

**City of Baltimore
Department of Recreation and Parks**

**Performance Audit Report for Fiscal Years
2010, 2011, 2012, 2013 and 2014**

June 2016



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June 20, 2016

To the Honorable Joan M. Pratt, Comptroller
and other Members of the Board of Estimates
City of Baltimore

SB & Company, LLC (SBC) has performed Performance Audits of the areas listed below within the City of Baltimore Department of Recreation and Parks (the Department). The purpose of this report is to communicate the results of the Performance Audit observations and applicable recommendations. The areas we tested were:

- Park Maintenance – Contractual Services
Park Maintenance – Maintenance and Repair Problems and Playground
- Human Resources/Payroll – Hiring and Payroll Processing for Part-time Seasonal Employees
- Cash Receipts at Recreation Centers – Cash Receipts at Recreation Centers and Remittance to Cashier's Office
- Cash Receipts at Cashier's Office – Cash Receipts at Cashier's Office and Remittance to the City Treasurer's Office

Our services were performed in accordance with the compliance audit standards issued by the American Institute of Certified Public Accountants and the United States Government Accountability Office.

This report is intended solely for the information and use of the Baltimore City Council and the Department of Recreation and Parks and is not intended to be, and should not be, used by any other party, with the exception of oversight agencies for the performance of their oversight responsibilities.

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Executive Summary

We have summarized the results of the five areas reviewed and tested for the City of Baltimore Department of Recreation and Parks (the Department) in the accompanying report. For each area, we describe the internal control process that was in effect for the Department for the periods under review. We also summarize the results of the testing for each testing objective. We identify the exceptions noted during the testing phase of each performance area. We have identified several recommendations in each performance area. We believe these recommendations can help strengthen the internal controls over contractual services and maintenance and repair services related to park maintenance, the human resources and payroll process for seasonal employees and the cash receipts process at recreation centers and the cashier's office.



Park Maintenance - Contractual Services

Background

This service is responsible for approximately 6,000 acres of parkland spread over 276 sites, including Druid Hill Park, Mt. Vernon Place, neighborhood parks and playgrounds. Maintenance includes cleaning/rearing playgrounds; preparation/maintenance of athletic fields, basketball and tennis courts; cleaning trails, mowing grass; mulches trees, supports special events and removes snow/leaves.

Recreation and Parks uses approximately 38% of its annual budget on contractual services to provide the above services for the parks.

The risk associated with the use of contractors relates to the monitoring of their services in accordance with the contract and whether the services have actually been provided prior to authorizing payment of the invoice.

Objectives, Scope and Methodology

The performance audit included the following objectives:

1. Determine if all contractual service contracts covering fiscal years 2010-2014 were properly procured under the procurement policy of the Department.
2. Determine was there a person or persons responsible for monitoring the services of the contractor for adherence to the contract terms and was evidence of the monitoring maintained.
3. Determine if there is verification of the services performed prior to approval of payment to the contractor.
4. Determine if the contractor was paid in accordance with the contract terms.

Department's Process

The Department has to follow the procurement policy of the City of Baltimore for contractual services. Per discussion with the Chief of Fiscal Services, the City is responsible for negotiating these contracts as these contractors are used by more than one agency. Baltimore City Recreation and Parks (BCRP) is responsible for monitoring to ensure the work has been completed.

BCRP is responsible for overseeing two major contracts, the forestry and mowing services contracts. Lorenz Inc. was the mowing contractor for fiscal years 2010 thru 2014. For forestry, there were two major contractors during the performance audit period. Asplundh was the contractor for June 30, 2009 through March 31, 2013, and Forest Valley and Turf LLC was the contractor for April 1, 2013 through June 30, 2014.



The frequency of billing for the contracts differs as the forestry invoices are billed monthly and the mowing is usually done every two weeks. Once the vendor has completed their work, they are required to send an invoice to the Bureau of Accounting and Payroll Services (BAPS) that is scanned into the system and matched to the corresponding purchase order that was created for the contract. While it is not a requirement for the vendor to send an invoice to the agency, BCRP requests that the vendor do so along with a spreadsheet of the work they completed during that billing cycle. Per the policy, the mowing work should be verified by assistant district managers from the five districts in BCRP. Per discussion with the Chief of Parks and Maintenance, usually about 50% of the mowing work is truly observed for completeness. Similarly, discussion with the City Arborist, about 20%-40% of the forestry work is observed by six urban foresters. Once both chiefs have confirmation that the work has been observed, they sign off on the invoices. Once the invoices have been signed off, BCRP is then required to issue a receipt for payment in CitiBuy, which states that the goods have been received and approved. Once the receipt has been issued in CitiBuy, it is electronically sent to BAPS, who then cuts the check to the vendor.

