



Fiscal Audit

**Department of Parks and Recreation
Department of Public Works
Schenley Park Rink Trust Fund (SPRTF)**

Report by the
Office of City Controller

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CITY CONTROLLER**

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February 8, 2021

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CITY OF PITTSBURGH
OFFICE OF THE CITY CONTROLLER
Controller Michael E. Lamb

February 8, 2021

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 **Schenley Park Rink Trust Fund (SPRTF)**, conducted pursuant to the Controller's powers under Section 404(b) of the Pittsburgh Home Rule Charter.

EXECUTIVE SUMMARY

The Schenley Park Rink Trust Fund (SPRTF) was established in 1990 via Resolution 1213. It was later amended in 2017 via Resolution 837 and transferred oversight and control of the SPRTF from the Department of Parks and Recreation (Citiparks) to the Department of Public Works (DPW). It was further amended via Resolution 119 of 2020, which transferred oversight and control back to Citiparks. The trust fund was established "for the purpose of depositing funds and for the expenditure of funds for related expenses including, but not limited to, salaries, supplies, utilities, materials, repairs, equipment and other miscellaneous services in connection with the Department of Parks and Recreation's Ice Skating Programs".

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. Additional procedures were performed on the Banquet Room and Ice Rink Rental processes, in addition to reconciliation of Banquet Room and Ice Rink Rental revenues during 2018-2019. Based on these procedures, we uncovered overall weaknesses in existing internal controls. Furthermore, we noted a lack of policies and procedures; irregularities in the facility rental process; and a lack of segregation of duties regarding facility rentals. Lastly, the intake and monitoring of Banquet Room and Ice Rink Rental revenues during 2018-2019 was not adequately reconciled, resulting in revenues not being fully recorded in the SPRTF.

Improved controls in the form of a complete set of policies and procedures, including increased oversight of revenue collected from facility rentals, routine reconciliations of revenues collected, and the establishment of significant segregation of duties with rink staff, will help to further ensure funds are properly accounted for and safeguarded. These issues and our recommendations along with responses from the Department of Parks & Recreation and Department of Public Works, are further discussed in the Findings & Recommendations 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 **Schenley Park Rink Trust Fund (SPRTF)** 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, 2014, to December 31, 2019.

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:

- Corresponded with personnel from the Department of Parks and Recreation (Citiparks) and Department of Public Works (DPW) involved with the fund to gain an understanding of the fund's operations, processes, and internal controls;
- Interviewed Schenley Park Rink staff to gain an understanding of the operation of the rink and the receipt of funding sources that are deposited into the SPRTF;
- Reviewed the City's Purchasing (P-Card) Policy, Resolution 1213 of 1990, Resolution 837 of 2017, Resolution 119 of 2020, and the City's Code of Ordinances;
- Summarized revenues by source and expenditures by category and performed variance analysis on expenditures for plausible relationships for the period of our audit;
- Reviewed procedures and related internal controls over the administration of the trust fund, to assess internal controls and develop recommendations for management;
- Applied procedures to a sample of revenues and expenditures to determine whether they were properly incurred and administered according to applicable Resolutions;
- Applied procedures to all P-Card expenditures to determine whether they were properly incurred and administered according to applicable Resolutions as well as the City's P-Card Policy;
- Assessed the efficiency and effectiveness of the operation of Banquet Room Rentals and performed a reconciliation of revenue collected from Ice Rink Rentals and Banquet Room Rentals in 2018 and 2019;
- Evaluated whether the audited entity took appropriate corrective action to address findings and recommendations from the [previous audit engagement](#).

BACKGROUND

The Schenley Park Rink Trust Fund (SPRTF) was established in 1990 via Resolution 1213. The resolution was established “for the purpose of depositing funds and for the expenditure of funds for related expenses including, but not limited to, salaries, supplies, utilities, materials, repairs, equipment and other miscellaneous services in connection with the Department of Parks and Recreation’s Ice Skating Programs”.

[Resolution 837 of 2017](#) amended said resolution, transferring oversight and control of the SPRTF from the Department of Parks and Recreation (Citiparks) to the Department of Public Works (DPW). The resolution also stated, “Department of Public Works, or other such departments as designated by the Director of the Office of Management and Budget, are hereby authorized to provide for the payment of expenses for the purposes outlined herein”.

[Resolution 119 of 2020](#) amended said resolution, transferring oversight and control of the SPRTF from DPW to Citiparks.

FUNDING SOURCES

The SPRTF received revenue from the following sources during the scope of the audit: Farmers Markets; Daily Admissions Fees such as Adult, Youth, Senior Citizen, Promotional, Adult Pass, and Youth Pass; Banquet Room Rentals; and Miscellaneous Fees such as Skate Rentals, Skate Sharpening, Locker Rental, Rink Rental-Parties, Rink Rental-Hockey, Lessons, and Concessions. As of December 28, 2017, the SPRTF no longer accepted revenue from Farmers Markets. The Office of Special Events took over the management of the City’s Farmers Market programs in 2018, which is currently under the oversight of the Department of Public Safety.

DAILY ADMISSION & OTHER FEES

Upon entry to the Schenley Park Rink, patrons are required to pay admission, skate rental, and/or skate sharpening fees, which are processed through the cash register by a rink employee. They are permitted to pay with cash, check, and credit/debit card (starting in November 2018). The cashiers will make change for patrons who need to pay for locker rentals, which is paid via coin slot in the locker.

The daily admission fees vary depending on the age of the patron. Additionally, patrons can rent and/or sharpen skates for a fee. At the end of each session, the cashier counts and records the funds collected on a daily sheet, which is subtotaled and signed by the manager. The funds collected for daily admissions, skate rentals, and skate sharpening are placed in the safe daily, while locker rental fees are done weekly.

