



City of Bowling Green

Internal Auditor's Office

Follow-up Report on Russell Sims Aquatic Center Audit

Project# 2010-02

Issue Date: 10/2/09

Finalized: 10/12/09

Deborah Jenkins, CFE, CICA

Transmittal Letter

TO: Kevin D. DeFebbo, City Manager
Harold Wills, Audit Committee Chair
Chair Jean Cherry, Audit Committee Vice-Chair
Charles T. Hays, Audit Committee Member
James Martens, Audit Committee Member
Bruce Wilkerson, Commissioner and Audit Committee Member

CC: Ernie Gouvas, Parks and Recreation Director
Brent Belcher, Recreation Division Manager

FROM: Deborah Jenkins, Internal Auditor

Pursuant to the *Charter of the Internal Auditor's Office*, I hereby submit my follow-up report covering the Russell Sims Aquatic Center of the City of Bowling Green's Parks and Recreation Department. The objective of this follow-up report was to determine if the Aquatics Division implemented the Five (5) recommendations made in an earlier report, *Russell Sims Aquatic Center Audit* (Project# 2009-01, issued on December 30, 2008 and finalized on January 6, 2009). The results of the *Russell Sims Aquatic Center Follow-up Audit*, which are contained within this report, have been discussed with management.

Results in Brief

There were several steps taken in an effort to implement the recommendations from the original report, but the division should ensure full implementation if possible. Additional recommendations are discussed within the body of this report that can enhance the improvements already implemented.

I would like to thank the City of Bowling Green Parks and Recreation Department's Aquatics personnel and all those involved in assisting me regarding this report.

Sincerely,

Deborah Jenkins, CFE, CICA
Internal Auditor

Objective

The objective of this follow-up audit was to determine if the Aquatics Division implemented the five (5) recommendations made in an earlier report, *Russell Sims Aquatic Center Audit* (Project# 2009-01, issued on December 30, 2008 and finalized on January 6, 2009).

Scope and Methodology

The scope of this follow-up audit included Aquatic Center Operations from May 23, 2009 through September 7, 2009. To determine the implementation status of prior recommendations, I performed the following:

- Interviewed Aquatics Division Personnel
- Reviewed the original audit report
- Observed admission and concession daily operations
- Reviewed updated Russell Sims Aquatic Center policies and procedures
- Created and reviewed participation, inventory, and sales reports from RecTrac software
- Performed test work to determine compliance with various recommendations
- Analyzed the results of the test work performed and discussed results with management

Conclusion

There were several steps taken in an effort to implement the recommendations from the original report, but the division should ensure full implementation. Additional recommendations are discussed within the body of this report that can enhance the improvements already implemented.

Results of the Follow-up Audit

Previous Observation and Recommendation:

1. “Inventory and resale items should be properly accounted for.”

Previous Recommendation: *Per my conversation with RecTrac POS software support staff, it is possible to enter inventory items twice into the system, once for warehouse items another for on-site items. This would allow all inventory items to be entered into RecTrac with accurate cost information and then be transferred from warehouse to on-site as items are taken to the Aquatic Center for resale. A variance threshold should be set by management as to when follow-up is required before inventory items are manually changed by staff.*

Previous Management Response: *Russell Sims Aquatic Center (RSAC) inventory is counted FIVE (5) nights per week (Sunday-Thursday). As suggested in “Recommendation” portion of Internal Auditor’s Report, an official threshold had not been established during the 2008 pool season. However, Parks Department Senior Office Associate would notify Recreation Division Manager or RSAC Concessions/Admissions Manager of large variances between Russell Sims Aquatic Center Inventory Report and computer inventory computed through RecTrac. Items with high variances were recounted the next BGPR business day. It is my opinion these variances are attributed to: 1) RSAC concession delivery not being entered into RecTrac computer software before nightly inventory count. 2) Human error of RSAC staff. 3) Spoiled/Left Over food from recent business days not being accurately reported to Parks Department Senior Office Associate. This last issue was resolved with the creation of a point of sale icon (implemented on 8/5/08) on the RecTrac computer system available to RSAC Managers so as to enter totals for food that was spoiled/left over directly into the computer system. For the 2009 pool season, a variance threshold of 5 will established to ensure all inventory items are properly accounted for.*

Recreation Division Manager was not aware of “warehouse” feature through RecTrac computer system. We are excited to utilize this feature and look forward to it being implemented with the purchase of all 2009 swim season items.

