



Columbus Consolidated Government

Georgia's First Consolidated Government

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**COMPLIANCE AUDIT OF
USA POOLS LLC
AQUATIC FACILITY MANAGEMENT COMPANY FOR
COLUMBUS AQUATIC CENTER
DATE: NOVEMBER 18, 2014**

AUDIT AUTHORIZATION

Dr. James Worsley, Director of Parks and Recreation Department contacted the Internal Audit Department and requested an audit of USA Pools LLC, the aquatic facility management company for the Columbus Aquatic Center, originally referred to as the Columbus Natatorium. Dr. Worsley had several concerns regarding USA Pools' management of the Aquatic Center. Additionally, the Internal Audit department had received several complaints regarding USA Pools' operation and USA Pools was completing its first year of operation at the Aquatic Center. John Redmond, Internal Auditor and Compliance Officer, requested that the City Council authorize a compliance audit on USA Pools' operations. The City Council authorized a complete audit on July 22, 2014. The audit began July 23, 2014 during the administration of Mayor Teresa P. Tomlinson.

AUDIT SCOPE

The purpose of the compliance audit was to review the operations of USA Pools as compared to the responsibilities outlined in the contract and the services presented by USA Pools in their bid for the facility management contract. Additionally, any complaints or concerns discovered in the audit would be investigated to determine the validity of the issues raised.

AUDIT PROCESS

The audit process began with the City Council's authorization of the audit on July 22, 2014. A final report is then prepared and distributed to the Dr. James Worsley, Director of Parks and Recreation Department. A presentation to City Council is scheduled to address any questions or concerns and to make the report available to the public. The auditor conducts follow-up at a later date to insure that agreed upon recommendations have been implemented and are properly functioning.

BACKGROUND/HISTORY

The Columbus Aquatic Center is a state of the art 57,000 sq. ft. facility which includes full amenities for swimmers, ProShop, Concession area, and seating for excellent spectator viewing. The Aquatic Center includes a 10-lane 50 meter Competition Olympic Pool and a 4-lane 20 meter Warm-Up/Therapeutic Pool. The Columbus Aquatic Center was designed to provide year round programming for swimming related activities and events, which include swim lessons, swim meets, open swim, and small water related events (e.g. children's private birthday parties).

The facility cost over \$13 million dollars to build and was funded by \$2,235,410 of 1999 SPLOST funds and the remaining amount from 2010 bond money. However, all operating and maintenance cost are paid from the General Fund. On February 12, 2013 USA Pools was awarded the contract for facility management. The annual amount of the operations contract for USA Pools is \$655,800 paid in monthly payments of \$54,650. The facility opened on August 10, 2013.

As stated in the Request for Proposal for Aquatic Facility Management of the Columbus Natatorium (Annual Contract) there were four primary goals for the Natatorium:

- a. Safety: To insure safety is maintained at a high level in all areas for the Natatorium.
- b. Customer Satisfaction: To be accomplished through creative marketing and effective management of the facility.
- c. Creative Programming: To provide quality and creative programming that will attract a variety of patrons from throughout the City, thereby increasing utilization and revenue.
- d. Direction: It is the City's intent, under the contract resulting from this solicitation, to provide the opportunity for public swimming in the same manner and with the same regard for public interest as if the City managed, operated, and maintain the Natatorium itself.

**A. COMPLIANCE TO CONTRACT RESPONSIBILITIES
AND SERVICES PRESENTED IN BID PROPOSAL**

FOCUS

The initial focus of the audit was to compare the contract requirements and the stated services as presented by USA Pools in their bid proposal to their performance over the period of inception through present.

AUDIT PROCESS

The auditor reviewed the contract and USA Pools bid proposal and outlined the responsibilities and promised level of services as set forth. On September 26, 2013, a letter was sent to USA Pools LLC corporate office requesting specific documentation to support compliance with outlined responsibilities and promised level of services. Documentation was requested to be provided by October 13, 2014. The documentation was delivered to the auditor on the morning of October 16, 2014.

FINDINGS

The documentation request sent to USA Pools was divided into five sections: A) General; B) Staffing; C) Facilities; D) Programs; and E) ProShop and Concessions. Significant points will be discussed in the narrative below for each section.

