

FISCAL AUDIT

DEPARTMENT OF PARKS AND RECREATION
SPECIAL PARKS PROGRAMS IMPREST FUND (SPPIF)

Report by the
Office of City Controller

MICHAEL E. LAMB
CITY CONTROLLER

Douglas W. Anderson, Deputy Controller

Hadiza Buhari, CPA, MBA, Audit Manager

Justin Ceoffe, Auditor

August, 2014



MICHAEL E. LAMB

CITY CONTROLLER

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

August 27, 2014

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

The Office of the City Controller is pleased to present this Fiscal Review of the **Special Parks Programs Imprest Fund**, conducted pursuant to the Controller's powers under Section 404(b) of the Pittsburgh Home Rule Charter.

EXECUTIVE SUMMARY

The Special Parks Programs Imprest Fund (SPPIF) was established in 1995 via resolution #203 to make funds available, on an imprest basis to the Department of Parks and Recreation for payment of expenses related to Citiparks programs and events. The fund's balance set at \$10,000 is accounted for in a separate checking account and routinely replenished from the general fund after supporting documentation for expenditures charged to the fund are reviewed by the Controller's Office.

We performed certain procedures to determine whether policies and internal controls relating to the administration of the imprest fund are adequate and that payments made through the Imprest fund are properly supported. We found that there are no written procedures for managing the fund and supporting documentation for payments made to Referees through the Big League Umpire Association are inadequate.

Our observations and recommendations are explained further in the Result section of this report. We appreciate the cooperation of those involved with the administration of the fund.

Sincerely,


Michael E. Lamb
City Controller

INTRODUCTION

This fiscal review of the **Special Parks Imprest Fund (SPPIF)** was conducted pursuant to the Controller's powers under Section 404(b) of the Pittsburgh Home Rule Charter.

SCOPE AND METHODOLOGY

Our procedures were conducted pursuant to Article IV, Section 404(b) of the City of Pittsburgh Home Rule Charter and covered the period January 1, 2012 through December 31, 2013.

Our fiscal review examines whether procedures and internal controls relating to the administration of the Imprest fund are adequate and performed efficiently, and to also determine whether payments made from the Imprest fund are properly supported. In order to achieve our objectives we performed the following procedures:

- Interviewed personnel involved with the fund to gain an understanding of the funds' operations, processes and related internal controls.
- Reviewed procedures relating to the operation of the imprest fund including the disbursement process.
- Examined supporting documentation related to expenses charged to the fund.
- Applied procedures to a sample of referee payments to determine if properly supported.
- Summarized expenses paid from the fund for the period of our review.
- Reconciled replenishments made to expenses charged to the fund.

BACKGROUND

The Special Parks Programs Imprest Fund (SPPIF) was established in 1995 via resolution #203 to make funds available, on an imprest basis for payment of expenses related to the Department of Parks and Recreation Citiparks programs and events. The fund's balance set at \$10,000 is accounted for in a separate checking account that is routinely replenished from the general fund after supporting documentation for expenditures charged to the fund are reviewed by the Controller's Office. Citiparks provides year round recreational facilities and activities around Pittsburgh. The SPPIF is typically used to pay for Citiparks expenses related to the Big League Program events and special programs at the Community Recreational Centers and Aquatics Division. The fund custodian is proficient, keeps well-maintained records and has been involved with managing the fund for a long time.

The Citiparks Pittsburgh Big League Sports Program (BIG League), a joint effort between Citipark, Pirates Charities and the Pittsburgh Penguins since 1994, provides a variety of

recreational sports such as baseball, softball, basketball and soccer. The program is managed by Program Coordinators employed by the City out of the McKinley Park, responsible for organizing and scheduling games/tournaments. Funds contributed by these organizations are used to supplement the overall cost of the program to the City and are accounted for in a separate checking account under the Big League Umpire Association (B.L.U.A.), a nonprofit entity.

Referees and Umpires officiating Citiparks sporting events are paid from the SPPIF fees ranging from \$25 to \$30 per game depending on the type of sport. Referees officiating soccer, basketball and flag football are paid directly by the SPPIF, however a Lump sum payment is issued, payable to the B.L.U.A. for all baseball, softball and futsal games officiated by the referees during each of the sport's season. A spreadsheet documenting details of all games officiated by the referees and umpires is maintained by the Program Coordinators. This spreadsheet is sent to the fund custodian at the Administration office of Parks and Recreation as support for payments made from the SPPIF.

Expenses for Community Recreation Centers operated by Citiparks are also periodically paid from the SPPIF. Citiparks operates ten Community Recreation Centers (Rec Centers) year round providing residents with many recreational programs. Expenses relating to the Rec Centers paid from the fund during the period of our review were mainly for sporting equipment and instructors for special activities. Community pools are also advanced \$375 each from the SPPIF for incidental expenses related to the annual Aquatics Water Carnivals organized during the summer. Receipts for all the expenses incurred for these events are forwarded to the fund custodian. The fund custodian prepares and maintains a spreadsheet of all the expenses incurred. Amounts not spent by any of the Rec Centers are returned and deposited back into the fund's account.

In addition to the above, the imprest fund is used to pay for cable programming services for the Mellon Park Tennis Center (the Bubble). The fund may also be used for other immediate miscellaneous expenses related to the special parks programs as needed.

