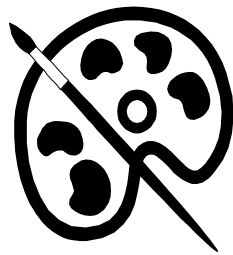


**CITY OF FORT LAUDERDALE  
INTERNAL AUDIT OFFICE  
AUDIT REPORT**

**Review of Parks and Recreation  
Management and Administration  
of the  
City's ArtReach Program**



**AUDIT NO. 02/03-XX-08  
DATED June 9, 2003**

**MEMORANDUM NO. 03-19**

**DATE:** June 9, 2003

**TO:** Director of Parks and Recreation/Ernest Burkeen

**SUBJECT:** *Review of Parks and Recreation Management and Administration of the City's ArtReach Program*

Enclosed is a copy of the Final Report of Audit on the Review of Parks and Recreation Management and Administration of the City's ArtReach Program.

Allyson C. Love  
Internal Audit Director

1 Attachment - Final Report of Audit

**C:** Floyd T. Johnson/City Manager  
Bud Bentley/Assistant City Manager  
Gregory Kisela/Assistant City Manager  
Terry Sharp/Finance Director

ACL/cs

## **REPORT OF AUDIT NO. 02/03-XX-08**

**DATE:** May 5, 2003

**TO:** Ernest W. Burkeen/Parks & Recreation Director

**VIA:** Allyson C. Love/Internal Audit Director

**FROM:** Renee C. Foley/Staff Auditor/5851

**SUBJECT: Review of Parks & Recreation Management and Administration  
of the City's ArtReach Program**

### **BACKGROUND**

The City of Fort Lauderdale (City) Parks and Recreation (P&R) Department received \$20,000 in grant funding from Broward County (herein "County") Cultural Affairs Council (BCAC) for the Community Arts & Education Program-FY2002, Division Contract No. BCAC# CAE03-2002, referred to as the "ArtReach" Program. P&R is responsible for the overall administration and management of this program. The City agreed to provide ninety-six (96) one-hour art classes in performing arts to approximately 250 youth ages 5-18 during summer camp programs at City parks and school sites and four (4) community cultural events. Classes were offered during July and August of 2002 at Bass, Carter, Croissant, Lincoln and Warfield Parks, and Dillard Elementary. Classes were offered in three different mediums of performing art: 1) multimedia art, 2) theater, and 3) percussion and dance. Through the ArtReach Program, many children in geographically underserved communities are able to have exposure to and develop creative skills not emphasized in school and at home. Four community events were presented: Kwanzaa Karamu Feast, Kijiji Moja, David Deal Play Day Concert, and Pan-African Odyssey. The term of the contract was from October 16, 2001 – September 30, 2002.

### **SCOPE**

As part of the grant agreement between the City and County, the City's Office of Internal Audit is required to determine whether the revenues and amounts received from County were expended in accordance with the agreement and to determine compliance with various requirements. A special report was provided to the County together with a financial statement for the grant. As part of the grant review, our overall objective was to evaluate the effectiveness and adequacy of the

## REPORT OF AUDIT NO. 02/03-XX-08

City's internal control systems and procedures used for the program. We discussed policies and procedures and reviewed documentation for the period of October 2001 through September 2002. Judgmental sampling methods were used to review documents. The review was performed in accordance with generally accepted government auditing standards and included such tests of internal controls considered necessary during the period of January through February 2003.

### OVERALL EVALUATION

P&R generally complied with the terms and conditions of the grant agreement between the City and County. However, we identified internal control weaknesses in the ArtReach Program with the main area of concern relating to invoice processing for art class Instructors' services including overpayments to Instructors, invoices prepared by City staff not vendors, invoices and RPA Purchase Orders (RPAs) prepared in advance of all service dates being completed, reconciliation of services billed to class attendance rosters not always performed for assurance that services were performed prior to payment authorization, proper approvals not obtained for revisions/changes to program service contracts.

