

**Aquatics Program Audit  
July 2015**

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## City Auditor's Office

July 10, 2015

Honorable Mayor and Members of the City Council,

I am pleased to present the Office of City Auditor's report on the audit of the Aquatics Division of the Parks and Recreation Department (Aquatics). The purpose of the audit was to evaluate the efficiency and effectiveness of the Parks and Recreation Department's Aquatics Program, including operational and financial performance.

Management concurs with our audit findings and related recommendations. Management's responses to our audit findings and recommendations, as well as target implementation dates and responsibilities, are included in the following report. Within twelve months, the City Auditor's Office will conduct a follow-up audit and comment on management's implementation of these audit recommendations.

We would like to thank the Parks Department for their cooperation and assistance during this project and we look forward to continuing our efforts to ensure that the Aquatics Division is meeting its goals effectively and efficiently.

*Lori Brooks*

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City Auditor

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## *Executive Summary*

As part of the 2015 Annual Audit Plan, the City Auditor's Office conducted an audit of the Aquatics Division of the Parks and Recreation Department (Aquatics). The audit was conducted 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. The audit objective was to evaluate the efficiency and effectiveness of the Parks and Recreation Department's Aquatics Program, including operational and financial performance.

The City Auditor's Office noted the following:

- Aquatics has implemented strong cash handling controls
- Appropriate action has been taken to address thefts and break-ins at the pools
- The majority of the staff is part-time/seasonal employees, with only minimal full time employees
- All pools were inspected annually by Code Compliance Services before being permitted to open, indicating compliance with State law/City Code
- Aquatics employees hold appropriate certifications as required by State law
- Chemical levels are tested in accordance with State law

The following present opportunities for improvement:

- Aquatics does not have specific cost recovery goals
- There is no formal documented evaluation of pricing for aquatics rates and fees
- Periodic reconciliation of deposits to Lawson is not performed
- Cashiers do not maintain individual accountability
- Safe combinations are not changed periodically
- Safety equipment is not always accessible when pools are closed
- Safety/warning signs are only posted in English
- The logging of chemical tests is not always consistent
- Maintenance of employee certification documentation could be improved

Audit findings and recommendations are discussed in the Detailed Audit Findings section of this report.

## ***Audit Scope and Methodology***

The audit was conducted in accordance with generally accepted government auditing standards. The following methodology was used in completing the audit:

- Interviewed personnel knowledgeable of the Aquatics operations
- Reviewed Aquatics policies and procedures
- Reviewed City Codes and State laws related to pool operations
- Interviewed Human Resources and knowledgeable staff about hiring processes
- Selected a sample of deposits recorded in Lawson and traced to supporting documentation to verify accuracy and that proper procedures were followed
- Reviewed concession reports received from the 3<sup>rd</sup> party concessionaire and traced to deposits recorded in Lawson
- Observed cash handling procedures at the Hugh Smith Indoor Pool
- Toured and/or observed each of the seven pools, noting security measures in place
- Reviewed Swimming Pool Inspection Reports completed by Code Compliance Services for the 2014 season
- Selected a sample of employees to verify that the individual held an appropriate and valid certificate for their position as required by State law
- Selected a sample and verified that the chemicals in the pools were tested in accordance with State law
- Reviewed pool revenues and expenses and cost recovery percentages
- Reviewed Aquatics Division performance measures

## ***Background***

The Aquatics Division of the Parks and Recreation Department operates seven aquatic facilities. These include:

- Allen Bolden Pool
- Bad Königshofen Family Aquatic Center
- Helen Wessler Play Pool
- Howard Moore Play Pool
- Hugh Smith Indoor Pool
- Randol Mill Family Aquatic Center
- Woodland West Pool

The Parks and Recreation Department operates on a “Pay to Play” philosophy for recreation programs and services. This means that programs are financially supported by user fees and/or other designated funding mechanisms. The Aquatics Division is supported by fees collected for pool admissions, pool passes, pool/pavilion rentals, swimming lessons and other classes, and concession revenue. However, these revenue sources are not sufficient to fully support the Aquatics operations, and the remaining funding is provided through a subsidy received from the General Fund.

In July 2014, Aquatics suffered thefts at Randol Mill Family Aquatic Center and Woodland West Pool, and a break-in at Bad Königshofen Family Aquatic Center. As a result of these thefts and break-in, Internal Audit added an Aquatics Program Audit to the 2015 Annual Audit Plan. Specific areas of focus included evaluations of cash handling controls, physical security of the aquatics facilities, staffing, safety, cost recovery, and performance measures.

