

AUDIT TEAM

Jim Williamson, CPA, CIA, City Auditor
Matt Weller, CPA, Assistant City Auditor
Tim Alvarez, CICA, Senior Auditor

**PARKS & RECREATION DEPARTMENT
WATER TAXI CONTRACT**

**FOR THE 18 MONTHS ENDED
DECEMBER 31, 2008**

MAYOR AND CITY COUNCIL

<i>Mick Cornett</i>	<i>Audit Committee, Mayor</i>
<i>Gary Marrs</i>	<i>Ward 1</i>
<i>Sam Bowman</i>	<i>Ward 2</i>
<i>Larry McAtee</i>	<i>Audit Committee, Ward 3</i>
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<i>Patrick Ryan</i>	<i>Audit Committee, Ward 8</i>



The City of
OKLAHOMA CITY
The Office of the City Auditor

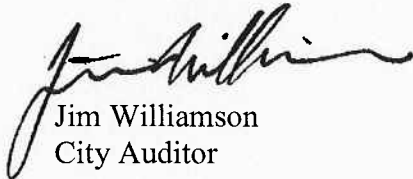
October 6, 2009

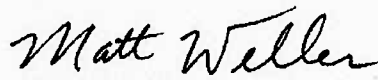
The Mayor and City Council:

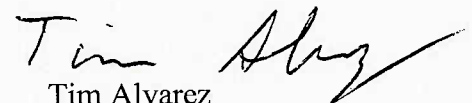
The Office of the City Auditor has completed an audit of City revenues collected by Water Taxi, L.L.C. and amounts paid by the City to Water Taxi for operating hours.

Based upon the results of our audit, we believe that City revenues collected by Water Taxi were materially accurate and complete and Water Taxi operating hours paid by the City were substantially valid and accurate for the months ended December 31, 2008.

All comments, recommendations, suggestions, and observations arising from our audit have been discussed in detail with appropriate members of management. These discussions were held to assure a complete understanding of the content and emphasis of the items in this report. Management's responses to the comments and recommendations are included with this report.


Jim Williamson
City Auditor


Matt Weller
Assistant City Auditor


Tim Alvarez
Senior Auditor

**PARKS & RECREATION DEPARTMENT
WATER TAXI CONTRACT**

AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

The objective of this audit was to verify the accuracy and completeness of City revenues collected by Water Taxi, L.L.C. and assess the validity and accuracy of Water Taxi operating hours paid by the City for the 18 months ended December 31, 2008.

The City and the Oklahoma City Public Property Authority (OCPPA) entered into an agreement with Water Taxi on April 13, 1999 to manage and operate an excursion boat service on the Bricktown Canal. The City's Parks and Recreation Department is responsible for administering the contract with Water Taxi. For the audit period, City revenues collected and remitted by Water Taxi totaled \$1,143,172, while Water Taxi operating hour billings paid by the City totaled \$1,148,096.

Procedures performed during our audit included interviews of Parks and Recreation personnel responsible for contract administration and Water Taxi management; review of the Water Taxi contract and related amendments; and examination of Water Taxi documentation supporting revenues collected and operating hours billed to the City.

We 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. Each recommendation included in this report is immediately followed by management's response. Management's responses are attached to this report in their entirety.

RESULTS OF WORK PERFORMED

Results of our audit indicate that City revenues collected by Water Taxi were materially accurate and complete and Water Taxi operating hours paid by the City were substantially valid and accurate.

Pursuant to the terms of the contract, Water Taxi delivers all monthly gross receipts to OCPPA up to an annual base amount equal to 12,000 operating hours at a specified hourly rate and 50% of all gross receipts, thereafter. Ambassadors operate Water Taxi boats. Each month, OCPPA pays Water Taxi for the number of billable operating hours (boat operating hours recorded in the automated timekeeping system by Ambassadors) during the preceding month.

During our audit period, 20,173 operating hours were billed based on 2,757 Ambassador timecards. However, automated time entries (time clocked in and time clocked out) were not valid for 27% or 739 timecards representing 20% or 3,957 of the billed operating hours.

Water Taxi addresses these timecard errors by manually entering a valid time clocked in or a valid time clocked out, as appropriate, for each erroneous Ambassador timecard. Documentation supporting these manual time entries is not consistently retained. Frequent manual adjustments increase the risk of inaccurate billings and could result in overpayments by OCPPA. Billed operating hours based on manual entries were verified during the audit through examination of daily activity sheets and work schedules.

Recommendation (1)

The Parks and Recreation Department should work with Water Taxi to identify and resolve the automated timekeeping system issues that necessitate frequent manual adjustments and ensure that Water Taxi consistently retains documentation supporting the validity of all manual time entries in the timekeeping system.

Parks and Recreation Department Response (1)

Agree. The Parks and Recreation Department will work with Water Taxi to identify and resolve the automated timekeeping system issues that necessitate frequent manual adjustments and ensure that Water Taxi consistently retains documentation supporting the validity of all manual time entries in the timekeeping system. By November 30, 2009, staff will meet with Water Taxi and formulate specific solutions to resolve timekeeping system issues. These will be monitored by staff to ensure implementation.

Recommendation (2)

The Parks and Recreation Department should implement additional procedures to verify operating hours billed by Water Taxi. These procedures should include comparing the number of Ambassadors observed working during periodic on-site visits to operating hours billed by Water Taxi for the same time period.

Parks and Recreation Department Response (2)

Agree. The Parks and Recreation Department will implement additional procedures to verify operating hours billed by Water Taxi. These procedures will include comparing the number of Ambassadors observed working during periodic on-site visits to operating hours billed by Water Taxi for the same time period. Staff has established a random set of dates to conduct site visits to the Bricktown Canal for observation purposes. These will be documented and compared upon receipt of monthly operating hours. Discrepancies will be discussed with Water Taxi immediately.



MEMORANDUM

The City of
OKLAHOMA CITY

TO: Jim Williamson, City Auditor

THROUGH: James D. Couch, City Manager *JDC*

FROM: Wendel Whisenhunt, Director, Parks and Recreation Department *W.W.*

DATE: October 1, 2009

SUBJECT: Audit, Parks and Recreation Department, Water Taxi Contract

This is the Parks and Recreation Department's response to the results of work performed by the City Auditor regarding the Water Taxi contract.

Parks and Recreation Department Response (1)

Agree. The Parks and Recreation Department will work with Water Taxi to identify and resolve the automated timekeeping system issues that necessitate frequent manual adjustments and ensure that Water Taxi consistently retains documentation supporting the validity of all manual time entries in the timekeeping system. By November 30, 2009, staff will meet with Water Taxi and formulate specific solutions to resolve timekeeping system issues. These will be monitored by staff to ensure implementation.

Parks and Recreation Department Response (2)

Agree. The Parks and Recreation Department will implement additional procedures to verify operating hours billed by Water Taxi. These procedures will include comparing the number of Ambassadors observed working during periodic on-site visits to operating hours billed by Water Taxi for the same time period. Staff has established a random set of dates to conduct site visits to the Bricktown Canal for observation purposes. These will be documented and compared upon receipt of monthly operating hours. Discrepancies will be discussed with Water Taxi immediately.