



**PARKS, RECREATION, & TOURISM  
DEPARTMENT**



**PERFORMANCE AUDIT**

**OCTOBER 1, 2018 THROUGH MARCH 30, 2019**

**CITY OF CHESAPEAKE, VIRGINIA  
AUDIT SERVICES DEPARTMENT**

June 30, 2019

The Honorable Richard W. West and  
Members of the City Council  
City of Chesapeake  
City Hall – 6<sup>th</sup> Floor  
Chesapeake, Virginia 23328

Dear Mayor West and Members of the City Council:

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, and 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.

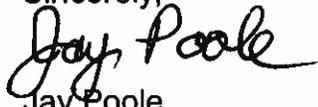
For Fiscal Year (FY) 2018-19, PR&T had an operating budget of just over \$22.1 million. The budget was allocated over four primary service areas – Maintenance and Administration, which was responsible for such things as grounds work, housekeeping, and departmental administration, was budgeted \$8,849,708; 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.

To conduct this audit, we reviewed and evaluated City and PR&T policies, procedures, operations documents, and reports, both internal and external. We also conducted extensive site visits to obtain a general understanding of various departmental processes. We discussed these audit areas and conducted interviews with departmental management and various other personnel.

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.

Sincerely,



Jay Poole

City Auditor

City of Chesapeake, Virginia

C: James E. Baker, City Manager  
Dr. Wanda Barnard-Bailey, Deputy City Manager  
Michael Barber, Parks Recreation and Tourism Director

## **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).

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## **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.

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### **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.

PARKS, RECREATION, & TOURISM DEPARTMENT

PERFORMANCE AUDIT

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## **A. Objectives, Scope, and Methodology**

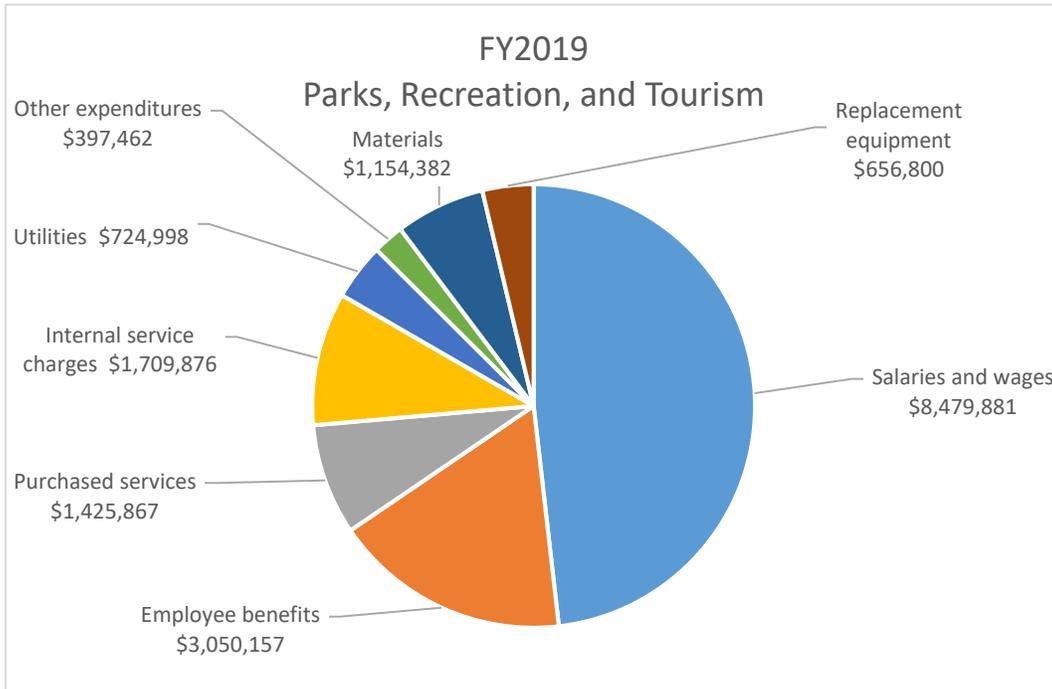
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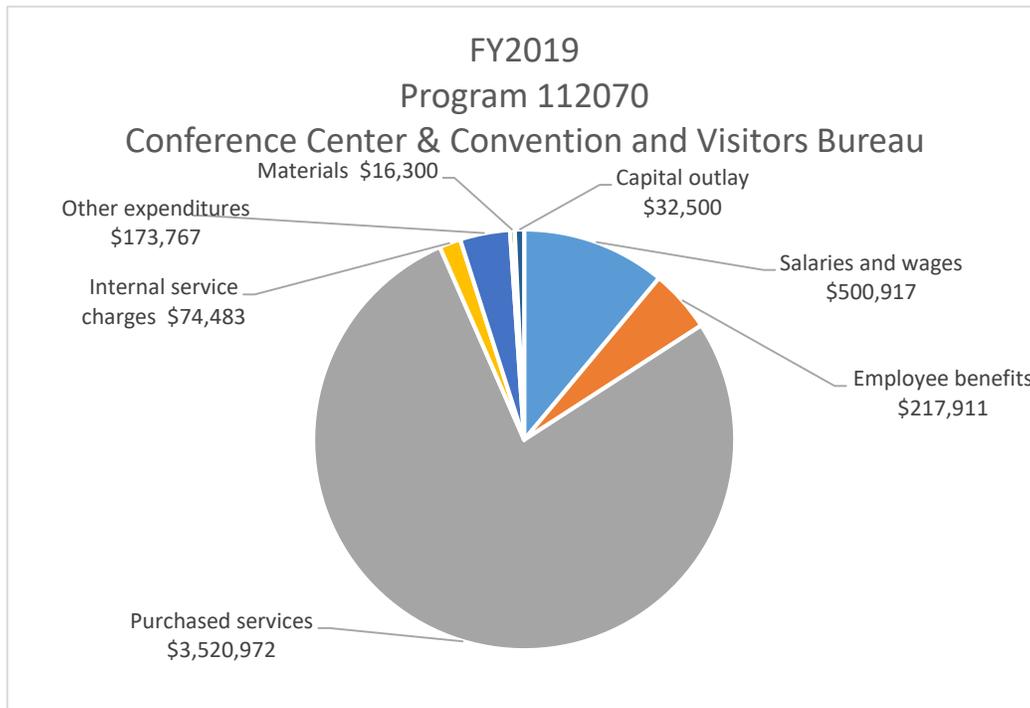
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**Exhibit A:  
Parks & Recreation Budget for FY 2018-19**