Results

- 1. Determine if all contractual service contracts covering fiscal years 2010-2014 were properly procured under the procurement policy of the Department.*

SBC obtained and reviewed the contracts covering the 2010 - 2014 fiscal years. We noted contracts were properly approved by the Board of Estimates in accordance with the procurement policy. We also noted the request for proposal for each contract.

- 2. Determine was there a person or persons responsible for monitoring the services of the contractor for adherence to the contract terms and was evidence of the monitoring maintained.*
- 3. Determine if there is verification of the services performed prior to approval of payment to the contractor.*
- 4. Determine if the contractor was paid in accordance with the contract terms.*

SBC performed testing of the invoices for these contracts. We requested a listing of all invoices related to the three contracts during our performance audit period. We requested this listing from the general ledger. However, the listing was provided by the Citibuy instead. We tested 25% of invoices from the listing. We tested the invoices to ensure the price per the contract was in agreement with the price on the invoice, the invoice was approved by the department prior to payment. The approval sign off by the department is indication that the verification of the services were performed as discussed earlier. We also requested the total invoices paid per the general ledger for each of the three contractors covering each contract period in order to test whether the total payments were within the contract terms. We were able to obtain reports from Citibuy that showed the amount of invoices issued against a contract and compare cumulative amounts to the contract amount.



We selected a total of 41 invoices and purchase orders for testing. We were not able to obtain 13 of original invoices and purchase orders for testing. There were 2 out of the 41 invoices where the original invoice could not be found and a copy had to be obtained from BAPS. This verified that the invoices had been submitted to BAPS and matched up to the corresponding purchase order, but it did not show that it had been approved, indicating verification of services, before the receipt was issued for payment. During our testing of invoices for Lorenz, Inc., we noted the spreadsheet usually submitted by the vendor detailing the acreage and rates for each property serviced was no longer included with the invoices starting in fiscal year 2012.

Recommendations

- 1. Ensure all invoices received are agreed to contract terms prior to approval and payments are within the contract terms.***

All invoices received should have the detail needed to compare locations and rates to the executed contract for accuracy. The agencies within the departments should also monitor the accuracy of the billing based on the locations/clusters and rates and frequency of billings for the various locations. We recommend setting parameters to identify unusual variances or invoice amounts based on cluster invoice amounts if rates are not included on all invoices. We recommend the Department compare actual contract to date payments to the approved contract dollar limits to ensure payments are within the contract terms as well.

Auditee Response

The Department of Recreation and Parks concurs with the recommendation. The Fiscal Services Division, working with the Bureau Chiefs, will ensure that copies of operating contracts, such as the mowing contract, will be available to all division/district managers. The division/district managers will be required to have knowledge of the terms of the contract; including the scope, prices and duration. In addition, the Fiscal Services division will increase its monitoring efforts to ensure that all invoices are approved by the respective division/district manager where the work is done before it can be processed by Citibuy for payment.



Park Maintenance – Maintenance and Repair Problems with Playgrounds

Background

The Department has targets/benchmarks for maintaining park playgrounds and addressing service requests for playground maintenance.

The risk associated with maintenance and repair problems relates to the tracking control in place to ensure there is an inspection/assessment process in place to identify needed repairs of playground equipment. A process that all problems identified and reported are timely resolved. Unresolved repairs may result in injuries to persons on the playground.

Objectives, Scope and Methodology

The performance audit included the following objectives:

1. Determine if the Department has policies and procedures in place for playground assessments/inspections.
2. Determine if those policies and procedures are in accordance with laws and industry guidelines.
3. Identify if playground repairs are reported and or identified and tracked by the Department in accordance with policies.
4. Determine if the reported/identified problems were resolved and the amount of time it took to resolve the problems.
5. Identify the Department program goals/targets related to play ground maintenance and determine if those target are tracked and met.

Department's Process

SBC interviewed the Playground Safety Coordinator, to discuss the maintenance and inspection process related to the playgrounds. There are five districts within Baltimore City Recreation and Parks (BCRP): Carroll Park, Clifton Park, Druid Hill Park, Gwynn Falls Park and Patterson Park. There are 119 playgrounds within these five districts.

The Coordinator developed standards for the playgrounds based on the Product Safety Commission and the American Society for Testing and Materials recommendations. The Coordinator uses a seven-page inspection checklist for each playground.

There are three ways in which playgrounds can be inspected and repair request issued.



