

MARYLAND-NATIONAL CAPITAL PARK & PLANNING COMMISSION

Prince George's County Sports and Learning Complex

Facility Audit

Report Number: PG-008-2015

May 5, 2015

Distribution:

Executive Committee

Elizabeth Hewlett

Casey Anderson

Patricia Barney

Audit Committee

Norman Dreyfuss

Rhea Reed

John Shoaff

Maryland-National Capital Park and Planning Commission

Kathy Consoli

Adrian Gardner

Ronnie Gathers

Roslyn Johnson

Emily Rose

Joseph Zimmerman

Office of Internal Audit

Renee Kenney

Wanda King

Maryland-National Capital Park and Planning Commission
Office of Internal Audit
6611 Kenilworth Ave., Suite 403
Riverdale, MD 20737

**Prince George’s County Sports and Learning Complex
Facility Audit**

Table of Contents

I. EXECUTIVE SUMMARY

A. Background.....	1
B. Scope, Objective and Methodology of the Audit.....	2
C. Major Audit Concerns.....	3
D. Overall Conclusions.....	4

II. DETAILED COMMENTARY AND RECOMMENDATIONS

1. Ensure Appropriate Custody over Cash.....	5
2. Maintain a Current Fixed Assets Register.....	7
3. Develop and Implement Policies and Procedures for Controlled Assets.....	8
4. Strengthen Controls over Purchase Card Process.....	9
5. Strengthen Controls over Class Roster Administration.....	10

I. EXECUTIVE SUMMARY

A. Background

The Sports and Learning Complex is an athletic and educational facility located in Prince George's County in Landover, Maryland. The centerpiece of the complex is the Wayne K. Curry Sports and Learning Center, a building which houses an Aquatic Center, Fitness Center, Field House, Gymnastics Center and Learning Center with the following amenities:

- The 50,000 square foot Aquatic Center has a 50 meter competition pool and leisure pool with splash features and water slides;
- The 20,000 square foot, two level Fitness Center has a suspended jogging track and private locker rooms;
- The 75,000 square foot indoor Field House features a 200 meter, six lane indoor track with bleacher seating for 3000 spectators;
- The Gymnastics Center provides world class training and competition for all levels; and
- The Learning Center has classrooms with state-of-the-art technology and Internet ready access, along with several multi-use rooms suitable for lectures, seminars and traditional classroom learning. The center is also available to community groups for hosting programs and classes.

Outdoor recreational amenities complement the complex's indoor facilities. The Marvin F. Wilson Stadium features an outdoor track, with seating for 5,500 spectators, a lighted football field and an outdoor support building with team rooms, restrooms and a concession area. Additionally, multi-purpose fields are available for playing sports and as venues for family reunions and community activities.

The Sports and Learning Complex is managed under the aegis of the Commission's Prince George's County Department of Parks and Recreation (DPR). The staff assigned to run the facility is organized under DPR's Sports, Health, and Wellness Division which, in turn, is supervised by a deputy Director for Facility Operations.

B. Scope, Objectives and Methodology of the Audit

Objective: The purpose of the audit was to perform a comprehensive review of the facility and evaluate the system of internal controls.

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

- Facilitated a risk workshop with facility management to identify and rank inherent risks;
- Reviewed applicable Commission practices, policies and procedures;
- Performed a cash count and reconciled the petty cash fund;
- Generated a SMARTlink Report and verified bank deposits match cash receipts transactions;
- Selected a sample of purchase card transactions and verified proper authorization and appropriate purchases;
- Interviewed staff responsible for scheduling and tracking employees' time, and selected a sample of employees to verify accurate payroll;
- Interviewed staff responsible for completing annual fixed and controlled assets inventory;
- Selected sample of employees and reviewed for certifications and training (e.g., first aid and CPR) for their positions at the facility; and
- Inquired about policies and procedures for document management and retention requirements, selected a sample of classes and verified retention of class rosters.

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 reasonable basis for our findings and conclusions based our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit covered the period from 09/01/13 through 08/31/14.

D. Major Audit Concerns

The results of our evaluation and testing procedures indicated the following major audit concerns:

- Ensure that custody of cash is never informally relinquished to unauthorized personnel.

Additional details can be found in the Detailed Commentary and Recommendations section.

E. Overall Conclusions

The results of our evaluation and testing procedures indicate no major weaknesses in the design or operation of internal controls for the Prince George's Sports and Learning Complex. On an overall basis, we consider the controls to be satisfactory.

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 Prince George's Sports and Learning management and staff for their cooperation and courtesies extended during the course of our review.



Renee M. Kenney, CPA, CIA, CISA
Chief Internal Auditor

May 5, 2015

Conclusion Definitions

Satisfactory	No major weaknesses were identified in the design or operation of internal control procedures.
Deficiency	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.
Significant Deficiency	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.
Material Weakness	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.

