



City of Gainesville Office of the City Auditor



Public Report

PRCA Billing and Collections Audit



GAINESVILLE CITY COMMISSION

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Cynthia Chestnut, Mayor Pro Tem
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City of Gainesville

Office of the City Auditor

Transmittal of Audit Findings for PRCA Billing and Collections

December 10, 2024

Dear Audit Committee Members,

We are pleased to transmit the results of the Parks, Recreation, and Cultural Affairs (PRCA) Billing and Collections audit. The audit assessed the design, structure, and operating effectiveness of controls related to PRCA billing and collections processes through inquiry, observation, and substantive testing. The scope of our audit included governance, cash handling, invoicing, and IT application controls, and we identified opportunities for improvement in five areas as follows:

- 1) *Policies and Procedures*: PRCA departmental procedures relating to billing and collections do not provide adequate guidance for staff. The procedures do not include guidance for processing transactions in the City's new Enterprise Resource Planning (ERP) system that was implemented in 2021. Additionally, only some of the relevant staff roles and responsibilities are included in the PRCA Cash Handling Policy and Procedure, and it does not include departmental processes related to Bo Diddley Plaza.
- 2) *Segregation of Duties*: The oversight and monitoring activities relating to the Bo Diddley Plaza billing and payment system require enhancement. The Program Coordinator is the only employee with access to the billing and payment system. PRCA management does not require periodic reports from the billing and payment system for review.
- 3) *Aquatics Invoicing*: Documentation attached to Aquatics invoices in the City's ERP system is inadequate to support charges. Attendance forms used by the PRCA Aquatics Division to track contract customer pool usage are not always completed or maintained. Additionally, billing for Aquatics invoices is not always accurate, and the Master Plan Surcharge allocation does not align with Appendix A of the City Ordinance.
- 4) *Identity and Access Management Policy*: Due to the confidential nature of this issue, it is excluded from this public report, pursuant to Florida Statute 119.0725(2).
- 5) *Identity, and Access Management Processes*: Due to the confidential nature of this issue, it is excluded from this public report, pursuant to Florida Statute 119.0725(2).

Our recommendations for corrective action and management action plans are detailed in this report. We would like to take this opportunity to thank the city manager, management, and personnel of the Department of Parks, Recreation, and Cultural Affairs for their cooperation and professionalism during this audit.

Thank you.



Sincerely,

Stephen Mhere, CIA, CISA, MBA, MS, City Auditor

| INTERNAL AUDIT TEAM

Diana Ferguson-Satterthwaite, FCCA, CIA, CFE, Audit Manager and Lead Auditor for this Engagement

Lisa Siedzik, CISA, IT Audit Manager

Peter DeMaris, Staff Auditor

Meayki Batie, Audit Coordinator



TABLE OF CONTENTS

INTERNAL AUDIT TEAM.....	2
BACKGROUND	4
AUDIT OBJECTIVES	5
AUDIT SCOPE AND METHODOLOGY	5
AUDITING STANDARDS.....	6
AUDIT CONCLUSIONS	6
RATING OF RISKS ASSOCIATED WITH AUDIT ISSUES	7
NOTEWORTHY ACCOMPLISHMENTS	7
AUDIT ISSUES AND MANAGEMENT ACTION PLANS.....	8



BACKGROUND

The Department of Parks, Recreation, and Cultural Affairs (PRCA) manages over 3,200 acres of parks, recreation spaces, natural areas, and community centers. PRCA offers a vast array of services to the public that involve some form of billing and collections. The fees for these services, which the City Commission approves, can be found in Appendix A of the City of Gainesville’s Code of Ordinances. Fees for PRCA services are reflected in the city’s financial statements under charge for services and miscellaneous revenue.

The City of Gainesville FY2024 adopted budget included fees for services associated with PRCA for approximately \$1.76M. PRCA’s property rental fees are included in miscellaneous revenue; the FY 2024 budgeted amount for the rental of City property was \$250,000. Table 1 below summarizes the fees from the FY24 adopted budget.

