



Fiscal Review

**Department of Parks & Recreation-Pittsburgh Sports Officials
Parks' Imprest Fund-2019 Citisports Baseball Leagues**

Report by the
Office of City Controller

**MICHAEL E. LAMB
CITY CONTROLLER**

Douglas W. Anderson, Deputy Controller

Caleb Mejias-Shell, MSA, Fiscal Audit Manager

Liz Dille, CPA, CIA, CFE, Fiscal Audit

December 30, 2019

TABLE OF CONTENTS

Executive Summary	i
Introduction.....	1
Scope and Methodology	1
Background.....	2
TABLES	
Table I: Citisports-Related Activity in PSO Account	4
Table II: Citisports Referee/Assigner Fees Totals	4
RESULTS	
<i>FUND ADMINISTRATION</i>	
Imprest Fund Amendment	5
Contract Drafting	5
Policies & Procedures	6
<i>FUND RECONCILIATION</i>	
PSO Commingling of Funds	7
Reconciliations	8
Funds Disbursed	8
AUDITEE REPOSE	
<i>FUND ADMINISTRATION</i>	
Imprest Fund Amendment	5
Contract Drafting	6
Policies & Procedures	6
<i>FUND RECONCILIATION</i>	
PSO Commingling of Funds	7

Reconciliations8

Funds Disbursed8

ADDENDUM

Explanation of Current and Prior Audit Recommendations Status'10



MICHAEL E. LAMB

CITY CONTROLLER

First Floor City-County Building • 414 Grant Street • Pittsburgh, Pennsylvania 15219

December 30, 2019

To the Honorable: Mayor William Peduto and
Members of Pittsburgh City Council:

The Office of the City Controller is pleased to present this Fiscal Review of the **Department of Parks & Recreation's Imprest Fund - 2019 Citisports Baseball Leagues**, conducted pursuant to the Controller's powers under Section 404(b) of the Pittsburgh Home Rule Charter.

EXECUTIVE SUMMARY

The Parks' Imprest Fund was established in 1995 via Resolution 203, to account for activities related to the Department of Parks & Recreation (Citiparks). Originally, the fund was replenished by the Special Parks' Programs Trust Fund managed by Citiparks, which was later renamed to the Special Events Trust Fund. Currently, the Parks' Imprest Fund is being replenished by the City's General Fund and Grants Trust Fund. The Fiscal Audit Section of the Controller's Office (CO-FAS) routinely reviews Citiparks' requests for replenishment of the imprest fund and authorizes the amount to be replenished.

We performed certain procedures to determine whether internal controls relating to the administration of funds issued to Pittsburgh Sports Officials (PSO) from the Parks' Imprest Fund are adequate. Based on these procedures, we noted weaknesses in existing internal controls. Furthermore, we observed the absence of a formal contract with PSO; payments being made to PSO on a pass-through basis; and the need for increased oversight of Citiparks' payments to PSO.

Improved controls in the form of updated policies and procedures, in conjunction with an established contract with PSO will help to further improve accountability of Parks' Imprest Fund activity. These issues and our recommendations along with responses from the Department of Parks & Recreation, are further discussed in the Results section of this report.

We appreciate the cooperation of the staff involved with the management of the fund as well as their patience during the course of our review.

Sincerely,

Michael E. Lamb
City Controller

INTRODUCTION

This fiscal review of the **Parks' Imprest Fund-2019 Citisports Baseball Leagues** was conducted pursuant to the Controller's powers under [Article IV, Section 404\(b\)](#) of the Pittsburgh Home Rule Charter.

SCOPE AND METHODOLOGY

Our procedures were conducted pursuant to the Article IV, Section 404(b) of the City of Pittsburgh Home Rule Charter. Our procedures covered the period April 26, 2019, to August 31, 2019.

The objectives of this review are to determine whether procedures and internal controls relating to the administration of funds issued to Pittsburgh Sports Officials (PSO) from the Parks' Imprest Fund are adequate. In order to achieve these objectives, we performed the following procedures:

- Interviewed personnel from the Department of Parks & Recreation-Citisports involved with the imprest fund to gain an understanding of the fund's operations, processes, and internal controls as it relates to funds issued to PSO for Citisports Baseball Leagues.
- Reviewed procedures and related internal controls over the administration of the imprest fund, including procedures for the oversight of funds issued to PSO for Citisports Baseball Leagues.
- Tested Citisports' internal records per baseball league as well as reviewed PSO Bank Statements for May, June, July, and August of 2019.
- Analyzed Citisports' internal spreadsheets in conjunction with PSO's Bank Statements, in order to determine if referee payments were properly issued.
- Performed a reconciliation using the PSO Bank Statements provided to verify balance of Citisports-issued funds.