Deposit slips are prepared and deposited throughout the week. A rink employee prepares a weekly deposit report that details all daily admissions as well as miscellaneous items collected at the rink. A weekly z-report is generated from the register, which is used to reconcile the daily sheets to the weekly deposit reports. The rink staff sends copies of daily sheets, weekly deposit report, register z-report, and bank deposit tickets to the departmental administrative offices for processing.

RINK RENTALS-PARTIES & HOCKEY

The Schenley Ice Rink's party room is available for rent throughout the calendar year. The party room rental fees are processed through the cash register located at the rink office. Acceptable forms of payment include cash, check, and credit/debit card (starting in November 2018). Schools that schedule events with the rink often pay via check.

The rink is available for use by groups such as hockey clubs for a fee. Groups interested in renting the rink are required to make reservations and payments directly with rink staff. A combination of cash and check payments were accepted during the period of 2014-2017. In 2018, the rink began accepting credit/debit card payments. Furthermore, DPW utilized the online RecPro system to facilitate the reservation and payment for ice rentals via credit/debit card.

The cashier counts and records the party room rental revenue collected on a daily sheet, which is subtotaled and signed by the manager. Party room rental and ice rink rental revenues processed at the rink are stored in a safe overnight and deposited weekly. Both revenue types are recorded on the weekly revenue report, which is forwarded to departmental administrative offices for processing.

SKATING LESSONS, CONCESSIONS, & FARMERS MARKETS

The rink also collects revenue from Farmers Markets, skating lessons, and concessions. Citiparks collects revenue from vendor fees charged to the various vendors who operate at Farmers Markets held throughout the City. Specifically, we noted that vendor fees were deposited into the trust fund during years 2014-2017. The Farmers Market program is currently under the management of the Office of Special Events and results of testing for 2018 are detailed in the Special Events Trust Fund [fiscal audit report](#).

The Schenley Park Rink offers children's skating lessons, which are available for a fee. Individuals who are interested in signing up can do so in person at the rink and are required to make payment by check. Payment is processed at the rink by the cashier, who places the funds in a safe overnight and deposits the funds weekly. The rink also has a small concession stand that offers food and drink to patrons. We noted that the concession stand was operated by the City at times and was contracted out to a third-party vendor at times. The City collected an annual fee from the vendor, which is processed by the rink office and deposited separately from other revenue collected.

The rink staff reports revenue collected from skating lessons and concessions on a weekly revenue report, which is forwarded to the departmental administrative offices for further processing. The SPRTF also receives a significant amount of revenue from Banquet (Meeting) Room rentals, which will be discussed in a separate [section](#).

EXPENDITURE OF FUNDS

Citiparks and DPW utilize JD Edwards (JDE) accounting software for the recording of revenues and expenditures related to the SPRTF, in addition to their respective internal recordkeeping systems. We noted that Citiparks used funds in support of Farmers Markets as well as the operation of the Schenley Skating Rink for events, such as Skating with Santa, Mascot Skating, Disco Night, and Valentines on Ice. The Department of Public Works utilized the funds deposited into the SPRTF strictly for the operation of the rink, as the Office of Special Events assumed operation of the City's Farmers Markets starting in 2018.

GENERAL TESTING

We completed testing on a sample of expenditures for years 2014-2017 for Citiparks and 2018-2019 for DPW. Specifically, we tested whether expenditures were properly recorded, approved, and used for allowable expenses. We noted instances where expenditures made under Citiparks were not in compliance with Resolution 1213 of 1990, which requires funds to be spent on items related to ice skating programs. Conversely, expenditures recorded under DPW's purview were deemed permissible, as items tested were related to the operation of the rink. We will further discuss the results of testing in the [Findings and Recommendations section](#).

TESTING-P CARD

Per standard procedure, separate testing was completed on all purchasing card (i.e. P-Card) journal entries during the scope of the audit. We tested whether expenditures were properly recorded into JDE, allowable per applicable Resolutions, made in compliance with the City's P-Card Policy, and whether documentation was kept on file internally. We did not complete testing during years 2014-2016, as the usage of P-Cards did not commence until the end of 2017. Expenditures tested were in accordance with the applicable Resolutions and the City's P-Card Policy. However, we noted a purchase that appeared to be recorded twice in JDE for 2018.

AUTHORIZATION OF EXPENDITURES

Departments within the City of Pittsburgh utilize JDE to initiate the purchase of goods and services via Purchase Orders (POs). Until July 31, 2017, expenditures made with POs required approval via two separate signatures on paper Departmental Invoices (DIs). On August 1, 2017, the Office of Management and Budget, by way of the Procurement Optimization Project, replaced the physical signatures on DIs with electronic approvals in the JDE system for POs and explanatories¹ only. Encumbrances still require physical signatures for approval.

While most expenditures require that POs be generated through JDE, other types of expenditures can be executed with a Bank of America issued Purchasing Card (P-Card). P-Cards are Visa credit cards that are individually issued to designated cardholders for business-related purposes. The City's Purchase Card Policy guides cardholders in determining whether to use the P-Card or a PO for departmental expenditures. Once approved, the cardholder can use the P-Card at the Point of Sale like a credit card. All P-Card transactions are subject to City Council review, as Council is provided with a list of transactions on a weekly basis.

¹ Explanatory purchases over \$3,000, which are not covered by a contract, require City Council approval.

BANQUET (MEETING) ROOM RENTALS

The rink's Banquet (Meeting) Room is available for rent for a fee. Individuals interested in renting the Banquet Room must fill out a permit application either online or in person at the rink. Online rentals are completed through the RecPro system, which also allows for payments via credit/debit card. Otherwise, applicants can fill out a permit application at the rink and must pay the balance 30 days prior to the event by check or money order. The applicant and the rink staff are required to sign the permit application. Permit holders are provided a copy of their permit, in lieu of a receipt.

