



**Audit Report No. 2007-03  
DEPARTMENT OF PARKS, RECREATION &  
COMMUNITY FACILITIES  
CEMETERIES AUDIT REPORT  
Twelve Months ended June 30, 2005**

**Prepared by**

CITY AUDITOR

Richmond, Virginia

August 31, 2006

Submitted to

The Honorable Members of City Council

## **Executive Summary**

August 31, 2006

The Honorable Members of City Council  
City of Richmond

### Subject: Cemeteries Audit

The City of Auditor's Office has completed a citywide audit of Cemeteries, for the 12 months ended June 30, 2005. The objective of the audit was to evaluate the adequacy of administrative controls. The audit was conducted in accordance with Generally Accepted Government Auditing Standards.

### ***Background:***

The City of Richmond has been involved with the operations of burial grounds to serve the area's citizens for more than two centuries. Initial entry in the cemetery business occurred in 1800 when City Council purchased two squares adjacent to St. John's Episcopal Church. Over time the City acquired additional land to accrue the seven cemeteries operated by the Parks, Recreation and Community Facilities department.

Cemeteries are financed and operated similar to private businesses. The Cemeteries Division budget is part of the City's Enterprise Fund. It is the intent that costs of providing goods and services to the general public on a continuing basis be financed or recovered through user charges. Department staff (along with contracted services) provide preservation efforts, memorial and ground maintenance which make the cemeteries historic and meaningful places for the citizen of Richmond. City staff are required to comply with City Finance Policies and Procedures.

### ***Conclusions:***

Overall auditors had the following conclusions:

- Cash was not deposited in accordance with City Finance Policy. Untimely deposits increase the risk of theft, loss or misappropriation of funds. This is a risk that can be mitigated through compliance with policy.

- Deposits were not correctly coded in the City's Financial System. Management's ability to monitor revenue and make proper business decisions is hindered if Cemetery activity is inaccurately recorded.
- Vendor invoices were not paid timely. Timely payment of goods and services limits the risk of developing negative working relationships with vendors.
- Performance measure tracking and monitoring procedures were not adequate. Performance data was inaccurate and incomplete, resulting in the inability to correctly calculate or summarize agency goals and measures.
- The work order process was outdated and inefficient. Incorporating an updated work order system would make the process more effective by streamlining the process.

***Recommendations:***

The following recommendations made in the report are listed in the order they appear in the detailed report:

1. Transport cash in a secured locked bag and deliver it directly to the Finance Department.
2. Utilize an armored car service.
3. Ensure funds are deposited timely, in accordance with City Policy.
4. Establish monitoring procedures to ensure that deposits are properly coded in the City's Financial System.
5. Ensure that vendor invoices are paid timely.
6. Develop performance measures to evaluate both service effectiveness and output efficiency.
7. Establish procedures to accumulate and track accurate, complete performance data and monitor performance.
8. Implement a consistent ticket and log process.
9. Institute an electronic log system.
10. Enforce procedures to show manager level approval of work completed.
11. Work with DIT to add the monument or grave marker base application to the City's website.
12. Perform a detailed analysis of the current level and range of contracted Cemetery maintenance.
13. Ensure that a reliable supply of staffing is available prior to making staffing changes.

These recommendations have been shared with and concurred by Parks, Recreation and Community Facilities and representatives of City Administration. If you have any questions related to this report, please contact the City Auditor's Office.

Umesh Dalal, CPA, CIA, CA  
City Auditor

***Introduction***

The City Auditor's Office has completed a scheduled audit in the Cemeteries Division of the Department of Parks, Recreation and Community Facilities. The audit was conducted in accordance with Generally Accepted Auditing Standards applicable to governments. The results of the audit are summarized in this report.

***Background***

The Department of Parks, Recreation and Community Facilities operates seven (four active and three inactive) cemeteries. Active cemeteries include Maury, Mt. Olivet, Riverview, and Oakwood. The City owns a portion of St. John's Church Cemetery, but it is managed and maintained by the church. The grounds at Shockoe Hill and Barton Heights are preserved by maintenance staff from the active cemeteries.

