

AUDIT TEAM
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SPECIAL EVENT PERMITS AUDIT

DECEMBER 5, 2023

MAYOR AND CITY COUNCIL

<i>David Holt</i>	<i>Mayor</i>
<i>Bradley Carter</i>	<i>Audit Committee, Ward 1</i>
<i>James Cooper</i>	<i>Ward 2</i>
<i>Barbara Peck</i>	<i>Audit Committee, Ward 3</i>
<i>Todd Stone</i>	<i>Audit Committee, Ward 4</i>
<i>Matt Hinkle</i>	<i>Ward 5</i>
<i>JoBeth Hamon</i>	<i>Ward 6</i>
<i>Nikki Nice</i>	<i>Ward 7</i>
<i>Mark K. Stonecipher</i>	<i>Ward 8</i>



December 5, 2023

The Mayor and City Council:

The Office of the City Auditor has completed an audit evaluating the efficiency of the City's special event permitting process and the effectiveness of that process at ensuring compliance with related City ordinances for the 15 months ended September 30, 2022.

Based on the results of our audit, we believe that the City's special event permitting process is not efficient and not effective at ensuring compliance with related City ordinances.

Summarized recommendations discussed in more detail in the attached report are as follows:

- An automated special event permitting system should be implemented to ensure all issued permits are accounted for, permit applications are complete, and all responsible City departments/external agencies are at least notified of events requiring supplemental permits, inspections, or support. See Recommendation 1.
- Outdoor special event permit fees should be collected before events are held as required by ordinance or the ordinance should be modified accordingly, and processes should be developed for monitoring and collecting outstanding fees. See Recommendation 2a.
- Ordinances should be modified to clearly allow for exceptions currently granted to special event permit fees and right-of-way use requirements. See Recommendations 5 & 6.
- Policies governing all situations when special event permit fees may be refunded should be developed and approved by the City Council. See Recommendation 7.

The content and emphasis of items included in this report have been discussed with appropriate management representatives to assure a complete understanding of the observations arising from our audit. Management responses are attached to this report in their entirety. An issue warranting management's attention but not deemed worthy of inclusion in our audit report was identified during the audit. That issue will be addressed with management in a separate written communication.

Handwritten signature of Matt Weller in black ink.

Matt Weller
City Auditor

Handwritten signature of Lori Rice in black ink.

Lori Rice
Assistant City Auditor

SPECIAL EVENT PERMITS AUDIT

AUDIT OBJECTIVE

The objective of this audit was to evaluate the efficiency of the special event permitting process and the effectiveness of that process at ensuring compliance with related City ordinances for the 15 months ended September 30, 2022.

AUDIT SCOPE AND METHODOLOGY

Procedures performed during our audit included discussions with staff from Public Information & Marketing (PIM), Parks & Recreation (Parks), Police, the Fire Marshal's Office, Development Services, Public Transportation and Parking, Utilities, Information Technology (IT) and the Municipal Counselor's Office; review of related City ordinances and departmental policies and procedures; examination of special event permit documentation on a sample basis; verification of permit fees collected and recorded in the general ledger; and surveying of peer cities.

The completeness of the listing of special event permit issuances provided by PIM during the audit could not be confirmed. Therefore, our audit scope was limited to events with documentation available in PIM files.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). GAGAS requires that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our audit findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

An issue warranting management's attention but not deemed worthy of inclusion in our audit report was identified during the audit. That issue will be addressed with management in a separate written communication.

