



GARLAND

INTERNAL AUDIT

Sports League Contracts

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Report 201802

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Overall Conclusion

The City of Garland is providing gyms and fields for use by sports associations and maintaining the fields and facilities free of charge. Internal Audit recommends the City consider charging a fee to offset the maintenance costs. Contracts for field use should be signed by appropriate parties and need some improvements to make them enforceable. Additionally, the City should assume ownership of concession stands built on City property, and establish clear contracts with the sports associations if the City wishes the associations to maintain the buildings. Finally, a straightforward and transparent process should be established for approval for sports associations to operate in the City of Garland.

Management was also provided with additional opportunities for improvement regarding tracking of spending and training on insurance verification. This was not considered significant to the objectives of the audit, but warrant the attention of management. Consequently, they do not appear in this report.

Authorization

We have conducted an audit of the Sports League Contracts. This audit was conducted under the authority of Article VII, Section 5 of the Garland City Charter and in accordance with the Annual Audit Plan approved by the Garland City Council.

Objective(s)

Objective A: Determine if the City is recovering expenses associated with the services provided.

Objective B: Verify the effectiveness of the City's contract monitoring.

Objective C: Determine if City resources are utilized equitably.

Scope and Methodology

IA conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The scope of this audit is from October 1, 2016 to September 30, 2017, with the exception of GISD payment information, which was pulled to November 7, 2017.

To adequately address the audit objectives and to describe the scope of our work on internal controls, IA performed the following:

- Assess the reliability of benchmark fees charged, services provided, and number of fields by Garland to neighboring municipalities (Obj. A);
- Verify valid insurance policies are on hand with the City listed (Obj. A);
- Contact various sports associations that are active in Garland to ask several questions regarding their contract and interaction with the City (Obj. B);
- Compare contracts to field use, actual maintenance performed, subleasing, and ticket and concession sales (Obj. B);
- Run General Ledger reports to obtain totals spent on gym and field rental (Obj. B);
- Perform site visits to view concession stands, field usage, and lighting (Obj. B);
- Attempt to locate sports associations operating in Garland that do not currently contract with the City by performing online searches, inquiring with Parks staff, the Parks Board, Garland sports associations, and other municipalities (Obj. C).

To ensure data reliability of qualitative data, Field Use Agreements, insurance documents, and inspection reports, several individuals employed by the City (past and present) were interviewed, as were presidents of several sports associations, insurance companies, and individuals at other municipalities. Paper documents were obtained from various departments and compared with electronic data, and the City Attorney's office was consulted regarding enforceability of contracts. As a result of this testing, IA determined that testimonial evidence and contract records were sufficiently reliable for the purposes of this report.

A scope limitation was noted regarding work order tracking. The Parks Department has been tracking materials used as a department, but not by location or work order. Therefore IA could not isolate materials costs for sports fields as distinct from playgrounds, pools, pavilions, etc. Additionally, some materials such as infield conditioner are purchased by the sports association but applied by the Parks Department and would not be included in such an analysis.

The Parks Department is tracking work order hours in a database stored on their drive to which IA was not able to obtain read only access. The data was exported by Parks staff and sent to IA. IA tested the paper data against the data exported and the records appear reliable; however IA was unable to test for completeness. Additionally, some location codes relate specifically to the ballfield, while others refer to the entire park, and therefore include additional facilities (such as a pool). Therefore the work hours obtained by IA can be used for comparative purposes, but specific numbers do not appear in this report.

The Parks Department has recently begun tracking materials in their existing database with plans to evaluate this tracking in a few months. Additionally, a contractor is assisting Parks with obtaining work order management software. Therefore IA did not issue any recommendations regarding work order tracking. Finally, since this data is used for

comparative and background purposes only, IA considers it sufficiently reliable for the purpose for which it was used.

Based on the audit work performed, any deficiencies in internal control that are significant within the context of the audit objectives are stated in the Opportunities for Improvement section on page 6.

Background

The City of Garland Parks, Recreation, and Cultural Arts Department (Parks) maintains 69 ballfields¹: 31 soccer fields, 21 baseball fields, 8 softball fields, 3 football fields, 1 cricket field, and 5 rental fields. The rental fields can be rented by the hour by anyone on a first-come first-served basis.