### ***Audit Results***

#### Cash Handling Controls

Cash and credit cards are accepted at the outdoor pools in payment for admission, rentals, and pool passes. Cash, checks, and credit cards are accepted at Hugh Smith Indoor Pool in payment for admission, rentals, and pool passes.

The Allen Bolden Pool, Bad Konigshofen Family Aquatic Center, Howard Moore Play Pool, Randol Mill Family Aquatic Center, and Woodland West Pool have designated cashiers. Their only responsibility is to perform cashiering duties. At Hugh Smith and Helen Wessler Play Pool, the life guards also have cashiering responsibilities. The life guards rotate between lifeguarding and cashiering duties during their shifts.

The employee manual includes the job descriptions for the cashiers. The descriptions outline the qualifications, essential job functions, service standards, and duties. Each employee is required to sign an acknowledgement affirming they received the Aquatics Employee Manual. Additionally, cashiers are provided specific training related to their duties and responsibilities. This is conducted at the beginning of each pool season prior to facility opening. This includes specific instructions on how to operate the CLASS system (used for cashiering), information on different types of passes and discounts, how to make change, how to run reports and close out at the end of a shift, as well as how to prepare a deposit.

Generally, the Aquatics Division has implemented good cash handling controls. After receiving thorough training, the cashiers are responsible to perform reconciliations at the close of each shift and document any errors encountered, or any cash overages or shortages. A Manager reviews the Cashier's reconciliation and documents the review by initialing the deposit slip and deposit bag.

#### Physical Security

To reduce the opportunity for vandalism and theft of equipment, Aquatics management moves all equipment inside the buildings at the close of the season. For example, lounge chairs are moved inside, to prevent them from being thrown in the pools. Additionally, all computers are removed from the premises and taken to the Parks Administration Building.

The Aquatics Division has replaced the safes damaged in the thefts with more secure models, moved the location of various safes to areas separate from the cashiering area, and added additional security features to the doors to make them more tamper resistant. Additionally, after

the thefts, the Aquatics Manager and management staff began picking up deposits daily, sometimes multiple times a day, and taking them to the Parks Administration building.

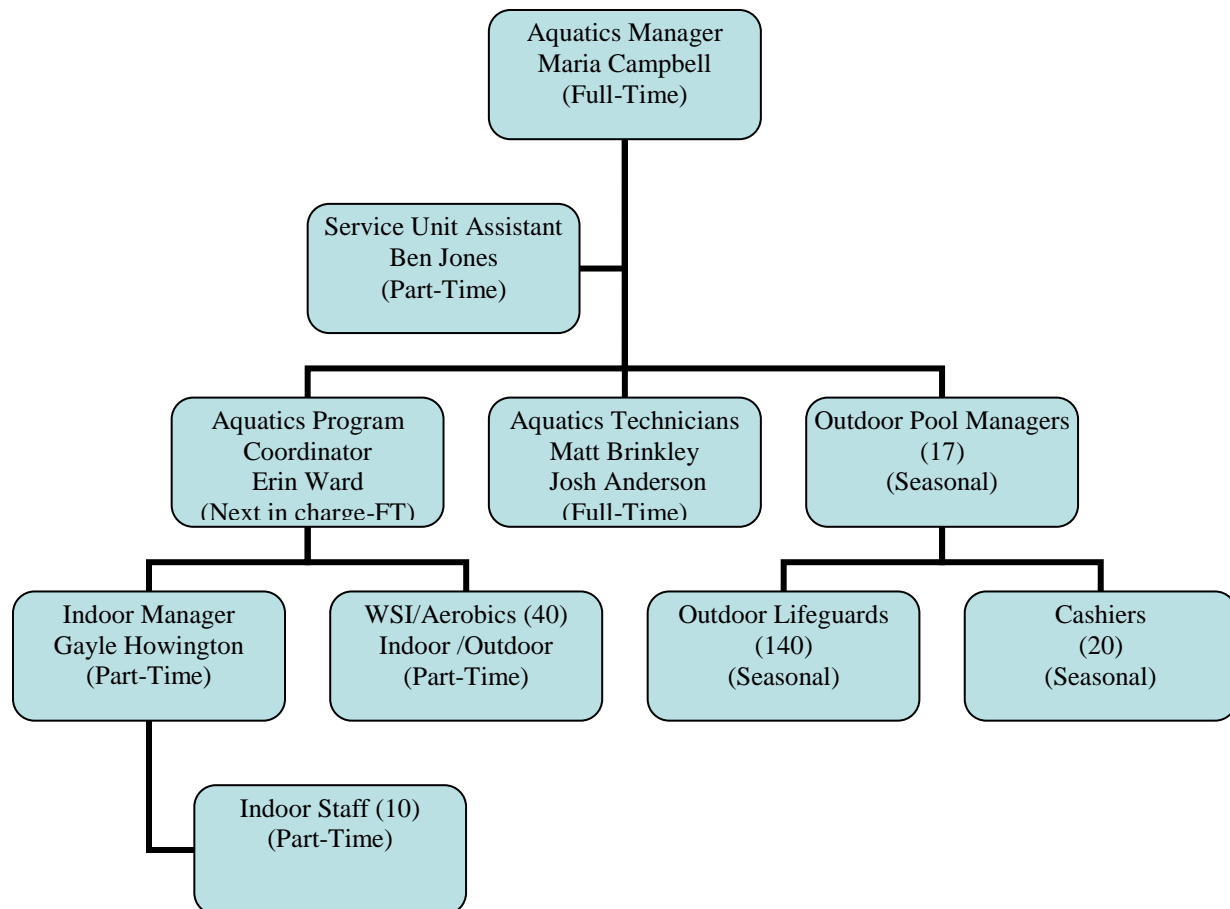
Currently, deposits from all parks and recreation programs are picked up by armored car at the Parks and Recreation Administration Building. Parks and Recreation is considering adding additional Armored Car pick-ups at the pools and recreation centers. However, the cost to add the pick-ups is substantial. The added pick-ups would be the ideal solution if not cost prohibitive.