BACKGROUND

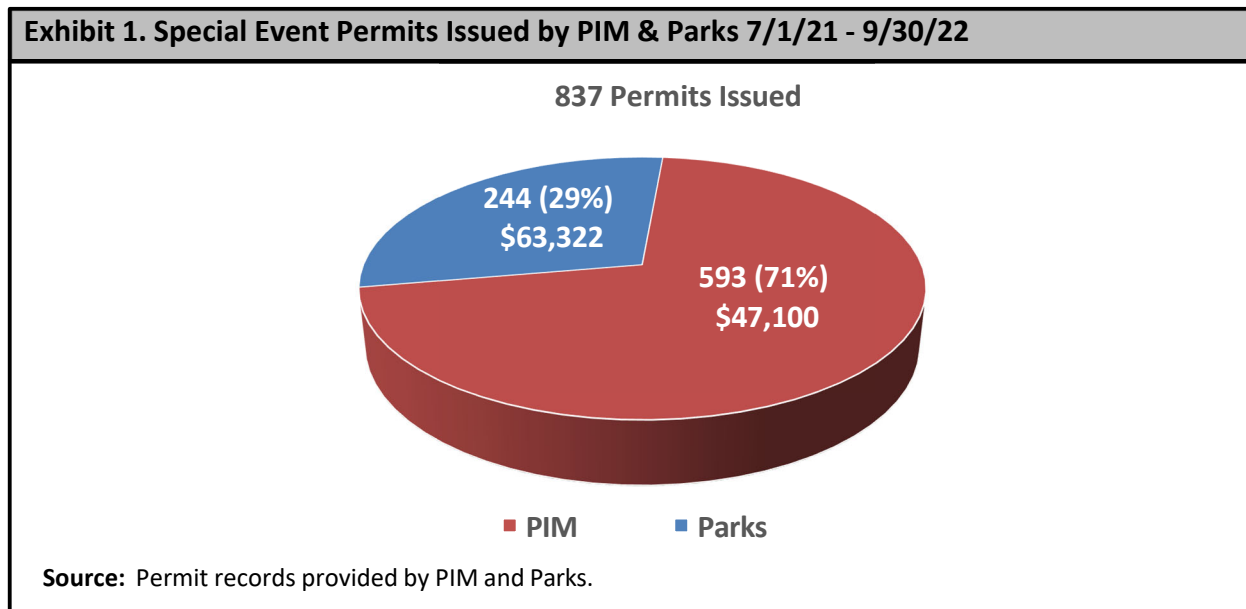
Special event permitting provides notice to the City of the time, place, and type of special events and allows for coordination of City services to ensure preservation of public health and safety and management of event impacts on businesses and residents.

A special event permit is required by City ordinance to hold an outdoor special event on public property, including the public right-of-way, or on private property¹. Outdoor special event

¹ City ordinance §50-261(1) requires that a permit be obtained from the City's Special Event Permit Coordinator to conduct an outdoor special event on private or public property except for events involving expression of First Amendment speech. City ordinance §50-261(2) requires that a revocable right-of-way use permit be obtained from the City for any special event utilizing all or a portion of any public right-of-way. City ordinance §50-262(9) defines public right-of-way as any street, sidewalk, alley, and/or easement dedicated to public use. City ordinance §50-262 (10) defines outdoor special event as a temporary public assembly outside the confines of an enclosed structure on private and/or public

permits are issued to applicants by the Permits & Events Coordinator in PIM. City ordinances also provide for issuance of permits by the Parks Director for use of Parks property, equipment, and services². Parks issues permits to applicants for special events held on City-owned parkland, trails, and river property in accordance with authority granted in Chapter 38 of City ordinances³.

Special event permit fees charged by both PIM and Parks include an application/processing fee, revocable right-of-way use permit fee when applicable, and vendor registration fees varying by the number of expected vendors when applicable. Additionally, Parks special event permit fees also generally include rental fees for the property or facility used. During the audit period, 837 special event permits were issued. Seventy-one percent of the permits were issued by PIM for fees totaling \$47,100 while 29% were issued by Parks for fees totaling \$63,322 as shown in Exhibit 1.



Parks issues permits for special events held on City-owned parkland, trails, and river property to ensure compliance with Parks-related ordinances, rules, and regulations and to allow for management of grounds/facility reservations. Five of seven peer cities surveyed also issue permits for special events held on park property through their Parks department while issuing permits for special events held on public property, including the public right-of-way, or on private property through another department⁴.

Prospective event organizers are required to submit special event permit application packages to PIM or Parks staff with documentation relating to items generally applying to most events.

property including but not limited to carnivals, festivals, parades, and athletic events but excluding special events in parks pursuant to Chapter 38 of City ordinances.

