

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

**Prince George's County Department of Parks and Recreation
Southern Area Aquatics and Recreation Complex**

**Facility Audit
Report Number: PGC-001-2022
November 24, 2021**

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**Southern Area Aquatics and Recreation Complex
Facility Audit
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I. EXECUTIVE SUMMARY

A. Overall Perspective

The Southern Area Aquatics and Recreation Complex (SAARC) or (the Complex), located in Brandywine, MD, is Prince George's County's first multi-generational recreation center. The Center is managed under the aegis of Prince George's County Department of Parks and Recreation, Southern Area Operations.

The Complex includes a natatorium, a double gymnasium, and flexible programmable space on the entry-level. The second level includes a fitness center and running track. There are three separate bodies of water at the Complex that include a 25-yard Lap Pool with six lanes, a leisure pool, and a spa. The facility also includes three pieces of public art that draw inspiration from the 150-year-old Willow Oak tree located adjacent to the building.

SAARC offers a variety of classes and programs that include the following:

- Fitness and Dance Classes
- Martial Arts
- Family-focused Special Events
- Song Circles
- Xtreme Teens and GEAR
- Sports Leagues
- Therapeutic Recreation Programs
- Drum Circles
- Technology Courses
- Culinary Classes
- Swimming Lessons
- Summer Camps

Note: Due to the COVID-19 pandemic, the Complex was closed from April 2020 through March 2021. The Complex is currently operating at 75% capacity.

B. Audit Objectives, Scope, and Methodology

Objective

The purpose of this audit was to evaluate the system of internal controls supporting operations at the Complex, improve operational efficiencies and help ensure compliance with Commission policies and procedures.

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

Scope

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

- Reviewed timecards and time keeping procedures. Interviewed supervisory employees to assess the effectiveness of managerial oversight of the employee timecard process to ensure the hours worked were correctly reported
- Verified the existence of capital assets; verified the completion of annual inventory
- Verified the existence of controlled assets; verified the completion of annual inventory
- Reviewed surveillance camera and facility security protocols
- Compared Commission vehicle mileage logs and odometers for consistency and assured that drivers have attained proper operating documentation
- Reviewed purchase card transactions and verified for proper authorization and appropriate purchases
- Assessed Complex receivables for outstanding balances

The audit covered the period from July 1, 2020 through June 30, 2021.

Scope Limitation

Due to the COVID-19 Pandemic shutdown and corresponding lack of activity, the audit did not include review or testing of the following items:

- Petty cash receipts and replenishments

- Daily bank receipts and bank deposits
- Facility rental contracts
- Employee travel related expenses

The OIG plans to incorporate the testing of these items in the Complex's upcoming Follow-Up Review (March 2022).

Methodology

Inquiry, observation, data analysis, and tests of imposed actions to complete the objectives of this audit were performed.

The 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 the following major audit concern(s):

- Inadequate managerial oversight of capital and controlled assets.

Per Commission Practice 3-14, *Capital Asset Policy: Accounting for M-NCPPC Real and Personal Property*, **capital assets** are defined as real and personal property items, or improvements to real and personal property items, acquired by the agency, with a useful life of more than one year, and a unit price at or greater than \$10,000. **Controlled assets** have a unit price less than \$10,000.

The OIG reasonably concludes that the lack of oversight by the Southern Area Office and SAARC management is a major concern and requires immediate attention.

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 Southern Area Aquatics and Recreation Complex as noted in the Major Audit Concerns section of this report.

We believe the findings identified and communicated are correctable and that management's responses to the recommendations satisfactorily address the concerns. 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's Department of Parks and Recreation and the Southern Area Operations Division's management and staff for the cooperation and courtesies extended during the course of our review.



Natalie M. Beckwith, CFE, CICA, CIG
Assistant Inspector General



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

November 24, 2021

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. Strengthen Managerial Oversight of Capital and Controlled Assets

Issue: Southern Area Office and SAARC management has not provided sufficient oversight to ensure daily operational activities are performed with accuracy and in accordance with Commission policies and procedures. Our review included an assessment of controls over capital assets (i.e. assets costing >\$10,000), and controlled assets (i.e. assets costing <\$10,000).

During the audit testing, the OIG determined:

- Asset Management
 - Controlled asset forms were not completed for existing controlled assets. The forms are the source for the inventory listing. Further, during a pre-opening walk-thru of the Complex in February 2020, management was advised by the OIG that all controlled assets should be documented and supported by an asset form and the asset should be tagged where applicable. The current audit review revealed no evidence that any of the beforementioned advised activity had taken place.
 - No capital assets were reflected on the Department of Finance's Capital Asset Register.
- Asset Tags
 - No asset tags had been secured or for any of SAARC's assets (capital and controlled).

Criteria/Risk: Per M-NCPPC Practice No. 3-14, *Capital Asset Policy: Accounting for M-NCPPC Real and Personal Property*, the Department of Finance is responsible for establishing and maintaining systems and procedures that enable Division Chiefs, Department Heads and program managers, to properly account for capital assets. Department Heads, Division Chiefs, or Designees are responsible for conducting, and maintaining copies of, periodic inventories of **capital** and **controlled** assets, and forwarding updated inventories to the Department of Finance annually.

