



Parks and Recreation Department

AU17-005 2B

Ball Parks and Other Revenue Audit Report

June 18, 2024

City Auditor's Office, George H. Holland, City Auditor

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Executive Summary

The City Auditor’s Office (CAO) has completed a Performance Audit of the Parks and Recreation Department – Ball Parks and Other Revenue AU17-005 2B, in conformity with the 2024 Revised Annual Audit Plan.

The audit considered compliance with City policies and ordinances, and Parks and Recreation Department (PAR) internal policies and procedures.

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, 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.

Audit Objective

The audit objective was to determine:
Are sufficient controls in place for all revenue collections?

Background

The Parks and Recreation Department’s mission is to “provide high-quality parks, and facilities and programs that empower residents and visitors to Live, Learn and Play!”

The Parks and Recreation Department provides 25 Ball Park locations that house a total of 77 various fields. Included within the Parks and Recreation Department is the Athletics program which maintains approximately 450 acres of Ball Park fields.

Additionally, although the City owns Whataburger Field, the City does not oversee Whataburger Field ballpark as it is managed by a private company for the City. Therefore, this location is not included in the scope of this audit report.

The Parks and Recreation Department along with the Athletics’ Division has established a 2-year plan to revamp the City’s Ball Parks to get them into playable condition.

What We Found

Parks and Recreation – Ball Parks did not have controls in place for revenue collections but have since evolved their approach to addressing controls. The observations include:

- ✓ Policies and Procedures
- ✓ Job Responsibilities and Training
- ✓ Contract Compliance
- ✓ Chart of Accounts
- ✓ Record Keeping

What We Recommend

POLICIES and PROCEDURES – Prepare Policies and Procedures for the Ball Parks and Other Revenues.

JOB RESPONSIBILITIES AND TRAINING – Adequately prepare job responsibility descriptions and provide adequate training.

COMPLIANCE – Perform monthly reconciliations of revenue received to revenue deposited.

CHART OF ACCOUNTS – Separate Ball Parks Revenue from all other Parks and Recreation revenue.

RECORD KEEPING – Create revenue recordkeeping per field by means of a spreadsheet or simplified bookkeeping program(s). Consider adding accounts to the General Ledger to separately report income directly related to Ball Parks.

Scope, Methodology, Definitions and Testing

Scope

The Scope of the audit for the Parks and Recreation Department – Ball Parks and Other Revenue is for the period from **October 1, 2021, to March 31, 2024.**

Methodology

To obtain sufficient evidence to achieve engagement objectives and support our conclusions, we performed the following:

- Reviewed relevant contracts.
- Interviewed personnel.
- Observed processes of tracking revenue.
- Obtained and reviewed RecPro reports for revenue collection.
- Traced a sample of daily and monthly credit card receipts and revenues to the interface used to record the transactions in INFOR.
- Verified receipts and deposits into the General Ledger for two Ball Parks leagues that pay as an (expired) Lease Agreement.

Definitions

Lease agreement: The monthly payment of the same amount for exclusive use of a Ball Park field for a specified period.

Field rentals: The fee paid for a Ball Park field for a short-term period.

Testing

Testing was performed on Lease Agreement income received from Incarnate Word Academy (IWA) for the Dick Runyan Field at Evelyn Price Park, and for the Marucci Elite sports teams who also occupy the Evelyn Price Park fields 4, 5, and 6. The City received the total revenue as specified per the lease agreements from both tenants. It was noted that these lease agreements have expired.

Testing was also performed on the credit card payments received from field rentals from the City-managed Greenwood Sports Complex. PARD uses RecPro to receive credit card payments for the field rentals. Testing was performed on RecPro transactions and the transfer of funds from RecPro to INFOR, the City’s General Ledger.

The transfer of funds in the interface process was performed with sufficient internal controls in place. However, at the RecPro PARD level, many other types of athletic revenue is included in the same General Ledger account, making the revenue reports skewed.

