



Office of the City Manager

INFORMATION CALENDAR

September 11, 2007

To: Honorable Mayor and
Members of the City Council

From: *PK* Philip Kamlarz, City Manager

Submitted by: William Rogers, Acting Director, Parks Recreation and Waterfront

Subject: Audit: Association For Sports Field Users

INTRODUCTION

On May 23, 2006, the City Auditor provided a report to Council detailing the findings of an audit performed on the Association For Sports Field Users (ASFU) with regard to their performance in maintaining the sports facilities at Harrison Park. The audit report requested the City Manager to report back every six months regarding the implementation status of each audit recommendation for the Parks, Recreation and Waterfront Department (PRW). On January 30, 2007, Council received the first update. This report provides an additional update on these activities to date.

CURRENT SITUATION AND ITS EFFECTS

ASFU and the Parks Recreation and Waterfront Department have successfully implemented most of the recommendations in the audit, as summarized below. PRW will report back to Council in six months on the remaining items.

Finding 1: The City Did Not Fully Execute Its Contract with ASFU

Auditor's Recommendation (1): Implement written policies and procedures that will provide a reasonable assurance that all PRW contracts are fully executed before the vendors begin providing services.

Department Response: Implemented (see Attachment 1). The contract with ASFU has been fully executed per the City's contracting procedures.

Finding 2: It Is Unclear Whether the City or ASFU Is to Provide or Pay for Some Goods or Services

Auditor's Recommendation (2): The contract for the maintenance of Harrison Park should clearly state all the services and expenses required to maintain and rent out the Harrison Park fields and field house, and who is responsible for each. If a contract obligation is to be shared by both the City and ASFU, the contract should clearly identify the sharing arrangement.

Department Response: To be implemented in Fall of 2007. The renewal agreement with ASFU, to be executed in the Fall of 2007, will contain language that clearly defines all responsibilities of ASFU and the City with regard to the maintenance of Harrison Park.

Finding 3: Appears ASFU Should Be Charging City Council Approved Fees for Use of the Playing Fields

Auditor's Recommendation (3): Determine how authorized fees for the playing fields and field house are to be established. In the contract:

- a. State the requirements for establishing approved field use fees.
- b. Clarify whether or not a separate fee is to be charged for the use of the field house meeting room both while the fields are in use (being rented) and when they are not in use.

Department Response: To be implemented in the Fall of 2007. On June 14, 2005, the Berkeley City Council adopted a fee schedule (Resolution No. 62,950–N.S.) for field users in 2006 that corresponds exactly with the ASFU user fee schedule (which includes the use of the field house). The renewal agreement with ASFU, to be executed in the Fall of 2007, will require ASFU to bring its fee schedule to the City for adoption through the Parks Recreation & Waterfront Department fee update process with Council.

Finding 4: Ownership of Equipment Not Specified in Contract

Auditor's Recommendation (4): The City should include in future contracts the specific method to be applied to determine ownership of equipment.

Department Response: To be implemented in the Fall of 2007. The renewal agreement with ASFU, to be executed in the Fall of 2007, will contain language that defines clearly the method to be applied to determine ownership of equipment.

Finding 5: One Volunteer Is Conducting and Accounting for All Financial Activity

Auditor's Recommendation (5): Consider segregating all incompatible financial duties such as cash receipt and cash disbursement duties. If there are no other volunteers, recruit some for this purpose.

At a minimum, if incompatible financial duties can't be segregated due to a lack of staff, on a sample basis, require another ASFU board member to periodically review billing and payment records to insure all playing field use is billed, and payment is received, accounted for, and deposited into the ASFU bank account. Require the reviewer sign the documents reviewed to document that the review and approval took place. Concerns identified should be brought to the attention of the ASFU Chair, and the rest of the ASFU board, for correction. Significant concerns should be brought to the attention of the City. These review procedures should be documented in writing.

