

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

**Fairland Sports and Aquatics Complex
Report Number: PG-001-2017**

November 21, 2016

Distribution:

Executive Committee

Casey Anderson
Elizabeth Hewlett
Patricia Barney

Audit Committee

Dorothy Bailey
Norman Dreyfuss
Karen Tobat

Maryland-National Capital Park and Planning Commission

Emily Rose
Ronnie Gathers
Adrian Gardner
Roslyn Johnson
Joseph Zimmerman

Office of Internal Audit

Renee Kenney
Natalie M. Beckwith

Maryland-National Capital Park and Planning Commission
Office of Internal Audit
7833 Walker Drive, Suite 425
Greenbelt, MD 20770

Fairland Sports and Aquatics Complex
Table of Contents

I. EXECUTIVE SUMMARY

A. Overall Perspective.....	1
B. Audit Scope, Objectives and Methodology.....	2
C. Major Audit Concerns.....	3
D. Overall Conclusions.....	4

II. Detailed Commentary And Recommendations

1. Ensure Cash Custodians are Authorized.....	5
2. Strengthen Administrative Oversight and Controls over the Facilitation of Payroll Related Activities	7
3. Ensure Vehicle Logs are Maintained and Reviewed.....	9
4. Maintain Documentation for all Authorized Drivers.....	10

I. EXECUTIVE SUMMARY

A. Overall Perspective

The Fairland Sports and Aquatics Complex (Complex or FSAC) is located at 13820 Old Gunpowder Road, Laurel, MD. The Complex is a 12,000 sq. ft. multi-sport center that includes an indoor gymnastics facility, tennis bubble, indoor racquetball court, Cybex weight training center, dance studio, trampoline training room, sand volleyball court and an outdoor deck area. The Complex also houses a heated 50-meter indoor pool with moveable floor, an indoor 25-yard leisure pool with a fountain, and a heated whirlpool. The Complex also administers the after-school Kid's Club program.

The Complex is managed under the aegis of the Commission's Prince George's County Department of Parks and Recreation. The Complex itself delivers services under two overarching internal divisions, the Sports Division and the Aquatics Division. The Sports Division offers amenities such as personal training services, group exercise classes, gymnastics parties, Kid's Club and Tennis Bubble rentals. The Aquatic's Division offers water fitness classes, recreational and lap swimming, pool parties and swim meets.

The Complex currently maintains an aggregate change fund of [REDACTED] and a checking account with a [REDACTED] total purchasing threshold. As well, each Division maintains a single purchase card with a unique corresponding purchase card holder.

B. Audit Scope, Objectives, and Methodology

The purpose of this audit was to evaluate the system of internal controls supporting operations at the Complex. The scope of our audit included, but was not limited to the following audit procedures:

- Performed an unannounced count of the petty cash and change funds.
- Reviewed petty cash receipts and replenishments.
- Testing controls over daily receipts and bank deposits.
- Reviewed time cards and time keeping procedures. Interviewed supervisory employees to assess the effectiveness of managerial oversight of the employee time card process to ensure the hours worked were correctly reported.
- Verified existence of fixed and controlled assets to source documentation.
- Obtained and reviewed Commission vehicle mileage logs.
- Reviewed payments to contract vendors.
- Reviewed room rental contract data.
- Assessed Complex receivables.

This audit was conducted in accordance with *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 on 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 July 1, 2015 through June 30, 2016.

C. Major Audit Concerns

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

- inadequate administration over FSAC's petty cash and change funds; and
- inadequate administration over FSAC's payroll.

Additional information pertaining to this area can be found in the Detailed Commentary and Recommendations section of this report.

D. Overall Conclusions

The results of our evaluation and testing procedures indicate deficiencies in the design or operation of internal controls at the Fairland Sports and Aquatics Complex, as noted in the Major Audit Concerns section of this report.

We believe the findings identified and communicated are correctable. It is the responsibility of management to weigh possible additional cost 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 Parks and Recreation Department's, Sports Health and Wellness' management and staff for the cooperation and courtesies extended during the course of our review.



Natalie M. Beckwith, MPA
Senior Auditor



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

November 21, 2016

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.