Prior to 2018, rink staff tracked reservation dates and payment due via notations on a calendar in the rink office. In 2018, RecPro was utilized for Banquet Room rentals, which automated the process for rink staff. However, funds received in person were immediately processed by the rink staff. Furthermore, check or money orders are recorded on a 'Schenley Park Skating Rink Banquet Room Deposit' sheet. The funds are stored in a safe overnight and deposited weekly. The rink forwards the copies of the permit application, check/money order, deposit sheet, and deposit ticket to the departmental administrative offices for processing.

We must note that all Banquet Room rental revenue was processed via RecPro during 2019 and is further discussed in the [Banquet Room and Rink Rental Testing](#) section below.

TESTING-CITIPARKS

We completed testing for Banquet Room rentals for permit applications processed by Citiparks for 2016. We set up two separate tests, which included a test for the processing of permit applications and another for the deposit process. Specifically, for the first test, we verified whether the permits issued were properly processed (approved); balance paid timely; and balance was paid in full. We requested copies of the permit applications, checks/money orders, revenue tracking sheets, and bank deposit slips from Citiparks. However, the documentation provided was incomplete, and thus did not facilitate in the testing of certain attributes.

We conducted a second test to determine whether the funds collected from the Banquet Room rentals were deposited timely, records were retained, and rink records reconciled to JD Edwards journal entries. The Department of Finance requires all City funds to be deposited within two days of their receipt. Therefore, we requested the specific dates that payments were received, which Citiparks was unable to provide. Additionally, the copies of checks and/or money orders provided were incomplete. However, we confirmed that the revenue recorded in the rink's records for 2016 reconciled to what was recorded in JDE.

Lastly, we met with rink staff to discuss the Banquet Room rental process. We also issued them a formal questionnaire which included questions for each of the following sections: receipt and handling of funds; reconciliation of funds; safeguarding of funds; the preparing and booking of funds for deposit; and the recording of revenue. The goal of the questionnaire was to not only gain a better understanding of the overall rental process, but to also assess proper segregation of duties. The results of said testing are further detailed in the [Findings and Recommendations section](#) of the report.

BANQUET ROOM & RINK RENTAL TESTING-DPW

During the audit, we noted discrepancies in the recording of revenues, namely for Banquet Room Rentals and Ice Rink Rentals. Specifically, Rec Pro reports for the years 2018-2019 indicated rental revenues that varied markedly from those recorded in JD Edwards. Therefore, we asked DPW to provide a detailed response explaining where the funds detailed in the RecPro reports were deposited and recorded. We also asked that they provide all documentation needed to support their response.

We met with staff from DPW to go over the discrepancies noted and the overall processing of said revenue. Checks received are categorized as 'ARAD Shelter Permits' on the City of Pittsburgh-Department of Public Works, Public Works/Parks Permit Receipts report, which is sent to the City's Treasurer's Office. ARAD Shelter Permits revenue are directed to the General Fund. Credit card payments are categorized as 'Picnic Shelter Permits' on the City of Pittsburgh-Department of Public Works, Public Works/Parks Permit Receipts report, which is sent to the City's Treasurer's Office monthly. Picnic Shelter Permits revenue are directed to the General Fund. None of said reports receive an additional level of supervisory review and approval.

We performed a reconciliation of Rink Rental and Banquet Room Rental revenues recorded in RecPro to JDE journal entries for 2018 and 2019. DPW's response as well as the results of testing are further detailed in the [Findings and Recommendations section](#).

SUMMARY OF REVENUES/EXPENDITURES

A total of \$1,063,943 in revenue was deposited into the trust fund during the period of our audit, January 1, 2014 through December 31, 2019 as detailed below:

<i>Fund Source</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>Total</i>
Ice Hockey Rinks	\$ 90,506	\$ 68,736	\$ 74,701	\$ 89,565	\$ 65,054	\$ 46,627	\$ 435,189
Admissions	49,744	35,564	34,105	26,966	32,275	41,054	219,708
Farmers Markets	28,996	35,486	40,227	28,500			133,209
Meeting Rooms	28,679	5,258	25,083	45,555	27,775	575	132,925
Admissions Youth	27,831	23,520	19,368	26,505	15,378	18,162	130,764
Admissions-Promotional	3,429	1,383	1,104	1,160	844	1,092	9,012
Admissions-Senior Citizens	372	288	456	720	412	888	3,136
<i>Total</i>	<i>\$ 229,557</i>	<i>\$ 170,235</i>	<i>\$ 195,044</i>	<i>\$ 218,971</i>	<i>\$ 141,738</i>	<i>\$ 108,398</i>	<i>\$ 1,063,943</i>

A total of \$801,516 was paid out of the trust fund during the period of our audit, January 1, 2014 through December 31, 2019 as detailed below:

<i>Expenditure Category</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>Total</i>
Maintenance	\$ 47,631	\$ 18,669	\$ 48,498	\$ 50,936	\$ 32,446	\$ 33,956	\$ 232,136
Materials	1,354		2,183	3,235	27,912	125,888	160,572
Vehicles & Transportation	615	21,718		300	114,036	856	137,525
Repairs	56,084	(5,156)	5,800	19,575			76,303
Operational Supplies	1,816		7,943	3,930	34,698	13,836	62,223
Land & Buildings	557		1,767	444	5,370	22,405	30,543
Utilities					19,923	10,460	30,383
Protective/Investigation					23,866		23,866
Furniture & Fixtures	2,983		1,707	7,391	5,308	109	17,498
Machinery & Equipment	5,940		1,775	2,131	4,683	1,416	15,945
Telephone	148			94		5,699	5,941
Workforce Training	1,019		(746)	729	1,510	1,829	4,341
Promotional					1,839	244	2,083
Professional Services				933	829	300	2,062
Data Processing			95				95
<i>Total</i>	<i>\$ 118,147</i>	<i>\$ 35,231</i>	<i>\$ 69,022</i>	<i>\$ 89,698</i>	<i>\$ 272,420</i>	<i>\$ 216,998</i>	<i>\$ 801,516</i>

*Please visit Pittsburgh City Controller's [Checkbook PGH](#) for more details regarding fund activity for the Schenley Park Rink TF.

