

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

**Commission Wide
Capital Improvement Program – Revenue and Financing Sources
Report Number: CW-004-2025**

June 12, 2025

Distribution:

Audit Committee

Dorothy Bailey
Mitra Pedoeem
Erin White
Benjamin Williams

Maryland-National Capital Park and Planning Commission

Debra Borden
Gavin Cohen
Miti Figueredo
Darren Flusche
Andy Frank
Artie Harris
Len Pettiford
Abbey Rodman
Peter Shapiro
William Spencer
Bridget Stesney
Bill Tyler

Office of the Inspector General

Renee Kenney
Modupe Ogunduyile
Franklin Pace

Commission Wide Capital Improvement Program
Revenue and Financing Sources
Table of Contents

I. EXECUTIVE SUMMARY

A. Overall Perspective.....	1
B. Audit Objective, Scope, and Methodology.....	3
C. Major Audit Concerns.....	5
D. Overall Conclusions.....	6

II DETAILED COMMENTARY AND RECOMMENDATIONS

1. Montgomery Parks Should Update Current Policies and Procedures for Managing Capital	7
---	---

I. EXECUTIVE SUMMARY

A. Overall Perspective

The Maryland-National Capital Park and Planning Commission (Commission) is a bi-county agency that acquires, develops, maintains, and administers a regional system of parks within Prince George's and Montgomery counties in Maryland. The Commission's Park system is more than 52,000 acres and composed of stream valley parks, large recreational parks, neighborhood parks and park-school recreation areas.

The Commission's Capital Improvement Program (CIP) governs new developments, improvements, and maintenance projects for both counties. The Commission prepares a six-year capital improvement program for each county in accordance with Sections 18-112, 18-113, and 18-117 of the Land Use Article of the Annotated Code of Maryland. The CIP includes a statement of the objectives of the programs and the relationship of these programs to the counties' adopted long-range development plans, the capital projects and construction schedules, estimated costs and funding sources. The CIP also includes all programmed land and facility acquisition; all major parkland, recreational facilities, and administrative office development and improvements; and all major acquisition of equipment. The program is funded by property taxes, cash on-hand, bonds, federal and state grants and developer contributions. The Commission's long-term fiscal operating projections incorporate the projected operating budget impact of CIP.

Prince George's County Department of Parks and Recreation (DPR) CIP is managed by its Capital Planning and Development Division (CPDD). CPDD has approximately 45 employees. The following table provides an analysis of DPR's CIP funding for July 1, 2024, through June 30, 2025.

July 1, 2024 - June 30, 2025, Prince George's County Capital Project Revenue and Financing Sources

Source	Amount
M-NCPPC Bonds	\$96,979,000
PAYGO	32,376,000
State AID	9,535,000
Developer Contributions	3,565,000
Total	\$142,455,000

Montgomery County Department of Parks (Montgomery Parks) CIP is managed by its Park Development Division (PDD). PDD has approximately 50 employees. The following table provides an analysis of Parks' CIP funding for July 1, 2024, through June 30, 2025.

Commission Wide Capital Improvement Program
Revenue and Financing Sources
Report No. CW-004-2025

**July 1, 2024 - June 30, 2025, Montgomery County Capital Project Revenue
and Financing Sources**

Source	Amount
GO Bonds	\$15,133,000
Federal AID	9,500,000
M-NCPPC Bonds	7,935,000
Current Revenue: General	6,150,000
Water Quality Protection Bond	6,000,000
State AID	3,300,000
Other	21,854,000
Total	\$69,872,000

B. Audit Objective, Scope, and Methodology

Audit Objective

The objective of this audit was to evaluate revenue and financing sources, and verify compliance with funding requirements and Commission Practices and Procedures. Additionally, the audit assessed the system of internal controls for revenue and financing sources within the Capital Improvement Program. Properly implemented internal controls are essential for reducing financial, reputational, and operational risks.

Scope

The scope for the Commission Wide Capital Improvement Program Revenue and Financing Sources audit included, but was not limited to, the following audit procedures:

- Reviewed Commission Practices and Procedures and other applicable regulations and policies and procedures;
- Performed walkthroughs with staff to obtain an understanding of CIP revenue and financing sources;
- Identified the various revenue and financing sources for CIP;
- Selected a sample of revenue and financing sources and perform detailed testing to verify compliance with funding requirements and Commission Practices and Procedures; and
- Reviewed oversight of the CIP budget process.