The remaining 64 fields are used by 14 nonprofit sports associations who retain exclusive rights to the fields they use². Refer to Exhibit B for a listing of fields used by each sports association. The City mows, irrigates, and ensures the outfields, fields, and facilities are safe and secure². Parks performs the services they would for any City property: litter pickup, tree and flower bed maintenance, fence repair, etc. They also apply materials provided by the associations, such as infield conditioner.

The sports associations are responsible for providing clay, conditioner, bases, mounds, baselines, public address systems, flags, playing equipment, ensuring litter is placed in receptacles, marking the fields, etc². Baseball fields have a grass infield, and the sports associations are responsible for maintaining the infield. Softball fields have a clay infield which is maintained by Parks. Football and soccer fields are completely maintained by Parks. The sports associations are completely responsible for recruiting players, organizing teams, collecting dues, and scheduling games and practices. For sports like soccer where "resting" fields is important for field upkeep, the association is responsible for doing so.

The sports associations have had use of the City's fields for decades³. Some associations are unsure of how long they have been operating in Garland, and one association is celebrating its 60th anniversary this year. During this time, the City developed partnerships with the associations to share ownership and responsibility for the fields^{3,4}. The associations have built structures, some have built concession stands, and all have invested time and money in maintaining the fields. Overall, the sports associations generally do not change the fields they are using, but continue to use the same fields year after year. Any improvements must be approved by the Parks Department.

Lighting for the fields is controlled by either Parks or the association. For some fields, lights have been retrofitted with a system that allows the lights to be controlled by an online application. Anyone with internet access and a password is able to control the lights. One association interviewed by IA stated³ that access to the app was restricted to the President, Vice President, and Field Supervisor, and they did not have access to any fields besides their

own. Lights that have not been retrofitted for this system are controlled with key access³; keys have been provided to the associations for control of the lighting systems.

Each year in January, a meeting is held with the sports association representatives, who are placed on the Field Use Agreement (FUA) along with what fields will be used, the dates of field use, concession stand usage, facility improvements, general background check requirements, and establishes the sports associations as independent contractors². Parks also obtains copies of the sports association's insurance at this time. This agreement has grown and been amended over time as issues have arisen, but grew out of a gentleman's agreement that was originally in place with a few associations⁴. Overall, the City wishes to remain out of the day to day issues of operating a sports association, but does want this service available to the citizens of the City.

Sources:

1. Casey Allison, Parks Maintenance Manager
2. Field Use Agreement
3. Interviews with sports association presidents
4. Steve Finigan, Athletic Program Coordinator 1982 – 2009

Management Accomplishments*

The Sports Program Coordinator position acts as the main point of contact and provides support and oversight of fourteen different sports associations in Garland. This position also provides assistance to associations for sports tournament management which includes providing information for tournament bidding process, and liaison with Convention and Visitors Bureau for securing hotel room blocks.

Sports tournaments in Garland in 2017 included:

- 10 local adult softball tournaments
- 2 state wide adult softball tournaments
- 1 local youth softball charity tournament
- 4 local youth baseball tournaments

Park Maintenance operations included minor renovations to sports fields at the following locations:

- Rick Oden Park field #4
- Bradfield Park field #3 (provided wheelchair friendly base paths for Buddy League)
- Norman Groves Park field #1 and #2
- Carter Softball Complex 5 fields
- Winters Softball Complex 3 fields

*Please note that "Management Accomplishments" are written by the audited entity and that Internal Audit did not audit or verify its accuracy.

Opportunities for Improvement

During our audit we identified certain areas for improvement. Our audit was not designed or intended to be a detailed study of every relevant system, procedure, and transaction. Accordingly, the Opportunities for Improvement section presented in this report may not be all-inclusive of areas where improvement might be needed.

FINDING # 1 – CHARGE FEES (Obj. A)

CONDITION (THE WAY IT IS)

Garland is not currently charging any types of fees to any sports associations operating in the City. Parks currently provides field maintenance to varying degrees depending on field type, as well as use of lighting, gym and stadium rental, litter pickup, and maintenance of facilities (fence, restrooms, locks, lights, etc.). IA was unable to calculate specific Parks upkeep costs by location due to a scope limitation described on p. 2.

The Parks Department pays GISD for facility use for basketball, volleyball, and some fields and stadiums for football. GISD offers a discounted rate for the City which includes lighting, a supervisor or monitor, and custodian fees for weekends. The City is not charged a building rental fee.

