

**Post-Audit Review 13-03:
Summit Softball Complex
Collections**

April 2014

City Auditor

Stan Sewell, CPA, CGFM, CFE

Senior Auditor

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OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

April 1, 2014

To: Mayor Andy Berke
City Council Members

Subject: Post-Audit Review of Summit Softball Complex Collections (Report #13-03)

Dear Mayor Berke and City Council Members:

Attached is a summary report on the status of audit recommendations in our 2013 Summit Softball Complex Collections audit report. The purpose of this report is to confirm whether, and to what degree, management has implemented the recommendations made in the original audit.

The original audit concluded:

1. Revising the billing process could minimize loss of revenue due to under-billing and errors;
2. Opportunities exist to increase revenues and optimize facility usage; and,
3. A standard method was needed to compute reduced rental fees.

The audit had 11 recommendations to improve the billing process and address internal control deficiencies observed in the collections process. At the time of this Post-Audit Review, 7 recommendations were not implemented, 2 were partially implemented, and 2 were implemented. Recommendations partially implemented and not implemented are herein reported to the Audit Committee for follow-up, as appropriate.

This Post-Audit Review consisted principally of inquiries of City personnel and examinations of various supporting documentation. It was substantially less in scope than an audit in accordance with generally accepted government auditing standards. The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been performed, other matters might have come to our attention that would have been reported to you and our conclusions may have been modified.

Sincerely,

Stan Sewell, CPA, CGFM, CFE
City Auditor

Attachment

cc: Travis McDonough, Chief of Staff
Jeff Cannon, Chief Operating Officer
Audit Committee Members
Lurone Jennings, Administrator Youth & Family Development

RECOMMENDATIONS NOT IMPLEMENTED (7)

2	We recommended a Usage Verification form be developed and used in lieu of the email and second Athletic Facility Rental Request form. The new form should incorporate the City Code rates and provide preliminary invoice calculations. The Crew Supervisor, or assigned staff, should complete the usage verification form at the conclusion of the tournament. We also recommended both the Tournament Director and the Crew Supervisor, or assigned staff, sign the form to indicate agreement with estimated charges.	New forms have not been developed. Review of support documentation shows no policy changes were made to document agreement with estimated charges after usage of the facility (tournament director does not sign). Per department management, the new forms will be developed once the code revisions are approved by council.
4	We recommended the Fiscal Analyst review the invoice and support documentation for accuracy (calculations and compliance with City Code) prior to release.	We selected a sample of three collection reports dated October 2013 through November 2013. We found golf cart fees and vendor space fees were not properly billed, as previously reported in the audit report.
5	We recommended the fiscal analyst perform a monthly reconciliation comparing the invoices billed to the tournaments held at the facility.	The department stated this practice is currently in place. We requested invoices for 3 events listed on the calendar with no payment and not marked cancelled. Two events had been cancelled and one event had been billed (currently past due) and wasn't recorded on the accounts receivable ledger.
6	We recommended the cancellation policy include a 30 day cancellation notice.	Cancellation policy continues to be 7 days prior to the event. Based on our review, we found 10 of 37 events were cancelled by the tournament directors; resulting in a 27% cancellation rate. As noted in our comments on recommendation 8 (below), cancellations in 2013 occurred without notification and/or as close as 4 days prior to the event. Neither deposits nor cancellation fees were collected for these cancelled events.
8	We recommended implementing deposits of a significant amount to deter cancellations. Management should include the deposit amount (or methodology to be used) in the City Code fee structure.	Management stated they will not require any deposits to reserve the venue. As noted in recommendation 6 above, the venue had a 27% cancellation rate during the 2013 season. We tested cancellation documentation for 4 of the 10 events cancelled by the tournament directors. We noted one never notified the City of cancellation (no cancellation fee charged) and one cancelled 4 days prior to the tournament (no cancellation fee charged). The department has made no efforts to collect the \$500 cancellation fee. As noted above, the Department has not changed the cancellation policy.

<p>9 We recommended management develop a standard method for calculating reduced rental fees. The method should include documenting actual historical usage, evaluating future usage needs, evaluating the cost of any City resources, and the method by which the reduced rate will be calculated.</p>	<p>No evaluation of the Collegedale agreement has been performed by the department.</p>
<p>10 We recommended the terms of such contract (Collegedale's Agreement) require periodic payments rather than a lump sum at the end of the contract terms (usage of facility).</p>	<p>A contract has not been developed for the 2014 season.</p>

RECOMMENDATIONS PARTIALLY IMPLEMENTED (2)

<p>3 We recommended the facility calendar be maintained in Outlook (as per the department policy) and updated on a perpetual basis.</p>	<p>The department has an internal shared outlook calendar. Based on our review of the 2013 schedule, the Summit calendar was not always updated for cancellations.</p>
<p>11 We recommended management consider charging a specific percentage of actual usage fees (i.e. the 25% reduced rate provided to Hamilton County Schools) for defined entities (or entity types) to streamline the process.</p>	<p>The new fee structure provides a \$50 rate for both middle and high school games and \$25 rate for both middle and high school practice. However, the new fee structure does not clearly state if the \$25 and \$50 rates are per game, per day, per field, etc.</p>

RECOMMENDATIONS FULLY IMPLEMENTED (2)

1 We recommended administration simplify the fee structure in City Code, in order to reduce billing errors.

Department has developed a new fee structure for the Summit Complex. A standard \$150 fee (per field, per day) for non-national tournaments includes the golf cart and maintenance fee.

7 We recommended the cancellation policy require written notification. The written notification should be maintained with the original request forms.

Per our review, 12 events were cancelled with 2 of the events cancelled by the City due to weather. Although management did not have written notification in all instances, this was due to a failure by the tournament directors to provide a notice. See our comments related to recommendations 6 & 8.

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