

October 29, 2013

The Honorable Mayor Kim McMillan  
City Council Members  
Audit Committee Members  
Clarksville, Tennessee 37040

**Executive Summary of the Parks and Recreation Special Events Audit**

The following is an executive summary of the findings, recommendations and management's comments in response to the findings related to the Internal Audit report on Parks and Recreation Special Events. The full audit report is attached and contains additional details about the findings and recommendations as well as additional background information.

**Audit Objectives**

1. To determine if the internal controls surrounding the special event process are adequately designed and functioning properly in regard to the following areas:
  - Risk management policies and procedures for event insurance, security and inclement weather;
  - Compliance with contracts and agreements and the adequacy of supporting documentation for vendors and entertainers;
  - Income procedures/controls/trends for grants, sponsorships, contributions, fees and the adequacy of supporting documentation;
  - Expenditure procedures/controls/trends, types, quantities, frequency and the adequacy of supporting documentation.
2. To determine if data systems controls and procedures for access, separation of duties, and tracking and monitoring capabilities for special events are sufficient and functioning.
3. To evaluate the Clarksville Parks and Recreation Department's (CPRD) use of special revenue funds and determine how the various funds function together.

**Brief Background**

The CPRD provides special events as a way to enhance the quality of life for its citizens. It offers a wide variety of recreational opportunities and special events for the Clarksville community. The Department has a detailed Strategic Plan that provides direction for the Department and informs the public and legislators about the mission, vision and values of

the Department. The Plan also identifies the goals and targets of the various divisions within the Department. The Plan provides an effective foundation for all activities within the Department.

The Riverfest activity is the largest special event in terms of expenditures and has a variety of revenue sources most of which are from sales. In contrast, many of the other events receive revenue generated mostly from contributions and solicitations, or the events are financed through general fund support.

### **Conclusions of Report**

CPRD's special event process is adequately designed and the internal controls are generally functioning effectively. Our tests and inquiries revealed the following areas that the auditors believe are weaknesses in internal control and/or financial reporting and should be corrected as soon as possible:

- An electronic interface between RecPro and Munis is needed to improve controls surrounding cash collections. CPRD is aware of the weakness and has been working with IT to implement an electronic interface.
- Improved purchasing procedures and better supporting documentation of purchases related to vendor agreements for special events is needed to demonstrate compliance with City purchasing policies.
- The following changes are needed to bring the CPRD special revenue funds into compliance with City Code Section 6-103:
  - The two CPRD special revenue funds should be combined into one fund.
  - The revenue sources listed in the Code section should be evaluated and updated as necessary.
  - The special revenue fund balances should be budgeted/spent in accordance with the City spending prioritization policy. (Resolution 76-2010-11).

The auditors also recommend the following actions be taken to help formalize and/or improve the special events process.

- Prepare a written inclement weather policy to formalize the Department's procedure.
- Add language to the petty cash policy that requires receipts for purchases made out of petty cash.
- Formalize the Department's vendor selection process for special events.
- Ensure the following for cash handling at Riverfest:
  - Increased lighting in ticket booths to reduce change/ticket errors
  - Adequate training for cash handlers
  - City employee in charge of vault at all times
  - Adequate number of sellers in ticket booths to keep wait time at a minimum
- Develop a policy related to permits issued to private individuals for special events that defines what types of events require permits and the consequences of not obtaining a permit. Define how the related noise ordinance will be administered and enforced.

CPRD management agrees with our findings and recommendations and plans to implement all recommendations. Their responses and corrective action plans can be viewed in the full report.

Internal Audit thanks the Parks and Recreation management and staff for their help and support throughout the performance of the audit.

If you have any questions about the audit, the findings, or the recommendations please contact me at 931-472-3573.

Respectfully,

A handwritten signature in blue ink that reads "Lynn Stokes".

Lynn Stokes  
Director of Internal Audit

cc: Bill Harpel, Chief of Administration  
Jennifer Rawls, Director of Communications  
Laurie Matta, Director of Finance  
Mark Tummons, Parks and Recreation Director  
Tonya Vaden, Parks and Recreation Manager of Admin and Special Services  
Jennifer Byard, Parks and Recreation Event Planning Supervisor



## INTERNAL AUDIT REPORT

**AUDIT  
TITLE:**

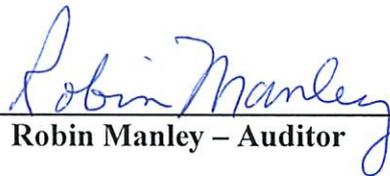
**SPECIAL EVENTS AUDIT**

**DEPARTMENT:** **PARKS AND RECREATION**

**AUDIT  
PERIOD:**

**JULY 1, 2010 TO JUNE 30,  
2012**

**CITY OF CLARKSVILLE  
Parks and Recreation Department  
Special Events Audit  
AUDIT # 1308**

  
Robin Manley – Auditor

  
Lynn Stokes – Audit Director

August 31, 2013

Date

**CITY OF CLARKSVILLE  
INTERNAL AUDIT REPORT  
Parks and Recreation Department  
Special Events Audit  
#1308**

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# **Internal Audit Report**

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## **Origin of the Audit**

**This audit was conducted as a part of the annual audit plan as approved by the Audit Committee for the fiscal year 2013.**