**Exhibit B:  
Parks & Recreation Budget for FY 2018-19**



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## **Methodology**

To conduct this audit, we reviewed PR&T's policies, procedures, and practices. This review included reviewing PR&T's time keeping processes, employee accesses to PR&T facilities, employee IT access controls, and a review of various external and internal reports on the Park and associated facility upgrades.

In addition to these items, we gathered information on several functions within PR&T related to internal controls to monitor time and attendance; PR&T employee badges; IT system access; Letters of Understanding with the GBB&WHF; and other areas of concern. We also conducted site visits to the park and reviewed comparative data of Park fees and revenue. Furthermore, we interviewed Department staff at various levels including administrative, parks, and maintenance, to obtain an understanding of overall operations relative to our scope.

## **B. Performance Information**

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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.



Left picture is a porta potty being used at the equestrian center. Right picture shows broken steps along a trail.

One such walkway will be the Marjorie A. Rein Memorial Walkway. The walkway was approximately  $\frac{1}{4}$  mile and consisted of crush and run gravel approaches to wooden bridges and walkways that extended out into the Northwest River giving visitors an unparalleled view of the river. The walkway was constructed in memory of Marjorie Rein, who loved nature and natural areas. The walkway was dedicated on April 22, 1995 and was closed for repair at the time of our audit. The walkway had been condemned and closed for more than a decade.



Left picture shows a portion of the Marjorie Rein Memorial Walkway. Right picture shows erosion under one of the trail stairs.

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.



Left picture is of the restroom building at Molly Mitchell. Right picture is part of the water Park's purification system.

According to PR&T management, the projected Capital improvement request outlined in Exhibit C were appropriated to the park in FY 2018-2019 for upgrades and park improvements. PR&T was also appropriated funds for a utilities study a year earlier because of a failing septic system. Initially, the City provided \$380,000 to get a current assessment of the water, electrical, and sewer systems. While the utility systems were being reviewed, PR&T was allocated \$6 million (over six years) to begin other improvements.

The 2018 Kimley-Horn<sup>1</sup> utilities study was conducted specifically for Northwest River Park’s utilities and infrastructure. The purpose of that study was to perform an assessment of the park’s existing utility infrastructure and develop a CIP with short and long-term improvement recommendations. Some of these systems dated back almost forty years and were using outdated technology and methods. For years, the City had been paying for on-going repairs for infrastructure that had exceeded its useful life. Kimley Horn’s recommendations covered the entire park’s water, sewer, and electrical systems and made recommendations as to what systems needed improvement, or replacement, and in what order. These upgrades would help suggest methods to bring the water, sewer, and electrical systems into working order and ensure compliance with the latest technology and acceptable methods and processes.

**Exhibit C:  
Schedule for the planned renovations and restorations  
Northwest River Park**

<u>Fiscal Year</u>	<u>Planned Renovations and Restorations</u>	<u>PR&amp;T Projected Costs</u>
Year 1 (2019)	Replacement of Marjorie Rein Walkway	800,000
	Bridge Replacement	80,000
	Campground Drainage Improvements	120,000
Year 2 (2020)	Ranger Station Replacement	500,000
	Maintenance Area Facility Replacement	150,000
	Bridge Replacement	50,000
	Road Improvement and Parking Expansion	300,000
Year 3 (2021)	Interpretive/Activity Center Replacement	600,000
	Shore Stabilization	80,000
	Campground Restroom/Shower Replacement	150,000
	Laundry Room Renovation	70,000
	Sanitary Sewer Renovation	100,000
Year 4 (2022)	Utilities Upgrade	250,000
	Bike Shed Replacement	25,000
	Boat House Replacement	50,000
	Fitness Equipment Added	50,000
	Trail Renovation	100,000
	Parking Lots Resurfaced	300,000
	Park Signage Replacement	75,000
	Equestrian Ring and Restroom Addition	150,000
Year 5 (2023)	Cabin Additions	350,000
	Campsites Surfacing and Roadway Work	425,000
	River Restrooms Renovation	125,000
	Bridge Replacements	100,000
Year 6 (2024)	Boat Ramp and Parking Added	1,000,000

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<sup>1</sup> A national planning and design consulting firm hired by the City

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 public 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.



The left picture shows the Visitors Center and museum from across the canal. The right picture is a view of the grand ballroom.

