

2024 Internal Audit Projects Results

Review of Cull Canyon Regional Recreation Area Cash Handling

Procedures: The Cull Canyon Regional Recreation Area (park) located in Castro Valley, is open year-round and provides swimming, picnicking, and hiking opportunities for the park visitors.

Its popular 1.5-acre swim lagoon has a sandy beach and is equipped with a bathhouse, and vending machines; and is operational seasonally from Memorial Day weekend through Labor Day weekend. The swim complex is also available for rent for parties, receptions, weddings, etc. through the EBRPD Reservations Department. Parking is free in the park, but fees are collected for swimming, volleyball, and horseshoe sets rental.

The park's kiosk at the entrance of the swim complex is equipped with a Point-of-Sale (POS) ActiveNET cash register for tracking, recording, and reporting of the revenue-generating activities. Park cashiers may use a backup temporary cash register for tracking collected fees, whenever Internet connection is spotty. Two seasonal Gate Attendants alternate as cashiers. Commencing year 2021, online pre-registration and purchase of swim tickets is feasible during the kiosk off hours.

Total all-inclusive reported revenue for Cull Canyon Regional Recreation Area for the year ended December 31, 2018, was \$146,300.00, for 2019 was \$135,289, for 2020 due to COVID-19 pandemic closure was \$0.00, for 2021 was \$90,566.00, and for 2022 was \$133,634.00.

Summary Conclusion:

1. Internal controls were overall functional, but they should be strengthened.
2. Compliance with the EBRPD financial policies and procedures should be enhanced.
3. Cash on-hand and daily collections were generally accounted for. However, cash handling records and documentation, and frequency of cash bag pick-ups should be further improved to enhance and ensure safeguarding of assets.

Audit Comments and Recommendations:

Audit Comments	Recommendations	Management Response	Plan of Action
Cash refunds documentation should be improved.	Recommended Park Supervisor promote and enforce compliance with the EBRPD cash handling policies and procedures. Cashiers should document daily closure reports, by attaching signed proof of the reported refunds, and explaining voids and shortages that had occurred, making them independently verifiable.	Agreed with audit comments and recommendations.	The Unit Manager will work with the Park Supervisor to make sure park staff are trained annually re financial policies and cash handling procedures. This should reduce the incidence of errors.

Audit Comments	Recommendations	Management Response	Plan of Action
Wristbands issued to swimmers should be tracked.	Recommended Park Supervisor strengthen control over usage and reporting of the wristbands that are issued to fee-paying park visitors. Also, recommended requiring cashiers to observe and maintain sequential integrity of the wristbands when issued and tracking and reporting wristbands starting and ending serial numbers.	Agreed with audit comments but declined to implement recommendations.	Tracking and verifying serial number of wristbands at this location is not operationally feasible due to minimal staff and the volume of patrons entering the park at the same time. Checking-in 1000 plus guests for a short duration on a hot day is a customer service issue and health and safety priority.
Bank deposits were not always timely.	Recommended Park Supervisor verify timely deposit of the collected funds, by routinely reviewing <u>Cash Bag Pick-up Logs</u> and contacting Public Safety and asking for a remedial pick-up whenever a scheduled pick-up was skipped.	Agreed with audit comments and recommendations.	The Operations staff will continue to work with Public Safety on the collection options. The park staff will continue to make one call as reminder to Public Safety if the scheduled pick-up has not occurred.

Status of Prior Audit Recommendations

Cull Canyon Regional Recreation Area cash handling procedures was reviewed once before in 2012. Almost 50% of our prior audit recommendations for improving cash handling and reporting practices, establishing separate accountability and formal transfer of accountability for the cashing function, and abandoning use of pre-printed tickets as receipts were implemented.