The Ball Park revenue could not be separated out of the interface process. Likewise, reconciliations of individual reservations do not exist at the PARD level either to a field occupancy schedule or accounts receivable ledger. Therefore, there are not adequate internal controls on receipt of total revenue.

The **New 2-Year Plan** steps include:

- Let the existing leases expire.
- Form Field Maintenance Crews and
- Train Field Maintenance Crews on equipment.
- Purchase vehicles and equipment necessary to do the landscaping and groundskeeping to upgrade the facilities at each location.
- Transition with current tenants from a “maintenance in lieu of rental fees” to grounds that are maintained by the City.
- Coordinate a future transition of utilities and insurance paid by occupants to a field rental charge based on a percentage of total utilities and insurance paid by the city.
- Finalize their goals by developing a fee structure depending on the type of field and transitioning the maintenance of the field from the occupants to the City.

Ball Park Fees

LEASE AGREEMENTS vs. FIELD RENTALS

Fields with Lease Agreements include:

- Incarnate Word Academy (IWA) leases Dick Runyan field (Evelyn Price Field #7).

Currently, Ball Parks have a Lease Agreement with IWA which is a City-managed field. The CAO tested receipts of revenue from the above tenant. The CAO found 100% compliance in deposits of the receipt of the funds and deposits from this tenant.

Fields with Rental Revenue include:

- Greenwood Sports Complex – City-managed
- Marucci Elite Texas leases fields #4,5 & 6 at Evelyn Price Park.
- Bill Witt Park football fields¹
- Salinas Park football fields¹

Currently, Ball Parks has rental revenue from 2 fields for the audit scope period, Greenwood Sports Complex and has multiple tenants. These fields are available for event rentals, leagues, practice, and tournaments. Three fields at Evelyn Price Park are occupied by the Marucci Elite Texas league.

The fields that have field rentals are Greenwood, as it is managed by the City, and Bill Witt football fields and Salinas Park football fields.

Hourly rentals are paid through RecPro. Reservations for the Greenwood Sports Complex are made by the sports team going online to RecPro and reserving a time and date and field location. A \$25 deposit is made online, and the reservation is held for 24 hours. To complete the field rental, the remainder of the field rental must be paid. Refunds are allowed if the fields are rained out.

To allow entrance onto the field, the Athletics division dispatches someone to meet the sports team at the field and unlock the premises. Security deposits are sometimes taken as a deposit on keys.

¹ Not rented at this time.

Prior Agreements with Ball Parks

Currently, the use of the Ball Park fields has three basic arrangements. These include:

- **Leased fields** – Fields which are leased month-to-month and have a Lease Agreement with the City.
- **Rented fields** – Fields which are rented by the day, week, etc., and are available for event rentals, practice, and tournaments.
- **Leased fields with maintenance** – This is most of the circumstances. They are rented with the prior agreement that the ball league pay the electricity and perform maintenance on the ballparks' playing fields. The sports leagues occupy these fields on a month-to-month basis through an ongoing month-to-month agreement.

New 2-Year Plan

In January of 2023, PARD and the Athletics Division agreed upon a new plan to revamp the ball fields within the next 2 years. Their goal is to have all the City's ballparks renovated or at least in playable condition by late 2025.

The existing arrangement of accepting maintenance of the fields instead of revenue is changing as current management of the Athletics Department overhauls the ball parks. The Athletics' Division management is installing a new business model of operation which will include:

- Maintenance of the field with newly trained crews.
- Revenue from Field Rentals
- Revenue from Lease Agreements
- Short-term Lease Agreements
- Utility reimbursements

The prior operation of Ball Parks is that the maintenance of most of the fields is provided by the teams who occupy those fields instead of paying rent. With many fields needing capital improvements and updated facilities and regular maintenance, the City identified a need to “guide the growth and enhancement of the City’s parks, public grounds, open spaces and recreational assets.”

Converting to City-maintained fields is a gradual process of first getting the fields into shape and then easily taking over management of each field.

