

**OFFICE OF INSPECTOR GENERAL
CITY OF JACKSONVILLE**



**CONTRACT OVERSIGHT REVIEW
2021-01-0005**

**Parks, Recreation and Community
Services Licensing Agreements**

**LISA A. GREEN
INSPECTOR GENERAL**

SEPTEMBER 20, 2021

DATE ISSUED

“Enhancing Public Trust in Government Through Independent and Responsible Oversight”



EXECUTIVE SUMMARY

Contract Oversight Review 2021-01-0005

In January of 2021, the Office of Inspector General (OIG) self-initiated a Contract Oversight Review of **twenty-two** existing licensing agreements and **two** former funding assistance agreements between the Parks, Recreation and Community Services Department (Department), City of Jacksonville (COJ), and various Florida not-for-profit organizations. The licensing agreements allowed for the use of COJ community center facilities and parks to provide educational and recreational activities, structured programming for children and families, historical education, and services to the youth and elderly of the communities for a nominal rental fee. The Department administers and oversees the licensing agreements.

The total annual rent for calendar year 2019 to be collected by the Department was approximately \$24,000. Between 2006 and 2019, the COJ was due to collect approximately **\$193,000** in total rental payments. Due to *Emergency Executive Proclamation 2020-001*, (Novel Coronavirus Disease 2019 – COVID-19), the OIG did not review records for calendar year 2020.

The Contract Oversight Review was initiated to determine whether the licensees were in compliance with requirements and deliverables outlined within the agreements and whether the Department was following its own internal policies and procedures. The OIG conducted this Contract Oversight Review in accordance with §602.303, *Ordinance Code*.

The Contract Oversight Review relied upon records (or lack thereof) provided by the Department, as well as contact with the Department Director and the Parks Marketing Manager to reach the conclusions and recommendations for corrective actions detailed in this report.

The OIG Contract Oversight Review disclosed the following, in part:

- At the time of this review, the Department had no internal policies or procedures related to the oversight of the licensing agreements.
- Department records related to the licensing agreements are inadequate or incomplete, including, in part, rental payment receipts.
- Requirements within the licensing agreements and funding assistance agreements have not been monitored by the Department.
- Prior direction outlined by the Office of the Mayor in October of 2015, regarding oversight of licensing agreements within the Department, was not incorporated into or applied to the licensing agreements reviewed during the Contract Oversight Review.

As a result of the Contract Oversight Review, the Director agreed to address all corrective actions outlined in the report, and agreed to develop a comprehensive policy by December 31, 2021, which will include, in part, the following: the creation of comprehensive tracking

documents for each of the licensing agreements; processes to conduct compliance reviews on a periodic basis of all community centers and verify pertinent requirements outlined in the licensing agreements are being met; and a process to ensure that licensing agreements are reviewed for relevant and consistent language prior to the execution of a renewal.

The Director also agreed to review all insurance coverages for the licensing agreements at the identified community centers and include any recommended updates in the licensing agreements by March 31, 2022. Additionally, the Director advised that the Department would review all other existing contracts and licensing agreements within the Department and incorporate the recommended corrective actions no later than July 31, 2022.

CONTRACT OVERSIGHT REVIEW

In January of 2021, the Office of Inspector General (OIG) self-initiated a Contract Oversight Review of **twenty-two** existing licensing agreements and **two** former funding assistance agreements between the Parks, Recreation and Community Services Department (Department), City of Jacksonville (COJ), and various Florida not-for-profit organizations. The licensing agreements allowed for the use of COJ community center facilities and parks to provide educational and recreational activities, structured programming for children and families, historical education, and services to the youth and elderly of the communities for a nominal rental fee. The Department administers and oversees the licensing agreements.

The total annual rent for calendar year 2019 to be collected by the Department, was approximately \$24,000. Between 2006 and 2019, the COJ was due to collect approximately \$193,000 in total rental payments. Due to *Emergency Executive Proclamation 2020-001*, (Novel Coronavirus Disease 2019 – COVID-19), the OIG did not review records for calendar year 2020.

