

OFFICE OF THE CITY CONTROLLER



**PARKS AND RECREATION DEPARTMENT
YOUTH SPORTS DIVISION
PERFORMANCE AUDIT FOLLOW-UP**

Judy Gray Johnson, City Controller

Steve Schoonover, City Auditor



OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

JUDY GRAY JOHNSON, CPA

May 9, 2003

The Honorable Lee P. Brown, Mayor
City of Houston, Texas

SUBJECT: Parks and Recreation Department
Youth Sports Division Performance Audit Follow-Up (Report No. 02-29)

Dear Mayor Brown:

The City Controller's Office Audit Division has completed a Follow-Up on the Parks and Recreation Departments' Youth Sports Division Performance Audit Report (report) that was issued in May 1998. The findings and recommendations that were presented at the time of the report were distributed to the Mayor and City Council Members.

Our review was designed to determine the progress the department has made towards implementation of the recommendations made in the original report. The review consisted primarily of conducting on-site interviews with department personnel and reviewing relevant documentation related to recommendations implemented. The auditors concluded that the Parks and Recreation Department has made significant progress in implementation of all the recommendations identified in the report or has implemented alternative procedures.

We appreciate the cooperation extended to our auditors by Department personnel during the course of their work and commend the Department for taking actions to address the recommendations noted in the report.

Respectfully submitted,

Judy Gray Johnson
City Controller

xc: City Council Members
Albert Haines, Chief Administrative Officer
Steve Tinnermon, Chief of Staff, Mayor's Office
Roksan Okan-Vick, Director, Parks and Recreation Department
Philip Scheps, Director, Finance and Administration Department

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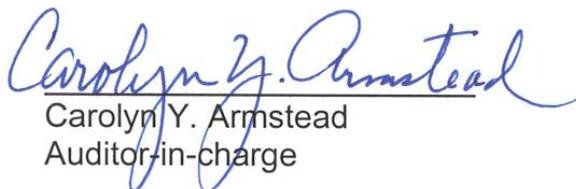
SCOPE AND PURPOSE

We have completed a follow-up review of the findings and recommendations that were presented in the Parks and Recreation Department Youth Sports Division Performance Audit Report No. 98-26 (report) dated May 26, 1998. Our review was designed to determine the progress the department has made towards implementation of the recommendations made to the department in the original report.

The review consisted principally of conducting on-site interviews with department personnel; reviewing relevant documentation related to recommendations implemented; and creating a compliance matrix categorizing the status of action taken by management. The scope was limited to the recommendations from the report. The review included examining the Parks and Recreation Department's responses in detail to determine whether management considered the recommendations and strategies for implementation as presented in the report and whether progress was made since its issuance.

CONCLUSION

Based on the results of our review, we conclude the Parks and Recreation Department has made significant progress in implementation of all the recommendations detailed in the report or has implemented alternative procedures.