As the Ball Parks are overhauled, Parks and Recreation also plans for the City’s ballpark fields to have three different assessments allotted to the fields: **Tier 1, Tier 2, and Tier 3 fields.** The assessment will be based on the current condition, improvements, and amenities each field has to offer.

For all the fields that perform their own maintenance, the agreement provides that they also pay the electricity. Some tenants pay for water, and some do not. These arrangements are part of the old plan, and PARD plans to implement the New 2-Year Plan which will shift the field maintenance to the City, and the tenant will then pay for a small percentage reimbursement of utilities and field usage. The Athletics Division hopes to ensure playable fields across the City.

Rental payments are almost always paid by credit card, and the full balance is usually paid at once. Infrequently they do receive cash and checks. One problem that they overcame was that the league was paying for the field after the tournament, and they do not allow this any longer.

Therefore, if the City will be taking over management and maintenance of the other fields as planned, then the other fields will be managed by the Athletics Division like the Greenwood Sports Complex.

Conclusion

The old business structure of accepting maintenance of the field instead of revenue is changing as current management of Parks and Recreation overhaul their ball parks. PARD is installing a new business model of operations which will include maintenance of the field with newly trained crews and revenue in the form of field rentals and some reimbursements of utilities.

As most Lease Agreements have expired, the Ball Park field rentals continue with month-to-month leases. The Athletics Division is transitioning the Ball Parks slowly, making incremental changes towards their goal of revamping the Ball Parks by 2025. Along with PARD, they have a common goal that the departments are implementing to refurbish the Ball Parks.

Towards that goal, the incremental adjustments that they are making are designed to ensure a smooth transition to management by the Athletics Division from the playing structure of certain leagues at the various Ball Park locations.

The CAO has determined that there are few existing internal controls in place for most revenue collections. Almost no documentation could be provided to the CAO for historical rentals of the athletic fields, and with one exception, the lease agreements have expired with most tenants not paying a monthly fee, water, electricity, or providing proof of insurance as originally required in their contracts.

Findings and Recommendations

Finding A: Policies and Procedures

Formally documented Policies and Procedures for Revenue Collections at the Ball Parks level do not exist for procedures regarding receipt of revenue through RecPro and deposits that are received that go to Central Cashiering.

Documented Policies and Procedures for Revenue Collection at the City level are the foundation of developing the applied method of operations that lead to successful operations between the sports teams that use the facilities, and the City. The Athletics Division provided a very helpful manual for the operations of the Ball Parks. The “CC Athletic Park Maintenance Manual” provides guidelines on safety and equipment, mowing and grooming of the baseball and softball fields, chemical applications, and irrigation of the athletic fields.

Upon request, the Fleet Replacement Program Manager provided the Parks Technician III Supervisor with a list of large equipment with identifying VIN numbers.

Recommendation:

PARC management should prepare written Policies and Procedures on Revenue Collection. Employees should have a manual that documents procedures for preparing and retaining monthly revenue reports for reconciliation of amounts that are collected for ball activities to amounts that are deposited within the General Ledger.

The Athletics Division Program Manager has developed the “CC Athletic Park Maintenance Manual.” They have indicated that this is still a work in progress. The CAO observed that the Field Tech Maintenance crews are utilizing and adhering to the CC Athletic Park Maintenance Manual. This guide addresses Equipment Safety and Field Maintenance in a simple straight-forward easy-to-read manual that plainly sets forth the tasks of the daily procedures of performing the operating functions necessary to get each field into perfect playing condition. The CAO recommends that they finish this manual as they originally planned.

The CAO recommends that the Athletics Division also maintain a written inventory of small tools and continue with their practice of specific identification of small equipment. We find the Athletics Department has physical inventory control yet needs some documentation as reference. The Fleet Replacement Program Manager should provide the Parks Technician III Supervisor with an updated asset listing on a quarterly basis so that he can easily refer to and provide a list of vehicles and large equipment placed in his supervision.