FINDINGS AND RECOMMENDATIONS

2021 FINDINGS & RECOMMENDATIONS

We performed testing of all revenues and expenditures for Citiparks and Public Works as was outlined in the background section of the report. Additionally, we tested all P-Card expenditures for both departments, as is mandatory for all audits. Next, testing was completed on programs and processes such as the Banquet Room and Ice Rink rentals, which will be discussed in detail below. Lastly, we verified the deposit of said rental revenues into the Schenley Park Rink Trust Fund (SPRTF). The results of our review are grouped between Citiparks and Public Works, independent of each other. The results of the testing are further detailed in the remainder of the report, in addition to findings, recommendations, the auditee's response, and status².

DEPARTMENT OF PARKS & RECREATION (CITIPARKS)

Finding #1: Irregularities in Banquet Room Rentals

We noted irregularities in the banquet room rentals process at the Schenley Park Rink. Specifically, irregularities existed in the processing of permit applications and deposit of funds, in addition to a lack of segregation of duties. Auditors completed testing of permit application processing, permit revenue depositing, and examined whether there was a segregation of duties in the overall banquet rental process, while the trust fund was under Citiparks management in 2016.

Permit Application Testing

We noted that 60% of the permit applications were not signed (approved) by rink staff (permit officer). Also, 22% of the permits issued were not paid in full prior to 30 days of their respective reservation dates. The rink staff did not provide evidence of date stamping payments received. Auditors were not provided with sufficient documentation, such as copies of checks received, needed to verify whether all permits tested were paid in full. As a result, 27% of the permits were missing copies of checks and/or money orders.

Permit Revenue Deposit Testing

As was mentioned prior, rink staff does not date stamp payments received. Therefore, we were unable to determine if revenue was deposited timely. The Department of Finance's Operating Policy for Cash Management and Payment Processes as well as Citiparks' Cash Management Policy requires funds be deposited within 2 days of their receipt. Citiparks was unable to provide 80% of the checks recorded on bank deposit slips, which were used to record journal entries for banquet room rentals in JD Edwards for the trust fund.

Banquet Room Rental Process

The Banquet Room Rental process is not formally documented in a policy and procedure. Additionally, specific rink staff have not been designated as the reviewer and approver of permit applications. For example, we noted that both rink staff and management signed under the 'Permit

² See [Addendum](#) for further definition of status types of current audit recommendations.

Office' designation on permit applications tested. Furthermore, rink management is directly involved with each step of the rental process, such as: approval of permit applications, processing initial payments, storing funds overnight in the safe, preparing funds for deposit, depositing funds, and delivering deposit documentation to departmental administrative offices. Thus, currently there is insufficient segregation of duties in the rental process.

Recommendation

Develop a formal policy and procedure documenting the banquet room rental process. The policy should detail all aspects involved in permit application processing, such as: identification of the designated reviewer and approver; measures to ensure that all permits are approved prior to issuance; date stamping and logging checks upon receipt; confirmation that outstanding balances are paid in full; and the maintenance and availability of adequate documentation including copies of checks. The procedure should also detail the proper deposit of funds, which are in accordance with both Citiparks' and the Department of Finance's policies for cash management. Additionally, the policy should define rink staff and management's role in the overall banquet room rental process, while ensuring proper segregation of duties. Lastly, Citiparks administration should create a process for the routine monitoring of banquet rental revenues, in which revenue collected at the rink is reconciled with the deposit and recording of revenue in the proper trust fund (i.e. Schenley Park Rink Trust Fund).

Citipark's Response:

The Department of Parks and Recreation reacquired the Schenley Ice Rink operations in February of 2020, after a two-year period that saw the rink's operations managed by the Dept. of Public Works. The Department of Parks and Recreation are currently in the first season of rink operations since this reacquisition. Through this 2020-21 ice skating season the department is working with the Ice Rink Supervisor and rink staff to improve all rink operations. The improvements detailed below will become documented operating policy as recommended in this audit finding.

These changes in operation include:

1. **Tracking and documenting permits:** Since the audit period, The Schenley Ice Rink has transitioned to using Rec Pro as an electronic system for booking Ice Rink Banquet Room rentals. Rec Pro has assisted the rink staff with the tracking of all permits, by assigning a unique number/identifier to each specific permit. These numbered permits are then processed through the City's (Finance Department's) electronic Jet Pay system. Checks and money orders that are received are then deposited into the Schenley Rink Trust Fund account. Additionally, each unique booking reservation runs through the Rec Pro tracking system, ensuring each reservation is numbered appropriately and tracked accordingly.
2. **Deposit policy:** During this audit period, the two-day deposit policy was very difficult to meet during the busy ice rink season. This resulted in a delay with some payments not being deposited until after this two-day period. As this policy is universal in nature, yet speaks to best practices, it does not accommodate the Ice Rink's specific operational needs. The Department of Parks & Recreation will update this deposit policy to allow for five

days from the receipt of cash/checks to then be deposited into the appropriate account. This will also allow for an additional operational control, in addition to addressing the specific provisions of the universal deposit policy.

3. **Banquet Room booking procedure:** During the audit period, the operations of the rink were managed by the Dept. of Parks & Recreation from 2014-2017 (only). The then departmental leadership had not developed nor implemented a complete set of sound processes and practices specific to the issuance of banquet room permits. As the current operations necessitate improved and more transparent processes, the Parks and Recreation management team will ensure that all banquet room permits are approved by the Ice Rink Supervisor within two days of the initial booking of the Banquet Room. This will ensure that all banquet room permits are reviewed, documented, and verified as paid, by the Rink Supervisor. Should the Rink Supervisor not be able to perform this review and approval process, one of the senior members within the department's leadership team will perform this/these tasks.
4. **POS system:** Upon the return of the Ice Rink's operations to the Dept. of Parks and Recreation, and prior to the close of this audit, the department has updated the cash register system that is utilized at the Schenley Ice Rink. This current cash register system can provide a unique identifying number for each operator of the cash register. This allows the department and Rink Supervisor to identify and track any staff member who is managing each unique payment transaction at the rink, again, tightening the fiscal controls specific to these procedures. The audit team has been invited to review the new cash register system to ensure it is adequate for improving our tracking of transactions at the Schenley Ice Rink.