## **Audit Objectives**

**The specific audit objectives were:**

- 1. To determine if the internal controls surrounding the special event process are adequately designed and functioning properly in regard to the following areas:**
  - Risk management policies and procedures for event insurance, security and inclement weather;**
  - Compliance with contracts and agreements and the adequacy of supporting documentation for vendors and entertainers;**
  - Income procedures/controls/trends for grants, sponsorships, contributions, fees and the adequacy of supporting documentation;**
  - Expenditure procedures/controls/trends, types, quantities, frequency and the adequacy of supporting documentation.**
- 2. To determine if data systems controls and procedures for access, separation of duties, and tracking and monitoring capabilities for special events are sufficient and functioning.**
- 3. To evaluate the Clarksville Parks and Recreation Department's (CPRD) use of special revenue funds and determine how the various funds function together.**

## **Scope and Methodology of the Audit**

**The audit scope focused on the Clarksville Parks and Recreation Department (CPRD) Special Events Fund, one of four funds used to manage CPRD's activities and costs. The Special Events Fund was selected for audit because most of the activities are large annual**

events targeted to the general population of the City and the processes involved are somewhat unique. The auditors specifically focused on Riverfest as a special event because it is the largest annual special event and provides sufficient representative data and transactions to review, analyze and test. During the scope period (FY's 2011, 2012 and 2013) Riverfest revenues averaged approximately \$105,000 annually and expenditures approximately \$101,000 annually.

The auditor reviewed Riverfest activities for appropriate internal controls surrounding the following:

- The event planning process,
- The activities occurring during the event such as ticket sales, cash management, vendor contracts, expenses and risk management,
- The after action reports used by event leaders to identify areas of improvement.

Evidence to support our conclusions was gathered from direct inquiries of management and staff as well as observations of source documentation and tests of controls surrounding the transactions of the event.

Samples from Riverfest technical and equipment rental expenditures were obtained from Munis financial reports to test in accordance with the objectives stated above. Sample size and selection were determined by auditor judgment. The following table shows the total population and sample size for each year.

Transactions	FY2011	FY2012	FY2013
Population	31	40	50
Sample size	20	10	12

The audit scope did not include an audit of the other three CPRD funds used to manage the Department's activities. However, the auditors familiarized themselves with the types of activities and transactions included in each fund and reviewed the relationship of each fund to the department as a whole.

## Statement of Auditing Standards

The audit was conducted in accordance with various auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions 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. Our Internal Audit Department has not undergone a peer review, which would independently verify that the Department conducts its audit in accordance with standards. However, a peer review is planned and budgeted for March 2014.

## Background

## **Financial Perspective of Department's Revenues and Expenditures**

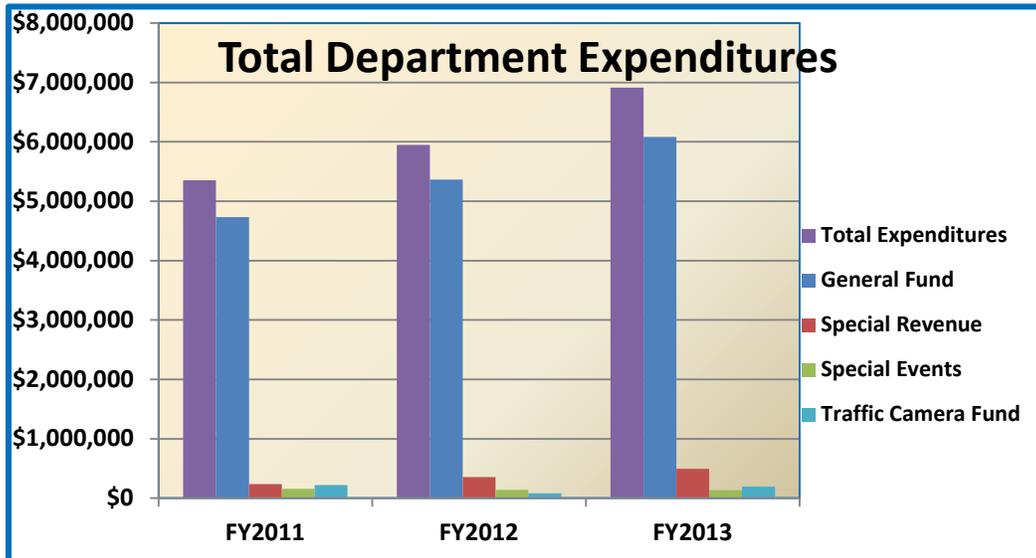
**The CPRD accounts for the wide variety of their recreational facilities and activities in one of the following four funds:**

- 1) The General Fund accounts for the general operations of CPRD, including all full time salaries, for pool operations and for activities such as Summer Night Lights, the Downtown Market, and Eggstravaganza.**
- 2) The Special Revenue Fund accounts for the community center activities, Parks After Dark, sports leagues and tournaments and other activities. The activities are funded by a combination of grants, fees, transfers from the general fund and sponsorships from local businesses.**
- 3) The Special Events Fund accounts mainly for large annual events. The events are funded by a combination of grants, fees, sponsorships and transfers from the general fund when necessary.**
- 4) The Parks Traffic Camera Fund accounts for the costs associated with the Rails to Trails project. Recently, the Blueways project was also added to this fund.**