The conditions noted warrant management's attention to enhance the overall internal control environment and assist in the audit of future grants, as well as prevention of the same issues occurring in non-grant related programs/areas. Several issues have been reported and/or discussed with P&R staff in prior years, but are still recurring.

### **Overpayments**

#### FINDING 1

***The City overpaid Instructors \$2,164 for services in art class instruction.***

*Signature of department official certifies articles or services are budgeted and such articles or services have been received.*

The City entered into Program Service Contracts with Instructors to conduct performing arts classes and approved RPAs with invoices attached for payment.

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During fiscal year 2001/2002, \$2,164 (25%) of \$8,522 in Instructors' services were overpaid (**Schedule 1**).

Our review revealed the following conditions contributed to the overpayment.

- ◇ No reconciliations were performed to verify dates, times and hours on attendance rosters were validated to services billed on invoices and in accordance with Program Service Contracts prior to authorization of payment.
- ◇ RPAs and invoices were prepared in advance of dates of services and prepared by P&R staff. Internal Audit does not agree with P&R's practice to prepare invoices on behalf of program service providers/instructors.

Preparation of RPAs (or Voucher Payables) upon receipt of completed services invoice and verification of invoice to attendance rosters prior to payment authorization will provide assurance work billed was actually performed and paid accurately.

### **RECOMMENDATIONS AND MANAGEMENT COMMENTS**

The *Recreation Superintendent* should:

**Recommendation 1.** *Invoice Instructors (vendors) \$2,164 for overpaid art class instruction services listed in Schedule 1.*

**Management Comment.** *Management concurred with the finding and recommendation and stated:* "These tables are currently being reviewed by staff. If discovered that we have overpaid the instructors, we will invoice them for reimbursement. **Estimated completion date June 20, 2003.**

**Recommendation 2.** *Establish policy and procedures for the processing of invoices/RPAs/Voucher Payables to include, but not be limited to instituting internal controls to confirm receipt of materials and/or services completed prior to payment authorization to prevent future overpayments from occurring in ArtReach, as well as any other program/area of P&R.*

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**Recommendation 3.** *Inform P&R staff of policy and procedures established in recommendation above and review general Purchasing guidelines.*

**Recommendation 4.** *Verify/validate via Attendance Rosters all services invoiced in the future have been actually performed/completed in accordance with Program Service Contracts prior to payment authorization. Consider utilization of “ArtReach Instructor Units of Service Log Sheet” (See Sample) for all class instructors to complete to evidence/confirm receipt of services performed/completed.*

**Recommendation 5.** *Require Program Service Contract invoices, received in advance, be held until all services invoiced have been performed.*

**Recommendation 6.** *Discontinue the practice of preparing/authorizing RPAs in advance of all services being completed.*

**Recommendation 7.** *Monitor, periodically, all phases of invoice processing to ensure compliance with newly established procedures.*

### **MANAGEMENT COMMENT**

*Management concurred with the finding and recommendations 2 - 7 and stated: “Each of the aforementioned will be incorporated into newly established policies and procedures for the processing of invoices, RPAs and vouchers.” Estimated completion date June 20, 2003.*

### **Grant/Non-grant Related Revenues & Expenditures**

#### **FINDING 2**

*Internal control procedures were not adequate to assure revenues and expenditures associated with the grant were properly accounted for/classified in the City’s Financial Accounting and Management Information System (FAMIS).*

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*Accounting procedures require cost data (revenues/expenditures) be properly classified to record/track the financial information in the City's accounting system.*

Revenues and expenditures totaling \$3,056 were allocated to improper index codes in the City's FAMIS (**Schedule 2**).

This condition occurred since P&R staff did not distinguish grant and non-grant related costs for art classes. ArtReach (grant program) classes were held only during the summer of 2002; yet, non-grant related art classes were held during the year. Use of the incorrect cash code caused cash receipt to be coded improperly.

Proper allocation of program revenues and expenditures from the onset will provide for accurate reporting in the City's accounting system, as well as financial statements provided to the County.