Fees paid to GISD

FY2016	\$57,680.45
FY2017	\$43,074.28
FY2018 to date (10/1/17 to 11/7/17)	\$12,762.84

Source: City's Finance System

IA contacted seven cities in the surrounding area (Refer to Exhibit A for Sampling Methodology), and all charge fees to sports associations.

- Three cities have different fees depending on residency of team;
- Four cities charge additional fees for field lighting;
- One city surveyed had more than Garland's 69 fields; two were close with 51 and 42 fields respectively; three had fewer than Garland with 24, 23, and 13; and number of fields was not obtained for one city.

<p>CRITERIA (THE WAY IT SHOULD BE)</p>	<p>The Government Finance Officers Association states: “State and local governments use charges and fees to help fund services. When certain services provided especially benefit a particular group, then governments should consider charges and fees on the direct recipients of those that receive benefits from such services.” They go on to state that additional considerations include direct and indirect costs, subsidies, efficiency, affordability, periodic updates, comparing fees to comparable or neighboring jurisdictions, and opportunities for citizen feedback.</p> <p>http://www.gfoa.org/establishing-government-charges-and-fees</p>
<p>CAUSE (DIFFERENCE BETWEEN CONDITION & CRITERIA)</p>	<p>According to Parks staff, these programs were established to bring organized sports to Garland, while minimizing oversight and manpower required to run the associations at a City level. Over time, the maintenance required for aging fields and facilities has increased. In some cases, according to Parks staff, the services provided by sports associations to their own fields have decreased.</p> <p>Parks has recently begun tracking materials by location; before this Parks was not tracking materials provided by sports associations or materials used at a particular site. Refer to information on scope limitations (p. 2) for more information.</p> <p>Gym and field rental from GISD occur because the Parks Department does not have enough space to accommodate all of the games and practices at the City’s recreation centers.</p>
<p>EFFECT (SO WHAT?)</p>	<p>Charging fees to the sports associations will offset some of the costs covered by the City for field maintenance and facility rental. This will allow further improvements to existing programs and the possibility of bringing new programs to Garland.</p> <p>Tracking materials use by location will provide some accountability to the sports associations utilizing a particular field, and enable Parks to make better programmatic decisions.</p>

<p>RECOMMENDATION</p>	<p>The Parks Department should work with Parks Board and City Council to determine what type of fee structure would be appropriate for the City and the sports associations that operate here. The fee structure should address procedures for requesting reduced or waived fees.</p> <p>Management may also wish to consider incorporating higher fees for associations that serve non-Garland residents, additional fees for excessive light use, and financial penalties for failure to meet maintenance requirements in the Field Use Agreement (FUA).</p> <p>Parks should track direct and indirect costs spent on sports associations, including renting GISD facilities, and materials used in the maintenance of fields and amenities.</p>
<p>MANAGEMENT RESPONSE</p>	<p>Concur</p>
<p>ACTION PLAN</p>	<p>The Parks Department will collect fee structures from surrounding cities to present to City Council to determine if a fee structure for athletic leagues is appropriate for the City of Garland.</p> <p>The Parks Department is currently modifying their current work management system to capture labor and material costs to assist determining fees to assist with an accurate cost recovery model.</p>
<p>IMPLEMENTATION DATE</p>	<p>The Parks Department would like to provide suggestions to Park Board and City Council by the end of 2018, once the area study is complete and accurate labor and material costs are determined.</p>

FINDING #2 – CONCESSION STANDS (Obj. B)

CONDITION (THE WAY IT IS)	<p>The ownership of the concession stands and upkeep requirements are not clear and consistent across facilities.</p> <p>The FUAs list 15 concession stands (though during testing IA found at least one had been torn down), with 6 owned by the City and 9 owned by sports associations.</p> <p>Two of the sports associations contacted by IA stated they did not believe the concession stand was owned by their association, even if this is stated on the FUA. Parks was unable to locate any documentation regarding the original ownership of the stands other than the FUAs.</p> <p>An independent contractor is currently evaluating the status of the structural integrity of concession stands.</p>
CRITERIA (THE WAY IT SHOULD BE)	<p>The City Attorney's office confirmed that if a permanently affixed structure is located on top of City owned park property, the structure belongs to the City, regardless of who built it or how it was paid for, and what their intent might have been when it was constructed.</p> <p>If the City wishes to rent out usage or shift upkeep and maintenance obligations, a clear contract is necessary to allow for enforcement of accountability (Standards for Internal Control in the Federal Government).</p>
CAUSE (DIFFERENCE BETWEEN CONDITION & CRITERIA)	<p>According to the Athletic Program Coordinator who established the FUAs, the City viewed the concession stands as an opportunity to fundraise for the sports associations and the City did not wish to impede this. Some associations built concession stands themselves, or had nonprofit groups build them on their behalf, and therefore they were responsible for upkeep. Over time, the original ownership history has been lost.</p>
EFFECT (SO WHAT?)	<p>Confusion over ownership and responsibilities have led to the deterioration of several structures on City property. This is the first year Parks, Facilities, and Building Inspection have been involved in the concession stands. Previously, they were being inspected by Health which did not address structural concerns. Health inspection results were communicated directly with the sports associations.</p>