**There is crossover in accounting between the funds for certain activities. For example, two of the events in the Special Events Fund have expenses that are also tracked in the General Fund. Eight of the activities tracked in the Special Revenue Fund also have expenses that are tracked in the General Fund. The Rails to Trails project has expenses tracked in the General Fund as well as the Traffic Camera Fund.**

**City Code section 6-103 provides legal authority for a "recreation special revenue fund". Currently, CPRD accounts for the transactions identified in this code section in two separate funds: the Special Revenue Fund and the Special Events Fund (numbers 2 and 3 above). The Code defines the sources of revenue and the allowable expenses to be included in the fund. Full time salaries are not permitted to be paid out of the recreation special revenue fund.**

The following graph and table show the relationship of the expenditures in each fund to total Department expenditures.



Expenditures	FY2011	FY2012	FY2013
Special Revenue	\$ 239,317	\$ 353,621	\$ 495,728
Special Events	\$ 158,858	\$ 143,725	\$ 136,089
General Fund	\$4,733,119	\$5,365,977	\$ 6,081,446
Traffic Camera Fund	\$ 220,215	\$ 84,334	\$ 197,719
<b>Total Expenditures</b>	<b>\$5,351,509</b>	<b>\$5,947,657</b>	<b>\$ 6,910,982</b>

The table below shows the three year average of each fund's annual revenues and associated expenditures.

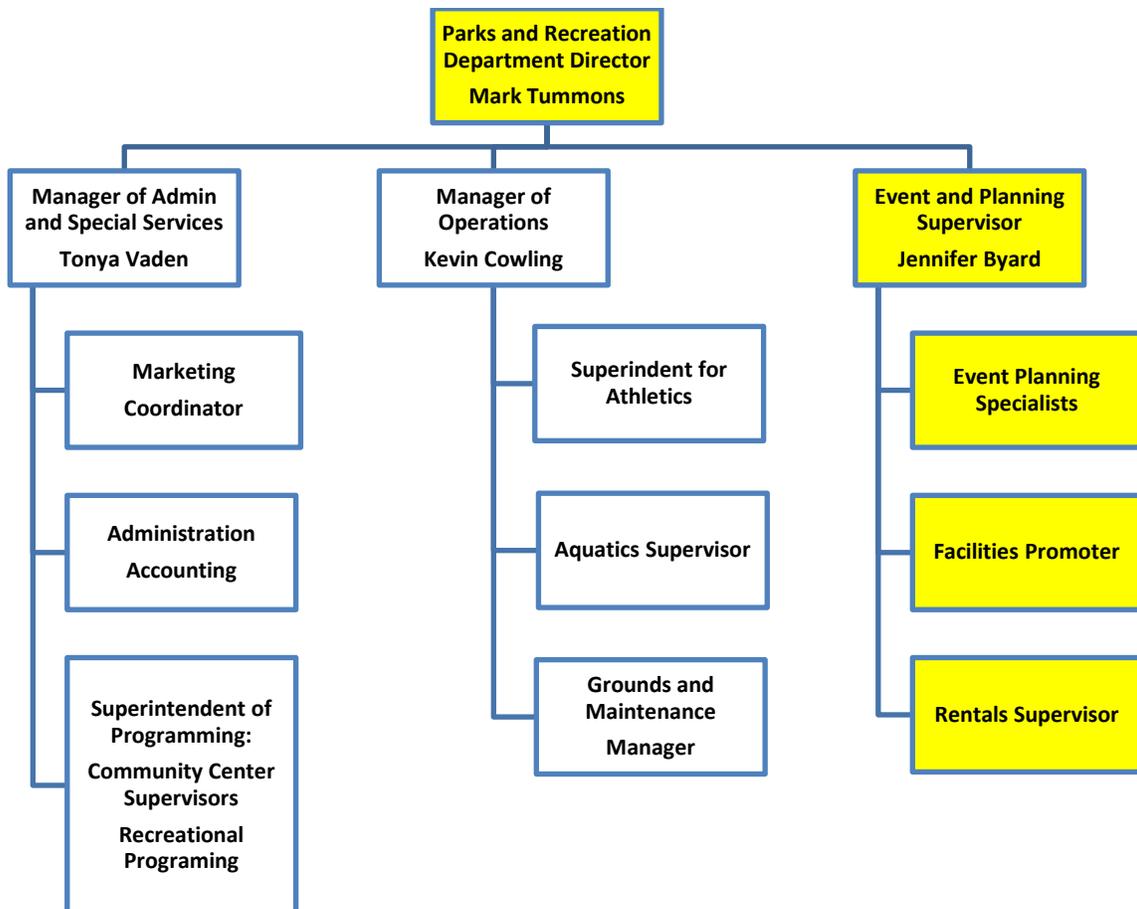
3 Year Average (FY 2011-FY 2013)			
	Annual Revenues	Annual Expenditures	Annual Net
General Fund	\$ 355,648	\$ 5,393,514	\$ (5,037,866)
Special Revenue Fund	\$ 383,169	\$ 362,887	\$ 20,282
Special Events Fund	\$ 134,581	\$ 146,224	\$ (11,643)
Traffic Camera Fund	\$ 130,132	\$ 167,423	\$ (37,290)
<b>Total All Funds</b>	<b>\$ 1,003,530</b>	<b>\$ 6,070,048</b>	<b>\$ (5,066,518)</b>