### **RECOMMENDATIONS AND MANAGEMENT COMMENTS**

The *Recreation Superintendent* should:

**Recommendation 8.** *Require the Community Program Supervisor to carefully review and verify all revenues are allocated to correct index/subobject/cash codes by the Clerk II prior to authorization of funds collected being deposited.*

**Management Comment.** *Management concurred with the finding and recommendation and stated:* "The index code for ArtReach is no longer printed on any department collection reports. Therefore, the problem, which occurred, should not happen in the future." **This item is closed.**

**Recommendation 9.** *Require the Recreation Budget Coordinator/Community Program Supervisor review RPAs/Purchase Orders with invoices attached thoroughly to ensure expenditures are coded properly to the correct index/subobject codes prior to approval.*

**Management Comment.** *Management concurred with the finding and recommendation and stated:* "RPAs and Purchase orders will be more carefully scrutinized in the future." **This item is closed.**

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**FINDING 3**

***Operations staff revised initial Program Service Contracts and payments without the P&R Director’s review and approval.***

*Proper internal controls require the signature of the Department Director to evidence approval of revisions/changes in order for contracts to be valid.*

Our review of 6 Program Service Contracts revealed the following.

<b>Vendor/Instructor</b>	<b>Original Contract Amount</b>	<b>1<sup>st</sup> Contract Revision</b>	<b>2<sup>nd</sup> Contract Revision</b>	<b>Amount Paid</b>
Patty Gottlieb	\$1,640	\$1,120	<sup>1</sup> \$1,200	\$1,200
Island Beat	3,000			2,090
Ronald Rodney	4,080	2,880		1,980
Lorraine Maxwell	3,120	2,040	2,400	2,280
Diane Sammet	972			882
Diane Sammet	90			90
<b>Total</b>	<b>\$12,902</b>	<b>\$6,040</b>	<b>\$3,600</b>	<b>\$8,522</b>

<sup>1</sup>Instructor approval was not obtained on the 2<sup>nd</sup>/last revision.

- **3 (50%)** contracts were revised after the original contracts were approved by the P&R Director. The revised contracts were not resubmitted based on the changes to the P&R Director for approval.
- **1 (17%)** contract was revised by P&R staff twice without obtaining the P&R Director’s approval for both changes and the Instructor’s approval was not obtained on 2<sup>nd</sup>/last revision.

P&R does not have written policies/procedures to require if revisions are made to original Program Service Contracts that they be returned to the P&R Director for review and approval.

Proper authorizations to any revisions made to the program service contracts will ensure all parties (City and vendor) are aware of and agree to the changes presented in order for the contract changes to be valid and upheld.



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### RECOMMENDATION 10

*The Recreation Superintendent should require the Community Program Supervisor to obtain the P&R Director, as well as Instructor approval for any changes/revisions to Program Service Contracts.*

### MANAGEMENT COMMENT

*Management concurred with the finding and recommendation and stated: "Each of the aforementioned will be incorporated into newly established policies and procedures for the processing of invoices, RPAs and vouchers." Estimated completion date June 20, 2003.*

### **Internal Control Weaknesses-Expenditures**

#### FINDING 4

*Internal controls were not adequate to validate the appropriateness and accuracy of expenditures incurred.*

During our review of ArtReach expenditures of payments to vendors for providing art class instruction services, the following conditions were revealed (**Schedule 3**).

- A. All invoices were prepared on City time by Recreation Program Coordinators on a form developed by P&R staff for art class Instructors opposed to vendors preparing their own (*Segregation of Duties/Fixed Responsibility*).
- B. P&R did not obtain Instructor's authorization on signature line of invoice form developed (*Fixed Responsibility*).
- C. Invoices did not contain sufficient detail: quantity/units of service hours worked, contracted hourly rate/unit price, and extended amounts per site where services were performed. Lump sum totals were invoiced with Program Service Contracts (PSC) attached. Thus, we had to divide the total invoice amount by the hourly rate, which had to be retrieved from the PSC to determine the quantity of hours billed. Total hours were then

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validated to Attendance Rosters and dates/times worked were also verified to determine whether they were in accordance with the PSC, which was a very time-consuming process (*Accountability*).

