



City Auditor's Office

Parks and Recreation Special Events Division

Report Issued: October 1, 2020

Audit Report No. 20-01

Auditor-In-Charge: Andrea R. Russell, CPA, CFE, CIA, CGMA

Auditor: Jessica Pautz, MBA



TO: Mayor Coviello and Council Members

FROM: Andrea R. Russell, City Auditor *ARR*

DATE: October 1, 2020

SUBJECT: Parks and Recreation Special Events Division Audit

The City Auditor's Office completed an audit of Parks and Recreation Special Events Division. The audit was conducted in conformance with Generally Accepted Government Auditing Standards by the authority granted through City Ordinances 28-02 and 79-10.

We would like to express our sincere appreciation to City management and staff for the courtesy, cooperation and proactive attitude extended to the team members during the audit. If you have any questions or comments regarding this audit, please contact Andrea Russell at 242-3380 or Jessica Pautz at 242-3382.

C: Rob Hernandez, City Manager
Connie Barron, Assistant City Manager
Kerry Runyon, Parks and Recreation Director
Dolores Menendez, City Attorney
Kimberly Bruns, City Clerk
Lucille Vaillancourt-Kreider, Revenue/Special Facilities Superintendent
Todd King, Special Events Supervisor
Audit Committee

TABLE OF CONTENTS

EXECUTIVE SUMMARY 4

BACKGROUND..... 4

AUDIT OBJECTIVES 5

STATEMENT OF AUDITING STANDARDS..... 5

FINDINGS AND RECOMMENDATIONS..... 5

SCOPE AND METHODOLOGY 19

APPENDIX A..... 20

EXECUTIVE SUMMARY

The City Auditor's Office conducted an audit of Parks and Recreation Special Events Division. This audit is included in the City Auditor's FY20 approved Audit Plan.

Based on the test work performed and the audit recommendations noted below, we concluded overall the following items are needed in order to effectively and efficiently meet the stated audit objectives:

- Policies and procedures require updates
- Increase needed in fiscal oversight
- Improvements to administration and coordination of Special Event volunteers

For details on the findings and recommendations regarding the areas noted above, see Findings and Recommendations. While we noted a lack of controls in some areas (policies and procedures and fiscal oversight), no material control deficiencies were noted.

BACKGROUND

The Parks and Recreation Department Special Events Division (Division) plans and oversees a variety of special events held in the city throughout the year. The Division strives to host events that are diverse, family-oriented and attractive to the community and corporate sponsors. Citizens may also utilize city property, such as Sun Splash, to host special events. The Division assists in coordination of private events. Some popular City sponsored events include:

- Tour De Cape
- Cape Bike Night
- Sounds of Jazz and Blues
- Red, White, and Boom
- Coconut Festival

The Division is comprised of four full-time staff; one Special Events Supervisor, one Senior Recreation Specialist, and two Recreation Specialists.

One of Parks and Recreation's performance measures is to "increase, establish and maintain partnerships with the community and local organizations; and increase volunteer hours." This performance measure is supported by the Division through volunteers and sponsorships. Volunteer opportunities are available for individuals to obtain required volunteer hours, meet new people, or to become more involved in the community. Sponsorships represent the opportunity for local businesses to promote their business, products, or services while at the same time helping to enhance the atmosphere of the event. For FY18 and FY19 budgeted revenues totaled \$679,986 and \$591,822 respectively and expenses totaled \$708,260 and \$711,532.

AUDIT OBJECTIVES

The audit objectives were:

- To determine if the division provides diverse, family oriented special events in an efficient manner in accordance with policies and procedures.
- To determine if special events are managed with sufficient fiscal oversight.

STATEMENT OF AUDITING STANDARDS

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.

FINDINGS AND RECOMMENDATIONS

FINDING 2020-01: Policies and Procedures require updates

Rank: High

The Division within Parks and Recreation does not have one comprehensive policies and procedures manual and the various documents utilized require update, clarification and should be included in one manual.¹ More definitive policies and procedures assist with providing more effective operations and clear direction for the administration of special events. As part of our review we noted that some policies and procedures are not documented at all and some are detailed in separate documents including:

- Refund statements on event announcements/agreements
- Vendor agreements
- Sponsorship agreements
- Cash handling instructions
- Volunteer information is only on the City's website
- Special Events Permit Application

The Special Events Permit Application (Application) process has no defined policies and procedures and instructions and fees on the form are vague and conflict with information in other places such as the City website. Applications must be completed for an event that will be

¹ Policies and procedures also discussed in Findings 2020-02- Fiscal Oversight, 2020-03- Special Events Volunteers; 2020-04
CONFIDENTIAL

held in the city whether hosted by the City or the public. A required application fee along with other fees for tents, banners, electrical or inspections are shown on the application.

