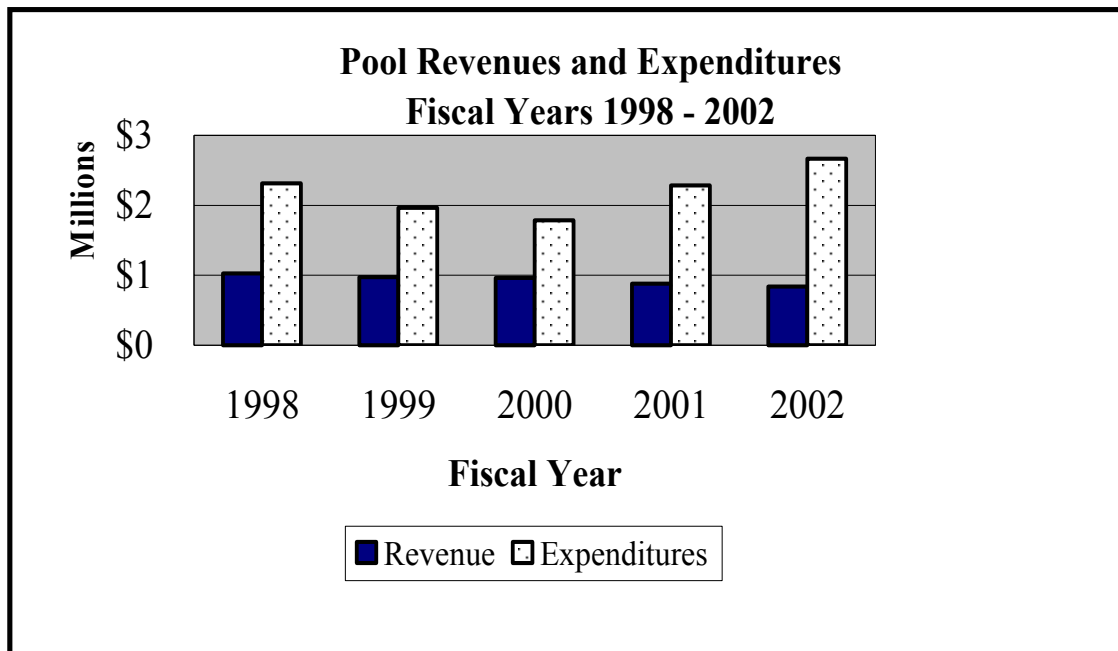


July 25, 2003

**Internal Audit Report 2003-7**  
**Management Audit of Municipal Swimming Pools**  
**Aquatics Section**  
**Cultural and Recreational Services**

**Introduction.** The Aquatics section is part of the Parks and Recreation division of the Cultural and Recreational Services (CRS) department. This section promotes and develops aquatic recreation programs and activities. It also provides water safety skills and education to community residents, and makes pools available for public use and private rentals. The Aquatics section currently operates six indoor swimming pools and has 57 budgeted full-time and part-time positions. In July 2001, CRS assumed the maintenance and utility charges for all six of the pools from the Anchorage School District.

In recent years, pool revenue has decreased while expenditures have increased. From 1998 to 2002, revenue declined from \$1,028,024 to \$840,222, or about 18 percent. Although fees were increased in 2001, revenue has continued to decline, in part, because of program cutbacks, pool closures for maintenance, and decreased user participation. For example, instructional program revenue from programs such as swimming lessons and water aerobics had dropped by almost 60 percent since 1998. From 1998 to 2002, expenditures increased from \$2,314,624 to \$2,667,329, or about 15 percent. A significant portion of the expenditure increase can be attributed to the maintenance and utility costs associated with taking over the maintenance of the pools from the Anchorage School District. For example, in 1998 utility charges paid by CRS were \$5,384, and in 2002 utility charges were \$363,626. The following chart compares pool revenue and expenditures for the last five years.



Note:	The revenue figures do not include concession and lake revenue nor minor adjustments for overages/shortages.
Source:	Pool revenue data was supplied by the Aquatics section. Expenditure data is from the Municipality's financial system.

**Objective and Scope.** The objective of this audit was to review the management of the Municipal swimming pools during calendar year 2002. The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed during the period of January 2003 through February 2003. The audit was requested by the Administration.

**Overall Evaluation.** Management of Municipal swimming pools could be improved. Cash controls required improvement, staffing of pools was not always based on pool usage, discounted swimming fees were not authorized, and swimming lessons were discontinued at three swimming pools. In addition, Anchorage Municipal Code (AMC) Title 7, Purchasing and

Contracts and Professional Services, was not followed. Finally, management oversight over staff work schedules was not adequate.

## **FINDINGS AND RECOMMENDATIONS**

### **1. Cash Controls Need Improvement.**

- a. **Finding.** Financial controls at the swimming pools need improvement. Specifically, none of the pool cashiers, with the exception of the pool supervisors and managers, had attended cash handling and reporting training during 2001 and 2002. Municipal Policy & Procedure (P&P) 24-1, Collecting, Securing, Depositing and Reporting Cash requires, “at least annually, all cashiers and their supervisors attend training sessions on cash handling and reporting procedures conducted by the Finance Department/Treasury/Cash Management Section.”