Carolyn Y. Armstead
Auditor-in-charge


Kenneth Teer
Audit Manager


Steve Schoonover
City Auditor

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AUDIT FINDING	RECOMMENDATION	ACTION STATUS	WORK PERFORMED	MANAGEMENT RESPONSES	
PROGRAM MANAGEMENT AND ACCOUNTABILITY					
Based on interviews with Parks and Recreation Department (PARD) executive management and Youth Sports Division (YSD) program directors, the city's goal was to develop the biggest and best municipally funded youth sports program in the country, beginning with a soccer program. Short-and long-range written goals and objectives were not linked to budgetary guidelines. In addition, no infrastructure had been put in place in the startup phase of the program to ensure successful program launches and critical performance data and uniform standards for each program were never defined, communicated, and tracked.	1	Develop comprehensive short-and long-range plans for each YSD program. The director of PARD should establish the overall direction for YSD. Once this direction has been established, the YSD program directors, in conjunction with the athletic director, should develop comprehensive short and long range plans for each program that tie into an overall plan for the PARD.	Implemented	Through discussion with Assistant Director of Athletics and Aquatics of the Recreation Division, Youth Sports programs are now reorganized to reflect the same programs in four regions within the department. Examined the PARD Athletics and Aquatics FY2002 Goals and Objectives for each sport program. Additionally, examined the Youth Sports Operational Manual, which includes the outline and direction of each sports program.	Each sport has successfully completed the development of quantifiable goals and objectives for their respective programs. Planning committee established consisting of the Assistant Director, Division Manager, Administration Manager and Program Managers. Parents, volunteers, and participants are invited to attend monthly advisory council meetings. Registration and participation databases are created in the Recreation Division. Registration and participation data are compiled monthly for a monthly report. Program operational plans are developed with each sports' short-and-long range goals and objectives identified. FY2000 plans complete. Currently consolidating manuals for FY2003 based on restructuring of Youth Sports section. Copies of plan provided to Director's Office.
The YSD budget process is poorly coordinated and communicated to program directors. Also, program directors said that they did not receive monthly budget administration documentation comparing actual program expenditures to the budget. As a result, program directors were unable to make effective long range spending decisions.	2	Develop a more equitable means of allocating resources to each of the YSD programs. The YSD should develop a performance-based budget model. Spending priorities should be established through the division's long-range plan. The annual budget process should begin with an assessment of current programs. The effectiveness and efficiency of	Implemented	Through discussion with the Asst. Director of Athletics and Aquatics, it was indicated that each sports program has a budget workshop assessing each program and evaluating the programs' expenditures and performance. Examined copy of FY 2003 proposed budget for each sports program.	Equitable budgets have been developed for each sport and funding is based on past performance and projected growth. All new procedures are reviewed and approved by the Deputy Director and Assistant Director of Recreation. The Recreation Division's Budget Manager provides support and assistance during the annual budget process. Workshops

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	<p>programs should be analyzed to remove poorly performing programs and to identify opportunities for streamlining operations or reducing costs.</p>			<p>and meetings are conducted for clarity and understanding with the Budget Manager and Assistant Director, and Program Managers. Assistant Director meets with Sports Managers regularly about planning, budget priorities, and operations.</p>
<p>Performance measures gauge an organization's success in fulfilling its critical mission. The two critical performance measures tracked by the YSD are participant registration and program participation. The YSD's methods of gathering, processing, and reporting performance measurement data are inadequate and do not ensure that reliable performance measures are produced. The most significant example of inaccurate performance measures produced by the YSD is program participation and attendance. The method used to calculate program participation and attendance grossly inflates actual participation and gives a false indication of program success.</p>	<p>3 Revise the method of calculating registration and participation performance measures and strengthen methods of gathering, processing, and reporting, registration, participation, and attendance data.</p>	<p>Implemented</p>	<p>Examined monthly reports for registrants and participants as compiled by Sports Administration. Additionally, observed process of compilation for registration and participation by Sports Administration. Also, verified accuracy of FY2002 registration and participation reports. No significant exceptions were noted.</p>	<p>Each sport's registration and participation is now calculated through an actual accounting of participants, through Sports Administration. There are other checks and balances in place, such as registration forms on each and every participant which accompany the roster on each team. Every registered participant is entered in a database compiled monthly by Sports Administration. All Program Managers are utilizing the established guidelines for computing registration and participation.</p>
<p>Deficiencies in Current Registration Process</p> <p><i>Registration Process – Input</i> Registration forms are not standardized and use of technology to compile database has not been maximized.</p>	<p>3.1 Standardize forms across all sport programs so that comparative data can be collected (Note: PARD has designed a standardized Scantron-type registration form, but the form has not been printed). Network computer systems so registration</p>	<p>Implemented</p>	<p>Examined pre-printed standardized Registration/Waiver Forms used for all youth sports programs. Verified standardized forms are being utilized for input into the database for compilation of registration</p>	<p>All registration forms are standardized (English and Spanish). Every registrant is entered in an Excel format, from the location responsible for the program. These reports are then sent via e-mail or disk to our sports administration office where they are merged into a</p>