One way is by the park district manager. Each district has a park district manager and a maintenance repairer that is assigned to inspect the parks by the district manager. SBC interviewed the Chief of Parks and Maintenance at BCRP, concerning the maintenance and inspection process by the district managers with the playgrounds. Every week a cleaning crew goes around to the parks and if they see an issue with the playgrounds, they notify the district managers who then notify a building repairer to go out and make repairs to the playgrounds. These repairers will repair strap swings, baby swings and other warranty items that have been ordered. The larger items are handled by the Coordinator and Small Engine Repair Mechanic and the Chief of Park Maintenance will assist with providing additional help with the larger repairs if needed. There are occasions where the repairer is not officially assigned to inspect the park but if they are working in the nearby area they will inspect the parks and photograph items that they see need repair. The repairers will send these photographs to the Coordinator and she will place them in a folder on her computer titled, "To Be Repaired", and make note of it in a "Master File" spreadsheet, which details the 2012-2015 inspections conducted on the parks, the items needed to be repaired and if they have been resolved or not. The Coordinator stated that the repairers are only responsible for fixing the swings on the playgrounds. If there are other repairs needed, their only responsibility is provide photographic evidence of the other repairs needed on the playgrounds.

A second way is the Coordinator will also take around two and a half months to go out and inspect every park herself as she is a certified Playground Safety Inspector. On average, she states that she will spend forty-five minutes to two hours inspecting each playground, depending on the damage and vandalism history of the playground. She conducts her inspection process twice a year and uses a seven-page inspection checklist for each playground.

The third way of detecting damages to the playgrounds is through system requests. These are generated by park users either through a city managed system via phone, web application and the "Baltimore 311" mobile application. Requests are categorized by city operators through the City Stat system, and are accessible to designated agency administrators. Playground reports are printed and reviewed approximately once a month. Reported issues are verified by the photograph and add to the repair folder. Vandalism or trash issues are resolved by the Department of Public Works.

Repairs for bigger equipment such as slides and rubber surface repair are conducted by the Coordinator the Small Engine Repair Mechanic. Once these repairs have been completed, they are photographed and placed in a file on her computer titled, "Repaired." The photos in the "To Be Repaired" folder of the broken damaged equipment are deleted and she updates her "Master File" spreadsheet that the issues have been resolved. Typically, the coordinator and the Small Engine Repair Mechanic will spend a month and a half doing repairs on all the playgrounds that need maintenance.



Results

- 1. Determine if the Department has policies and procedures in place for playground assessments/inspections.*
- 2. Determine if those policies and procedures are in accordance with laws and industry guidelines.*

We were not able to obtain written policies and procedures from the Department on the playground assessment/inspection process. We interviewed the Playground Safety Coordinator and the Chief of Parks and Maintenance to understand the process that was in place. The Coordinator developed standards for the playgrounds based on the Product Safety Commission and the American Society for Testing and Materials recommendations. The Coordinator uses a seven-page inspection checklist for each playground based on these standards.

- 3. Identify how playground repairs are reported and or identified and tracked by the Department.*
- 4. Determine if the reported/identified problems were resolved and the amount of time it took to resolve the problems.*

Through interviews held, we noted the Coordinator and the District managers are responsible for repairs to the 119 parks in Baltimore City. There is no formal written policy on how the playground repairs are reported and tracked by the Department. Through discussion, we noted some repairs that are reported to the Coordinator are filed on a network drive with pictures. This is not an historical file as items are deleted upon repair. We were told of a master file that tracks repairs reported to the Coordinator from 2012 through 2015. However, we have not received a copy of that spreadsheet. Repairs reported to the district managers are not tracked.

- 5. Identify the Department program goals/targets related to play ground maintenance and determine if those target are tracked and met.*

Through inquiry with the Department, we note there are no internal benchmarks established by the department. The City has benchmarks through its annual budget process from the 311 system (SRS reporting) only.

Recommendations

- I. Formalize the playground repair reporting process and develop a tracking system.*

The Department should develop written procedures for playground repair reporting and tracking. The tracking system should include the decision to repair or replace and the associated costs. The reporting is limited and inconsistent based on how the repair is submitted. There is not a system in place to ensure all repairs identified, through inspection or reported to district managers, are



properly and timely repaired in accordance with safety standards. We also recommend the Department work with the City to determine the benchmarks that should be tracked and reported outside of the 311 system. Based on those benchmarks, the tracking system should be put in place to track repairs, the status of those repairs and provide reporting on the benchmarks established.

Auditee Response

The Department of Recreation and Parks concurs with the recommendation. The department does have in place a detailed park maintenance manual, including a section outlining playground repairs policies and procedures. The park maintenance and repair manual was developed to satisfy an important CAPRA standard and is now available for inspection.

II. Maintain complete records for all playground inspections and repair records.

Through inquiry and observation, we noted there is a checklist used by the Coordinator for their inspections. However, there were no inspection checklists available for our review for all inspections completed for fiscal years 2010 through 2014. Management reports the inspection checklists were not available as they were on a computer that hard drive crashed and could not recover the documents. We recommend the checklist is properly and securely filed and maintain the tracking of all inspections and repair records.

