

DURHAM



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HALF PENNY TAX FOR PARKS AND TRAILS PERFORMANCE AUDIT

MARCH 2016

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AUDIT SERVICES DEPARTMENT

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assurance and investigative services”*

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Audit Services Department

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To: Audit Services Oversight Committee
From: Germaine F. Brewington, Director
Audit Services Department
Date: March 28, 2016
Re: Half Penny Tax for Parks and Trails
Performance Audit (March 2016)

The Department of Audit Services completed the report on the Half Penny Tax for Parks and Trails Performance Audit dated March, 2016. The purpose of the audit was to determine if adequate controls existed over the process administered by the City's Finance Department.

This report presents the observations and results of the Half Penny Tax for Parks and Trails Performance Audit dated March, 2016. City management concur with the recommendations made. Management's response to the recommendations is included with the attached report.

The Department of Audit Services appreciates the contribution of time and other resources from employees of the Parks and Recreation Department and the General Services Department in completion of this audit.

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BACKGROUND INFORMATION

The Durham City Council approved the dedication of a half penny of the City's tax rate for the Parks and Trails Maintenance Initiative as part of the 2015 fiscal year budget. The overall purpose of the half penny tax for parks and trails was to provide a dedicated funding stream for maintenance of the City's parks and trails.

Uses of the half penny tax for parks and trails included:

Six Full Time Staff for the Department of Parks and Recreation (DPR)

- Two additional full time Facilities Maintenance Technicians had responsibilities for inspecting all of the parks throughout the year. These staff members also had responsibilities for performing small repairs.
- Four additional full time Parks Maintenance Staff (a Crew Chief, Equipment Operator and two Senior Laborers) had responsibilities for maintenance of the City's athletic fields and to assist with mowing activities.

Six Full Time staff for the General Services Department (GSD)

- Two full time staff had responsibilities for maintaining the entire trail system by performing activities such as: cleaning, mowing and blowing surfaces etc.
- Four full time staff had responsibilities for providing landscaping services for all recreation centers and parks.

Deferred Maintenance for Parks

These funds included paying for fencing, repairs of surfaces, equipment replacement/repair of grills, picnic tables, benches, restrooms, water fountains, etc. Access to these funds allowed DPR to pay for needed park maintenance without having to compete for resources with other higher priority expenses.



BACKGROUND INFORMATION

For FY 2015 approximately \$1,183,741 of Half Penny Tax for Parks and Trails funds were available for use. Of these funds, approximately \$703,467 were expended as of January 5, 2016.

For FY 2016 approximately \$1,526,445 of Half Penny Tax for Parks and Trails funds were available for use. Of these funds, approximately \$735,526 were expended as of January 5, 2016.

The following tables detail the impact of the Half Penny Tax for Parks and Trails. The information provides details of additional resources added as a result of the Half Penny Tax for Parks and Trails. In addition, the tables highlight information on the work accomplished as a result of these additional resources.

