

**MARYLAND-NATIONAL CAPITAL PARK & PLANNING COMMISSION**

**Prince George's County  
Department of Parks and Recreation**

**Berwyn Heights Community Center**

**Report Number: PGC-001-2020**

**November 26, 2019**

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Renee Kenney  
Robert Feeley

Maryland-National Capital Park and Planning Commission  
Office of the Inspector General  
7833 Walker Drive, Suite 425  
Greenbelt, MD 20770

**Prince George's County  
Department of Parks and Recreation  
Berwyn Heights Community Center**

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## **I. EXECUTIVE SUMMARY**

### **A. Background**

The Maryland-National Capital Park and Planning Commission (M-NCPPC) is a bi-county agency serving Montgomery and Prince George's Counties in Maryland. The Prince George's County Department of Parks and Recreation (DPR) provides quality recreation programs, facilities and services for residents and visitors.

The audit focused on the Berwyn Heights Community Center (Center) located at 6200 Pontiac Street in Berwyn Heights, MD and is attached to the Berwyn Heights Elementary School. The Center offers several amenities, including a fitness room, gym, athletic field and tennis court. The Center also offers Xtreme Teens and senior programs.

The Center Manager, who has overall responsibility for the Center, reports to the Regional Manager, Program Superintendent and Acting Division Chief of the Northern Area Operations, under the direction of the Acting Deputy Director of Area Operations and Acting Director of Prince George's County Department of Parks and Recreation.

## **B. Objective, Scope and Methodology of the Audit**

### **Objective**

The purpose of the audit was to identify opportunities to strengthen internal controls, improve operational efficiencies and help ensure compliance with Commission policies and procedures.

In addition, the audit scope was designed to identify possible fraud, waste or abuse within the process(es) being audited.

### **Scope**

The scope of the audit included, but was not limited to, the following audit procedures:

- Reviewed applicable Commission practices and procedures;
- Interviewed staff to obtain an understanding of operational procedures;
- Performed surprise cash counts of the change fund and petty cash fund;
- Reviewed petty cash reimbursements for appropriate approval and supporting documentation;
- Reviewed cash receipts for accurate and timely bank deposits;
- Reviewed the fixed asset report and verified completion of annual inventories;
- Reviewed controlled asset listing, recent asset purchases and conducted examination of assets to determine accuracy of inventory listing;
- Reviewed rental contracts in the PARKS DIRECT/Rec Trac system to reconcile system data with supporting documentation retained onsite at the center;
- Verified all drivers of Commission vehicles met risk management requirements;
- Reviewed time keeping and payroll procedures, including paper timecards; and

- Reviewed quarterly account receivables for any outstanding payment balances.

The audit covered the period from January 1, 2018 through September 30, 2019.

### **Methodology of the Audit**

Inquiry, observation, data analysis, and tests of transactions were performed to complete the audit objectives.

The audit was conducted in accordance with the *U.S. Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the established audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**C. Major Audit Concerns**

The results of our evaluation and testing procedures indicated no major audit concerns.

**D. Overall Conclusions**

The results of our evaluation and testing procedures indicate deficiencies in the design or operation of internal controls as noted in this report.

We believe all weaknesses identified and communicated are correctable and that management's responses to all recommendations satisfactorily address the concerns. It is the responsibility of management to weigh possible additional costs of implementing our recommendations in terms of benefits to be derived and the relative risks involved.

We wish to express our appreciation to the Prince George's County Department of Parks and Recreation, Northern Area Operations Regional Office and Berwyn Heights Community Center's management and staff for their cooperation and courtesies extended during the course of our review.



Robert Feeley, MBA, CFE, CAA, CGFM, CICA  
Assistant Inspector General



Renee M. Kenney, CPA, CIG, CIA, CISA,  
Inspector General

November 26, 2019

**Conclusion Definitions**

<b>Satisfactory</b>	No major weaknesses were identified in the design or operation of internal control procedures.
<b>Deficiency</b>	A deficiency in the design or operation of an internal control procedure(s) that could adversely affect an operating unit's ability to safeguard assets, comply with laws and regulations, and ensure transactions are properly executed and recorded on a timely basis.
<b>Significant Deficiency</b>	A deficiency in the design or operation of an internal control procedure(s) which adversely affects an operating unit's ability to safeguard assets, comply with laws and regulations, and ensure transactions are properly executed and reported. This deficiency is less severe than a material weakness, yet important enough to merit attention by management.
<b>Material Weakness</b>	A deficiency in the design or operation of an internal control procedure(s) which may result in a material misstatement of the Commission's financial statements or material impact to the Commission.

