

**Maryland-National Capital Park and Planning Commission
Office of the Inspector General**

**Montgomery County Department of Parks
Wheaton Indoor Tennis Facility
Report Number: MC-001A-2024**

October 4, 2023

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Audit Committee

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Maryland-National Capital Park and Planning Commission

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Wanda King

Wheaton Indoor Tennis Facility
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I. EXECUTIVE SUMMARY

A. Overall Perspective

The Maryland National Park and Planning Commission (Commission) is a bi-county agency serving Montgomery and Prince George's counties in Maryland. The Commission provides quality parks, recreation facilities, programs and services for residents and visitors. The audit focused on Wheaton Indoor Tennis Facility (Facility) which is located at 11715 Orebaugh Avenue, Wheaton, Maryland. The Facility features six indoor tennis courts, locker rooms and a party room rental. The Facility offers group classes, private lessons, seasonal contracts, pickleball, and summer camps.

Effective February 14, 2022, Montgomery Department of Parks (Department) discontinued using the Active Net systems application. The Active Net application was the point-of-sale application used by the Department. The Department implemented the Vermont Systems, Incorporated Rec Trac system, which supports operational processes such as customer facility rentals, classes, and event registrations. Gross revenue for fiscal year (FY) 23 was \$673,045, a 12.75% increase over FY22 revenue of \$596,957.

The Facility is assigned a Facility Manager I, who is responsible for daily operations and a Facility Manager II who oversees the facility and career staff. The Facility Manager II reports to the Area Recreation Program Manager who assists the Enterprise Division Chief with providing management oversight of the facility. The Enterprise Division Chief reports to the Deputy Director of Operations, under the leadership of the Director of Montgomery County Department of Parks.

B. Audit Objective, Scope, and Methodology

Audit Objective

The objective of this audit was to evaluate the system of internal controls for key business operations (e.g., petty cash, purchase card, controlled assets, etc.) at the Wheaton Indoor Tennis Facility. Properly implemented internal controls reduce financial, reputational, and operational risks within the facility.

Scope

The scope for the Wheaton Indoor Tennis Facility audit included, but was not limited to, the following audit procedures:

- Interviewed staff and performed walkthroughs to obtain an understanding of operational procedures and processes;
- Reviewed applicable Commission practices and procedures and internal tennis facilities policies and procedures;
- Analyzed daily cash receipts for timely and accurate bank deposits;
- Verified the existence of controlled assets and completion of annual inventory;
- Reviewed for adequate controls over retail sales inventory (e.g., tennis balls, rackets, and grips);
- Analyzed purchase card transactions to verify Purchase Card Log data was current, and purchases are appropriately authorized;
- Reviewed timecards to verify recorded hours were appropriately authorized;
- Verified all drivers met Risk Management requirements and completed the vehicle mileage logs; and
- Reviewed facility rentals for appropriate authorization.

In addition, the audit scope was designed to identify possible fraud, waste, or abuse within the processes being audited.

The period covered in this review was February 14, 2022 through June 10, 2023.

Methodology

During the audit, the auditor conducted interviews with Facility management and staff, and reviewed relevant standard operating procedures, Commission policies, and organizational charts. For our analysis, we obtained and reviewed cash receipts, asset listings, payroll reports, and other relevant information that included a sample of supporting documentation to assess compliance with

Commission Policies and Procedures. We also conducted site visits to test the effectiveness of internal controls over cash and capital and controlled assets.

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 a 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.

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 indicated no major weaknesses in the design or operation of internal controls for the Wheaton Indoor Tennis Facility. 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 the 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 Wheaton Indoor Tennis Facility management and staff for the cooperation and courtesies extended during the course of our review.



Wanda King
Assistant Inspector General



Modupe Ogunduyile, CIG
Deputy Inspector General



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

October 4, 2023

Conclusion Definitions

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| 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. Strengthen Managerial Oversight of Controlled Assets

Issue: Facility management is not providing adequate oversight of controlled assets. The Office of the Inspector General (OIG) reviewed the 2023 controlled asset inventory list and judgmentally selected a sample of 10 of 25 (40%) assets. OIG identified and verified the existence of all 10 controlled assets, without exception. However, the OIG conducted a comparison of the Facility's 2022 and 2023 controlled asset inventory lists and identified the following discrepancies:

- Several controlled assets (i.e., refrigerator, camera, tennis racquet, laminator, and label maker) identified on the 2022 inventory lists were not included on the 2023 inventory list despite being presently located at the Facility.
- The OIG identified three assets that were marked on the 2023 inventory list as "not present." Management could not provide a completed Capital Asset Input Form (164 Form) nor any other documentation to support the assets' disposal.