Prior to Half Penny Tax for Parks Funds		With Half Penny Tax For Parks Funds																																																																	
1	Four Park Maintenance staff at DPR	Four <u>Additional</u> Park Maintenance Staff - DPR																																																																	
<p>The following table shows the work performed by these eight positions.</p> <table style="width: 100%; margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center; border-bottom: 1px solid black;">FY 2014</th> <th style="text-align: center; border-bottom: 1px solid black;">FY 2015</th> <th style="text-align: center; border-bottom: 1px solid black;">FY 2016 estimated</th> </tr> </thead> <tbody> <tr><td>Park Mowing Tier 1 (% Mowed Within Standard)</td><td style="text-align: center;">41%</td><td style="text-align: center;">38%</td><td style="text-align: center;">50%</td></tr> <tr><td>Park Mowing Tier 2 (% Mowed Within Standard)</td><td style="text-align: center;">41%</td><td style="text-align: center;">72%</td><td style="text-align: center;">85%</td></tr> <tr><td>Average Number of Days between Mowing - Tier 1</td><td style="text-align: center;">11</td><td style="text-align: center;">10</td><td style="text-align: center;">10</td></tr> <tr><td>Average Number of Days between Mowing - Tier 2</td><td style="text-align: center;">16</td><td style="text-align: center;">15</td><td style="text-align: center;">15</td></tr> <tr><td>Aeriation of Turf</td><td style="text-align: center;">0*</td><td style="text-align: center;">2</td><td style="text-align: center;">4</td></tr> <tr><td>Fertilization of Turf</td><td style="text-align: center;">0*</td><td style="text-align: center;">4</td><td style="text-align: center;">4</td></tr> <tr><td>Weed Control</td><td style="text-align: center;">0*</td><td style="text-align: center;">3</td><td style="text-align: center;">3</td></tr> <tr><td>Irrigation Systems Operational</td><td style="text-align: center;">0*</td><td style="text-align: center;">5</td><td style="text-align: center;">7</td></tr> <tr><td>Goal Mouth repair</td><td style="text-align: center;">0*</td><td style="text-align: center;">6</td><td style="text-align: center;">9</td></tr> <tr><td>Ball Field Lip Repair</td><td style="text-align: center;">0*</td><td style="text-align: center;">4</td><td style="text-align: center;">4</td></tr> <tr><td>In-field Repairs and Grading</td><td style="text-align: center;">0*</td><td style="text-align: center;">4</td><td style="text-align: center;">4</td></tr> <tr><td>Field Top Dressing</td><td style="text-align: center;">0*</td><td style="text-align: center;">4</td><td style="text-align: center;">4</td></tr> <tr><td>Cleaning paved areas</td><td style="text-align: center;">0*</td><td style="text-align: center;">4</td><td style="text-align: center;">4</td></tr> <tr><td>Weed Control on paved areas</td><td style="text-align: center;">0*</td><td style="text-align: center;">4</td><td style="text-align: center;">4</td></tr> <tr><td>Cleaning Paved Court Surfaces</td><td style="text-align: center;">0*</td><td style="text-align: center;">4</td><td style="text-align: center;">4</td></tr> </tbody> </table> <p style="text-align: center; font-size: small; margin-top: 5px;">*Data did not exist for FY 2014</p>					FY 2014	FY 2015	FY 2016 estimated	Park Mowing Tier 1 (% Mowed Within Standard)	41%	38%	50%	Park Mowing Tier 2 (% Mowed Within Standard)	41%	72%	85%	Average Number of Days between Mowing - Tier 1	11	10	10	Average Number of Days between Mowing - Tier 2	16	15	15	Aeriation of Turf	0*	2	4	Fertilization of Turf	0*	4	4	Weed Control	0*	3	3	Irrigation Systems Operational	0*	5	7	Goal Mouth repair	0*	6	9	Ball Field Lip Repair	0*	4	4	In-field Repairs and Grading	0*	4	4	Field Top Dressing	0*	4	4	Cleaning paved areas	0*	4	4	Weed Control on paved areas	0*	4	4	Cleaning Paved Court Surfaces	0*	4	4
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BACKGROUND INFORMATION

Prior to Half Penny Tax for Parks Funds	With Half Penny Tax For Parks Funds
2	Two Facilities Maintenance Technicians - DPR
	Two <u>Additional</u> Facilities Maintenance Technicians - DPR

The following table shows the work performed by these four positions.

	FY 2014	FY 2015	FY 2016 estimated
Full Park Inspections	0%*	76%	70%

*Data did not exist for FY 2014

In addition to performing park inspections, these positions also perform small repairs. The department staff capture the small repairs on a project list and track projects which are completed and pending. The list is constantly updated as a result of on-going inspections. The staff have identified 96 projects at 30 parks in total and have completed repairs for 41 out of the 96 projects identified. A few examples of repairs included:

- Replacement of broken guard rail at Old Chapel Hill Park
- Installation of new basketball rims at Southern Boundaries
- Installation of new split rail fence at Rockwood park

Prior to Half Penny Tax for Parks Funds	With Half Penny Tax For Parks Funds
3	No Allocated Resources for Deferred Park Maintenance Activities
	Specifically Designated Funds for Deferred Maintenance Activities

Deferred Maintenance funds were used to pave and repair existing park driveways and parking lots as well as bathroom improvement projects.

Driveways and parking lots were paved at the following parks: Spruce Pine Lodge, Whippoorwill, River Forest, Solite, Lyon, Elmira, Rock Quarry, Sherwood and Rockwood. In addition bathroom improvement projects were completed at the following sites: Forest Hills, East End, Elmira, Northgate and West Point on the Eno.