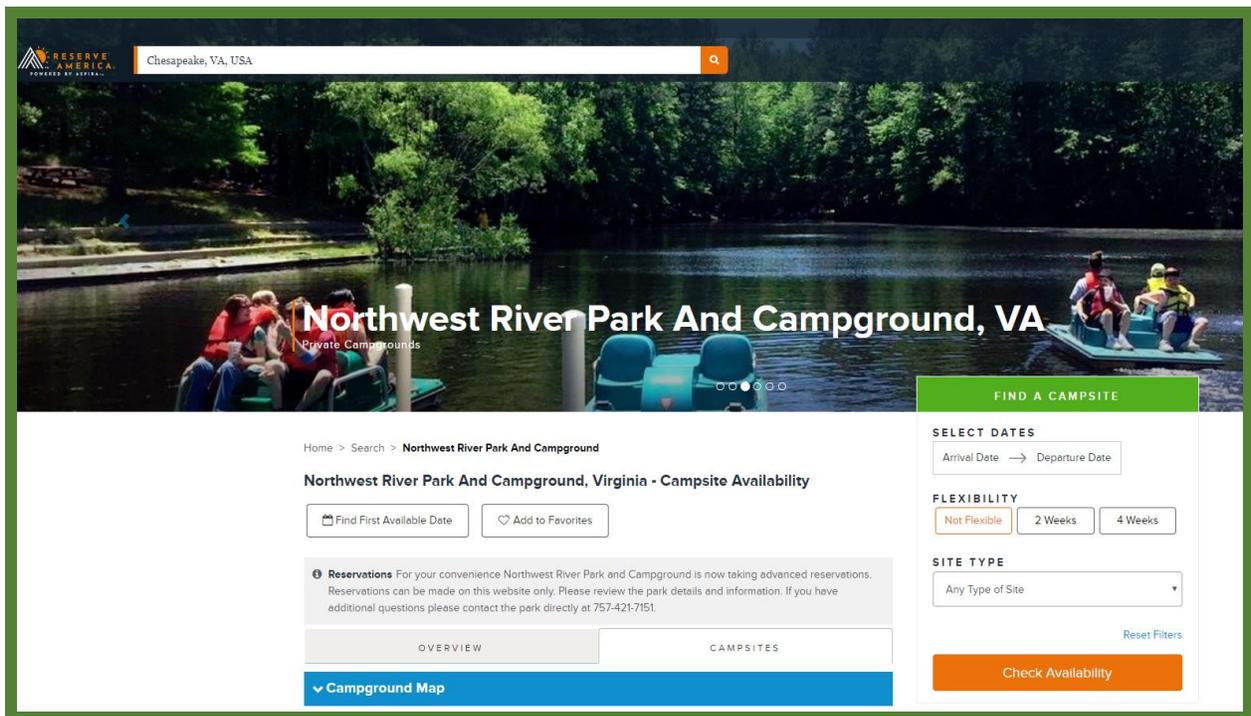


The left picture is a view of the museum gift shop. The right picture shows an exhibit in the process of being set up.

The Foundation opened a gift shop temporarily, selling historical memorabilia as well as locally sourced product that the GBB&WHF viewed as complimentary to its' mission. In addition, the Center will carry PR&T product the City customarily sells at visitor centers such as City of Chesapeake mugs, hats, and other City branded items. In order to

simplify accounting, inventory, and other logistic issues, PR&T agreed that the GBB&WHF would purchase these products from the City and resell it through the gift shop.

PR&T joined Reserve America, an online reservation system for campgrounds powered by Aspira, for the 2018 camping season. This new reservation system allowed the Park to take on-line credit cards, 24 hour reservations, and make reservations available to anyone across the country. Camping reservations are now processed through the system whether initiated at the Park office or in Fargo, ND. PR&T has experienced a significant increase the Park's revenue as a result of the marketing exposure available from Reserve America's reservation system. Camp site rentals increased from \$75,426.61 in 2017 to \$102,865.72 in 2018, an approximately 36% increase. In addition, in the spring of 2019 the Park planned to also start issuing surveys to campers registered through Reserve America. The Park was looking for an initial satisfaction level of 75% or better.



Park revenue has gone up in each of the last three years. In 2016 park revenue was a little more than \$186 thousand and has grown to \$226,541.10 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.

**Exhibit D:  
Schedule of Income and Sources 2016 – 2018  
Northwest River Park**

Northwest River Park Revenue Sources	2018	2017	2016
Rent - NWRP Fees	\$0.00	\$0.00	\$3,376.40
Rent - Park Shelters	\$10,795.00	\$13,629.00	\$7,560.00
Other Recreational	\$32,926.50	\$33,116.00	\$33,855.00
Rent - Campsites	\$102,865.72	\$75,426.61	\$63,966.59
Rent - Cabins	\$13,650.42	\$12,622.69	\$6,994.75
Recreation Fees	\$36,573.50	\$35,697.86	\$37,189.94
Recreation ID Cards	\$2,111.00	\$3,756.00	\$6,150.57
Sale of Food	\$7,321.77	\$7,359.39	\$7,578.93
Sale of Beverages	\$8,817.27	\$9,678.59	\$8,317.63
Sale of General Merchandise	\$11,479.92	\$10,756.42	\$11,404.10
<b>Total</b>	<b>\$226,541.10</b>	<b>\$202,042.56</b>	<b>\$186,393.91</b>

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. Prior to the initiative, PR&T had to request that the individual be set up as a vendor, requesting unnecessary information from the individual, and then added to the PeopleSoft system. Then a check would be processed through the Finance Department. This process was time consuming, inconvenient for the citizen, and created unneeded vendors in the People Soft system. The new initiative allowed PR&T staff to just enter the necessary information needed to process a refund and avoided the need to set up a vendor for what in most cases was a single needed payment. 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. Management makes use of a Daily Time Reporting log which was kept in a book at the front counter of the PR&T administration building and must be filled out when an employee arrived or left the building. Each week, an Actual Hours Worked Log was turned in tracking actual hours worked on a weekly basis. This form must match the time kept in the Kronos system. Twice a month, the employees fill out a Projected Semi-Monthly Work Schedule, which gave upper management an idea of work load and priorities. Also used was Office View, software used as an on-line daily in/out board. Cameras were also used as needed to check on staff locations and activities. All these systems were used by upper management regularly to assist them in monitoring flexible employee scheduling for a department that operated 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.**