As part of the application process, vendors selling food must have an equipment safety inspection completed by the City Fire Marshall. The Division utilizes a checklist which includes event name, event dates, contact name, applicable fees, and a column to mark once each step is completed. In addition, applications may require City Council approval when one or more of the following items apply to the event:

- crowd size is expected to be over 500 participants
- off-site parking will be provided
- streets or sidewalks will be closed
- there will be amplified music or entertainment
- a public or private firework display
- exterior advertising techniques will be utilized (such as, banners, balloons, or signs).

We noted that none of the nine events in our sample that required council approval received approval. We learned through discussion with the Division that a Special Events Committee meets to discuss certain events and determines if a permit will be issued and if Police coverage will be required; however, we noted these meetings appear to be informal and no supporting documentation such as meeting minutes exist to record the results.

We reviewed 12 event applications to test compliance with application requirements. It was difficult to determine the population of applications to select our sample because they are tracked in several different systems. Information obtained from RecTrac was compared with the department checklists completed to determine the population of 117 applications processed during our audit scope. During our review, we noted information on the application did not agree to RecTrac or the completed checklist further complicating the population determination. Inconsistency in record keeping can lead to confusion and errors in applicable fees, non-compliance with application requirements, including missing necessary inspections and inaccurate accounting for the event.

The table below displays the exceptions noted for the attributes tested:

Attribute	Number	Percentage
\$40 Application fee not paid (applied to 12 events)	5	42%
Non-compliance with application requirements-app submitted less than 60 days before event date (applied to 12 events)	9	75%
Non-compliance with app requirements- No council approval (applied to 9 events)	9	100%
Additional fees waived (applied to 8 events)	8	100%
Inspection was not requested (applied to 10 events)	3	30%

We noted an overall lack of monitoring and follow-up as evidenced by inconsistencies between the application provided for completion on the City's website and the internal checklist used by the Division to track completion of required fields. We also noted differences between the application and checklist for banner fees, tent fees and requirements included on the internal checklist are not reflected on the application.

In general, management should document policies and procedures which acknowledge the control responsibilities of the organization and should provide the appropriate level of detail to allow management to effectively oversee the activity described.² An effective all-encompassing policy and procedures manual is an essential management tool and provides a roadmap for day-to-day operations. Policies and Procedures manuals:

- Ensure business continuity
- Identify specific methods and standards for how work is performed, and documented
- Provide process consistency and structure
- Should be periodically reviewed and updated
- Reduce organizational inconsistency and inefficiency

Detailed and relevant policies and procedures help to ensure compliance with application requirements such as collection of proper and accurate fees; performance of required inspections; obtaining proper approvals, such as council, and appropriate allocation of resources, such as police and fire.

RECOMMENDATIONS:

2020-01a. Develop an all-encompassing policy and procedure manual for Parks and Recreation Special Events Division. The manual must provide details on the entire event process from planning to post event close-out and should include at a minimum the following sections:³

- Refunds
- Fee waivers
- Vendors and sponsorships
- Cash handling
- Volunteers
- Safety Measures
- Budgeting
- Special Events Permit Application process
- Comp tickets
- Trade of Service
- Recording of fees, events, etc. in software system

2020-01b. Periodically review the policies and procedures to ensure they are still consistent with current practices, policies, and regulations and update as necessary.

² GAO Standards for Internal Control in Federal Government 12.02; 12.03

³ See Finding 2020-02 and 2020-03.

- 2020-01c. Create a process for the Special Events Committee to formally vote and record the approval of a permit application including any exceptions made for the event and approval of exceptions.
- 2020-01d. Define fee waiver accounts and reasons fees are waived. Include what documentation is required to support the fee waivers and what approvals is required.
- 2020-01e. Obtain City Council approval on required events.
- 2020-01f. Update Special Events Permit Application to properly reflect all additional fees and documentation requirements.