## Special Events Fund

The CPRD sponsors special events as a way to enhance the quality of life for its citizens. The Special Events Fund was established in FY 2009 with seed money of \$100,000 from the City General Fund to account for approximately six special activities (Riverfest, July 3<sup>rd</sup> Celebration, Downtown for the Holidays, Christmas on the Cumberland, Legion Street (later Jammin' in the Alley), and Warrior Week). In FY 2011, an additional \$15,000 was transferred from the City General Fund for the July 3<sup>rd</sup> celebration. The Special Events Fund is refreshed each year with revenues generated from the events themselves, donations from local businesses and grant funding.

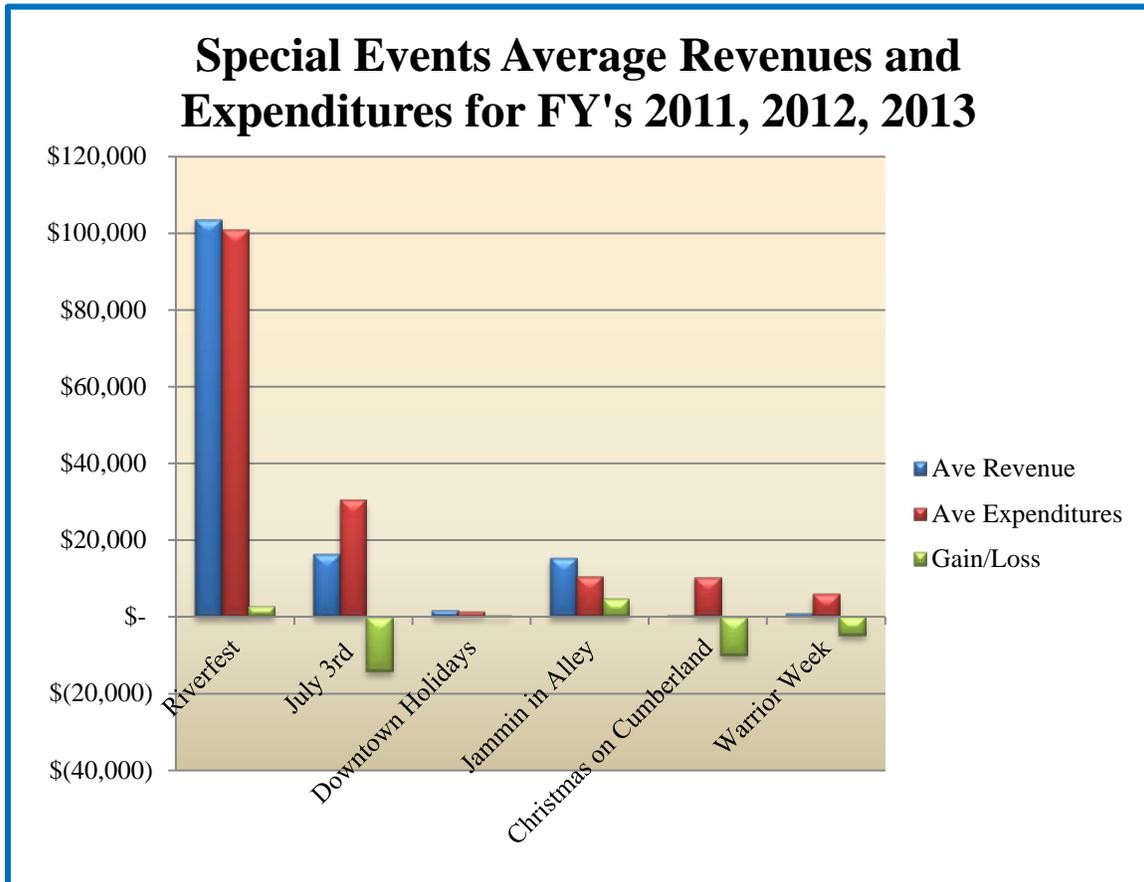
The Special Events Fund is tracked as a multiyear fund in Munis financial software. The expenses in any given year may exceed the revenues for that year as long as there is a positive fund balance from prior years.

Shown below is an abbreviated CPRD organization chart that depicts responsibility for managing the special events activities.



## Statistical Information – Special Events Fund

The graph and data below show average annual revenues and expenditures for special events for FY's 2011, 2012, and 2013. The data compares average revenues to average expenditures by event to determine the extent to which the revenues (on average) covered the event's expenditures. Community solicitations are made on an annual basis for each event to help defray some of the costs of the events.