In general, the documents submitted by USA Pools to the auditor did not support the requested level of documentation to support compliance with the outlined responsibilities and promised level of services as set forth in the contract and bid proposal. In fact, many of the documents submitted and other matters discussed in this report raised questions about USA Pools' ability to manage the Aquatic Center in a manner necessary to meet the requirements of the contract; to provide the promised level of services as stated in their bid proposal; and to deliver a quality pool experience to the citizens of Columbus.

B. REQUESTED ITEMS: GENERAL

FOCUS

The documentation requested in this section focused on USA Pools compliance to management and administrative issues which included global policies and procedures for aquatic management; current licensing and corporate registration; current insurance coverage; and demonstration of financial solvency. Compliance to this section demonstrates a company's corporate commitment to excellence and good management practices.

AUDIT PROCESS

Documents were requested to support specific levels of compliance.

FINDINGS

Compliance to basic standards of operation was not demonstrated. Level of insurance did not meet required level of coverage and licenses were either never acquired or were obtained under a named different than USA Pools LLC. Proof of corporate registration with state of Georgia was not provided for USA Pools LLC and additional research could not locate such registration. Compliance with required plans and review program were not provided. Financial stability was not demonstrated. Logs of problem situations with resolutions were not provided.

The contract requires USA Pools to participate with a nationally recognized program such as American Red Cross (ARC). USA Pools stated in their bid proposal that they are affiliated with the ARC and observe all ARC standards. All classes and programs offered by USA Pools at the Aquatic Center were represented to be ARC sanctioned which implies meeting ARC standards.

In early September 2014, the auditor was contacted by a representative of ARC to discuss USA Pools in connection with the management of Aquatic Center. The auditor learned from the ARC representative that USA Pools was not adhering to ARC standards. The issues included lack of certified staff (Lifeguards, Water Safety Instructors [swim instructors]); gross underreporting of swim class participants; and failure to pay licensing fees for swim class participants. The auditor was informed by the ARC representative that USA Pools license agreement with ARC was suspended. ARC is allowing USA Pools time to become compliant; however ARC has not been forthcoming with the auditor on the plan for USA Pools' reinstatement including plan of action and time frame. Currently USA Pools is not operating under any nationally recognized aquatic program.

C. REQUESTED ITEMS: STAFFING

FOCUS

The documentation requested in this section focused on USA Pools compliance to staffing requirements, specifically to include background check, drug testing information, and certifications. This is the most critical component in meeting the most basic fundamental of pool operation – public safety.

AUDIT PROCESS

Documents were requested to support specific levels of compliance.

FINDINGS

USA Pools was asked to provide a list with proof of certification of Lifeguards (LGT), Water Safety Instructors (WSI), Lifeguard Instructors (LGI), Certified Pool Operators (CPO), and other positions related to water safety and training. Although USA Pools provided a list of individuals, there was a clear absence of documentation to support certifications for many of these individuals. Three of the nine Lifeguards are not certified by ARC to be lifeguards. Additionally, the three Lifeguard Instructors are not certified Lifeguards and cannot function as lifeguards according to ARC criteria. Three of the six Water Safety Instructors are not certified by ARC. The individual listed as head Lifeguard does not meet all the stated criteria. Furthermore over half of the individuals have not received ARC training in first aid, CPR, AED (automated external defibrillator), and blood borne pathogens. Through additional research the auditor was able to determine the names of individuals not on the USA Pools' list but who worked during the summer as Lifeguards and Water Safety Instructors. The majority of these individuals also lacked ARC certification.

USA Pools was asked to provide an explanation of staffing protocols and a calendar of staffing level and staff schedule for the period of June through September. This request was critical to evaluate compliance with ARC staffing guidelines for public safety. This information was not provided.

Aquatic Facility Operator (AFO) certification and Certified Pool Operator (CPO) certification are important because they signify a high level of understanding and competency that is required to manage a facility such as the Aquatic Center. According to USA Pools' bid proposal:

- 1) Center Director is required to carry AFO and CPO certifications;
- 2) Aquatic Director is required to carry AFO, CPO, and ARC Lifeguard Instructor certifications;
- 3) Pool Manager is required to carry CPO, ARC Lifeguard Instructor, ARC Lifeguard Training, and CPR certifications;

There is no evidence that the individuals assigned these duties have the required certifications. In fact, there are no AFO on site and the only CPO is a Lifeguard.