Occupational Safety and Health Act (OSHA) standards indicated the following:

- OSHA Sanitation Standard 1910.141 required that work areas be kept clean, free of water, vermin, and kept in a sanitary condition.
- Section 1910.141(a)(3)(i) stated “All places of employment shall be kept clean to the extent that the nature of the work allows.”
- Section 1910.141(a)(3)(ii) stated “The floor of every workroom shall be maintained, so far as practicable, in a dry condition.”
- Section 1910.141 (a)(5) stated “Every enclosed workplace shall be so constructed, equipped, and maintained, so far as reasonably practicable, as to prevent the entrance or harborage of rodents, insects, and other vermin. A continuing and effective extermination program shall be instituted where their presence is detected.”
- Section 1910.141(d)(1) stated “Washing facilities shall be maintained in a sanitary condition.”
- Section 1910.141(d)(2)(i) states “Lavatories shall be made available in all places of employment.”
- Section 1910.333 covered the requirements for selection and use of work practices. The general requirement per OSHA 1910.333(a) was: “Safety-related work practices shall be employed to prevent electric shock or other injuries

resulting from either direct or indirect electrical contacts ... The specific safety-related work practices shall be consistent with the nature and extent of the associated electrical hazard.”

Per OSHA’s bulletin “A Brief Guide to Mold in the Workplace”

- “Indoors, mold growth should be avoided. Problems may arise when mold starts eating away at materials, affecting the look, smell, and possibly, with the respect to wood-framed buildings, affecting the structural integrity of the buildings.
- Molds can grow on virtually any substance, as long as moisture or water, oxygen, and an organic source are present. Molds reproduce by creating tiny spores (viable seeds) that usually cannot be seen without magnification. Mold spores continually float through the indoor and outdoor air.
- Molds are usually not a problem unless mold spores land on a damp spot and begin growing. They digest whatever they land on in order to survive. There are molds that grow on wood, paper, carpet, foods and insulation, while other molds feast on the everyday dust and dirt that gather in the moist regions of a building.
- When excessive moisture or water accumulates indoors, mold growth often will occur, particularly if the moisture problem remains uncorrected. While it is impossible to eliminate all molds and mold spores, controlling moisture can control indoor mold growth.”

Audit Services found the Park maintenance facility to be in an unsanitary and potentially unsafe condition. The facility bathroom was blocked off by plastic due to an aging, non-functioning bathroom with aging plumbing infrastructure that was likely not compliant with building codes. This in turn stopped the air flow into the bathroom. This situation raised the humidity level, and appeared to have served as an incubator for increased mold growth. Mold was evident throughout the facility in the ceiling tiles, along the walls, and on equipment. It was noted that the entire facility flooded on a regular basis. This was evident by water marks on the interior and exterior walls and on equipment and furniture in the facility. It was pointed out that rodents and other vermin routinely accessed the facility through numerous holes in the exterior walls. Audit Services was shown where spray foam had been used to seal one such hole because of the aging infrastructure.



First picture shows spray form used to block access hole in the maintenance facility after a snake had entered the building. Second picture is of a snake sitting inside the building in the storage area behind the bathroom area.

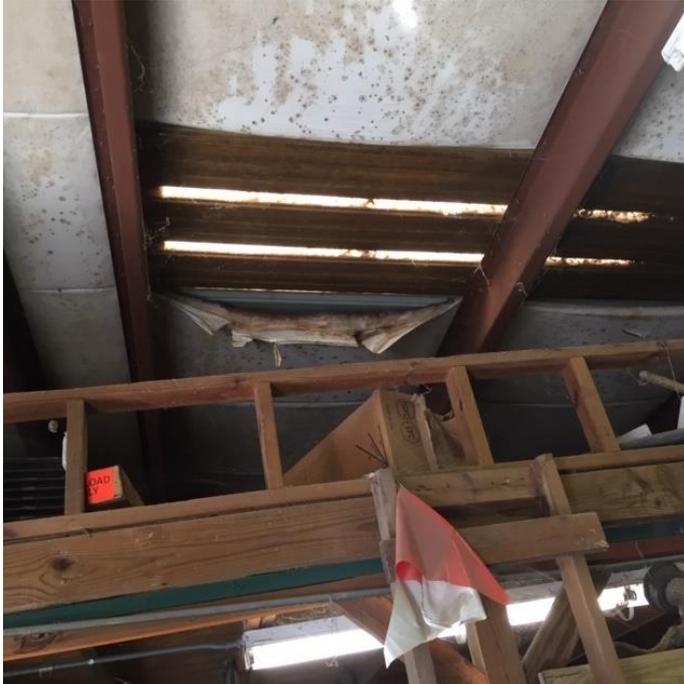
Audit Services subsequently requested the City's Risk Management Division to conduct a separate inspection of the maintenance facility. Their memo dated March 13, 2019 stated in part:

1. "There are areas of mold on wall areas and some are fairly dark"
2. "The building also has problems with snake intrusion"
3. "The front of the building has water level stains outside the building 6 inches above the slab level indicating water intrusion."

This inspection also found that the facility heater, necessary for keeping the building dry on wet, cold, and damp days, did not work and had not done so in quite some time. The industrial fan that was essential for proper air circulation was not operating at the time of the inspection.



Upper left picture shows the maintenance building exhaust fan. Right picture shows the inoperable building heater.



Left is a picture of mold and rips in the ceiling of the maintenance building exposing the interior of the building to the elements. Right is a picture of a bathroom facility door trim that has rotted away.



Left picture shows mold on mop sink and surrounding cabinet and walls. Right picture shows plastic sheeting being used to block off the inoperable bathroom.



Bottom pictures show mold over the interior bathroom walls.

