

# CITY OF PHILADELPHIA PENNSYLVANIA

OFFICE OF THE CONTROLLER

*Promoting honest, efficient, and fully accountable government*

**FAIRMOUNT PARK COMMISSION**

**AUDITOR'S REPORT**

**FISCAL 2006 - 2009**



City Controller  
**ALAN BUTKOVITZ**



# CITY OF PHILADELPHIA

OFFICE OF THE CONTROLLER  
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ALAN BUTKOVITZ  
City Controller  
GERALD V. MICCIULLA  
Deputy City Controller

February 1, 2012

Mr. Michael DiBerardinis, Deputy Mayor and  
Parks and Recreation Commissioner  
One Parkway  
1515 Arch Street, 10<sup>th</sup> Floor  
Philadelphia, PA 19102

We have examined the financial affairs of what was formerly the Fairmount Park Commission for fiscal years 2006 through 2009 pursuant to the requirements of Section 6-400 (c) of the Philadelphia Home Rule Charter. A synopsis of the results of our work is provided in the executive summary to the report. The conditions giving rise to the findings and recommendations in this report occurred under the former executive director of the Fairmount Park Commission.

We discussed our findings and recommendations with your staff at an exit conference and included your written response to our comments as part of the report. Our recommendations have been numbered to facilitate tracking and follow-up in subsequent years. We believe that, if implemented by management, these recommendations will improve internal controls and the effectiveness and efficiency of your agency's operations.

We would like to express our thanks to you, the former executive director of the Fairmount Park Commission, and his staff for the courtesy and cooperation displayed toward us during the conduct of our work.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Alan Butkovitz'.

ALAN BUTKOVITZ  
City Controller

cc: Honorable Michael A. Nutter, Mayor  
Honorable Darrell L. Clarke, President  
and Honorable Members of City Council  
Members of the Mayor's Cabinet  
Mark A. Focht, Executive Director, Fairmount Park Commission



# FAIRMOUNT PARK COMMISSION

## EXECUTIVE SUMMARY

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### Why the Controller's Office Conducted the Examination

Pursuant to the requirements of Section 6-400 (c) of the Philadelphia Home Rule Charter, we examined the financial affairs of the former Fairmount Park Commission as part of our audit of the City of Philadelphia's basic financial statements. The focus of our examination was limited to determining if agency management had suitably designed and placed in operation internal controls and complied with any laws and regulations related to its revenue, payroll, other expenditure, and personal property activity.

### What the Controller's Office Found

- The Fairmount Park Commission misclassified receipts for permits to use athletic fields, picnic grounds, and scenic sites for wedding photos, as donations rather than revenue. This misclassification, in our opinion, circumvented state and city laws which require receipts to be deposited into the city treasury. As a result, the city administration and City Council are unaware of these funds when making management and appropriation decisions.
- The Fairmount Park Commission had not established a formal, written lateness policy, exposing itself to the risk of excessive lateness among employees. If excessive lateness among department employees occurs, several problems may surface ranging from the failure of employees to complete their work responsibilities to an unfair burden on co-workers.
- Supervisors continued to neglect preparing annual employee performance reviews for subordinates.
- No independent review of the calculation of hours worked by employees was performed and there were no reviews of payroll postings.
- Accountability over equipment purchased with taxpayer dollars, control over park supplies, and maintenance of payroll source records and supporting documentation still needed improvement.
- Employees were not always required to submit leave requests as prescribed by SAP #E-9011, and to obtain pre-approval to work overtime.

### What The Controller's Office Recommends

The Controller's Office developed a number of recommendations to address these findings including having management: (1) properly classify permit fees as revenue and remit these fees to the city treasury; (2) establish a formal, written lateness policy; (3) develop a process to ensure employee performance reviews are completed; and (4) determine the feasibility of reinstating an independent review of payroll transactions. These and other recommendations can be found in the body of the report.

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## ***INTRODUCTION***

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### **BACKGROUND**

#### Powers and Duties

The Pennsylvania General Assembly in 1867 authorized the City of Philadelphia to purchase land for the Fairmount Park Commission (FPC). That same year, the FPC was established. In April 1951, the FPC was incorporated into city government with the adoption of the Philadelphia Home Rule Charter.

The FPC was charged with the responsibility of providing

- a major urban park system for Philadelphia residents and visitors with a variety of landscaping, ranging from large wilderness areas to highly structured activity areas;
- sufficient maintenance so that all park areas may be enjoyed according to their intended uses;
- sufficient program leadership and design for meaningful park activities; and
- a park tree maintenance program to preserve existing trees and remove those considered dangerous.