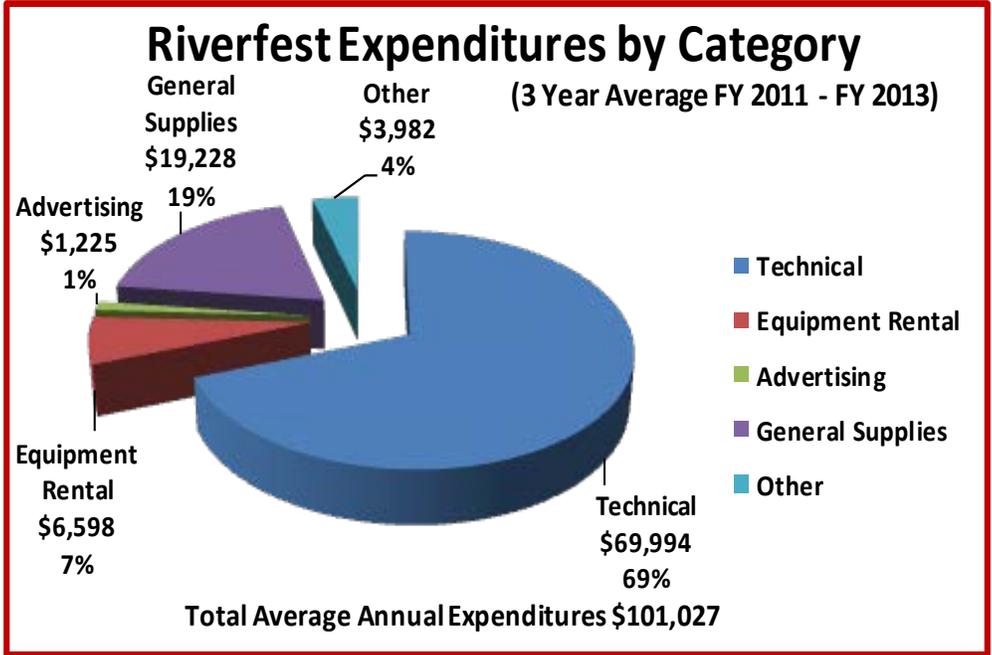
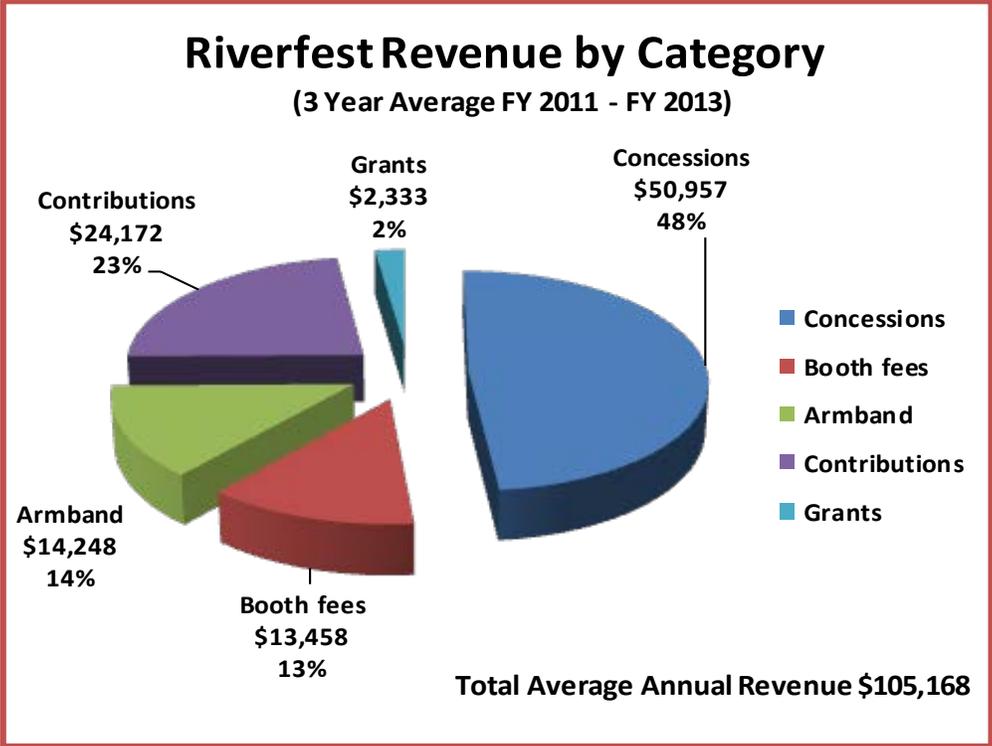


<b>Special Events 3 Year Annual Averages (FY 2011-FY 2013)</b>			
	<b><sup>^</sup> Revenue</b>	<b>*Expenditures</b>	<b>Gain/Loss</b>
<b>Riverfest</b>	<b>\$ 105,168</b>	<b>\$ 101,027</b>	<b>\$ 4,141</b>
<b>July 3rd</b>	<b>\$ 11,733</b>	<b>\$ 30,746</b>	<b>\$ (19,013)</b>
<b>Downtown Holidays</b>	<b>\$ 1,707</b>	<b>\$ 1,275</b>	<b>\$ 432</b>
<b>Other (Jammin in Alley)</b>	<b>\$ 15,139</b>	<b>\$ 10,654</b>	<b>\$ 4,485</b>
<b>Christmas on Cumberland</b>	<b>\$ 334</b>	<b>\$ 12,440</b>	<b>\$ (12,106)</b>
<b>Warrior Week</b>	<b>\$ 540</b>	<b>\$ 7,608</b>	<b>\$ (7,068)</b>

\*Figures do not include salaries and wages of full time staff. Figures include special events related expenditures tracked in the General Fund.

