

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

**Prince George's County Department of Parks and Recreation
Bowie Community Center
Report Number: PGC-012-2024**

June 12, 2024

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I. EXECUTIVE SUMMARY

A. Overall Perspective

The Bowie Community Center (Center) is located at 3209 Stonybrook Dr, Bowie MD. The amenities offered at the Center include a classroom, basketball court, two exercise rooms, an outdoor playground and dance room. The Center offers programs for adults, teens and children including karate, ballet, Kid's Care, dance classes and therapeutic recreation.

The Center also hosts a morning and afternoon Pre-School class between September and May. There were 28 children enrolled in the Pre-School program in Fiscal Year 2023, generating \$29,314 in revenue. The Center also provides access to room rentals for the public, generating approximately \$33,100 in rental fees during Fiscal Year 2023.

The Center is managed under the aegis of the Commission's Prince George's County Department of Parks and Recreation.



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, weekly deposits, controlled assets, etc.) at the Center. Properly implemented internal controls reduce financial, reputational, and operational risks within the facility.

Scope

The scope for the Bowie Community Center audit included, but was not limited to, the following audit procedures:

- Interviewed Center management and supporting staff;
- Performed walkthroughs with staff to obtain an understanding of operations;
- Reviewed petty cash receipts, the change fund and replenishments;
- Analyzed daily cash receipts and bank deposits for accuracy and timeliness;
- Reviewed controlled and capital assets and performed testing to ensure compliance with Commission policies and procedures;
- Reviewed timekeeping and payroll procedures to ensure the effectiveness of managerial oversight of the employee timecard process to ensure hours worked were accurately reported; and
- Assessed 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, 2022, through February 1, 2024.

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

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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 evaluation and testing procedures indicated no major weaknesses in the design or operation of internal controls for Bowie 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 Bowie Community Center management and staff for the cooperation and courtesies extended during the course of our review.

Aaron Smith
Staff Auditor

Modupe Ogunduyile, CIG
Deputy Inspector General

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

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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. Conduct an Evaluation of the Change Fund

Issue: The [REDACTED] did not maintain oversight of the change fund to include reporting of any discrepancies. The Center's change fund has not been used since 2018 and upon inspection it was [REDACTED] less than the authorized amount of [REDACTED].

Criteria: M-NCPPC Administrative Practice No. 03-11, *Administration of Cash Funds*, states a change fund is used solely for making change and the change fund amounts remain constant. Discrepancies in the fund are the responsibility of the custodian of the fund. In addition, the M-NCPPC Facility Internal Controls directive states that change funds are required at locations where cash is exchanged. It is recommended to maintain a change fund that would provide sufficient funds for three days of operations without the ability to go to a bank.

Cause: The Center did not use the cash funds due to the majority of front desk transactions consisting of electronic payments. Management did not periodically review the change fund as it was not in use.

Risk: Failure to provide proper oversight of the change fund increases the risk of misappropriation of funds and fraud, waste, and abuse.

Recommendation: Center management should evaluate whether it will continue to accept cash transactions. If cash transactions are no longer accepted at the Center, the change fund should be surrendered. If the Center continues to accept cash, management should ensure the fund is used as needed for cash transactions and reviewed periodically. Regardless of fund status, management should obtain guidance from the Department of Finance on reconciling the [REDACTED] deficit.

Issue Risk: Medium

Management Response: Facility management will ensure the management and use of change fund in accordance with Administrative Practice No. 03-11. Facility management will provide proper oversight of funds to eliminate misappropriation of funds and fraud, waste, and abuse. Management will seek guidance from the Department of Finance to reconcile the deficit.

