

Special Report

# PARD Strategic Planning Follow-Up

September 2021



This is a special report to follow up on the recommendations related to PARD strategic planning made in the Resource Allocation and Cash Handling audits.

The Parks and Recreation Department (PARD) has made significant progress to address the recommendations made in these audits, including actions taken to enhance cost recovery, implement equitable program subsidies, and improve training for staff. However, City leadership will need to address the long-term financial sustainability of PARD programming.

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Cover: Roy Kizer Golf Course, City of Austin.

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## Objective

The objective of this special report was to follow up on the Parks and Recreation Department’s (PARD) actions to implement recommendations from the PARD Resource Allocation and PARD Cash Handling audits.

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## Background

The PARD Resource Allocation Audit was conducted as part of the Office of the City Auditor’s fiscal year 2016 Audit Plan and because prior audits had indicated risks relating to PARD resource allocation may not have been fully addressed. The objective of the audit was “to determine how resources are allocated for PARD programs and maintenance, and if this process results in equity from a City district perspective.” The audit resulted in three findings and four recommendations.

The PARD Cash Handling Audit was conducted in fiscal year 2017 after PARD and City Auditor staff identified risks related to cash management in prior audits and investigations. The objective of the audit was “to determine if the Parks and Recreation Department (PARD) accounted for all the money it received.” The audit resulted in two findings and four recommendations.

Both audits evaluated how PARD manages its resources and the many programs and functions the department oversees. Making efficient use of those resources is critical in achieving PARD’s mission to “inspire Austin to learn, play, protect and connect by creating diverse programs and experiences in sustainable natural spaces and public places.”

# What We Learned

## Summary

We issued four recommendations through the PARD Resource Allocation Audit in 2016. We verified the department implemented two of these recommendations, and two are underway. We issued four recommendations through the PARD Cash Handling Audit in 2017, and all four have been implemented. Although PARD has made significant improvements to managing resources, the City's funding priorities may continue to constrain the department's ability to effectively offer its current wide range of services.

### Exhibit 1: PARD has implemented 6 recommendations related to strategic planning

#### PARD Resource Allocation Audit



2 recommendations implemented



2 recommendations underway

#### PARD Cash Handling Audit



4 recommendations implemented

SOURCE: Auditor analysis of PARD's actions to address prior audit recommendations, September 2021

## What has the department done to address the issues we identified?

PARD has taken action to address the issues we identified related to resource allocation and cash handling. However, it is now up to City leadership to address the long-term financial sustainability of PARD programming.

### Parks and Recreation Department Resource Allocation Audit

PARD has made progress on all recommendations in the PARD Resource Allocation Audit, with two recommendations implemented and two underway.

In the Resource Allocation Audit, we found PARD's internal resource allocation process was ineffective and did not provide a basis for strategic department-wide decision-making. External factors impacting PARD's ability to provide services include: aging infrastructure, funding constraints, and pressure to provide many different low-cost programs to a large, varied customer base. We also found there was a backlog of facility maintenance service requests and completion of maintenance was often untimely. We determined it was unlikely PARD would be able to continue providing services at the level expected and decisions about curtailing services or expanding funding would need to be made to ensure the long-term sustainability of PARD.

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PARD has implemented two of the recommendations from this audit, and two recommendations are underway.

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#### We recommended PARD:

- Implement a comprehensive program management system to track complete and reliable program information (including program attendance, costs, and fees paid) and summarize critical information, then use that information to make programmatic decisions
- Use reliable and complete information to initiate policy discussions with City leadership to determine how to offer an appropriate balance of PARD services given funding, perform a sustainability analysis with these policy discussions in mind, and better align fees to recover costs of operating programs and services while still offering financial assistance to those who qualify
- Ensure registration for all fee-based programs is done in RecTrac (PARD's program registration management system), all participants pay for the services they receive, and that payment is made timely or appropriately addressed per policy
- Ensure facility service requests are timely completed and that staff collect and report all information regarding each work order request, including the reasons for work order cancellations

#### **Recommendation 1: Underway**

To address recommendation 1, PARD worked with a parks and recreation consulting company to assess the costs of providing various programs and develop a methodology for future cost-recovery targets. As a result, PARD reallocated program subsidies to make the most-used programs more accessible and to standardize service pricing across the PARD sites.

Since then, PARD has begun assessing options for a comprehensive program management system but has been unsuccessful finding an affordable system that meets all department needs. According to the department, PARD has recently engaged with the City's Office of Performance Management (OPM) and Communications and Technology Management (CTM) department for assistance in developing a custom software option to manage program data, which is currently maintained in Microsoft Excel. Staff hope the new system will be finished within the next year.

#### **Recommendation 2: Implemented**

PARD has conducted research and planning over the years to present options to City Council for making high-cost services—such as aquatics, golf courses, and cemeteries—more sustainable.