Finding B: Job Responsibilities and Training

The Parks and Recreation Department uses RecPro software to receive payments from customers. Reconciliations and comprehensive tenant reports during the audit scope period could not be provided to the CAO on a timely basis. The risk is that management will not obtain financial information on the Ball Parks sector to determine if the correct amount of revenue is collected from Ball Parks.

Monthly reconciliations of Ball Parks revenue are not performed. Reports of totals received per tenant are not maintained. The CAO contacted the RecPro software, and they are available to provide and coordinate training to facilitate reconciliations and assist in identifying discrepancies in transactions.

The Assistant Program Manager provided a detailed spreadsheet on all the Ball Park fields. In Athletics, the Program Manager and the Recreation Coordinator provided insight into how their management department uses RecPro. They also provided the receipts for payments from the Lease Agreement for Marucci Field. The City's business of leasing and renting is currently centralized in the Athletics department. A total of \$4,445 in cash was accepted during the audit scope period. The CAO's finding is the RecPro software could be utilized further with formal training. Although we found that the Athletics Department knows how to use RecPro to the extent their tasks require, this department could enhance their operational decision-making if they had additional training on what accounting information can be derived from RecPro. The group of Managers at Athletics have an interest in the success of Ball Parks and the desire to learn the additional uses that RecPro offers.

Recommendation:

The CAO recommends that the PARD should take additional RecPro training to enhance their knowledge and capabilities on providing reconciliations and accounts receivable tenant reports.

The Director of Parks and Recreation should establish monthly procedures to 1) Receive a Revenue Report accompanied by a Cash Receipts Reconciliation that details funds received and 2) shows from which tenant or rental reservation.

Reconciliation reports should be generated for monthly revenue received which reconciles to monthly revenue per lease agreements and daily or periodic rental schedules. The Reconciliation report should also include other income received from sources such as tournament reservations, reimbursements, and credits for refunds. The PARD should establish a separation of duties for the collection, receipt, and recording of funds received for Ball Parks field rentals and lease agreements. No cash should be accepted by any person in the PARD. Copies of the RecPro invoices and monthly Reconciliations should be filed electronically both at the PARD office and the Athletics office. Any outstanding invoices should be followed up to determine the receipt or refund of the field reservation.



Finding C: Contract Compliance

Substantially all the contracts for the leases of the fields have expired. The PARD has indicated that as part of their plan to revamp the Ball Parks fields, they will also work with the Legal Department to develop a short-term contract for one year or less that can be renewed on an annual or other short-term basis.

Most of the Ball Parks owned by the City are being utilized by organizations that do not provide for the general upkeep of the Ball Park that they use, and therefore leave necessary maintenance and operating expenses up to the City. Revenue is not received for organization-operated fields. PARD needs to ensure the insurance is paid and retain a copy of the insurance documentation on each Ball Park field or complex.

Recommendation:

New contracts should be put in place as soon as possible. PARD should continue to work with the Legal Department to finalize a short-term contract that can be renewed on a short-term basis, either annually or with a determined term. This does not have to be the final contract template that the Legal Department is currently working on, but rather one that puts terms in place on the rent to be paid, utilities, insurance, and other immediate considerations.

The PARD should also maintain documentation for tenant-occupied fields on a month-to-month basis. Contracts should be kept both at the PARD Department and the Athletics division office. Access to the contracts should be determined and restricted.



Finding D: Chart of Accounts

The Finance Department did not have Policies and Procedures to document the manual interface from RecPro to INFOR.

Recommendation:

The CAO recommends the Finance Department should prepare a desk manual of Policies and Procedures to include steps to manually interface the revenue from RecPro to INFOR.



Finding E: Record Keeping

Parks and Recreation does not maintain a revenue received ledger or an accounts receivable ledger. It is apparent that these accounting records are not being maintained at the Parks and Recreation Department level. The Parks and Recreation Department's internal controls for revenue received exist by online credit card payments. Furthermore, historical records for individual field rentals by organization, team, or individual, are incomplete.