The Contract Oversight Review was initiated to determine whether the licensees were in compliance with requirements and deliverables outlined within the agreements and whether the Department was following its own internal policies and procedures. The OIG conducted this Contract Oversight Review in accordance with §602.303, *Ordinance Code*.

The Contract Oversight Review relied upon records (or lack thereof) provided by the Department, as well as contact with the Department Director and the Parks Marketing Manager to reach the conclusions and recommendations for corrective actions detailed in this report. At the time of this review, the Department had no internal policies or procedures related to the oversight of these agreements.

BACKGROUND

From 2006 through 2019, the COJ entered in and/or renewed **twenty-two** licensing agreements with various Florida not-for-profit organizations (licensees), which allowed the use of COJ community center facilities and COJ parks for little or no rental cost (\$1 to \$10 per year), except for one licensee who pays approximately \$2,000 per month in rent. Additionally, in 2009 and 2011, the Department entered into funding assistance agreements that provided for capital improvements and renovations at two community center facilities. These funding assistance agreements were not renewed.

The licensees were able to use the community center facilities or parks as specified in the defined permitted use language of each respective licensing agreement. According to the agreements, the various licensees were to provide educational and recreational activities, structured programming for children and families, historical education, and services to the youth and elderly of the communities. In addition, language contained within the agreements specified the licensees were to ensure the community center facilities and parks were available for public use when not in use by the licensee.

GOVERNING DIRECTIVES

City of Jacksonville Ordinance Code

The OIG reviewed the *Ordinance Code* and enlisted the assistance of the City of Jacksonville's City Council's Legislative Services Division to locate older ordinance records; however, only a portion of Ordinances associated with the licensing agreements were located, as highlighted below:

Community Center Facility or Park	Related Ordinance Codes
Licensing Agreements	
Arlington Heights	Ordinance not located
Blue Cypress Community Center	Ordinance not located
Brentwood Park	2006-151-E
Burnett Community Center	Ordinance not located
Dinsmore Historical Museum	Ordinance not located
Eastside Community Center	2004-1242-A
Ed Austin Regional Park	2007-465-E; 2019-465
Emmett Reed Center	Ordinance not located
Emmett Reed Park – Teen Center	2005-1137-E; 2018-621-E
Emmett Reed Center – Tennis Complex	2001-992-A; 2014-63-E; 2006-1342-E
Glen Myra Community Center	2004-661-A; 2008-457-E
J.S. Johnson Senior Center	Ordinance not located
Lillian Saunders Community Center	2009-779-E
Mallison Community Center	2011-730-E
Mary Lena Gibbs Community Center	2006-632-E; 2011-593-E; 2012-228-E
McGirts Creek Community Center	Ordinance not located
Murray Hill Art Center	Ordinance not located
Robert F. Kennedy Center	Ordinance not located
Robert F. Kennedy Center	Ordinance not located
Rutledge Pearson Center	Ordinance not located
Licensing Agreements with Funding Assistance Agreements	
Joseph Lee Community Center	2009-316-E
Westbrook Community Center	2011-273-E

Department Procedures and Other Related Documents

- At the time of the Contract Oversight Review, there were no Department policies or procedures regarding the monitoring of the licensing agreements.

- Management Inquiry Response Memo dated October 5, 2015, from the Office of the Mayor regarding Office of the Inspector General Correspondence Number 2015-09-0005.

RECORDS REVIEW

The OIG requested the Department provide the following records:

- Licensing agreements for the initial year of each agreement and the calendar year 2019;
- Funding assistance agreements;
- Documentation supporting \$199,300 in rental payments;
- Contract Compliance Matrix forms for each licensing agreement.
- Contract Checklist forms for each licensing agreement; and
- Rent receipts for the calendar years 2017, 2018, and 2019 for each licensing agreement.

Due to *Emergency Executive Proclamation 2020-001*, (Novel Coronavirus Disease 2019 – COVID-19), the OIG did not request to review any documents for the calendar year 2020.