Table 1 – FY2024 Budgeted Revenue

Services	FY 24 Adopted Budget/ \$
Cart Rentals*	202,676
Cemetery Loan Payment	18,000
Cemetery Fees	58,809
Concessions*	240,000
Driving Range Fees*	171,704
Golf Lessons Fees*	1,500
Greens Fees*	469,437
Park Admission Fees	183,118
Pro Shop Sales*	90,000
Recreation Centers Fees	38,500
Recreation Fees	29,089
Summer Camp Fees	26,574
Swimming Pool Fees	227,926
Total - PRCA	1,757,333
Miscellaneous Revenue - Rental of City Property	250,000

Source: [FY 2024 Adopted Financial and Operating Plan](#)

Note: The areas marked* represent Ironwood Golf Course, the highest revenue source for PRCA. Ironwood is currently under management watch and was not included in this review. Management Watch is a mechanism to identify areas of City operations where implementation of aggressive steps to remedy problems, strengthen departmental management, and improve operations is needed. Department operations in Management Watch status will be required to develop a corrective action plan with assistance from the Internal Control Manager.



Park operations is not a revenue-generating division. This audit focused on PRCA divisions with significant revenue: swimming pool fees, park admission, and rental revenue. The in-scope PRCA divisions are highlighted in Figure 1 below.

Figure 1 – PRCA Divisions



Source: Chart created by auditor

AUDIT OBJECTIVES

This audit was conducted according to the City Auditor’s FY 2024 annual audit plan. Its objective was to evaluate if PRCA established internal controls for billing and collections processes and merchant account handling.

AUDIT SCOPE AND METHODOLOGY

The scope of this audit included the areas detailed below for billing and collections processes and merchant account handling activities for the period January 1, 2024, through September 30, 2024. We conducted the audit through inquiry, observation, and substantive testing as follows:

Governance

- Reviewed the adequacy and completeness of policies and procedures governing cash handling and invoicing.
- Assessed the adequacy of management oversight and monitoring activities over the cash handling and invoicing process.

Cash Handling



- Assessed the adequacy of cash storage and transportation to ensure proper safeguard.
- Assess voids, refunds, and cancellations for compliance with internal control procedures, adequacy of documentation, and appropriate approvals.

Invoicing

- Reviewed rates charged to customers for alignment with Appendix A.
- Assessed the processes for determining rates for services.
- Assessed the adequacy of documentation related to invoicing.

IT General and Application Controls (Confidential)

- Reviewed the IT general and application controls for the PRCA point-of-sale system.

AUDITING STANDARDS

We conducted this audit engagement in accordance with *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*. Those standards require that we plan and perform the engagement 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 observations and conclusions based on our audit objectives.

AUDIT CONCLUSIONS

Based on the work performed, the results shown in Table 2 below and explained in the Audit Issues and Management Action Plans section of this report, we conclude that PRCA management established internal controls for the billing and collections processes and merchant account handling. However, they require enhancement.



RATING OF RISKS ASSOCIATED WITH AUDIT ISSUES

We identified five audit issues and assigned each of them a risk rating, as shown below.

Table 2: Audit Issue Risk Rating

RISK RATING	RISK RATING DESCRIPTION	Issue # 1	Issue # 2	Issue # 3	Issue # 4	Issue # 5
High	<i>Key controls do not exist or are not effective, resulting in an impaired control environment. High Risk control weaknesses require immediate corrective action detailed in the management action plan.</i>				✓	✓
Moderate	<i>Adequate control environment exists for most processes. Moderate risk control weaknesses require corrective action detailed in the management action plan.</i>	✓	✓	✓		
Low (non-reportable)	<i>Satisfactory overall control environment with a small number of low risk control improvement opportunities that do not require corrective action or a management action plan.</i>					

NOTEWORTHY ACCOMPLISHMENTS

The PCRA was reaccredited by the Commission for Accreditation of Park and Recreation Agencies (CAPRA) on October 9, 2023. The accreditation review found that PCRA complied with the standards deemed essential to deliver quality services and professionalism in the operational system and has accomplished best management practices.

As a result of the audit, we identified the following internal controls within the scope of our review that were established and working as designed. We express kudos to management for designing and effecting good controls as follows:

- Management developed a process for determining service rates, including bi-annual reviews, market and industry rate consideration, and City Commission approval. PRCA rates for pool admission fees are comparable to those of other Florida cities; pool fees fall below the average for both children and seniors, and the adult price is slightly higher than the average.
- PRCA developed an internal Refund Policy and Procedure that most divisions use. Refunds reviewed relating to aquatics fees and Thomas Center and Depot Park rental were all supported by appropriate documentation and approved by the appropriate personnel.
- The review identified 138 invoices from January 1, 2024, to September 30, 2024, created by PRCA personnel. The appropriate personnel approved all invoices.



