

**Maryland-National Capital Park and Planning Commission  
Office of the Inspector General  
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**Prince George's Plaza Community Center  
Facility Audit**

**Report Number: PGC-011-2023**

**May 24, 2023**

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**Prince George's Plaza Community Center**  
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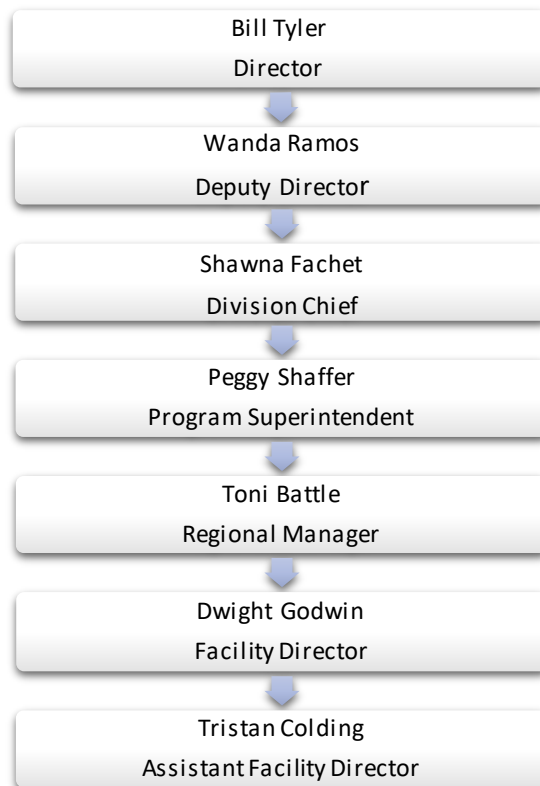
## I. EXECUTIVE SUMMARY

### A. Overall Perspective

The Prince George's Plaza Community Center (Center) is located at 6600 Adelphi Road Hyattsville, MD. The amenities offered at the Center include a fitness room, gymnasium and three multipurpose use rooms which are rented to the public. During fiscal year 2022, the Center grossed \$6,580 in revenue from contract rentals.

The Center offers programs and classes for teens and seniors, including: karate, Zumba fitness, explorers camp, cooking and sewing. The Center generated \$22,948 during the fiscal year from these programs. The Center staffs two full time employees, a facility director and assistant facility director as well as several seasonal employees and instructors. In September 2022, the facility director left the Center and the assistant facility director served as the acting facility director during the interim. In February 2023, a new facility director was hired at the Center.

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.



## **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 Prince George's Plaza Community Center. Properly implemented internal controls reduce financial, reputational, and operational risks within the facility.

### Scope

The scope for the Prince George's Plaza Community Center 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 and safeguarding of controlled assets;
- Assessed the Center's receivables process;
- Reviewed the Center's rental contracts; and
- Accessed security protocols.

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 July 1, 2021- June 30, 2022.

### Methodology

During the audit, the auditor-in-charge conducted interviews of Center management and staff, and reviewed relevant standard operating procedures, Commission policies, and organizational charts. For our analysis, we obtained and reviewed financial reports, 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 petty 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 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.

Additional information pertaining to these areas 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 no major weaknesses in the design or operation of internal controls at Prince George's Plaza 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 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 Plaza Community Center management and staff for the cooperation and courtesies extended during the course of our review.

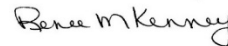
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### Conclusion Definitions

<b>Satisfactory</b>	No major weaknesses were identified in the design or operation of internal control procedures.
<b>Deficiency</b>	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.
<b>Significant Deficiency</b>	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.
<b>Material Weakness</b>	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 over Contract Rental Procedures

**Issue:** The Center's management did not secure contract rentals with proper oversight. Reservation 123408, which occurred in December 2021, included a customer discount of \$80.00 that was not supported with the Division Chief's signature on the Facility Reservation Request form. Reservation 139143, which occurred in June 2022, did not have a Facility Reservation Request form signed off by the appropriate authority. In addition, a staff member applied an incorrect discount of \$30.00 more than the allowable amount, causing the total payment for the reservation to be undercharged.

**Criteria:** Department Directive No. DPR-4-01-22, *Facility Internal Controls*, states the rental coordinator responsible for rentals and reservations should be trained on the software system used, the requirements of processing and retaining rental contracts and any payments or discounts, and any division-specific policies or processes". In addition, "discount requests (excluding partners or other prior-approved rate adjustments) require Division Chief approval".

**Cause:** Center management had a staff member who was not properly trained, facilitate a contract rental reservation. Management also did not have a review procedure in place to reconcile completed rental transactions.

**Risk:** Staff members who process contract rental reservations to the public without the proper training or authority increases the risk of fraud, waste and abuse of commission property.

**Recommendation:** Center management should designate a rental coordinator that is trained to ensure the proper completion of contract rental reservations, and, establish a periodic review and reconciliation of contract rental transactions is implemented.

**Issue Risk:** Medium

**Management Response:** Concur. Northern Recreation and Leisure Services will train the new Facility Director utilizing Facility Internal Controls which outline approved checks and balances to assure rentals are processed by trained, career staff and signed off by the appropriate authority.

**Expected Completion Date:** September 2023

**Follow-Up Date:** October 2023



## **2. Ensure Inventory of Controlled Assets are Conducted Annually**

**Issue:** Annual inventory of controlled assets was not conducted at the Center. In addition, we identified two controlled assets (*weightlifting machines*) that could not be located at the Center and did not have a corresponding record of removal. Center management could not produce the Capital Asset Input Form 164 to support if the assets were disposed.

**Criteria:** Administrative Procedures No. 04-01, *Capital Asset Procedure Manual*, controlled assets should be inventoried annually by December 31. In addition, the Manual states, controlled assets less than \$10,000 due to their sensitive, portable, and theft-prone nature are important to secure and track.

All assets that are sold, traded-in, scrapped, lost, or damaged, or in any other way removed from service are classified as disposals. When an asset is no longer needed by a facility, the proper method of disposal should first be determined. The disposal methods available are:

- Transfer of the item to another facility
- Trade-in of the item on a new piece of equipment
- Sale of the item through surplus bid or auction
- Donation of the item
- Scrapping of the item

No matter what method of disposal is chosen, a Capital Asset Input Form 164 should be submitted. Discarding or disposing of any item without proper documentation is prohibited.

**Cause:** Center management failed to perform inventories of controlled assets

**Risk:** Failure to conduct the required annual inventory of controlled assets represents inadequate managerial oversight and significantly increases the risk of fraud, waste and abuse of commission assets.

**Recommendation:** Center management should ensure inventory of controlled assets are conducted on an annual basis. When completing annual inventories, Center management should ensure:

- Roles are properly segregated. The inventory process should involve at least two individuals. One individual should complete the inventory (i.e., asset verification) and a second individual should review.
- Evidence of completion should be obtained. All individuals involved in the inventory should sign and date the inventory record.
- Evidence of completion should be maintained for internal and/or external audit per Commission retention requirements.

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- Documentation supporting asset disposal should also be maintained. Documentation should include disposition reason (e.g., transferred to another facility, disposed of, lost, etc.). Disposals should be approved by management.

**Issue Risk:** Medium

**Management Response:** Concur. Management has identified a fixed asset and controlled asset coordinator who will assure annual inventories are conducted.

**Expected Completion Date:** June 2023

**Follow-Up Date:** October 2023