Auditee Response

The Department of Recreation and Parks concurs with the recommendation. The Playground Maintenance Coordinator has developed and implemented the check list system along with an elaborate spreadsheet to track all maintenance work that needed to be done and work that was done. Further, the new Parks Bureau server will provide a repository to store all playground maintenance records. The checklist and spreadsheet will be available for inspection.



Human Resources/Payroll – Hiring and Payroll Process for Part-time Seasonal Employees

Background

The Department has fulltime and part-time employees that are hired thru budgeted positions thru the City of Baltimore (approximately 310 positions). They also have what is called self- directed positions, for which the Department does the entire application and hiring process. There can be up to 700 part-time self-directed positions during the summer.

The risk associated with the self- directed positions relate to the consistency of policies and procedures being followed for these City employees as far as salary ranges and hiring guidelines. Due to the decentralized nature of the Department, there is increased risk of fictitious/invalid employees.

Objectives, Scope and Methodology

The performance audit included the following objectives:

1. Determine if the Department's policies and procedures in place for self-directed positions are consistent with Baltimore City hiring policies and procedures.
2. Perform testing to determine if the policies and procedures are being followed for the part-time, self-directed employees.
3. Determine how employees are validated before being added to the payroll system.
4. Determine how time is tracked and approved for those employees.
5. Determine if self-directed employees can also be paid as a fulltime budget position.

Department's Process

SBC met with the Operations Officer I to discuss the hiring process for Baltimore City Recreation and Parks (BCRP) self-directed/seasonal employees. Temporary positions are not advertised on the usual websites for BCRP positions but are communicated through the staffing firm used by the City, Abacus Corporation. A request to hire is filled out for a staffing position. Once the purchase order has gone through the Bureau of Purchases and has been approved, BCRP may conduct the search and hire for the position. Background checks and drug/alcohol screening are conducted by both Abacus Corporation and City of Baltimore for the temporary position.

Seasonal employees must fill out an application and personally bring it to BCRP. They cannot fill out an application online. Their applications are reviewed by the supervisors that will oversee the positions and they are interviewed if they are determined to be a fit for the position. These applications have to go through the same pre-employment processes as full time employees would go through.



Once the interview has been completed, applicants that are being considered for hire are asked to fill out a form with work references and the form is to be returned so the references can be contacted. In addition, all applicants have to undergo a drug/alcohol screening and some positions will have to undergo a physical as the position may require some heavy lifting and possibly dealing with injuries to children. If an applicant has passed all these pre-employment processes, they will receive a letter stating that they are hired with salary information and a start date. These employees are paid hourly and their salary is a range set by DHR.

Once an employee has been hired, their demographic information, department location, salary, and job title are entered into the Human Resources Information System (HRIS), officially known as ADP Enterprise HR. DHR is then required to review and approve the information. Once it is approved by DHR, the information will flow into the E-time application of ADP, which is a timekeeping application used to keep track of the weekly hours worked by the employee. The information from HRIS should flow into E-time within one day of being approved by DHR.

The position is paid out of the budgeted amount on the purchase order.

Time and Attendance

SBC met with the Payroll Manager, to discuss how time and attendance is handled for seasonal employees of BCRP. With the exception of park laborers, who are paid weekly, BCRP employees are paid bi-weekly. All employees receive their check or direct deposit on Fridays. All employees have pre-populated work schedules in the E-Time Application of ADP. They are required to sign in on a daily attendance sheet at their assigned location at the start and end of each work day. Where possible, all employees are required to sign out at lunch and sign in once they return to work. At the end of the work day, the supervisors are required to check, review, adjust and approve the daily attendance sheet for any irregular activity. All employees' absences must be pre-approved and requested on an approved Leave voucher/slip. Any approved overtime or compensated time worked must be submitted with the Daily Attendance Sheet.

Employees also keep a Weekly Summary Sheet, which is a manual timesheet, to enter their time worked each day. These are required to be submitted at the end of each payroll week with their supervisor's approval and signature. The supervisors will then submit the timesheets to one of four payroll clerks who will enter the time recorded into the E-time application of ADP. The payroll clerks will submit the timesheets to the payroll manager who will review them and approve the time entered in E-time. Payroll checks are distributed by division on Fridays. If there is any dispute in relation to hours worked, it must be discussed with the employee's supervisor. It is then the responsibility of the supervisor to refer the dispute back to payroll to be resolved.



Termination Process

SBC met with the Operations Officer I to discuss the termination process for employees. All employees that are being terminated must have an exit interview conducted by their supervisor.