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	information can be entered into a common database from multiple locations.		numbers.	single report.
<p><u>Registration Process – Processing</u> Lack of staff for data input with a large backlog of unprocessed registration forms.</p>	<p>3.2 Hire temporary employees to assist with reducing backlog of unprocessed forms. Evaluate adequacy of existing computer system to meet registration processing and reporting needs.</p>	Alternative Implemented	Through discussion with Assistant Director of Athletics & Aquatics, hiring temporary employees is not necessary at this time. The data compiled on Youth Sports is centralized in the Sports Administration section that produces monthly reports, which are generated no later than 30 days after a month has ended. Audit Division concurs with response.	Rather than hiring temporary employees, the Department reorganized existing staff and centralized youth sports administration. The reorganization reduced the backlog of unprocessed forms by using the existing staff. Also, the Division is considering purchasing software (Logical Solutions) that will provide a variety of program reports in multiple categories.
<p><u>Registration Process – Output</u> Lack of clear definition and identification of key performance measures. Management reports are not reliable and do not contain useful information.</p>	<p>3.3 Refine definition of the key performance measures; registration, participation, and customer satisfaction. Define up front what constitutes useful information and insure that data collection instruments include this information. Develop a uniform reporting format and a list of standard monthly reports. Ensure that information system is flexible enough to allow development of specialized or user defined reports. Train managers in how to interpret and get the most out of the reports.</p>	Implemented	Examined monthly and year-to-date Program Registration and Participation Report. Verified accuracy of FY2002 monthly and year-to-date numbers. No significant exceptions were noted.	Each sport's registration and participation is now calculated in a uniform reporting format through an actual accounting of registered participants. Also, team rosters and game scorecards are collected for attendance records. Every registered participant is entered in a database with defined reporting categories compiled monthly by sports administration.

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<p>Deficiencies in Current Attendance Tracking and Reporting System</p> <p><u>Participation (Attendance) Tracking and Reporting – Input</u> Process for collecting attendance data is not standardized and consistent among sports programs</p>	<p>3.4 Develop standard attendance taking procedures, train sports program staff in the use of these procedures, and hold them accountable for accurate attendance information.</p>	<p>Implemented</p>	<p>Through discussion with Asst. Director of Athletics & Aquatics, actual participation attendance is compiled from sports programming league schedules, scorecards and time sheets. Verified Sports Admin. are utilizing scorecards, game attendance roster, etc. for reported participation numbers.</p>	<p>Participation is tracked based on league games and competitions. Rosters and scorecards are collected with participant names attending scheduled games.</p>
<p><u>Participation (Attendance) Tracking and Reporting - Processing</u> Basis for participation calculations is not consistent. Sometimes based on actual attendance rosters, other times based on number of registrants multiplied by standard practice days regardless of whether or not youngster actually participated.</p>	<p>3.5 Require that all measures of participation be based only on actual attendance. Develop standard participation rates for comparison purposes. Actual participation rates should be benchmarked against standards to identify programs that require improvement.</p>	<p>Implemented</p>	<p>See work performed 3.4 above.</p>	<p>All measures of participation are based on actual attendance, which are indicated on game scorecards. Standardized participation rates are determined based on history, budget, and anticipated growth.</p>
<p><u>Participation (Attendance) Tracking and Reporting – Output</u> Attendance and participation performance measures are not accurate due to lack of reliable methods of calculating such measures.</p>	<p>3.6 Adopt alternative method of computing attendance and participation performance measures.</p>	<p>Implemented</p>	<p>See work performed 3.3 above.</p>	<p>See management response 3.3 above.</p>
<p>In contrast with favorable user satisfaction survey results for individual sports programs, parents of YSD program registrants indicated that there is room for improvement regarding program</p>	<p>4 Include customer satisfaction, ratio of staff to program participants, participant retention in performance measures; and develop and implement a system to evaluate each individual sports</p>	<p>Implemented</p>	<p>Through discussion with Asst. Director of Athletics & Aquatics, it was indicated that surveys are issued for the various youth sport programs and are evaluated for</p>	<p>Each sport conducts a participant and volunteers survey, which provide the opportunity to adjust and enhance the program to better serve those who participate. Asst. Director reviews program evaluations with</p>