## II. DETAILED COMMENTARY AND RECOMMENDATIONS

### 1. Strengthen Controls over Controlled Assets

**Issue:** Our audit testing of the controlled asset listing, provided by the Center's Manager, disclosed the following discrepancies:

- An ab curl machine and fifteen new tables were not assigned an asset number (e.g. tag) and were not on the controlled asset listing.
- A Magnavox television had a secured asset tag, but the television was not on the controlled asset listing.
- Eight assets had an assigned asset number on the controlled asset listing, however, the tags were not on the item or in a separate tracking document.
  - recumbent bike
  - upright bike
  - chest press machine
  - lateral row combo machine
  - leg curl machine
  - free weight leg press machine
  - pulley dual adjustable machine
  - torso rotation machine

The Center Manager told the OIG that a controlled asset inventory had recently been completed but was unable to provide any documentation (e.g. signed, dated inventory sheets/reports) evidencing the inventory. It is also reasonable to assume, if a comprehensive controlled asset inventory had been completed, the discrepancies identified above would have been detected.

Finally, neither the Center Manager nor the Acting Division Chief could provide documented controlled asset procedures for the Northern Area Operations.

**Criteria/Risk:** The Commission's Administrative Procedures No. 04-01, *Fixed Assets Procedure Manual*, refer to controlled assets as personal property items whose purchase price is less than the capitalization price of \$10,000 but due to their sensitive, portable, theft prone nature, they are important to control. The Administrative Procedures require the development and maintenance of an inventory system for controlled assets at the local departmental level.

Failure to appropriately monitor and track controlled assets could lead to fraud, waste and abuse (i.e., theft, personal use, loss and unauthorized disposal of Commission assets).

**Recommendation:** Management should strengthen procedures to ensure all controlled assets are identified, tracked and monitored. The procedures should include the completion and promulgation of internal procedures for the administration of controlled assets.

**Risk:** High<sup>1</sup>

**Management Response:** Northern Area Management has updated and implemented appropriate control assets procedures effective on 10/21/19. The procedures were shared with the OIG. Training meetings with individual Regional staff are being scheduled.

Ab Curl Machine and 30 new tables have had asset stickers added to each of them as of 10/25/2019.

The Magnavox television is being housed in the shed out back of the building to be used for STEAM related projects and classes. Form 164 was sent on 10/3/2019 to be added to the listing.

Copy of the asset numbers were affixed to the eight (8) identified assets as of 10/3/2019.

**Expected Completion Date:** Completed

**Follow-Up Date:** February 2020

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<sup>1</sup> The recommendation was classified as high risk as administration of controlled assets is a repeat audit finding within the Department of Parks and Recreation.

## 2. Ensure Cash Deposits are Made Timely

**Issue:** During the course of our audit, we reviewed six months (January – June 2019) of bank deposit records. We identified five instances where deposits were not made on a weekly basis as required. None of the deposits exceeded [REDACTED]

### Periods when Deposits were not made

Dates	Elapsed Days	Deposit Amount
3/9/19 – 3/18/19	10	[REDACTED]
3/23/19 – 4/2/19	11	[REDACTED]
4/13/19 - 4/24/19	11	[REDACTED]
5/25/19 – 6/3/19	12	[REDACTED]
6/8/19 – 6/16/19	9	[REDACTED]

**Criteria/Risk:** Commission Administrative Procedure 01-01, *Cash Receipts and Related Cash Transactions* states “Bank deposits will be made whenever cash on hand exceeds \$1,000 or once per week, whichever comes first”.

Delays in posting revenue may adversely affect the Commission’s interest earning potential and increases the Commission’s susceptibility to fraud, waste and abuse of these cash funds.

**Recommendation:** We recommend Department of Parks and Recreation management take necessary steps to ensure cash deposits are made timely in accordance with Commission Administrative Procedure 01-01.

**Issue Risk:** Medium

**Management Response:** Bank deposits will be made in a timely fashion and follow the criteria set forth of whenever cash on hand exceeds \$1,000 or once per week, whichever comes first. The Regional Manager will keep a log of when petty cash reimbursements are completed and follow up, if needed, when one is due. Reminders will be placed in outlook and in the event that the Facility Director is on leave and cannot make the deposit. Another career staff will be identified as the designee to make the deposit in his/her absence.

**Expected Completion Date:** Completed

**Follow-Up Date:** February 2020

### **3. Implement Cash Handling Procedures**

**Issue:** The Center does not have cash handling procedures. When asked about internal cash procedures, the Center Manager provided the OIG with Commission Practice No. 3-11, *Administration of Cash Funds*. Practice 3-11 provides an explanation of petty cash funds and petty cash checking accounts, it does not provide detailed internal procedures for the Center on how to collect, safeguard, deposit and report cash collections.

**Criteria/Risk:** Commission Practice No. 3-13, *Cash Receipts and Related Cash Transactions* states, "Facility Managers are responsible for developing Cash Handling Procedure Manuals for the final approval of the Secretary-Treasurer for each facility receiving cash from the public."

The Secretary-Treasurer approved cash handling procedures submitted by DPR's Management Services Division in early 2019, but it does not appear that the procedures have been promulgated to DPR personnel.

**Recommendation:** Department of Parks and Recreation management should ensure cash handling procedures are promulgated throughout the Department's facilities and staff receive the necessary training to successfully implement the procedures.

**Issue Risk:** Low

**Management Response:** A cash handling procedure is in place at the Berwyn Heights Community Center as is all centers in the Northern Area.

**Expected Completion Date:** Completed

**Follow-Up Date:** February 2020