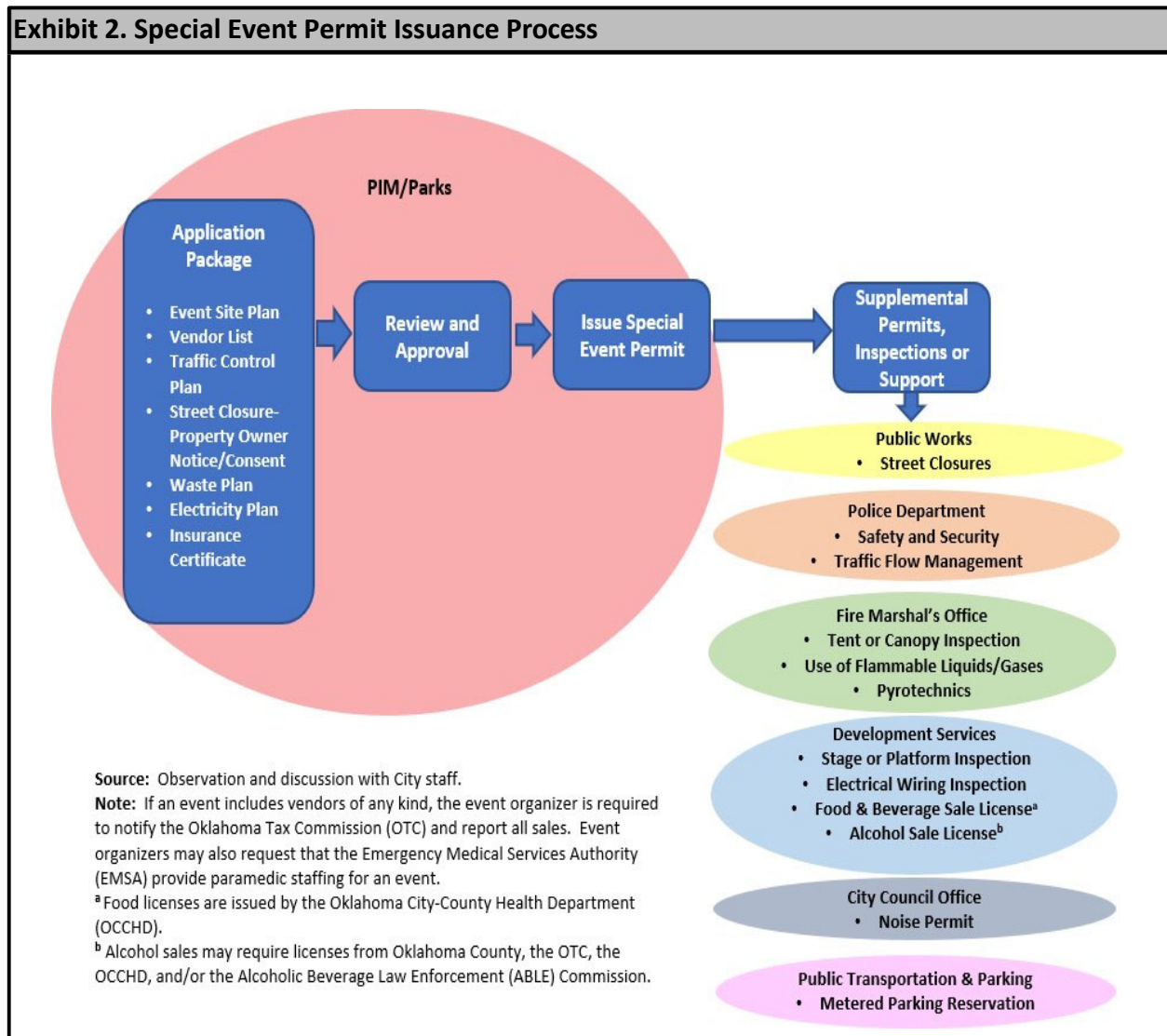
² City ordinance §38-103 authorizes the Parks Director to issue permits and §38-104 authorizes charging fees for issuance of a permit for the privilege of using Parks property, equipment, and services.

³ City ordinance §38-85(34) defines Parks special event as group gatherings of more than 150 people; and/or charging admission/registration fees; and/or fundraisers; and/or having concession sales; and/or having amplified music.

⁴ Peer cities surveyed include Austin, TX; El Paso, TX; Fort Worth, TX; Nashville, TN; Tucson, AZ; Tulsa, OK; and Wichita, KS.

