

Managerial Summary

A. Objective, Scope, and Methodology

We have completed our review of the City of Chesapeake (City) Department of Parks, Recreation, and Tourism (PR&T) for the period October 1, 2018 to March 31, 2019. Our limited scope review was conducted for the purpose of determining whether PR&T was providing services in an economical, efficient, and effective manner, whether its goals and objectives were being achieved, and whether it was complying with applicable City and departmental policies and procedures relative to safety and access controls. Areas of review were the Memorandum of Understanding between the City and the Great Bridge Battlefield & Waterways History Foundation (GBB&WHF), employee time tracking and access controls for both physical and Information Technology (IT) security, and Northwest River Park (Park) (including physical condition, infrastructure upgrades, camp store).

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 conclusion 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.

PR&T provided both essential and non-essential services for the City and its residents. Its primary services included developing safe and enjoyable leisure activities, promoting year round activities that enhance social interaction, education, creative expression, and developing therapeutic activities for those citizens with disabilities. PR&T was also responsible for municipal grounds, park maintenance, and athletic field maintenance for both City and Chesapeake Public Schools (Schools), operating City parks, and providing housekeeping for City facilities.

For Fiscal Year (FY) 2018-19, PR&T had an operating budget of just over \$22.1 million. The budget was allocated over four primary service areas – Maintenance and Administration, which was responsible for such things as grounds work, housekeeping, and departmental administration, was budgeted \$8,849,708; Recreational Activities, which was responsible for all recreational programs as well as the Before and After School program was budgeted \$6,853,559; and Park Operations which was responsible for all operations of the Cities' parks, was budgeted \$1,896,156. PR&T had an authorized complement of approximately 237 personnel. PR&T also oversaw a budget of \$4,536,850 for the Conference Center (including a contractual agreement with VenuWorks) and Convention and Visitors Bureau. This function had a complement of seven personnel.

Major Observations and Conclusions

Based on our review, we determined the Department had accomplished its overall mission of providing a variety of services that enhanced the quality of life of the citizens of the City. However, we did identify several areas of concern that needed to be addressed. Those areas included operational concerns at Northwest River Park regarding health and safety, project management, physical and system access control concerns, concerns about the Great Bridge Visitors Center, and cash handling issues.

This report, in draft, was provided to PR&T officials for review and response and their comments have been considered in the preparation of this report. These comments have been included in the Managerial Summary, the Audit Report, and Appendix A. PR&T concurred with most of the report's recommendations and has either implemented or begun the process of implementing many of them. PR&T management, supervisors, and staff were very helpful throughout the course of this audit. We appreciated their courtesy and cooperation on this assignment.

B. Performance Information

PR&T's mission was to provide the citizens of Chesapeake with a variety of year-round leisure activities to promote social interaction, education, creative expressions, physical activity and recreational therapy. This mission was accomplished by providing activities such as classes, special events, clubs, trips, and after-school/evening programs, and therapeutic activities for those with disabilities. The Department had the capability to offer a wide assortment of programs and reached over 575,000 registered participants annually through its' program offerings. In addition to its community centers and structured activities, the Department had a variety of diverse parks situated all over the City. Several of these parks were unique to Chesapeake due to their historic relevance or their unmatched natural conditions.

In 2018, the Department embarked on a six year plan to refurbish the infrastructure at Northwest River Park. The Department had budgeted over \$6 million dollars in capital improvement funds money to replace or repair walkways, maintenance facilities, and the Ranger and activity centers over a six year period.

Also included in the capital improvement budget plans were expansion and resurfacing of parking areas, addition of fitness equipment, improved signage and the addition of more cabins. These improvements will have a far ranging effect on the park. They will enable the park to expand offerings at the camp store, increase camp stays, and provide state of the art facilities for both the campers and the rangers and other camp personnel.

The Department was also working with the Public Works Department to help better coordinate the maintenance requirement for any potential overlapping facility, vacant property, and landscaping and grounds. The 2019 Internal Governance Goals indicated the need to formally designate responsibilities in order to better coordinate, plan, and budget maintenance activities. Also included in the Governance Goals was that PR&T

work with Public Works, Public Utilities, and Development and Permits on the Facility Assessment Survey and the replacement of the Greenbrier maintenance complex.