There were a total of 15 replenishments processed during the review period, January 1, 2012 through December 31, 2013. The average replenishment amount during this period was \$9, 278. A total of \$137,234 in expenses was charged to the SPPIF during the same period as detailed in the table below:

BIG League	\$ 61,015
Referees/Umpires	33,944
Aquatic Water Carnivals	14,250
Community Recreation Centers	11,442
Other Miscellaneous	8,658
Recreation Equipment Purchases	5,726
Mellon Tennis Center	2,199
TOTAL	\$ 137,234

RESULT

Finding #1: Lack of Written Policies and Procedures

There are no written policies and procedures governing the operation of the imprest fund other than the resolution establishing it. Written policies and procedures define responsibilities as well as explain processes involved in accomplishing tasks involved in the administration of the fund. To ensure adequate monitoring and management of the fund, detailed documentation of operating procedures that incorporate appropriate level of internal controls are important. Without written policies and procedures, roles and responsibilities may not be clearly defined thereby making it difficult to establish accountability. Detailed operating policies and procedures should include necessary elements such as:

- Duties and responsibilities of those involved with the fund,
- Expenses eligible for reimbursement,
- Required supporting documentations,
- Procedure for reimbursement request,
- Standardized request for reimbursement.

Recommendation

Develop written policies and procedures to ensure adequate monitoring and management of the imprest fund that clearly document how procedures/tasks are to be handled. Best Practices indicates formal written procedures including process descriptions and related internal controls should exist to codify a fund's operations thereby providing a foundation for effective internal controls.

Finding #2: Comingling of Imprest Fund Activities

Nonprofit activities of the BIG League Program are commingled with SPPIF activities; City employees are handling non-City responsibilities and City funds are deposited into a non-City checking account. Funds in the form of donations, league fees etc. received for this program are accounted for in the non-City Checking account under B.L.U.A. The lump sum checks issued from the SPPIF for Big League sporting events are also deposited into this non-City account that is maintained by Program Coordinators (City employees) out of McKinley Park. City employees should not be handling non-City account on city time as part of their regular job responsibilities. This issue was also noted by Gleason & Associates, Certified Public Accountants and Consultants in their *Department of Parks and Recreation Review of Cash Management Practices report*.

Recommendation

Although the BIG League program is a cooperative effort with Citiparks, activities should be properly segregated to allow for proper accounting and accountability.

Finding #3: Inadequate supporting documentation

We were unable to verify the referees/umpires payments during our examination of supporting documentation related to expenses paid by the SPPIF. Supporting documentation maintained for BIG League sporting events does not identify referees/umpires or games paid with monies received from the SPPIF, thereby making reconciliation impossible. This is especially important since payments made directly to BIG League totaled \$61,015 during the period of our review. Sound internal controls dictates all expenses paid from an imprest fund should be adequately supported.

Recommendation

Establish procedures to ensure all disbursements from the imprest fund are adequately supported. Detailed documentation to support all payments made to BIG League should be maintained in the form that allows reconciliations to be performed.



CITY OF PITTSBURGH

Department of Parks & Recreation

William Peduto, Mayor

Jim Griffin, Director

August 14, 2014

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

Controller Lamb:

Attached is the Department of Parks and Recreation response to your office's fiscal review of the Department of Parks and Recreation's Special Parks Programs Imprest Fund (SPPIF). This fund is a vital component in allowing Citiparks to program youth recreational sports programs across the City. The funds management processes and procedures have ensured twenty years of enjoyment for children and families.

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.

We look forward to working with your office as we move forward.

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

Sincerely,

Jim Griffin
Director

RECEIVED
2014 AUG 18 PM 2:40
CITY OF PITTSBURGH OFFICE

cc: Mayor Bill Peduto
Members of Pittsburgh City Council
Mr. Kevin Acklin
Mr. Guy Costa
Ms. Louann Horan
Mr. Peter Jackson
Ms. Michelle Aul
Mr. Joe DeFeo

Department of Parks and Recreation Response to fiscal audit of Special Parks Programs Imprest Fund

Finding #1: Lack of Written Policies and Procedures

Citiparks acknowledges and concurs with the Auditors' finding and recommendation.

Citiparks maintains meticulous records, and has well-established policies and procedures for the processing, payment and reconciliation of payments at the Department level. In addition, the procedures and policies for managing the SPPIF are well established and understood by the long-serving staff at the BIG League office and at the Departmental offices.

However, throughout its existence and since 1995, BIG League has never established written policies or procedures that clearly delineate how the imprest fund should be managed.

Moving forward, Citiparks now commits to developing written policies and procedures that will allow for the proper management, payment processing, reconciliation and audit of this fund. Citiparks will develop and implement these changes no later than December 1, 2014. These policies will include the following elements:

- Roles and responsibilities for all fund participants
- List of required documentation
- Procedures initiating a reimbursement request
- Procedures for managing documentation process
- Standard request for reimbursement form
- Process map for common fund transactions (i.e. reimbursement requests, fund deposits, & payment tracking)

Finding #2: Comingling of Imprest Fund Activities

Citiparks acknowledges the accuracy of the finding, but does not completely concur with the Auditors' recommendation

The Auditor correctly states that Imprest Funds comingle non-governmental funds and City funds in a non-City account that is managed by City personnel. However, BIG League program has proven to be a critical recreation vehicle for youth across the City. Without the support and management of Citiparks however, it is unlikely that the BIG League program would continue. Given this conflict, Citiparks, as directed by Council's 1995 resolution has engaged in this practice and will continue to do so unless directed otherwise or until a proper reorganization of the BIG League program can be feasibly conducted.

Still, Citiparks will endeavor to improve our general ledger accounting tools for this fund and allow for greater transparency and documentation of this fund as we develop the solutions for Finding #1 or should a severance of Citiparks and BIG League become mandated.

Finding #3: Inadequate supporting documentation of Imprest Fund Activities

Citiparks acknowledges and concurs with the Auditors' finding and recommendation.

Citiparks will include documentation and reconciliation support as part of our Finding #1 solution provided above.

###