Licensing Agreements

The licensing agreements reviewed dated back to 2006 through 2019 and ranged in length from a one-year term to a 20-year term. Most of the licensing agreements included one to four renewal options varying in length from one to five-year terms. Some of the licensing agreements were renewed up to three times and covered up to a nine-year span.

Two of the licensing agreements also had funding assistance agreements which were funded only for the initial year of the licensing agreement and contained no renewal options.

The licensing agreements included various rental rates ranging from \$1 per year, \$10 per year, and \$2,008.38 per month. Based on the availability of Department records, from 2006 up to the end of 2019, the COJ was due to receive approximately \$193,000 in total rental payments.

Agreement Specifications

Responsibilities/requirements of the licensees outlined in the licensing agreements included, in part:

- Payment of rent or licensing fee;
- Complying with Jacksonville's Volunteer Background Screening Policy by completing background and security reviews of all employees and staff, volunteers, and 3rd party

individuals, as well as complying with National Background Checks for coaches and assistant coaches;

- Maintaining a specific ratio of the number of children and adults for youth programs;
- Maintaining a staff consisting of Florida Certified Teachers;
- Maintaining a staff with CPR certifications;
- Obtaining licensee insurance;
- Providing monthly, quarterly, and/or annual reports containing, in part, financial information, by-laws, board officers' information, and the process for tracking successes and outcomes for programs;
- Procuring contractor insurance if community center facility improvements were made;
- Obtaining licensee licenses/permits to operate at the community center facility for the defined permitted use;
- Obtaining prior approval by COJ for signs posted, which were to include a recognition of the COJ or the Department; and
- Obtaining prior approval by COJ for vending¹ at the community center facility.

In addition to the licensee responsibilities/requirements listed above, multiple licensing agreements contained language allowing the Department to audit the licensee's financial books, records, and documents.

Funding Assistance Agreements

The OIG reviewed the two funding assistance agreements for Joseph Lee Community Center and Westbrook Community Center. These dated back to 2009 and 2011, respectively.

The funding assistance agreements, written for \$99,300 and \$100,000, respectively, provided funding for capital improvements and renovations to the community center facilities. The improvements were to be scheduled and overseen by the licensees and in accordance with the funding assistance agreements.

During the review, the OIG noted that at least one error was found related to the way the funds were distributed; however, according to the Department, the funding assistance agreements have ended and are no longer used by the Department. Therefore, no further review or recommendations relating to these funding agreements are necessary.

¹ Vending is defined in multiple licensing agreements as "the exchange of goods, foodstuffs, and/or services for monetary gain or service-in-kind."

Office of the Mayor Management Inquiry Response, October of 2015

In October of 2015, the Office of the Mayor provided a response to the OIG regarding a previous licensing agreement review conducted by the OIG (OIG Correspondence Number 2015-09-0005). The Office of the Mayor stated the following verbatim, in part:

The Parks, Recreation and Community Service Department is committed to ensuring contract agreements are reviewed and properly monitored. The Department is implementing a tracking spreadsheet to monitor the requirements of each contract. Attached are a Contract Check List and Contract Compliance Matrix that will be implemented by the Parks Department along with training on how to utilize these forms.

CONTRACT OVERSIGHT REVIEW FINDINGS

Based on a review of records, conversations with Department officials, and site visits at two community center facilities (exteriors only), the OIG found that the Department was deficient in monitoring the agreements, as outlined below:

Licensing Agreements

- The Department has no established policy or procedure for monitoring the licensing agreements.
- The Department is not utilizing a tracking spreadsheet to monitor the requirements of each licensing agreements.
- The Department is not utilizing a Contract Check List for each licensing agreement.
- The Contract Compliance Matrix forms provided by the Department were incomplete and had not been updated to mirror specifications outlined in each of the licensing agreements.
- Licensee insurance documentation provided by the Department for 2019 revealed inadequate records and missing required insurance coverage for multiple licensees responsible for programs involving youth, adult, and elderly activities. However, the OIG, with the assistance of Risk Management, verified current coverage for all licensees **except** licensees using the following centers:
 - Joseph Lee Community Center
 - Emmett Reed Center
 - Robert F. Kennedy Center