Those items include site, traffic control, waste, and electricity plans, vendor lists, property owner(s) consent for street closure(s), and proof of insurance. The applications also require event organizers to select other features that might be involved with the event (e.g., alcohol sales, amplified sound, electrical wiring, tents/canopies, etc.). Event organizer selections with respect to these features determine if supplemental permits, inspections, or support from other City departments and/or external agencies are necessary.

Once the application package is reviewed and approved, the special event permit is issued, and the event organizer is advised to work with various City departments and/or external agencies to obtain any necessary supplemental permits, inspections, or support as depicted in Exhibit 2 below.



The following section of this report includes recommendations intended to provide constructive suggestions for improving special event permit processing. Each recommendation included in this report is immediately followed by *management responses*, which are also attached to this report in their entirety.

RESULTS OF WORK PERFORMED

The results of our audit indicate that the City's special event permitting process is not efficient and not effective at ensuring compliance with related City ordinances.

Permit Processing & Recordkeeping

Comment 1

PIM does not have a system in place to ensure a record is maintained of all issued permits, or fees due are automatically calculated and collected before permit issuances; and neither PIM nor Parks have a system in place to collect application data completely and, when necessary, route applications to other City departments. PIM gathered data for issued special event permits from various electronic files and entered the data into an Excel spreadsheet at our request during the audit and continues to record permits in the spreadsheet. Parks records special event facility reservations in recreation management software and generates an electronic permit receipt listing the fees paid.

Instances of incomplete records, inadequate notification of other City departments/external agencies, and late or no fee collections identified in 60 PIM-issued and 19 Parks-issued permits tested include:

- Submitted application packages were incomplete for 40% and 16% of tested PIM-issued and Parks-issued permits, respectively, meaning that key event information was missing such as site plans, traffic control plans, property owner notice/consent of street closures, etc.
- Evidence that all City departments/external agencies responsible for supplemental permits, inspections, or support were notified of events was available for only three of 42 and one of 11 tested PIM and Parks-issued permits, respectively, where such were applicable⁵.
- Permits were issued/approved before related fees were paid for 22 tested PIM-issued permits and 13 permits were identified during the audit for which fees were not collected⁶. Also see **Comment 2**.
- Dispositions (e.g., event cancellation, other) were not documented in permit records for three PIM-processed permit applications where permits were never issued.

⁵ City ordinance §50-265 requires that all Revocable Right-of-Way Use Permits be reviewed, and recommendations made by the Police Department, the Fire Marshal's Office, the Development Services Department, and the Traffic Management Division or Public Works Department. PIM's policy is to require organizers of major events as defined in City ordinance §50-262(4) & (5) to attend a City Services meeting two to four months prior to their event where representatives from multiple City departments and affected agencies review and discuss submitted event plans. These meetings are to occur monthly and follow a preset agenda. However, there is no evidence that all necessary City departments are notified of their responsibilities relating to every event during these meetings.

⁶ City ordinance §50-261(1) requires that fees established in the General Schedule of Fees in Chapter 60 of City ordinances be paid before an outdoor special event is held. Payment was received after the event was held for 8 of the 22 permits issued/approved.

- A reason was not documented in permit records for vendor fees charged that were inconsistent with the number of vendors on the application for one PIM-issued permit.

In addition to notifying other City departments/external agencies responsible for supplemental permits, inspections, or support of events, ensuring those requirements are met to the extent practical before special event permit issuances would be optimal. However, confirming completion of supplemental requirements prior to permit issuance is not reasonably possible given the current non-automated permit processing structure.

Incomplete permit records and the inability to reasonably ensure all requirements are met prior to permit issuance could result in undetected and unaddressed public health and safety risks. Further, revenues intended to help to defray permit issuance administrative costs are reduced or not received timely when inaccurate fees are assessed or are not collected upon permit issuance, respectively.

Recommendation 1

A system for ensuring the completeness of special event permit records and necessary related notifications, and for ensuring collection of accurate related fees prior to permit issuance (Also see **Recommendation 2a**) should be developed. At a minimum the system should ensure:

- Accountability for all issued special event permits, perhaps through sequential numbering of permits.
- All submitted permit application packages are complete prior to processing and approval.
- All City departments/external agencies are at least notified of the event when supplemental permits, inspections, or support are required.
- Permit records are updated for event cancellations or changes impacting the amount of fees due.