BACKGROUND INFORMATION

Prior to Half Penny Tax for Parks Funds	With Half Penny Tax For Parks Funds												
4 No designated position for trail maintenance activities - General Services Department	Two positions designated for trail maintenance - General Services Department												
<p>The following table shows the work performed by these two positions.</p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="border-bottom: 1px solid black;"></th> <th style="border-bottom: 1px solid black;">FY 2014</th> <th style="border-bottom: 1px solid black;">FY 2015</th> <th style="border-bottom: 1px solid black;">FY 2016 estimated</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">Number of Trails Inspected</td> <td style="text-align: center; padding: 5px;">0*</td> <td style="text-align: center; padding: 5px;">7</td> <td style="text-align: center; padding: 5px;">12</td> </tr> <tr> <td style="padding: 5px;">Litter Removal and Mowing of Trails every 2 weeks</td> <td style="text-align: center; padding: 5px;">0*</td> <td style="text-align: center; padding: 5px;">20</td> <td style="text-align: center; padding: 5px;">26</td> </tr> </tbody> </table> <p style="text-align: center; margin-top: 10px;">*Data did not exist for FY 2014</p>			FY 2014	FY 2015	FY 2016 estimated	Number of Trails Inspected	0*	7	12	Litter Removal and Mowing of Trails every 2 weeks	0*	20	26
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Number of Trails Inspected	0*	7	12										
Litter Removal and Mowing of Trails every 2 weeks	0*	20	26										

Prior to Half Penny Tax for Parks Funds	With Half Penny Tax For Parks Funds								
5 No designated positions for grounds maintenance activities - General Services Department	Four positions designated for ground maintenance activities - General Services Department								
<p>The following table shows the work performed by these four positions.</p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="border-bottom: 1px solid black;"></th> <th style="border-bottom: 1px solid black;">FY 2014</th> <th style="border-bottom: 1px solid black;">FY 2015</th> <th style="border-bottom: 1px solid black;">FY 2016 estimated</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">Monthly landscape bed maintenance in parks</td> <td style="text-align: center; padding: 5px;">0*</td> <td style="text-align: center; padding: 5px;">8</td> <td style="text-align: center; padding: 5px;">12</td> </tr> </tbody> </table> <p style="text-align: center; margin-top: 10px;">*Data did not exist for FY 2014</p>			FY 2014	FY 2015	FY 2016 estimated	Monthly landscape bed maintenance in parks	0*	8	12
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EXECUTIVE SUMMARY

Purpose

The Audit Services Department staff performed this audit to determine the adequacy of controls to validate that the Half Penny Tax for Parks and Trails were used for their intended purpose.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Results in Brief

Overall adequate controls existed at the Departments of Parks and Recreation as well as General Services to ensure the Half Penny Tax for Parks and Trails funds were used for the intended purposes. In addition, Audit Services staff reviewed the activities carried out by the 12 staff positions created in the Parks and Recreation Department and the General Services Department. Adequate management oversight existed to ensure these positions were effectively carrying out their work activities. An area for improvement was noted at the General Services Department. The Department of General Services staff can enhance controls around this process by ensuring that completed Schedule sheets are routed to the supervisor for review and that the review is documented.

Audit staff also examined controls over the deferred maintenance activities carried out using these funds. No exceptions were noted.



OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

The objectives of the audit were to:

- Determine if adequate controls existed to ensure Half Penny Tax for Parks and Trails funds were used for intended purposes;
- Review the activities carried out by staff positions created in the Parks and Recreation Department and ensure adequate management oversight existed;
- Review the activities carried out by staff positions created in the General Services Department and ensure adequate management oversight existed; and
- Determine if adequate controls existed over the deferred maintenance activities carried out using these funds.

Scope

The scope of this engagement included examining all current practices as they pertained to the Half Penny Tax for Parks and Trails. Funds expended during FY 2015 and FY 2016 (as of January 2016) were examined.

Methodology

To accomplish the objectives of this audit, Audit Services staff performed the following steps:

1. Analyzed Half Penny Tax for Parks and Trails expenditures for FY 2015 and FY 2016 to verify that:
 - a) Funds were spent for the intended purpose;
 - b) Proper approvals were received;
 - c) Expenditures were coded accurately;
2. Verified that Half Penny Tax for Parks and Trails expenditures were tracked separately from other funds;
3. Verified oversight activities performed by management;
4. Analyzed funds spent to date and inquired about unexpended funds;