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staff. Eighty-three percent of respondents rated program staff fair to poor. Youth sports programs have not been formally evaluated, nor is there a formal mechanism in place to provide feedback to YSD management regarding the overall effectiveness of the programs.	program within the YSD on an annual basis.		improvement. Examined sample surveys conducted for sports programs.	Managers and makes necessary adjustments. Managers track established goals and objectives with assessments and conduct program evaluations at the end of each season. Assistant Director and Managers oversee evaluations and make appropriate recommendations for program enhancements.
There is a wide disparity in the amount of external funding received by the individual youth sports programs. YSD programs vary significantly in their levels of outside sponsorship, and programs do not have an equivalent level of representation of business sponsors.	5 Solicit additional business sponsors to supplement funding for YSD programs.	Implemented	Through discussion with Asst. Director of Athletics & Aquatics, PARD has established a fund raising division, which include soliciting for grants, sponsorships and fund raising through corp. foundations. Examined documentation indicating sponsorships and grants are solicited for the various youth sports programs.	Additional funding is constantly sought to supplement existing and new programs. All monies used to fund a program are managed through the city budget. The Assistant Director works internally with the Marketing section developing information packets, sponsorship presentations, as well as grants. Typically, sponsorships/donations are made by businesses for a specific sport. The need for additional program sponsorship needs are identified annually and in the past submitted to the Marketing & Special Events Division, who solicited donations. The PARD's Director recently reorganized this function and solicitation of funds for programs, etc. are managed through staff that reports directly to the Director.

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<p><u>Community Outreach</u> Although a variety of YSD programs are available to Houston city residents, YSD lacks a program-wide outreach plan to actively solicit participant, parental, and business involvement.</p>	<p>6 Develop a community outreach plan to increase participation levels program-wide in under represented segments where needed. The athletic director for YSD should establish a committee that includes program directors and administrators, program participants, parents, and representatives from the community, including business and civic leaders, to develop the outreach plan.</p>	<p>Alternative Implemented</p>	<p>Through discussion with Asst. Director of Athletics and Aquatics, PARD encourages and solicits participation from parents and the community with all youth sports programs. Examined documentation indicating there are community participation and advisory meetings regarding youth sports programs.</p>	<p>The Assistant Director for Sports Operations and the Director's Communications Manager are in charge of implementing this strategy. The Department has not used a committee system to achieve improvement in this area. However, outreach to the community has been significantly improved.</p>
TIME AND ATTENDANCE ACCOUNTABILITY FOR CONTRACT INSTRUCTORS AND TEMPORARY EMPLOYEES				
<p>YSD's athletic director and soccer program director are temporary workers. Both are responsible for critical management, control, and accountability functions within the YSD. Temporary workers assigned to such critical managerial positions inhibit operational effectiveness of the sports programs. The director of PARD and the athletic director co-sign all contracts for instructors and game officials. These bottlenecks in procurement are the direct result of temporary workers placed in key management positions.</p>	<p>7 Implement a policy requiring that the athletic director and all directors of youth programs are full-time COH employees. To establish appropriate levels of accountability and managerial oversight, only full-time permanent employees should be assigned to these positions.</p>	<p>Implemented</p>	<p>There is no longer an Athletics Director or Directors of youth sports programs. The section has been reorganized and currently the staff is City of Houston employees. Verified staff for Youth Sports to the PARD Athletics and Aquatics organizational chart.</p>	<p>All administrative staff is now on COH payroll. The only remaining contract staff are Sports Officials and facility monitors. All employees were converted to City of Houston (COH) employment shortly after audit was finalized in 1998.</p>
<p>No uniform system is in place to monitor and control the time and attendance of contract instructors and game officials. Some</p>	<p>8 Develop uniform techniques to monitor and control time and attendance for contract instructors and game officials. Apply such</p>	<p>Implemented</p>	<p>Through discussion with Asst. Director of Athletics & Aquatics, all contract staff fills out time sheets and</p>	<p>All contract staff complete a timecard, which is verified by both the team manager and Sports Administration.</p>