The above will be drafted and documented as official operating policies & procedures for the Shenley Ice Rink. The Department of Parks and Recreation anticipates that this work will be completed during the 2021 off-season. The Department of Parks and Recreation accepts and generally agrees with these proposed recommendations.

Finding #2: Improper Use of Trust Fund Monies

Auditors noted approximately \$45,000 (during 2015-2016) was spent for items not related to the operation of the Schenley Park Rink as specified in Resolution 1213 of 1990. The Resolution states that funds are to be used for expenses related to the City's Ice Skating programs. Specifically, funds were used to purchase a utility vehicle for the park rangers in 2015. Additionally, funds were spent on signage for the City's HAL (Healthy Active Living) Centers, a Citiparks' logo for the Schenley Oval Sportsplex, and furniture for a Senior Center.

Upon further questioning, auditors were informed by staff that they felt pressured to process the expenditures, due to the directives of the former Director of Citiparks. It is important to note that in situations where personnel are reluctant to follow management directives that do not comply with parameters stated in applicable resolutions, other options are available to voice concerns and obtain guidance on appropriate actions³. Usage of trust fund monies by Citiparks for purposes

³ The City Controller's Office maintains a means to report such concerns via the [PGH Watchdog](#) mobile application.

outside the allowances specific to the trust fund, was noted in prior audits performed on Citiparks' managed trust funds⁴.

Recommendation:

Ensure the trust fund is solely utilized for expenses related to the City's Ice Skating programs as stipulated by resolutions pertaining to the trust fund. Furthermore, an environment wherein staff is empowered to question the appropriateness of expenditure approvals is crucial for compliance with stipulations in applicable resolutions for proper trust fund administration.

Citipark's Response:

As this audit captures a six year period of time, where the operations of the Schenley Ice Rink and it's related programs and activities were shared between both the Departments of Parks and Recreation (2014-2017) and Public Works (2018-2019); and during the timeframe that the operations were under Parks and Rec, the department had departmental directors/senior leadership personnel, who after 2017, were no longer overseeing these/any Parks and Recreation operations; the decision(s) to utilize SPRTF monies for materials, supplies and/or programs not specific to the SPRTF, which this audit has pointed out as inappropriate expenditures, fell solely on those individual Parks & Recreation decision makers.

There is no hesitation in agreeing with these specific findings. The current Director and the Parks and Recreation leadership team will make every effort to prevent the mismanagement of these and other trust fund monies. Additional administrative support and improved fiscal tracking practices have been deployed to aid in this area.

Respective to this audit's specific finding, which indicates that staff felt some level of pressure to follow directives that they had thought to be "misaligned;" Again, the current leadership within the Dept. of Parks and Recreation strongly agrees with the recommendation that establishing and maintaining a working environment where all team members can communicate their concerns openly and directly is critical, is in accordance with sound management practices, and displays necessary transparency of work.

The Department of Parks and Recreation accepts and generally agrees with these proposed recommendations.

⁴ Examples of such usage of trust fund monies was noted in prior Citiparks' audits released in [2016](#) and [2019](#).

DEPARTMENT OF PUBLIC WORKS (DPW)

Finding #3: Intake & Monitoring of Revenue

The Department of Public Works does not perform routine reconciliation of revenue collected for Banquet Room and Ice Rink Rental revenues detailed the RecPro 'Facility Revenue-Detail Report' to revenue recorded in JD Edwards for the SPRTF. The routine reconciliations of revenue would have identified funds incorrectly deposited into the General Fund, further ensuring their deposit into the proper account (i.e. SPRTF).

We were able to determine through testing that a total of \$4,675.00 in 2018 and \$35,225.00 in 2019 reported in the RecPro report for Banquet Rental Revenue was not recorded in the trust fund. We were unable to confirm whether a total of \$15,900.00 in 2018 and \$18,075.00 in 2019 reported in the RecPro report for Ice Rental Revenue was recorded in the trust fund. We were not provided proper documentation as evidence into which account the funds in question were deposited.

Recommendation:

At a minimum, the Department of Public Works should perform weekly reconciliations of revenue detailed in the RecPro system to internal documents used as support for the 'Department of Public Works-Permit Receipts' form. Management should routinely review and approve said form prior to its issuance to the Department of Finance. The revenue amount detailed on said 'Department of Public Works-Permit Receipts' form should then be verified to JD Edwards routinely, to ensure proper account allocation.

In addition, the Department of Public Works is advised to locate documentation required to confirm which account(s) said funds were deposited. DPW must then provide documentation to the Fiscal Audit Section of the Controller's Office, Department of Finance, and Office of Management & Budget, so that OMB can facilitate the proper allocation of funds to the SPRTF.

DPW's Response:

DPW acknowledges the said findings and recommendations stated. However, administrative staff would like to note they performed a routine weekly and monthly reconciliation of checks and/or money orders and credit card report revenue of which they thought they were properly instructed. In May of 2019, an Admin II was hired and trained to allocate RecPro weekly processed checks and/or money orders under "ARAD Shelters Permits." Therefore, there was no question the revenue should go elsewhere. Monthly reconciliation of credit/debit card reports were also reviewed and completed by the DPW Admin II. Prior to new administrative staff in 2019, DPW contacted I&P and the Department of Finance to setup card payments directly into the SPRTF, and transfer ice rink related transactions already in the General Fund to the SPRTF. To DPW's understanding, this was not setup properly by I&P and the Department of Finance.