Additionally, as a result of the thefts, Parks and Recreation has installed new security systems at the pools.

Staffing

The Aquatics Division currently has four full-time positions. These positions include the Aquatics Manager, the Aquatics Program Coordinator, and two Aquatics Techs. There are also two part-time Service Unit Assistants. All other employees are hourly/seasonal employees.

The Aquatics Division was structured as follows for Fiscal Year 2014:



The Aquatics Division has established a standard for the ratio of life guards to guests to assure compliance with Red Cross requirements and to assure the safety of guests. However, Aquatics also monitors the staffing at the pools during the season and has policies in place that require Managers to send staff home, if the number of visitors is low or the weather is poor, resulting in few guests or pool closure.

By use of this staffing model, it appears that the Aquatics Division is operating efficiently by limiting their full-time staff to only four members. Additional efficiencies are gained by monitoring the staffing at the pools and reducing the number of staff working during slow periods.

### Safety

Each year the pools are required to undergo an inspection by City of Arlington Code Enforcement. The pools must pass the inspections before they receive a permit to open for the season. The pool inspections cover the requirements outlined in the Texas Standards for Public Swimming Pools and Spas. These inspections cover chemical levels; record keeping; rescue/first aid equipment; safety/condition of hand rails, steps, fencing, gates, etc.; signage; drain covers (to assure compliance with federal laws); storage of chemicals; and various other items.

Each pool was inspected and issued a permit to operate for the 2014 season. This indicates that the pools were in compliance with state laws/codes.

### Cost Recovery

In March 2011, a cost recovery policy report for Parks and Recreation was presented to City Council. This report was based on a study prepared by the Greenplay consulting group. This study designed a cost recovery methodology and philosophy based on levels of benefit. The policy was endorsed by the Parks and Recreation Board in February 2011.

Since this time, Parks and Recreation has been operating with a goal of full cost recovery. When the cost recovery policy was introduced, the Aquatics Division had recovered 71% of their costs in 2010. The cost recovery for Aquatics improved in FY 2011 to a high of 80.2%. However, the cost recovery has been declining each subsequent year. In fiscal year 2014, the Aquatics Division recovered 75.2% of their operating costs. Capital expenses are not addressed in the cost recovery model.

### Performance Measures

The Parks and Recreation Department presents two performance measures related to Aquatics in their budget documentation presented to City Council. These measures are the number of outdoor pool admissions and swim lesson participation. Additionally, the Aquatics Manager tracks and monitors a number of other performance measures. These measures include revenues and expenses, rentals, enrollment in specific courses, etc. The Aquatics Manager also tracks the impact of weather closures and staffing changes. Annually, the Aquatics Manager also prepares



a business plan that includes analysis of these performance measures. This analysis is used to identify strengths and weaknesses and to establish future goals.