OBJECTIVES, SCOPE AND METHODOLOGY

5. Verified that job descriptions of employees hired as a result of the Half Penny Tax for Parks and Trails were in line with what was approved;
6. Reviewed activities carried out by staff positions created in the Parks and Recreation Department and the General Services Department;
7. Reviewed the process for assigning work to the 6 positions hired in the Parks and Recreation Department for the following activities:
 - a) Maintenance of Athletics Fields;
 - b) Mowing;
 - c) Park Inspections;
 - d) Small Repairs;
8. Reviewed the process for tracking work performed by the 6 positions hired in the Parks and Recreation Department for the following activities:
 - a) Maintenance of Athletics Fields;
 - b) Mowing;
 - c) Park Inspections;
 - d) Small Repairs;
9. Verified performance measures data reported on a sample basis for the following activities:
 - a) Maintenance of Athletics Fields;
 - b) Mowing;
 - c) Park Inspections;
 - d) Small Repairs;
10. Compared performance measures data before and after additional resources were allocated as a result of the Half Penny Tax for Parks and Trails;
11. Reviewed the adequacy of the proposed City Works Program for tracking work performed by the Parks and Recreation staff;

OBJECTIVES, SCOPE AND METHODOLOGY

12. Reviewed the process for assigning work to the 6 positions hired in the General Services Department to carry out the following activities:
 - a) Trail Maintenance;
 - b) Maintenance of Flower Beds;

13. Reviewed the process for tracking work performed by the 6 positions hired in the General Services Department to carry out the following activities:
 - a) Trail Maintenance;
 - b) Maintenance of Flower Beds;

14. Verified performance measures data on a sample basis for the following activities carried out by the General Services staff:
 - a) Trail Maintenance;
 - b) Maintenance of Flower Beds;

15. Reviewed the process for determining and prioritizing deferred maintenance projects by the Parks and Recreation Department staff;

16. Verified monitoring of deferred maintenance projects by the Parks and Recreation Department as well as the General Services Department staffs; and

17. Verified deferred maintenance projects completed to date.

During the audit, the staff also maintained awareness to the potential existence of fraud.

AUDIT RESULTS

Adequate controls existed to ensure Half Penny Tax for Parks and Trails funds were used for the intended purposes

The Parks and Recreation Department as well as the General Services Department used a separate organization code in the MUNIS system to track expenses related to the Half Penny Tax for Parks and Trails. Both departments had established adequate approval controls in order to ensure payment of eligible expenditures.

Audit Services staff verified expenditures incurred by the Parks and Recreation Department and the General Services Department. Approximately \$698,704 (79%) of total expenditures incurred by the Parks and Recreation Department were verified. All verified expenditures were incurred for park maintenance activities. No exceptions were noted.

Approximately \$175,376 (59%) of total expenditures incurred by the General Services Department were also verified. A few immaterial exceptions were noted. Approximately \$3,937 of expenditures paid for by the Half Penny Tax for Parks did not pertain to activities associated with trails and park maintenance. This error occurred during the initial period when these funds were received. The General Services Department staff were aware of the incorrect coding of the expenditures to the Half Penny Tax for Parks and Trails initiative; however, the error was not reversed. Other expenses were coded accurately and miscoding of expenditures appeared to be a onetime error. The General Services staff have been notified of this error.

Audit Services staff reviewed and analyzed budgeted versus actual expenditures as of January 5, 2016. Both the General Services Department and the Parks and Recreation Department anticipated spending all the available funds by the end of FY 2016.

Quarterly reports were also prepared to capture the activity funded through the Half Penny Tax for Parks and Trails initiative. These reports were shared with the Deputy City Manager. Audit

AUDIT RESULTS

Services staff reviewed the quarterly reports; no exceptions were noted.

Adequate oversight existed at the Department of Parks and Recreation (DPR) over activity undertaken by staff positions created as a result of the half penny tax. Activities undertaken by the staff positions were in line with the intended use of the funds.

As part of the Half Penny Tax for Parks and Trails, the Department of Parks and Recreation received funding for 6 full time employees. These 6 positions designated for DPR consisted of 2 Facility Maintenance Technicians, 1 Crew Chief, 1 Equipment Operator, and 2 Senior Laborer positions. Audit staff verified that the positions actually hired were in line with this proposed spending plan. No exceptions were noted.

The Department had an adequate process to assign work and ensure that maintenance activities (maintenance of athletic fields, mowing, parks inspections and small repairs) were carried out as necessary at all City Parks.

The Department also had an adequate process to track work performed. The process was manually intensive however, creating opportunity for human error. All employees completed either a Mowing Activity Form or Daily Route Sheet to capture work performed on their given routes each day. Information from these forms/sheets was entered into an excel spreadsheet to track the work performed. Audit Services staff reconciled data reported on the 4th quarter report for FY 2015 with Mowing Activity Forms and Daily Route Sheets; no discrepancies were noted.