In October of 2019, the issue was again brought to the DPW Admin II's attention by ice rink staff, and the Admin II sent an email to I&P to confirm whether the funds were being allocated into the SPRTF properly. After contacting the departments, DPW was not aware the issues had not been resolved. DPW administrative staff receives a daily report from the Department of Finance which

contains RecPro related credit and debit transactions. These transactions are coded and are not separated by park shelters, fields, or the ice rink, but rather coded into a few transactions.

DPW staff is only able to distinguish the funds by finding the coding "NCRPITTSRECPRO" to note the amounts in the monthly report. Park shelters, fields, and ice rink revenue is typically grouped into one or a few transactions within the daily report. The weekly/monthly form provided to the DPW Admin II did not contain a JDE section to allocate checks, money orders, or card payments to the SPRTF.

DPW staff agrees to pull any additional reports needed for testing and/or other purposes to comply with the request. DPW anticipates additional documentation can be pulled within a reasonable deadline. The DPW Admin II will also develop a policy and procedures guide that is approved by management. The guide is already in process. Correct procedures will be documented in the guide as soon as possible. Finally, to prevent any future reoccurrences, DPW recommends clarification in writing with I&P and the Department of Finance that current funds are coded and wired correctly.

UPDATE TO PRIOR 2015 REPORT

A fiscal audit of the Schenley Park Rink Trust Fund (SPRTF) was conducted in 2014 and a report was formally released in January of 2015. As a standard practice, we reviewed prior findings to assess the progress made on the implementation of prior recommendations. Specifically, this involved efforts made by Department of Parks and Recreation (Citiparks) during 2014-2017 and the Department of Public Works (DPW) in 2018-2019. Below are findings noted in 2015, along with progress achieved to date⁵.

Prior Finding #1: Lack of Written Policies and Procedures

There are no formal policies and procedures governing the Skating Rink operations. Written policies and procedures define responsibilities as well as explain processes involved in accomplishing tasks involved in the collection and deposit of funds. To ensure adequate monitoring and management of the fund, detailed documentation of operating procedures that incorporate appropriate level of internal controls provide a foundation for an effective internal control structure. Without written policies and procedures, roles and responsibilities may not be clearly defined thereby making it difficult to establish and/or enforce accountability.

Prior Recommendation:

Develop detailed policies and procedures that include the duties and responsibilities involved with the collection and deposit of all rink receipt types. The policy and procedures should include authorization and documentation requirements for issuing any refund from the fund, deposit policy, record retention etc.

Prior Auditee's Response:

Citiparks acknowledges and concurs with the Finding and Recommendation. Citiparks lacks written policies or procedures that clearly delineate how rink funds 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 February 1,2015. These policies will include the following elements:

- Roles and responsibilities for all fund participants
- List of required documentation
- Procedures initiating a refund request
- Procedures for managing documentation process

⁵ See [Addendum](#) for further definition of status types of prior audit recommendations.

Current Status Update: Open

Citiparks concurred that formal procedures for the proper administration of the trust fund have not been updated and established. Additionally, a formal set of policies and procedures for the management of the SPRTF was not provided by the department.

Prior Finding #2: Access to Receipts and Deposit Records Not Properly Restricted

Access to receipts collected and the prepared deposit slips are not properly restricted thereby increasing the risk of misappropriation. Although prepared deposit slips plus monies (cash and check) collected for the day are kept at a safe pending actual deposit at the bank, more than one person has the key to the safe. Per discussion with Rink management, three of the staff have key to the safe and that multiple access is considered necessary due to the Rinks' operating schedule.

Prior Recommendation:

Access to the safe should be restricted to two people (one serving as back-up). Alternatively, the department may consider implementing a policy of requiring two people; person with a key and another staff to be present whenever the safe is opened.

Prior Auditee's Response:

Citiparks acknowledges and concurs with the Finding and Recommendation. Citiparks will restrict access to rink safes to two individuals during any one shift and no more than 4 individuals in total. Citiparks will also purchase and utilize a drop safe that allows only deposits into the safe without allowing access to other assets within.

Current Status Update-Open

During our review, we noted that measures to restrict access to the safe remain unchanged. Thus, efforts to address corrective actions have yet to commence.

Prior Finding #3: Inadequate Cashier Controls

Access to the cash registers utilized to process receipts collected at the Rink are not properly controlled. The current practice of using the same access code by multiple users of the cash registers does not provide for proper accountability. Implementation of an effective internal control structure includes establishing adequate cashier controls. Granting separate access for each person using the cash register not only establish accountability and provide assurance that collections are properly recorded, but also protect users from charges of misappropriation.

Prior Recommendation:

Provide for proper control of receipts by establishing separate access codes to users of the cash registers.

Prior Auditee's Response:

Citiparks acknowledges and concurs with the Finding and Recommendation. Citiparks establish separate access codes for all cash register users to allow for improved controls.

Current Status Update: Open

During our review, we noted that measures to establish separate access codes to the cash register has not been implemented. Thus, efforts to address corrective actions have yet to commence.

Prior Finding #4: Timeliness of Deposits and Deposit Records Retention

Deposits were not always made timely and not all deposit records are retained by the Rink. Our review of 2013 deposit records revealed 16 (out of 250 or 6.4%) instances where deposits were not made weekly as is the established practice. We were also unable to test timeliness of the deposit for 46 (out of 250 or 18.4%) deposit slips due to missing date on the prepared deposit slips and/or validated bank deposit receipts. Although, we did not identify any indication of missing funds, a significant amount of cash is collected at the rink. The sooner deposits are made, the less exposure to potential for loss of funds. Ideally, deposits should be made within 24 hours, especially in situations where the majority of collections are in the form of cash.

Prior Recommendation:

Ensure deposits are made timely. Management should also consider making deposits more often than the current practice of once a week, preferably daily to reduce the risk of misappropriation. Retain all validated deposit slips and/or deposit receipts from the bank. This should be periodically reconciled to daily/monthly revenue records to verify all collections are actually deposited intact.