Implementation of an automated permitting system would be the most effective means of addressing this recommendation. Special event permit processing is fully automated in four of seven peer cities surveyed and two others are working towards a fully automated process. Functionality of an automated permitting system should include:

- Special event permit application package intake via a single point of automated entry.
- Centralized collection of all event details, including retention of all application package data⁷.
- Automated notification to all parties responsible for supplemental permits, inspections, or

⁷ Currently, application package submission is done via email or in-person, and to PIM and Parks separately.

support, and preferably automated confirmation of completion prior to permit issuance.

- Readily available permit status.
- Programmed calculation of fees due.
- Controls prohibiting permit issuance prior to fee collection.
- Comprehensive reporting of all permit details.

PIM Response 1

Agree with Recommendation 1. PIM requested a business analysis from IT to help us research, identify and implement an automated permitting solution that addresses the findings noted in the audit report. We hope to have a solution in place by December 2024.

Parks Response 1

Agree with Recommendation 1. The Parks & Recreation Department utilizes a software system which was specifically created for program registration, event permitting, and facility management to record all the department's program revenue. The software addresses all permitting system needs identified in the recommendation except for routing the event application to other City departments when necessary. By December 1, 2023, the Parks Department will have coordinated with the Information Technology Department to determine if other existing software in the City can route the permit application to other applicable City departments and what it might require to develop a workflow.

Comment 2

Fees for PIM-issued permits are often not collected before permit issuance/approval and are sometimes not collected before the related event is held or not collected at all. Fees totaling \$3,750 relating to 22 of 60 tested PIM-issued permits were not collected until after the permit was issued/approved, and fees for eight of those permits were not collected until after the related event was held. Fee receipts ranged from as few as two days to as many as 294 days after permit issuance/approval. Additionally, fees totaling \$1,075 related to 13 permits issued during the audit period were not collected at all.

Though legitimate reasons appear to exist for permit issuances/approvals prior to fee collection (e.g., businesses requiring proof of receipt prior to payment authorization, limited time to issue permits, etc.), PIM does not have a process in place to ensure unpaid fees are monitored or collected. Additionally, fee collection after the event is held does not comply with the related ordinance⁸.

Revenues helping to defray permit issuance administrative costs are reduced when related fees

⁸ See footnote 6 on page 4.

are not collected and the possibility of fees going uncollected is increased without procedures ensuring unpaid fees are monitored and collected.

Recommendation 2a

PIM should collect fees in full prior to permit issuances/approvals to the extent practical, and at a minimum before events are held as required by ordinance. If deferral of fee collections until after events are held is deemed necessary in some situations, PIM should work with the Municipal Counselor’s Office to modify the related ordinance accordingly. Additionally, if collection of all fees will not be required prior to permit issuances/approvals, procedures should be developed to ensure unpaid fees are monitored and collected.

PIM Response 2a

Agree with Recommendation 2a. PIM now requires event organizers to provide a purchase order if they are unable to make payment prior to events. In addition, procedures are now in place to ensure fees not paid prior to events are monitored and collected. By March 2024, PIM will have worked with the Municipal Counselor’s Office to modify the special event and film ordinance to allow for collection of permit fees after events take place when purchase orders are accepted.

Recommendation 2b

PIM should pursue collection of unpaid permit fees identified during the audit.

PIM Response 2b

Agree with Recommendation 2b. PIM has collected most of the outstanding payments identified during the audit and now no longer issues permits to organizations with outstanding balance until payment is received.

Comment 3

The Permits & Events Coordinator in PIM was responsible for approving/issuing all permits and maintaining all related records during the audit period with minimal oversight. Though only one PIM position was budgeted for this function during the audit period, a position was added for this function in the fiscal year 2023 budget and filled in December 2022.

Duties should be separated such that one individual is not solely responsible for an entire activity or transaction. At least two employees should be involved in processing these permits to allow for appropriate supervisory review.

Having a single individual responsible for the entire special event permitting process given the systemic weaknesses described in the **Comment 1** allows errors to go undetected, and more particularly could allow fraud to go undetected given the fee collection control weakness

specifically discussed in **Comments 1 and 2**.