ISSUE #1 - Policies and Procedures

Risk rating: Moderate

Observation: The Parks, Recreation, and Cultural Affairs (PRCA) departmental procedures relating to billing and collections do not provide adequate guidance for staff. They do not contain procedures for processing transactions in the City's new ERP system that was implemented in 2021.

PRCA Cash Handling Policy and Procedure No. 5.2.2.c was published on 4/14/2022 and only includes some relevant staff and the roles and responsibilities involved in the cash handling processes. It also does not include processes related to Bo Diddley Plaza.

Staff did provide a separate Bo Diddley Plaza Billing Process, but it did not include a date, policy number, or approval(s). Additionally, it did not include processes pertaining to reporting transactions to the Department of Financial Services. The Bo Diddley Plaza Billing Process was not found on the PowerDMS website maintained by PRCA as the central repository for practices and procedures.

Criteria: Sections 12.03 and 12.04 of the Government Accountability Office (GAO) Standards for Internal Control in the Federal Government guide that management should document policies and procedures for each unit detailing its responsibility for operational objectives and related risks, including applicable control design to operate effectively, allowing management to effectively monitor the control activity. Additionally, section 12.05 states that management should periodically review policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity's objectives or addressing related risks. If there is a significant change in an entity's process, management should review this process in a timely manner after the change to determine that the control activities are designed and implemented appropriately.

Cause: PRCA communicated that the departmental cash handling procedure was not updated with ERP System processes because they were still being evaluated for efficiency and effectiveness. Additionally, Bo Diddley Plaza was inherited by PRCA from the Gainesville Community Reinvestment Area, and the processes were not incorporated into the PRCA Cash Handling Policy and Procedure.

Risk: Having inadequately documented policies and procedures may result in less effective and inconsistent processes which can have negative effects on City revenue and reputation.

Recommendation 1: We recommend Parks, Recreation, and Cultural Affairs review department procedures related to billing and collections and update them periodically or upon a change in process.

Management Action Plan: We acknowledge room for improvement in the recommended processes, particularly concerning the policies and procedures maintained by Parks, Recreation, and Cultural Affairs (PRCA) for accreditation purposes and reinforce the controls.

However, we emphasize the importance of adequately documenting the procedures related to billing, collection, and cash handling. The City addresses these processes through new Administrative Guidelines "RR-02 Cash Handling" and "RR-04 Centralized Accounts Receivable Billing" released on 11/1/2024 issued by the Department of Financial Services (DFS). These guidelines apply to all city departments and



outline the proper processing of transactions within the ERP system and the invoicing and cash handling processes. PRCA staff was trained on these guidelines in September 2024.

Additionally, the monitoring activities and training provided by the DFS Revenue and Receivables Division assist custodians and cash handlers in adhering to established administrative guidelines, thereby reducing the mentioned risk of ineffectiveness and inconsistency.

PRCA management responds to the audit recommendation by drafting new policies and procedures or updating existing ones. This action aims to improve the documents in Power DMS for accreditation purposes and includes:

- Document details about instructions for both invoices billed through the POS and ERP systems . The Internal Controls Division will review the procedure.
- Update current cash handling processes, ensuring completeness and alignment with DFS Administrative Guidelines.
- PRCA will continue to review the policies with managers and directors based on the accreditation timeline. Management will prioritize any critical needs for revisions outside of the accreditation timeline.

Due date:	July 1, 2025
Responsible Party:	Assistant PRCA Director
Accountable Party:	PRCA Director



ISSUE # 2 - Segregation of Duties

Risk rating: Moderate

Observation: The oversight and monitoring activities relating to the Bo Diddley Plaza billing and payment system require enhancement. The Program Coordinator is the only employee with access to the Bo-Diddley Plaza billing and payment system. PRCA management does not require periodic reports from the billing and payment system for review. The Program Coordinator sends invoices and transaction screenshots from the billing and payment system to the Accountant Senior via email, with a copy to the Account Clerk Senior and Analyst Lead. As of August 2024, the Assistant Cultural Affairs Manager is copied on those emails. However, the emails only contain invoices and screenshots instead of a system-generated transaction report on all activities in the period.