RECOMMENDATION	<p>The City should assume responsibility and ownership of all concession stands for which a contract confirming sports association responsibility cannot be located.</p> <p>City management and the Parks Department should continue to work with the independent contractor and sports associations on the current project regarding the future of the buildings (repaired, demolished, etc.).</p> <p>Licenses should be issued to the associations for use of the concession stands periodically as deemed appropriate by Management (i.e. seasonally or annually). Any maintenance or upkeep required, including ownership and responsibility for appliances, should be clearly detailed in a licensing agreement separate from the FUA. The Parks Department should work with the City Attorney's office to create such an agreement.</p>
MANAGEMENT RESPONSE	Concur
ACTION PLAN	<p>The Parks Department is currently working with an independent contractor, Health Department, Building Inspection and Facilities Management to perform current condition assessments on facilities.</p> <p>The Parks Department will work with the City Attorney to assume responsibility and ownership of all concession stands for which a contract confirming sports association responsibility cannot be located.</p> <p>License agreements will be issued to athletic leagues to obtain use of concession stands and athletic fields on a seasonal basis.</p>
IMPLEMENTATION DATE	Fall 2018

FINDING #3 - CONTRACTS (Obj. B)

CONDITION (THE WAY IT IS)	<p>Valid FUAs were not found for 3 of 14 (21%) sports associations.</p> <p>According to the City Attorney's office, there are several issues with the wording of the current FUA boilerplate that will make the agreements difficult to enforce. Some examples include:</p> <ul style="list-style-type: none">• The person listed on the contract does not have a title, and contracts are not updated when that individual leaves office during the year;• The contract lists the department instead of the City of Garland;• Use of the word "assignee," and lack of consideration for the City make the contract difficult to enforce;• Responsibilities listed in the contract are not clear. For example the City provides electricity, but the sports associations provide the scoreboards. It is not clear who would be liable if someone were injured working on a scoreboard;• References to concession stands include concessions that have been torn down and typographical errors. <p>Sports associations make upgrades to their playing facilities with approval from the Parks Department. However this can be problematic when fields are transferred. For example, one sports association reported to IA that when they lost a field due to declining enrollment, they had to leave their scoreboards behind for the other association to use. The other association confirmed this. This situation is not addressed in the FUA.</p>
CRITERIA (THE WAY IT SHOULD BE)	<p>A clear and enforceable contract should be in place to protect the City's interests and prevent disagreements and conflicts.</p>
CAUSE (DIFFERENCE BETWEEN CONDITION & CRITERIA)	<p>The current contracts were developed by a former Athletic Program Director at the Parks department, with provisions added to the contract as issues arose.</p>
EFFECT (SO WHAT?)	<p>If a conflict arises between the City and a sports association, it would be difficult to resolve without clear contract terms and conditions.</p>

	Unclear responsibilities may lead to negligence of field maintenance.
RECOMMENDATION	<p>Parks Management should work with the City Attorney's office to develop enforceable and clear FUAs:</p> <ul style="list-style-type: none"> • These should incorporate clear expectations for both parties, and clear consequences for non-compliance. • Signed contracts should be kept on file for all sports associations. • Contracts should be updated if the authorized signatory for the sports association changes. • Contracts should address improvements made by the sports associations. • If a fee schedule is put into place that results in payments of over \$1,000 in a year, the signed contract must be filed with the City Secretary's office (City Secretary Directive 5).
MANAGEMENT RESPONSE	Concur
ACTION PLAN	<p>Facility Use Agreements will be stored on OnBase upon execution and original documentation will be filed in the administration office to meet document retention regulations.</p> <p>The Parks Department will meet with the City Attorney's office to revise the current FUA to ensure ease of enforcement.</p>
IMPLEMENTATION DATE	May 2018