- Ten licensee rent receipts for 2017, 2018, and 2019, either were not provided or did not contain adequate information (i.e., licensee name, park name, or community center facility name) to identify the corresponding licensee.
- As of March 12, 2021, a sign at the entrance to the Blue Cypress Park & Community Center advertising the licensee, did not contain recognition of the Department, as required in the licensing agreement. In addition, the Department did not provide any verification indicating the signage had been reviewed and approved by the Department, as required.
- As of March 12, 2021, a sign at the entrance to the Lillian Saunders Community Center appeared to have met the requirements in the licensing agreement. However, the Department did not provide any verification indicating the signage had been approved as required.
- Eighteen licensing agreements contained language allowing audits of licensee financial books, records, and documents by COJ. The Department advised the OIG that no audits of licensee financial records have been completed.
- Five licensing agreements contained an “*Exhibit C*” Annual Report Form. Upon review, the OIG noted the wrong licensee’s name appeared on two of the Annual Report Form signature lines.
- The Department could not locate copies of three licensing agreements and provided the OIG with a copy of the latest Request for Proposals (RFP) instead.
- Monthly, quarterly, and annual reports, as required in various licensing agreements, were either not provided or did not contain all required information (i.e., complete financial information, by-laws, board officers’ information, and process for tracking successes and outcomes for programs) as specified in the licensing agreements.
- Eighteen licensing agreements note that some services provided by the licensee are for youth; however, thirteen of the agreements contain no specific language that specifies a youth to adult ratio.
- One licensing agreement was missing paragraph number 7 in the numbering sequence of agreement provisions and no reference as to its omission was cited.

During the Contract Oversight Review, the OIG requested written verification of compliance with specific licensing agreement requirements. The Parks Marketing Manager stated the requested verifications could not be provided as “... *Contract does not require the Department to collect written verification of compliance*” for the following:

- Employee and volunteer background checks.
[Applies to 20 licensing agreements]

- Teacher certifications.
[Applies to four licensing agreements]
- CPR certifications.
[Applies to two licensing agreements]
- Obtain prior approval by COJ for any improvements made to the community center facility.
[Applies to 17 licensing agreements]
- Require a contractor to have insurance if any improvements were made to the community center facility.
[Applies to 18 licensing agreements]
- Obtain required permits, licenses, inspections, etc. necessary to run the facility for the defined permitted use.
[Applies to 20 licensing agreements]
- Obtain prior approval from COJ for any sign which identifies the licensee.
[Applies to 17 licensing agreements]
- COJ is permitted to audit licensee financial books, records, and documents.
[Applies to 18 licensing agreements]
- Obtain prior approval from COJ for any vending at the community center facility or park.
[Applies to 16 licensing agreements]

Funding Assistance Agreements

The Contract Oversight Review determined the Department no longer utilizes funding assistance agreements for COJ community centers or parks; however, the review of the two funding assistance agreements found the following deficiencies:

- The Department had no established policy or procedure for monitoring the funding assistance agreements; however, unless COJ issues funding assistance agreements in the future, no policy or procedure would be necessary.
- Monthly reports, monthly accounting reports, contracts for construction, and licenses or permits for construction, as required in the two funding assistance agreements, were not provided as specified in the funding assistance agreements.
- According to the aged funding assistance agreement for Joseph Lee Community Center, Section 6, the amount to be paid to the licensee was \$100,000, paid in three installments. The installments were to be distributed as follows: two weeks following commencement of the project, at the 50% completion milestone of the project, and at the 100% completion milestone of the project. One invoice reviewed and submitted for the 50%

completion milestone payment indicated only 25% completion, but the installment was still disbursed.