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

The audit period covered available revenue and financing sources from July 1, 2024 through June 30, 2025.

Methodology

During the audit, the auditor-in-charge conducted inquiries and interviews of CPDD and PDD management and staff, reviewed relevant standard operating procedures, Commission policies, and organizational charts. For our audit testing and analysis, we judgmentally selected a sample of five projects from the Fiscal Year 2025-2030 approved CIP for Prince George's and Montgomery counties. From the samples, we identified funding sources (e.g. bonds, federal aid, Commission general revenue etc.) and completed audit testing to ensure

Commission Wide Capital Improvement Program
Revenue and Financing Sources
Report No. CW-004-2025

compliance with funding requirements. We also obtained and reviewed financial reports and other relevant information that included a sample of supporting documentation to assess compliance with Commission Policies and Procedures.

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 objective.

C. Major Audit Concerns

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

D. Overall Conclusions

The results of our audit and testing procedures indicate no major weaknesses in the design or operation of internal controls for Commission Wide Capital Improvement Program Revenue and Financing sources. 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 Prince George's County Department of Parks and Recreation and Montgomery County Department of Parks management and staff for the cooperation and courtesies extended during the course of our review.

Franklin Pace

Franklin Pace, CIGI, CFE, CGFM, PMP
Senior Auditor

Modupe Ogunduyile

Modupe Ogunduyile, CIG
Deputy Inspector General

Renee Kenney

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

June 12, 2025

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. Establish Formal Policy and Procedures for Managing CIP

Issue: Montgomery Parks does not have current formal written policies and procedures for management of CIP. The OIG was provided with a Planning Design Construction Operations Handbook (PDCO Handbook) dated March 2005. The PDCO Handbook identifies roles and responsibilities and provides guidance for stakeholders in the design and construction stages of park projects. The PDCO Handbook is considered Montgomery Parks written policies and procedures governing capital planning and project management operations. The OIG's review of the PDCO Handbook identified that the PDCO Handbook does not address controls related to tracking, managing, and ensuring the timely use of capital funding. In addition, the PDCO Handbook does not identify current stakeholders, roles and responsibilities and is not reflective of the current operating environment.

Criteria: The Government Finance Officers Association (GFOA) Best Practices recommend that governmental entities establish written policies and procedures to support effective capital project monitoring and reporting to assist in the management of capital projects.

Cause: Montgomery Parks did not prioritize updating the existing guidance.

Risk: Failure to have current written policies and procedures increase the risk that CIP projects will not be completed on time within the scope, budget and in accordance with stakeholder's quality expectations.

Issue Risk: Medium

Recommendation: Montgomery Parks should update existing guidance and implement formal written policies and procedures to support effective capital project monitoring and reporting. The procedures should include guidance related to the following:

- Planning projects, establishing project schedules and budgets, monitoring, inspections, oversight, and project closeout.
- Performance metrics such as cost and schedule variances.
- The use of project management tools that features task tracking, scheduling, budgeting, and reporting.

In addition, the policy and procedures should identify key internal and external stakeholders and their current roles and responsibilities in the capital improvement program.

Commission Wide Capital Improvement Program
Revenue and Financing Sources
Report No. CW-004-2025

Management Response: Montgomery Parks recognizes the value of developing written procedures and practices for the Capital Improvement Program (CIP) and implementation of CIP projects. While current staff is familiar with the processes, having this documentation will provide a good resource for new staff and ensure consistency among projects. Our intention is to assemble this information throughout the FY27-32 CIP development process, so we will have the most current information available. Additionally, we will be updating our roles and responsibilities documents for various staff positions (i.e. Project Manager, Engineer, Landscape Architect, Architect, Construction Inspector, Construction Manager, Procurement Specialist, etc.) that support project implementation. We will also continue to refine our project tracking/update practices (i.e. Critical Projects Updates, Procurement Tracking, Quarterly CIP Implementation Reports, etc.) for projects included in the Park Development Plan.

Expected Completion Date: June 2026

Follow-Up Date: July 2026