II. DETAILED COMMENTARY AND RECOMMENDATIONS

1. Ensure Cash Custodians are Authorized

Issue: The FSAC has a [REDACTED] change fund. [REDACTED] of the change fund is maintained in Aquatic's cash registers and [REDACTED] is maintained in the Complex's safe. An employee currently performing the duties as the Petty Cash Custodian related to the change fund for the Fairland Sports and Aquatics Complex's Aquatic's Division has not been authorized to engage in such activities. The Petty Cash Custodian form on file with the Commission's Office of Finance assigned authority of the change fund to an Aquatic's Administrator, not the individual acting as custodian.

The Aquatic's Administrator acknowledged that he/she signed a Petty Cash Custodian form on May 12, 2016 that identifies him/her as the sole Petty Cash Custodian for the Fairland Aquatic's Division, even though another employee was assigned those duties. That same Petty Cash Custodian form was also signed and approved by the Fairland Sports and Aquatic Complex's Facility Director and the Assistant Chief of the Sports Health and Wellness Division.

In addition, the individual designated and approved as the Cash Custodian for Fairland's Sport's Division has also been performing the Cash Custodian duties for the Aquatic's Division. Although this individual had the proper documentation and management approval in place to perform the duties as the Cash Custodian for the Sports Division, they did not have proper authorization to perform the duties as the Cash Custodian for the Aquatic's Division.

Criteria/Risk: Per Commission Practice No. 3-11, *Administration of Cash Funds*:

"Under no circumstances will custody of cash funds be informally relinquished to another employee/person. Alternate custodians of funds must be authorized in advance by a Department Head or designee by processing a Signature Authorization. In addition, Department Heads or designees must provide written notification to the Finance Department of temporary transfers of funds to alternate custodians or closing of funds."

Failure to provide the necessary oversight and controls over the Complex's cash funds is a direct violation of Commission Practice No. 3-11. Failure to comply with this Practice may increase the risk of potential fraud waste and abuse of cash funds.

Recommendation: We recommend that the Fairland Sports and Aquatic's Complex's Facility Director take the necessary steps to update the Cash Custodian form for the Aquatics Division to reflect the actual cash handling protocols currently in place at the Complex.

Issue Risk: High

Management Response: Concur. We have taken the necessary steps to update the Cash Custodian form for the Aquatic's Complex to reflect the actual cash handling protocol currently in place at the Complex.

Expected Completion Date: Completed

Follow-Up Date: February 2017

2. Strengthen Administrative Oversight and Controls over the Facilitation of Payroll Related Activities

Issue: Fairland Sports and Aquatic Center lacks the necessary internal control components to successfully administer and facilitate the facility based payroll operation on a consistent basis. During the course of the audit, the Office of Internal Audit (OIA) examined 121 payroll time card entries for randomly selected seasonal employees with multiple work locations for the pay periods ending 06/15/2015 through 08/08/2015. As well, the OIA obtained a printout of hours worked and total pay received for each employee from the Commission’s Payroll Department. Data from these two sources were compared for accuracy and congruency. In addition, the payroll time card entries were also reviewed for calculation accuracy, proper signature authority and any duplication of hours worked.

Of the 121 items tested, 17 discrepancies were noted. The 17 discrepancies represent 14% of the total population tested. The discrepancies include employee overpayments, inaccurate calculations, missing approval stamps for manual punches, missing approval signatures, and timecards not being maintained on site. A summary of the 17 discrepancies by type is as follows:

Exception Type	Number of Occurrences
Hours paid per time card did not agree to hours paid per payroll report, resulting in employee overpayment	2
Timecard calculated inaccurately	5
No explanation or evidence of review for employee manual punch	3
Missing immediate supervisor and/or approving reviewer signature	4
Timecard not located by Fairland staff	3

Criteria/Risk: Per the Department of Parks and Recreation’s *Seasonal Time Card Procedures and Responsibility Manual*, the following practices and procedures should be followed during the administration of a facility’s payroll activities:

- Payroll Distribution reports should be reviewed to ensure proper employee allocation and hourly rate.
- Total hours for each week noted on the time card should be reviewed for calculation errors.
- Proper notations should be included on the time card for any time card modifications included manual time punches.

- Time cards should be signed/approved by employee, the immediate supervisor and the reviewing supervisor.
- 1st level supervisors should maintain a copy of all time cards.

Failure to provide the necessary oversight and controls over the Commission's payroll related activities may lead to instances of fraud, waste or abuse of employee timecards and may foster an environment conducive to inaccurate labor charges and over or under payments to employees.