In the November 4, 2008 election, voters approved an amendment to the Philadelphia Home Rule Charter authorizing the merger of the FPC with the Department of Recreation. The new department was renamed the “Department of Parks and Recreation” and the FPC was reconstituted as the Commission on Parks and Recreation. The transfer of powers and duties became effective July 1, 2009 (fiscal 2010).

#### Management and Staffing

During the years under examination, the FPC was divided into five major divisions: Operations and Landscape Management, Building and Construction, Park Program, Environmental Education, and Administration and General Support. Its main offices were located at 1515 Arch Street, but Landscape Management and Building and Construction were also managed from five district offices located throughout the city.

An Executive Director, appointed by the FPC, heads the commission operations. On June 30<sup>th</sup>, the commission staff consisted of 159 employees in 2006, 157 employees in both 2007 and 2008, and 154 employees in 2009. Except for the executive director, all employees were appointed through civil service procedures.

Financial Resources

For the fiscal years under examination, management of the FPC was accountable for the following appropriations, estimated revenues, and assets:

DESCRIPTION	FISCAL 2009	FISCAL 2008	FISCAL 2007	FISCAL 2006
<b>Appropriations</b>				
General Fund	\$ 15,740,540	\$ 13,140,818	\$ 12,882,232	\$ 13,129,049
Grants Revenue Fund	48,643	48,443	70,626	96,404
Capital Fund	<u>42,671,000</u>	<u>30,127,000</u>	<u>37,562,000</u>	<u>25,363,000</u>
Total Appropriations	<u>\$ 58,460,183</u>	<u>\$ 43,316,261</u>	<u>\$ 50,514,858</u>	<u>\$ 38,588,453</u>
<b>Estimated Revenues</b>				
Non-Tax Revenue	\$ 433,000	\$ 553,000	\$ 1,068,000	\$ 1,466,000
Revenue From Other Governments	-	-	<u>23,000</u>	-
Total Revenue	<u>\$ 433,000</u>	<u>\$ 553,000</u>	<u>\$ 1,091,000</u>	<u>\$ 1,466,000</u>
<b>Assets (reported balances)</b>				
Fiduciary Funds				
Special Revenue Funds	\$ 6,147,566	\$ 7,221,411	\$ 7,120,872	\$ 6,566,239
Permanent Funds	4,637,474	5,422,667	5,552,917	4,899,351
Personal Property Inventory <sup>1</sup>	1,757,974	1,757,974	1,611,237	1,592,847
Materials and Supplies Inventory	121,940	121,940	156,841	115,236
Petty Cash	5,000	5,000	5,000	5,000
Change Funds	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>
Total Assets	<u>\$ 12,670,154</u>	<u>\$ 14,529,192</u>	<u>\$ 14,447,067</u>	<u>\$ 13,178,873</u>

Internal Control

Management has responsibility for establishing and maintaining internal controls to safeguard the financial resources for which it is accountable. Internal controls are designed to (1) prevent or timely detect unauthorized acquisition, use, or disposition of assets; (2) ensure the reliability of financial reporting; and (3) help make certain there is compliance with applicable laws and regulations.

<sup>1</sup> Fiscal 2009 amount for personal property inventory reflects the fiscal 2008 year-end balance since a physical inventory was not completed.



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ALAN BUTKOVITZ  
City Controller  
GERALD V. MICCIULLA  
Deputy City Controller

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS**

We annually audit the basic financial statements of the City of Philadelphia, Pennsylvania, as of and for its June 30 fiscal year end and issue a report thereon. Those statements include financial transactions of various city agencies. We conduct our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we consider the City of Philadelphia's centralized and agency internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Philadelphia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Philadelphia's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects an agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the city's financial statements that is more than inconsequential will not be prevented or detected by the agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by an agency's internal control.

Our consideration of the Fairmount Park Commission's internal control over financial reporting was limited to determining if its internal control components for revenue, payroll, other expenditure, and personal property activity were suitably designed and placed in operation during fiscal years 2006 through 2009, and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as described above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Philadelphia's financial statements are free of material misstatement, we perform centralized and agency tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

Our consideration of the Fairmount Park Commission's compliance with certain provisions of laws, regulations and contracts was limited to tests of revenue, payroll, other expenditure, and personal property activity during fiscal years 2006 through 2009. Grant compliance was tested and reported on as part of our single audit in accordance with Office of Management and Budget Circular A-133. Our agency tests disclosed no instances of noncompliance or other matters by the Fairmount Park Commission that are required to be reported under *Government Auditing Standards*.