Current Status: PARTIALLY IMPLEMENTED

The warehouse feature has been created within the RecTrac software; however, accuracy is still an issue with the inventory and cost information is not consistently recorded. Also, due to several vacancies within the Parks and Recreation’s administration, the Recreation Division Manager took over the entry of all inventories this swim season and which has created a lack of segregation of duties. The Recreation Division Manager now purchases several items that are re-sold in concessions, such as candy bars and bottled waters, at a local store and then records the inventory items and will deliver the items to concessions. The resale items located at the admissions counter, such as swim diapers, goggles, floats, and sunscreen, are also purchased and recorded in bulk by the Recreation Division Manager once a year prior to the opening date. Other concession items, such as

pizzas, hotdogs, and pretzels, are ordered by the Concession Manager and delivered onsite at RSAC until local schools re-open. Once local schools are back in session the beginning of August, the Recreation Division Manager will order and pick up the concession items at the vendor's location and then deliver the items to RSAC. This change in procedure is to save on the delivery cost for the small orders that are placed towards the end of the swim season. A variance threshold has not been established since all inventory related items are directly going to the Recreation Division Manager.

The cost information for all inventory items should be entered into RecTrac as it is received regardless of location (onsite or warehouse). Proper segregation of duties should be created within the inventory process. No single employee should control the whole inventory process. Resale inventory items should be brought to RSAC on a routine schedule to ensure items are not sold out at RSAC when there are items still in stock at Parks Administration.

2. "Prepared food at the concession stand should be discounted to customers at the end of the day."

Previous Recommendation: *Aquatic Center management should add additional icons to the POS system in concessions with a reduced end of day pricing for only prepared foods. This change in procedure would allow customers to purchase remaining items at a reduced price and the City will recoup the cost for those items. Management would also need to periodically monitor those icons to ensure that the end of day pricing was only given at the correct time of day. Management should create a strategy to decide the appropriate amount of prepared foods to maintain towards the end of each day to avoid excess.*

Previous Management Response: *This suggestion was orally discussed during the audit process and plans have already been designed to make this possible for the 2009 RSAC swim season. This will enhance customer experience while neutralizing loss product. RSAC will be excited to begin this in 2009 as RSAC is always receptive to ways to enhance customer service. For the 2009 R.S.A.C. swim season, the following standards shall be instituted for appropriate levels of food remaining at the end of the day: Hot Dogs = 5; Pretzels = 0; Pepperoni Pizza = 8 slices; Cheese Pizza = 8 slices; and Breadsticks = 4 servings.*

Current Status: PARTIALLY IMPLEMENTED

POS icons have been created which automatically change the pricing of prepared foods to a discounted amount as of 6:00 p.m. daily. These discounted amounts were consistently found in system reports for those items from 6:00 p.m. till closing throughout the 2009 swim season.

There is also a "Spoiled Leftover Food" icon that is available on the manager's screen; however, the icon either does not work or is not being utilized. There is also no documentation to support the appropriate amount of end of the day prepared foods. In

the 2008 season, RSAC staff would write the spoilage/leftover food amounts on a scrap piece of paper and send to Parks administration along with daily reports for adjustment, but that process is not consistently performed in the 2009 season. Periodic inventory counts are being performed by staff; however, without accurate entry upon receipt, sales or spoilage, the inventory cannot be properly maintained and accounted for.

3. “Internal controls over cash handling needs improvement.”

