



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Office of Internal Audit • 7833 Walker Drive, Suite 425 • Greenbelt, Maryland 20770

To: Mike Riley, Director
Montgomery County Department of Parks

Mitra Pedoeem, Deputy Director
Administration

Kristi Williams, Chief
Public Affairs and Community Partnerships

From: Renee Kenney, CPA, CISA, CIA
Chief Internal Auditor

Tina Dorsey, CISA
IT Auditor

Date: September 30, 2016

Subject: Special Event Fee Reductions – Management Advisory

Per a request from Montgomery County Department of Parks (Department) management, the Office of Internal Audit (OIA) has completed a review of the Department's special event fee reduction administrative procedures.

Various entities request discounted rates or fee reductions for the use of Department facilities for special events. These groups generally are non-profit charitable organizations offering services to the community that align with the goals of the Maryland-National Capital Park and Planning Commission (Commission). These requests are submitted in writing to the Park Permits Office within the Public Affairs and Community Partnership Division. Final approval is required by the Director of Parks.

Audit Objective

The objective of the special event fee reduction advisory is to provide management with an independent assessment relating to the effectiveness of the administration of fee reductions and the applicable policies, procedures and governance activities.

Audit Scope

This review included, but was not limited to the following audit procedures:

- Assessing the Department's governance, policies, and procedures for the reduction of fees;
- Assessing the adequacy of the controls associated with the administration of fee reductions;
- Assessing the adequacy of system reports for tracking and auditing fee reductions;
- Verifying the completion of periodic review and audit of fee reductions; and
- Confirming necessary approvals are received and retained for fee reductions.

The audit period covered the period of April 30, 2015 through May 1, 2016.

Background

The Park Permits Office receives numerous weekly requests for fee reductions. However, it does not appear that the current procedures for reducing fees are consistently applied. Per the Montgomery County Department of Parks, M-NCPPC Special Event Permit Policy:

“The Department of Parks does not waive fees for special events hosted by third parties on park property. Reductions of 50% will be considered by the Director of Parks only if the event provides a direct benefit to or directly supports the stated mission of the M-NCPPC. Groups interested in being considered for a fee reduction should submit a letter of request for waiver to the Permit Office with their completed Special Event Request form”.

Further, the Special Event Request form states that the following event fees and charges apply:

- A non-refundable application fee of \$85 is due when the request is submitted.
- Any applications received less than 120 days in advance will be assessed a non-refundable application fee of \$185 if they are accepted.
- The event organizer must pay for all necessary park permits and fees associated with this event before an event permit will be issued,
- A security deposit is required for all special events. The amount of the deposit will vary by location and is based on the facilities and grounds used for the event.
- All required fees must be paid at least three weeks prior to the event date or the event may be cancelled.

OIA reviewed the listing of fee reductions granted during the period of April 30, 2015 through May 1, 2016 (12 months) provided by the Park Permits Office (**See Exhibit A**). There were a total of 15 entities granted fee reductions totaling \$11,961.00. The following was noted:

Of the \$11,961.00 of fees reduced, \$2,902.00 or 24% were granted to entities that did not have an on-going partnership with the Department. A partnership, in this instance, means they include Montgomery Parks in the planning of the event, they put our logo on their publications and we may have a vendor table at the event to showcase our rental facilities, classes, programs, etc.

Note: The partnership status of the entities was provided by the Parks Permits Office and not analyzed for applicability.

In addition, there were inconsistencies noted in the type of reduction granted for both partner and non-partner entities. Of the reductions granted to non-partner entities, three were granted full waivers, five were granted grounds fee waivers and one was granted a partial reduction of fees. For partner entities, five were granted full waivers, one was granted a grounds fee waiver and one was granted a partial reduction.

Audit Findings and Recommendations

1. Enhance Current Procedures for Assessing and Granting Fee Reduction Requests

Issue: Based on our analysis of approved fee reductions, it does not appear the Department is following the existing Special Event Permit Policy (Permit Policy). On April 29, 2016, Ms. Williams recommended enhancements to the fee reduction decision process, but all actions were put on hold pending the outcome and recommendations of this Special Event Fee Reduction advisory.

Criteria/Risk: Failure to follow established policies and guidelines may result in inconsistencies and a possible loss of revenue.

Recommendation: We recommend that Department management review and enhance the existing Permit Policy to support current practices.