Management Response and Corrective Action Plan:

- 2020-01a.** The events team will create a Policy and Procedures Manual which will outline procedures for events for all sections outlined as well as meeting National Industry standards.
- 2020-01a. Responsible Person:** Revenue and Special Facilities Superintendent
- 2020-01a. Anticipated Completion Date:** April 30, 2021
- 2020-01b.** Policies and Procedures Manual will be updated annually after the initial revision according to 2020-01a.
- 2020-01b. Responsible People:** Special Events Supervisor
- 2020-01b. Anticipated Completion Date:** September 30, 2022
- 2020-01c.** This process is already in place. Currently we utilize an email approval/Vote process that is part of every special event permit issued. This process is being incorporated into the new Tyler Munis system and approvals will be done in that system once active.
- 2020-01c. Responsible Person:** Recreation Superintendent
- 2020-01c. Anticipated Completion Date:** October 30, 2020⁴
- 2020-01d.** All Fee waiver amounts are done through the budget process and specific amounts are approved and identified per Special Event.
- 2020-01d. Responsible Person:** Recreation Superintendent
- 2020-01d. Anticipated Completion Date:** October 30, 2020⁴
- 2020-01e.** We have removed this from the application and web site, as Council has directed staff to handle special event permits administratively.
- 2020-01e. Responsible Person:** Recreation Superintendent
- 2020-01e. Anticipated Completion Date:** October 30, 2020⁴

⁴ These processes are already in place therefore the Anticipated Completion Date is approximately one month after report issuance to allow for review of the current process

<p>2020-01f. We have removed all fees from the special event permit application as those fees are paid separately to other Departments based on event layout, size and scope. This process is being incorporated into the new Tyler Munis system and fee collection will occur as needed with the special event permit process.</p> <p>2020-01f. Responsible Person: Recreation Superintendent</p> <p>2020-01f. Anticipated Completion Date: October 30, 2020⁴</p>
--

FINDING 2020-02: Increase needed in Fiscal Oversight

Rank: High

There is a lack of adequate fiscal oversight in the Division. We noted several areas that need improvement including accurate budgeting of revenues and expenditures, complimentary (comp) tickets, monitoring of sponsors and vendors for events, refund policies and procedures, and accurate budgeting and cash handling at events. While policies and procedures for some of these areas were drafted after the start of the audit, they were not formalized and in place during the scope of the audit.⁵

BUDGETING

The Division has difficulties budgeting each year due to timing of Coconut Festival (Coco Fest). Deposits for entertainment for Coco Fest are due to the entertainers in the preceding fiscal year from when the event is actually held. In order to properly budget for the deposits, the Division needs to incorporate the deposit amount into the preceding fiscal year to ensure the funds are available to secure the deposit. In addition, we compared amended budgeted revenue amounts for FY18 and FY19 to actual revenues. On average, revenues were over budgeted 41% and 45% for FY18 and FY19 respectively. Red, White, and Boom (RW&B) was overbudgeted approximately \$90,000 for FY18 and \$96,000 for FY FY19. For details of revenue by event amended budget to actual, see the tables below:

⁵ See policies and procedures Finding 2020-01

Event	Amended Budget FY18	Actual FY18	\$ Difference	%
Bike Night	\$ 88,150.00	\$ 53,117.90	\$ (35,032.10)	-66%
Coconut Festival	\$ 215,800.00	\$ 140,158.83	\$ (75,641.17)	-54%
Holiday Boat-A-Long	\$ 4,203.00	\$ 4,250.00	\$ 47.00	1%
Movie in the Park	\$ 1,436.00	\$ 1,879.00	\$ 443.00	24%
Non-Program Specific	\$ 24,089.00	\$ 19,253.32	\$ (4,835.68)	-25%
Red, White & Boom	\$ 141,450.00	\$ 51,892.66	\$ (89,557.34)	-173%
Sounds of Jazz & Blues	\$ 66,728.00	\$ 57,923.19	\$ (8,804.81)	-15%
Tour De Cape	\$ 36,900.00	\$ 26,862.38	\$ (10,037.62)	-37%
Veterans Day Parade	\$ 1,230.00	\$ 1,000.00	\$ (230.00)	-23%

Event	Amended Budget FY19	Actual FY19	\$ Difference	%
Bike Night	\$ 90,353.00	\$ 60,190.67	\$ (30,162.33)	-50%
Coconut Festival	\$ 218,531.00	\$ 173,764.09	\$ (44,766.91)	-26%
Holiday Boat-A-Long	\$ 4,308.00	\$ 3,536.79	\$ (771.21)	-22%
Movie in the Park	\$ 1,471.00	\$ 10,262.33	\$ 8,791.33	86%
Non-Program Specific	\$ 24,692.00	\$ 9,936.54	\$ (14,755.46)	-148%
Red, White & Boom	\$ 144,987.00	\$ 49,103.77	\$ (95,883.23)	-195%
Sounds of Jazz & Blues	\$ 68,396.00	\$ 63,370.75	\$ (5,025.25)	-8%
Tour De Cape	\$ 37,823.00	\$ 26,814.21	\$ (11,008.79)	-41%
Veterans Day Parade	\$ 1,261.00	\$ -	\$ (1,261.00)	0%