Expected Completion Date: May 2024

Follow-Up Date: October 2024

2. Strengthen Oversight of Daily Cash Receipts

Issue: The Center had over [REDACTED] in collections remain undeposited for 7 days in October 2023¹. Additionally, OIG identified two instances where the amounts deposited into the bank were less than the amount recorded in the point-of-sale system. See the table below:

Deposit Date	Deposit Amount	POS Amount	Shortage
10/30/23	[REDACTED]	[REDACTED]	\$3
05/05/23	[REDACTED]	[REDACTED]	\$7

Criteria: M-NCPPC Administrative Practice 01-01, *Cash Receipts and Related Cash Transactions*, states bank deposits will be made whenever cash on hand exceeds \$1,000 or once per week, whichever comes first. In addition, the M-NCPPC Department of Parks and Recreation, Prince George's County Facility Internal Controls directive requires Centers to review batches daily:

- Reconcile batches submitted by cashiers.
- Confirm that the total funds reported in Parks Direct or other Point-of-Sale software on a given day match the cash-on-hand provided by the cashiers for that day.

Cause: The Center did not perform a daily reconciliation of cash received with the point-of-sale reports.

Risk: Failure to reconcile cash transactions daily leads to increased risk of cash misappropriation.

Recommendation: Center management should reconcile collections daily to timely address variances between the point-of sale system and the cash collected.

Issue Risk: Medium

Management Response: We understand that the weekly bank deposits need to occur within a 10-day window, we will continue to make timely deposits to the bank. There are instances that a Community Center has one full time staff member assigned to that facility and that could create hardship as the employee might be off on that Friday due to a leave status which would then put them over the 10-day period.

¹ The [REDACTED] was the [REDACTED] during this time and was not aware of the policy to make deposit when cash-on-hand exceeds \$1,000.

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Every effort will be made to ensure bank deposits are made timely in compliance with Commission policies and procedures. When possible, Bowie Community Center will also review daily reports and drops from the previous day to catch any errors before the end of the week. Due to other priorities, meetings outside of the facility and times the Facility Management is on leave, there are times that this may not be feasible.

Expected Completion Date: May 2024

Follow-Up Date: October 2024

3. Document Completion of the Annual Inventory of Controlled Assets

Issue: The Center did not complete the required annual physical inventory of their controlled assets. The controlled asset listing did not include signatures and dates and did not include documentation of any changes to the controlled assets during the period under review. In addition, the controlled asset inventory list did not include the updated status of disposed assets, as required.

Criteria: Commission Administrative Procedures No. 04-01, *Capital and Controlled Asset Procedures Manual*, states an inventory system for controlled assets must be current as assets are acquired and disposed of. The inventory system is maintained by each department, independent of the central Asset Management System. The 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. At a minimum, the controlled asset inventory must include:

- A description of the item, including model name and number (if available)
- Acquisition date
- The cost of the item, including shipping and handling, and installation fees
- Make
- Model
- Serial Number
- Property Tag number
- Item location
- Disposable method (if applicable)

In addition, the list of controlled assets must be inventoried annually, by December 31st. At least two employees, one of whom must be a supervisor, must approve the completion of the inventory. The approval for the inventory must document whether:

- No changes are needed to the controlled asset inventory;
- Changes are needed to the controlled asset inventory to document the disposal of theft of an item(s); or
- Changes are needed to the controlled asset inventory to document the purchase of transfer/receipt of an item(s).

Cause: There was no review process in place for the completion of the annual inventory for controlled assets.

Risk: Failure to conduct the required annual inventory of controlled assets with the proper documentation represents inadequate managerial oversight consistent with Commission Policy and increases risk of misappropriation of assets.

Recommendation: Center management should ensure the inventory of controlled assets is completed by including a signature and date. 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.
- 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.
- Facility management should ensure lost assets are reported to senior management and when appropriate, reported to Park Police.

Issue Risk: Low

Management Response: Facility management will ensure inventory of controlled assets are conducted on a yearly basis and submitted to the designated administrative personnel in the Northern Recreation and Leisure Services Division to ensure proper and timely recordkeeping of these controlled assets.

Facility management will ensure an annual physical inventory of controlled assets is completed with reviewing signatures and dates in accordance with the Commission Administrative Procedures No. 04-01, *Capital and Controlled Asset Procedures Manual*.

Northern Recreation and Leisure Services will ensure all facilities are following this recommendation and the divisional office is tracking that controlled assets lists are completed and signed by two career staff.

Expected Completion Date: June 2024