Previous Recommendation: *Keys should be removed from the registers and provided to Aquatic Center management only. The software settings should be set to where the cash drawer only opens for cash transactions. At the concession stand, all transactions should be finalized in front of the customer. Register (Pole) displays should be purchased so that the customer sees their transaction. Signs should be posted at both admissions notifying customers that they should obtain a receipt with their transaction and asking them to notify management if they do not receive one.*

For accurate reporting, all individuals entering the Aquatic Center should be entered into the system. All off duty employees should still go through admissions, being entered into the system, and obtain a receipt. This will provide more accurate participation numbers for reporting and not create the perception that friends are allowed to swim for free.

Previous Management Response: *Beginning with the 2009 RSAC swim season, cash register keys will be removed. Copies of keys will be made to ensure no money is locked inside cash registers.*

Parks Department Senior Office Associate revised the software settings during the audit process. Drawers opened for only cash transactions during the final weeks of 2008 RSAC swim season. This will remain for the 2009 RSAC swim season.

In 2009, register operators will be trained to NOT accept money until all food order is compiled. However, I do feel it necessary to explain the practice employees were using at the concession stand. Customers would order their food. Employees would enter the food order into the computer system. Computer system would total customer order. Employee would relay customer’s food order total and accept money for this transaction. Employee would then place bills under their register’s keyboard (necessary because wind tends to blow in the concession stand). Either the register employee or a second RSAC Concession’s employee would compile the food order on the counter. Register employee would then hit payment key. The food order is entered into the RecTrac computer system once payment key is activated (food order disappears from screen).

As budget permits, pole displays will be installed for all registers (totaling 6) at RSAC.

Signs will be purchased stating “Please notify management if receipt is not provided” for the 2009 RSAC swim season.

Parks Department Senior Office Associate revised RecTrac point of sale icons within Admissions during the audit process to include a "RSAC employee button". This will become standard in 2009. In addition, Recreation Division Manager will analyze an "Employee ID Badge" system whereby employees on the clock are wearing an ID badge. Ideally, this badge would serve as a Season Pass swipe to enter the park when RSAC employees are off the clock.

Current Status: PARTIALLY IMPLEMENTED

Keys were removed from the registers located at the admissions counter, but were still in the registers located within the concessions stand. During my observation at the concession stand, all transactions with one exception were completed in front of the customer. The one exception was where an employee didn't realize that the sale had not been cashed out until she was taking the following order. She then finalized the sale, put the money in her drawer and continued taking the next customer order.

Pole displays are in place at the concession stand since customers are not provided a receipt. The pole displays are free standing and had been shifted to the side so that the displays could not be seen by the customer. Management should implement a more permanent installation of the displays so that the customer can see the transaction detail without it interfering with the employee's work area. There are no pole displays located on the admissions registers, but receipts are printed out at admissions and provided to the customer. RSAC management also borrowed turnstiles from Western Kentucky University to create a more orderly entry and exit system through the breezeway. The turnstiles appeared to be working well to improve the customer flow in and out of the facility during my observation so I recommend maintaining the same process in future swim seasons.

There were no "Please notify management if receipt is not provided" signs posted at the facility. Management's response states that signs were going to be purchased for the 2009 RSAC swim season.

A new icon has been added to the admission registers for "RSAC Staff." However, only three staff admissions have been recorded for the 2009 swim season as RSAC staff so either staff is not utilizing their benefit of swimming when off hours or their entry is not being properly recorded.

4. "Additional cameras should be installed to increase general security."

Previous Recommendation: *Additional security cameras should be requested for installation prior to the next swim season if feasible in the current budget. I recommend additional cameras at both the registration and concession areas that will face the front counter of each and video both the employee and customer actions. In addition, for safety and liability concerns, I recommend installing cameras that view the main pool area and diving area. Lastly, additional parking lot cameras could help protect*

customers' vehicles from theft, as well as adding additional vehicle information to police if needed.