<sup>^</sup>Figures exclude transfers in from other City funds.

Riverfest is the largest annual special event in terms of expenditures and has a variety of revenue sources most of which are from concessions. In contrast, other special events receive a majority of their revenue from contributions or transfers from the City General Fund.



## Noteworthy Accomplishments

At its 2013 annual staff summit the CPRD developed a detailed Strategic Plan Update for FY2013-14. Gary Jaeckel from Municipal Technical Advisory Service led the planning sessions. The strategic plan defines the mission, vision and values of the Department as well as defines goals, targets and measures for each division within the Department. The summit and resulting plan demonstrate management's desire to have collaborative input from division leadership and its desire to provide clear direction for all staff and management. The plan also demonstrates the Department's desire to communicate its mission and goals to the people it serves. The Plan's clearly defined objectives provide a straightforward foundation for all the Department's activities and decisions.

## Results of Audit

### Findings and Recommendations

Auditor testing and research revealed the following findings and recommendations.

1. The manual transfer of information between two software applications creates a weakness in internal control between the cash receipting system and the financial accounting system.

**Criteria:** The cash receipting process should be directly interfaced with the financial accounting software to protect against errors and fraud. Also, the manual transfer of information between two software applications creates a duplication of effort which reduces worker efficiency.

**Condition:** Cash transactions are processed at various CPRD sites using RecPro. Since RecPro does not interface with the Munis financial system the same data must be entered again in Munis. Bank statements are periodically reconciled manually to Munis and RecPro cash transaction reports.

**Cause:** RecPro was purchased because it was the program both IT and CPRD determined would best meet the registration and cash collection needs of the department. There is an interface that will allow for data sharing between RecPro and Munis but it has not been implemented yet.

**Effect:** The current process creates an internal control weakness surrounding cash receipting. The manual transfer of information is inefficient, open to human error and creates an environment which lends itself to fraud.

**Auditor Comment:** CPRD had a plan in place to correct this problem before the audit was conducted. Since Government Auditing Standards require that we report a

condition that existed during the audit period even if corrective action has already been implemented we included this finding in our report.

**Recommendation:** We recommend that CPRD implement their plan to electronically interface RecPro and Munis at the earliest possible date. Until the interface is complete, daily or weekly independent reconciliations between the RecPro cash reports and the Munis cash reports should be performed to verify that all cash received in RecPro has been entered into Munis and has been reconciled to the monthly bank statements.

**Management Comments:** We received guidance from the IT Department on the entire software purchase process and it was agreed by both CPRD and IT that RecPro was best suited to meet the needs of the department for registration and cash control for CPRD programs and activities. RecPro was installed in 2011 and it was understood at the time that it would interface with Munis. The interface has not been implemented because the IT Department has been understaffed during the past year.

Agree   x  

Disagree \_\_\_\_\_

**Corrective Action Plan:** IT has recently hired a new employee to support Munis. CPRD is on the work order list and IT Staff are already researching what is required for the software data interface to work within the city's accounting procedures.

**Projected Completion Date:** 2014

**Responsible Manager:** Mark Tummons

2. **Some CPRD vendor and entertainment purchase orders are not being created in compliance with City policies.**

**Criteria:**

- City Purchasing Policy requires that a purchase order be created before a purchase is finalized.
- Purchases related to vendor contracts should be supported by adequate documentation so that the purchase can be tied to a specific vendor contract.
- City Code requires the Mayor to sign all City contracts.

**Condition:** Auditor testing revealed that 8 out of 32 vendor agreements tested were not signed by the Mayor. Three out of 12 purchase orders tested were created after purchases were finalized. The supporting documentation for 3 out of 20 items tested was inadequate to tie purchases to a specific vendor agreement. Fulfillment of vendor agreements is not documented to identify if/how CPRD met the specific requirements in the agreements.

**Cause:** Discussions with CPRD revealed that they attempt to follow policy and any exceptions are oversights. The lack of adequate documentation is a result of a misunderstanding of what constitutes adequate documentation.

**Effect:** Agreements that have not been signed by the Mayor are not legally binding. Finalizing purchases before creating a purchase order creates a situation where purchases are made without the proper authorization. Insufficient supporting documentation can create doubt and confusion about purchases especially several years after the event when memories fade.

**Recommendation:** The CPRD management should develop a process that will help ensure that City policies are followed. Examples of how this could be accomplished are 1) requiring that a checklist be completed for all PCard purchases to assure compliance with all regulations or 2) requiring an additional level of approval before a purchase is made.

**Management Comments:**

Agree  \_\_\_\_\_

Disagree \_\_\_\_\_

**Corrective Action Plan:** The Special Events Division will create a purchasing checklist/flow chart to use within our division to ensure that City policies are followed when making all purchases. This list will be used and attached to each purchase until it becomes routine and utilized for training new personnel.