- D. Invoices for several Instructors billed for a range of dates although services were not rendered for each date within the period (*Accountability*).
- E. Recreation Budget Coordinator signed/authorized RPAs for approval; however, date signed was omitted. The date signed should follow the date that materials or services were received by department/division (*Timing/Accountability*).

### **RECOMMENDATIONS AND MANAGEMENT COMMENTS**

The *Recreation Superintendent* should:

**Recommendation 11.** *Inform the Recreation Program Coordinators, as well as other staff involved in invoice processing, to discontinue the practice of preparing vendors' invoices.*

**Recommendation 12.** *Require Instructors to be responsible for preparing/submitting their own invoices directly to Accounts Payable and that invoices be itemized including, at minimum: individual dates of service worked, quantity of service hours completed, description of services provided, contracted hourly rate, and extended amounts per location where services were performed. Tax identification number or Social Security number should also be furnished.*

### **MANAGEMENT COMMENT**

*Management concurred with the finding and recommendations 11 - 12 and stated:* "Each of the aforementioned will be incorporated into newly established policies and procedures for the processing of invoices, RPAs and vouchers." **Estimated completion date June 20, 2003.**

**Recommendation 13.** *Require the Recreation Budget Coordinator when authorizing RPAs/invoices for payment to record the date when the form is approved for payment, which should follow the date when all services have been completed/received.*

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**Management Comment.** *Management concurred with the finding and recommendation and stated:* “The Budget Coordinator will begin dating ArtReach documentation when signing.” **This item is closed.**

### **Attendance List**

#### **FINDING 5**

*The City submitted to the County inaccurate attendance list information for all art classes.*

*Exhibit “A”-V. requires the City to provide an attendance list from each class with the child’s name, address, and phone number included.*

During testing, we discovered the Attendance List provided by P&R to Internal Audit and submitted to the County was incorrectly sorted. First/last names and addresses of youth did not correspond. We made the Recreation Program Coordinator (RPC) aware of the situation and a “Revised” Attendance List was provided, which Internal Audit submitted with a footnote in the Special Report to the County.

The RPC indicated an incorrect sort occurred when data from schedules for all class locations was merged into one report and sorted alphabetically.

Review of required documentation for accuracy prior to submission to outside entities will assure information reported is complete and correct.

#### **RECOMMENDATION 14**

*The Recreation Superintendent should require the RPC to monitor the data collection process and review for accuracy the information presented in the required reports prior to release.*

#### **MANAGEMENT COMMENT**

*Management concurred with the finding and recommendation and stated:* “Information presented in the required reports to the County will be reviewed by

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the Recreation Program Coordinator and Supervisor for accuracy prior to submission.” **This item is closed.**

### **EVALUATION OF MANAGEMENT COMMENTS**

Management comments provided and actions taken and/or planned are considered responsive to the recommendations.