COMPENSATORY TICKETS

The majority of events held by the City of Cape Coral are free to attend. Compensatory (Comp) tickets are provided to vendors, sponsors, city employees and city officials for VIP or separate areas at Coco Fest, Sounds of Jazz, and RW&B. The public must pay a fee to enter VIP or separate sections at these events. Comp tickets are recorded on an excel spreadsheet. Currently, there is no policy to set a maximum number of comp tickets allowable per person or per event which can lead to individuals receiving a disproportionately large number of comp tickets for a single event. If not recorded correctly or monitored, this could result in improper allocation of resources for the event. We also noted a large increase in the number of comp

tickets from FY19 to FY20 for one event in our sample. We were unable to determine the reason for the increase due to comp ticket record keeping.

There is a lack of formal procedures and monitoring of comp tickets. The current methods used to track comp tickets do not provide enough information to properly plan resources for an event. In addition, the cost of comp tickets is not considered when gathering costs for an event and therefore events do not accurately reflect the total costs.

VENDORS

Vendors are another important aspect of events because they generate revenue and provide a positive contribution to the overall community atmosphere at events. Vendors are required to complete a vendor application; which includes event information, applicable fees, contact information, and terms and conditions. The completed application is used to assess fees in RecTrac. During our review we noted a lack of documented policies and procedures for vendors including details on application completion and submission, applicable fees, and required documentation. The Division sets vendor rates per fiscal year; however, no analysis of vendor revenues or documentation exists to support the methodology for determining vendor fees. We sampled 60 vendor transactions for events that occurred during the audit scope to determine if required documentation was received and if fees were accurately assessed and paid. We were unable to determine fees to be charged for 15 (25%) of the sample because the application does not include a space for a vendor to indicate footage they will need and handwritten amounts per the vendor. Five of the 60 transactions (eight percent) did not have an application; therefore, we were unable to verify type of vendor, fees to be assessed and if any additional documentation was required because of the missing application. Applicable fees were not paid for 26 (43%) vendors in the sample. The vendor application also requires food vendors to provide a copy of their license. In our sample of 60, 13 were food vendors. Of the 13 vendors selling food, nine (69%) did not have a copy of the license.

Overall, we noted a lack of consistency and monitoring over fees charged to vendors which led to confusion and errors in applications.

As of July 4, 2019, the Division implemented the requirement for vendors to complete an agreement. For 6 of the 32 (19%) vendors participating in events after July 4, 2019; we did not receive a signed agreement.

SPONSORS

Sponsors are essential to events since they provide both cash and non-cash donations in the form of money, hotel rooms for entertainment, t-shirts and food for volunteers and staff. Sponsorship agreements outline terms and conditions to be satisfied by both the City and the sponsoring organization. We selected a sample of six sponsorship agreements for review. As part of our review we noted two of six instances (33%) where amounts for the donation did not appear on the financial records. Of these two instances, one was applied to the wrong event and the second was not recorded because it was a verbal agreement of non-cash donation. In addition, it appeared that we did not receive payment-in-full from one of the six sponsors as

indicated on their agreement; four of the six agreements (67%) were not signed by Parks and Recreation; and three (50%) were not signed by the sponsoring organization.

The Division indicated that the agreements are non-binding and are not updated with actual amounts or support to document a change. There is also no inventory or valuation for non-cash donations (i.e., gift cards, alcohol, souvenir cups, etc.). It is important to note that according to a memo dated August 4, 2016, the process for sponsor and vendor agreements was described as “inefficient and lacking;” thereby indicating the Division has previously noted problems with this process.

REFUNDS

According to the Parks and Recreation website, events are non-refundable to ticket buyers and vendors; however, if the City cancels the event, such as in the case of restrictions due to COVID 19, full refunds are issued. Ticket sales and refunds for events, such as Brews on the River, RW&B, Sounds of Jazz and Coco Fest, are completed through a third-party vendor. It is important to note the agreement was not reviewed by the City Attorney’s Office prior to implementation and does not include the status of vendor Payment Card Industry Compliance and terms and conditions which identify each party’s responsibilities in the event of a data breach.