## **Detailed Audit Findings**

### **Aquatics Does Not Have Specific Cost Recovery Goals**

While overall cost recovery goals for Parks and Recreation have been established, the Aquatics Division does not currently have a specific identified cost recovery goal. In FY 2014, Aquatics achieved an overall cost recovery of 75.2%. Without a specific goal, it is difficult to evaluate the success of a program. Additionally, it makes it more challenging to achieve an overall Parks and Recreation goal when individual goals for specific programs have not been established.

#### ***Recommendation:***

- 1. Parks and Recreation Department Management should establish a specific cost recovery goal for the Aquatics Division.***

### **There is no Formal Documented Evaluation of Pricing for Aquatics Rates**

Currently, Aquatics does not engage in a formal documented periodic evaluation of their pricing structure. While there are informal evaluations of pricing relative to other cities and attendance, this process is not consistent from year to year, and it is not documented. However, potential changes in pricing are discussed with the Parks and Recreation Management team and are approved by the Parks and Recreation Board. A formal process would assure greater consistency and allow for increased transparency. Additionally, a policy would assist in defining goals related to a pricing model, which could potentially result in increased revenue.

#### ***Recommendation:***

- 2. The Aquatics Manager should document a policy related to a pricing model and rate setting. The policy should require that rates be evaluated annually and that the analysis of rates be documented. The methodology used to determine any rate adjustments should also be documented.***

### **Periodic Reconciliation of Deposits to Lawson is Not Performed**

The Aquatics Manager does not reconcile deposit records to deposits recorded in the Lawson system. While the Aquatics Manager does periodically review Lawson to assure that deposits are recorded for each day, this would not identify any inaccuracies in the amounts recorded. This increases the risk that a misappropriation or mistake would go unnoticed.

***Recommendation:***

- 3. The Aquatics Manager should periodically verify that the deposits recorded in Lawson match the deposit documentation sent to Parks and/or the CLASS reports. Additionally, amounts recorded for concession deposits should be reconciled with the concessionaire's report.***

**Cashiers do not Maintain Individual Accountability**

Cashiers do not always use separate and individual log-in credentials. To assure individual accountability, all cashiers should use separate log-in credentials and have separate cash funds/drawers. Without strict individual accountability, it makes it difficult to identify the responsible party in the event of a cash loss.

- 4. The Aquatics Manager should ensure all cashiers have individual log-in credentials and operate with separate cash funds/drawers.***

**Safe Combinations are Not Changed Periodically**

There is no requirement that safe combinations be changed periodically. During the course of the review, it was noted the Hugh Smith Indoor Pool safe combination had not been changed in more than seven years. Failure to change safe combinations periodically, or when there is turnover in staff, increases the risk of unauthorized access to cash funds maintained in the safe.

***Recommendation:***

- 5. The Aquatics Manager should require that combinations to safes be changed periodically, or at a minimum consideration should be given to changing the combination when there is staff turnover.***

**Safety Equipment is not Always Accessible When Pools are Closed**

Generally, safety equipment, except for the Shepherd's Crook, is put away when the season ends. However, two of the pools are not drained at the end of the season. Although the pools are closed and locked, incidents have been noted when individuals trespass. A lack of safety/rescue equipment increases the risk that someone could injure themselves and/or drown.

***Recommendation:***

- 6. The Aquatics Manager should ensure that safety/rescue equipment remains out and available for use whenever there is water in a swimming pool.***

### **Safety/warning signs are only posted in English**

Aquatics has the required signage in place, however, this signage is only posted in English. According to the Aquatics personnel, there are a number of patrons that do not speak English. These individuals might not be able to read the signs and understand what to do in an emergency.

#### ***Recommendation:***

- 7. Parks and Recreation Management should consider adding signage in other languages that are spoken by a large number of patrons.***

### **The Logging of Chemical Tests is Not Always Consistent**

A sample of 135 test dates was reviewed to assure that the disinfectant and pH level were tested at least once per day, as required by Texas Administrative Code. However, Internal Audit was only able to verify that the disinfectant level and pH was tested in accordance with State law for 79% of the sample tested. It appears that the testing occurred on the dates selected; however, for some days in the sample, the log was not dated and testing could not be verified. Additionally, it was noted that some entries on the log were not initialed indicating who performed the test. While this is not specifically required by State law, the log requires initials of the individual performing the test.