CONCLUSIONS/OBSERVATIONS

The OIG Contract Oversight Review disclosed the following:

- Department records are inadequate or incomplete, including, in part, rental payment receipts and appropriate insurance coverage.
- Prior direction outlined by the Office of the Mayor in October of 2015, regarding oversight of licensing agreements within the Department, was not incorporated into or applied to the licensing agreements reviewed during the Contract Oversight Review.
- Requirements within the licensing agreements and funding assistance agreements have not been monitored by the Department.
- Community center facilities were not inspected to determine if the licensee was adhering to vending and signage language, if any improvements to the community center facility had been made by the licensee, or if operation of the community center facility or park was within the defined permitted use language of the respective agreements.
- Audits of licensee financial books, records, and documents, provided for within the licensing agreements, have not been performed by the Department.

RECOMMENDED CORRECTIVE ACTIONS

The OIG recommends the following corrective actions to ensure compliance and uniformity in the Department's oversight of the existing licensing agreements and/or any subsequent renewals:

1. Create a comprehensive policy to include procedures/process for reviewing and monitoring all requirements contained within each respective licensing agreement. The policy should include the following:
 - a. Incorporate the direction outlined in the Office of the Mayor's October 2015 response, or equivalent, including:
 - i. Contract Compliance Matrix form, or equivalent, individualized to each licensing agreement, and subsequent renewals, outlining all requirements of the agreement.
 - ii. Contract Check List form, or equivalent, individualized to the specific language of each licensing agreement, and subsequent renewals, including a provision for periodic review by Department management.
 - iii. Tracking Spreadsheet, or equivalent, to monitor requirements of each licensing agreement and subsequent renewals.

- b. Periodic policy training, e.g., semi-annually, or as deemed appropriate, on the policy with the responsible oversight employee(s) to ensure proper licensing agreement management.
 - c. Process for random and/or regular reviews (e.g., monthly, quarterly, annually) of all community center facilities to ensure licensees are in compliance with all licensing agreement requirements.
 - d. Periodic internal compliance review of all active licensing agreements to ensure services are being performed in accordance with the terms and defined permitted use language.
 - e. Include a process for the Department to review and/or verify pertinent requirements outlined in the license agreement as noted on pages 8-9, e.g., employee and volunteer background checks, proper permits/licenses have been obtained, etc.
 - f. Include a process for random or and/or regular reviews related to auditing licensees' financial books, records, and documents in accordance with language within the licensing agreements.
 - g. Include a process to review licensing agreement language, prior to the execution of a renewal, to ensure noted requirements remain relevant and that consistent language is used among similar license agreements, e.g., adult to youth ratio is defined.
2. Review and update insurance coverage for the licensing agreements in use at the community centers listed on page 7.
 3. Establish a record keeping system (electronic and/or hardcopy) to ensure accountability of necessary licensing agreement documents.
 4. Create a generic and centralized e-mail address for use by licensee administrators for transmission of documents, in lieu of a specific COJ employee's e-mail address, to prevent errors and omissions.
 5. Review all existing Department grants, contracts, and licensing agreements in which incorporation of above corrective actions would be appropriate. Advise the OIG of the Department's plan to initiate and ensure the recommended corrective actions are applied to other grants, contracts, and licensing agreements currently administered by the Department. Please advise accordingly.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTIONS

On August 3, 2021, the Deputy Chief Administrative Officer, Office of the Mayor, was provided the opportunity to submit a written response to the findings in the draft Contract Oversight Review due on or before September 24, 2021.

On September 15, 2021, a written response was received from the Director of Parks, Recreation and Community Services (Director), City of Jacksonville. The Director agreed to address all recommended corrective actions outlined in the draft Contract Oversight Review. The response is attached in its entirety to this report.

As part of the response to the OIG's recommendations, the Department agreed to develop a comprehensive policy by December 31, 2021, which will include, in part, the following: the creation of comprehensive tracking documents for each of the licensing agreements; processes to conduct compliance reviews on a periodic basis of all community centers and verify pertinent requirements outlined in the licensing agreements are being met; and a process to ensure that licensing agreements are reviewed for relevant and consistent language prior to the execution of a renewal.