In addition, the log maintained by the Aquatics section to control and document swim pass and punchcard books issued to the pools was not complete. Swim pass and punchcard books were not always entered on the control log when distributed to the pools. As a result, there was not adequate accountability for all of the pass and punchcard books distributed to the pools. This same issue was identified in our 1988 audit of cash controls involving the Aquatics section.

- b. **Recommendation.** All cashiers should be required to attend the cash handling and reporting training on an annual basis as required by P&P 24-1. In addition, swim passes and punchcard books should be controlled and accounted for through the use of the control log.
- c. **Management Comments.** Management concurred and stated, “We are in agreement that some cashiers at the pools have not had annual formal training conducted by the Finance Department as required by P&P 24-1. The training sessions, offered during the day, make scheduling difficult. Many of our cashiers

are employed elsewhere or attend school and are not available during this time. Aquatics Section supervisor will work with Finance Dept. to make alternate arrangements for training.

“Swim passes and punchcard books are controlled through the use of control logs. They have been updated to accurately reflect the inventory of swim passes and punchcard books. Control logs will be reviewed for accuracy by management on a semi-annual basis.”

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

2. **Staffing of Pools Not Based on Pool Use.**

- a. **Finding.** The staffing of pools, both authorized positions and the hiring to fill vacancies, did not appear to be based on pool use or programs. As a result, pool programs, revenue and pool safety may have been affected. Our review of the pool operations revealed that staff positions for each of the pools were not consistent and did not appear to be well structured. For example, the number of positions varied by pool from 4.32 to 7.64. Further, the positions ranged from 0.05 part-time (2 hours a week) to 1.0 full-time (40 hours a week), as shown in the following table. We did not find any evidence that staffing was related to maximizing the use of the pools.

<b>Employees Listed by Their Full-Time Status</b>						
1=Full-Time; Less than 1=Part-Time						
<b>Pool Name:</b>	<b>Dimond</b>	<b>Chugiak*</b>	<b>West</b>	<b>Service</b>	<b>Bartlett</b>	<b>East</b>
<b>Total Employees:</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>8</b>	<b>6</b>
	1.00	1.00	1.00	1.00	1.00	1.00
	0.45	0.50	0.30	0.05	0.15	0.10
	0.62	0.72	0.75	0.05	0.10	0.94
	0.30	0.75	0.30	0.30	0.30	0.45
	0.30	0.80	0.30	0.45	0.65	0.88
	0.94	0.76	0.63	0.65	0.57	0.95
	0.62	0.45	0.45	0.55	0.98	
	0.63	0.93	0.63	0.68	0.95	
	0.95	0.73	0.75	0.30		
		1.00	0.95	0.50		
				0.95		
<b>Total Full-Time Status</b>	<b>5.81</b>	<b>7.64</b>	<b>6.06</b>	<b>5.48</b>	<b>4.70</b>	<b>4.32</b>
* The Chugiak pool is part of the Eagle River/Chugiak Service Area. Note: This table does not include central Administrative staff and one unidentified position.						

We were told that budget cuts as well as uncertainty of future funding has resulted in the staffing problems.

- b. Recommendation.** A detailed staffing analysis should be performed of the Aquatics section. The analysis should identify what the proper staffing level should be for each pool that would provide the best use of the pool while maximizing revenue. The analysis should also review the composition of part-time positions and determine what level of part-time positions would be appropriate for the hours of pool operation.

- c. **Management Comments.** Management concurred and stated, "Staffing levels are affected by a number of influences and have varied from pool to pool, season to season, for the past several years.

"The Aquatics Section has taken some measures to better utilize staff at each of the pools.

- The hours of operation are being adjusted to reflect the true availability of staff, appropriate lifeguard-to-swimmer ratios, and facility oversight.
- The Aquatics Section has been more aggressive in recruiting and hiring to fill vacant positions. As of 5/23/03, all but one lifeguard position in the Aquatics Section was filled.
- The Employee Relations Department is reviewing and considering a request for Lifeguard positions to be upgraded and paid at a higher salary. This review should be complete by June 30, 2003 and implemented by year end."

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

3. **Discounted Swimming Fees Not Authorized.**

- a. **Finding.** Aquatics section personnel had reduced swimming fees for immediate family by 50 percent. According to P&P 24-2, Establishment and Revision of Municipal Fees, if an agency wishes to establish or change a fee, the agency will prepare a "Fee Request" form and provide appropriate supporting documentation. The agency will submit the fee request to the Office of Management and Budget and the Finance Department for review and comment on the collection of the proposed fee. Although a Fee Request form should have been completed for this special fee rate for family and friends, we found no evidence that the form had

been completed as required. Also, we found that family and friends had been permitted access to one pool facility for free.

b. **Recommendation.** All fee changes should be submitted to the Office of Management and Budget and the Finance Department for review and comment before implementation as required by P&P 24-2. Also, employees should be prohibited from allowing family and friends free use of Municipal pools.

c. **Management Comments.** Management concurred and stated, “The Aquatics Section has not implemented a reduced fee for immediate family. While an employee discount program had been considered, final approval had not been granted, nor the program implemented.