Prior Auditee's Response:

Citiparks acknowledges and concurs with the Finding and Recommendation. Per the City of Pittsburgh's Department of Finance's Cash Management policy, deposits will be made within 48 hours or the next available business day. In addition, all deposit slips and receipts will be stored in the safe until a quarterly reconciliation with the City's automated record system (JD Edwards) is conducted by Citiparks'

Manager of Operations and Administration's staff and results forwarded to the Office of the Controller.

Current Status Update: Open

Currently, there is no process in place to facilitate tracking of timely receipts and deposits of revenues collected at the Schenley Park Rink. In addition, we noted that reconciliations of actual rink revenue receipts to JD Edwards journal entries are not being performed.

Prior Finding #5: Internal Controls over Farmers Market Program Needs Strengthened

Invoices not Pre-numbered

Our audit procedures revealed that invoices issued to vendors utilizing the farmers' market program are not pre-numbered, instead numbers are manually assigned and handwritten. Although a manual list of all vendors is maintained, use of pre-numbered invoices will allow for completeness of records, easier tracking of vendors and payments collected. Pre-Numbered invoices aid in providing adequate audit trail and establishing proper accountability over payments collected. In addition, sequencing of invoice numbers allow for records to be easily reviewed, accounted for and also allow Citiparks to easily track revenue generated from the program.

Bylaws not signed by all Vendors

Not all participants of the Farmers Market program signed and returned the "Farmers Market Program Bylaws". Acceptance of terms and conditions for participating in the farmer's market program is to be established via submission of a signed copy of the Bylaws. Discussions with the Schenley Rink Personnel indicated vendors are slow in responding to the request to turn in the signed copy of the Bylaw. Bylaws were created to establish rules and regulations governing participation in the program. Vendor signature on the bylaws indicates their understanding and agreement to abide by the specific requirements of the program. Bylaws not only provide guidelines/regulations over operations of the Farmer's Market Program but also provide important information on:

- Permitted and prohibited acts and participants responsibilities,
- Penalty for violating any of the provisions of the program and,
- Indemnifies the City and its employees against any liability, claim or other actions arising out of participating in the program.

Prior Recommendation:

Utilize pre-numbered invoices to allow for a formal accounting of payments and tracking of activities of the farmers market program. Establish procedures to ensure all participants of the farmer's market program submit a signed copy of the bylaws.

Prior Auditee's Response:

Citiparks acknowledges and concurs with the Finding and Recommendation. Citiparks will ensure that all invoices to vendors are pre-numbered and that Citiparks Farmers Market Program Bylaws are endorsed by all vendors by establishing a detailed process for registration, invoicing, and payment.

Current Status Update: Closed

The Department of Public Safety-Office of Special Events assumed responsibility for the oversight and management of the Farmers Markets in 2018. Therefore, current operations of the Farmers Markets are outside of the purview of Citiparks.

Prior Finding #6: Meeting Room Permits Not Pre-Numbered

Permits issued for the meeting room rentals are not pre-numbered and receipts are not issued for payments collected. Requests received to rent the facility is noted on a calendar by marking the date and time of the scheduled event. The calendar is then updated as payments are received. Full payments are required before the date of the event. The use of the calendar to keep track of the rental activities does not provide for a complete/adequate record. This also increases the risk that payments may be collected and not deposited into the designated city account especially since receipts are not issued for the payments. Use of pre-numbered documents is a vital internal control measure that provides assurance that all receipts collected for that activity are actually recorded and deposited intact. Existence of such documentation will help in the prevention/early detection of misappropriation and will also provide a solid foundation for reconciliations to be performed.

Prior Recommendation:

Implement the issuance of only pre-numbered meeting room permits and create a formal method of tracking payments so that information is clearer and readily available.

Prior Auditee's Response:

Citiparks acknowledges and concurs with the Finding and Recommendation. Citiparks will ensure that all meeting room permits are pre-numbered and establish a detailed process for documenting permit applications, invoicing, and payment.

Current Status Update: Work In Progress

Current efforts by Citiparks have been made to facilitate improved tracking of banquet rental permits by the creation of an updated permit application form and a banquet room revenue deposit sheet.

We will continue to monitor efforts taken by Citiparks to achieve adequate tracking of banquet rental permits.

Prior Finding #7: Hockey Receipts Not Properly Controlled

The current practice of the Zamboni driver collecting payments from groups that rent the rink facility after operating hours and sliding the payments under the door does not provide adequate assurance that all receipts collected are actually recorded intact. Also, the use of the calendar to track receipt of payments does not provide sufficient audit trail. Sound internal controls dictate all receipts should be adequately safeguarded against loss and/or misappropriation.

Prior Recommendation:

Implement a better procedure for collecting payments from groups that utilize the rink for hockey. This is especially important since significant portion of these payments are in the form of cash; 46% in 2012 and 44% in 2013. The department may consider utilizing pre-numbered invoices to ensure all payments are collected from groups that utilized the facility.

Prior Auditee's Response:

Citiparks acknowledges and concurs with the Finding and Recommendation. Per the City of Pittsburgh's Department of Finance's Cash Management policy, Citiparks will implement payment management system that mitigates the use of cash payments and eliminates cash payments when cashiers are not present.

Current Status Update: Open

No formal process exists for the application, receipt, and deposit of Hockey Ice Rentals. While we noted minimal changes have been implemented, such as termination of utilizing the Zamboni driver to relay payments. Lastly, beginning in 2018, credit card payments were accepted in addition to checks.

Prior Finding #8: Inadequate "No Sale" Procedures

Internal controls over "No Sale" transactions are inadequate. There are no controls in place relating to the "No Sales" procedures to mitigate and prevent misappropriation of funds. Explanations for no sales are not documented and there are no supervisory reviews of these transactions to verify their validity. Our analysis

of 2013 activities revealed a total of 118 “*No Sale*” transactions during the months of January to March of 2013 and November-December of the same year. Although these months appear to be the busiest, sound accounting practice dictates reasons for no sales transactions be documented and reviewed to ensure they are valid and not used to manipulate receipts.