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<p>programs have instituted more and different controls than others. Without uniform systems to monitor and control the time, attendance, and activities of contract instructors and game officials, there is no assurance that contract instructors and game officials are where they should be when they should be.</p>	<p>techniques consistently across all sports programs. Examples of techniques that can be implemented include: master schedule of events; participant feedback through interviews, evaluations, and surveys; contractor performance appraisals and monthly meetings conducted by program directors.</p>		<p>scorecards, which are approved and that determine time worked. Examined sample contract and Athletic Officials time sheets and scorecards.</p>	
<p>The soccer program uses contract workers to monitor and control the time and attendance of other contract workers. During interviews, the soccer program director told the review team that soccer contract instructors and game officials report to four regional contract instructors appointed by the soccer program director. Contract "supervisors" have little or no incentive to properly manage and control the time and attendance of fellow contract workers.</p>	<p>9 Implement a policy to use only city employees to manage and monitor the time and attendance of contract instructors and game officials.</p>	<p>Implemented</p>	<p>Through discussion with Assistant Director of Athletics and Aquatics, the division has been reorganized into four regions, which the contractors report their time/attendance to the respective Regional Youth Sports Programs Managers, which are City of Houston employees.</p>	<p>A standard practice is now in place for completing, approving and retaining accurate time and attendance records through game itineraries, personal time records and periodic spot-checking.</p>
<p>The absence of effective procedures for completing, approving, and retaining accurate time and attendance records is a major deficiency in the internal control structure of the YSD. During interviews with the program director, the review team noted that one sports program does not use the standard contract to sign up new instructors and game officials.</p>	<p>10 Develop written policies and procedures establishing contract and time card review, approval, and contract retention guidelines. If the department has not initiated the central record retention location, it must be done immediately.</p>	<p>Implemented</p>	<p>Through discussion with the Assistant Director, the Athletics and Aquatics Section of the Recreation Division has implemented a standard Contract for all Sports Operations Officials. All time and attendance is reviewed and approved. Examined standard contract used for all contract officials</p>	<p>Recreation Administration is in charge of implementing a standard practice for completing, approving and retaining accurate time and attendance records through game itineraries, personnel time records and periodic spot-checking. The Department's records retention schedule establishes that it will retain Contract Sports officials' contracts in the office until the</p>

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			and PARD's Records Control Schedule.	expiration date of the contract and in off-site storage for four years.	
The YSD is behind schedule converting contract workers to employee status. In a prior audit report, city auditors recommended that the YSD continue efforts to reclassify contract workers previously identified as misclassified. As of report date the conversion process had been initiated for only 22 percent of the contractors to be converted and no independent contractors had been fully converted to city employees.	11	Accelerate the conversion of contract workers to employee status. Significant penalties and interest could accrue to the YSD if workers previously classified as independent contractors are reclassified as employees by the Internal Revenue Service.	Implemented	Examined the PARD Athletics and Aquatics Section organization chart.	All contract workers, excluding Sports Officials and Facility Monitors have been converted to COH employees.
EQUIPMENT AND SUPPLIES INVENTORY CONTROL					
<u>Expenditure Control</u> After reviewing the Parks Board's internal controls, the review team learned that the soccer program director purchased soccer equipment and supplies from one vendor and hotel accommodations and meals from another without first submitting a formal, approved requisition to the Parks Board. However, it appears that controls were not in place to prevent the soccer program director from establishing direct contact with vendors to purchase supplies and	12 13	<i>Omitted in previous report</i> Develop and implement an ethics policy prohibiting direct contact with vendors to discourage program directors from making unauthorized contact with vendors. The policy should include provisions for immediate termination if unauthorized contacts with vendors are made that commit trust and agency funds under the custody of the Parks Board without pre-approved requisitions.	Implemented	Examined written procedures that address the approval process for using funds on deposit with the Houston Parks Board. Verified sample of requisitions with no exceptions noted.	An approval process for using funds on deposit with the Houston Parks Board is now in place. Requisitions require the signature of the Program Manager, Deputy Director of the Division, Deputy Director for Management & Finance Division, and the Director before funds can be spent. All deliveries are made to the Wheeler Warehouse. The original policy was signed by the Department Director in 1998 and