PR&T, in conjunction with the GBB&WHF, was nearing completion of the Great Bridge Battlefield Visitors Center and Museum. A soft opening was held in December 2018 to open the facility and start increasing the public's awareness of what was going to be offered. According to the GBB&WHF Executive Director, it was expected that a total of \$750,000 which the City understood that the GBB&WHF had or would raise, would be necessary to finish acquiring and preparing the various exhibits for the museum.

Park revenue has gone up in each of the last three years. In 2016 park revenue was a little more than \$186,000 and has grown to \$226,541 in 2018. This increase is a likely reflection of better marketing of the Park as well as the recent entry onto the Reserve America website.

In order to improve its customer service, the Accountant II from PR&T initiated and rolled out a "Single Pay Initiative" in PeopleSoft with the assistance of IT and Finance during the FY 2018-19 fiscal year. This initiative was designed for better customer service to help PR&T process refunds (i.e., such as class cancellations and activity fee corrections) more efficiently. The initiative was expected to reduce processing time and conserve system resources.

PR&T, in response to an employee payroll fraud, has enacted a multilayered time keeping/tracking system to ensure that it does not happen again. The fraud involved a former employee who simultaneously worked at both PR&T and another employer. All these systems were monitored by upper management on a regular basis to assist them in monitoring flexible employee scheduling for a department that operates 365 days a year.

C. Operational Control Issues

Audit Services' observations made on February 25, 2019 of the Park found a number of concerns that needed prompt attention. First, the maintenance facility at the Park needed immediate attention due to a variety of infrastructure issues. Second, several buildings, including the maintenance building, needed attention due to aging infrastructure. Third, the Park Ranger Station/Park Store had exposed wires running all over that needed better placement or removal.

1. Northwest River Park Health and Safety Issues

Finding – Site visits of the Park found that multiple buildings were experiencing either mold or rodent droppings. The Ranger Station/Park Store had exposed electrical wiring. These conditions potentially endangered the health and safety of Park visitors and Park personnel. This situation created a potential financial risk and legal exposure to the City should either a staff member or a visitor become infected with a mold or a rodent borne illness, or was injured by electrical shock.

Recommendation – We recommend that PR&T take steps to relocate the affected workers and their required park ranger offices, store and sales inventory, as well as maintenance worker tools and equipment to safer OSHA compliant facilities. Beginning July 1, 2019, PR&T will be in year two of its CIP master plan. This will result in new facilities for the Maintenance Building and Ranger Station/Park Store.

Response - At well over 40 years of age and 763 acres, Northwest River Park has been showing the effects of aging infrastructure and heavy usage for quite some time. The buildings, infrastructure, and many of the park amenities have long passed their expected and useful life cycle. Although most of the other larger parks in the City have been upgraded or refurbished over the past few years, the size and complexity of this particular park required substantial resources and study to properly plan, renovate and replace, especially the standing structures. For many years, the philosophy and mindset were to keep the facility up and running even with little dedicated resources and expertise. It should also be noted that many of the buildings and amenities at this park were originally constructed without permits and plans, and some even by volunteers and well-meaning organizations. This has created years of challenges on maintaining facilities that were not only rapidly aging but also not structurally designed for long-term commercial use. (Note: The full text of the response is included in the body of the audit report).

D. Project Management Issues

Audit Services obtained a general understanding of the vendor selection process for the NWR Park capital improvement projects. Contracted project management oversight practices had the potential to drive-up the cost of projects.

1. Project Management

Finding - The City did not have a dedicated project manager experienced in overseeing large construction projects such as the NWR Park CIP projects

Recommendation: PR&T should consider assigning in-house project managers/engineers with experience in engineering and knowledge of building construction and marine engineering to oversee the work of the contractor(s). If the City does not have a dedicated in-house project manager that PR&T can use, then the City should consider hiring a project manager.