Although policy development is the responsibility of management, the OIA offers the following suggestions for consideration.

Current requirements regarding a 50% reduction of fees for events that provide a direct benefit or directly supports the mission of the Commission should remain in-tact. However, the Permit Policy may want to include additional guidelines to help identify entities and events that offer this type of benefit. Considerations for approval might include:

- Government Agencies;
- Municipalities;
- Civic Associations;
- Elected Officials
- Not For Profit, in good standing with the state of Maryland;
- Charitable;
- Common Vision;
- Mutually Beneficial;
- Promotes Health & Wellness;
- Youth/Senior Services;
- Conservation/Outdoor Education;
- Community Outreach;
- Pre-Existing Relationships;
- Co-Sponsored events; and
- Branding Opportunities.

Also, Department management may want to consider including guidelines that help identify entities not eligible for the reduction of fees. These might include:

- Private Events;
- Vendors;
- For profit;
- Individuals;
- Primarily Faith Based;
- Clubs;
- Fundraisers for anything other than Not For Profit; and
- Less than 10 days prior to event date.

Management should consider listing what is not eligible for fee reductions on the application to discourage ineligible requests up front.

The Permit Policy states that application fees are required and are non-refundable. The Permit Policy also states that security deposits are required for all events. Department management should determine if these fees are subject to reduction. The results of their assessment should be clearly defined in the enhanced Permit Policy.

Department management should also ensure that the updated Permit Policy include guidance on authorized approvers. To help ensure consistency, management may want to consider a process that requires a stepped approval flow based on the percent of waiver requested. For example:

- Step 1 – Assessment of request by the Parks Permits Office
- Step 2 – Fee reductions of 50% or less approved by the Deputy Directory
- Step 3 – Fee reductions greater than 50% approved by the Director

In addition, an acceptable timeframe for the process of approving and denying request should be established to facilitate good customer service.

Issue Risk: Medium

Management Response: We plan to approach the Montgomery County Planning Board with the following recommendation:

The Permit Policy should be amended to include these considerations for a 50% or full fee reduction. Considerations for approval to include:

- Government Agencies;
- Civic Associations;
- Current Elected or Appointed Officials;
- Not-for-Profit, in good standing with the state of Maryland;
- Promotes Health & Wellness;
- Youth/Senior Services;

- Conservation/Outdoor Education;
- Co-Sponsored events; and
- Branding Opportunities.

No reduction will be given when an application is received less than 10 business days prior to event date.

The Permit Policy states that application fees are required and are non-refundable. The Permit Policy also states that security deposits are required for all events. Application fees and security deposit fees will not be reduced.

The following internal approval process is suggested:

Step 1 – Assessment of request by the Parks Permits Office

Step 2 – Waivers 50% or less approved by the Deputy Director of Administration

Step 3 – Waivers greater than 50% approved by the Director

Special event applications requesting fee reductions will be answered in 10 business days.

Expected Completion Date: Pending policy approval from the Montgomery County Planning Board during the fall of 2016.

Follow-Up Date: December 2016

2. Enhance Database for Better Analysis and Reporting

Issue: The current database tracking started in 2015 and is used primarily for tracking items sent to the Director/Deputy Director for signature. The database does not provide adequate information to Department management to assist in decision making, determine consistency and adherence to policy.

A fully functional database should be developed for tracking all requests whether approved or not. The database should be able to provide Department management with reports of the amount of fee reductions granted by facility, by partnership status, entity type, reduction percentage or other data combinations.

Criteria/Risk: Incomplete data may impact management’s ability to make consistent and sound decisions.

Recommendation: All requests for fee reductions (approved or not) should be logged in a centralized database. The database should include separate fields for reporting purposes such as date received, date sent to Deputy Director and/or Director for approval, date reply sent, reason for approval/denial, partnership status, entity type, amount charged, amount reduced, percentage or type of reduction given, facility requested, and services requested.

In addition, Department Management should consider implementing a web based request process similar to Community Connect that is used by Prince George’s County.

Issue Risk: Medium

Management Response: We are currently using an in-house spreadsheet to track signatures by the Director and his Deputies. That database will include separate fields for reporting purposes such as date received, date sent to Deputy Director and/or Director for approval, date reply sent, reason for approval/denial, partnership status, entity type, amount charged, amount reduced, percentage or type of reduction given, facility requested, and services requested.