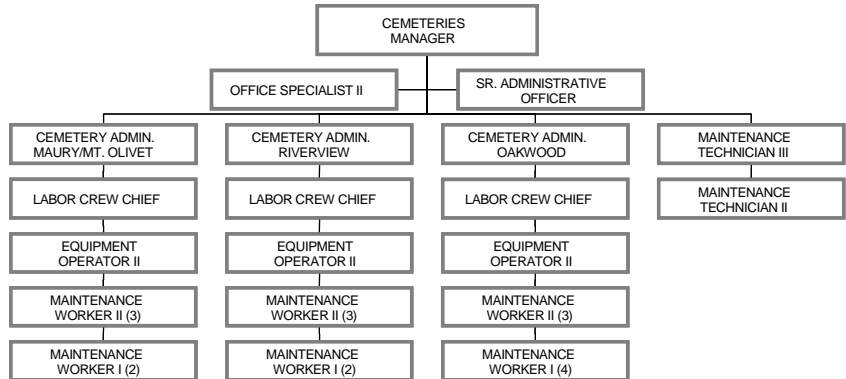
***Methodology***

Auditor conducted interviews, performed field observations and reviewed records to analyze financial information for the year ended June 30, 2005.

The division is organized as follows:

**Organization**

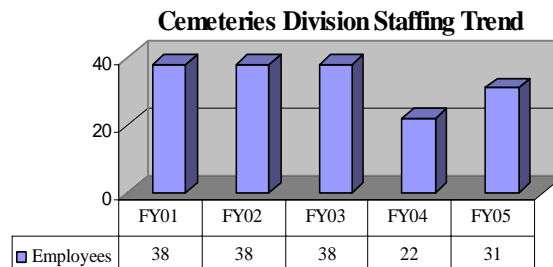
**Chart**



**Staffing & Budget**

City cemeteries maintain records and historical data, prepare interment rights and assist with interment services. Each active cemetery has administration and labor staff. The grounds at Shockoe Hill and Barton Heights are maintained by labor staff from the active cemeteries.

The following chart shows the five-year data on the division's staffing. In FY04, cemeteries lost several part-time, seasonal positions. The division now utilizes inmate staff from Peumansend Creek Industries for routine ground maintenance.

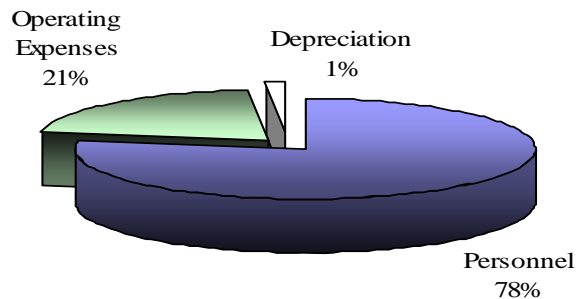


Reduction in FY04 FTE's did not result in reduction in overall expenses, as jail crews were not utilized consistently due to staffing shortfalls at the jail. Full-time Cemetery staff was then required to make up the shortfall. As a result Cemeteries incurred overtime personnel expenses. Also, in subsequent years additional expenses included:

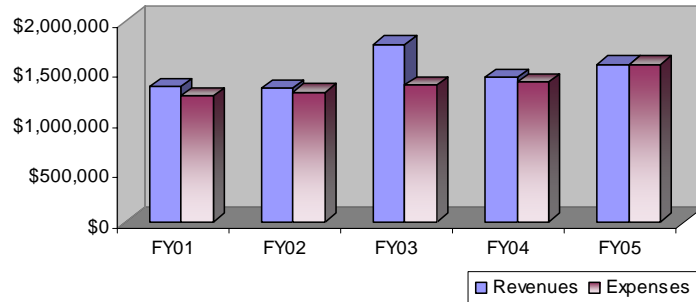
- o Laid roadways at Maury Cemetery
- o FEMA required archaeologist for hurricane Isabel repairs
- o Tree removal following hurricane Isabel
- o Purchase of additional equipment, some of which resulted from hurricane Isabel

The Cemeteries Division budget is part of the City's Enterprise Fund. Enterprise Fund agencies provide public services that are similar to services provided by a private business and are expected to generate adequate revenue to pay for the expenses for providing the service.

***Operating Expenses***



With the exception of FY03, Cemeteries revenue has increased 16% and expenses have increased 25% over the last five years as detailed in the graph below.



Cemetery challenges include:

- Maintenance - In the past, burial areas were maintained by families of the deceased. This allowed for the planting of trees, shrubs, upright stones, wrought iron fencing, etc. Because of all the obstacles, maintaining cemetery grounds has become labor-intensive. Various restrictions have been instituted to limit and prevent future over accessorizing of burial sites.
- Infrastructure repair – With City cemeteries dating back to 1799, new roads have to be built to facilitate burials and there has to be continual resurfacing of roadways and refurbishing or replacement of buildings.
- Long-range planning - Out of the seven City cemeteries, three have no more land for sale. Based on the current activity of one of the less utilized cemeteries, it has a life expectancy of 23 years. Continued business doesn't appear to be a short-term

dilemma, but Management needs to be cognizant of the long-term effects.