We noted certain other conditions that are not required to be reported under *Government Auditing Standards*, but nonetheless represent deficiencies in internal control over financial reporting, and noncompliance with laws or regulations that should be addressed by management. These conditions are listed in the table of contents and included in the findings and recommendations section of the report.

The Department of Parks and Recreation's response to our findings is included in the accompanying agency response section of the report. We did not audit the Department of Parks and Recreation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management of the City of Philadelphia, the Department of Parks and Recreation, and City Council and is not intended to be and should not be used by anyone other than these specified parties.

August 9, 2010

GERALD V. MICCIULLA, CPA  
Deputy City Controller

## ***FINDINGS AND RECOMMENDATIONS***

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### **IMPROPER CLASSIFICATION OF PAYMENTS FOR PARK ACTIVITIES VIOLATES PENNSYLVANIA AND CITY LAWS**

The Fairmount Park Commission (FPC) misclassified receipts for permits to use athletic fields, picnic grounds, and scenic sites for wedding photos, as donations rather than revenue. This misclassification, in our opinion, circumvented state and city laws which require receipts to be deposited into the city treasury. The laws further require city council to then appropriate these funds for park purposes.

The City of Philadelphia Home Rule Charter and Pennsylvania law are consistent in their requirement for how the FPC is to process receipts. If the receipt is a gift or a bequest of money or property, the FPC is to record the receipt, and hold and administer the funds in accordance with the terms of the related park trusts. Receipts for rents, license charges, fees, fines, proceeds from sales, or profit of any kind are to be remitted to the city treasury to be placed in a fund for city council to exclusively appropriate to the FPC.

We were informed by the trust fund manager that FPC considers permit fees for the use of athletic fields, picnic grounds, and scenic sites for wedding photos as contributions and not fees. Therefore, FPC recorded the receipts in their trust funds.

We believe the FPC position is inappropriate. The application forms we reviewed clearly indicate that the payments were for permits. On all of these forms, the payment amount for the permit is set by the FPC, and all forms note that no refunds will be given. The applications for the athletic fields and wedding photos specifically state the application will not be processed without a check, and the picnic request for Belmont Grove requires a \$200 refundable security deposit. In addition, the application for the use of athletic fields states that failure to abide by the FPC rules will result in the revocation of the permit and the refusal of future permits. Furthermore, the FPC did not provide applicants making “donations” over \$75 with a written statement acknowledging the donation to the park, as would be required by the Internal Revenue Service regulations.

The characteristics of the forms described above are in sharp contrast to the forms we reviewed that we consider to be properly classified as donations. The form to donate a bench or picnic table to the park clearly indicates it is a gift, the informational boxes refer to a donor, and no goods or services are provided to the donor. The Fairmount Park’s Trail User Permit form clearly states there is no charge for residents of Philadelphia, but asks for a tax-deductible contribution to Fairmount Park.

In addition to non-compliance with the Home Rule Charter and Pennsylvania law, misclassifying permit fees as donations results in monies not being remitted to the city treasury. As a result, the city administration and City Council may be unaware of these funds when making management and appropriation decisions. We believe these monies could be significant. Our review of permit fees collected during one week in March 2006 totaled over \$86,000.

#### Recommendation:

In order to comply with relevant laws and regulations, we recommend that management properly classify all receipts, and remit the amount of fees collected for services rendered to the city treasury [11706.01].

**NO FORMAL LATENESS POLICY ESTABLISHED**

A formally prepared lateness policy should be a component of each organization's employee manual. At a minimum, the policy should address what time is considered late; how to report lateness; and indicate when, why, and how disciplinary action for lateness will be imposed.

Our inquiries and observations revealed that the FPC did not have a formal policy addressing lateness. As such, the department could experience several personnel related issues. For example, employees may not timely complete their work responsibilities, causing the agency to become ineffective or inefficient in meeting its mission. Additionally, because the public expects services at the department's numerous park areas located throughout the city to be available at scheduled times, it is important for consistent arrival times of employees who operate these facilities. Further, consistently late employees unfairly burden co-workers, and this may in turn cause morale issues if not handled swiftly and fairly by management.