Criteria: Section 10.03 of the Government Accountability Office (GAO) Standards for Internal Control in the Federal Government states that management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event. Additionally, section 10.12 states that management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.

Cause: Formal oversight procedures for the billing and payment system were not developed when Parks, Recreation, and Cultural Affairs (PRCA) acquired Bo Diddley Plaza from the Gainesville Community Reinvestment Area (GCRA).

Risk: Only having one person capable of accessing the billing and payment system without additional oversight increases the risk of undetected errors or anomalies and/or inaccessibility if that one individual separates from the City. This may result in less effective processes, which can negatively impact City revenue and reputation.

Recommendation 2: We recommend Parks, Recreation, and Cultural Affairs:

1. Develop and document the process for overseeing the Bo Diddley Plaza payment system.
2. Regularly document and maintain records of oversight of the Bo Diddley Plaza payment system.

Management Action Plan: Management agrees with the recommendations. As mentioned in audit issue #1 (Policies and Procedures), PRCA is developing new policies and procedures and updating existing ones. These will include documenting the process for reporting transactions and deposit transfers from Bo Diddley Plaza System to the City's bank account and for the separation of duties of Supervisor and Lead Analyst with the Financial Services oversight. These actions will improve the transparency and oversight of Bo Diddley Plaza's transactions and deposits, which are at most \$75,000 annually.

Due date:	July 1, 2025
Responsible Party:	Assistant PRCA Director
Accountable Party:	PRCA Director



ISSUE #3 - Aquatics Invoicing

Risk rating: Moderate

Observation: Documentation attached to Aquatics invoices in the City’s ERP system is inadequate to support charges. Attendance forms used by the Aquatics Division of Parks, Recreation, and Cultural Affairs (PRCA) to track contract customer pool usage are not always completed or maintained. Additionally, billing for Aquatics invoices is not always accurate, and the Master Plan Surcharge allocation does not align with Appendix A of the City Ordinance.

1. Documentation. Of the 22 Aquatics invoices reviewed, nine did not have use agreements attached to them in the City’s ERP system. Of the remaining 13 invoices, five had incorrect use agreements attached to them in the City’s ERP system.

The 22 invoices reviewed were associated with one hundred and ninety-nine pool events for which an attendance record is required. Eight attendance forms were missing. Five attendance forms did not contain a date or contained a different date than on the spreadsheet. Twenty-four attendance forms did not contain the time in, time out, or both, or contained times that were not rounded to the nearest 15-minute interval as is procedure according to staff. Forty-six attendance forms did not contain information necessary to calculate the amount owed on the spreadsheet. One hundred and sixty-nine attendance forms did not contain the pool supervisor’s name or the signature of the group leader/contact person, or both.

2. Billing. Of the 22 invoices reviewed, three of the customers were incorrectly billed, and one was granted a rate inconsistent with Appendix A. One customer was incorrectly undercharged \$4 due to the total amount being incorrectly transferred from the usage spreadsheet to the invoice cover sheet. One customer was incorrectly overcharged \$0.25. Their use agreement and Appendix A state that lane line rentals are to be \$7.25 per person per hour, and they were charged \$7.50. Another customer (See Table 3. below) was incorrectly undercharged \$31.75 due to the wrong rate being applied on the usage spreadsheet. Their use agreement and Appendix A stipulated the rate to be \$2.25 per child and \$4.25 per adult. Instead, the usage spreadsheet contained a rate of \$2.00 per child and \$3.75 per adult.

Table 3: Usage Spreadsheet vs. Use Agreement/Appendix A.

	Child Rate	# of Children	Adult Rate	# of Adults	Reservation Fee	Clean-Up Fee	Lifeguard Fee	Total
Usage Spreadsheet	\$2.00	33	\$3.75	47	\$68.25	\$34	\$170	\$514.50
Use Agreement & Appendix A	\$2.25	NA	\$4.25	NA	\$68.25	\$34	\$170	\$546.25
Discrepancy								\$31.75



Additionally, one customer's rate of \$435 a day for six hours of pool use was derived from a price list maintained by the Recreation Supervisor that did not align with Appendix A.

Two events recorded on attendance forms were not located on the spreadsheets used for billing contract customers. Both attendance forms were missing key information needed to calculate an amount owed. For one, the group is charged per hour and the attendance form was missing the time in and time out of the group. For the other, the group is charged per hour per lane and the attendance form was missing the number of lanes for the group.