However, it will require significant financial investment to repair and maintain facilities, particularly for the City's pools. City Council voted to adopt PARD's Aquatic Master Plan in 2018, though adequate funding for the full plan has not yet been allocated. The financial and environmental costs of the City of Austin's pools remain unsustainable. In 2018, \$40 million of bond money was approved for improvements to Givens, Northwest, and Montopolis pools and for the development of the new

Colony Park Aquatic Facility. However, the Aquatic Master Plan says the capital costs necessary to improve the entire aquatics system range from \$152 million to \$193 million. It will likely cost the City at least \$8 to \$10 million per year for the next 20 years to implement all recommended improvements. It is unlikely PARD will be able to generate that amount of funding through new or current revenue sources.

### **Recommendation 3: Implemented**

PARD has revised payment policies and procedures and communicated these changes to staff. A review of accounts receivable data for fiscal years 2018 and 2019 showed full payment from program participants have been appropriately received with only a small balance outstanding.

### **Recommendation 4: Underway**

PARD has revised work order procedures, communicated the changes to staff, and has started to reduce work order backlog. The department is working to collect and report all information for maintenance service request work orders.

PARD has been working with CTM since 2018 to replace the current work order management system with an enterprise-level solution that presents many enhancements over the old system. Although PARD has encountered technical challenges that extended the implementation timeline by a few years, most of these were resolved by late spring 2021. Some PARD maintenance work groups will begin using the new system at the start of the new fiscal year, with more groups to follow. Training for the new system has begun and will be on-going.

### **Parks and Recreation Department Cash Handling Audit**

We found PARD has implemented all four recommendations issued in the PARD Cash Handling Audit.

In the PARD Cash Handling Audit, we found PARD staff made efforts to comply with the City's cash handling policies. However, several issues resulted in an increased risk that PARD could have been missing revenue. Additionally, inconsistent oversight of cash handling operations resulted in a lack of compliance with the City's cash handling policy.

We recommended PARD:

- Identify ways that technology and/or process changes can be used to independently determine expected revenue at PARD sites and eliminate the need for the "over-ring" practice at municipal pools
- Identify ways that technology and/or process changes can be used to reduce or eliminate the acceptance of paper money at a department or site level

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PARD has implemented all recommendations from this audit.

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- Take steps to improve oversight of the department's cash handling operations, including maintaining a single list of all department cash handlers and providing this list to the Financial Services Department, ensuring all department cash handlers take required cash handling training, ensuring cash handling policies are followed, and developing and implementing a risk-based audit plan
- Work with the Financial Services Department to develop and implement cash handling procedures, considering the specific practices and environments of the various PARD sites that collect revenue

### **Recommendation 1: Implemented**

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Prior to our 2017 audit, PARD cashiers were instructed to "over-ring" an incorrectly applied transaction. This required cashiers to record another transaction to correct the mistake and subtract the over-ring amount from the day's sales total. This practice increases the risk of theft.

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The department has implemented updated training for employees responsible for handling cash at PARD facilities. This training includes a focus on avoiding "over-ring" practices at municipal pools and includes an assessment at the end of the training. Our work confirmed that employees at pools are aware of policies that require them to count attendance. PARD has also investigated and implemented other process changes to independently determine expected revenue at PARD sites, including installation of payment kiosks and the ability to review payment data from kiosk software.

### **Recommendation 2: Implemented**

PARD has collaborated with the Austin Transportation Department (ATD) to increase the installation and distribution of pay stations that accept cash and credit cards at municipal pool sites to reduce the need for cash payment. Although only Barton Springs Pool is currently charging for entry, we reviewed six municipal pools open to visitors this summer to confirm the pay stations have been installed. Four of the six pools have pay stations that accept credit and debit cards. Two pools do not have pay stations installed and ordinarily only accept cash. The department explained this is because pay stations were installed at pools with the highest cash intake. PARD has also developed and released a mobile phone app called ATX Swims, which allows pool patrons to pay for entry on their phones, again reducing the need to exchange paper money.

**Exhibit 2: Barton Springs Pool is one of the municipal pools with cashless pay stations installed**



SOURCE: Auditor photo of pay station outside entrance to Barton Springs Pool, August 2021

**Recommendations 3 & 4: Implemented**

According to follow-up work our office conducted in 2017, PARD has fully implemented recommendations 3 and 4 from the PARD Cash Handling Audit. Our follow-up work found that PARD has revised its policies to explicitly include the responsibilities of cash handlers, site supervisors, program managers, division managers, and the PARD Financial Services division. PARD also now maintains a single list of all department cash handlers and ensures they complete cash handling training every year. The training covers cash handling procedures, required controls, safeguarding of assets, and roles and responsibilities of cash handlers, supervisors, and management. Finally, PARD has developed and implemented a risk-based audit plan of sites that accept cash and appears to conduct the cash audits every year.