Our fiscal year 2008 payroll testing noted one of the two sampled employees arrived late on three occasions during the tested pay period. We noted the employee was not docked any leave time for these occasions.

**Recommendation:**

We recommend the establishment of a formal, written lateness policy. The policy should be communicated to employees and enforced by management. In communicating the policy, management should help employees recognize when and why lateness can be a problem for the department [11706.02].

**ANNUAL EMPLOYEE PERFORMANCE REVIEWS CONTINUED TO BE NEGLECTED**

In prior year reports, we noted that FPC management did not ensure that all permanent civil service employees received an annual performance evaluation in accordance with Civil Service Regulation 23.033. Annual evaluations are important for the following reasons:

- Supervisors have the opportunity to review and discuss their employees' strengths and weaknesses, and to set performance goals and objectives for following work year.
- Supervisors can use the reviews as an integral part of the city's progressive discipline system to strengthen their position when dealing with poorly performing employees.
- Superior and outstanding employees receive bonus points on promotional examinations.

Our current examination indicated that complying with the regulation remained a low priority with few employees receiving annual performance reviews from their supervisors. None of the four employees we randomly tested for fiscal year 2006 had a current review on file. Only one of the five employees in our fiscal year 2007 sample had a current review on file. One employee's last documented review was dated June 1990, and July 1990 was the last date of review for another employee.

Neither of the two sampled employees for fiscal year 2008 had up to date annual performance reviews on file, however, the two employees sampled in fiscal year 2009 did have current annual performance reviews.

Recommendation:

We continue to recommend that management comply with Civil Service Regulations, which require preparation of performance evaluations for all civil service employees annually [11705.14].

**NO REVIEW OF PAYROLL POSTINGS**

Using the daily attendance sheets, payroll clerks calculate the hours worked by an employee, and then post the time to the payroll system. During our current review we noted that a review of the payroll clerks calculations and on-line postings was not performed.

Standard Accounting Procedure (SAP) #E-9101, Payroll “Time Records,” requires that from time to time on an unscheduled basis the validity of time record postings, as compared to the original time sheets, be made by a responsible officer within the department. We were informed that in the past, a review of payroll transactions was performed by an employee independent of the payroll function, however, this review is no longer performed due to staffing reductions.

Failure to establish adequate payroll review procedures could increase the risk of errors occurring and not being detected in a timely manner. We found two payroll posting errors for the randomly selected employees tested during the years under examination that were not detected by management.

Recommendation:

To strengthen controls related to the payroll process, we recommend that management develop and implement independent spot checks of on-line payroll postings by comparisons to time sheets. Performance of such review should be adequately documented by maintaining a record of employees and payroll periods that were checked and the procedures followed [11706.03].

**ACCOUNTABILITY OVER CITY FUNDED EQUIPMENT NEEDED IMPROVEMENT**

In prior reports, we had suggested that FPC management do a more thorough job of accounting for furniture and equipment acquired with taxpayer funds. We commented that the FPC failed to safeguard these assets against the risk of loss, and that it held no one accountable for them as evidenced by the numerous unexplained missing items listed in its accounting records.

During our current review FPC management stated that due to staffing shortages and the ongoing merger with the Recreation Department, our prior findings and recommendations had not yet been addressed. Therefore, we performed no testing of personal property, furniture, and equipment in the current engagement. However, we will monitor the situation and report on corrective action in a subsequent review. Accordingly, we are repeating the recommendation from our previous report.

Recommendations:

We continue to urge management to emphasize higher priority in accounting for assets acquired with taxpayer money. We recommend it work with responsible employees that handle the asset accounting function, and ensure these individuals take the following steps:

- Require an investigation and written explanation of all missing assets [11705.01].
- Prepare and forward to the city's Director of Finance the appropriate loss forms to initiate adjustments to the asset records [11705.02].
- Hold the employee responsible for administering asset records more accountable, urging that the individual regularly update who within the agency has possession of equipment [11705.03].
- Require supervisory approvals for all asset dispositions and initiate procedures to ensure that all such disposal authorizations are sent to appropriate personnel within the agency, as well as the city's Procurement Department [11705.04].
- Dispose of any old computers in accordance with city Procurement Department procedures. Prior to disposing of them, all hard drives should be cleaned to prevent any unauthorized access to sensitive or confidential data [11705.05].

### **IMPROVEMENT NEEDED IN CONTROLLING PARK SUPPLIES**

In previous reports, we identified differences between quantities of supplies reported in FPC's inventory records and those physically on hand at its warehouse.