Review of Parking Citations Revenue: Pursuant to the provisions of the East Bay Regional Park District Ordinance 38 and the laws of the State of California, EBRPD Public Safety Officers are empowered to issue administrative and parking citations to individuals who are found to be in violation of specified regulatory requirements. In addition to the amount of penalty that is set for the EBRPD Parking Citation Program, both Alameda and Contra Costa counties are recipients of surcharges and State mandated fees that are added to every citation that is issued in their jurisdiction.

The East Bay Municipal Utility District (EBMUD) Board of Directors has also approved their participation in the EBRPD Parking Citation Program under the Joint Exercise of Powers Agreement for Police Services between the two agencies.

Citations are issued and transmitted electronically by the EBRPD Public Safety Officers to *Data Ticket, Inc.* (DTI), a third-party private company that has been engaged by EBRPD for the processing of citations and collection of bails, fines, and debts related to the program. DTI notifies individual violators by US Mail, collects and accounts for the fines and bails received and processes refunds as applicable, deposits all collected funds received to a designated non-interest-bearing checking account with Citibank in escrow, and interacts with California Franchise Tax Board for tax intercepts

and the Department of Motor Vehicles regarding collection of liens when applicable, to ensure enforcement of established regulations and eventual settlement of all cases.

The DTI:

Maintains a website that is accessible 24/7 to the individuals that were cited - for posting bail, contesting their ticket, or paying amount of the fine due to settle the case using a credit card. The website is also accessible to the EBRPD designated staff for administrative tasks and monitoring of the Parking Citation Program activities.

Controls the escrow account with Citibank and accounts for all collections; and determines allocable amount of the collected funds after tabulating inputted data, for disbursing applicable sums among relevant parties (i.e., EBRPD, EBMUD, Alameda and Contra Costa Counties, the DTI's processing fees, refunds to the individuals for the cases, that were dismissed, and bank service fees) monthly. The net proceeds of the settled cases are proportionately divided between the two districts.

Prepares monthly reports that memorialize detail of the processed transactions to substantiate activities that were performed; allowing the EBRPD designated staff to access an assortment of reports online for the program administration, revenue allocation and verification of transactions and follow-up work if needed.

Remits net proceeds of the Parking Citations Program activity via a check drawn on the escrow account to the EBRPD Finance Department, and directly pays amounts due to Alameda and Contra Costa Counties.

Corresponds with other regulatory agencies as required.

The Public Safety Records Supervisor reviews all administrative and moving citations prior to their submittal to the Traffic Court.

The Parking Citations Program total gross collections by DTI varies depending on the circumstances. It ranged between \$6,100 to \$20,016 during the current 42-month review period, on average approximately \$11,000 per month.

Prior review of the Parking Citation Program by Internal Audit Unit staff was performed and reported in 2006.

Summary Conclusion:

Internal controls were overall functional, but they should be further strengthened. A software glitch that had adversely affected proper recording of the citations that are allocable to EBMUD was reportedly fixed after our audit.

1. Overall collections were overall properly accounted for and safeguarded.
2. Allocation of collections to Alameda County, Contra Costa County, and East Bay Municipal Utility District has not been accurate, starting around Aug. 24, 2022, through June 3, 2024. The software provider was notified by Public Safety staff but did not promptly fix the software glitch that has been causing the problem.

Audit Comments and Recommendations:

Audit Comments	Recommendations	Management Response	Plan of Action
Revenue allocable to EBMUD has been miscalculated.	<p>Recommended Public Safety Division staff demand software developer's compliance with all the provisions of the service agreement and ask them to resolve technical glitches without any further delay.</p> <p>Also, recommended that Public Safety staff review all the citations that were processed while the software applications were malfunctioning, and generate accurate revised revenue reports that would facilitate and allow for proper allocation of the collected revenues to Alameda County, Contra Costa County, and EBMUD as applicable.</p>	Agreed with audit comments and recommendations.	<p>Public Safety staff continued communicating with the software developer about the identified issues after May 23, 2024, audit.</p> <p>On June 4, 2024, the updates were completed, and the citations for EBMUD are now being processed correctly.</p>
CFO should be added as an authorized signatory to the checking account.	Recommended Park District CFO or her designated Finance Department staff, be added as an authorized signatory for the checking account with Citibank, to reaffirm Park District's ownership and enhance Park District's ability to access, transact and/or control it when needed.	Agreed with audit comments and recommendations.	Staff will remediate this situation after discussion with the Legal Division.