III. DETAILED COMMENTARY AND RECOMMENDATIONS

1. Ensure Appropriate Custody over Cash

Issue: Review of the change fund and petty cash checking account resulted in two exceptions:

- An employee who was not formally authorized, maintained custody over a portion of the change fund in the amount of [REDACTED]
- The custodian maintained cash with the checkbook and register for the petty cash checking account.

On November 4, 2014, the Office of Internal Audit (OIA) visited the Sports and Learning Complex and conducted a surprise cash count. The OIA requested that the custodian provide access to the change fund, and subsequently performed the count in the custodian's presence. The custodian informed the OIA that [REDACTED] of the change fund was kept in a locked safe in the office of another employee. The employee was not the formally authorized and designated cash custodian. Furthermore, the employee was the only person who knew the safe's combination.

In addition, the OIA noticed during the reconciliation of the petty cash checking account that the custodian maintained cash with the records. The custodian previously gave a staff member a check advance to make a facility purchase, and the staffer did not need the entire amount; instead of depositing the cash, the custodian used it for subsequent petty cash purchases.

Criteria/Risk: Maryland-National Capital Park and Planning Commission (Commission) Practice No. 3-11, *Administration of Cash Funds*, provides guidance to control the administration of cash funds and related transactions throughout the Commission. In Section C, Custody of Cash Funds, the practice specifically states "under no circumstances will custody of cash funds be informally relinquished to another employee/person." Furthermore, the practice references procedures for the authorization of new or alternate custodians. Failure to adhere to Commission practices and procedures for custody of cash may increase susceptibility to loss and theft.

Recommendations:

- The OIA recommends that either the current custodian take custody of the safe containing the [REDACTED] and change the combination for security purposes, or management should prepare the proper paperwork and designate the other employee as custodian. Whoever assumes authorized responsibility should maintain custody of cash for safekeeping.
- The OIA also recommends that the custodian not co-mingle cash with the petty cash checking account. For safekeeping of cash and to mitigate the

potential risk of accounting errors, the custodian should deposit all cash. As an alternative, management may consider contacting the Department of Finance and requesting a specific dollar amount of the [REDACTED] checking account fund be re-classified as actual petty cash, thereby avoiding co-mingling cash with checks.

Issue Risk: High

Management Response: Concur. The current custodian now has a safe and custody of the [REDACTED]. The facility is processing paperwork to assign the change fund to the Finance Manager. There is no longer co-mingling of cash with the petty cash checking account. Any monies received from a cash advance are deposited into the checking account.

Expected Completion Date: June 1, 2015

Follow-Up Date: July 2015

2. Maintain a Current Fixed Assets Register

Issue: During the annual inventory of fixed assets, which was submitted to the Department of Finance on August 1, 2014, the facility did not complete the Fixed Asset Form 164 to support three requested modifications to the Fixed Assets Register.

On November 10, 2014, the OIA requested the current Fixed Asset Register from the Department of Finance's Fixed Asset Administrator, along with copies of documentation supporting modifications to the register. The Fixed Asset Administrator informed the OIA that the facility's Fixed Asset Coordinator did not provide supporting documentation for the changes to the register. Consequently, the Fixed Asset Administrator was not authorized to update the register during the annual inventory.

Criteria/Risk: According to Commission Practice No. 3-14, *Fixed Asset Policy: Accounting for Commission Real and Personal Property*, the fixed asset policy has two major objectives:

- To safeguard fixed assets from loss or theft, and
- To accurately account for and report fixed assets in its financial reports issued to the Planning Boards and County Councils, external reporting agencies, granting agencies and the public.

All departments are required to forward updated inventories, with attached supporting documentation including the Fixed Asset Form 164, to the Department of Finance, by the inventory's annual completion due date. Failure to adhere to Commission practices for maintaining, updating and reporting changes to the Fixed Asset Register could lead to loss, theft, personal use and unauthorized disposal of Commission assets.

Recommendation: The OIA recommends that management adopt internal written policies and procedures for monitoring and reporting the disposal of fixed assets to the Department of Finance timely and ensuring the maintenance of a current Fixed Assets Register. Internal policies and procedures should assist the facility with adherence to Commission practices.

Issue Risk: Medium

Management Response: Concur. All fixed assets have been inventoried; the facility is awaiting an updated list with corrections provided to the Fixed Asset Administrator to include Form 164 (November 2014).