**Projected Completion Date:** October 2013

**Responsible Manager:** Mark Tummons

- 3. The Recreation Special Revenue Fund is not configured in accordance with City Code and the funds are not being spent in accordance with the City spending prioritization policy.**

**Criteria:** City Code Section 6-103 authorizes the establishment of a “recreation special revenue fund”. It identifies the revenue sources and the allowable expenditures that are to be accounted for in the fund. The Code section defines City “special events”.

The City spending prioritization policy (Resolution 76-2010-11, approved June 30, 2011) defines the order in which City fund balances will be spent. That order is as follows: restricted, committed, assigned, and unassigned. The special revenue fund balances are considered committed fund balances and should be spent before any assigned or unassigned funds are spent.

**Condition:**

- CPRD accounts for the revenues and expenditures identified in Code Section 6-103 in two special revenue funds instead of one.
- Revenue sources other than those defined in the Code are included in the special revenue funds. The Code states that revenues other than those defined should be accounted for in the General Fund.
- The two special revenue funds have a combined fund balance of approximately \$500,000. According to the Code section the funds can be spent for “any purpose not expressly prohibited within the recreation department. CPRD is not spending committed funds first in accordance with the City’s spending prioritization plan.

**Cause:** Prior to the enactment of Section 6-103 of City Code, there were two Parks special revenue funds addressed in City Code. The legislation that eliminated one of the funds was enacted three years ago but has not been followed.

The City’s spending prioritization plan was adopted in June 2011. It has not been enforced for spending in the Parks special revenue funds.

**Effect:** The effect is that the CPRD special revenue funds are out of compliance with City Code and City spending policy.

**Recommendation:** The auditors recommend the following:

- Combine the Parks Special Revenue Fund and the Parks Special Events Fund into a single special revenue fund in accordance with City Code.
- Amend City Code Section 6-103 to properly define what revenues will be included in the recreation special revenue funds.
- Budget the special revenue fund balances to zero in order to be in compliance with the City’s spending policy.

**Management Comments:**

Prior to receiving a draft of the audit report on 9-19-2013, Parks and Recreation Administrative Management and Accounting staff were unfamiliar with the City spending policy adopted via Resolution 76-2010-11 or how it affected the department. Diane Davis and Tonya Vaden met with Laurie Matta and Debbie Frazier in Finance and Lynn Stokes in Internal Audit’s office on August 27, 2013 to discuss the Special Revenue Fund, but the details of the City’s spending policy were not specifically addressed.

After reading the initial audit draft we requested to meet again with Ms. Matta, Ms. Frazier and Ms. Stokes and include Mark Tummons and Jennifer Byard so that we could clarify the existing problem and gain more understanding of the spending policy and its effect on Special Revenue Funds.

It is management’s desire to follow City code at all times but we were unaware the spending policy affected our special revenue fund expenditures. Since the spending policy had not been enforced for our department it created a condition resulting in a finding that was beyond management’s control. We plan to work with Finance and

possibly Legal as necessary to modify City code Sec. 6-103 and update departmental procedures to bring us into compliance with the City's spending policy.

Agree  \_\_\_\_\_

Disagree \_\_\_\_\_

**Corrective Action Plan:** Finance has already combined the two special revenue funds for the City financial statements as of June 30, 2013, and moving forward from that date. We will review City Code section 6-103 for the types of revenue sources and expenditures listed and update the Code appropriately. In the future we will budget committed fund balances to ensure that they are spent in accordance with City spending policy.

**Projected Completion Date:** 2014

**Responsible Manager:** Mark Tummons

## **Other Recommendations:**

1. The auditors recommend that CPRD create a written weather policy that includes a description of who, when and how decisions related to inclement weather are made in regard to outside special events. Committee approval of the policy will help show that CPRD did due diligence in regard to weather related decisions.

**Management Comments:** While the Special Events division has standards and procedures in place for dealing with inclement weather, nothing has been put into writing thus far.

Agree  \_\_\_\_\_

Disagree \_\_\_\_\_

**Corrective Action Plan:** The Special Events division Supervisor has met with the Montgomery County Emergency Management Agency to begin drafting written inclement weather policies for not only the Special Events Division but for other divisions who hold outdoor events.

**Projected Completion Date:** November 30, 2013

**Responsible Manager:** Mark Tummons

2. The auditors recommend the following in regard to ticket sales/cash handling at Riverfest:
  - Improve event customer service by adding more ticket tables in the ticket booths;
  - Add ticket booth lighting to help reduce the number of money handler/ticket handler errors;

- Provide cash handling training to volunteers who will be handling cash;
- In the vault area, allow only the use of City employees who handle cash on the job or are knowledgeable in finance-related areas. The employees may be from any City location and may be used on a rotating basis so that the responsibility is shared by all departments over the years.

