



**City Auditor's Office  
CMS2025-9 Park Board  
Conflict of Interest Compliance Audit**

March 25, 2025

The scope of this audit report is to ensure compliance with the Park Board policy on conflict of interest. The criteria used to audit the Galveston Park Board policies and procedures pertaining to conflict of interest are:

1. Conflict of Interest and Business Ethics – Galveston Park Board Employee Handbook.
2. Letter from Galveston Park Board Attorney.

Important excerpts from these two criteria are restated below:

**1. CONFLICT OF INTERESTS AND BUSINESS ETHICS – GALVESTON PARK BOARD EMPLOYEE HANDBOOK**

*"It is the Park Board policy that all employees avoid any conflict between their personal interests and those of the Park Board. The purpose of this policy is to ensure that the Park Board's honesty and integrity, and therefore its reputation, are not compromised. The fundamental principle guiding this policy is that no employee should have, or appear to have, personal interests or relationships that actually or potentially conflict with the best interests of the Park Board....."*

**2. LETTER FROM GALVESTON PARK BOARD ATTORNEY**

*"Chapter 176 requires that a local government officer file a conflicts disclosure statement with respect to a vendor if the vendor enters into a contract with a local government entity and the vendor has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the local government officer becomes aware that such a contract is contemplated or executed....."*

**DISCOVERY OF FACTS – 1:**

A director of a department at the Park Board submitted an invoice to the Finance Department for a check to be paid to a company in the amount of \$3,200 for training. The training was conducted for intercultural development for 15 employees. This company was owned by the same director's wife. The check was paid from HOT Tax funds and approved by the same director of the department. Payments in the amount of \$2,800 were supposedly later paid to a 3<sup>rd</sup> party from



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the wife's company per testimony from the director. This \$2,800 in payments were supposedly made to the individual who actually conducted this intercultural development training.

The director claims that he informed the Human Resource Manager and the CFO of the Park Board. The Human Resource Manager and the CFO of the Park Board deny the director's claim that he informed them. The City Auditor's Office could not find any documentation to support the director's claim that he informed the Human Resource Manager or the CFO of the Park Board.

**DISCOVERY OF FACTS – 2:**

A director of a department at the Park Board operated a business that provided a service for private special events. This business provided services to private special events that took place at facilities managed by The Park Board. There were no financial transactions or other transactions between the director's business and the Park Board. This director is also employed by the Park Board to manage these same facilities where the business did operate for private special events. This director also had full access to information on upcoming private special events at these Park Board managed facilities. The director declares that the business earned less than \$2,500 in taxable income and only operated twice in the Park Board controlled facilities. An employee of the Park Board provided testimony that the director's business operated numerous times in Park Board facilities suggesting that possibly more than \$2,500 in taxable income was generated by the director's business.

The director claims that he informed executive management and legal counsel at the Park Board of his business. The Park Board CEO states that this situation was reported to executive management at the startup of this business. However, it could not be confirmed that legal counsel was notified.

**ISSUE:**

Park Board policy states in summary that (1.) all employees are to avoid conflict between their personal interests and those of the Park Board (2.) the purpose of this policy is to ensure the Park Board's honesty and integrity and therefore its reputation is not compromised (3.) the fundamental principle guiding this policy is that no employee should have or appear to have personal interests that actually or potentially conflict with the best interests of the Park Board. It is clear that Park Board policy intent was for its employees to avoid conflict by not starting operations at all if it could compromise the Park Board's reputation. It is also clear that the Park Board meant for the interpretation of "best interests" to include its reputation.

The problem here is that employees of the Park Board are claiming there is no conflict of interest violations because Chapter 176 of the Texas Local Government Code states that they do not need to file a Conflict Disclosure Statement if their businesses do not exceed \$2,500 in taxable income.



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However, this is not the scope of this audit report. The scope of this audit report is to ensure compliance with the Park Board Policies on conflict of interest. Park Board policy states that employees are to avoid conflict between their personal interests and those of the Park Board. Park Board policy also states the purpose is to ensure the Park Board's honesty and integrity and therefore its reputation is not compromised. Park Board policy goes further to state the fundamental principle is that no employee should have or appear to have personal interests that actually or potentially conflict with the best interests of the Park Board. Park Board policy was not followed when employees involved their related personal businesses with the Park Board.

The consequence to the Galveston Park Board concerning this issue is the reputational damage that could be sustained. This is exactly what the Park Board policy was trying to prevent. The narrative in Discovery of Facts – 1 could lead the general public to question the appropriateness of a Park Board director hiring his wife to do work in the same department that was under his direct supervision and there was no communication to the general public. The narrative in Discovery of Facts – 2 could lead the general public to question the authority of a Park Board director setting up a personal business on Park Board controlled premises in which this director himself was charged with supervision by the Park Board and there was no communication to the general public. The Galveston Park Board will be in a position of constantly defending itself if policies and procedures are not implemented to detect these situations in a timely manner.

The City Auditor's Office would like to make three generic suggestions to the Galveston Park Board of Trustees concerning their policies and procedures over the administration of conflict of interest. First, the Park Board should write in their policies that under no uncertain terms that will an employee, or relation to the employee, be able to conduct business with the Park Board or on Park Board controlled premises if that same employee has supervisory capacity over the Park Board department involved with the employee's business, or relation to the employee. This will help to prevent future conflicts of interest from developing at the Galveston Park Board. Second, the Park Board should include in their written policies a specific requirement that all employee business startups having financial transactions with the Park Board or are to be operated on Park Board controlled premises should first be approved by the Galveston Park Board of Trustees. This will serve to make Galveston Park Board operations transparent to the general public. Third, actual or potential conflicts of interest should be detailed and explained on the Galveston Park Board's website without regards to Chapter 176 of the Texas Local Government Code. This will serve to document communication of conflicts of interest to the general public.



March 26, 2025

To: Glenn Bulgherini, City Auditor, City of Galveston

From: Kimberly Danesi, Chief Executive Officer, Galveston Island Park Board of Trustees

Subject: Conflict of Interest Audit Report

Dear Glenn,

Under the guidance and direction of City Council, your office conducted a conflict of interest audit of the Galveston Park Board. The Park Board welcomed this audit, along with the other audits conducted by the city over the past two years.

Your office identifies the need to amend current conflict of interest policies to increase clarification and transparency, which includes public documentation of actual or potential conflicts of interest. It is furthermore recommended that the Park Board establish internal review procedures as well as increase the training of employees in state law and organizational policies. Lastly, there is a recommendation that the Park Board of Trustees have final authority on the approval of employee business activities related to Park Board operations or premises. Doing these things will aid in not only the avoidance of the appearance of a conflict, but actual conflicts of interest as well.

We agree with these recommendations and would like to continue working with your office to ensure these measures are implemented and maintained. Glenn, you as well as your team have been helpful in this process. We appreciate your expertise and offers for collaboration to ensure continued transparency by the Park Board.

Thank you for providing an opportunity to respond to the conflicts of interest audit report. Please know we remain committed to transparency and financial accuracy.

Sincerely,

A handwritten signature in black ink, appearing to read "Kimberly Danesi".

Kimberly Danesi  
Chief Executive Officer  
Galveston Park Board of Trustees