City of Austin

AUDIT REPORT

A Report to the Austin City Council

Mayor
Lee Leffingwell

Mayor Pro Tem
Sheryl Cole

Council Members
Chris Riley
Mike Martinez
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Laura Morrison
Bill Spelman

Parks and Recreation Department (PARD) Mid-Year Program Changes Audit

June 2013

Office of the City Auditor

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REPORT SUMMARY

We found that, during fiscal years 2011 and 2012, changes related to PARD's youth and senior programming were based on incomplete and unreliable financial and performance information. However, PARD is currently establishing a system that is aimed at enhancing management's ability to collect and evaluate reliable program performance and budget information for decision making.

AUDIT NUMBER: AU13011

TABLE OF CONTENTS

BACKGROUND **1**

OBJECTIVE, SCOPE, AND METHODOLOGY **1**

AUDIT RESULTS **2**

Appendix
Appendix A: Management Response 4

Exhibit
Exhibit 1: PARD Planning Workbook Elements Implementation Status 3

GOVERNMENT AUDITING STANDARDS COMPLIANCE

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 TEAM

Niki Raggi, CGAP, CICA, Assistant City Auditor
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June 2013

Parks and Recreation Department Mid-Year Program Changes Audit

Audit Report Highlights

Why We Did This Audit

This audit was conducted as a part of the Office of the City Auditor's Fiscal Year (FY) 2013 Strategic Audit Plan.

What We Recommend

Due to efforts currently underway, we have not issued recommendations for this audit. However, we will consider performing a comprehensive audit of this area in the future to determine the effectiveness of these changes.

For more information on this or any of our reports, email oca_auditor@austintexas.gov

Mayor and Council,

I am pleased to present this audit on the Parks and Recreation Department (PARD) Mid-Year Changes.

BACKGROUND

PARD offers senior and youth programs at multiple locations throughout the City of Austin. Programs provided include recreational activities, educational classes, health-related services, and transportation services.

OBJECTIVE AND SCOPE

The objective of the audit was to evaluate the PARD mid-year budgetary changes to youth and senior programs for accountability and transparency.

The audit scope included the PARD senior and youth programs for the period of FY 2011 through the 2nd quarter of FY 2013.

WHAT WE FOUND

We found that, during FY 2011 and FY 2012, changes related to PARD's youth and senior programming were based on incomplete and unreliable financial and performance information; PARD is currently making efforts to address this risk.

Until recently, changes to youth and senior programs were made without knowing the true program cost and actual performance. For example:

- PARD management was tracking budget data by location, but did not effectively monitor and verify information on the performance and cost of individual programs being offered at each location.
- PARD did not have a standard methodology to determine program cost or a standard process for gathering and evaluating uniform program information from its various locations.
- PARD did not have a system to verify the accuracy of program-related information collected by staff at its various locations.

PARD is currently establishing a system aimed at enhancing management's ability to collect and evaluate program performance and budget information for decision making.

We appreciate the cooperation and assistance we received from PARD management and staff during this audit.

Kenneth J. Mory, City Auditor

BACKGROUND

Parks and Recreation Department (PARD) youth[1] and senior[2] programs are offered at 68 locations throughout the City of Austin. Youth and senior programs provided include recreational activities, educational classes, health-related services, and transportation services. During FY 2012, PARD provided 136 unique youth programs and 76 unique senior programs at its various facilities.

OBJECTIVE, SCOPE, AND METHODOLOGY

The PARD Mid-Year Changes Audit was conducted as part of the Office of the City Auditor's (OCA) Fiscal Year (FY) 2013 Strategic Audit Plan, as presented to the City Council Audit and Finance Committee.

Objective

The objective of the audit was to evaluate the PARD mid-year budgetary changes to youth and senior programs for accountability and transparency.

Scope

The audit scope included PARD senior and youth programs for the period of FY 2011 through the 2nd quarter of FY 2013.

Methodology

To accomplish our audit objectives, we performed the following steps:

- Interviewed key department personnel in PARD Assistant Director's Office, Financial Services Division, Community Programs Division, and Centralized Programs Division
- Reviewed industry standards, best practices, laws and regulations, and department policies and procedures related to youth and senior programs
- Reviewed and analyzed youth and senior programs data maintained by PARD
- Considered risks related to information technology and fraud, waste, and abuse

[1] Youth programs serve children between ages 0 – 18 years.
[2] Senior programs serve people who are 50 years and over.

AUDIT RESULTS

Finding: During FY 2011 and FY 2012, changes to PARD's youth and senior programming were based on incomplete and unreliable financial and performance information; PARD is currently making efforts to address this risk.

Best practices[3] call for government budgetary processes to be based on the principles of accountability and transparency, which include providing the public and decision makers with information that is relevant, timely, and accurate. Further, organizations should effectively monitor, measure, and evaluate program performance as well as make adjustments as needed. Such adjustments should be based on assessment of program performances as a part of the program planning cycle.

As part of the City's yearly budgeting process, during our audit scope period, PARD made several changes to its youth and senior programs, including adding, reducing, and/or eliminating programs.