We reviewed a sample of 352 third-party issued refund transactions which represents all refunds issued during our audit scope. We noted 10 of the 352 (3%) refunds were for various reasons that upon review were demonstrated to be valid but not associated with event cancellation. This is an immaterial amount; however, it demonstrates that although these refunds may have been issued for a valid reason, there is no process in place to address such situations. We also sampled a selection of refunds issued by the Division. Of the 6 reviewed we noted five, totaling \$335, were issued for vendors at Bike Night due in part to the changes that occurred with the 47th Terrace Streetscape project. Finally, we noted that 346 of the 352 refunds (98%) did not have any indication of Division approval. The Division refund policy should include situations where refunds would be issued, including pandemic or weather, and indicate refund approver in order to consistently and fairly issue them.

CASH HANDLING

Certain events require cash handling such as Coco Fest, Holiday Boat-a-Long, RW&B and Tour de Cape. The City has a Cashier Policy and Procedures Manual that must be followed when handling cash transactions; however, the Division created its own cash handling instructions for dealing with cash at these events. As part of the process for preparing for an event, a cash request is completed and submitted to Financial Services to establish cash drawers for the event. During our testing we noted the Division doesn’t properly monitor the requests for cash drawers because cash drawer records received from Special Events didn’t agree with cash drawer records from Financial Services. We reviewed 14 cash drawers to determine compliance with the following areas from the City Cashier Policies and Procedures: cash drops, reconciliation of cash drawers, and inventory management. According to the City Cashier Policies and Procedures, all cash drawers are required to have a companion sheet which provides start-up amounts, drops completed, sales, and denominations at shift end.

A cash drop (drop) is initiated by the individual in charge of a cash drawer. When the cash in the drawer reaches an amount as determined by the individual, a drop is completed, and the cash is transferred to the cash office. Of the 14 cash drawers, six of them included drops. The table below outlines the results of cash drops:

Attribute	Number	Percentage
Cash drops were not initialed	2	33%
No identification of who picked-up cash drop	4	67%
No record that two cash office workers verified cash drop prior to placing in safe	6	100%

Cash balancing and reconciliation of sales for cash drawers is also a requirement per City Cashier Policies and Procedures Manual. At the start of the event, cash drawer denominations are counted and verified; however, the 14 cash drawers sampled did not have a final cash balance completed. According to Cashier Policies and Procedures, if a cash drawer is not balanced at shift end, a calculator tape is required to accompany the companion sheet. The table below outlines the results of cash drawer balancing at shift end:

Attribute	Number	Percentage
Two individuals' initials and time of return were not on cash drawer balance sheet	14	100%
Calculator tape was not attached to balance sheet	8	57%
Two individuals' initials and date were not on cash calculator tape	14	100%

In addition, in order to reconcile the sales associated with the cash drawer to the cash balances, ticket sales and alcoholic beverage sales are recorded on a tracking sheet, all provided by the Division. The 14 cash drawers did not have supporting documentation to determine if the recorded revenue by the Division was accurate. Two of the seven cash drawers that handled ticket sales had hand-written ticket information; for these two, sales did not agree to the revenue recorded and one of the cash drawers made note of a variance (cash short) that was unaddressed. The cash drawer with the cash short did not have a ticket sales sheet or ticket information on the companion sheet to verify this information. The Cashier Policy and Procedures Manual outlines procedures to be followed if a cash drawer is over or short. This policy was not followed.

Currently, cash drawer recordkeeping is completed on paper and only some events utilize excel spreadsheets for tracking. The City's Cashier Policies and Procedures Manual is not followed. We noted the following deviations from the Cashier Policies and Procedures Manual:

- A true reconciliation of cash drawers is not completed.

- Ticket sales are not recorded consistently and in accordance with policy; therefore, a true cash balance cannot be determined.
- Alcohol sales are not properly tracked; therefore, alcohol sales attributable to a cash drawer can't be determined.
- Because cash handling at events is conducted in an open forum, the security measures outlined in the Cashier's Policy and Procedures Manual are not followed.

The Cashier Policy and Procedures Manual was prepared to translate performance standards as a cash handler with a consistent set of expectations. A lack of accurate tracking of ticket and alcohol sales can hinder accurate budgeting. Division cash policies and procedures are inconsistent with City policies and procedures, are confusing and can lead to inaccurate cash handling and possible fraud.