Status of Prior Audit Recommendations

During our audit of the EBRPD's Parking Citations revenue in 2006, processing of the EBRPD issued parking and traffic tickets was contracted out to Etec.

By switching to DTI as processor of the tickets that were issued, and using Crossroads software applications, and due to technological advancements in data processing, two of the prior audit concerns were no longer applicable. Our other prior audit recommendations for adjusting remitted amounts to Alameda County, Contra Costa County, and EBMUD; and enhancing monitoring and accountability for the checking account that was controlled by third-party contractor were partially implemented.

Review of Garin Regional Park Cash Handling Procedures: The Garin Regional Park located in Hayward is approximately 4,230 acres. It was constructed on the site of a 19th Century ranch and has been open to the public since 1968. It is a popular venue for kite flying, bird

watching, picnicking, dog walking, and provides park visitors fishing opportunity at Jordan Pond, that has a naturally reproduced fish population in addition to the EBRPD planted fish.

The park visitors could learn about the Bay Area ranching and farming history by visiting the Garin barn visitor center in summer and view antique farming equipment and tools that are on display. The park's heritage apple orchard is the focal point of the annual *Garin Apple Festival* in fall. Park visitors may purchase fresh apples during the event, and the event's proceeds are donated to Regional Parks Foundation. Reportedly, due to the extreme weather there was no official apple harvest during the last two years.

The park is accessible year-round. However, the park entrance kiosk is operational only on weekends and major holidays during March to October, collecting parking and dog fees. The kiosk does not have electrical power, and lacks a cash register, and as such accepts cash only.

The park revenue reporting system was switched from Daily Revenue Reporting (DRR) to ActiveNet in October 2018. Fees collected at the kiosk are supposed to be deposited to the Bank by Park Supervisor or his designee, once or twice monthly.

For the years ended December 31, 2018, 2019, 2020, 2021 and 2022, total reported collected cash at the park kiosk were \$48,207, \$43,762, \$1,075, \$38,894, and \$37,961 respectively.

Summary Conclusion:

1. Although internal controls were overall functional, they should be strengthened.
2. Financial policies and procedures were not adequately complied with.
3. Cash on-hand and daily collections were generally accounted for. However, cash handling activities, recording, and documentation should be improved to ensure safeguarding of assets.

Audit Comments and Recommendations:

Audit Comments	Recommendations	Management Response	Plan of Action
Cash handling and reporting should conform to the established policies.	Recommended Garin Regional Park Supervisor to implement and verify that park's cashiers observe and comply with the EBRPD cash handling and record retention policies and procedures.	Agreed with audit comments and recommendations.	The Park Supervisor will coordinate with Public Safety, so money bags get picked up on a consistent basis. He will also look into acquiring a battery-operated cash register for the kiosk. Gate operation and cashiering function will be further reviewed for other options if needed.

Status of Prior Audit Recommendations

The Garin Regional Park cash handling procedures was reviewed once before in 2015. Our prior audit recommendations for assigning a back-up cashier to Garin for uninterrupted staffing of the kiosk on all scheduled business days; and issuing the parking permits and dog walk permits always in sequential order were not implemented.

Review of Del Valle Regional Park Cash Handling Procedures: Del Valle

Regional Park is located 10 miles south of Livermore. It covers some 4,395 acres of secluded and scenic land encircling lake Del Valle, which is primarily a drinking water reservoir.

The park is open year-round and attracts visitors interested in camping, swimming, boat launching, picnicking, horseback riding, biking, and hiking; and it has a visitor center which offers naturalist-led tours. Del Valle Regional Park is also the eastern gateway to the Ohlone Wilderness Trail, which is a scenic back-country trail extending for 28 miles.