BACKGROUND

The Fiscal Audit Section of the Controller's Office (CO-FAS) conducted a review of Citiparks' procedures and internal controls relating to the administration of funds issued to Pittsburgh Sports Officials (PSO) from the Parks' Imprest Fund (the "imprest fund"). The intent of the review was to reconcile the Citisports Baseball Leagues' spreadsheets to the Citizens Bank statements for the Pittsburgh Sports Officials account. We looked to ensure that the total funds paid out of the imprest fund to PSO are accounted for and proper reconciliations are routinely performed.

FUNDING SOURCES

Resolution 203 of 1995 established an imprest fund for the Department of Parks & Recreation (Citiparks). Furthermore, the resolution stated that said "Imprest Fund shall be reimbursed periodically upon submission of approved documentation to the City Controller". Specifically, the CO-FAS routinely reviews Citiparks' requests for replenishment of the imprest fund and authorizes the amount to be replenished. The resolution further states that the imprest fund "shall be chargeable and payable from the Code Account SPP, Special Parks' Programs Trust Fund".

Resolution 106 of 1979 originally established the Special Parks' Programs Trust Fund to be managed by the Department of Parks & Recreation. It was later amended by [Resolution 834 of 2017](#), renaming the Special Parks' Programs Trust Fund to the Special Events Trust Fund. The amendment redefined the sources and uses of the fund, and designated the Department of Public Safety's Office of Special Events as administrator.

To date, Citiparks has submitted six requests for replenishment of the Parks' Imprest Fund for 2019, which totaled \$57,539.13. Specifically, \$42,539.13 was replenished from the City's General Fund; \$15,000.00 was replenished from the Grants Trust Fund, as per the [Presenting Sponsorship Agreement](#) between Citiparks and the Pittsburgh Pirates Charities. We noted that the \$15,000.00 was in fact expended on payments for referees of Citisports Baseball/Softball League games.

EXPENDITURE OF FUNDS

Expenditures recorded in the Parks' Imprest Fund consisted of payments to referees for Citisports' leagues, Water Carnival events, food service certifications, as well as other miscellaneous expenses. Specifically, referees for basketball, futsal, softball, among others are paid directly from the Parks' Imprest Fund account. Conversely, Citiparks issues funds to Pittsburgh Sports Officials for referee payments for baseball, which are paid directly from the PSO account.

It was noted that Citiparks entered into an informal agreement with Pittsburgh Sports Officials in 2019. PSO is responsible for assigning referees to cover Citisports Baseball Leagues and to remit payment to those referees. Citiparks issues funds to PSO throughout the baseball season (i.e. May, June, and July) from the Parks' Imprest Fund. From April to July 2019, Citiparks issued PSO seven checks totaling \$30,353.00, ranging from \$1,050.00 to \$9,225.00.

REVIEW OF PSO

We completed testing on Citisports' internal spreadsheets per league (i.e. Super Colt, Colt, Pony AA, and Pony A) and reviewed PSO Bank Statements for May, June, July, and August of 2019. Testing consisted of determining if scheduled games were played, the number of referees assigned per game, amount due per referee, and if variances in amount paid was justifiable. We also performed an analysis of Citisports' internal spreadsheets in conjunction with PSO's Bank Statements, in order to determine if referees scheduled were paid by PSO. Lastly, we performed a reconciliation using the PSO Bank Statements provided. The results of our review, testing, and reconciliation are further detailed below.

TESTING/ANALYSIS

The initial review of Citisports' internal spreadsheets per league resulted in variances, amounting to \$2,085.50. We further analyzed the noted difference, which was attributed to a certain set of circumstances that may have led to variances in amounts to be paid to referees. Therefore, differences in said testing were compiled with corresponding questions posed to Citisports. The responses were reviewed and deemed reasonable, thereby validating Citisports' internal spreadsheets.