Until recently, changes to youth and senior programs were made without knowing the true program cost and actual performance, including the following:

- PARD management was tracking budget data by location (i.e., the total budget allocated to each recreation center), but did not monitor information on the cost of individual programs being offered at each location.
- PARD did not have a standard methodology to determine program cost or a standard process for gathering and evaluating uniform program information from its various locations.
- PARD did not have a system to verify the accuracy of program-related information collected by staff at its various locations.

Without accurate and reliable program information, PARD management was not able to effectively assess the youth and senior programs to determine poorly performing programs and identify opportunities for streamlining or eliminating program activities.

However, PARD is currently establishing a system that is aimed at enhancing management's ability to collect and evaluate reliable program performance and budget information for decision making. This initiative includes:

- a standard program-planning workbook designed to track approval, implementation, and evaluation of each youth and senior program;
- a standard monthly report designed to assist in the collection of uniform performance information for each of the youth and senior programs; and
- a standard operational manual, which provides guidance to staff on how to collect and track the program performance and budget information required by the workbook and the monthly report.

Exhibit 1 shows the standardized program planning workbook elements and their implementation status.

[3] Government Finance Officers Association (GFOA).

EXHIBIT 1
PARD Planning Workbook Elements Implementation Status

Workbook Section	Key Required Tasks	Purpose	OCA Observation
Approval worksheets	Requires staff to collect and document general program information, such as program description and objectives, expected minimum and maximum enrollment, and proposed program budget	Allows PARD to have the appropriate information for budgeting and program assessment purposes	Completed
Implementation Worksheets	Requires staff to collect and document program schedule, staffing needs, actual program expenditures, and program performance	Allows PARD to have the appropriate information for budgeting and program assessment purposes	Currently this section is not completed
Evaluation Worksheets	Requires staff to perform a formal program evaluation and propose needed adjustments	Allows PARD to effectively compare planning proposal against performance results, determine revenue, verify if the program has met its objectives, and determine whether to maintain, reduce, or eliminate the program	Currently this section is not completed

SOURCE: OCA analysis of PARD Program Planning Workbook and Operational Guideline Manual, April 2013.

PARD management indicated that they are phasing in the program planning workbook initiative. The phased approach is expected to be completed by the end of FY 2013. Further, PARD management is also considering implementing additional controls, such as having an internal review process for verifying reported program data.

Because currently PARD management is in the process of developing and implementing a system designed to enable PARD management to obtain accurate and reliable information for decision making, we are not issuing any recommendations for this audit. However, the OCA will consider performing a comprehensive audit of this area in the future to determine the effectiveness of the implemented system.

APPENDIX A

MANAGEMENT RESPONSE

City of Austin
Austin Parks and Recreation Department
200 South Lamar Boulevard, Austin, Texas 78704

April 22, 2013

Mr. Kenneth J. Mory, City Auditor
Office of the City Auditor
Kenneth.mory@austintexas.gov

Subject: Parks and Recreation Department Mid-Year Program Changes Audit

Mr. Mory,

Attached is the Parks and Recreation Department's (PARD) response to the Mid-Year Program Changes Audit Report dated April, 2013.

I have reviewed the draft report of the Mid-Year Program Changes Audit and am pleased with the depth and breadth of efforts the Department has implored to plan for and manage youth and senior program delivery throughout the City. While the report does not make any specific recommendations, a comprehensive youth and senior programs management system hinges on the systematic completion and analysis of program planning worksheets. As you know, this process is a phased approach and the Department recognizes the implementation of the "phases" must be completed in a timely manner to fully realize the benefits of the program planning design. As such the following implementation timeline has been planned:

Workbook Tasks	Key Required Tasks	Purpose	Completion Date
Assess Unit-wide current workbook completion status	Assess for the thoroughness and accuracy in which the worksheets are completed Assess for proof of approval	Identify underlying reasons for mistakes or failure to complete	May 31, 2013
Communicate assessment findings to the "programs" leadership team	Communicate assessment findings	Determine Action Plan for correcting mistakes and increasing completion rate	June 15, 2013
Require Completion of Implementation Worksheets	Require staff to collect and document program schedule, staffing needs, actual program expenses and program performance information	Allow Department to have appropriate information for budgeting and program assessment purposes	August 30, 2013

The City of Austin is committed to compliance with the Americans with Disabilities Act.
Reasonable modifications and equal access to communications will be provided upon request.

APPENDIX A

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Austin Parks and Recreation Department
200 South Lamar Boulevard, Austin, Texas 78704

Require Completion of Evaluation Worksheets	Require staff to perform a formal program evaluation and proposed needed adjustments	All Department to effectively compare planning proposal against performance results, determine revenue, verify if the program has met its objectives, and determine whether to maintain, reduce or eliminate the program	September 30, 2013

Separate from the above action plan, but simultaneously, the Department will create a program planning worksheet "roll up" excel worksheet to view program elements of all programs at a glance.

The Department is committed to ensuring recreation program planning and delivery is based on industry standards and best practices. The completion of the above phased planning and evaluation system will allow us to meet this goal.

Sincerely,

SHensley

Sara Hensley, CPRP, Director
Austin Parks and Recreation Department

cc: Marc A. Ott, City Manager
Bert Lumbreras, Assistant City Manager
Cora Wright, Assistant Director
Jesse Vargas, Assistant Director
Kimberly McNeeley, Assistant Director

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