3. **Master Plan Surcharge.** The Master Plan Surcharge allocation on Aquatics invoices is inconsistent with Appendix A. Appendix A in the City's Code of Ordinances outlines specific instances and amounts for which the Master Plan Surcharge applies; however, current processes have 10% of every Aquatics invoice being allocated to the Master Plan Surcharge. For six of the 22 invoices, all or some of the amounts invoiced should have been exempt from the Master Plan Surcharge allocation as those customers were charged using the child group rate which is exempt from the Master Plan Surcharge. For the remaining 16 invoices, 13 should have had 10.9% of their totals allocated to the Master Plan Surcharge, and the other three invoices should have had 11.5% of their totals allocated to the Master Plan Surcharge.

Criteria: City of Gainesville Administrative Guideline RR-04, Centralized Accounts Receivable Billing, states that when a customer invoice is created, auditable backup and a summarizing invoice cover sheet, provided by the Revenue & Receivables division, must be attached to the ERP system document.

Section 10.03 of the Government Accountability Office (GAO) Standards for Internal Control in the Federal Government states that management designs appropriate types of control activities for the entity's internal control system. One of the common control activities is that management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained. Additionally, management designs appropriate types of control activities for the entity's internal control system. One of the common control activities is that management designs control activities so that all transactions are completely and accurately recorded.

Per the City of Gainesville Code of Ordinances Sec. 18-23. - Park and recreation fees: Fees for admission to city parks, and for use of recreation and cultural affairs facilities, and for participation in recreational events are set forth in Appendix A, the Schedule of Fees, Rates and Charges, except that the city manager may discount fees for early registration for youth programs. Certain fees in Appendix A include a surcharge. The surcharge on fees, except where identified in Appendix A as exempted, is a mandatory addition to each fee and may not be waived.

Cause: There are no departmental procedures defining auditable backup. Customers have multiple use agreements and staff sometimes incorrectly attach the wrong ones to the invoices in the ERP system.

Staff utilizes manual processes for recording transactions related to Aquatics invoicing, including transferring amounts from spreadsheets to invoice cover sheets and reusing spreadsheets with outdated rates leading to errors. Staff are provided with training, but these processes are not formalized and documented.

There are no departmental procedures to guide staff on Master Plan Surcharge allocation. Use agreements that utilize rates derived from Appendix A do not reference the Master Plan Surcharge and staff does not reference Appendix A when creating or reviewing invoices.



Risk: When adequate documentation is not provided, it reduces PRCA management and Revenue and Receivables staff's ability to efficiently and effectively validate the accuracy of invoices. This could potentially lead to undetected billing errors that could impact the City financially and reputationally. Utilizing manual processes for transferring and calculating transaction amounts and not having them verified promptly by reviewers can also negatively impact the City both financially and reputationally. Additionally, by not having departmental procedures related to the Master Plan Surcharge allocation and invoicing, there is the risk that funds will not be allocated properly and that the City will not have an accurate picture of its finances, which could lead to both greater financial risks and reputational harm.

Recommendation 3: We recommend Parks, Recreation, and Cultural Affairs:

1. Document departmental procedures related to invoicing and include steps to review for accuracy.
2. Review current Aquatics invoicing processes for efficiency and effectiveness.

Management Action Plan: Management accepts the recommendations. PRCA acknowledges that errors can occur as a result of the inherent challenges associated with manual processes. To address these errors, PRCA will increase oversight within the department and perform the following actions:

1. Review and document the aquatics billing processes to identify ways to increase efficiency and reduce errors. This includes updating forms used to capture more accurate pool usage information.
2. Create a departmental Billing and Invoice Policy to provide guidance to the department as a whole. This policy will include a disciplinary action plan.
3. Review Appendix A to ensure that all fees are included and the master plan surcharge calculations to confirm that all amounts equal 10% across the board.

Due date:	September 1, 2025
Responsible Party:	Assistant PRCA Director
Accountable Party:	PRCA Director



Issue #4 – Identity and Access Management Policy (Confidential)

Risk rating: Confidential

Information technology findings have been withheld from this public report, pursuant to Florida Statutes 119.0725(2).



Issue #5 – Identity and Access Management Process (Confidential)

Risk rating: Confidential

Information technology findings have been withheld from this public report, pursuant to Florida Statutes 119.0725(2).