Previous Management Response: *Five (5) security cameras were initially installed at the RSAC in May, 2008. Please know that the current locations are: 1) Pointed towards the front entrance/sidewalk of RSAC. 2) RSAC Breezeway entrance. 3) RSAC Front Desk/Admissions counter. 4) RSAC Zero-Depth entry (Butterfly slide area). 5) Inside RSAC Concession Stand. Cameras #1-#4 primary responsibility was to view customers entering and exiting the facility so as to help identify those involved in inappropriate behavior or possible child abductions. Currently, a person can walk from the Butterfly slide area of the pool directly through the RSAC Breezeway towards the two-way street in front of RSAC and be on film the entire time. Cameras #2 and #3 have the dual purpose of highlighting the RSAC Admissions front counter. These cameras can see employees at their work stations and will provide footage in cases of illegal customer and/or employee behavior. Camera #5 is strictly focused on the concession stand work area. This camera shows all functions of the RSAC Concession Stand employees working the front area of the Concession Stand (including the three cash registers). Customers are not in view through this camera. These five cameras cost \$16,000+. RSAC would very much welcome additional security cameras for all recommended sites with budget allocations to do so.*

Current Status: NOT IMPLEMENTED

There have been no additional cameras installed at this facility due to budget constraints.

5. "A standardized group admissions procedure should be created."

Previous Recommendation: *The standard published group rates should be adhered to and any approved exceptions should be documented by management. Groups that cannot feasibly arrive at once should be paid for in advance and a list of the individuals that have not arrived should be kept in admissions for verification. As the remaining individuals arrive, they should sign by their respective name. For very large groups which do not know each individual that will be attending, specifically colored wrist bands should be given at the admissions counter, tracking the number given for reconciliation of payment, and the individuals should be required to sign a log sheet for verification.*

Wrist bands are relatively inexpensive and are a great way to visually see who belongs in which group. The Aquatic Center is already using them in some situations, but should incorporate a standard policy of when they should be used to maximize accuracy of fees being charged.

Previous Management Response: *During the 2008 RSAC swim season, wristbands were used for all groups that scheduled their swim date through the Recreation Division Manager. Wristbands were also distributed to all birthday party reservations. RSAC's group price structure was established for the 2008 pool season with the intent of eliminating all "wiggle" room for group pricing. Presently, only the BGPR Director and*

City of Bowling Green City Manager have authority to override group price structure. Instances in this audit that show groups were undersold are not ideal and should not occur. The Recreation Division Manager does not believe these instances indicate that, as a whole, group price structure was not followed or that group price structure was unsuccessful. Recreation Division Manager had over Thirty (30) groups pre-register for group discounts. Furthermore, numerous groups arrived at RSAC without pre-registration. For 2009, RSAC will continue to enhance group price structure and procedures. All groups will receive wristbands as standard procedure and a process for tracking late arrivals will be developed for separate arriving groups. In addition, the Recreation Division Manager suggests the following additional procures:

- *Pre-registered groups rates remain similar to 2008's*
- *Pre-registered groups prepay for group tickets redeemable at the RSAC Admissions to receive their group price structure.*
- *Groups that arrive without pre-registration have only ONE (1) price discount option (ex-\$5 per person) so that RSAC employees will have only one price option for unannounced groups.*

Current Status: IMPLEMENTED

The only POS icon available to onsite RSAC staff for group pricing is \$4 per person with a 15 person minimum. The only way a group can receive any large or special group pricing is to pre-register with Parks administration prior to the group event which results in a Purchase Order being issued to the group for invoicing. Birthday Party Reservation and Food Forms have been created to track the names of individuals that are eligible to enter under a reservation and assist in accurate payment for birthday parties.

Large groups are issued pre-numbered entrance cards at Parks administration that the organization can hand out to whomever they wish to invite under their reservation. These pre-numbered cards are collected at admissions and used to verify the correct amount to invoice the large group. In addition, all customers are given a wristband upon entry as of the 2009 swim season. The customer is to keep the wristband visible at all times while at RSAC. This change in procedure has helped to prevent customers from handing receipts out to friends through the fence for additional entries as well as enabled staff to approach individuals who may have slipped through the breezeway without paying or jumped the fence to gain entry.