RECOMMENDATIONS:

- 2020-02a. Budget expenditures and revenue amounts to more accurately include entertainment expenditures and to more closely reflect prior period actuals. Budgeted amounts should be within +/- 10%.
- 2020-02b. Implement a system for monitoring vendor, sponsor, and refund transactions.
- 2020-02c. Use existing in-house software to track sponsorship information for cash and non-cash inventory items.
- 2020-02d. Work with the City Attorney's Office to develop contracts for vendors and sponsors.
- 2020-02e. Work with Information Technology Systems department to reduce reliance on third-party vendors and more fully utilize RecTrac or City Financial System to sell tickets and issue refunds for events.
- 2020-02f. Follow City Cashier Policy and Procedures Manual for cash handling at all events where cash is present.
- 2020-02g. Develop specific policies and procedures to address ticket and alcohol sales for events in order to properly reconcile events.

Management Response and Corrective Action Plan:

- 2020-02a.** The Events Division will work closely with the budget analyst to establish compliance with current budget policy established by Department Director and City Manager.
- 2020-02a. Responsible Person:** Revenue and Specialty Facilities Superintendent
- 2020-02a. Anticipated Completion Date:** October 1, 2022

- 2020-02b.** The Events Division will address the system for monitoring vendor, sponsor, and refund transactions according to Finance Department Policy and establish a guideline in the Events Policy and Procedures Manual.
- 2020-02b. Responsible People:** Special Events Supervisor
- 2020-02b. Anticipated Completion Date:** April 30, 2021
- 2020-02c.** Events division will utilize software to report revenues and expenses from all cash and no-cash donations. This will be addressed by end of the calendar year 2021 and placed in the future Policy and Procedures Manual in accordance with City Cash handling guidelines. Currently Management is exploring the options for Rectrac and Tyler Munis module from Rectrac to integrate financial reporting aspects.
- 2020-02c. Responsible Person:** Special Events Supervisor
- 2020-02c. Anticipated Completion Date:** December 31, 2020
- 2020-02d.** The events division will work with City Attorney's Office to construct and implement agreements/contracts for vendors and sponsorship.
- 2020-02d. Responsible Person:** Revenue and Specialty Facilities Superintendent
- 2020-02d. Anticipated Completion Date:** December 14, 2020
- 2020-02e.** The events division will work with IT to determine the best software to utilize third party vendors for multitude of events. Some events require outside third party to provide timing, running and bicycling.
- 2020-02e. Responsible Person:** Special Events Supervisor
- 2020-02e. Anticipated Completion Date:** January 29, 2021
- 2020-02f.** Events team will meet with Finance Department to work with existing policy for cash handling processes during events. Moving forward the events team will work with finance to explore options to provide the most efficient and cost-effective options for each event while following the Policy and Procedures for cash handling. This section will also be entered into the Events Policy and Procedures Manual.
- 2020-02f. Responsible Person:** Special Events Supervisor
- 2020-02f. Anticipated Completion Date:** December 31, 2020
- 2020-02g.** Events division will develop policies and procedures to address ticket and alcohol sales. This will be addressed by end of calendar year 2020 and placed in the future Policy and Procedures Manual in accordance with reconciliation guidelines. Currently Management is exploring the options for Rectrac and Tyler Munis module from Rectrac to integrate financial reporting aspects.
- 2020-02g. Responsible Person:** Special Events Supervisor
- 2020-02g. Anticipated Completion Date:** April 30, 2021

FINDING 2020-03: Improvements to administration and coordination of Special Events Volunteers
Rank: High

The Parks and Recreation Strategic Plan includes the goal to increase the number of volunteers utilized at City events. Volunteers perform many services at events; such as ticket takers, parking lot attendants, and beverage sales. The Division requires volunteers to sign-up for tasks and shifts through Volunteer Spot. Volunteers must enter their name, number of spots, email, and t-shirt size when they apply. While policies and procedures for volunteers were created after the start of the audit, they were not formalized and in place during the scope of the audit. These policies and procedures include sections addressing:

- Organization's Mission
- Record Management
- Attendance and Time
- Volunteer Age Restrictions
- On-site Training
- Trade of Hours
- Drug-Free Environment
- Safety and Liability

Volunteer Hours and Trade of Services

The Division relies on volunteers to assist with various tasks for the event to be successful. At times, organizations may trade services, such as the use of equipment for volunteers. The Division completes most of the trade of service arrangements verbally and has no tracking or monitoring in place to ensure agreement fulfillment. The chart below shows the agreements obtained during the scope of the audit would result in approximately 634 volunteer hours or \$15,000 in revenue. Currently, no volunteer hours have been recorded to reflect fulfillment.