Recommendation 3

At least two PIM staff should be involved in issuing special event permits such that one can be responsible for maintaining records and reconciling the related fee receipts and another can be responsible for reviewing the work and issuing/approving permits.

PIM Response 3

Agree with Recommendation 3. With the addition of a full time Administrative Coordinator to the division as of December 2022, PIM now has two staff members involved in the permitting process – one person prepares the permit packet, including invoicing, and the other reviews and approves it.

Comment 4

Programmed fees, including those charged for special event permits, within Parks’ recreation management software can be overwritten by users. Fees (e.g., processing, special event, etc.) and specific facility rental rates are programmed in the software to become payable based on fee type/facility selections by the user. However, a software design flaw allows the amounts programmed to be overwritten by the user after those selections have been made.

Parks fees charged should agree to the amounts in the respective City ordinances authorizing the fees and should be consistent when charged (**See Comment 5**). The risk of inconsistently charged fees or charged fees differing from those authorized by ordinance is increased if programmed fees can be overwritten.

Recommendation 4

Parks should work with the software vendor to restrict the ability to modify programmed fees to a minimal number of staff (one or two) in the Parks Central Business Office that have no fee charge or collection responsibilities. Fee amount changes, if needed, should only be made by these staff.

Parks Response 4

Agree with Recommendation 4. It has been the standard operating procedure of the department to restrict the ability to modify programmed fees to a minimal number of staff in the Parks Central Business Office. While implementing our current software system this past year, Parks discovered that this software did not have the ability to restrict fee changes to a minimal number of staff. The Department immediately brought this concern to the software vendor in anticipation that the City Auditor would recommend that action in this audit, which was occurring at the time of the software implementation. The software vendor is evaluating a change to their software to implement this change. Parks will immediately implement a manual review process to verify the accuracy of fees until any software changes can be determined.

Permit Ordinance Exceptions

Comment 5

Fees are not charged by Parks for certain special event permits, however, there are no provisions in ordinance or written policies in place for this practice. Fees were not charged for 91 of 244 Parks special events during the audit period. Fees are not charged for events where event organizers agree in writing to provide in-kind benefits (e.g., advertising) commensurate in dollar value to the amount of permit fees due. Fees were also not charged for five tested permits for other reasons such as because the event benefited downtown employees in general or City employees specifically, the event involved students, or a donation was made by the event organizer to Parks.

Ordinance exceptions, when necessary, should be specified in the ordinance and guidelines for administering ordinance exceptions should be included in written policies. The risk of inconsistent or inequitable treatment of event organizers is increased without such guidelines.

Recommendation 5

Parks should work with the Municipal Counselor's Office to modify related ordinances to allow for permit fees to be waived or in-kind benefits to be accepted in lieu of fees, and to develop written policies for administering these ordinance exceptions, including what criteria must be met for each to occur.

Parks Response 5

Agree with Recommendation 5. By December 1, 2023, the Parks Department will have coordinated with the Municipal Counselor's Office to draft ordinance modifications and a written department policy for criteria of any fee exceptions.

Comment 6

Exceptions to revocable right-of-way permit ordinance requirements granted for permits issued for outdoor commercial filming activities are not currently allowed by City ordinances. Two tested permits issued by PIM for commercial filming activities requiring road closures were not issued revocable right-of-way permits as required by ordinance. PIM stated that permit requirement exceptions are sometimes granted for outdoor commercial filming to encourage filming activities and meet time constraints. The Municipal Counselor's Office is currently revising outdoor special event permit ordinances to address commercial filming activities.

Ordinance exceptions should only be granted when specifically allowed within the ordinance language. Granting ordinance exceptions when not specifically allowed increases risks to public health and safety and the likelihood of inconsistent and therefore inequitable treatment of event organizers.

Recommendation 6

PIM should work with the Municipal Counselor's Office to complete the revisions currently in process to existing ordinances addressing permits issued for outdoor commercial filming.

PIM Response 6

Agree with Recommendation 6. By March 2024, PIM will have worked with the Municipal Counselor's Office to complete revisions to existing ordinances addressing outdoor commercial filming.