An exit interview form and a termination checklist must be completed and signed off by the supervisor. It is the responsibility of the supervisor to provide both of these documents to the Agency Human Resource Office on the employee's last day of work so they can be cut-off from the system in a timely manner. The supervisor is also responsible for noting on the employee's last timesheet that they will no longer be working and marking off the last day they worked.

Schedules for inactive employees (part-time and full-time) must be removed immediately from the sign-in sheet with a note stating that the employee is no longer working and has been cut-off. The names of all inactive employees must then be removed immediately from E-time by the payroll clerks. The Human Resource Division is required to submit a list of inactive employees that have been cut-off in each month to the Fiscal Services Division.

Results

- 1. Determine if the Department's policies and procedures in place for self-directed positions are consistent with Baltimore City hiring policies and procedures.*

Based on the review of the hiring policies for the City and the seasonal employees/self-directed employees of the Department, the policies and procedures are consistent except for the following items:

- The positions are not advertised through the City websites as the full time positions
- Applications are not completed on-line, but are hand delivered to the Department for review.

- 2. Perform testing to determine if the policies and procedures are being followed for the part-time self-directed employees.*

We selected 40 seasonal employees for each fiscal year from a listing of seasonal employees provided by the payroll department. We requested the human resources file for each employee to determine if the proper hiring procedures described above were followed. We also requested time sheets for 2 pay periods to determine if the time work was approved and the hours paid per the pay register was in agreement for those pay periods. We requested support for the approved rate per the City to ensure that was the rate paid for those pay periods per the pay registers.



We did not receive timesheets for fiscal years 2010 through 2012. The Department does not maintain timesheets after three years. We were not able to obtain employee hiring files and termination files for many employees selected for testing for fiscal years 2010, 2011 and 2012. Thus, unable to verify process was followed. There are also several timesheets and pay rate support we have not been able to obtain. There were also four instances in which the hours per the timesheets and the pay registers were not in agreement.

3. Determine how employees are validated before being added to the payroll system.

Once an employee has been hired, their demographic information, department location, salary, and job title are entered into the Human Resources Information System (HRIS), officially known as ADP Enterprise HR. DHR is then required to review and approve the information. Once it is approved by DHR, the information will flow into the E-time application of ADP, which is a timekeeping application used to keep track of the weekly hours worked by the employee.

4. Determine how time is tracked and approved for those employees.

Time is tracked manually through attendance time sheets. Employees are required to sign in on a daily attendance sheet at their assigned location at the start and end of each work day. At the end of the work day, the supervisors are required to check, review, adjust and approve the daily attendance sheet for any irregular activity. Employees also keep a Weekly Summary Sheet, which is a manual timesheet, to enter their time worked each day. These are required to be submitted at the end of each payroll week with their supervisor's approval and signature. We requested the time sheets for all employees selected. We did not receive timesheets for fiscal years 2010 through 2012. The Department does not maintain timesheets after three years. There are also several timesheets we have not been able to obtain.

5. Determine if self-directed employees can also be paid as a fulltime budget position.

We understand per discussion with the Department, that each person is issued an ID#. The system prevents the same ID# from being in the system twice. We did not perform a system test to determine if the control was operating.

Recommendations

1. Maintain proper employee file documentation for all employees.

There are many employee files and pay rate documentation that has not been provided by the Department. We recommend these personnel files be properly maintained in an orderly manner to allow for easy retrieval of documentation to support pay for employees.



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Auditee Response

The Department of Recreation and Parks concurs with the recommendation. Efforts are currently underway to restructure the personnel filing system. In addition, an electronic local filing system will be set up to store and maintain employee records. One part-time employee will be hired to scan and input employee records and to track employees' (mostly part-time and seasonal) movements across divisions/locations.

II. Consider electronic application process for seasonal employees.

There can be over 300 seasonal employees hired during the summer season. The applications are manual applications received and reviewed by the Department. Consider electronic application process that can be completed on-line and tracked on-line through the hire process. We recommend DHR have access to the system which would allow for easy transfer of information into the HRIS system. This would also allow for easy processing of returning seasonal employees.

The Department of Recreation and Parks concurs with the recommendation. The agency will work with DHR to increase the number of job applicants applying through the NEOGOV system. In addition, the agency will set up application kiosks for applications to use as they apply for positions. These kiosks will be placed at key recreation and parks locations throughout the City.



Cash Receipts at Recreation Centers – Cash Receipts at Recreation Centers and Remittance to Cashier’s Office

Background

The Department collects money at the recreation centers for summer camp and facility rentals. These recreation receipts are recorded as accessory funds with the City.

The risks associated with the receipts collected at the recreation center’s relates to the safeguarding of those receipts, accurate and complete reporting of those receipts to the cashier’s office and to the City Treasurer, and misappropriation of the receipts.

