



Parks & Public Grounds Follow-Up Audit

July 2013

CITY OF KILLEEN

A Report to the City
of Killeen Audit
Committee

Committee Chair
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Report Summary

During fiscal year 2012, the City Auditor received two separate complaints concerning Parks and Recreation's Public Grounds, a division of the Community Services Department. The complaints were reviewed and were not substantiated; however, prudent auditing practices would require that a detailed follow-up audit be performed in order to ensure that the proper controls are in place to safeguard the city's assets. The results of the audit revealed several good practices that have been implemented since the time of the complaints. The recommendations for improvement, as a result of the audit, are detailed in the Audit Results section of this report.

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GOVERNMENT AUDITING STANDARDS COMPLIANCE

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards. Those standards require that the audit be planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. I believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

AUDIT STAFF

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AUDIT REPORT HIGHLIGHTS

Why This Audit Was Conducted

This audit was conducted in order to follow up on the Parks & Public Grounds complaints received in fiscal year 2012.

What Was Recommended

It was recommended that Parks and Recreation ensure that the equipment listings are complete and accurate, that the City obtain copies of executed contracts to which the City is a party, and that p-card transactions be processed for payment in a timelier manner.

Mayor and Council,

I am pleased to present this follow-up audit on Parks and Public Grounds, a division of Community Services.

BACKGROUND

Parks and Public Grounds is responsible for:

- maintaining the landscaping of all of the City's parks and public grounds,
- maintaining the ball fields at each of the City's athletic facilities,
- maintaining each of the City's public pool facilities, and
- any special project pertaining to Parks and Recreation.

OBJECTIVE AND SCOPE

The objective of the audit was to determine whether Parks and Public Grounds has the necessary controls in place that are needed to safeguard the City's assets. The audit scope included procurement card activity for the period October 2012 through July 2013 as well as heavy and small equipment.

WHAT WAS FOUND

The results of the audit revealed several good practices that have been implemented in recent months; however, there were some irregularities in procedures and implementation of procedures that are documented in this report and are summarized as follows:

- Equipment listings are not complete and accurate.
- An executed copy of the current lease agreement regarding heavy equipment was not file with Parks and Recreation staff.
- Procurement cards are not consistently processed in a timely manner.

I appreciate the cooperation and assistance I received from the Parks staff during this audit.

Amanda R. Wallace

Amanda R. Wallace, City Auditor

BACKGROUND

Parks and Recreation is a division of the Community Services department, and within Parks and Recreation is the Parks and Public Grounds function. This function is responsible for maintaining the landscaping of all of the City's parks and public grounds with the exception of the Fire Stations. Additionally, this function maintains all of the ball fields at each of the City's athletic facilities, all of the pool maintenance at each of the City's public pool facilities, and any special project pertaining to Parks and Recreation.

Landscaping includes maintaining the lawns of all city buildings with the exception of the Fire Stations (maintained by Fire Department personnel), and all city parks. A snapshot of the specific work performed in landscaping these properties is detailed as follows: mowing, edging, weed eating, trimming/cutting trees, planting and maintaining flowers and shrubbery, and maintaining lawn irrigation systems.

Ball field maintenance includes 22 fields that must be carefully set to comply with league standards and regulations regarding the distance of bases and field lines (paint and chalk). These fields must be mowed, edged, fertilized and irrigated. Additionally, pesticide must be applied at regular intervals along with winter grass seed in the off-season months.

Special Projects include any other duty as assigned to Parks and Public Grounds such as playground/playscape construction, irrigation repair, and minor electrical repair of scoreboards or general maintenance.

The Parks and Public Grounds function, in order to successfully perform the aforementioned duties, requires the use of heavy and small equipment as well as procurement cards (p-cards) for daily purchases. These areas were the focus of the two complaints received in 2012; and therefore, are the focus of this audit.

OBJECTIVE, SCOPE, AND METHODOLOGY

The Parks and Public Grounds Follow-Up Audit was conducted in order to follow up on the complaints received in 2012. This audit was also included in the FY2013 Audit Plan, as presented to the City Council and the Audit Committee.

Objective

The objective of the audit was to determine whether Parks and Public Grounds has the necessary controls in place that are needed to safeguard the City's assets.

Scope

The audit scope included p-card activity for the period October 2012 through July 2013 as well as heavy and small equipment.

Methodology

To accomplish the audit objective, the following steps were performed:

- Conducted interviews with Parks and Public Grounds staff and obtained information on policies and procedures as well as staff responsibilities.
- Obtained and tested data from Parks and Public Grounds staff relating to equipment and p-card documentation.
- Analyzed supporting documentation to determine whether the policies and procedures were adhered to.
- Analyzed policies to determine effectiveness.
- Considered fraud, waste, and abuse as related to the audit objective.

AUDIT RESULTS

In 2012, two complaints were lodged against the Parks and Public Grounds function of Parks and Recreation. One complaint concerned the alleged personal use of City equipment and resources. The second complaint concerned the alleged use of City p-cards by employees other than the cardholder. A review of each of the complaints revealed that they could not be substantiated with evidence to prove the complaint to be valid. However, there was a lack of controls in place at the time of the review, which was communicated to the management of Parks and Public Grounds.

Between the time of the initial complaints and the time of this audit, Parks and Public Grounds has made an attempt to implement some controls in order to ensure that the City's assets are safeguarded properly. At the time of the audit, the facilities inhabited by Parks and Public Grounds staff were restricted to management/supervisory personnel. Access to the tool room where small equipment is stored is limited to the applicable supervisor and the equipment services technician as necessary. Staff has created equipment listings for small equipment and tools. Service logs are maintained for all work completed on leased heavy equipment. P-cards are to be maintained by each cardholder in a safe place, and are not to be used by anyone but the cardholder.