Expected Completion Date: Completed

Follow-Up Date: July 2015

3. Develop and Implement Policies and Procedures for Controlled Assets

Issue: The facility does not have internal policies and procedures for tracking, monitoring and reporting controlled assets. The OIA requested a list of controlled assets from the Fixed Asset Coordinator, who is also responsible for monitoring controlled assets. The Fixed Assets Coordinator could not provide a comprehensive list. In addition, an annual inventory of the assets has not been performed for fiscal year 2014.

Criteria/Risk: The Commission's Administrative Procedures No. 04-01, *Fixed Assets Procedure Manual*, defines controlled assets as "personal property items whose purchase price is less than the capitalization price of \$5000.00, but due to their sensitive, portable, theft prone nature, they are important to control." The Administrative Procedures provide guidance for the development and maintenance of an inventory system for controlled assets at the local departmental level. They further state that once established, the list of controlled assets should be inventoried annually. The lack of formal policies and procedures for tracking, monitoring and reporting controlled assets could lead to loss, theft, personal use and unauthorized disposal of Commission assets.

Recommendation: The OIA recommends that management adopt internal written policies and procedures, develop and maintain a comprehensive list of the facility's controlled assets, track and monitor disposal of assets and perform the annual inventory.

Issue Risk: Medium

Management Response: Concur. All controlled assets have been inventoried (January 2015) and now there is a comprehensive list of controlled assets. The facility has a process to log, tag, and complete Form 164 for all controlled items (received and disposed of).

Expected Completion Date: Completed

Follow-Up Date: July 2015

4. Strengthen Controls Over Purchase Card Process

Issue: The OIA's review of the purchase card transactions resulted in two administrative exceptions:

- The approving official did not complete the required Purchase Card Approving Official Agreement for the new purchase cardholder.
- Two of 74 purchase transactions (less than 1%) were not supported by sales receipts.

The Sports and Learning Complex identified a new purchase cardholder, in March, 2014. The OIA requested documentation from the Purchase Card Administrator to verify all paperwork had been completed for the transition. An updated Purchase Card Approving Official Agreement was not completed until December 22, 2014, nine months after the transition.

Criteria/Risk: The Purchase Card Program Policy and Procedures Manual provides the Administrative Procedures for implementing the Commission's practice, *Purchasing Policy No. 4-10*. By completing the Purchase Card Approving Official Agreement, the approving official acknowledges responsibility for reviewing and verifying the appropriateness of charges and purchases executed by the cardholder under his or her supervision. While audit testing did not indicate lack of compliance by the approving official, the official is responsible for ensuring all required documents are completed to reflect the appointment of a new purchase cardholder. In addition, failure to obtain supporting documentation such as receipts may result in unauthorized purchases.

Recommendation: The OIA recommends that management adhere to Commission practices related to the purchase card program:

- The approving official should ensure timely completion of all documents as required by Commission policies and procedures.
- The purchase cardholder should retain all required documentation on file to support purchase transactions.

Issue Risk: Low

Management Response: Concur. To ensure that receipts are not misplaced, a procedure has been established to scan documents related to credit card purchases. This will provide a back-up copy should the original get separated.

Expected Completion Date: Completed

Follow-Up Date: July 2015

5. Strengthen Controls Over Class Roster Administration

Issue: The OIA reviewed class rosters on file for five courses offered at the Sports and Learning Complex from September 2013 through August 2014. The review resulted in the following exceptions:

- Two of five (40%) instructors did not date the class rosters.
- Two of five (40%) managers did not sign the class rosters.
- Two of five (40%) managers did not date the class rosters.
- Four of five (80%) class rosters did not match SMARTlink because facility staff made keying errors when updating the application for actual class attendance.
- In one of five instances (20%), facility staff did not access SMARTlink timely to update the application for class attendance. As a result, the application is closed for the class, and SMARTlink does not reflect actual class attendance.

Criteria/Risk: The facility's internal policies and procedures require retention of class rosters for a minimum three year period. All instructors, both contractors and non-contractors, are required to sign and date class rosters. Managers are required to sign and date all class rosters taught by instructors under contract; however, managers are not required to sign and date rosters of instructors who are not under contract (i.e., seasonal/intermittent staff). After a course is complete, facility staff access SMARTlink and update the application to reflect the course's actual attendance. Although monetary risk is minimal, as class registrations and payments are processed via SMARTlink, failure to follow the facility's policies and procedures may result in retaining inaccurate and incomplete documentation.

Recommendation: The OIA recommends that management strengthen and formalize policies and procedures to ensure consistency in the administration of class rosters and SMARTlink class attendance updates.

Issue Risk: Low

Management Response: Concur. Staff have been informed to not patrons not attending a course with "NS" to clarify attendance. In addition, venue managers will take a more active role in reviewing attendance entries for the hundreds of courses offered and will ensure course rosters are signed and dated.

Expected Completion Date: June 30, 2015

Follow-Up Date: July 2015