PSO provided Citizens Bank statements for May, June, July, and August of 2019. Funds due per payee were compared to amounts paid per referee. We tested whether the referees were paid the exact amount recorded in Citisports' spreadsheets. We noted 34 exceptions/variances in amounts paid to individuals as recorded in Citisports' spreadsheets versus PSO's bank statements totaling \$4,715.00. We noted \$3,505.00 was recorded as a 'Pay Out' to PSO Treasurer/Referee, yet was not paid per PSO's bank statements, leaving a difference of \$1,210.00.

We also noted that there were several referees recorded as having a 'Pay Out' in Citisports' records for whom checks never cleared the bank. Additionally, payees who were not recorded as having a 'Pay Out' in Citisports' records, had in fact received payment.

RECONCILIATION

Citisports provided us with PSO's Citizens Bank statements for the months of May, June, July, and August of 2019. Each bank statement included PSO's notations identifying transactions as being 'Citisports' or 'non-Citisports'. Additionally, the statements included copies of checks issued and a hand written summary of activity (written by PSO).

We recorded the total amount paid out per payee, which was detailed in the testing/analysis section of this report. A reconciliation was performed using each bank statement provided, subtracting all non-Citisports' components to verify actual balance of Citisports' funds.

We confirmed the Citisports balance remaining in the PSO account as well as determined the actual referee fees remaining to be paid:

Total Deposits	\$ 30,353.00
Less: Total Citisports Fees Cleared	\$(25,788.00)
<i>Ending Citisports Balance</i>	<i>\$ 4,565.00</i>
Less: Amount Due to PSO Treasurer/Referee	\$ (3,505.00)
<i>Balance Remaining to Cover Referee Payments</i>	<i>\$ 1,060.00</i>

Total Due in Referee/Assigner Fees	\$ 30,503.00
Less: Total Citisports Fees Cleared	\$(25,788.00)
<i>Total Referee Fees Due</i>	<i>\$ 4,715.00</i>
Less: PSO Treasurer's Referee Fees	\$ (3,505.00)
<i>Amount Due to Referees</i>	<i>\$ 1,210.00</i>

Records show that \$1,210.00 has yet to be paid to the referees from the Citisports balance in the PSO account of \$1,060.00. In addition to the activity cited below, the \$1,060.00 balance remaining at this point in time with no plans for disbursement having been communicated to Citiparks, needs to be resolved.

We noted that the PSO Treasurer was recorded as refereeing games, the fees to which totaled \$3,505.00 that had yet to be paid. We also noted non-Citisports activity, such as six checks totaling \$3,681.00 and two withdrawals totaling \$700.00. Furthermore, the Pittsburgh Sports Officials business address is identical to the Treasurer's home address. Such activity in the PSO account involving non-Citisports related transactions are further discussed in the [Fund Reconciliation](#) section of this report.

RESULTS

During our review we noted weaknesses in internal controls regarding the management and oversight of Citiparks' imprest funds issued to Pittsburgh Sports Officials. Additionally, we noted the need for amendments to Resolution 203 of 1995; establishment of a formal contract with Pittsburgh Sports Officials; and the updating of policies and procedures to reflect best practices regarding the administration of the Parks' Imprest Fund. Lastly, Parks' Imprest Funds issued to PSO for Citisports 2019 Baseball Leagues still remains to be fully accounted for. We will further detail the results of our review and corresponding recommendations below.

FUND ADMINISTRATION

IMPREST FUND AMENDMENT

As noted in the '[Funding Sources](#)' section of the report, Resolution 203 of 1995 established an imprest fund for the Department of Parks & Recreation, and cited the Special Parks' Programs Trust Fund as the fund's source. During the period of review, the Parks' Imprest Fund was replenished using the General Fund and Grants Trust Fund.

The present practice of fund replenishment does not align with the current verbiage of Resolution 203 of 1995. We recommend amending said resolution to reflect current practice regarding source and usage of the imprest fund.

Auditee's Response:

The Department of Parks & Recreation (P&R) has overseen and managed the youth baseball and softball programs for nearly three decades. During this time, all business processes and general fiscal practices have been adhered to, as the department worked to ensure that any/all aspects of the programs were in alignment with City internal policies, guidelines and practices.

The Department of P&R will work with the Office of Management and Budget (OMB) and/or the City's Law Department, to update the current resolution (203) to better reflect the current practices and processes which are aligned with the use of the department's Imprest Fund account. Additionally, the Department of P&R met with OMB in late summer of 2019, following the 2019 baseball/softball season, to discuss the use of and processes aligned with department's Imprest Fund. There were no concerns or changes in the department's processes or practices that were issued by OMB following that meeting. However, this recommendation has generally been accepted.