The Director also agreed to review all insurance coverages for the licensing agreements at the identified community centers and include any recommended updates in the licensing agreements by March 31, 2022. Additionally, the Director advised that the Department would review all other existing contracts and licensing agreements within the Department and incorporate the recommended corrective actions no later than July 31, 2022.

Attachment:

1 – Management Response, dated September 14, 2021

cc: IG Distribution 2021-01-0005



ONE CITY. ONE
JACKSONVILLE.

City of Jacksonville, Florida

Daryl T. Joseph, Director

Parks, Recreation and Community Services Department
214 N Hogan Street, 4th Floor
Jacksonville, FL 32202
(904) 255-7907
www.coj.net

September 14, 2021

MEMORANDUM

TO: Lisa A. Green
Inspector General

FROM: Daryl T. Joseph, Director 
Parks, Recreation and Community Services Department

RE: **OIG 2021-01-0005 Parks, Recreation and Community Services
Contract Oversight Review**

The Parks, Recreation and Community Services Department respectfully transmits herewith its response to the draft contract Oversight Review prepared by your office. The investigators displayed courtesy and professionalism during the course of this process. Their detailed review and recommendations to the Department work processes are appreciated.

The Department shares the Office of Inspector General's goal of continuous improvement to benefit the City of Jacksonville and its citizens. The Department is committed to serving both the partners that operate in our facilities and the citizens that they serve. Many of our partners provide valuable services to the community that otherwise would be unavailable. Additionally, the Department maintains strong relationships with these partners to assist in providing their services numerous communities and citizens.

The Department also recognizes the necessity for proper contract oversight and the need to ensure that each of our licensees are meeting their obligation to the City. In response to the Recommended Corrective Actions contained in the Draft Contract Oversight Review, I offer the following replies:

Request 1 - Create a comprehensive policy to include procedures/process for reviewing and monitoring all requirements contained within each respective licensing agreement.

Response to Request 1 – Please find individualized responses to each subparagraph of Request 1 below:

- a. The Department will complete a review and create a comprehensive policy by December 31, 2021. The policy will include an updated Contract Compliance Matrix form, an updated Contract Check List form, and a Tracking Spreadsheet, which will all be individualized for each licensing agreement.
- b. The Department will provide training on the policy on an annual basis, with the responsible oversight employees. The first training will be completed by March 31, 2022.
- c. The Department will include a process for random or regular reviews, on no less than an annual basis, of all community center facilities.
- d. The Department will include periodic internal compliance review of all active licensing agreements on no less than an annual basis.
- e. The Department will include a process to review and verify pertinent requirements outlined in the license agreement on no less than an annual basis.
- f. The Department will include a process for random and regular reviews related to auditing licensees' financial books, records, and documents on no less than an annual basis.
- g. The Department will include a process to review licensing agreement language, prior to the execution of a renewal, to ensure requirements remain relevant and that consistent language is used.

Request 2 – Review and update insurance coverage for the licensing agreements in use at the community centers listed on page 7.

Response to Request 2 – The Department will work with the City's Risk Management Division to complete a review of all insurance coverages for the licensing agreements at the identified community centers and will commit to having any recommended updates included in the license agreements no later than March 31, 2022.

Request 3 – Establish a record keeping system (electronic and/or hardcopy) to ensure accountability of necessary licensing agreement documents.

Response to Request 3 – The Department will store all licensing agreements and any associated documents on the Sharepoint 365 Parks, Recreation and Community Services Department page.

Request 4 – Create a generic and centralized e-mail address for use by licensee administrators for transmission of documents, in lieu of a specific COJ employee’s e-mail address, to prevent errors and omissions.

Response to Request 4 – The Department will create a centralized e-mail address for submission of reports and documents. This will be completed by December 31, 2021.

Request 5 – Review all existing Department grants, contracts, and licensing agreements in which incorporation of above corrective actions would be appropriate. Advise OIG of the Department’s plan to initiate and ensure the recommended corrective actions are applied to other grants, contracts, and licensing agreements currently administered by the Department.

Response to Request 5 – The Department will review all existing contracts and licensing agreements to incorporate recommended corrections where appropriate, no later than July 31, 2022.