In implementing these necessary controls, Parks and Public Grounds is well on its way to ensuring that the operation is running efficiently and effectively for its intended purpose and that the City's assets are properly safeguarded.

With regard to the tool/small equipment listing, a sample of 35 tools/small equipment was tested during the audit. There were no significant exceptions noted in this portion of the audit. All weed eaters were also tested during the audit for verification. Exceptions are noted in the Findings below.

The master equipment listing that is maintained by Fleet Services was used for the purpose of the heavy equipment portion of this audit. A sample of 23 units was chosen from this listing. Exceptions are noted in the Findings below.

A total of 238 p-card transactions were tested, which accounted for 34% of all p-card transactions in the Parks and Public Grounds function within the audit scope. The transactions were tested for reasonableness as well as appropriate documentation. There were only 4 exceptions noted, or 1.68% of the test population, and each of these involved the supporting documentation rather than the reasonableness of the purchases. More specifically, in three of the four exceptions, the supporting notes provided by Parks and Public Grounds staff did not contain enough detail to explain the purchase, and in one of the four exceptions, a receipt was not itemized to show the specific items purchased. These are not specifically noted in the findings since they made up such an insignificant population of the entire testing sample;

however, it is important for staff to always strive to provide sufficient detail in every purchase. The timeliness of the processing of the p-card transactions is of more concern. See Findings below.

Finding 1: Equipment listings are not complete and accurate.

The City enters into lease agreements periodically for the purpose of leasing some of its heavier equipment used in the Parks and Public Grounds operation. The most recent lease concerning this operation was entered into in June 2012. The units that were included in this lease were not appropriately listed on the master equipment list maintained by Fleet Services. The leased units that were on this listing at the time of the audit were from the previous expired lease. Additionally, there was an aged unit listed to be in Parks and Public Grounds' possession; however, according to staff members, this unit had not been in their possession since the beginning of their employment. Regarding small equipment, there were five broken weed eaters that were secured in the tool room to be used for minor repairs on weed eaters that were still in use. These broken weed eaters were not on the tools/small equipment listings. Equipment listings should be complete and accurate. Parks and Recreation and Fleet Services should combine efforts to review the current equipment listings and ensure that they are corrected to reflect the equipment currently on hand. This should be reviewed at least annually for accuracy and completeness.

Finding 2: An executed copy of the current lease agreement was not on file.

As mentioned in the previous paragraphs, the City entered into a lease agreement in June 2012 for the heavy equipment used in the Parks and Public Grounds operation. At the time of the audit, an executed copy of this lease agreement was not on file with the City's records. It is essential to keep current and accurate records regarding all aspects of the City's operations to include executed copies of contracts.

Finding 3: P-cards are not consistently processed in a timely manner.

Three randomly selected months of p-card transactions were chosen to test in the audit, one of the months being July 2013. As of mid-August 2013, the majority of the transactions that had taken place in July had not been processed yet. P-card transactions should be processed weekly to be paid on the weekly Accounts Payable run. This is essential for staff to be able to identify any fraudulent or unreasonable purchases in a timely manner.

RECOMMENDATIONS

The recommendations listed below are a result of the audit effort and are subject to the limitation of the scope of the audit. I believe that these recommendations provide reasonable approaches to help resolve the issues identified. I also believe that operational management is in a unique position to best understand their operations and may be able to identify more efficient and effective approaches, and I encourage them to do so when providing their responses to the recommendations. As such, I strongly recommend the following:

- 1. Equipment listings should be complete and accurate. Parks and Recreation and Fleet Services should combine efforts to review the current equipment listings and ensure that they are corrected to reflect the equipment currently on hand. This should be reviewed at least annually for accuracy and completeness.**
- 2. An executed copy of all contracts, to include lease agreements, should be on file in Parks and Recreation's records.**
- 3. P-card transactions should be processed for payment weekly.**

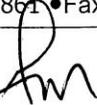
See Appendix A for Management's Response to each recommendation.

MANAGEMENT RESPONSE



Memorandum

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To: Glenn Morrison, City Manager 

Via: John Sutton, Asst. City Manager 

From: Brett Williams, Director of Parks and Recreation 

Date: September 5, 2013

Subject: PARKS AND PUBLIC GROUNDS AUDIT

Parks and Public Grounds, a cost center of Parks and Recreation was audited by city auditor, Amanda Wallace, during the month of August 2013. The audit revealed areas that Parks and Public Grounds could operate in a more efficient manner. The audit also revealed areas that could be improved to protect the city's resources. The following responses are provided to address the issues identified by Ms. Wallace's audit.

Equipment listings are not complete and accurate. The audit revealed five damaged weed eaters that were not listed on the equipment listing. These items are no longer operational; however, staff utilizes them for parts to repair other functioning equipment. These five items have been added to the equipment listing to accurately reflect they are still in the division's possession and utilized for parts. Fleet Services has been provided with an updated list of equipment in the division's possession. An updated list is also on file at the Park's Maintenance Facility. Staff is working with Fleet Services to cross check their master equipment listing with the list maintained by Parks and Public Grounds to ensure they are identical and accurate.

An executed copy of the current lease agreement was not on file. An executed copy of the lease agreement is currently on file in the City's records.

P-cards are not consistently processed in a timely manner. The fiscal year 2013-2014 budget includes funding for an accounting specialist position. This position will assist in expediting the processing of p-card payments. Currently, this process is handled exclusively by the principal secretary. The lack of efficiency is directly related to workload. The added position will assist in the timeliness of p-card transactions and meeting the requirements of the audit.