- Capital Assets:
 - M-NCPPC Practice No. 3-14, *Capital Asset Policy: Accounting for M-NCPPC Real and Personal Property* has two major objectives:
 - To safeguard its fixed assets from loss or theft.
 - To accurately account for and report fixed assets in financial reports issued to the Planning Boards and County Councils, external reporting agencies, granting agencies and the public.

- In addition, Administrative Procedure 04-01, *Capital Asset Procedure Manual* states:
 - Upon receipt of the fixed asset property identification tag, staff at the asset location should affix the label to the asset. If affixing a property tag is not practical, as in the case of playground equipment or software for example, the tag should be filed with a copy of the purchase order and retained for inventory purposes.
- Failure to provide the necessary oversight and controls over the Commission's capital assets may impact Commission's ability to meet identified objectives. As well, improperly, or non-recorded asset values could have a negative impact on the Commission's financial statements.
- Controlled Assets:
 - The M-NCPPC Department of Parks and Recreation - Inventory Control Guidelines provide accountability and support for the administration of the Commission's controlled assets. The inherent objective of the guidelines is to provide procedures for the safeguarding, accounting and reporting of controlled assets.
 - Failure to provide the necessary oversight and controls over the Commission's controlled assets may impact Commission's ability to meet identified objectives and could result in the unrecognized loss or theft of these assets.

Recommendations:

- Capital Assets:
 - We recommend that SAARC management ensure all capital assets are reflected on the Department of Finance's Capital Asset Register.
 - We recommend that SAARC management ensure asset tags are secured and affixed to capital assets where possible. If affixing a property tag is not practical then the tag should be maintained on site with a copy of the purchase order.
- Controlled Assets:
 - We recommend SAARC management develop and implement procedures to ensure all controlled assets are identified, tracked, and monitored:
 - Procedures should include steps to ensure assets entered into service are appropriately authorized by management and adequate supporting documentation (e.g., approved Form 164) is kept on file. Procedures

should also document the requirement that an asset tag be affixed to all controlled assets where possible.

- We recommend that a full and comprehensive controlled asset inventory count be performed at the Complex to ensure that all cataloged items are onsite and accounted for.

Issue Risk: High

Management Response:

Capital Assets: Concur. SAARC Facility Manager III will work with the divisional Asset Coordinator to add all items to the list of capital assets that have not been added. A full and comprehensive capital asset inventory will be performed at SAARC within the next 30 days and every two months thereafter. Property tags will be affixed to capital assets where possible. If not possible, then the property tag will be maintained on site with a copy of the approved purchase request in a binder to be easily accessible. SAARC Facility Managers will collectively confirm that there are no missing capital asset tags. Additionally, when completing monthly reports, SAARC facility staff will conduct random monthly checks of capital assets and the SAARC Facility Manager III will conduct bi-monthly (every two months) as part of her center audit, random checks of capital assets.

Controlled Assets: Concur. SAARC Facility Manager III will work with the divisional Asset Coordinator to add all items to the list of controlled assets that have not been added. A full and comprehensive controlled asset inventory will be performed at SAARC within the next 30 days and every two months thereafter. Any items on the controlled asset listing that are not located due to an item transfer, disposal, etc. will be documented and the appropriate paperwork will be forwarded to the Asset Coordinator. In addition, SAARC facility managers will review the controlled asset listing, correct any clerical errors found, confirm there are no missing controlled assets, and confirm that all controlled assets are documented. As controlled assets are purchased the proper documentation will be completed, immediately.

Expected Completion Date: December 2021

Follow-Up Date: February 2022

2. Maintain Documentation for all Authorized Drivers

Issue: The Complex's management does not maintain adequate records verifying authorized drivers. Neither the Office of Risk Management nor the departmental Vehicle Administrator had driver release forms for five SAARC employees. In addition, there was no evidence that the drivers had completed the required defensive driving course, as a result, those drivers are not included in the Commission's License Monitoring System.

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 should the driver be involved in an accident.

Recommendation: SAARC management should ensure that drivers complete the required defensive driving course and that their accompanying release forms are maintained. As well, those forms should be forwarded to the Office of Risk Management.

Issue Risk: Medium

Management Response:

Defensive Drivers: Concur. SAARC facility managers will ensure that staff who complete the required defensive driving course also complete the accompanying release forms. The course certificates along with the completed release forms will be sent to the SAO Administrative Supervisor and to the Office of Risk Management. Also, copies will be kept in an easily accessible Defensive Driving Course binder, including a master list detailing completion dates and dates forwarded. SAARC facility managers will audit the binder at least quarterly to ensure all newly trained drivers are added and their documentation forwarded. SAARC facility managers, working with SAO's Administrative Supervisor, will confer with the departmental Vehicle Administrator, to ensure that all approved drivers are included in the Commission's License Monitoring System.

Expected Completion Date: November 2021

Follow-Up Date: February 2021