The park has two kiosks; one is located at the park entrance and the other at the campground entrance. Both kiosks accept cash, checks, and credit card; and have been equipped with Point-of-Sale cash registers and connected to the ActiveNet system for revenue recording and reporting, since April 2021.

Fees are collected for parking, dog and fishing permits, boat rental, boat launch, windsurfing, and camping. The previous Del Valle Regional Park Supervisor retired on September 18, 2020, and the current Park Supervisor became custodian of the \$1,200 starting change fund at this location.

The Del Valle Regional Park largest revenue sources are camping and parking fees. Campsite reservations are handled by Reserve America online reservation system, but park staff allow walk-in campers and collect applicable camping fees when there is a vacancy.

The Del Valle Regional Park total reported active revenue for 2018 was \$1,292,558; for 2019 was 1,225,212; for 2020 was \$158,175 (revenues declined due to COVID-19 mandated shutdowns); for 2021 was \$1,063,544; for 2022 was \$1,193,040. From January 1, through August 31, 2023, Del Valle Regional Park total reported active revenue was only \$395,380 (revenue declined due to flooding).

Summary Conclusion:

1. Internal controls were overall functional.
2. Financial policies and procedures were generally complied with.
3. Cash on-hand and daily collections were accounted for. However, documentation cash refunds by kiosk attendants should be improved to ensure safeguarding of assets.

Audit Comments and Recommendations:

Audit Comments	Recommendations	Management Response	Plan of Action
Cash refund documentation should be improved.	Park Supervisor to enforce compliance with the EBRPD cash handling and record retention policies and procedures; and require Gate Attendants to obtain the recipient's signature for each cash refund as prescribed in ActiveNet Manual. Also, review daily records timely verifying staff compliance; and ensure safeguarding of the Park District's assets.	Agreed with audit comments and recommendations.	The Park Supervisor plans to implement audit recommendations.
Some Camping Tickets were not properly handled prior to the Point-of-Sale system deployment	<p>Although Point-of-Sale system has drastically reduced the likelihood of erroneous reporting of camping revenue, due to inadvertent errors; potential risk of under reporting of camping revenue arising from admission of the campers without a prior reservation whenever feasible, remains.</p> <p>It is recommended that Park Supervisor, does not solely rely on the park staff's patrol for verifying that all campers have purchased a Camping Ticket, and a couple of times a year sporadically and without a prior notice visit all camping sites, and verify that all campers display a valid Camping Ticket.</p>	Agreed with audit comments and recommendations.	We will review with the Park Supervisor opportunities for enforcement of the camping tickets. Furthermore, management will consider technology options to issue camping tickets via software system, rather than handwriting tickets. Using moder technology would also improve opportunity for accountability and reconciliation of the camping ticket process.
Cash Bag pick-ups should be consistently on schedule	It is recommended that Public Safety personnel comply fully with the Cash Bag Pick-up Schedules and if for unforeseen reasons a scheduled cash bag pick-up is skipped park staff should immediately contact Public Safety and request a remedial pick-up within 24 hours and should retain records of their contacts to substantiate their adherence with the Park District cash handling policies and procedures.	Agreed with audit comments.	Management will be launching a cash bag contractor service in order to increase reliability of the pick-up schedule.

Audit Comments	Recommendations	Management Response	Plan of Action
Safety training for the park cashiers is needed.	<p>Public Safety personnel should consider performing a risk assessment at every Park District facility that has cash collection activity, and establish formal safety protocols and response plans, aimed at enhancing cashiers' safety. Also, provide focused safety training to the Park District cashiers, to avert potential robbery attempts.</p> <p>We also recommend annual rehearsal of the safety program and protocols, if feasible; to enhance park staff's preparedness for responding to potential threats and assisting cashiers in need.</p>	Agreed with audit comments and recommendations.	Safety training for park cashiers is being considered as a topic for the 2025 Safety Academy in addition to development of an online training module.