#### ***Recommendation:***

- 8. The Aquatics Manager should assure that all information necessary for documenting the tests of disinfectant and pH level be included on the log. This includes assuring that the date for the test is documented.***

### **Maintenance of Employee Certification Documentation Could be Improved**

Aquatics did not have a copy of all required employee certificates. Internal Audit tested a sample of 59 employee certifications to verify that the individual held a valid certificate based on their position, as required by Texas Administrative Code. Depending on the position held, an employee might be required to be a Certified Pool Operator, an Aquatics Facility Operator, Life Guard, Water Safety Instructor, Life Guard Instructor, etc. Certificates for only 48 of the 59 individuals tested were on file in Aquatics.

#### ***Recommendation:***

- 9. The Aquatics Manager should assure that each employee has provided a copy of their required certifications.***

**CITY OF ARLINGTON  
AQUATICS PROGRAM AUDIT  
MANAGEMENT RESPONSE AND ACTION PLAN**

AUDIT RECOMMENDATION	CONCUR/DO NOT CONCUR	MANAGEMENT RESPONSE	RESPONSIBLE PARTY	DUE DATE
1. Parks and Recreation Department Management should establish a specific cost recovery goal for the Aquatics Division.	CONCUR	A cost recovery goal will be established for the Aquatics Division that provides realistic performance expectations for staff based on relative level of maintenance, reinvestment, operating cost and market competition.	Director	2-2016
2. The Aquatics Manager should document a policy related to a pricing model and rate setting. The policy should require that rates be evaluated annually and that the analysis of rates be documented. The methodology used to determine any rate adjustments should also be documented.	CONCUR	The Aquatic Program Coordinator will complete an annual report in October/November that includes price comparisons of nearby cities and private organizations that compete for our target audience. Price comparison data will be gathered through survey of the North Texas Aquatic Association (NTAA) and by online website research. Adjustments will be made accordingly to appear in January edition of Fun Times Magazine.	Erin Ward	10-2015
3. The Aquatics Manager should periodically verify that the deposits recorded in Lawson match the deposit documentation sent to Parks and/or the CLASS reports. Additionally, amounts recorded for concession deposits should be reconciled with the concessionaire's report.	CONCUR	Once a month Aquatics Manager will verify deposits in Lawson.	Maria Campbell	7-1-15
4. The Aquatics manager should ensure that all cashiers have individual log-in credentials and operate with separate cash funds/drawers.	PARTIALLY CONCUR	Due to lower participation and cost recovery Hugh Smith and Helen Wessler do not have designated cashiers. The managers and lifeguards at these facilities are all trained in cash handling. One of the rotations is the cashier position. Each person has to log in and out when they rotate thru the cashier position.  Allen Bolden, BK, Howard Moore, Randol Mill	Maria Campbell	6-1-15

AUDIT RECOMMENDATION	CONCUR/DO NOT CONCUR	MANAGEMENT RESPONSE	RESPONSIBLE PARTY	DUE DATE
		and Woodland West all have designated cashier position and maintain separate cash drawers.		
5. The Aquatics Manager should require that combinations to safes be changed periodically, or at a minimum consideration should be given to changing the combination when there is staff turnover.	CONCUR	Pool Technicians will get safe combinations changed every 1-2 years during the off season.	Maria Campbell Matthew Brinkley	10-30-15
6. The Aquatics manager should ensure that safety/rescue equipment remains out and available for use whenever there is water in a swimming pool.	CONCUR	Pool Technician will ensure all proper safety equipment ring buoys and shepherd crooks will remain out at BK and Allen Bolden during the off season months. Helen Wessler, Howard Moore, Randol Mill and Woodland West are all drained at the end of the season and do not fall under this rule.	Maria Campbell Matthew Brinkley Josh Anderson	9-8-15
7. Parks and Recreation Department Management should consider adding signage in other languages that are spoken by a large number of patrons.	CONCUR	Signs in the languages of significant populations in Arlington will be placed in time for the summer 2016 season.	Maria Campbell	5-1-16
8. The Aquatics Manager should assure that all information necessary for documenting the tests of disinfectant and pH level be included on the log. This includes assuring that the date for the test is documented.	CONCUR	We will place pre-dated log sheets in the binder to help maintain proper documentation	Maria Campbell	8-1-15
9. The Aquatics Manager should assure that each employee has provided a copy of their required certifications.	CONCUR	This is on-going collection of certification. We will have potential employees bring certification to Mass processing dates to add to their file.	Maria Campbell	3-30-16