WRITTEN AND DATED REQUEST OF CANCELLATION AT LEAST THIRTY (30) DAYS PRIOR TO THE DATE OF THE PERMIT - WEATHER IS NOT CONSIDERED A VALID REASON FOR CANCELLATION; A PROCESSING FEE OF TEN 10% OF THE FEE WILL BE RETAINED.
- DEPARTMENT OF PARKS AND RECREATION PERSONNEL WILL DETERMINE IF THE ABOVE REQUIREMENTS HAVE BEEN SATISFACTORILY FULFILLED.
- THIS PERMIT MUST BE IN POSSESSION OF THE NAMED APPLICANT AND ON PERMITTED PREMISES FOR THE HOURS WHICH IT HAS BEEN ISSUED.

## FEES

- ALL RENTALS ARE FOR A MINIMUM OF TWO (2) HOURS.
- ROOMS - \$25/HOUR
- ROOMS (WEEKENDS) - \$35/HOUR
- GYMNASIUMS – MEMORANDUM OF UNDERSTANDING LESS THAN 12 HOURS - \$40/HOUR
- GYMNASIUMS – MEMORANDUM OF UNDERSTANDING MINIMUM OF 24 HOURS - \$25/HOUR
- GYMNASIUMS – MEMORANDUM OF UNDERSTANDING GREATER THAN 24 HOURS - \$10/HOUR

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412-255-2362 fax: 412-255-2368 [www.Citiparks.net](http://www.Citiparks.net)