Status of Prior Audit Recommendations

The Del Valle Regional Park cash handling procedures was reviewed once before in 2011. Our prior audit recommendations for enhancing security over cash transport, improving controls over vending machine and *Iron Ranger* fee collection devices, timely pick-up of cash bags and proper preparation of cash bag logs, supervisory approval of Payout/Refund/Over-ring vouchers, enforcement of established procedures by kiosk attendant, were either partially implemented or not implemented.

Review of Tilden Regional Park Cash Handling Procedures: Tilden Regional Park was established in 1936 and is open to the public year-round.

In addition to its natural beauty and scenic views of the San Francisco Bay and surrounding communities, Tilden Park provides a wide range of other attractions and recreational amenities, including reservable picnic and camping sites, Brazil Room, Lake Anza swim lagoon, Tilden Environmental Education Center, Little Farm, Inspiration Point, Botanic Garden, and the highly popular concessionaire-operated facilities such as Tilden Merry-go-Round, Tilden Golf Course, and a roaring miniature Steam Train that is operated by Redwood Valley Railway.

The park visitors are not required to pay an entry fee and have easy access to ample free parking throughout the park.

Cash collection activities within the park are location and program specific. Currently only swim fees are collected by the park staff at Lake Anza swim lagoon. Fees for Tilden Park reservable facilities and naturalist lead tours are collected by Reservations Department staff. Donations that are accepted at Botanic Garden and Tilden Nature Area, along with proceeds of the Botanic Garden plant sales, are directly transferred to Regional Parks Foundation at various intervals; and are no longer accounted for as Tilden Regional Park revenue.

Lake Anza swim lagoon has been allotted \$1,200 as starting change fund; and Park Supervisor is the fund custodian.

Sales of souvenirs at Tilden Nature Area was permanently discontinued effective August 2021, and their collected cash and starting cash fund that was assigned to this location were turned in to the Finance Department. The Botanic Garden and Tilden Nature Area do not have a starting change fund anymore.

During January 1, 2020, through June 30, 2024, total reported net collections at Lake Anza swim lagoon was \$58,223. The swim lagoon was shut down during 2020 through 2022 swim seasons due to the COVID-19 pandemic. It was reopened for public use during 2023 swim season, and due to blue green algae infestation was operational only until mid-June 2024 during current year swim season.

The Tilden Regional Park Cash handling procedures had been reviewed by Park District Internal Audit staff twice before in 2011, and 2020.

Summary Conclusion:

1. Internal controls were functional, but they should be further strengthened.
2. Financial policies and procedures were generally complied with.
3. Although daily collections were generally accounted for, documentation of cash refunds need improvement to enhance safeguarding of assets.

Audit Comments and Recommendations:

Audit Comments	Recommendations	Management Response	Plan of Action
Documentation of cash refunds should be improved.	Cashiers should study the Park District's cash handling policies and procedures and the <u>ActiveNET POS Manual</u> and comply with their prescribed provisions. The Park Supervisor is recommended to scrutinize reported refunds for propriety and verify their supporting documents to ensure cashiers remain compliant with all the requirements.	Agreed with audit comments and recommendations.	Park Supervisor will implement audit recommendations. Furthermore, refunds will be covered in the Point-of-Sale trainings by Reservations Department each spring.