USA Pools was asked to provide proof of compliance to employment background screening and drug testing for all employees. Although USA Pools provided some copies of background checks for several individuals, the auditor believed that these were performed recently just to provide some documentation. The background checks provided were generic internet based checks and not performed by a company licensed to do pre-employment screening. No information was provided for drug testing on prospective employees or the drug testing policy and protocols.

The auditor has been made aware of multiple instances of USA Pools not paying the staff properly and ignoring requests to remedy the errors. Furthermore, it was brought to the auditor attention that the incorrect pay issue was in part due to USA Pools mandating that staff work “off the clock”. USA Pools also failed to provide employees with paystubs which further hampered the ability of an employee to question their pay. The auditor was also informed that people who complained were not terminated but just removed from the schedule.

Additional information was presented that USA Pools has not been properly reporting wages to the government agencies. There is an instance of trying to force an employee to sign an affidavit stating she was a subcontractor instead of an employee in order to receive her final paycheck. This action was taken by USA Pools because she had contacted Georgia Department of Labor to determine if her pay had been reported.

Although most of this information was received through verbal communication and is anecdotal, it was heard from multiple sources.

D. REQUESTED ITEMS: FACILITIES

FOCUS

The documentation requested in this section focused on USA Pools compliance to maintenance and operations requirements of the facilities to insure public safety and safeguarding the pool facilities and equipment. Poorly maintained equipment is not only a hazard to public safety but causes excessive wear and corrosion of pool equipment.

AUDIT PROCESS

Documents were requested to support specific levels of compliance.

FINDINGS

Although some logs were provided, much of the needed information to determine adherence to basic standards of water quality and facility cleanliness; general facility condition; and accident/rescue reports were missing.

Chemical/Cleaning logs for the period of June through September were requested and most of the logs for that period were submitted, however some logs were missing and some logs were significantly incomplete. Chemical/Cleaning logs submitted were reviewed by the Parks and Recreation Department management. Parks and Recreation management raised two concerns after reviewing the Chemical/Cleaning logs.

The first concern was the lack of consistency in performing daily water testing on a prescribed schedule. Water quality should be tested several times a day to maintain proper pool chemical levels that will normally fluctuate due to bathers' usage. The second and even more troubling concern was the failure to perform alkalinity testing at a minimum of once a week. In the four month period reviewed, there were two periods when the pool was not tested for alkalinity. One period was for five weeks and the other for six weeks. Although correct alkalinity levels are not criteria for allowing bathers in a pool, it does affect the pool's equipment life span and longevity of surface materials.

It should be noted that the auditor has received several complaints about the cleanliness of the facility, poor water quality, and lack of notification of pool closings due to scheduled swim meets. Complaints about staff's attitude and unprofessional behavior; lack of communication; and inadequate lifeguard staffing during a scheduled child's birthday party were also noted.

E. REQUESTED ITEMS: PROGRAMS

FOCUS

The documentation requested in this section focused on USA Pools demonstration of marketing ingenuity and efforts and the subsequent results of such efforts. Compliance to this section speaks to the contract's directive of quality and creative programming to attract patrons and increase utilization.

AUDIT PROCESS

Documents were requested to support specific levels of compliance.

FINDINGS

A few invoices for marketing activities and events were submitted for review; however a cohesive marketing plan with details of past events, future efforts, including promotional items purchased was not submitted. From what documents were submitted it would appear that the marketing efforts were disjointed and few resources were allocated to building a solid client base and attracting the general public to increase utilization and revenue.

Evaluation for facility utilization of membership, birthday parties, and swim classes lists that were submitted was hampered by lack of requested supporting documenting or format of the presented list.

F. REQUESTED ITEMS: PRO SHOP AND CONCESSIONS

FOCUS

The documentation requested in this section focused on USA Pools efforts to offer the public the convenience of retail merchandise and in-house food service. By providing the public opportunities to buy needed swim items and food/beverage items during a visit encourages longer and more frequent utilization of the facility.

AUDIT PROCESS

Documents were requested to support specific levels of compliance.

FINDINGS

Insufficient information was provided to evaluate the ProShop and Concession operations. However, the auditor would like to note, that Concessions received a 94 "A" on the Food Service Establishment Inspection Reports for the years 2013 and 2014.

Joan C. Perin

10/18/2014

Joan C. Perin, Forensic Auditor

Date