At the request of the City, a mold and indoor air quality assessment was performed by Ecosystems Environmental Services, Inc. on the maintenance facility in August of 2017. This assessment reported mold on various surfaces and an elevated level of mold spores in the air of the bay area. The 2017 report showed a high level of *Aspergillus/*Penicillium in the facility, raising the potential risk for respiratory ailments. The assessment recommended the creation of a mold remediation plan.



Left is a picture of a rodent bait station being used in the activity building. Right picture is mouse/rat droppings in a bathroom at the Equestrian Center.



Right picture shows exposed conduit and debris too close to circuit box. Left picture shows a Gordian knot of wires leading from various equipment into the overhead.

Audit Services found the Ranger Station/Park Store to have multiple rodent issues. Droppings were prevalent, Park personnel stated that numerous food items for sale had to be stored in plastic tubs to deter rodents, rodent bait stations were prevalent, and Park personnel noted that they routinely found evidence of rodent activity and droppings on their desks and work areas. According to management, in addition to rodent issues, the structure was experiencing a standing rain water issue underneath the building and the decking, likely attracting insects and rodents, as well as creating a foul smell. PR&T remediated the standing water issue under the structure and the decking by removing several of the exterior wood paneling pieces, digging a trench and added a sump pump to drain the trench which has helped to alleviate the smells resulting from the standing water.

Additionally, the Park activity center showed evidence of rodent access and had numerous rodent bait stations along the walls. The bathrooms at the Equestrian Center and the Southern Terminal had both been closed for years due to sanitary sewer issues and were exhibiting signs of rodent infestation.

The maintenance issues at the Park had several causes:

- The mold growth in the maintenance building was a direct result of the water infiltration via the groundwater access, likely improper grading of the land, and the rainfall coming through the holes in the roof.
- The Park was a nature park set in a wooded area. This type of area was a natural habitat for various types of vermin including rodents, raccoons, and snakes.
- The Park Ranger Station/Park Store, activities building, and Southern Terminal bathroom were original buildings to the Park and were already identified by Park management as being beyond their useful life. This had caused the buildings to start to deteriorate. There were also multiple access points for various vermin. Despite having been maintained for years the buildings had reached a point where maintenance was no longer fully effective. Additionally, any rodent programs were not totally effective. The Park was a nature park set in a wooded area. This type of area was a natural habitat for various types of vermin including rodents, raccoons, and snakes.
- The maintenance building suffered from being in a marshy part of the park. The facility had a compacted gravel driveway which was increased in height over the years by the addition of more gravel. This changed the grading so that when it rained the water flowed toward the building. This water had, in turn, damaged the structural integrity of the building leading to access holes in the walls that vermin could crawl through, as well as created a wet environment inside the building that was conducive to mold growth. Holes in the roof allowed additional rain to enter the building during storms.

- The continuous rodent and vermin activity was also partially due to the Park not being in potential compliance with OSHA standards which stated “Every enclosed workplace shall be so constructed, equipped, and maintained, so far as reasonably practicable, as to prevent the entrance or harborage of rodents, insects, and other vermin. A continuing and effective extermination program shall be instituted where their presence is detected.”

These conditions potentially endangered the health and safety of Park personnel and visitors. Unabated mold has been known to contribute to respiratory ailments in humans including allergies and infections. Park personnel, mainly the maintenance staff, were routinely exposed to the mold in the maintenance facility, and potentially were at risk. Also, by definition, actively-growing mold damages the material it lives on, thereby impairing structural integrity. This situation resulted in potential non-compliance with OSHA standards and guidelines.

The Ecosystems Environmental Services, Inc. 2017 assessment advised that the high levels of airborne mold in the bay areas may cause adverse health effects in individuals with sensitivities to these mold species and in particular those at high risk such as persons with respiratory diseases, history of allergies, compromised immune systems, and those with multiple medical problems. The continued mold growth observed in this 2019 audit was a direct result of the lack of successful remediation to combat the mold issue when previously identified.

Park personnel and Park visitors were exposed to rodent droppings and urine, and could very easily come in contact with it and not be aware that it had happened. Also, when rodent droppings dry they can crumble and become airborne particulates which can then be inhaled. Rodent droppings are known to cause LYMPHOCYTIC CHORIOMENINGITIS (LCM) – which has been known to cause neurological impairment, TULAREMIA - which affects the lymph nodes, and HANTAVIRUS – which can result in fatal respiratory ailments.

Park personnel were put at risk should they surprise a poisonous snake, raccoon, or other animal that had entered a work area undetected. Wild animals are known to carry rabies which could be transmitted to a person after an animal bite or scratch.

Also, rodents and other vermin have been known to chew through walls, furniture, and wiring. Rodents could damage furniture resulting in the need to replace it or could chew enough of a wall that structural integrity issues arise. Continued rodent activity could result in wires being chewed through which in turn could cause loss of productivity as essential equipment is no longer functional, or loss of communications should the telephone lines be affected, or even fires if electrical wires are chewed through.

The City was at potential financial risk should either a staff member or a visitor come down with a mold or rodent borne illness. The City would be exposed to potential increases in workmen's compensation claims for affected staff and potential lawsuits by affected visitors.

Exposed electrical wires, telephone lines, and other transmission lines could potentially cause a fire or short out sensitive equipment. Exposed wiring was more prone to damage than wires that were not exposed. Exposed wiring could break causing electrical shorts and potential fires while dust and debris buildup could result in shorts and arc flashes.

**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.**

PR&T should invest in the necessary technology to take reasonable measures to mitigate future mold and vermin issues (i.e., controlled environment through the use of LEED initiatives, proper landscape grading, usable fans, and climate controlled buildings.)