Objectives, Scope and Methodology

The performance audit included the following objectives:

Determine the policy and procedures in place over receipt collections and safeguard of receipts before submission to the cashier’s office.

1. Determine the pricing guidelines established for center rentals and summer camp and how those prices are adhered to.
2. Understand the reconciliation process between the recreation centers and the cashier’s office to determine if all receipts have been accounted for properly.
3. Determine if these funds can/should be included in the budget as they are all off-budget now and cannot be tracked by the City.
4. Determine if all purchases made using these funds are done through the same Purchasing/Accounting processes as all other budgeted expenditures.

Department’s Process

Baltimore City Recreation and Parks (BCRP) receive cash receipts from their 42 recreation centers. Some of the Recreation Centers have implemented REC PRO, a management software for recreation centers, in which cash receipts are reported and tracked within the software. REC PRO became, for the most part, operational after FY14. Thus, this software was not part of this performance audit. SBC interviewed directors at two recreation centers: Northwood Recreation Center and Medfield Heights Recreation Center.

The recreation centers collect payments in the form of money orders and, in rare instances, cash. Any cash they receive is restricted to no more than \$10 per person, which is an agency-wide policy for BCRP. The recreation centers receive payments for a variety of activities, such as summer camp, basketball, karate lessons and after school fees.



When customers pay, the center writes the payment information on a pre-numbered receipt and hands a copy to the customer. There are two remaining copies of the receipt. One copy is kept for the recreation center records and another copy is delivered to the Cashiers Office at BCRP along with the funds received. The centers deliver the cash receipts to BCRP inconsistently. During the busy season, like summer, they may remit the funds daily or every two days. During slower periods, the remittance is done once a week. The receipts and funds are kept in a locked drawer or office until the funds are delivered to the Cashiers Office at BCRP.

When it is time to make the delivery to the Cashiers Office, a Revenue Manifest is required to be filled out, which totals up the amount of the receipts being delivered to the Cashiers Office and the corresponding receipt numbers. The Manifest is required to be signed by the Center Director and the Area Supervisor before it is delivered with the receipts and payments.

If a customer asks for a refund, they need to bring their copy of the receipt. Once a receipt is received, a document titled, “Authorization to Withdraw Funds” is completed, and there are two options to be checked off, an advance check or a reimbursement. A refund is considered a reimbursement. The paperwork is delivered to BCRP and after it is approved at BCRP, it is sent to the Bureau of Accounting and Payroll Services for the check to be processed. The check is sent to the address of the customer seeking a refund. Customers can request to have the refund in the form of an ACH.

Results

- 1. Determine the pricing guidelines established for center rentals and summer camp and how those prices are adhered to.*

Baltimore City has an annual Recreation Center pricing pamphlet that is available to the public. The center directors are to use these guidelines for the various charges to customers. However, the revenue manifest and receipts do not have the information on what the receipt is for in order to verify the proper fees were charged to the customer. Thus, we were not able to test that the fees were charged in accordance with the published fee schedule.

- 2. Understand the reconciliation process between the recreation centers and the cashier's office to determine if all receipts have been accounted for properly.*

SBC conducted interviews at two of the recreation centers and the cashier's office at BCRP to get an understanding of the whole process. SBC also conducted interviews with additional accounting staff to gain an understanding of the reconciliation process regarding the cash receipts process.



Every week, the Center Directors from all the recreation centers are required to deliver deposits, which can be in the form of cash, money orders and, checks. The deposits are delivered to the Cashier's Office and occur twice a week in the summer as the recreation centers are generating more revenue at that time. The recreation centers are required to deliver the deposits within 72 hours of receiving them. The Center Directors are required to fill out a document known as the Revenue Manifest that lists the total amount of the receipts they are depositing. The Manifest requires two signatures, that of the depositor (the Center Director) and the Area Supervisor. The accountant totals the amounts received to make sure the total on the Manifest agrees to the receipts that have been delivered. If the receipts and Manifest totals agree, the accountant issues a receipt to the depositor by attaching it to the Revenue Manifest, and the second one is kept for the Department's records. If the total of the funds do not agree to the Revenue Manifest, the accountant returns the receipts to the Center Director until the discrepancy has been resolved.

SBC tested 40 cash receipts for fiscal years 2011, 2012, 2013 and 2014. We were not able to test receipts from fiscal year 2010 as the deposit slips and manifests have been misplaced and cannot be located. We selected cash receipts from various recreation centers and requested the supporting manifests and deposit slips, to ensure the amounts agreed and the manifest were signed off in accordance with policy. We noted 3 exceptions in fiscal year 2013 testing. For 2 cash receipts tested, they could not locate any revenue manifests for the center for that year. Per discussion with management, a former employee had been holding events at the center on the weekends that were not pre-approved by the agency. The employee has since been terminated but the revenue manifests had been seized and their location was unknown at that time. We also noted a \$30 difference between a revenue manifest and the allocation spreadsheet for one Recreation Center. The revenue manifest had recorded \$4,431, but Microsoft Dynamics and the allocation spreadsheet showed \$4,461, as the total for that period. Management could not explain the difference.