“Management agrees that employees should be prohibited from allowing family and friends free use of Municipal pools. The situation at one pool where family and friends had been allowed free use has been rectified.”

d. **Evaluation of Management Comments.** Management comments were partially responsive to the audit finding and recommendation. Even though management stated that the Aquatics Section had not implemented reduced fees for family members, pool manager staff meeting notes stated that immediate family members were to receive a 50 percent discount on swimming pool fees effective January 2003.

#### 4. **Swimming Lessons Discontinued at Three Pools.**

a. **Finding.** The Aquatics section did not provide Municipal sponsored swimming lessons at three of its six Municipal pools during 2002, even though instructional programs, such as swimming lessons, generated the most revenue per participant. Specifically, the Aquatics section did not offer any swimming lessons at Service High School for all of 2002, and discontinued swimming lessons at East High

School in September 2002 and at West High School in October 2002. However, a third party was providing swimming lessons at Service High School on her own without any contractual arrangement with CRS. As a result, fewer people could participate in swimming lesson programs and revenue has declined.

- b. **Recommendation.** To help ensure swimming lessons are provided, the Aquatics section should reassess the status of its swimming lesson programs at Municipal swimming pools.
- c. **Management Comments.** Management did not concur and stated, “Lessons were postponed at two pools that were short staffed. We recognize the value of swimming lessons for the community and have made alternate arrangements with outside organizations to offer lessons when staff levels are low. All pools will be offering a full swim lesson program effective June, 2003, with the exception of East Pool, which will be closed for scheduled maintenance. Management anticipates a full complement of lesson programs at all six (6) pools beginning October 2003.”
- d. **Evaluation of Management Comments.** Although management did not concur, management’s comments were responsive to the audit finding and recommendation.

5. **AMC Title 7 Not Followed.**

- a. **Finding.** The Aquatics section did not follow the requirements of AMC Title 7 to obtain professional services for swimming lessons. Specifically, an informal contract was used to procure swimming lessons at East High School, effective February 2003. However, this informal contract did not contain the basic requirements of a Municipal contract and was not processed through the Purchasing Department. AMC 7.10.030 states that only the Purchasing Officer has the authority to procure services required by the Municipality.



- b. **Recommendation.** The Aquatics section should comply with AMC Title 7 when procuring professional services to provide swimming lessons.
  - c. **Management Comments.** Management did not concur and stated, “The Aquatics Section did not ‘procure professional services’ to provide swimming lessons. Rather, an organization approached the municipality to rent pool time so that they could provide swimming lessons. Another organization also expressed interest in teaching lessons. Recognizing the need for lessons, these two organizations, under a rental permit, were allowed to provide lessons. Management will consult and coordinate with the Purchasing Officer for contract compliance with all professional services.”
  - d. **Evaluation of Management Comments.** Although management did not concur, management’s comments were responsive to the audit recommendation. However, management’s comments were not responsive to the audit finding. Although management stated the Aquatics Section did not “procure professional services” to provide swimming lessons, we found a Memorandum of Understanding on file between the Municipality and APSC. This Memorandum of Understanding outlined the terms and conditions of the services being provided, including compensation for conducting the swimming lessons.
- 6. **Administrative Oversight Was Not Adequate.**
  - a. **Finding.** Aquatics section management did not always ensure that employees were at their respective duty locations during their scheduled shifts. For example, several times when we made unannounced visits to the pools, we were not able to locate some pool personnel at two of the pools, even though their schedule indicated that they should be on duty. According to other pool staff, the employees were allegedly conducting personal business away from the pool.

Unscheduled and unapproved absences could jeopardize pool safety due to inadequate staffing.

- b. **Recommendation.** Aquatics section management should ensure all employees are aware of the requirement to be at their respective duty locations during their scheduled shifts. In addition, employees should communicate to appropriate staff where they can be located when away from their work location during working hours. Finally, if time off is required, employees should be required to fill out and get approved a Municipal leave form.
- c. **Management Comments.** Management concurred and stated, “All employees have been reminded of the requirement to be at their respective duty locations during their scheduled shifts. Emphasis has been and will continue to be placed on communication with pool staff and Aquatics Section management when employees are away for business reasons—attending meetings, shopping for supplies, etc.—so that their whereabouts is known. Municipal policy and procedures will be followed with respect to leave requests or non-business absences from the workplace.”
- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

**Discussion With Responsible Officials.** The results of this audit were discussed with appropriate Municipal officials on April 18, 2003.

Audit Staff:  
Ellen Luellen