Recommendation: We recommend that Fairland Sports and Aquatics Complex management strengthen administrative oversight and controls over facility payroll activities. Recommended actions include:

- The FSAC management should thoroughly review all timecards to ensure calculation accuracy and proper signature authority.
- FSAC management should ensure that timecards with a corresponding manual punch entry are properly identified and approved.
- FSAC administrative staff should retain a copy of all manual timecards on site

In addition, FSAC management should review and reconcile the identified employee overpayments with the Commission's Office of Payroll Administration.

Issue Risk: High

Management Response: Concur. In addition to complying with the recommendations listed above, additional steps have been taken:

- As part of the new employee procedures, we have developed a document called, "Timecard Procedures for Intermittent Employees". This document is reviewed, signed, and placed in the employee's employment file.
- E-mails are routinely sent to staff reviewing the proper procedures for timecard processing.

Expected Completion Date: Completed

Follow-Up Date: February 2017

3. Ensure Vehicle Logs are Maintained and Reviewed

Issue: The Fairland Sports and Aquatics Complex operates a total of five Commission vehicles on a regular basis. Authorized Commission employees utilize the vehicles for various activities such as student field trips, transportation to additional Commission aquatic facilities and official Commission business, such as meeting, site visits, etc. A total of 32 FSAC employees have been authorized to operate the vehicles.

During the course of the audit we determined that Commission required, vehicle log data has is not maintained consistently for the five Commission vehicles.

Although the Complex maintains a general in-house sign out log for all vehicles, individual mileage logs are not maintained for three of the five vehicles. As well, when the general log was compared to the individual logs for the two remaining vehicles, the mileage did not agree. Thus, no pertinent vehicle or driver data was being consistently or accurately tracked or retained for the fleet assigned to the FSAC.

Criteria/Risk: Commission Practice No. 6-10, *M-NCPPC Vehicle Use Program* requires the maintenance of vehicle logs for all pooled vehicles. In addition, the Practice states a designated department Vehicle Administrator must maintain all vehicle assignments, and vehicle usage logs for three (3) years.

The completion of vehicle logs provides important information to M-NCPPC management in case of vehicle accidents and/or infractions. The logs also provide management with a tool to assess vehicle usage, maintenance requirements, and possible replacement.

Recommendation: We recommend that FSAC's facility management strengthen internal procedures for the administration of pooled vehicles. Management should ensure that vehicle logs are being completed, reviewed, and maintained for all pooled vehicles.

Issue Risk: Medium

Management Response: Concur. We have designed two (2) systems for drivers' accountability. We have placed the Vehicle Log form in two (2) locations. One sheet is in the office where the keys are located and the other form is present in each car. The office form is mainly used as a check-out, since that is where the keys are located. The other form is now in each car.

Expected Completion Date: Completed

Follow-Up Date: February 2017

4. Maintain Documentation for all Authorized Drivers

Issue: The Complex's departmental Vehicle Administrator does not maintain adequate records verifying authorized drivers. Neither the Office of Risk Management nor the departmental Vehicle Administrator had driver release forms for one FSAC driver.

Criteria/Risk: Commission Practice No. 6-10, *M-NCPPC Vehicle Use Program* requires the department Vehicle Administrator to maintain a listing of all authorized drivers who meet driving eligibility requirements.

Failure to ensure all drivers complete the required training and are included in the Commission's License Monitoring system increases the Commission's exposure in case of an accident.

Recommendation: FSAC management should ensure that the departmental Vehicle Administrator obtains driver release forms for all drivers. In addition, we recommend that the Vehicle Administrator coordinate with Risk Management to ensure receipt of all release forms.

Issue Risk: Low

Management Response: Concur. Once the Defensive Drivers course is taken, that individual submits a copy of the completed test to the Office Manager at FSAC, for placement in the employee file. The individual whose file was missing, took the course many years ago and was not able to locate the form. This individual no longer drives a Commission vehicle as their job duties and responsibilities have changed.

Expected Completion Date: Completed

Follow-Up Date: February 2017

We want to thank Ms. Natalie M. Beckwith, MPA Senior Auditor, for visiting with us at FSAC and pointing out how we can improve our overall accountability. We will abide by the direction, suggestions, and recommendations located within the FSAC Audit Report: PG-001-2017.