FINDING #4 – SPORTS ASSOCIATION APPROVAL (Obj. C)

CONDITION (THE WAY IT IS)	<p>There is not a clear process for new sports associations to begin operating in Garland.</p> <ul style="list-style-type: none">• Parks staff state sports associations must obtain approval from the Parks Board;• Parks Board members interviewed by IA are unaware of this process and do not recall any associations being declined (Refer to Exhibit A);• IA was unable to locate request for approval from a new league in Garland in Parks Board minutes online (dating back to 2011);• IA was unable to locate any information on this process which would be available to sports associations who wish to operate in Garland. <p>Two sports associations interviewed by IA reported knowledge of unauthorized sports associations operating in Garland; IA has been unable to validate these statements.</p>
CRITERIA (THE WAY IT SHOULD BE)	<p>It is government’s responsibility to serve all members of the community equally. Services are equivalent for all eligible parties, with distinctions based on objective measures. An objective appeals process must be in place in case services are denied. (Institute of Internal Auditors Certified Government Auditing Professional Guide)</p>
CAUSE (DIFFERENCE BETWEEN CONDITION & CRITERIA)	<p>When this process was put into place, Parks’ current and former staff state that there weren’t many associations that wished to operate here. However, over the course of the ensuing decades, many more associations, sports, and levels of competition have developed.</p>
EFFECT (SO WHAT?)	<p>With no clear procedure in place, it would be difficult for the City to remove associations that are disruptive or do not reflect Garland values, and to open up facilities to new associations that wish to begin operating here.</p> <p>The lack of a clear, publicized procedure may prevent organizations from offering services to the citizens of Garland. It also creates the appearance of favoritism for the associations currently operating in the City.</p>
RECOMMENDATION	<p>Parks Department Management should develop a process that would allow sports associations to apply to operate in</p>

	Garland and use Garland facilities. This process should be clearly posted on the City's website, and should include an appeals process.
MANAGEMENT RESPONSE	Concur
ACTION PLAN	The Parks Department will work with the Parks Board to develop criteria and policy for new and current sports associations to utilize sports facilities in Garland. Once the criteria and policies are approved it will be posted on the Parks and Recreation website.
IMPLEMENTATION DATE	September 2018

Exhibit A – Sampling Methodology

Benchmarking Sports Association Fees

Seven cities were judgmentally selected to compare to Garland based on location, size, and age of facilities: Mesquite, Richardson, McKinney, Plano, Rockwall, Rowlett, and Irving. The results of this sample can be projected to the entire population.

Parks Board Members

Two Parks Board members (of 9; 22%) were selected for interviewing on the process of approving new sports associations. Results can be applied to the entire population.

Exhibit B – Fields in Use by Sports Association

Sports Association	Fields	Count of Fields
Rental Fields	Bill Cody - Softball, Baseball, Football, Youth Soccer Lou Huff - Softball, Baseball, Football, Youth Soccer Collum - Youth Softball, Soccer, and Football Crossman 1 & 2 - Youth Softball, Soccer, and Football	5
Buddy League	Bradfield Complex #3	1
South Garland Little League	Central Baseball Complex Fields 1 - 5	5
Garland Softball Association	Carter Softball Complex Fields 1 - 5	5
Garland Boys Basketball Association	Various GISD Gyms and City Rec Centers	0
Garland Baseball Inc.	Rick Oden 1-4, 6	5
Garland Cricket Association	Troth Ablon Park	1
Garland Cheer and Dance Team Association	Bradfield, Central, Holford Football Fields, City of Garland Rec Centers, GISD Gyms/Fields (Cheer for Pee Wee Football)	0
Garland Girls Basketball Association	Various GISD Gyms and City Rec Centers	0
Garland Girls Softball Association	Winters Softball Complex Fields 1 - 3	3
Garner Little League	Bradfield Park Baseball Complex 1 - 2, 4	3
Garland Pee Wee Football Association	Bradfield, Central, and Holford Football Fields	3
Garland Soccer Association	Winters and Audubon Soccer Complexes	31
Garland Girls Volleyball Association	Granger & Holford Recreation Centers and Various GISD Gyms	0
North Garland Sports Association	Holford Baseball Complex 1-2 * & 3 - 4, Norman Groves 1 - 3	7
Total		69

**The FUA does not reflect Holford fields 1 & 2, but Parks states these are in use by North Garland Sports Association.*

Source: FUAs and Parks Maintenance Manager