Event	Volunteer Hours agreed upon	Total Amount of services/rentals	Volunteer hours recorded for organization
Edison Festival of Lights	181.03	\$ 4,370.00	0
Winter Carnival	161.56	\$ 3,900.00	0
Touch a Truck 2019	60.07	\$ 1,450.00	0
Pride Event	181.44	\$ 4,380.00	0
Edison Festival of Lights	49.53	\$ 1,008.00	0
Totals	633.63	\$ 15,108.00	0

Volunteer Record Keeping and Tracking

Records are maintained for each volunteer and the record includes date, time, location, duties performed and total hours. In addition, volunteers are expected to check-out at the end of the shift. At each event there is a tent where volunteers check-in and receive task assignments.

The Division tracks volunteers in multiple ways. The sign-in/out sheets differ for each event. During our review we noted not only do sheets contain different fields for volunteers to complete for events but also are not completed correctly or are missing information, such as time in and out. Although this information may not seem important it makes accurate record keeping of volunteer hours difficult. After the event, information on the sign-in/out sheet's is entered in an excel spreadsheet for tracking purposes.

We selected a sample of 40 volunteers from the sign-in/out sheets for review. Based on our review we noted that 36 of the 40 (90%) volunteers did not have a sign-in time; 36 of the 40 (90%) did not have a signature/initials and 9 of the 40 (23%) did not have a checkmark or highlight to indicate check-in. We noted that each volunteer had at least one item completed, a sign-in time, signature, checkmark, or highlight to indicate check-in status. None of the sample selected had a sign-out time. We noted two instances out of 40 where volunteers worked less hours than what was recorded and one instance of 40 where Volunteer Spot and the sign-in/out sheet did not match the selected task. There is no review or monitoring to ensure hours worked and tasks completed are accurate and agree to promised hours. Finally, we noted during testing that the "beer sales" task is not tracked at all through Volunteer Spot.

Volunteer Requirements

Procedures drafted by the Division in March 2020, state that individuals must be 15 and older to volunteer for an event and anyone under the age of 18 must provide a written parental consent. According to Florida State Statute Section 562.111, individuals under the age of 18 cannot serve alcoholic beverages. Currently, there is no process in place to verify volunteer age or obtain the necessary parental consent if applicable. Furthermore, there is no monitoring at events to ensure minors are not serving alcohol, as a result the Division can't ensure adherence to state law regarding the sale of alcoholic beverages.

Cash Handling

Volunteers receive a brief on-site training for cash handling the day of the event prior to the beginning of the event. Although the Division should follow City Cashier Policies and Procedures, they have created a set of instructions for cash handling.⁶ The Division requires volunteers to complete a Cash Letter of Understanding (LOU) the day of the event when they receive their cash drawer. We observed the training prior to November 2019 Coco Fest. While City staff was attentive and following procedures, we noted that some of the volunteers were laughing and joking and didn't appear to be taking the training seriously. During testing we noted 10 of the 15 or 67% of the sample selected didn't have the cash LOU on file. City Cashier Policies and Procedures ensure proper controls are in place to safeguard City cash assets.

Alcoholic Beverage Sales

The Division relies on a local organization to sell alcoholic beverages at events. Volunteers for alcohol sales do not complete the registration process through Volunteer Spot and do not sign-in at events; however, since they are handling cash, they are required to complete a cash LOU.

⁶ See Finding 2020-01 and 2020-02

We were not able to verify if these volunteers completed the cash LOU because the alcoholic beverage sales task is not tracked in Volunteer Spot. In addition, there is no documented agreement that outlines this service will be provided by the local organization and what the City of Cape Coral provides in trade.

Utilizing volunteers at events provides an excellent way for citizens to support the City and enhance citizen enjoyment of special events; however, the process must be formally documented and communicated as well as monitored to ensure services are safely provided and appropriately controlled.

RECOMMENDATION:

- 2020-03a. Create a comprehensive volunteer manual that includes policies and procedures for:
- Tracking volunteer hours
 - Required information when applying to be a volunteer (i.e., date of birth)
 - Assignment of alcoholic and beer sales including a defined age to serve and sell alcoholic beverages
- 2020-03b. Obtain Cash Letter of Understanding from all volunteers handling cash at Parks and Recreation Special Events.
- 2020-03c. Obtain a Trade of Service agreement for all vendors who indicate they wish to trade services at special events. Agreements must include the number of hours needed to work, balance due, and timeframe to complete hours.
- 2020-03d. Coordinate volunteer training sessions to be held prior to the main event season.

Management Response and Corrective Action Plan:

2020-03a. The events team will create a comprehensive manual for volunteers. The team will explore web-based technology with IT Department to establish a potential program Citywide to address the position descriptions, recruiting, background checks if necessary, hour tracking, placement and training of volunteers for one time and ongoing volunteer opportunities. Job descriptions will include age requirements.