Also, require two signatures to issue an ASFU check. The second signatory, in addition to that of the ASFU Chair, should be an ASFU board member who is not subordinate to the ASFU Chair. The second signatory should not sign a check until he or she has determined that the expense is adequately supported and appears reasonable.

Department Response: Partially Implemented. ASFU has obtained the services of a professional bookkeeper (Ms. Poni Abaloz, Administrative Assistant, The Companion Group, Inc.) on a part-time basis in order to segregate fiscal duties outlined in the Auditor's recommendation. The City is working with ASFU to establish additional internal controls as per the Auditor's recommendations, including the use of two signatures per check issued.

Finding 6: Fees Paid for Field Use Could Not Always Be Confirmed As Having Been Deposited Into ASFU's Bank Account

Auditor's Recommendation (6): Continue the practice started mid 2004 of identifying the individual checks that comprise each deposit. Also, record in the billing log the date each payment is received. Follow procedures which ensure each payment ASFU receives can be traced to the ASFU checkbook and bank statement.

Department Response: Implemented. As noted in the original audit, this procedure is already in place.

Finding 7: Concerns with ASFU Expense Records

Auditor's Recommendation (7.1): Require ASFU staff to identify on each invoice or billing statement paid the allocation of the expense to the various fields / revenue sources. Also require each expense be recorded in the expense report at the time payment is made. There should be an invoice, billing statement, or similar document, kept on file to support all expenses paid.

Department Response: Implemented. ASFU has obtained the services of a professional bookkeeper on a part-time basis (see Finding 5) in order to implement the Auditor's recommendations regarding financial record-keeping.

Auditor's Recommendation (7.2): The ASFU Chair should discontinue using his personal credit card for ASFU purchases. ASFU should have its own credit card. Prior to payment, the credit card statement should be reviewed and approved for payment by a board member who did not make the purchases. Approval should be in writing.

Department Response: Partially Implemented. ASFU has obtained a separate credit card for all ASFU-related expenses at Harrison Park. The City will work with ASFU to ensure that prior to payment, the credit card statement is being reviewed and approved for payment by a board member who did not make the purchases.

Auditor's Recommendation (7.3): Discontinue the practice of paying advances to the contractor who maintains the playing fields. Request that the contractor bill weekly instead of bi-weekly if he requires more frequent payments to operate. If a cash advance is made, this activity should be properly booked.

Department Response: Alternative Implemented. ASFU has implemented this recommendation by properly accounting for all advances made to the contractor.

Finding 8: Checkbook Is Not Adequately Maintained

Auditor's Recommendation (8): Someone who is not authorized to issue checks or maintain the checkbook should reconcile the ASFU checkbook with the bank statement each month, but no less frequently than quarterly. A record of the reconciliation should be maintained. Also, the check number of each check issued should be recorded in the ASFU checkbook.

Department Response: Implemented. ASFU has obtained the services of a professional bookkeeper on a part-time basis (see Item 5) in order to implement this recommendation and segregate fiscal duties as outlined in the Auditor's recommendation. The City will work with ASFU to ensure that the checkbook will be reconciled independently from the bookkeeper.

Finding 9: The Selling of Food Is Not in Compliance with the Contract

Auditor's Recommendation (9): ASFU should implement procedures that ensure the selling of food at Harrison Park is done in accordance with the terms of the contract. PRW should update the contract to identify the percentage of profit or fixed fee ASFU should receive (if any) if someone other than ASFU provides food sales.

Department Response: To be implemented in The Fall of 2007. The renewal agreement with ASFU, to be executed in The Fall of 2007, will contain language that defines clearly the procedures related to the selling of food at Harrison Park. The City will also work with ASFU to ensure that the selling of food under the current agreement is done in accordance with contract terms. Currently, ASFU does not receive revenue from the selling of food at Harrison Park.

Finding 10: Requested Information About the ASFU Organization Was Not Provided (Scope Limitation)

Auditor's Recommendation (10.1): Before entering into another contract with ASFU, PRW should determine that the basic structure of the ASFU board, the authority given to each of the board members, and the board rules and regulations, all provide for sufficient order, and checks and balances, in the decision-making and oversight process. Concerns with the board should be evaluated in relation to the dollar value and other risks associated with the contract.