***Cemetery Revenues – Cash Collections and Settlement Procedures***

***Cash Collection  
Procedures***

Each Cemetery collects funds for services provided. An office specialist verifies the funds and documentation then prepares the deposit forms. The Cemetery Manager evidences review of funds and all other documentation by signing the cash sales report.

Cash is discouraged, but checks and money orders are accepted from customers. Dependant upon activity, funds collected on a daily basis could range from a few hundred to a few thousand dollars. Cemetery staff transmits deposits in an unsecured envelope to two locations prior to being submitted to the City's Finance department for processing.

Cash or deposits contained in unsecured envelope, if lost during transportation, may not be detected in a timely manner and will not allow identification of the person responsible for the loss. It appears that the controls over the cash will improve if:

- The deposits are transported in a secured locked bag (with one key available to Finance staff); and
- The secured bag is delivered directly to the Finance Department thus preventing handling of the cash by multiple individuals.

***Recommendations***

1. *Transport cash in a secured locked bag and deliver it directly to the Finance Department.*

**Management Response:**

We agree with this recommendation and will have lock bags appropriately issued for Cemetery staff use by 30 September 2006. Moreover, we will investigate the use of the Richmond Landmark Theater's Armored Car service and change the drop off point to the Landmark Box Office.

2. *Utilize an armored car service.*

**Management Response:**

This investigation of Armored Car use and the implementation of this portion of the recommended response, if we should move forward, will be in place by 15 October 2006.

***Timeliness of  
Deposits***

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Auditors found that 40 (80%) out of 50 selected deposits were not submitted in a timely manner as required by the City Policy. The Policy requires cash deposit of \$500 or more within 24 hours of accepting it. All cash receipts, regardless of amount, are to be deposited by 4:30 pm on Friday. The observed delay in making cemetery deposit ranged from 1 to 23 days. Auditors found that cash is safeguarded until turned in to Finance; however, the

delay in deposits may result in increased risk of loss or misappropriation.

The following represents a sample of the monies collected and the subsequent deposit:

<b>Collection Date</b>	<b>Deposit To Finance</b>	<b>Number of Days<sup>1</sup></b>	<b>Amount of Deposit</b>
July 14, 2004	August 18, 2004	23	\$830.00
October 1, 2004	October 6, 2004	3	\$6,735.00
November 22, 2004	December 6, 2004	13	\$6,840.00
December 11, 2004	January 3, 2005	15	\$3,710.00
March 10, 2005	March 17, 2005	4	\$2,505.00
April 4, 2005	April 15, 2005	8	\$3,242.00
May 28, 2005	June 20, 2005	15	\$3,104.76

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<sup>1</sup> Figures within this column are business days as the City's Finance Department is not open on weekends or holidays and once processed by Finance the deposits immediately post to the financial system.

***Recommendation***

3. *Ensure funds are deposited timely, in accordance with City Policy.*

**Management Response:**

We agree with this recommendation. However, we do note that there are variables that we can not control in terms of timely deposits. For example, in many cases we receive a check from a family member for burial services to be rendered on an account that is either closed or will be closed due to the death of recipient of services. This necessitates us returning the check and having a new check issued from the estate account for the services rendered all of which takes considerably more time than the Cash Handling Policy guidelines impose in terms of a "timely deposit."

We will conduct a special training session for Cemeteries staff to impress upon staff the requirement as set forth by Finance of timely deposits. The special training session will be completed by 1 October 2006.

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***Updating the  
City's Financial  
System***

Cemeteries services have designed specific codes within the financial system to aid in tracking and budgeting activity. Inaccurate recording of Cemetery activity limits management's ability to monitor expenditures and make proper business decisions. Audit observations indicated that:

12 (10%) out of 124 deposits were not correctly coded in the City's Financial System.

***Recommendation***

4. *Establish monitoring procedures to ensure that deposits are properly coded in the City's Financial System*

**Management Response:**

There is a monitoring system already in place. However, as part of the re-training of Cemetery staff (to be implemented by 1 October 2006), the monitoring function will be emphasized and implemented as necessary.