Customer Service

Comment 7

Neither PIM nor Parks has written policies governing all situations when permit fees may be refunded or City Council-approved policies for issuance of refunds⁹. While refunds stemming from cancellations or inclement weather are addressed in City ordinances governing Parks special events held at various facilities, refunds relating to customer service issues such as inoperable restrooms are determined on a case-by-case basis without a guiding policy. Similarly, event cancellation refunds are initiated by PIM based on past practice on a case-by-case basis without any written criteria to ensure consistency.

Criteria for granting refunds should be included in written policies approved by the City Council. The risk of refunds granted inconsistently or inequitably is increased without such policies.

Recommendation 7

PIM and Parks should work with the Municipal Counselor's Office to develop refund policies including all criteria that must be met for permit fees to be refunded, and the developed policies should be approved by the City Council.

PIM Response 7

Agree with Recommendation 7. By December 2023, PIM will have worked with the Municipal Counselor's Office to develop permit fee refund policies that include criteria to be met for permit fees to be refunded.

Parks Response 7

Agree with Recommendation 7. By December 1, 2023, the Parks Department will have

⁹ City ordinance §38-104(b) authorizes the Parks Director to establish a policy for the issuance of permit refunds to be approved by the City Council.

coordinated with the Municipal Counselor's Office to draft a written department refund policy.

Comment 8

Neither PIM nor Parks obtains post-event feedback from event organizers on City processes for issuing special event permits. Parks discontinued post-event customer satisfaction surveys over the last few years because of staffing shortages while PIM has not previously obtained documented feedback from event organizers.

Customer surveys are a useful tool for identifying process improvements that might not be apparent otherwise. Significant permit processing inefficiencies or inconveniences could go undetected if event organizers are not afforded an opportunity to provide feedback on the process.

Recommendation 8

PIM and Parks should consider sending post-event surveys to event organizers and assessing the collected feedback for potential process improvement opportunities.

PIM Response 8

Agree with Recommendation 8. PIM now sends surveys to event coordinators and analyzes the results for potential process improvement opportunities. PIM will explore adopting Parks' survey process by incorporating ArcGIS.

Parks Response 8

Agree with Recommendation 8. The Parks Department launched an on-line survey process through ArcGIS Survey123 in June 2023 to obtain post-event feedback, which will be used to enhance customer service and future park improvement plans.

ATTACHMENT A
MANAGEMENT RESPONSES



MEMORANDUM

The City of
OKLAHOMA CITY



TO: Matt Weller, City Auditor
THROUGH: Craig Freeman, City Manager *CF*
FROM: Kristy Yager, Director *KY*
Public Information and Marketing (PIM)
DATE: Nov. 21 2023
SUBJECT: Audit Response, Special Event Permits Audit

The following are management's responses to recommendations outlined in the audit.

1. Agree with Recommendation 1. PIM requested a business analysis from IT to help us research, identify and implement an automated permitting solution that addresses the findings noted in the audit report. We hope to have a solution in place by Dec. 2024. Agree with Recommendations 2a and 2b.

a. PIM now requires event organizers to provide a purchase order if they are unable to make payment prior to events. In addition, procedures are now in place to ensure fees not paid prior to events are monitored and collected. By March 2024, PIM will have worked with the Municipal Counselor's Office to modify the special event and film ordinance to allow for the collection of permit fees after events take place when purchase orders are accepted.

b. PIM has collected most of the outstanding payments identified during the audit and now no longer issues permits to organizations with outstanding balances until payment is received.

3. Agree with Recommendation 3. With the addition of a full time Administrative Coordinator to the division as of December 2022, PIM now has two staff members involved in the permitting process – one person prepares the permit packet, including invoicing, and the other reviews and approves it.

4. Agree with Recommendation 6. By March 2024, PIM will have worked with the Municipal Counselor's Office to complete revisions to existing ordinances addressing outdoor commercial filming.
5. Agree with Recommendation 7. By December 2023, PIM will have worked with the Municipal Counselor's Office to develop permit fee refund policies that include criteria to be met for permit fees to be refunded.
6. Agree with Recommendation 8. PIM now sends surveys to event coordinators and analyzes the results for potential process improvement opportunities. PIM will explore adopting Parks' survey process by incorporating ArcGIS.

Thank you for your professional review of this program.