3. *Determine if these funds can/should be included in the budget as they are all off-budget now and cannot be tracked by the City.*
4. *Determine if all purchases made using these funds are done through the same Purchasing/Accounting processes as all other budgeted expenditures.*

The receipts from the cashier's office at BCRP are remitted to the City and are recorded in the accessory fund revenue account in Dynamics, the City's general ledger, by the City. Thus, those receipts are tracked in Dynamics. When the Department submits expenditures for payment, they determine which account they assign the expense to. Certain costs are coded to the accessory fund by the Department and submitted to the City for payment. We obtained a listing of expenditures charged to the accessory funds for each of the fiscal years 2010- 2014. We noted the expenditures followed the same expenditure approval and payment process. However, we noted that in Fiscal years 2010, 2011, and 2013, the expenditures exceeded the revenue for those years.



Recommendations

I. Implement system to ensure accessory fund expenditures do not exceed accessory fund receipts.

We noted the accessory funds are tracked in Dynamics as they are received and expenditures are posted to accessory fund expenditures based on coding from the Department. The expenditures exceed the revenue in fiscal years 2010, 2011 and 2013. We recommend the City set up controls to not allow accessory expenditures to be charged in excess of the revenue amounts in that fund. This fund is expected to be a self-supporting fund. However, when expenditures exceed the revenue during a fiscal year, the City is finding these expenditures from the general fund.

Auditee Response

The Department of Recreation and Parks concurs with the recommendation. The imbalance between the revenue and expenditure in the Accessory accounts is usually due to the timing of when the revenue is received, deposited and recorded in the general ledger and when the expenditure occurred and is recorded. For example, expenditures charged to the accessory accounts during the months leading up to summer camp are larger than the revenue receipts. This is largely due to the necessary spending plans to prepare for summer. At the same time, the registration fees are usually paid late June or early July. Funds paid in late June are often recorded in July. Therefore, the account will end in a deficit at the end of the fiscal year.

II. Update the revenue manifest to include information to verify proper charges.

We recommend the revenue manifest has enough detail to enable the cashier to confirm the amount of the receipt is proper based on the service provided by the recreation center. The cashier's office is relying on the recreation centers to remit the proper amounts for the various activities they charge for. The limited information on the manifest and the receipt does not allow for independent verification of the fees charged and collected compared to the price listing available on the website.

Auditee Response

The Department of Recreation and Parks concurs with the recommendation. The current paper produced revenue manifest that will be replaced by the cashier summary statement developed in RecPro. The cashier summary statement will accompany every cash deposit to the main cashier's office. The summary statement will identify the revenue source, customer, program and purpose for all cash received and deposited. Therefore, customers, fees, programs/activity and location will be matched automatically. This new system will eliminate the discrepancies.



Cash Receipts at Cashier's Office – Cash Receipts at Cashier's Office and Remittances to the City Treasurers Office

Background

The cashier's office collects money from all departments as well as receipts for sale of amusement tickets. These amounts are then deposited with the City Treasurer.

The risks associated with the receipts collected at the cashier's office relates to the safeguarding of those receipts, accurate and complete reporting of those receipts to the City Treasurer, reconciling the receipts with the reports from the City, and misappropriation of the receipts prior to submission to the City.

Objectives, Scope and Methodology

The performance audit included the following objectives:

1. Determine the policy and procedures in place over receipt collections and safeguard of receipts before submission to the City.
2. Understand the reconciliation process by the cashier's office with receipt information from the recreation center's submitting receipts.
3. Understand the reconciliation process between the cashier's office and the City Treasurer to determine if all receipts have been accounted for properly.

Departments Process

SBC interviewed the Accounting Assistant II about the cash receipts process. Every week, the Center Directors from all the recreation centers are required to deliver deposits, which can be in the form of cash, money orders and, checks. The deposits are delivered to the Cashier's Office and occur twice a week in the summer as the recreation centers are generating more revenue at that time. The recreation centers are required to deliver the deposits within 72 hours of receiving them. The Center Directors are required to fill out a document known as the Revenue Manifest that lists the total amount of the receipts they are depositing. The Manifest requires two signatures, that of the depositor (the Center Director) and the Area Supervisor. The accountant totals the amounts received to make sure the total on the Manifest agrees to the receipts that have been delivered. If the receipts and Manifest totals agree, the accountant issues a receipt to the depositor by attaching it to the Revenue Manifest, and the second one is kept for the Department's records. If the total of the funds do not agree to the Revenue Manifest, the accountant returns the receipts to the Center Director until the discrepancy has been resolved.