During our current year review, we were informed that management will explore the feasibility of implementing our previously reported recommendations after the merger with the Recreation Department is completed. Therefore, we performed no testing in the current engagement. However, we will continue to monitor the condition in a subsequent audit after the merger is completed. As such, we are repeating the recommendation from our previous report.

#### **Recommendations:**

To better account for the inventory of supplies and prevent any theft that may be occurring unbeknownst to management, we continue to recommend the following actions:

- Explore the feasibility of computerizing the inventory of supplies [11705.6].
- Require that all purchased supplies be delivered only to the storage facility under the direct control of the storekeepers [11705.07].
- Set up a formal work order system that authorizes the various park projects requiring use of supplies. Also begin properly using pre-numbered material issue forms to support the disbursement of supplies from the warehouse. These forms should be prepared by the individual requesting the supplies, approved by a supervisor, sequentially accounted for and safeguarded against unauthorized use [11705.08].

- To the extent possible, limit access to the warehouse when storekeepers are not available. If possible, issue supplies for various week-end work projects prior to the close of business on Fridays. If emergencies arise, require personnel to prepare a work order and material issue slip for subsequent review and approval by a supervisor, as well as posting to inventory records [11705.09].
- Explore the feasibility of installing an entry system that will provide positive identification of individuals entering the supply warehouse [11705.10].
- Require periodic physical inventories of supplies to be conducted by employees that are independent of warehouse operations. Storekeeper personnel should be available to assist with logistical matters, but the responsibility for actually counting and summarizing the results of the inventory should rest with those that are independent [11705.11].
- Require that significant differences between actual supplies on hand and amounts shown in the records be investigated and explanations done in writing [11705.12].
- Require that a responsible management-level employee approve all significant adjustments made to inventory records [11705.13].

**MORE EMPHASIS IN SAFEGUARDING PAYROLL ATTENDANCE DOCUMENTS FROM LOSS WAS NEEDED**

In the prior report, we commented that the FPC could not always locate Daily Time Reports (DTR) needed to substantiate the attendance of its employees. Our current examination found that the FPC could not locate the DTRs for two of our five randomly selected employees for fiscal 2006, and one of the five randomly selected employees for fiscal 2007. The DTR is the source document for entering time worked into the city's payroll system.

SAP # E-9011, Daily Timekeeping Source Documents and Attendance Recordkeeping, requires departments and agencies to file DTRs in chronological order. They should maintain and safeguard these documents until the City Controller's Office has completed its annual audit.

Recommendation:

We continue to recommend that management meet with appropriate employees and review procedures for filing and retaining payroll records [11705.15].

**IMPROVEMENT NEEDED IN CONTROLS OVER OVERTIME / COMPENSATORY TIME EARNINGS AND PAID EMPLOYEE LEAVE USAGE**

Good internal controls require that overtime and/or compensatory time be pre-approved in advance and formally documented. This advanced authorization assists management in ensuring appropriate priorities are being achieved within budget constraints. Similarly, paid employee leave, such as vacation leave, should be authorized in advance and documented. By requiring authorization in advance, management is better able to ensure desired staffing levels are maintained that achieve organizational objectives and deliver adequate services to citizens.

In addition, SAP #E-9011 requires that all absences and compensatory time be documented with an approved leave request. Unit supervisors are charged with obtaining this request from each employee, either before or immediately upon return from an absence. The leave request, signed by both the employee and unit supervisor, is then to be forwarded to the department's personnel unit and retained as part of the departmental records.

Of the two employees sampled as part of our fiscal year 2008 payroll testing, instances of inadequate documentation were noted for both employees. The FPC could not provide documentation to support the pre-approval of compensatory time earnings for one of the employees. No formal documentation, such as a leave request, substantiating sick leave usage was provided for the other employee. Payroll testing in fiscal year 2009 indicated there was no documentation to support vacation leave taken by one of two sampled employees.

**Recommendation:**

To decrease the risk of errors in accounting for employee leave balances, we recommend that management develop and implement a policy requiring all employees to submit a signed leave request form either before or immediately after a return from absence. The form should be retained as part of the departmental records, in accordance with SAP #E-9011 [11706.04]. We also recommend that management develop a similar policy requiring the pre-authorization of all overtime and/or compensatory time earned by formally documenting such requests [11706.05].