**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 past 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, renovated 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. For instance, the power lines, which are visible but not exposed, were all installed by certified licensed electricians over a long period of time in order to add into the existing structure, specifically computers, internet and cable lines that were not part of the anticipated needs in the late 1970's. Regardless of the past practices, the City now has resources in place through its capital improvement program to take care of these long term complications and handle the necessity to fully modernize, enhance and replace the buildings, infrastructure, and amenities of the park over the next few years.**

Until this work can be accomplished, staff has taken some steps to bridge the gap of the noted deficiencies. The water system has been upgraded and has newly trained staff to monitor and evaluate its quality and efficiency. Public Utilities and the Health Department now assist as needed. The main electrical panel has been upgraded and is now maintained by the Department's new Electrician. Many park amenities have been removed or replaced and several short-term modifications have been made to improve drainage and water flow around the park until more permanent solutions are implemented. The Department now requires maintenance staff to check in and out of the Ranger Station and only utilizes the maintenance shop at the park for materials and equipment. Staff has been re-trained on the importance of utilizing the fans supplied in the shop to assist with preventing potential air quality issues. The ranger station is currently under a pest control management contract, which has helped but not eliminated, some of the rodent issues. Due to the natural and wilderness settings of the park, wildlife, including rodents will probably always be present, and is likely expected at this park by not only staff but also visitors. A new properly sealed and designed facility should lessen this finding in the future. It should also be noted that in the Ecosystems Mold Assessment and Indoor Air Quality Report performed at the maintenance facility in late 2017, that two interesting items were noted. One being that currently no standards exist for the number of airborne bacteria or mold/fungi for air quality and the other being the airborne mold count in the maintenance office was lower than that of the outside air.

## **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**

According to City Purchasing Policy, the purchasing function is to be conducted “To contribute ethically, quantitatively, and qualitatively to the strategic goals of the City of Chesapeake by employing technology and best practices to achieve efficiency, transparency, cost savings, and fairness in the City’s procurement processes.”

PR&T contracted with Kimley-Horn to provide projected costs for the CIP projects as part of the infrastructure study and the Marjorie A. Rein Memorial Bridge. The City awarded Kimley Horn a separate indefinite delivery, indefinite quantity (IDIQ) contract initiated by Public Works. IDIQ contracts were most often used for service contracts and architect-engineering services. As of April 4, 2019, Kimley-Horn had already informed PR&T management that they knew of three vendors who had experience in similar projects. At the time of this audit, there were also plans to have the Parks Manager work closely with contracted project manager(s) and Public Works staff to oversee the work of major CIP projects taking place at the NWR Park. The City did not have a project manager assigned to the CIP project at the NWR Park for the construction of the new buildings, nor was there a City project manager with specific marine engineering experience assigned to address the construction needs of the Marjorie A. Rein Memorial Walkway.

According to management, depending on the scope of work and if the work was short-term or long-term, PR&T collaborated with other departments. For instance, some water projects had been given to Public Utilities since they specialized in the water supply to the NWR Park. PR&T will be looking to Public Utilities for options on how best to address the water contracting needs. However, if the City decided to put a whole new water system in place without Public Utilities, then PR&T would hire a contractor and a project manager just as it would if Public Works was not able to provide an in-house project manager to oversee the work provided by other contractors.

**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.**

PR&T should continue working with the Public Procurement Office to ensure competitive and fair RFP and bidding practices for all NWR Park CIP projects.

**Response - The Department feels very comfortable with 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 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 Control**

**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.**

The City's Human Resources Clearance Form revised 12/7/2017 was required to be completed for separating employees. The Clearance Form provides a checklist for City departments to follow. The checklist required the department (√) the items below that apply to the separating employee:

- I.D Badge/Card/Keys/Badge(s) (if applicable) had been returned
- Employee participated in the Flexible spending Health Care Account
- A COBRA package had been issued
- DIT had been notified to terminate all user access/CUARF form had been submitted
- Employee had outstanding City equipment/uniforms
- Employee had a tuition reimbursement or training repayment balance
- Employee had an outstanding travel or petty cash advance
- Employee had a pay advance (for semi-monthly pay cycle transition to arrears)
- Employee was a P-Card holder

Audit Services conducted a review of employee access. The objective of this review was to determine if any former employees had access to city facilities and City systems even after they had left the City.

***Non-Scheduled Employees.*** PR&T allowed employees with a non-routine schedule to keep their City ID badges during different times of the year. Unless notified that the employee was not returning, the badges remained active. This allowed non-scheduled employees the potential to access to PR&T facilities. If the non-scheduled

employees failed to notify PR&T that they would not be returning, it could potentially result in the badges not being deactivated promptly. This situation was unique to PR&T.

**Physical Access to PR&T Facilities.** Our audit found one former employee whose physical access card was used approximately eight months after his death. Additionally, there were six anomalies where former PR&T employees continued to have physical access to various City facilities even after they had left City employment. Although the separation process included retrieving access cards from the employee, destruction of the physical access cards was not documented and required.

**Exhibit E:  
Terminated staff with existing computer access authorization to  
City facilities as of April 3, 2019**

Employee number	Employment status	Last used access card	Access
113006	RETIRED 11/01/2013	10/27/2011	CIBH Full Access
120695	DECEASED 12/25/2012	06/27/2012	CIBH Full Access
121310	DECEASED 05/11/2015	01/20/2016	CIBH General Access
122353	TERMINATED 11/08/2010	11/05/2010	CIBH General Access, 410 – CIBH Housekeeping
124021	TERMINATED 05/26/2010	not used	400 - City Hall GRND Floor 24 hrs
124473	TERMINATED 06/30/2010	03/31/2010	City Hall Elevator, 400 - City Hall GRND Floor 24 hrs

Per PR&T personnel “There is a problem with the badges being active after the employee has left the City...These badges should be treated as if they were lost/stolen and deactivated no matter whether how the employee leaves the City.”