Recommendation:

We recommend that The Parks and Recreation Department maintain a ledger for Revenue receivables and Revenue collected, either through RecPro or a spreadsheet. For these fields, the amount of water and electric utilities and insurance expense should be included with an indication whether the tenant or the City is paying these bills.



Additional Information:

See Appendix A for Management Responses.

Management Responses:

See Appendix B for Additional Follow-Up Information.

Staff Acknowledgment:

Wendy Pullin, CPA, Senior Auditor

Joseph Lopez, MSFE, Auditor

Appendix A: Management's Response

June 18, 2024

George H. Holland,
City Auditor
Corpus Christi, Texas

RE: AU17-005 2B - Ball Parks and Other Revenue

WE have carefully reviewed the findings presented in the audit report referenced above, and our action plans to address the findings are described on the following pages.

WE are committed to correcting the issues in the audit report by implementing the action plans in a timely fashion.

Agree

Do Not Agree

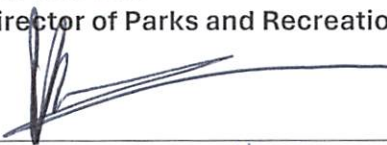
Sincerely,



6/11/2024

Robert Dodd
Director of Parks and Recreation

Date



6/12/24

~~Heather Hulbert~~ Hurlbert
Assistant City Manager; Finance and Procurement

Date



6.14.24

Peter Zanoni
City Manager

Date

Recommendation	Action Date	Action Plan	Responsible Party
POLICIES and PROCEDURES			
A.1	Policies and Procedures should be developed by PARD for Ball Parks. These should include procedures for receipts of revenue and retaining the history of field rentals and following city-mandated cash handling procedures.	October 2024 The Finance and Resource Manager will document internal policy and procedures to include receipt of revenue, and name of customer.	Mariza Rodriguez
A.2	The Athletics Division should maintain a written inventory of small tools.	July 2024 The Assistant Director of Park Operations and Development will conduct a bi-annual inventory check of small tools. These will be both written and entered into a tracker.	Sergio Gonzalez
JOB RESPONSIBILITIES and TRAINING			
B.1	PARD should establish a separation of duties for the collection, receipt from RecPro, and recording of funds received for Ball Parks field rentals and lease agreements. No cash should be accepted by personnel.	June 2024 The Finance and Resource Manager will complete a Ball Parks internal manual that documents an internal control process and separation of duties. It should state that no cash should be accepted by personnel.	Mariza Rodriguez
B.2	The Director of PARD should establish monthly procedures to receive a Revenue Report accompanied by a Cash Receipts Reconciliation.	Quarter 4 FY2024 The Director of PARD will develop procedures that indicate their Finance and Resource Manager's responsibility to provide a monthly Reconciliation and Revenue Report.	Robert Dodd
CONTRACT COMPLIANCE			
C.1	PARD and the Athletics' division should retain historical data on revenues received per field, tenants who paid, and tenants who are on maintenance in lieu of payment agreement.	June 2024 This historical information is available and will be located in the Parks and Recreation Finance Division Sharepoint.	Mariza Rodriguez

C.2	PARD and the Athletics' division should keep documentation on the athletic fields as to payments and amount of utilities, including electricity, water, and certificates of insurance. The documentation should include who makes these payments and the amounts paid.	June 2024	This historical information is available and will be located in the Parks and Recreation Finance Division Sharepoint.	Mariza Rodriguez
CHART OF ACCOUNTS				
D.1	The Finance Department should create a Policies and Procedures Desk Manual which describes the steps to transfer the funds received through RecPro into the INFOR General Ledger.	May 2024	Completed	Nicole Blalock
RECORD KEEPING				
E.1	PARD should maintain a ledger for Revenue receivables and Revenue collected, either through RecPro or a spreadsheet.	June 2024	This historical information is available and will be located in the Parks and Recreation Finance Division Sharepoint.	Mariza Rodriguez