**Management Comments:**

Agree  \_\_\_\_\_

Disagree \_\_\_\_\_

**Corrective Action Plan:**

- An additional ticket table was added to the 2013 festival in the kid’s zone to meet the higher demand for service in that area.
- Lighting temporary booths continues to be a challenge in some areas of the festival and we will continue to work on improvements.
- Cash handlers are provided cash handling training before they receive tickets and cash drawers. This year we did have formal training provided for all vault volunteers/staff at Parks and Recreation and a brief on-site training was provided for those who could not attend the previous session.
- The use of City employees only for handling cash would be ideal. We struggled this year to get as many city employees as we did and had to fill in some shifts with non-city employees. Altrusa Club also provides the volunteers for 5 ticket booths throughout the festival. We had fewer cash overages/shortages with City employees and they are more likely to follow City policy once they receive the training than a community volunteer would be.

**Projected Completion Date: 2014**

**Responsible Manager: Mark Tummons**

3. The auditors recommend the following in regard to permits issued to private individuals for special events:
  - Develop a clear definition of what constitutes a private party special event that requires a permit;
  - Define the consequences of not obtaining a permit and who should enforce the consequences;
  - Develop a process in collaboration with CPD that will help identify private events that have not obtained proper permitting;
  - Define how the related noise ordinance will be administered and enforced.

**Management Comments:** The Special Events Supervisor as well as the Police Sargent over permitting at the CPD have requested assistance with the permitting process from our City legal department since the inception of the event permitting process. Our current process is under review within our division, in conjunction with the CPD Beer

Board, and we anticipate receiving information from the City Legal Department by the end of 2013 to ensure that our procedures are in compliance with current laws.

Agree  \_\_\_\_\_

Disagree \_\_\_\_\_

**Corrective Action Plan:** CPRD will collaborate with the Legal Department for creating the definitions and processes related to special events permitting and the noise ordinance and with CPD for defining how the permits and related noise ordinance will be enforced.

**Projected Completion Date:** 2014

**Responsible Manager:** Mark Tummons

4. The auditors recommend that CPRD update their petty cash procedures by adding the language that a receipt is required for each purchase made from the petty cash fund.

**Management Comments:**

Agree  \_\_\_\_\_

Disagree \_\_\_\_\_

**Corrective Action Plan:** Although purchases from petty cash are rare and the policy was being followed properly, CPRD will update the written petty cash procedure and add the required language so there is no ambiguity about the required receipts for petty cash purchases.

**Projected Completion Date:** 2014

**Responsible Manager:** Mark Tummons

5. The auditors recommend that CPRD develop a written policy and related procedures defining how vendors are selected for special events. The process should be designed to avoid an appearance of favoritism by allowing all qualified vendors to participate. Selection might be based upon some of the following:

- Past performance such as always showing up on time;
- Varied food selections or other services provided;
- Good revenue producers;
- Competitive share of sales to the City.

Documentation should make it clear why a particular vendor was selected.

**Management Comments:** The Special Events Division currently uses standards to select vendors of all types for our events.

Agree  \_\_\_\_\_

Disagree \_\_\_\_\_

**Corrective Action Plan:** We will develop a written policy and related procedures. Our vendor selection policy will provide an opportunity for any interested vendor to be part of the bidding/application process. We will document why selected vendors were chosen.

**Projected Completion Date:** 2014

**Responsible Manager:** Mark Tummons

## **Conclusion**

Clarksville Parks and Recreation Department offers a wide variety of recreational opportunities and special events for the Clarksville community. The Department has a detailed Strategic Plan that provides direction for the Department and informs the public and legislators about the mission, vision and values of the Department. The Plan also identifies the goals and targets of the various divisions within the Department. The Plan provides an effective foundation for all activities within the Department.

CPRD's special event process is adequately designed and the internal controls are generally functioning effectively. Our tests and inquiries revealed the following areas that the auditors believe are weaknesses in internal control and/or financial reporting and should be corrected as soon as possible:

- An electronic interface between RecPro and Munis is needed to improve controls surrounding cash collections. CPRD is aware of the weakness and has been working with IT to implement an electronic interface.
- Improved purchasing procedures and better supporting documentation of purchases related to vendor agreements for special events is needed to demonstrate compliance with City purchasing policies.
- The following changes are needed to bring the CPRD special revenue funds into compliance with City Code Section 6-103:
  - The two CPRD special revenue funds should be combined into one fund.
  - The revenue sources listed in the Code section should be evaluated and updated as necessary.
  - The special revenue fund balances should be budgeted/spent in accordance with the City spending prioritization policy. (Resolution 76-2010-11).

The auditors also recommend the following actions be taken to help formalize and/or improve the special events process.

- Prepare a written inclement weather policy to formalize the Department's procedure.
- Add language to the petty cash policy that requires receipts for purchases made out of petty cash.
- Formalize the Department's vendor selection process for special events.
- Ensure the following for cash handling at Riverfest:

- **Increased lighting in ticket booths to reduce change/ticket errors**
- **Adequate training for cash handlers**
- **City employee in charge of vault at all times**
- **Adequate number of sellers in ticket booths to keep wait time at a minimum**
- **Develop a policy related to permits issued to private individuals for special events that defines what types of events require permits and the consequences of not obtaining a permit. Define how the related noise ordinance will be administered and enforced.**

**The auditor would like to thank the Parks and Recreation management and staff for their help and support during the performance of this audit. Their positive attitude facilitated the conduct of the audit and provides the necessary environment for process improvements to take place.**

**If further information about this audit is desired please contact Internal Audit at 931-648-6106.**