See Appendix A for more detail on the findings we issued as part of these audits. See Appendix B for more detail on the recommendations we issued as part of these audits, including the implementation status of the recommendations.

## Appendix A - Findings Issued

Audit	Findings	Date Issued
<a href="#">Parks and Recreation Department Resource Allocation</a>	Finding 1: PARD's resource allocation process is ineffective and does not provide a basis for strategic department-wide decision making.	September 2016
Parks and Recreation Department Resource Allocation	Finding 2: PARD's ability to provide needed recreation services to the public at the level expected in the future will be challenging given the department's responsibilities and existing funding constraints.	September 2016
Parks and Recreation Department Resource Allocation	Finding 3: Response to facility maintenance service requests are untimely, which may lead to increased safety risks and/or extended facility closures.	September 2016
<a href="#">Parks and Recreation Department Cash Handling</a>	Finding 1: Incomplete data, technology issues, and the continued acceptance of paper money increase the risk that PARD may be missing revenue.	March 2017
Parks and Recreation Department Cash Handling	Finding 2: PARD sites do not fully comply with the City's cash handling policy largely due to inconsistent oversight and the policy may not fully address differences among PARD operations.	March 2017



## Appendix B - Implementation Status of Recommendations

Audit	Recommendations	Implementation Status
<a href="#">Parks and Recreation Department Resource Allocation</a>	Recommendation 1: The Director of PARD should implement a comprehensive program management system to track complete and reliable program information (including program attendance, costs, and fees paid) and summarize critical information then use that information to make programmatic decisions going forward. Additionally, the Director of PARD should ensure these decisions are documented and communicated throughout the department.	Underway
Parks and Recreation Department Resource Allocation	Recommendation 2: Using reliable and complete information, the Director of PARD should: <ul style="list-style-type: none"> <li>a. initiate a policy discussion with City Council and the City Manager to determine how to offer an appropriate balance of PARD services given funding;</li> <li>b. perform a sustainability analysis and make adjustments to programs, services, and facilities that better align to decisions made in that policy discussion; and</li> <li>c. better align fees to recover costs of operating programs and services while still providing financial assistance to those who qualify.</li> </ul>	Implemented
Parks and Recreation Department Resource Allocation	Recommendation 3: The Director of PARD should ensure registration for all fee-based programs is done in RecTrac, all participants pay for the services they receive, and that payment is made timely or appropriately addressed per policy.	Implemented
Parks and Recreation Department Resource Allocation	Recommendation 4: The Director of PARD should ensure facility service requests are timely completed and that staff collect and report all information regarding each facility maintenance service request work order including the reasons for work order cancellations.	Underway
<a href="#">Parks and Recreation Department Cash Handling</a>	Recommendation 1: The PARD Director should identify ways that technology and/or process changes can be used to independently determine expected revenue at PARD sites and eliminate the need for the “over-ring” practice at municipal pools.	Implemented
Parks and Recreation Department Cash Handling	Recommendation 2: The PARD Director should identify ways that technology and/or process changes can be used to reduce or eliminate the acceptance of paper money at a department or site level.	Implemented
Parks and Recreation Department Cash Handling	Recommendation 3: The PARD Director should take steps to improve oversight of the department’s cash handling operations. This should include, but not be limited to: <ul style="list-style-type: none"> <li>a. maintaining a single list of all department cash handlers and providing this list to the Financial Services Department;</li> <li>b. ensuring all department cash handlers take required cash handling training;</li> <li>c. ensuring cash handling policies are followed; and</li> <li>d. developing and implementing a risk-based audit plan.</li> </ul>	Implemented
Parks and Recreation Department Cash Handling	Recommendation 4: The PARD Director should work with the Financial Services Department to develop and implement cash handling procedures that take into account the specific practices and environments of the various PARD sites that collect revenue.	Implemented

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## Scope

The project scope included actions taken by Parks and Recreation Department management to respond to the recommendations in the Parks and Recreation Department Resource Allocation and Cash Handling audits.

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## Methodology

To complete this special report, we performed the following steps:

- Communicated with City staff in the Parks and Recreation Department
- Reviewed City Council and Parks and Recreation Board discussions, City memos, consultant reports, news articles, City strategic plans, staff training materials, and other relevant documents
- Evaluated department actions to respond to relevant recommendations
- Analyzed PARD accounts receivable data for program fees in fiscal years 2018 and 2019
- Visited municipal pools to verify installation of new payment kiosks

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## Project Type

This project is considered a non-audit project under Government Auditing Standards and was conducted in accordance with the ethics and general standards (Chapters 1-5).

The Office of the City Auditor was created by the Austin City Charter as an independent office reporting to City Council to help establish accountability and improve City services. We conduct performance audits to review aspects of a City service or program and provide recommendations for improvement.

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