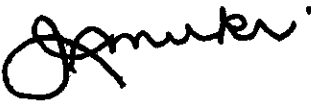


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CITY OF LOS ANGELES
Department of Recreation and Parks

June 4, 2004

TO: BOARD OF RECREATION AND PARK COMMISSIONERS

FROM: JON KIRK MUKRI 
General Manager

SUBJECT: AUDIT REPORT ON RECREATION OPERATIONS AT ROSS SNYDER
RECREATION CENTER

In response to questions and concerns from both Councilmember Jan Perry and community patrons of the Ross Snyder Recreation Center, the Auditing Section of the Finance Division of Recreation and Parks undertook an audit of the financial operations of the center. The initial focus of the audit was cash handling and related financial activities at Ross Snyder, including adherence to policies on charging and accounting for fees and encompassing an inventory of City-owned equipment. Based on a request from the Office of the City Controller on April 1, 2004, the Department's Auditors also specifically examined permitting transactions and fees charged for use of the Nike Soccer field, both by Center staff and also by the Municipal Sports section for evening and Sunday use. The period covered by the audit was July 1, 2003, through February 29, 2004, during which time two different Directors had responsibility, one from July to November, the other from November through the present.

Overall, the Auditors noted no missing funds or failure to account for and deposit City funds. The audit report does bring to the forefront the inadequacy of center revenue to meaningfully offset the cost of operating a neighborhood recreation center: \$35,861 in revenue for the audit period, while the cost of full-time and part-time allocated staff alone, if all positions were authorized to be filled, is \$350,493 annually. However, the Auditors did identify minor areas of weakness in timely depositing, permit processing, and reporting of donations that provide opportunities to improve financial administration. Further, the observations, findings, and recommendations by the Auditors, while specific to Ross Snyder, more generally reflect the Department's struggle under current staffing shortfalls. Similar circumstances exist throughout the Department in which Directors are overwhelmed by workload, with only one full-time employee at a center. Inconsistency may also be manifested at supervisory levels because the span of control is too broad.

To summarize the audit findings and recommendations:

1. Two permit groups had been charged appropriate fees but used the fields before paying and have not since paid. The Auditors recommend that patrons pay for permits in advance.

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2. In regard to permits for use of the Nike Soccer Field, twenty-five instances were found in which fees were properly collected but a written permit with rules and policies was not issued because of delays in the approval process. The Auditors emphasize the need for appropriate documentation, encompassing both permit application and final approved permit.
3. Also in regard to Nike Soccer Field permit use, the Auditors found minor accounting errors in the distribution of various percentages of the fees to different accounts. The net adjustment recommended by the Auditors is a return of \$183.96 to the Municipal Recreation Program (MRP) fund mistakenly allocated to the General Fund.
4. Previous staff mis-identified information on thirteen cash receipts, so that all of the money paid on those receipts would be kept in the MRP fund for Ross Snyder instead of going to the Department's general fund. The Auditors identified a net amount of \$3,433 which could be returned to the General Fund from the MRP pending further verification of the actual revenue source of the funds received.
5. The gift agreement by which Nike, Inc., and the United States Soccer Federation Foundation, Inc., funded construction of the field has a requirement for performance reports from the Department. This requirement had been overlooked by field staff but must be satisfied annually.
6. A sports league using soccer fields at Ross Snyder had been revoked from field use elsewhere in the Department by the Municipal Sports section of the Department for various infractions, including subletting youth field time to adult leagues, but Auditors learned that no protocol or information system is in place currently to ensure notification to all center directors to turn down permits to revoked leagues. The league in question must resolve outstanding amounts due or have current Ross Snyder permits revoked.
7. The Auditors found that receipts greater than \$500 were not always deposited on the same or next business day. Despite staffing shortfalls at Director and Supervisor levels, this activity must be given higher priority for the future security of City funds.
8. The center's internal tracking report, the Book of Accounts, was not kept updated. Although perhaps reflective of staffing changes and shortages, this is an important tool in monitoring and managing the center's finances and should be regularly balanced.
9. Eight small donations, aggregating to \$2,800, were received and deposited but were not documented properly for processing with a Board report acknowledging the donors. This omission occurred under previous staff and has not recurred since November 2003.
10. In conducting a physical inventory, Auditors found some discrepancies, principally that pieces of equipment at the center were missing numbered City decals or were not on the City's

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inventory, or both. A full and complete inventory should be undertaken to be sure that all equipment receives decals and is properly listed on the City's asset forms.

11. A Transfer of Accountability form detailing the transfer of authority from one Director to the new Director, official in January of 2004, was not completed; it should be completed as soon as possible.

Senior staff of the Department, in both the Finance Division and Field Operations, are reviewing the audit to develop a plan for responding to the specific corrections needed at Ross Snyder, as well as the larger issues raised which can improve all recreation center performance, such as timely and equitable permit processing and improving supervisory monitoring. Such steps as additional training, spot checks by Auditors or other designated staff, and review of processes to improve efficiency and timeliness will be among the remedies under consideration. Development will continue on an on-line field reservation system, which would reveal current standing and reservations of sports leagues on Department fields city-wide. Staff will be reporting periodically to the Board on the results in this matter and on other permitting and fee issues in the coming months.

The audit findings and our preliminary corrective action plan will be reviewed next with the City Controller. A copy of the audit is on file in the Board Office.

Prepared by Linda Barth and Faith Mok