Response - The Department feels very comfortable with the current process where park operations staff are handling many of the routine projects that the department faces annually such as playground replacement, sidewalk installations, fence replacement, small bridge renovation, dugout construction, athletic lighting replacement, etc. When larger scaled or unique/specialized projects are identified, the Department works closely with Public Works for consultation and/or execution. Many projects are handled by Public Works such

as the Western Branch Commonwealth Trail project, the Great Bridge Battlefield Waterways Museum and Visitor Center, and the Dismal Swamp Visitor Center Feasibility Study. With the anticipated limited Public Works project management capabilities and workload over the next few years on select PRT projects such as the Northwest River Park Ranger Station and Interpretive Center replacement, the hiring of an outside project manager through the City's procurement process may be necessary as PRT staff is not experienced nor has the expertise in such complex construction.

E. Access Control Issues

The ability to activate, deactivate, or delete an employee's system and/or physical accesses was a manual, three-tiered process involving individual departments, Human Resources, and Information Technology. Any breakdown in communication or follow-through in that process could result in a separated employee's ability to maintain access to both City Systems and City buildings.

Through no fault of the PR&T, our audit found that the three-tiered process did not provide PR&T as well as other departments with routine feedback and a system of proper checks and balances that would allow departments the ability to monitor and confirm the deactivation of IT system and physical building accesses for separated employees. This situation left the City exposed to security breaches.

1. Access Controls

Finding – City processes did not always deactivate systems and physical accesses of PR&T employees who had separated from the City. Failure to terminate separating employees' accesses to City facilities and computer systems puts the City and employees at risk.

Recommendation – The City should consider revisiting the appropriate policies with Human Resources, Information Technology, and all City department to address this situation.

Response - PRT concurs with many of the recommendations presented for this item; however, most of the items mentioned are not within its control. PRT does have a few comments to add. Access into PRT facilities requires designated security codes in addition to access cards to gain entry during non-operational hours, so if someone has a card they still would not have individual access, even if the card was still active. Facilities all have cameras that record at all times as well to identify any unauthorized access. Security codes are tracked by the governing department and many distributed by PRT are only available for a short period of time. Many PRT folks with access cards do not have security codes ever issued to them that would allow them to enter a facility alone. Also, it is our understanding that the most of the situations noted in Exhibit D were due to a

glitch in programming at CIBH in 2012, which may have been the result of multiple people having a single employee number. (Note: The full text of the response is included in the body of the audit report).

F. Great Bridge Battlefield & Waterways History Foundation Issues (GBB&WHF)

Audit Services reviewed the documentation between the GBB&WHF and the PR&T for the purpose of establishing a museum, park, and visitor's center to celebrate and preserve the historic Great Bridge Battlefield site. Audit Services found the documentation to be cumbersome and confusing and not always clear as to designated responsibilities.

1. Memorandum of Understanding (MOU)

Finding – The GBB&WHF and the City have at least nine documents all governing various aspects of the visitors' center and museum. The quantity of these documents made it hard to understand easily who had responsibility for various aspects of the visitors' center and museum.

Recommendation - The PR&T and the Foundation should consolidate the MOU and its six amendments into one "clean" MOU that incorporates all the necessary operational information.

Response - PRT will be working with the City Attorney's Office and the Foundation on a new MOU between the City and the Foundation prior to the time the Foundation regularly and officially opens the facility for public use. At this time, that date has not been set but will not be any sooner than towards the end of the calendar year. Consolidating all past MOU's has been discussed with the City Attorney's Office but may not be achievable at that time due to obligations and requirements for the park and building with the Army Corps of Engineers.

G. Cash Handling

Audit Services reviewed the NWR Park's cash handling policies and procedures. Audit observed manual receipts which were not accounted for exposing the Park to potential cash shortages due to theft.

1. Cash Handling

Finding - The Park store used manual receipts during periods when systems were down. The Park store did not always ensure that the unused receipt books were properly secured and numbers tracked.

Recommendation - The Park should track all manual receipt books in order to ensure that all the receipts used are accounted for.

Response - To better ensure PRT follows best practices regarding cash collection during system outages, we are in the process of updating our policy and procedure manuals to now include that all point-of-sale locations will be equipped with pre-numbered, three-part receipt books. The receipt books will be recorded and verified by central accounting regularly and staff will be trained on the process. Staff does keep the books in secured locations but will better define that as well in the manuals.