**IT Active Directory Accesses to PR&T IT Systems.** Additionally, we also observed that the Department completed the City’s Computer User Access Request Form (CUARF) via the City’s intranet CityPoint for the creation of a new employee profile and termination of existing employees. The receiving department submitted updates to transferred employees. Once the electronic form was completed and approved by the Department, Information Technologies (IT) was supposed to take the requested appropriate action.

Audit Services compared the employee listing in Active Directory as of March 20, 2019, provided by IT, to current employees listed in MUNIS.

- One employee, who had transferred to another department, was still listed as having access to PR&T computer systems.
- Two employees, who had been hired, but never started, were still in the system with Active Directory access. It was found that the employee ID numbers that were originally issued to these two employees were reassigned when they failed to report to work.

This situation had several causes:

**Physical Access.** All City departments were required to handle the close out process for separating employees consistently. The process included a checklist for retrieving access cards from separating employees, but it did not require City departments to immediately destroy and affix the destroyed card to the Clearance Form.

**Computer Access.** As a first line of defense, City departments were required to complete the City's CUARF via the City's intranet CityPoint to notify the IT department of separated employees that needed their system accesses deactivated and terminated. If a department failed to notify IT via this CUARF, as a second line of defense, the IT system generated a monthly report identifying separating employees for the purpose of removing their Active Directory accesses from the City systems. In both cases the controls failed, resulting in former city employees with access to the City's facilities and systems.

Per PR&T personnel, "Currently the Employee ID is needed for access to city systems. This needs to be taken a step further to prevent the duplication of use of an employee ID in multiple AD containers. This will prevent the case occurring that different staff will have the same ID number. But this will require a different level of communication between Human Resources and Information Technology. This is because anyone requiring computer access will need a unique employee ID issued by Human Resources. This means that all people (including contractors) will need to have an onboarding and exit process."

Allowing former employees to continue to have physical access to restricted PR&T facilities and active directory IT accesses to City computer systems creates multiple risks to both the Department and the City. Terminated employees could potentially access restricted work areas for the purposes of theft, vandalism, or to cause physical harm to current employees. Additionally, allowing separated employees to maintain their computer access increased the risk of unauthorized computer access resulting in potential data theft and cybersecurity attacks on the system software and operating systems.

**Recommendation – The City should consider revisiting the appropriate policies with Human Resources, Information Technology, and all City department to address this situation. The City should consider revising the three-tiered process to provide PR&T as well as other departments with routine feedback through a system designed with proper checks and balances that would allow departments the ability to monitor and confirm the *timely deactivation* of IT system and physical building accesses for separated employees.**

The following should also be considered:

- Including a box on the Clearance Form where departmental payroll staff can validate the immediate destruction of the access cards for separated employees. Departments should be instructed on how the cards are to be properly destroyed. An employee responsible for destroying the card should be separate from an employee witnessing the destruction. The Clearance Form should be signed off by the witness as evidence of proper destruction.
- For access cards that are not returned, there should be a way to validate the date and time a card has been deactivated and by whom. The definition of “timely deactivation” should also be communicated in the revised policy.
  - PR&T should consider requiring non-scheduled employees to turn in their badges at the end of the season, as appropriate. For those that do not return the badge should be deactivated and destroyed.
  - PR&T supervisors should inform the Business Application Specialist II (via the CUARF) of separating employees so that their IT accesses are deactivated timely.
  - The Business Application Specialist II should continue ongoing monitoring to ensure the CUARF are properly processed. Management should ensure supervisors are trained on the timely reporting of and proper use of the CUARF.

**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.**

**As far as non-scheduled employees that may not be working for several weeks at a time, this type of situation could happen for folks other than PRT and our seasonal workers. There are cases citywide like short term disability, military leave, medical leave, etc. where it could occur as well. It also should be noted that only a few, select seasonal PRT staff would ever have security codes to access PRT facilities. We do not concur with having seasonal employees turn in their badges when not scheduled for an unspecified period of time. Many of our employees work programs like seasonal athletics, where they may be weeks between seasons and assignments. We have the means to deactivate facility access if the employee is off for any extended period of time however the account and employees email must remain active in order to send communications to the employee.**

## **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**

**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.**

According to the U.S. Agency for International Development: "Memorandum of Understanding (MOU) is a signed non-obligating and legally non-binding document that describes the intentions of the alliance members to work together to address a shared development challenge."

"There are many benefits to formalizing your partnership through a MOU. The MOU:

- Ensured that all parties are in agreement on the partner roles and activities, thereby decreasing misunderstandings and future conflicts.
- Outlined how decisions about the partnership will be made during implementation.
- Represented the only document that formalizes the relationship
- Helped keep the partnership on track and focused on the original objectives/activities.
- Provided an easy framework to allow additional partners to join and expand the partnership"

The City had agreed to cover operational expenses for the first three years of GBB&WHF up to \$35,000 a year that the GBB&WHF had originally agreed to pay for itself. However, there were nine different documents that dealt with the visitors' center and museum. The first was the Lease with the Army Corp of Engineers signed in 2009. A MOU was signed in 2003. This MOU had been amended six times at the time of this audit; in 2004, 2006, 2009, 2015, 2015, and 2017. In 2015 a Governance Agreement was signed. The 4<sup>th</sup> Amendment (2015) allowed the GBB&WHF a yearly stipend of \$35,000 for the aforementioned operational costs of the Museum. The City may, at its' discretion, extend this stipend for an additional two years.

This situation stemmed from the project lasting several years with multiple people on both sides involved. The amendments were used to address issues that cropped up over the years and as a normal method of moving the project along. The need for continued City financial support stemmed from lower than anticipated fund-raising on the part of the GBB&WHF.