***Adherence to the Prompt Payment Act***

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The Prompt Payment Act states:

“Every agency of local government that acquires goods or services or conducts any other type of contractual business with a nongovernmental, privately owned enterprise shall promptly pay for the completed delivered goods or services by the required payment date. The required payment date shall be either:

- the date on which payment is due under the terms of the contract for the provision of goods or services, and

- if a date is not established by contract, not more than forty-five days after the goods or services are received or not more than forty-five days after the invoice is rendered, whichever is later.”

Cemeteries purchase a wide array of supplies, materials and services. Supplies include items such as auto parts (as general maintenance of cemetery vehicles is done in-house), repair equipment and office items. Examples of materials consist of uniform rentals and propane gas. Services purchased range from tree removal to utilizing inmate staff from Peumansend Creek Industries for ground maintenance.

Auditor found that 18 (60%) out of 30 vendor invoices were not paid timely in accordance with the Prompt Payment Act. Payment of vendor invoices ranged from 6 to 179 days late. Some of the significantly late payments are depicted in the following table:

<b>Invoice Due Date</b>	<b>Payment Date</b>	<b>Number of Days<sup>2</sup></b>	<b>Invoice Amount</b>
July 30, 2004	September 3, 2004	35	\$4,400.00
August 26, 2004	October 5, 2004	40	\$2,016.65
September 10, 2004	December 16, 2004	97	\$203.08
October 7, 2004	April 4, 2005	179	\$954.00
May 23, 2005	June 17, 2005	25	\$500.00

In addition to violation of a law, untimely payments may result in late fees or penalties and interest causing unnecessary increases to City expenditures. In addition, Cemeteries may risk forfeiting discounts and developing negative working relationships with vendors.

***Recommendation***

5. *Ensure vendor invoices are paid in a timely manner.*

**Management Response:**

There is no excuse for the lack of timeliness. Staff will be formally warned by management of this and appropriate disciplinary action taken for non-compliance. This will be part of the re-training session.

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<sup>2</sup> Figures within this column are calendar days as the Finance Department mails payments out and disbursements post immediately to the City's financial system. 'Payment Date' noted is the date the disbursement posted to the City's financial system. Turnaround time from invoices being forwarded to Finance and processed ranged from 1 to 14 days.

***Performance***  
***Measure***  
***Reporting***

Cemeteries established seven (7) department goals. The Auditor's Office reviewed three (3) goals deemed the most relevant to Cemetery functions. Auditors observed that all goals were pertinent and relevant to the agency's mission. However, Cemeteries did not adequately establish tracking and monitoring procedures for two of the three goals (one goal was adequately tracked and monitored). The following table summarizes the audit results of the two goals:

<b>Department Goal</b>	<b>Related Measure</b>	<b>Audit Results</b>
Number of graves repaired	Percentage (%) of graves repaired within 15 work days	<ul style="list-style-type: none"> <li>• One of the three cemeteries did not utilize work order tickets for graves repaired.</li> <li>• One of the three cemeteries did not consistently document pertinent date information on the work order tickets.</li> <li>• Two of the three cemeteries did not consistently maintain a "graves repaired" log.</li> </ul>
Number of foundations laid	Percentage (%) of foundations poured within 14 work days	Out of a total of 60 foundation orders (20 from each active <sup>3</sup> cemetery) 46 did not include necessary dates to track measures and 12 included inconsistent information when compared to the foundation log.

In addition, no output efficiency measures were tracked and no targets could be compared for reasonableness. As such, Cemeteries may not be able to compare themselves to other localities to determine if they have operated within acceptable standards. Output measures and defined targets can be used for value added decisions. Other cities that have been successful in establishing performance measures include Norfolk, VA and Colorado Springs, CO:

- Norfolk sets targets associated with the sale of graves and memorials.
- Colorado Springs is able to track the cost per gravesite and account for the variances with the trend data.

Lack of adequate procedures to accumulate and measure results minimizes the reliability of performance reports and prevents a true representation of the department's performance.

As the result of the department's inability to adequately monitor and track measures, results could not be correctly calculated or summarized.