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services and because of the number of times the soccer program director has circumvented the Parks Board's approval process, it appears the PARD has not implemented sufficient controls to discourage program directors from unauthorized contact with vendors.				revised in April 2000.	
<u>Warehousing and Inventory Control</u> Recreational equipment and supplies are delivered to multiple locations by vendors rather than to the central warehouse. Deliveries going to multiple locations can result in a lack of control over the receipt of recreational equipment and supplies; and YSD's risk of inventory loss is increased. Moreover, unauthorized personnel could be receiving equipment and supplies.	14	Strengthen and enforce PARD's policy requiring all deliveries to be accepted only at the central warehouse. The existing policy should be strengthened to include disciplinary action against program directors who circumvent the central receiving process.	Implemented	Through discussion with Division Manager of Purchasing & Warehouse Operations, written policy and procedures were completed November 2002. Examined written policy and procedures, which were approved in April 2003.	All vendor deliveries are now directed to the Department's Wheeler Warehouse and then the deliveries are transferred to the youth sports warehouse. Individual sports program managers submit a requisition for supplies that that are needed for a program. Supplies are issued from the Youth Sports Warehouse via a formal process. The Department's published policy, "Youth Sports Warehouse Operating Procedures", addresses the proper procedure to be followed with regards to receiving supplies for youth sports programs.
The receiving and inventory control process in the YSD warehouse is completely manual and up-to-date inventory records are not maintained. Members of the review team noted the process and control deficiencies before the Deputy Director of Administration and Management took control of the YSD warehouse on May 11, 1998 and assigned the	15	Continue to implement the appropriate process of improvements and warehouse inventory controls to ensure that all recreational equipment and supplies are properly accounted for and controlled. The following improvements should also be implemented: 1). Develop a formal "picking system" in which shelves and areas containing	Implemented	Verified area of inventory and supplies was secure with a sequential numbering system in place and that locking cages have been installed. Additionally, verified the usage of Warehouse Transfer Requests, which are use to monitor transfer of supplies and equipment to and from the warehouse.	A formal picking system has been implemented and locking cages have been installed. The only employees who have access with keys to cages are Warehouse Section employees.

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<p>Assistant Director of Support Services oversight responsibility for warehouse operations. Since May 11, 1998, the assistant director has taken steps to correct some of the deficiencies.</p>	<p>supplies and equipment are sequentially numbered down each aisle or area to facilitate the orderly retrieval of stock by warehouse personnel. 2). Orders from program directors should be printed on assignment sheets by sport. All items stocked in the YSD warehouse should be assigned "locator numbers" that determine the shelf or area location of each item. 3). Each assignment sheet should include sequential numbers for items included on the orders that allow for the picking and filling of orders in an orderly, sequential manner. 4). Install an interior locking cage to control small equipment and supplies that are easily converted to cash. 5). Rather than attempting to reconstruct inventory records from purchasing documents, use the current physical inventory results as a starting point for inventory control and management.</p>			
<p>The YSD warehouse does not have a formal, detailed written policy and procedures manual that outlines both administrative and operational procedures for carrying out current warehouse operations.</p>	<p>16 Develop a written policy and procedures manual that formally documents PARD policy and procedures for conducting YSD warehouse operations.</p>	<p>Implemented</p>	<p>See work performed 14 above.</p>	<p>Operating procedures have been developed and are being followed. Standard operating procedures have been formally adopted in the Department's policy entitled "Youth Sports Warehouse Operating Procedures, Policy #1120.201".</p>

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YSD has not established performance standards and related expectations for YSD warehouse operations. Some directors were concerned that warehouse personnel were not controlling access to the warehouse and some of their equipment was missing.	17	Develop and implement performance standards and related expectations for YSD warehouse operations. The performance standards must be clearly identified, achievable, measurable, and consistent.	Alternative Implemented	Through discussion with the Div Manager of Purchasing & Warehouse Operations, the division has established internal controls, which has resulted in improvement of warehouse operations and accountability for youth sports program supplies. Audit Division concurs with response.	This strategy was deemed to be unnecessary in order to accomplish the intended results of improving operations and accountability for youth sports program supplies. Other system improvements were instituted as outlined in the "Management Responses" to other recommendations.