**CITY OF PHILADELPHIA**

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Michael DiBerardinis, Deputy Mayor  
and Parks & Recreation  
Commissioner

31 January 2011

Alan Butkovitz  
City Controller  
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Philadelphia, PA 19102-1679

RE: Response to Fairmount Park Commission Auditor's Report – Fiscal Years 2006-2009

Dear Controller Butkovitz,

I am pleased to offer the following responses to the recommendations contained in the Auditor's Report of the Fairmount Park Commission for Fiscal Years 2006-2009. I appreciate your staff's effort to conduct the audit and the opportunity for First Deputy Commissioner Focht and Deputy Commissioner Washington to participate in the exit conference on January 24<sup>th</sup>.

**1. IMPROPER CLASSIFICATION OF PAYMENTS FOR PARK ACTIVITIES**

**Recommendation:** In order to comply with relevant laws and regulations, we recommend that management properly classify all receipts, and remit the amount of fees collected for services rendered to the city treasury [11706.01].

**Response:** We agree to properly classify and remit fees collected for services rendered, other than "revenue generated from competitively awarded agreements regarding areas or facilities in the Fairmount Park system" as set forth in the June, 2011 ordinance establishing the Parks and Recreation Programs and Facilities Fund (Bill No. 110363), to the city treasury.

**2. NO FORMAL LATENESS POLICY ESTABLISHED**

**Recommendation:** We recommend the establishment of a formal, written lateness policy. The policy should be communicated to employees and enforced by management. [11706.02].

**Response:** We agree with the Auditor's recommendation and will develop a formal lateness policy for the newly merged Parks and Recreation Department. We will ensure that the policy is communicated to employees and will work with supervisors to enforce.

**3. ANNUAL EMPLOYEE PERFORMANCE REVIEWS**

**Recommendation:** We continue to recommend that management comply with Civil Service Regulations, which require preparation of performance evaluations for all civil service employees annually [11705.14].

**Response:** We agree with the Auditor's recommendation and will strive to make annual performance reviews a high priority. The merged Department of Parks and Recreation will continue its efforts toward full compliance.

**4. NO REVIEW OF PAYROLL POSTINGS**

**Recommendation:** We recommend that management develop and implement independent spot checks of on-line payroll postings by comparisons to time sheets. [11706.03].

**Response:** We agree that data review of payroll must be done on a regular basis and appropriately documented. Staff is assigned to review payroll and management will ensure that the necessary documentation occurs.

**5. ACCOUNTABILITY OVER CITY FUNDED EQUIPMENT NEEDED IMPROVEMENT**

**Recommendation:** We continue to urge management to emphasize higher priority in accounting for assets acquired with taxpayer money. [11705.01].

**Response:** The improved accountability of assets is a priority and we agree with the recommendation and steps listed in the report. While we agree with the recommendations the first step [11705.01] will be complex as some of the CNL items are from previous years and staff transfers and/or retirements make it difficult to investigate. The department will strive towards increased accountability.

**6. IMPROVEMENT NEEDED IN CONTROLLING PARK SUPPLIES**

**Recommendation:** To better account for the inventory of supplies and prevent any theft that may be occurring unbeknownst to management we continue to recommend *the necessary improvements* [11705.06-11705.13].

**Response:** We agree with the recommendation to explore a computerized system and formal work order system. Key access is currently limited to storekeeper and maintenance supervisors. We further agree to properly document discrepancies and adjustments.

**7. MORE EMPHASIS IN SAFEGUARDING PAYROLL ATTENDANCE DOCUMENTS**

**Recommendation:** We continue to recommend that management meet with appropriate employees and review procedures for filing and retaining payroll records [11705.15].

**Response:** Appropriate storage and organization are important aspects of proper recordkeeping. We agree with the recommendation and will work to better secure and maintain payroll documents.



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Michael DiBerardinis, Deputy Mayor  
and Parks & Recreation  
Commissioner

**8. IMPROVEMENT NEEDED IN CONTROLS OVER OVERTIME/COMPENSATORY  
AND LEAVE USAGE**

**Recommendation:** We recommend that management develop and implement a policy requiring all employees to submit a signed leave request [11706.04]. We also recommend that management develop a similar policy requiring the pre-authorization of all overtime and/or compensatory time earned [11706.05].

**Response:** Since November 2011 will have tightened controls on pre-authorization of overtime/compensatory earned and will continue. We agree to develop and communicate policies requiring employees to appropriately document all time earned and used.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael DiBerardinis".

Michael DiBerardinis  
Deputy Mayor, Environmental & Community Resources  
Commissioner, Parks & Recreation