**Review of ArtReach Program  
Verification of FY01/02 Rec Program Expenditures/Payments to Art Instructors**

Schedule 1

Per P&R (City of Fort Lauderdale FAMIS)					Per IA							
Vendor	Post Date	Sub Obj	Check/ Journal Entry Number	Amount	Description	Dates of Classroom Instruction	Classes	Hrs/ day includes prep time	Total Hrs	Rate	Total	Over/ (under) paid
PATTY GOTTLIEB	20020801	3203	00281782	\$ 720	DANCE CLASSES 7/1-18	2: 7/1-7/2; 1: 7/3, 2: 7/8-7/9; 1: 7/10-7/11; 2: 7/15-7/16; 1: 7/17-7/18/02	17	2	34	\$20	\$ 680	\$ 40
PATTY GOTTLIEB	20020801	3203	00281782	480	DANCE CLASSES 7/22-8/1	2: 7/22-7/23; 1: 7/24-7/25; 2: 7/29; 1: 7/30-8/1/02	11	2	22	\$20	440	40
ISLAND BEAT	20020809	3246	00283237	1,430	SERVICES RENDERED PERCUSSION 7/8-30/02,8/1-2/02	2: 7/8, 7/22-7/23; 1: 7/26, 7/29-7/30/02	see total hrs		24	\$40	960	470
ISLAND BEAT	20020809	3246	00283237	660	SERVICES RENDERED PERCUSSION 7/1-5/02	2: 7/1-7/2/02	4	3	12	\$40	480	180
RONALD RODNEY	20020809	3246	00283166	800	MULTI-MEDIA ART 7/22-7/26, 7/29-8/2/02	1: 7/22-7/23, 7/26, 7/29-7/30, 8/2/02	6	2	12	\$40	480	320
RONALD RODNEY	20020809	3246	00283166	1,180	MULTI-MEDIA ART 7/1-7/19/02	1: 7/3, 7/8, 7/9, 7/12, 7/15, 7/19/02	6	3	18	\$40	720	460
LORRAINE MAXWELL	20020816	3246	00283873	1,560	SERVICES RENDERED 7/1-17/02 MULTI-MEDIA ART	1: 7/1,7/3,7/8,7/9,7/10,7/11,7/15,7/16,7/17/02	9	3	27	\$40	1,080	480
LORRAINE MAXWELL	20020816	3246	00283873	720	SERVICES RENDERED 7/22-8/2/02	1: 7/22,7/23,7/25,7/29,7/31/02	5	3	15	\$40	600	120
DIANE SAMMET	20021118	3246	JE0201210	90	TRANSFER PKR030205 EXPENDITURES FROM PKR030201							
					DRAWING CLASSES 8/9-12/02 CROISSANT PARK	1: 8/12 (3 hrs), 8/14/02 (2 hrs)	see total hrs		5	\$18	90	-
DIANE SAMMET	20021118	3246	JE0201210	486	TRANSFER PKR030205 EXPENDITURES FROM PKR030201							
					(DRAWING INSTRUCTION 9 DAYS FROM 7/1-19/02)	1: 7/1,7/3,7/5,7/8,7/10,7/12,7/16,7/17,7/19/02	9	3	27	\$18	486	-
DIANE SAMMETT	20020917	3246	287272	396	DRAWING INSTRUCTIONS 7/22,29,31-8/2,5,7,9	1: 7/22,7/31,8/2,8/5,8/7,8/9/02 (7/29 no class held)	6	3	18	\$18	324	
					(CHARGED TO PKR030201 INADVERTENTLY)	1: 7/24/02 (taught from only 9-10 am)	1	1	1	\$18	18	54
			<b>Total</b>	<b>\$ 8,522</b>							<b>\$ 6,358</b>	<b>\$ 2,164</b>