Audit Comments	Recommendations	Management Response	Plan of Action
The Finance Department's List of Starting Cash Funds should be updated.	It is recommended that Finance Department staff initiate and record formal transfer of accountability whenever a Starting Cash Funds custodian is changed and keep the List of Starting Cash Funds up to date.	Agreed with audit comments and recommendations.	The Finance Department Executive Assistant will review Starting Cash Custodian lists no less than quarterly to ensure that the custodian's name is updated. An email will be sent to all current Starting Cash Custodians reminding them to complete the Transfer of Accountability form when a change is made. The completed forms will be saved in the Finance T drive.
Cash bag pick-ups were not always on schedule	It is recommended that Park Supervisor see to it that park staff preserve cash bag pick-up logs. She should also monitor cash bag pick-ups more closely and contact Public Safety and ask for a remedial pick-up whenever a scheduled pick-up is delayed; and ensure that all collected funds are deposited to the Bank timely per established procedures.	Agreed with audit comments and recommendations.	Agree with recommendation with the caveat that remedial pick up is not always available from Public Safety, even when requested. Furthermore, Business Services, Finance and Park Operations are collaborating on a pilot program at Shadow Cliffs and Del Valle to utilize a paid courier service to improve reliability of the picnic. Public Safety staff are often called to other time sensitive duties, rather than doing the cash pick-up. A second pilot is also underway at Roberts Park and Quarry Lakes Park to have cashless transactions only, which would eliminate the need for cash pick up entirely.

Status of Prior Audit Recommendations

The Tilden Regional Park cash handling procedures was reviewed by Internal Audit staff twice in the past. First time in 2011, and the second time in 2020.

Prior audits recommendations for compliance with the cash handling policies and procedures was partially implemented. The park's starting change was not properly handled in the past. We had identified a \$100 shortage that was subsequently relived as we had recommended. Cash collection and handling process was revamped pursuant to our recommendation to enhance efficiency. Audit recommended compliance with the cash bag pickup schedule was not implemented.

Review of Measure WW Local Grants: Records retained by the Grants Department for the following 5 Measure WW funded projects that were reported to have been completed were reviewed by Internal Audit staff:

Hayward Area Recreation and Park District, East Ave. Park Renovation Project:

Grantee requested and received \$147,088.86 as final reimbursement. Total Measure WW funds disbursed for this project was \$147,088.86.

City of Oakland, Lincoln Square Park Fencing improvement Project: Grantee requested and received \$56,989.58 as final reimbursement. Total Measure WW funds disbursed for this project was \$296,989.58.

City of Oakland, Manzanita Recreation Center for Head Start Program Project:

Grantee requested and received \$50,000.00 as final reimbursement. Total Measure WW funds disbursed for this project was \$50,000.00.

Contra Costa County, Byron Union School District Family Playground Project:

Grantee requested and received \$124,614.77 as final reimbursement. Total Measure WW funds disbursed for this project was \$600,000.00.

City of Oakland, Rainbow Recreation Center Expansion Project: Grantee requested and received \$432,900.00 as final reimbursement. Total Measure WW funds disbursed for this project was \$2,164,500.00.

Audit Comments and Recommendations:

Audit Comments	Recommendations	Management Response	Plan of Action
Records reviewed were found to be in good order for all the above projects, and grantees were deemed compliant with the Measure WW local grant program requirements.	Recommended processing of the grantees' final payment request and formal closure of the projects.	Agreed and implemented audit recommendations.	The Grant Dept. staff closed the projects accordingly, and grantees were reimbursed.

Other Activities: In addition to conducting audit projects reported above, Internal Audit Manager performs other assignments and tasks throughout the year. During 2024 he has:

Reviewed and approved 738 Contracts, Contract Amendments, and Requests for Proposal.

Prepared District's Annual Financial Report to State Controller.

Reviewed Annual Compensation Report draft to assess its accuracy prior to submittal to State Controller's Office.

Managed daily *Cash flow* to maximize interest earnings, while maintaining sufficient liquidity for timely payment of the EBRPD financial obligations.

Participated in daily Banking activities, payment initiation and approvals.

Compiled *Statistical Section* of the EBRPD 2023 *Annual Comprehensive Financial Report (ACFR)*.

Participated in the selection of new concessionaires by reviewing financial viability of prospectors and attending at concessionaire selection interview panels.

Provided training to staff and advisory service to management and supervisors regarding financial accounting matters, internal controls, and fraud prevention.