The effect of not having a clear understanding of which party was responsible for what areas leads to potential misunderstandings of who has control of what aspect of the project. This may cause unnecessary redundancy of systems, such as the POS system, or create complicated cash handling systems. Also, since the City was a party to the operations of the Center and will potentially be selling items there must be a clear understanding of processes so that all City activities are conducted following the appropriate City guidelines and policies. Finally, additional and continued support of the GBB&WHF by the City could result in the GBB&WHF becoming a component part of the City for financial reporting obligations.

**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.**

The new MOU should spell out the responsibilities for both parties, not only for the building of the center, but also who is responsible for the day to day operational activities of the Center. Also, the City should continue to monitor the GBB&WHF to determine if they become a component unit of the City for financial reporting obligations.

**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 time [sic] 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.**

The United States Department of Commerce states that "Cash management internal controls represent an application of common sense and prudent conduct to the use and proper safeguarding of Government assets. Proper internal control mechanisms provide management with a reasonable assurance that intended safeguards are being practiced consistently. Therefore, the integrity of any cash management activity depends on the application of internal control principles and standards. The attainment of these principles and standards in the cash management area can be achieved by pursuing the following guidelines:

- a. Cash related transactions shall be fully documented so that an undisputable audit trail exists.
- b. Cash related transactions shall be recorded promptly during each step of the cash handling function.
- c. Serially numbered forms shall be used to document cash related transactions to enhance reconciliation and accountability.
- d. Documents used in cash related transactions shall be safeguarded against reuse, tampering, or unauthorized disposal."

Manual receipts were used during periods of time when there was power outages or system connectivity issues that prevented the Park staff from accessing the City online systems. There was found to be no central accounting or reconciliation for the manual receipts that were issued. The unused manual receipt books were not properly secured in the safe or other locked area.

The use of manual receipts was uncommon which led to an "out of sight out of mind" mindset because when they were not regularly used they were forgotten about. Also, the Northwest River Park Store Operations Manual did not address the handling of manual receipts.

Not tracking the manual receipts impaired the ability to reconcile the receipts to the funds on hand. Not knowing the total population of receipts issued could potentially result in money going missing by the removal of the un-reconcilable receipt and the associated funds.

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

The Park should reconcile the receipts each time manual receipts are used. The Park should also ensure that the manual receipt books are kept locked in a secure location when not in use, with limited access. Finally, the Northwest River Park Store Operations manual should be updated to include manual receipts.

**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.**

# **APPENDIX A**

## **RESPONSE FROM PARKS, RECREATION, & TOURISM OFFICIALS**

## **MEMORANDUM**

**TO:** Jay Poole, City Auditor

**FROM:** Michael D. Barber, Director of Parks, Recreation and Tourism 

**DATE:** June 28, 2019

**SUBJECT:** Audit Responses – Parks, Recreation and Tourism

The City of Chesapeake Audit Services recently completed the 2019 limited scope review of the Department of Parks, Recreation and Tourism. The Department appreciates the opportunity to respond to the findings and recommendations noted in the audit. Many of the conclusions confirm and validate the significant commitment the City is making to the refurbishment of Northwest River Park. We are committed to ensuring the final product will be one the City can be proud of for many decades. Below you will find the Department's responses to the audit:

**Response #1:** 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. For instance, the power lines, which are visible but not exposed, were all installed by certified licensed electricians over a long period of time in order to add into the existing structure, specifically computers, internet and cable lines that were not part of the anticipated needs in the late 1970's. Regardless of the past practices, the City now has resources in place through its capital improvement program to take care of these long-term complications and handle the necessity to fully modernize, enhance and replace the buildings, infrastructure, and amenities of the park over the next few years.

Until this work can be accomplished, staff has taken some steps to bridge the gap of the noted deficiencies. The water system has been upgraded and has newly trained staff to monitor and evaluate its quality and efficiency. Public Utilities and the Health Department now assist as needed.

The main electrical panel has been upgraded and is now maintained by the Department's new Electrician. Many park amenities have been removed or replaced and several short-term modifications have been made to improve drainage and water flow around the park until more permanent solutions are implemented. The Department now requires maintenance staff to check in and out of the Ranger Station and only utilizes the maintenance shop at the park for materials and equipment. Staff has been retrained on the importance of utilizing the fans supplied in the shop to assist with preventing potential air quality issues. The ranger station is currently under a pest control management contract, which has helped but not eliminated, some of the rodent issues. Due to the natural and wilderness settings of the park, wildlife, including rodents, will probably always be present, and is likely expected at this park by not only staff but also visitors. A new properly sealed and designed facility should lessen this finding in the future. It should also be noted that in the Ecosystems Mold Assessment and Indoor Air Quality Report performed at the maintenance facility in late 2017, two interesting items were noted. One being that currently no standards exist for the number of airborne bacteria or mold/fungi for air quality and the other being the airborne mold count in the maintenance office was lower than that of the outside air.

**Response #2:** 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.

**Response #3:** 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.

As far as non-scheduled employees who may not be working for several weeks at a time, this type of situation could happen for folks other than PRT and our seasonal workers. There are cases citywide like short-term disability, military leave, medical leave, etc. where it could occur as well. It also should be noted that only a few, select seasonal PRT staff would ever have security codes to access PRT facilities. We do not concur with having seasonal employees turn in their badges when not scheduled for an unspecified period of time. Many of our employees work programs like seasonal athletics, where they may be weeks between seasons and assignments.

We have the means to deactivate facility access if the employee is off for any extended period of time; however, the account and employee's email must remain active in order to send communications to the employee.

**Response #4:** 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.

**Response #5:** 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.

We appreciate the professionalism and integrity of the Audit Services team and look forward to improving our services and processes for the citizens of Chesapeake and our many visitors.

c: James E. Baker, City Manager  
Dr. Wanda Barnard-Bailey, Deputy City Manager