

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

**Prince George's County Department of Parks and Recreation
Lake Arbor Community Center
Facility Audit
Report Number: PGC-002-2023**

December 7, 2022

Distribution:

Audit Committee

Dorothy Bailey
Cherri Branson
Erin White
Benjamin Williams

Maryland-National Capital Park and Planning Commission

Debra Borden
Asuntha Chiang-Smith
Gavin Cohen
Shawna Fachet
Wanda Ramos
Peter Shapiro
William Spencer
Bill Tyler
Jeffrey Zyontz

Office of the Inspector General

Renee Kenney
Modupe Ogunduyile
Aaron Smith

Maryland-National Capital Park and Planning Commission
Office of the Inspector General
6611 Kenilworth Ave., Suite 106
Riverdale, MD 20737

**Lake Arbor Community Center Audit
Facility Audit
Report Number: PGC-002-2023**

Table of Contents

I. EXECUTIVE SUMMARY

A. Overall Perspective.....	1
B. Audit Objective, Scope and Methodology.....	2
C. Major Audit Concerns.....	4
D. Overall Conclusion.....	5

II. DETAILED COMMENTARY AND RECOMMENDATIONS

1. Require 2 nd Level Approval for Contract Rentals.....	6
2. Maintain Petty Cash Fund Above 50 Percent.....	7

I. EXECUTIVE SUMMARY

A. Overall Perspective

The Lake Arbor Community Center (Center) is located at 10100 Lake Arbor Way, Mitchellville, MD 20721. The Center has several amenities, including a basketball court, arts and crafts room, fitness room, multipurpose room, and large outdoor field space. Programs offered at the Center include senior therapy and fitness programs, various afterschool activities including Xtreme Teen, karate and music classes. The Center staffs full-time and seasonal employees, with staffing levels at the highest points during summer months.

During fiscal year 2022 operations, the Center recognized \$7,845 in rental revenue. The Center has one capital asset, an electronic message board located at the entrance of facility grounds.

The Center is managed under the aegis of the Commission's Prince George's County Department of Parks and Recreation, Northern Recreation and Leisure Services (NRLS)¹.

¹ Office of the Inspector General (OIG) was notified that the facility director's position became vacant on September 21, 2022

B. Audit Objective, Scope and Methodology

Objective

The purpose of the audit was to evaluate the system of internal controls regarding operations at the Center and to identify opportunities to improve operational efficiencies.

Scope

The scope of our 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 petty cash receipts and replenishments for the appropriate authorization and supporting documentation;
- Analyzed daily cash receipts and bank deposits for accuracy and timeliness;
- Reviewed timecards and timekeeping procedures. Interviewed supervisory employees to assess the effectiveness of managerial oversight of the employee timecards process to ensure the hours worked were accurately reported;
- Verified the existence of capital assets;
- Verified the existence of controlled assets;
- Assessed the Center's receivables process and outstanding balances;
- Reviewed contracts for the rental of the facility to ensure they were properly executed; and
- Accessed security protocols.

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

The audit covered the period from July 1, 2020 through June 30, 2022.

Methodology

Inquiry, observation, data analysis, and tests of transactions to complete the objectives of this audit was performed.

The audit was conducted in accordance with the *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 the findings and conclusions based on the established 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 Conclusion


The results of our evaluation and testing procedures indicate no major weaknesses in the design or operation of internal controls at Lake Arbor Community Center. 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 possible additional costs of implementing our recommendations in terms of benefits to be derived and the relative risks involved. The OIG does not follow-up on low-risk audit recommendations.

We wish to express our appreciation to Lake Arbor Community Center's management and staff for the cooperation and courtesies extended during the course of our review.



Aaron Smith
Staff Auditor



Modupe Ogunduyile
Deputy Inspector General



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

December 7, 2022

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. Require 2nd Level Approval for Contract Rentals

Issue: The supporting documentation for the contract rental dated January 8, 2022 only contained the signature of the Facility Director.

Criteria/Risk: Per M-NCPPC Department of Parks and Recreation, Prince George's County, Facility Internal Control policy states that for Rentals and Reservations it is the Divisions responsibility to establish the approval processes, including the required Grade and/or number of staff signatures required (if any), or whether certain facilities allow for on-demand rentals based on previously approved timeslots or hours of availability. We conducted an interview with the Regional Manager, and it was determined that public rentals of facilities require an approving signature beyond the facility director, typically from the regional manager.

Cause: The [REDACTED] did not obtain the required signature from the [REDACTED] as required by the established policy and procedures.

Recommendation: The [REDACTED] should ensure all contract rentals are reviewed and have the required secondary approval signature as required by the policy.

Issue Risk: Medium

Management Response: Management concurs. NRLS will remind staff of the 2nd level supervisor requirement and also request that regional managers verify their rentals in their region by comparing them to the weekly Facility Reservation Report sent by Parks Direct. This report is sent to the Chief, Assistant Chief and Regional Managers to assure we are aware of all rentals in our buildings (checks and balances). Additionally, the Department is convening a work group to review policies and procedures for the rental process.

Expected Completion Date:

Review for division to meet current requirements – November 2022

Review of entire procedures for any updates – September 2023

Follow-Up Date: October 2023

2. Maintain Petty Cash Fund Above 50 Percent

Issue: The petty cash fund was found to be depleted by over 50% on eight occasions during the period of July 19, 2021 to December 14, 2021 and was not properly replenished on a timely basis.²

Criteria/Risk: The Commission's Facility Internal Control Policy states reimbursement is required when the cash-on-hand has been depleted to 50% of the total fund. In addition, the M-NCCPC Practice No. 3-11, Administration of Cash Funds, states that the Custodians of Petty Cash Funds must replenish the fund at appropriate intervals for efficient administration.

Cause: Facility management did not review outstanding petty cash requests on a timely basis to meet the demand of small³ petty cash requests used to make supplies available.

Effect: Allowing the petty cash fund to deplete below the 50 percent threshold could lead to inefficient management oversight and could prevent management from adequately meeting the needs of the facility.

Recommendation: The [REDACTED] must implement a periodic review of petty cash requests, to ensure the petty cash fund levels are maintained at an appropriate level in accordance with Facility Internal Control Policy.

Issue Risk: Low

Management Response: Management concurs with this recommendation. NRLS will reiterate to staff this policy and require regional managers to complete periodic reviews to ensure proper levels are maintained.

Expected Completion Date: November 2022

² The cash custodian at the facility has changed as of March 4, 2022.

³ 15 of the 20 petty cash requests during the period (75%) were below \$100.