The current process did not require documentation of supervisory review of the work performed by these positions. The Department was in the process of implementing the City Works System to track activities performed by the parks Maintenance staff. Audit Services staff reviewed the City Works System module and determined that the supervisory review would be required as part of the work flow. All activities carried out by these staff positions would also be captured by the system.

AUDIT RESULTS

The Department also had adequate performance measures to track the activities carried out by staff.

Adequate oversight existed at the General Services Department over activity undertaken by staff positions created as a result of the half penny tax. Activities performed by the staff positions were in line with the intended use of the funds. An area for improvement was noted.

As part of the half penny tax for parks and trails, the General Services Department received funding for 6 full time employees. These 6 designated positions consisted of 2 full time staff for trail maintenance and 4 full time staff for landscaping services. Audit Services Staff verified that the positions actually hired were in line with this proposed spending plan. No exceptions were noted.

The Department had an adequate process to assign work and ensure that trail maintenance and landscaping activities were carried out as necessary at all City parks and trails.

The Department also had an adequate process to track work performed; however, the process was manually intensive. Opportunity for human error existed due to this manual process. All employees completed Schedule sheets to capture work performed on their given routes each day. Information from these sheets was entered into an excel spreadsheet to track the work performed. All of the completed schedule sheets for the first quarter of FY 16 and the last quarter of FY 15 were reviewed and reconciled to the excel spreadsheets. A few data entry errors existed. These errors were immaterial and did not impact the performance measurement data reported.

An area for improvement was noted. Supervisory review of work performed by these positions was not documented. The Schedule sheets prepared by staff were not submitted to the supervisor for review. The supervisor stated that random checks were performed to ensure work was completed by staff. However, this review was not documented.

AUDIT RESULTS

The Department of General Services staff could improve their controls by ensuring that the Schedule sheets are routed to the supervisor for review. Absence of documentation of supervisory review could result in maintenance activities being recorded that were not actually performed.

Adequate controls existed over deferred maintenance funds

The deferred maintenance projects were monitored adequately by the General Services Department staff. These projects were monitored via a monthly report in the Primavera System that highlighted the progress of the on-going projects, next steps and potential issues. The project managers also took pictures to document work performed by the contractors. Audit Services staff reviewed documentation to support the monitoring efforts undertaken by the General Services Department staff. No exceptions were noted.

Conclusion

Overall adequate controls existed at the Departments of Parks and Recreation as well as General Services to ensure Half Penny Tax for Parks and Trails funds were used for the intended purposes. In addition, Audit Services staff reviewed the activities carried out by the 12 staff positions created in the Parks and Recreation Department and the General Services Department. Adequate management oversight existed to ensure these positions were effectively carrying out their work activities. An area for improvement was noted at the General Services Department. The Department of General Services staff can improve their controls by ensuring that the Schedule sheets are routed to the supervisor for review and that the review is documented.

Audit staff also examined controls over the deferred maintenance activities carried out using these funds. No exceptions were noted.

RECOMMENDATION

Recommendation 1

The General Services Department staff should implement a process to ensure that the Schedule sheets submitted by the Grounds and Trails Maintenance Crews are reviewed by the supervisor and that the review is documented.



MANAGEMENT'S RESPONSE



CITY OF
DURHAM

Memo to: Dr. Germaine F. Brewington, Director of Audit Services
From: Steven W. Hicks, Director of General Services
Date: March 17, 2016
Subject: Management's Response
Half Penny Tax for Parks and Trails Performance Audit
(March 2016)

The following is management's response to the Half Penny Tax for Parks and Trails Audit dated March 2016.

Recommendation 1:

The General Services Department staff should implement a process to ensure that the Schedule sheets submitted by the Grounds and Trails Maintenance Crews are reviewed by the supervisor and that the review is documented.

Management's Response

We concur. Management is in full agreement with the recommendation.

We understand that formalizing our process and documentation of inspecting completed work enhances transparency and supports our efforts to effectively carry out the Half Penny for Parks Initiative. It will help ensure work is completed as intended and allow us to be more nimble in responding to last minute schedule adjustment needs.

Kevin Lilley, Facility Operations Manager for Landscape Services and Urban Forestry, will be responsible for implementation.

Implementation Date: April 2016.