The accountant then prepares two sets of cash deposit slips, one for the City of Baltimore and one for the City's designated M&T Bank account. The accountant keeps one M&T bank deposit slip for the department's records, mails one to the City, and the last two are sent to M&T Bank. The accountant attaches a spreadsheet (the allocation spreadsheet) that has recorded of all the funds received and the revenue account to where the funds will be booked. The funds and deposit slips are then kept in a sealed plastic bag and locked safe in the cashier's office until a City designated Armored Truck Driver picks them up for delivery to M&T Bank. Once the truck picks up the delivery, they will deliver the funds to M&T Bank. Within a day or two after the truck has picked up the delivery, the accountant mails the remaining copy of the M&T Bank deposit slip and all four City cash deposit slips to Revenue Collections at the City. Once M&T has verified that all deposits on the slip have cleared through the bank, they will send the City the second deposit slip that has been validated by the bank. Once the City has received this slip from M&T Bank, they stamp the City cash deposit slips to validate them, retain two copies for their records and send the other two back to BCRP for record keeping along with the accountant's spreadsheet. The accountant goes into Dynamics to verify cash receipts are recorded in the accurate revenue account.

SBC also interviewed the Accounting Supervisor and was informed that debit/credit card payments have recently been accepted at the recreation centers. However, it is not a process that is available to all Recreation Centers and these types of payments have only been accepted since January 2014. Credit card payments are recorded through REC PRO. Our testing did not include any debit/credit card payments.

Results

- 1. Determine the policy and procedures in place over receipt collections and safeguard of receipts before submission to the City.*

The accountant attaches a spreadsheet (the allocation spreadsheet) that has recorded of all the funds received and the revenue account to where the funds will be booked. The funds and deposit slips are then kept in a sealed plastic bag and locked safe in the cashier's office until a City designated Armored Truck Driver picks them up for delivery to M&T Bank.

- 2. Understand the reconciliation process by the cashier's office with receipt information from the recreation centers submitting receipts.*

The accountant totals the amounts received from the recreation centers to make sure the total on the Manifest agrees to the receipts that have been delivered. If the receipts and Manifest totals agree, the accountant issues a receipt to the depositor by attaching it to the Revenue Manifest, and the second one is kept for the Department's records. If the total of the funds do not agree to the Revenue Manifest, the accountant returns the receipts to the Center Director until the discrepancy has been resolved.



SBC tested 40 cash receipts for fiscal years 2011, 2012, 2013 and 2014. We were not able to test receipts from fiscal year 2010 as the deposit slips and manifests have been misplaced and cannot be located. We selected cash receipts from various recreation centers and requested the supporting manifests and deposit slips, to ensure the amounts agreed and the manifest were signed off in accordance with policy. We noted 3 exceptions in fiscal year 2013 testing. For 2 cash receipts tested, they could not locate any revenue manifests for the center for that year. We also noted a \$30 difference between a revenue manifest and the allocation spreadsheet for one Recreation Center. The revenue manifest had recorded \$4,431, but Microsoft Dynamics and the allocation spreadsheet showed \$4,461, as the total for that period. Management could not explain the difference.

- 3. Understand the reconciliation process between the cashier's office and the City Treasurer to determine if all receipts have been accounted for properly.*

SBC tested 40 cash receipts for fiscal years 2011, 2012, 2013 and 2014. We were not able to test receipts from fiscal year 2010 as the deposit slips and manifests have been misplaced and cannot be located. We selected cash receipts from various recreation centers and requested the supporting allocation spreadsheet, M&T deposit slip, the City of Baltimore (COB) validated deposit slips and the Dynamics journal entry in general ledger to ensure the amounts agreed. We did not note any exceptions.

Recommendations

- 1. Implement system to ensure all receipt support is properly maintained and perform independent verification of fees charged.*

Ensure the revenue manifest are properly maintained to support the amount of the receipt. We also recommend the cashier office performs an independent verification on the amounts received from the centers to determine if they are charging fees in accordance with the fees published.

Auditee Response

The Department of Recreation and Parks concurs with the recommendation. As indicated, all recreation and parks activities that result in a transaction with or without a revenue outcome will pass through RecPro. RecPro is a recreation and parks management reporting system the agency is currently using to manage all of its programs. Under RecPro, all programs/activities are uploaded with their respective fees. These fees are similar to the fees advertised on program sheets and the agency's websites. Therefore, when a customer registers for a program/activity, the fees will be charged automatically. Consequently, the concern mentioned above in the recommendation will be eliminated.