2020-03a. Responsible Person: Special Events Supervisor

2020-03a. Anticipated Completion Date: April 30, 2021

2020-03b. Events team will create a Letter of Understanding which meets industry standards and follows the Finance Departments Cash Handling Policy.

2020-03b. Responsible People: Special Events Supervisor

2020-03b. Anticipated Completion Date: December 31, 2020

2020-03c. The events team will work with Legal to create an agreement which entails trade of service, in kind donations, fee waivers, request of volunteer hours which will be reported through the volunteer software program for tracking.

2020-03c. Responsible Person: Special Events Supervisor

2020-03c. Anticipated Completion Date: December 31, 2020

2020-03d. The events team will coordinate volunteers for training prior to begin of task for events and volunteers will acknowledge date and time of training. This will be a section of the Events Policies and Procedures Manual. Volunteers will be required to take the training prior to the event they volunteered for.

2020-03d. Responsible Person: Special Events Supervisor

2020-03d. Anticipated Completion Date: February 1, 2021

SCOPE AND METHODOLOGY

Based on the work performed during the planning phase and the assessment of risk, the audit covers Special Events processes and transactions from October 1, 2018 to March 31, 2020. When appropriate, the scope was expanded to meet the audit objectives. Testing was performed using the City Ordinance, Administrative Regulations, City's Cashier Policies and Procedures and Division policies and procedures in place during the scope.

Original records as well as copies were used as evidence and verified through physical examination. Sample size and selection were based on the CAO Sample Methodology. We used a judgmental sampling methodology to select a sample of sponsors to review allocation of funds and compliance with proper documentation. A judgmental sample was also used to select a sample of volunteers to ensure a population included different events and various tasks, including cash handling.

To determine whether internal controls were in place for cash handling, we reviewed the City's Cashier Policies and Procedures and completed a walk through at a City hosted event. To verify policies were followed and reconciliation of cash drawers was conducted we judgmentally selected cash drawers from different events.

Finally, in order to evaluate additional fiscal management and monitoring we selected a random sample of vendors, refunds issued and Special Event Permit Applications.

In order to achieve the audit objectives, we relied on the City's financial system and the Parks and Recreation software system (RecTrac), which were previously determined to be reliable in other audits. No additional data reliance testing was deemed necessary.

APPENDIX A

Finding Classification

Findings are grouped into one of three classifications: High, Medium or Low. Those findings that are categorized as low are not included in the report but rather are communicated separately to management. Classifications prioritize the findings for management to address and also indicate the level of testing required to determine if a finding's Corrective Action Plan is fully implemented in accordance with recommendations and Management's Response.

High: A finding that is ranked as "High" will have a significant impact on the organization. It is one that *prevents* the achievement of a substantial part of significant goals or objectives, or noncompliance with federal, state or local laws, regulations, statutes or ordinances. Any exposure to loss or financial impact for a High finding is considered *material*. Examples include direct violation of City or Department policy, blatant deviation from established policy and procedure, such as actions taken to circumvent controls in place, material non-compliance with federal, state or local laws, regulations, statutes or ordinances, or an area where significant cost savings could be realized by the Department or the City through more efficient operations.

High findings require immediate management attention and should take management's priority when considering implementation for corrective action.

Medium: A "Medium" finding is one that *hinders* the accomplishment of a significant goal or objective or non-compliance with federal, state or local laws, regulations, statutes or ordinances, but can't be considered as preventing the accomplishment of the goal or objective or compliance with federal, state or local laws, regulations, statutes or ordinances. Exposure to loss or potential or actual financial impact is *significant but not material* to the Department or City. Examples include lack of monitoring of certain reports, insufficient policies and procedures, procedure in place or lack of procedure that can result in *potential* noncompliance with laws and or regulations.

Medium findings require management attention within a time frame that is agreed upon by the Department and the City Auditor. Priority for implementation of management's corrective action should be considered in light of other High or Low findings.

Low: A "Low" finding is one that warrants communication to management but is one that isn't considered as hindering the accomplishment of a significant goal or objective and isn't causing noncompliance with federal, state or local laws, regulations, statutes or ordinances. Financial impact or risk of loss is minimal to none; however, low findings can *hinder the effectiveness or quality of department operations and thus are communicated to management separately. Low ranked findings are not included in the final audit report.*

The City Auditor's Office will not follow up on the status of Low findings communicated to Management.