**Review of ArtReach Program  
Revenues and Expenditures Charged/Allocated to Improper Index Codes**

**Schedule 2**

<i>Per P&amp;R (City of Fort Lauderdale FAMIS)</i>								<i>Per IA</i>	
<b>Vendor</b>	<b>Vendor Number</b>	<b>Post Date</b>	<b>Check/ Document Number</b>	<b>Amount</b>	<b>Description</b>	<b>Sub Obj</b>	<b>Index Code (Improperly Charged)</b>	<b>Should Have Been Charged to Index Code</b>	<b>Should Have Been Charged to SubObj</b>
<b><u>Revenues</u></b>									
CASH RECEIPTS	N/A	20020717	DR0242119	\$ 180		J751	PKR030205	PKR030211	K275
<b>Total Revenues</b>				<b>\$ 180</b>					
<b><u>Expenditures</u></b>									
ISLAND BEAT	35908	20020110	00263343	\$ 160	12/15-22/01 PERCUSSION CARTER & BASS PARK	3246	PKR030205	PKR030212	
ISLAND BEAT	35908	20020110	00263343	80	12/31/01 PERCUSSION CARTER & BASS PARK	3246	PKR030205	PKR030212	
LORRAINE MAXWELL	36869	20020228	00267692	240	12/24,26,29/01 ART CLASSES PMT.1	3246	PKR030205	PKR030212	
LORRAINE MAXWELL	36869	20020228	00267692	240	1/7,9,12/02 ART CLASSES PMT.1	3246	PKR030205	PKR030212	
LORRAINE MAXWELL	36869	20020228	00267692	240	1/14,16,19/02 ART CLASSES PMT.1	3246	PKR030205	PKR030212	
LORRAINE MAXWELL	36869	20020228	00267692	240	1/21,23,26/02 ART CLASSES PMT.1	3246	PKR030205	PKR030212	
LORRAINE MAXWELL	36869	20020417	00272475	80	INST MULTIMEDIA ART 2/2/02	3246	PKR030205	PKR030212	
LORRAINE MAXWELL	36869	20020417	00272475	240	INST MULTIMEDIA ART 2/4,6,9/02	3246	PKR030205	PKR030212	
LORRAINE MAXWELL	36869	20020417	00272475	240	INST MULTIMEDIA ART 2/11,13,16/02	3246	PKR030205	PKR030212	
LORRAINE MAXWELL	36869	20020417	00272475	240	INST MULTIMEDIA ART 3/11,13,16/02	3246	PKR030205	PKR030212	
LORRAINE MAXWELL	36869	20020417	00272475	240	INST MULTIMEDIA ART 3/18,20,23/02	3246	PKR030205	PKR030212	
LORRAINE MAXWELL	36869	20020417	00272475	240	INST MULTIMEDIA ART 3/25,27,30/02	3246	PKR030205	PKR030212	
DIANE SAMMETT	40943	20020910	00286165	396	DRAWING INSTRUCTIONS 722,29,31-8/2,5,7,9	3246	PKR030201	PKR030205	
<b>Total Expenditures</b>				<b>\$ 2,876</b>					
<b>Total Revenues &amp; Expenditures</b>				<b>\$ 3,056</b>					

**City of Fort Lauderdale - Review of ArtReach Program  
Summary of Internal Control/Other Issues Identified during Testing of Payments to Instructors**

**Schedule 3**

					<b>Finding:</b>		<b>1</b>	<b>1</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
									<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
	<b>Vendor</b>	<b>Check #</b>	<b>RPA #</b>	<b>Amount</b>	<b>Check Total</b>	<b>Invoice dated subsequent to service end date?</b>	<b>RPA dated subsequent to service end date?</b>	<b>Invoice Prepared by Vendor?</b>	<b>City of Fort Lauderdale Invoice signed by Vendor?</b>	<b>Times/hours worked quantity included in Invoice?</b>	<b>Invoice contains individual service dates worked?</b>	<b>Date of Payment Approval evidenced on RPA?</b>	
	Patty Gottlieb	281782	130151	\$ 720		ND	No	No	No	No	Yes	No	
				480	\$1,200	ND		No	No	No	No		Yes
	Island Beat (Willie Stewart)	283237	124219	1,430		ND	No	No	No	No	Yes	No	
				660	2,090	Yes		No	No	No	No		No
	Ronald Rodney	283166	124227	800		ND	No	No	No	No	Yes	No	
				1,180	1,980	Yes		No	No	No	No		No
	Lorraine Maxwell	283873	124217	1,560		No	No	No	No	No	No	No	
				720	2,280	No		No	No	No	No		No
	Diane Sammet	286165	RA0202291	90		No	Yes	No	No	Yes	Yes	No	
			130131	486	576	Yes	Yes	No	Vendor signed log	Yes	Yes	No	
		287272	RA0202443	396	396	No	Yes	No	Vendor signed log for 2 of 7 service dates	Yes	Yes	No	
	<b>Total</b>			<b>\$8,522</b>	<b>\$8,522</b>								
	<b>Legend:</b>												
	ND												