We agree to begin tracking requests with the suggested fields to be able to have better analysis. We are working to integrate with our version of Community Connect which is ActiveMONTGOMERY (AM). The new form should be online soon.

Expected Completion Date: October 2016

Follow-Up Date: December 2016

3. Add Fee Adjustment Amounts to ActiveMONTGOMERY System

Issue: Currently, when events with fee reductions are entered into the ActiveMONTGOMERY (AM) system the entry does not accurately reflect the amount charged to the customer and the amount adjusted. Entries currently reflect \$0.00 charged rather than the amount charged minus the discounted amount.

Criteria/Risk: Incomplete data may impact management’s ability to make consistent and sound decisions.

Recommendation: For reporting purposes, the Permits Department should work with AM system administration to establish proper procedures for inputting fee adjustments. Entries in AM should accurately reflect the fees agreed to as recorded in the request database for reporting and tracking purposes. The AM system should be able to be utilized as an independent source of all fee adjustments/reductions applied.

Issue Risk: Medium

Management Response: We agree with your recommendation. The Permits Department will work with AM system administration within the Enterprise Division to establish proper procedures for inputting fee adjustments. Entries in AM will accurately reflect the fees agreed to as recorded in the request database for reporting and tracking purposes. The AM system will be able to be utilized as an independent source of all fee adjustments/reductions applied.

Expected Completion Date: October 2016

Follow-Up Date: December 2016

Conclusion

This review was conducted in accordance with the *Government Auditing Standards*. The results of our review indicate that there are areas for improvement in the internal controls for the fee reduction approval process.

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 Montgomery County Parks Department management and staff for the cooperation and courtesies extended during the course of our review.

CC:

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Exhibit A

Special Events Fee Discount / Waiver				Audit Analysis					
Event Date	Group Name	Event / Park Name	Notes	Partner	Discount	Partner	Non Partner		
1	5/6/2015	Arts & Humanities Council	Wheaton Outdoor Living Room/ Wheaton Veterans Park	Planning Board's Chair initiative	Y	Full	185		
2	5/25/2015	American Legion / Veterans of Foreign Wars	Annual Memorial Day Remembrance Ceremony / Wheaton Veteran Park	Same group receives discount for Veterans Day celebration	N	Grounds Fee	100		
3	6/12/2015	Flora M. Singer Elementary School	End of School Year Picnic / McKenney Hill NP	One time fee waiver, will pay full fee in 2016	N	Full	185		
4	7/4/2015	Montgomery County Recreation Department	Mill LP and South Germantown RP	On going partnership	Y	Full	239		
5	7/25/2015	July 25th, 2015	Uni-Tee Day / Tanglewood NP	One time fee waiver	N	Full	185		
6	9/4/2015	Maryland Senior Olympics	Maryland Senior Olympics Tournament	On going partnership	Y	Full	800		
7	9/7/2015	Freedom 5K Limited	Damascus Freedom 5K / Damascus RP	One time fee waiver, will pay full fee in 2016	N	Full	335		
8	9/20/2015	Montgomery Cty Dept of Human Rights	Friendship Picnic / Wheaton RP	On going partnership	Y	Full	1785		
9	10/4/2015	Old Takoma Business Association	Takoma Park Street Festival / Takoma Park Urban Park	Will pay grounds fee in 2016	N	Grounds Fee	500		
10	10/10/2015	All Services for Int'l Adoption	Sole to Seoul Walk-A-Thon	One time fee waiver, will pay full fee in 2016	N	Grounds Fee	200		
11	11/11/2015	American Legion / Veterans of Foreign Wars	Annual Veterans Day Celebration / Wheaton Veterans Park	Same group receives discount for Memorial Day celebration	N	Grounds Fee	100		
12	3/11/2016	Clarksburg Foundation	Annual Kites Over Clarksburg Festival / Ovid Hazen Wells RP	On going partnership	Y	Full	285		
13	4/3/2016	Ira American Civic Society	Persian Festival / Black Hill RP	On going partnership	Y	Partial	5665		
14	4/24/2016	Maryland Cricket Premier League	Color & kite Festival / South Germantown RP	First time event	N	Partial	1297		
15	5/1/2016	City of Takoma Park	Safe Routes to School 5K Challenge / Sligo Creek Stream Valley Unit Park	On going partnership	Y	Grounds Fee	100		
				TOTALS			11961	9059	2902