Department Response: Implemented. PRW staff has obtained the requested information about the ASFU organization to be used for the renewal of the agreement with ASFU in The Fall of 2007.

Auditor's Recommendation (10.2): Update the language in future contracts between the City and ASFU to include verbiage that ASFU agrees to provide the City with information (if requested) pertaining to:

- ASFU's general organization and operations, including (but not limited to) the Article of incorporation, bylaws, board member information, and board minutes.
- Full access to records pertaining to all other ASFU maintained fields. Any other information the City deems necessary to monitor ASFU's compliance with requirements set forth in the contract.

Department Response: To be implemented in The Fall of 2007. PRW will update the language in the next contract to implement the Auditor's recommendation.

BACKGROUND

On March 1, 2001, PRW entered into a contract with the Association For Sports Field Users (ASFU), obligating ASFU to maintain the two Gabe Catalfo sports fields and the field house at Harrison Park in Berkeley. The contract authorized ASFU to collect the Gabe Catalfo field user fees (normally collected by the City) and use the fees to maintain the fields. In the Spring of 2006, in preparation for the renewal of the five year agreement with ASFU, the Parks Recreation & Waterfront Department requested an audit by the Auditor's Office to examine ASFU's compliance with the financial and accounting aspects of the contract.

POSSIBLE FUTURE ACTION

The City may conduct another audit of ASFU during the next five-year agreement to ensure that the Auditor's recommendations have been fully implemented.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

None.

CONTACT PERSON

Roger Miller, Senior Management Analyst, 981-6705

Attachments:

1. Memorandum: Contract Procedures



Parks Recreation & Waterfront

Memorandum

To: All Parks Recreation & Waterfront Project Managers

From: Marc Seleznow, Director, Parks Recreation & Waterfront

Date: November 1, 2006

Subject: Contract Procedures for the Parks Recreation & Waterfront Department

This memo describes the procedures for the processing and administration of all contracts within the department, and is now in effect. If you have any questions, please contact Brian Foley.

- a. The departmental budget manager shall have the responsibility for tracking all contracts administered within the department.
- b. Contracts may be initiated and administered by the departmental budget manager, project managers, or any staff designated by the department director, all of whom shall be referred to as “project manager” for the purposes of this guideline.
- c. No contractor may begin providing services until the contract has been fully executed by the City, including signatures from the Contractor and all City signatures required by the blue-back contract process.
- d. All contracts must utilize the contracting process established by the Finance Department and found on-line at the City’s internal website (“Contracts On-line”). The Finance Department is to be consulted for all questions related to contract preparation and administration.
- e. The project manager will review each document’s requirements to determine if it needs to be filed for the type of contract being awarded.
- f. City Manager authorized contracts require the project manager obtain and complete all documents described above except the Council resolution or ordinance.
- g. Once the vendor has signed and returned the contract documents (one original and two copies), the project manager shall forward them to the departmental budget manager, who shall review the documents for correctness and completeness of the package. Contracts missing the required information will be returned to the project manager resulting in a delay in the process.

- h. Once the contract documents are deemed to be complete, the departmental budget manager shall have the following functions performed for each contract:
 - i. The contract will be blue-backed and logged into the Contract Management System (CMS), and a copy will be kept in the budget manager's records;
 - ii. A requisition will be created;
 - iii. A Contract Control Sheet (CCS) will be prepared and placed in the Department Original blue-back folder. The CCS will include the vendor name, CMS #, contract #, requisition #, P.O. #, Project Manager's name, contract period, budget code, and the amount of the contract.
- i. The departmental budget manager will create and manage a master list of all active contracts.
- j. To ensure that all contracts are properly monitored, all project managers shall submit a monthly report to the departmental budget manager listing all contracts currently under their control. The departmental budget manager will reconcile the monthly report against the master list, and any discrepancies will be addressed and resolved.