Prior Recommendation:

Establish procedures where the reasons for any “*No Sale*” transaction is documented and reviewed.

Prior Auditee’s Response:

Citiparks acknowledges and concurs with the Finding and Recommendation. Citiparks will establish procedures to minimize, document and review all “*No Sale*” transactions.

Current Status Update: Open

No substantive changes have been instituted regarding the documentation and explanations of “*No Sale*” transactions.

Prior Finding #9: Cash Payments

About 60% in 2012 and 65% in 2013 of all payments collected by the Rink are in the form of cash. The percentage is even higher for rink admissions; 90% in 2013 and 94% in 2012. Although payments in the form of cash are convenient for customers and it may be impractical to eliminate, cash in its nature is susceptible to misappropriation. In order to lower the risk of loss and/or misappropriation, payments in the form of cash should be minimized.

Prior Recommendation:

Consider eliminating acceptance of payments in the form of cash by implementing credit and/or debit card only payment option. This will reduce risk of misappropriation, provide better audit trail and also reduce/eliminate the need for more frequent bank deposits.

Prior Auditee’s Response:

Citiparks acknowledges and concurs with the Finding and Recommendation. Per the City of Pittsburgh's Department of Finance's Cash Management policy, Citiparks will implement payment management system that mitigates the use of cash payments.

Current Status Update: Closed

It is evident that rink operations will always include cash payments for the convenience of the customer. As of November 2018, credit card payments are being accepted for rink rentals, hockey and banquet room rentals.

Prior Finding #10: Reconciliations

There are no reconciliations performed to agree all revenues collected at the Rink to deposit records and to the city's accounting system to ensure accuracy and allow for early detection of errors and/or irregularities. Performing periodic reconciliation to agree daily and weekly receipt records to validated deposit records and to the accounting system is a good management control practice to ensure accuracy and early detection of errors and/or irregularities. Reconciliations also enhance the usefulness of records generated.

Prior Recommendation:

Establish procedures to periodically reconcile validated deposit slips/receipts to daily and weekly revenue reports/records and also to the City's accounting system.

Prior Auditee's Response:

Citiparks acknowledges and concurs with the Finding and Recommendation. As in Finding #4, Citiparks will conduct a quarterly reconciliation of Schenley Park Rink transactions with the City's automated record system (JD Edwards) by Citiparks' Manager of Operations and Administration's staff and results forwarded to the Office of the Controller.

Current Status Update: Open

As highlighted in the Banquet Rental Testing section of the current audit, reconciliations of collected and recorded revenues are not being conducted with the City's accounting system, JD Edwards by Citiparks' staff.

Prior Finding #11: Manually Prepared Documentation

Documents utilized at the Rink are manually prepared. Standard copies of the cash deposit forms, revenue records (tally sheets), mini-golf income reports, meeting room deposits logs and farmer's market invoices are printed and manually completed. Automated/system generated documents establish better audit trail and document management/control.

Prior Recommendation:

Provide for greater efficiencies by reducing time and effort to complete documents by implementing a system of generating automated records.

Prior Auditee's Response:

Citiparks acknowledges and concurs with the Finding and Recommendation. Citiparks will minimize the use of manually prepared documentation by working with DPW and Citiparks staff to develop automated forms and reports which tabulate receipts, permits, invoicing and payments.

Current Status Update: Work In Progress

Although automated reports have currently not been implemented as manually prepared documentation remains the standard method of operation, efforts have been made to update incoming revenue forms starting with Banquet Room Rentals.

We will continue to monitor progress made regarding further efforts to improve internal revenue tracking forms.

Prior Finding #12: Lack of System Generated Reports

The Cash Registers currently utilized by the Rink to process receipts do not have the capability to generate reports or to track statistical data other than the register tapes. Revenue reports are manually prepared from information on the register tapes. The use of outdated equipment makes it easier for misappropriation to occur and not be detected timely.

Prior Recommendation:

Explore the option of upgrading to a more automated cash register system that provides for automated report generation thereby reducing the risk of errors or misappropriation. This will also eliminate the concern on finding #11 documented above.

Prior Auditee's Response:

Citiparks acknowledges and concurs with the Finding and Recommendation. Citiparks will look to migrate to a Point of Sale system that provides for automated report generation and reduces the risk of errors or misappropriation.

Current Status Update: Open

To date, there have been no updates made regarding the present cash register; as a result, little progress has been made involving automated reports including the anticipated efficiencies resulting thereby.

ADDENDUM

CURRENT AUDIT RECOMMENDATIONS

Auditors obtain and report views of responsible individuals of the audited entity concerning the findings, conclusions, recommendations in the examination report, as well as any planned corrective actions. A specific status type has been assigned to the current audit findings and recommendations, using the following criteria:

- ***Accepted***-Auditee agrees with the recommendation and plans to implement within the prescribed time frame. Management is informed of a follow-up review that will be performed by the auditors.
- ***Declined***-Auditee does not agree with the recommendation and is not planning to implement. When management elects this option, they are advised of the responsibility for accepting the identified risk that generated the recommendation.

STATUS OF PRIOR RECOMMENDATIONS

Auditors evaluate whether the audited entity has taken appropriate corrective action to address findings and recommendations from previous engagements. A specific status type has been assigned to the prior findings and recommendations in the audit report, using the following criteria:

- ***Open***-Auditee has not fully implemented the prior recommendation; rationale may include:
 - Auditee declined prior audit recommendations and risk remains as described in current findings.
 - Efforts to address corrective actions have yet to commence.
- ***Work In Progress***-Auditee has initiated efforts to implement recommendations and corrective action steps continue as a work in progress.
- ***Closed***-One of the following conditions was noted:
 - Auditee implemented the prior recommendation, which was confirmed by auditors during the current fiscal audit; or
 - The recommendation is no longer relevant based upon changed conditions.