CONTRACT DRAFTING

Department of Parks & Recreation had entered into an informal agreement with Pittsburgh Sports Officials in 2019 regarding the payment and scheduling of referees. Currently, no formal contract exists with PSO. A formal contract would allow the City to detail best practices involving expected recordkeeping, documentation, and overall management of funds. Payments to referees that are currently managed by PSO would be more properly administered, given the opportunity of

increased oversight by the Controller's Office with a contract in place. Continuing in lieu of a contract provides opportunities for potential misappropriation of funds, for which the City would have no recourse to recover.

We strongly recommend that Citiparks works with the Office of Management & Budget-Procurement to draft a formal contract with PSO prior to the upcoming season(s).

Auditee's Response:

The Department of Parks & Recreation (P&R) will have a 2020 contract/agreement in place for PSO and/or any other entity that assists in the management of umpires, related associations, and general umpire/game scheduling; and will require that said entity work closely with the Citisports' Program Coordinator and the Department of P&R, to ensure that all youth baseball and softball games that commence are properly "staffed and managed" by the requisite number of umpires for each game that is played. The scope of work and all facets/areas of management that said entity will be responsible for will be specified in the 2020 contract/agreement with the details of all duties and responsibilities clearly identified. Imprest Fund or other account payments provided to PSO and/or any other entity will be appropriately documented, tracked and monitored, and all areas of fiscal oversight that is the responsibility of the contracted entity will be clearly outlined in the contract/agreement. As per current practice, all Imprest Fund account fund transfers/replenishments of departmental funds will continue to be reviewed and "audited" by the Controller's Office.

It is noteworthy that the Dept. of P&R tracks and manages all departmental expenditures with thorough fiscal oversight, appropriate/intensive document collection and retention of records, and performs all related work as transparently as is allowed. The department will continue these practices and will work to identify any changes in process and update all related activities accordingly. This recommendation has generally been accepted.

POLICIES & PROCEDURES

Citiparks' set of policies and procedures regarding the administration of the Parks' Imprest Fund does not reflect current practice. Specifically, the recordkeeping of activities related to Citisports' leagues, along with proper cash management and necessary oversight, would benefit significantly from updates reflecting current procedures.

We recommend updating existing policies and procedures to detail the proper management of funds expended on Citisports' leagues. Furthermore, staff should receive ongoing training and be provided with the necessary tools.

Auditee's Response:

It is/has been a routine business function of the Controller's Office to perform a "pre-audit" of the Dept. of P&R's Imprest Fund prior to the replenishing of any funds (back) into the Imprest Fund account, for the Dept. of P&R to then disburse. It has historically been the case that the Controller's Office monitors all expenditures from this account, approving each expenditure and meeting in

person with P&R personnel in advance of the approval of any “new” monies directed from the Dept. of P&R’s general account funds into the Imprest Fund account. This process has been collaborative and had previously resulted in no findings that warranted corrective action.

While it is now known, as per this specific report and these findings, that additional recordkeeping is warranted, management of the Imprest Fund account has been done in accordance with approval from the Office of Management and Budget and by the Controller’s Office; the latter department’s approval coming in advance of any/all replenishment requests that the Dept. of P&R submits, as mentioned above.

The Department of P&R will update any/all relevant policies and procedures as might be necessary. Respective to training; based on the available department’s training budget, the department will work to make appropriate and useful training available to staff. This recommendation has generally been accepted.

FUND RECONCILIATION

PSO COMMINGLING OF FUNDS

During our review of Pittsburgh Sports Officials’ bank statements, it was noted that funds regarding the Citisports Baseball League’s activity was comingled with other funds. Specifically, PSO provided statements which notated specific transactions as having no relation to league activities. Efforts should be expended to ensure that the account contains only City-issued funds that relate to said league’s activity.

We strongly recommend routine oversight of PSO account activity to ensure that no commingling of non-City funds occurs.

Auditee’s Response:

While it is now known, as per this specific report and these findings, that additional recordkeeping is warranted, direct oversight of/over another entities’ bank statements has not been current practice, nor had there been any directive or guidance as to the need to perform such oversight. As indicated, Imprest Fund payout reconciliation reviews had been performed. Records review and reconciliation with PSO had also been performed.