***Recommendations***

6. *Develop performance measures to evaluate both service effectiveness and output efficiency.*
7. *Establish procedures to accumulate and track accurate, complete performance data and monitor performance.*

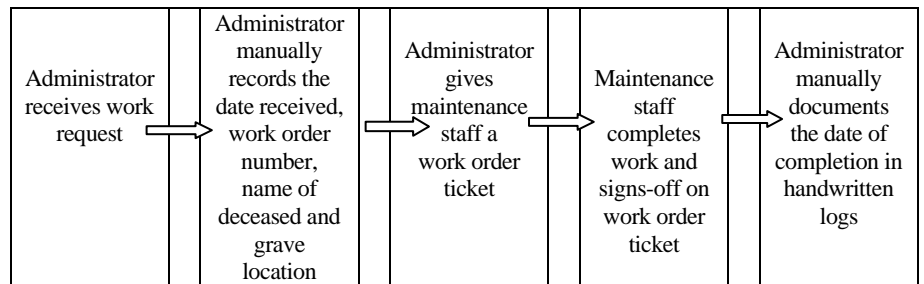
**Management Response:**

Cemeteries Administration will work with the Office of the Budget to modify the existing performance measures to more completely and accurately capture data and monitor performance. These revised procedures and processes will be in place by 1 November 2006.

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***Implement an electronic work tracking system***

The current work order process has weaknesses and staff utilizes manual logs to accumulate data. Work order tickets are completed for grave maintenance and foundation applications (forwarded to the cemeteries from the foundation vendors) serve as tickets. Upon receiving a request:



The following table summarizes current work order process weaknesses, solutions and impact of the enhanced procedures.

<b>Weaknesses</b>	<b>Impact</b>
The ticket and log process is not consistent among all cemeteries as all cemeteries do not complete the entire log	Provides a consistent tracking system and documented evidence of work completed
All the cemeteries utilize manual logs	Produces logs that are easier to read, store and reproduce
There was no evidence of manager approval.	Adds accountability to the process
There is no online form to assist customers needing services	Provides increased customer access

In summary, instituting an electronic log system such as spreadsheets or databases systems (low cost system)

would make the work order process more efficient by streamlining the process.

***Recommendations***

8. *Implement a consistent ticket and log process.*

9. *Institute an electronic log system.*

**Management Response:**

A consistent work order ticket system and electronic spreadsheet log system using Excel or Access software will be in place for Cemeteries staff use by 1 December 2006.

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***Recommendation***

10. *Enforce procedures to show manager level approval of work completed.*

**Management Response:**

These procedures are in place but not consistently applied. The Cemeteries Operations management will ensure consistent application of this procedure effective immediately.

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***Recommendation***

*11. Work with DIT to add the monument or grave marker base application to the City's website.*

**Management Response:**

Department Administration will work with DIT to implement this recommendation by 1 November 2006.

***Contracted Services***

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Cemeteries Division has a contractual agreement with Peumansend Creek Industries, which is a minimal security jail facility, located in Bowling Green, Virginia. Inmates are contracted to perform routine ground maintenance and painting during seasonal needs. All inmates are supervised by a guard and perform the required work using equipment supplied by Peumansend Creek.

The division employs 31 employees. Some of the employees are performing duties that can be accomplished by inmate crew at a fraction of current operating costs. Based on audit calculations, the division has the following opportunity to reduce costs:

- Cemeteries currently budgets for a total of 15 Maintenance Workers I & II \$480,560 a year.

- At a rate of \$400/weekday, Peumansend Creek provides maintenance from a crew of no less than 8 members.
- Two inmate crews for an entire year at the weekday rate would cost \$208,000 for a potential savings of approximately \$272,560.

The above savings is contingent upon the Peumansend Creek Industries' ability to supply inmates to staff maintenance function. In addition, Cemeteries management could increase maintenance services it believes are currently lacking.

***Recommendations***

*12. Perform a detailed analysis of the current level and range of contracted Cemetery maintenance.*

**Management Response:**

The Department agrees with this recommendation and will conduct an analysis of the maintenance levels and services provided to the City Cemeteries to ensure that "maintenance is provided at the lowest possible costs." This analysis will be completed and changes put into place by 30 January 2007.

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***Recommendation***

*13. Ensure that a reliable supply of staffing is available prior to making staffing changes.*

**Management Response:**

The Department is sensitive to this issue, but has little control of outside contractor availability. However, we do commit to investigating this issue and if it is viable that we move to another method of providing these service to make formal recommendations to Department Administration by 30 January 2007.

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Your feedback helps us do a better job. If you would please take a few minutes to fill out the following information for us, it will help us assess and improve our work.

Please rate the following elements of this report by checking the appropriate box.

	<b>Too Little</b>	<b>Just Right</b>	<b>Too Much</b>
Details	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Length of Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clarity of Writing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Potential Impact	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Suggestions for our report format: \_\_\_\_\_  
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**Thanks for taking the time to help us.**

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