Criteria: Administrative Procedures No. 04-01, *Capital and Controlled Asset Procedures Manual*, Section V.A.5 - Controlled Asset Procedures and Guidelines, states an inventory system for controlled assets must be current as assets are acquired and disposed of. The inventory system (s) may be established at the department, division or facility level, and may range from a simple log to a more sophisticated software program.

Cause: Administrative staff turnover from those who were responsible for managing the controlled asset inventory lists and updating information in Enterprise Asset Management (EAM) resulted in inaccurate information in EAM.

In addition, Facility management stated they did not complete 164 Forms for the controlled assets marked as "not present" because the assets were never seen onsite at the facility during their tenure.

Risk: Failure to comply with Commission policies and procedures contributes to errors and inconsistencies, which may increase operational risk. Failure to comply with policies and procedures may also lead to potential fraud, waste and abuse.

Risk Level: Medium

Recommendation: Management should ensure Facility staff are aware of the Commission Administrative Procedures and comply with all requirements. Management should also ensure staff perform the following:

- Conduct a new inventory review using the 2022 and 2023 controlled asset inventory lists. Walk through the facility and identify all assets that should be included and create a new master inventory-controlled assets list.
- Ensure the new controlled assets inventory list includes the description of the item, including model name and number (if available), purchase date, cost, serial number, property tag, item location, and disposal method (if applicable).
- Use appropriate documentation to support purchases and disposals of controlled assets (e.g., Form 164) or other documentation as specified in the Commission Administrative Procedure.
- Periodically conduct interim controlled asset inventory reviews.

Management Response: We concur with the OIG's finding and recommendations. Montgomery Parks is in the process of procuring an electronic inventory management system. The inventory system will allow controlled asset coordinators to input all essential data about the asset (name, model, location, cost, date, pictures, etc.) as well as conduct automated audits using Radio Frequency Identification. While the procurement of the inventory management system is underway, we will review Practice 3-14 and Administrative Procedure 04-01 and ensure all controlled assets are included in our FY24 inventory.

Expected Completion Date: December 2023

Follow up Date: May 2024

2. Ensure All Employees Approve Bi-Weekly Timecards

Issue: Three out of six seasonal employee tennis instructors did not approve their bi-weekly timecards for pay period beginning May 28, 2023, through June 10, 2023¹. Timecard approval is indicated by employee signatures.

Criteria: According to Administrative Procedures No. 19-02, *Attendance, and Completion and Approval of Time Cards*, Section II, *Completing and Approving Timecards: Part A. Merit System (Represented and Non-Represented) and Contract Employees, No.4*, states, “An employee will approve his/her completed timecard prior to supervisor approval.”

Cause: Management stated that tennis instructors have been reminded of the requirement to sign and approve timecards for each pay period. Quite often, the problem occurs due to the timing between the date of the tennis instructor’s last class at the facility and the approaching pay period’s ending date.

Risk: Failure to ensure employees approve timecards for hours worked may result in timekeeping errors and disputes. This may also create opportunities for potential fraud, waste, and abuse. However, the risk of fraud is mitigated because tennis facility management reconciles the class section numbers and the hours written on the tennis instructors’ timecards to the class schedule.

Risk Level: Medium

Recommendation: Management should ensure all employees are aware of the Commission’s Administrative Procedures pertaining to timekeeping and timecard approvals. Management should remind employees in advance when approved timecards are due for each pay period. Management should also document and distribute internal policies and procedures to assist employees with compliance.

If an employee cannot approve their timecard due to timing issues, management should obtain written (e.g., email) confirmation from the employee that the hours recorded on the timecard were correct. This post approval should not be a standard practice, but rather allowed in rare circumstances.

Management Response: We concur with the OIG’s finding and recommendation. We will work to ensure all tennis instructor timecards are completed and signed prior to entering them into Kronos.

Expected Completion Date: December 2023

¹ Tennis instructors use paper timecards instead of the Kronos clock because they must include specific notes on their timecards, such as relevant class information (e.g., class section number). They do not have the ability to write notes in Kronos. Management reconciles and verifies the timecard data with class schedules. Note that all classes last one hour, unless indicated otherwise on the schedule.

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Follow up Date: May 2024