The Dept. of P&R will work with the City’s Office of Management and Budget and Law departments to adopt/add-in specific contract “monitoring and evaluation” language to better clarify for all parties, the authorization of/for the Controller’s Office or Dept. of P&R to request bank statements and/or other relative documents. However, as had been mentioned, this was not a known or common practice until these findings and recommendations had been shared. This recommendation’s findings present a challenge with respect to the mention of “co-mingling of non-City funds” which were/would be held in accounts outside of the department’s direct oversight and purview. However, every attempt to ensure that the co-mingling of funds does not occur will be exercised.

RECONCILIATIONS

It was noted that reconciliations regarding Pittsburgh Sports Officials' account were not routinely performed by Citiparks. Monthly reconciliations would allow for real time information regarding account balances necessary for Citiparks to properly fund PSO activities related to Citisports Baseball Leagues.

We recommend routine monthly reconciliations of PSO account activity, ensuring that all Citiparks-issued funding is accounted for. In addition, at the conclusion of each baseball season efforts should be made to ensure that all referee/assigner fees have been paid and any remaining City funds be accounted for and fully disbursed.

Auditee's Response:

The Department of P&R had performed routine recordkeeping reconciliation meetings with PSO, and had worked to document all relative transactions made, specific to all monies paid out of the Imprest Fund. Additional reconciliation and recordkeeping best practices will be shared (and practiced); those which are deemed necessary, and the Dept. of P&R will work to ensure compliance in all areas of engagements. It is worth noting that the City's outside auditing firm has, in the past, performed an audit(s) on this specific account with no findings or recommendations made. This recommendation has generally been accepted.

FUNDS DISBURSED

Citiparks issued PSO funds totaling \$30,353.00 from Parks' Imprest Fund in 2019. The funds were to be used for Citisports Baseball Leagues activities, which included payments to referees and assigner fees, \$27,503.00 and \$3,000.00 respectively. As of August 31, 2019, a total of \$25,788.00 had cleared the PSO account, leaving a balance of \$4,565.00. As of the conclusion of our review, the Treasurer/Referee of PSO was due \$3,505.00, which had yet to clear the account. The resulting balance remaining to cover referee payments of \$1,060.00 has yet to be disbursed with no apparent plans thereof.

It is expected that PSO maintain and provide documentation to Citiparks confirming disbursements from the PSO account throughout the Citisports Baseball Leagues' season. Increased transparency of account activity throughout the baseball season would significantly improve necessary oversight by Citiparks of the Citisports Baseball Leagues' activity.

Auditee's Response:

Following the conclusion of the Controller's review, all payments and disbursements have been made, closing out all related funds paid to PSO. With that, and generally, the Dept. of P&R will work diligently to include specificity in all agreements and/or contracts with PSO and/or other entities, to ensure clear, concise and (the) transparent accounting of all fiscal activities. Applicable

policies and procedures will be updated accordingly as necessary to reflect any change from current practices. This recommendation has generally been accepted.

ADDENDUM

CURRENT AUDIT RECOMMENDATIONS

Auditors obtain and report views of responsible individuals of the audited entity concerning the findings, conclusions, recommendations in the examination report, as well as any planned corrective actions. A specific status type has been assigned to the current audit findings and recommendations, using the following criteria:

- **Accepted**-Auditee agrees with the recommendation and plans to implement within the prescribed time frame. Management is informed of a follow-up review that will be performed by the auditors.
- **Declined**-Auditee does not agree with the recommendation and is not planning to implement. When management elects this option, they are advised of the responsibility for accepting the identified risk that generated the recommendation.

STATUS OF PRIOR RECOMMENDATIONS

Auditors evaluate whether the audited entity has taken appropriate corrective action to address findings and recommendations from previous engagements. A specific status type has been assigned to the prior findings and recommendations in the audit report, using the following criteria:

- **Open**-Auditee has not fully implemented the prior recommendation; rationale may include:
 - Auditee declined prior audit recommendations and risk remains as described in current findings.
 - Efforts to address corrective actions have yet to commence.
- **Work In Progress**-Auditee has initiated efforts to implement recommendations and corrective action steps continue as a work in progress.
- **Closed**-One of the following conditions was noted:
 - Auditee implemented the prior recommendation, which was confirmed by auditors during the current fiscal audit; or
 - The recommendation is no longer relevant based upon changed conditions.