Additional Recommendations

- 1. RSAC management should improve the current locker rental location and fee structure.**

Observation

The locker location at RSAC is within the entryway of each restroom along the front breezeway. The lockers are coin operated and require a quarter to be entered for each access to the locker. This location is not well suited for families due to the location and the coin operation. The total revenue from locker rentals throughout the 2009 swim season was \$500. Customers either leave their valuables laying next to their chair or out in their vehicle and staff voiced concerns about onsite theft reports and vehicle break-ins throughout the season. I requested a listing from the Bowling Green Police Department of reports from RSAC and there were a total of 51 incident reports at the address with 42 specifically tied to the RSAC as of 8/8/09 which included 15 thefts. Just a small portion of the actual thefts are thought to have been reported to the BGPD, according to BGPD and RSAC staff.

Risk

The current locker location is not ideal for families since it is located in the entrance to the men's restroom and does not encourage use due to the coin operated lockers currently used.

Recommendation

The locker location should be moved to the main pool area where it they could be appropriately accessed and monitored by all family members. In addition, the style of lockers should be changed to where a daily or possibly seasonal rental could be implemented. This would help encourage the use of the lockers and potentially reduce the amount of thefts while increasing revenues at RSAC.

Management Response

Russell Sims Aquatic Center staff would be thrilled to have improved locker rental service. Staff is routinely informed of the "nuisance" the current lockers create. The first issue created is the current location. Lockers are located inside the entrance to both the Men's and Women's Restrooms. This creates two areas of concern:

A) Families that want to share a locker will have "opposite" genders in the Restroom entrances. Due to this, many families do not use our lockers so no family members are put in an awkward moment.

B) Congestion in the restroom entrances. The current restrooms are used extremely heavily when a crowd of 500+ is present. Restrooms receive an excessive amount of usage and locker's current placement adds to this congestion.

Secondarily, the current locker system is NOT user friendly. Currently, a user must insert \$.50 to release a locker key. This key is good for ONE (1) use. Therefore, if the user wishes to open their locker multiple times, they must pay \$.50 multiple times to release that same locker key. A much friendlier method is for a patron to rent a locker

from the admissions office. Admissions would disperse the key. Patron would have unlimited usage of this locker throughout the day. Patron would return key (for a refund of their deposit). Final result is more revenues via locker rentals, more usage by patrons, and less theft within the park.

Thirdly, the current locker system does not capitalize revenues. Due to the location and the lack of user friendliness, many patrons decide NOT to use our lockers. This increases the amount of “valuables” within our park which correlates to the amount of theft the park reports.

2. RSAC management should work with BGPD to establish attendance thresholds for additional monitoring of RSAC.

Observation

While reviewing the BGPD incident report listing as well as discussion with staff, concerns were raised about the amount of patrol and monitoring dedicated to the RSAC during busy days throughout the summer months. The 2009 Incident Report included:

- 11 suspicious person / vehicle,
- 8 fights or disturbances,
- 3 criminal mischiefs,
- 4 bans/criminal trespass, and
- 2 indecent exposures.

Staff also voiced concerns about the amount of fights and disturbances at RSAC when the attendance levels rose during the season. Some of these disturbances were handled by RSAC staff and was not reported to the BGPD.

Risk

Without proper patrol and security during high attendance days, injuries could occur to citizens as well as staff which could bring financial and legal issues as well as potentially diminish RSAC’s family friendly reputation.

Recommendation

In order to maintain a safe family environment, proper security should be performed at RSAC especially on the large attendance days. Management should work with BGPD to implement a process for RSAC staff to request additional patrol and security services at the facility once attendance levels rise to a certain level. I also recommend training staff on how to address these incidents before they occur so that they are prepared to handle the various situations that arise.

Management Response

The Russell Sims Aquatic Center had an estimated 24 days during the 2009 swim season of 1,000 or more patrons. The most glaring need during these large participation days is security. RSA seasonal staff numbers approximately 30 on these same days. Any additional support that could be provided would be much appreciated and welcomed.