



# HARFORD COUNTY, MARYLAND

## Office of the County Auditor

### AUDIT OF PARKS AND RECREATION REVENUE

#### Report Highlights

#### Why We Did This Audit

This audit was conducted as part of the County Auditor's risk-based Annual Audit Plan approved by the County Council for FY2019.

#### What We Found

We noted that controls are adequate to ensure that Parks and Recreation program and rental fees are collected fully.

Contract prices may be calculated incorrectly.

Rental fees may not be collected until after an event has ended.

**Report Number:** 2019-A-09

**Date Issued:** 07/01/2019

Council Members and County Executive Glassman:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of Parks and Recreation Revenue Controls. The results of that audit, our findings and recommendations for improvement are detailed in the attached report. We would like to thank the members of management for their cooperation during the audit.

The audit found that, generally, revenue related to various Park and Recreation programs is collected fully and in a timely manner. Several software applications have been implemented in recent years which have increased the reliability of information gathering and fee collections. However, contract prices for Swan Harbor events are calculated manually and there were some calculation errors. We also noted that the event fees for ShowMobile rentals are not collected in a timely manner.

The audit team is available to respond to any questions you have regarding the attached report.

Sincerely,

*Chrystal Brooks, CPA*

Chrystal Brooks  
County Auditor

cc: Ms. Kathy Burley, Director, Parks and Recreation



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### REVIEW RESULTS

We have audited Parks and Recreation Revenue for the period of 01/01/2017 through 12/31/2018. The Department of Parks and Recreation offers multiple programs and rental facilities for use by County citizens. These include recreation programs and camps, use of the Tennis Barn, and the ability to rent Swan Harbor, various County parks and pavilions and the ShowMobile for events. Our conclusion, based on the evidence obtained, is that while registration and rental revenue is collected fully, the total contract price for some events may be calculated incorrectly or not collected in a timely manner. The audit approach focused on testing the key controls that address management’s objectives for the process. Conclusions drawn are below.

<b>Risk</b>	<b>Expected Control</b>	<b>Conclusion</b>
Proper fees are not collected for the use of County facilities	<ul style="list-style-type: none"> <li>• Deposits are required before using reserved spaces</li> <li>• Facility use fees are calculated based on fee schedule</li> <li>• For programs that rely on manual fee calculations, there is a secondary review in place to verify amount is correct</li> </ul>	<p>Needs improvement</p> <p>Satisfactory</p> <p>Needs improvement</p>
Services are provided without collection of proper fees	<ul style="list-style-type: none"> <li>• Automated systems are used for program registration</li> <li>• Memberships are managed by information systems</li> </ul>	<p>Satisfactory</p> <p>Satisfactory</p>
Collected revenue is not deposited timely or completely	<ul style="list-style-type: none"> <li>• Facilities send collections to Treasury at least weekly</li> <li>• Many payments are collected online</li> <li>• Administrators reconcile revenue to deposits</li> </ul>	<p>Satisfactory</p> <p>Satisfactory</p> <p>Satisfactory</p>

Areas for improvement are described in the Findings and Corrective Actions section of this report.

## FINDINGS AND CORRECTIVE ACTIONS

### **Finding Number: 2019-A-09.01 Contract Fee Calculations**

#### **Some Swan Harbor contract fees were calculated incorrectly.**

**Analysis:** Swan Harbor uses a manual worksheet to calculate the various fees associated with each event, based on the established pricing schedule. A preliminary fee sheet is generated when the initial contract is signed. At the final meeting, once the clients have decided on the number of tables and chairs, plus any additional rental hours that will be needed, a new fee sheet is completed to reflect the total fee due prior to the event.

For a sample of contracts completed during the audit period, we recalculated the final fee due and noted that three (3) contracts had an incorrect final amount collected. This was due to calculation errors on the final balance worksheets, which resulted in \$810 in uncollected fees. The issue appears to be due to the calculations being done manually and without a secondary review.

**Recommendation:** We recommend the use of an automated program to calculate the final balance worksheets.

**Management Response:** Management will create and utilize an automated program to calculate programs by Fall, 2019.

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### **Finding Number: 2019-A-09.02 Timeliness of Deposits**

#### **Registration and rental fees are not received and deposited in a timely manner.**

**Analysis:** The Department of Parks and Recreation offers several stage options for rent by the County Rec Councils and the general public, including the ShowMobile, ShowMobile with Expanded Stage, and a Portable Stage. The rental fee is based on the type of equipment rented, number of hours in use, and amount of overtime labor required, plus a daily usage fee. Rental requests must be approved by the ShowMobile coordinator, who calculates the estimated fee and sends out a confirmation letter.

Under the existing billing process, an invoice is sent out after the event has been completed. This results in the rental fees not being collected until significantly after the equipment and labor were provided. We reviewed the 37 rental events that occurred during the audit period and noted that 25 events were paid for more than 30 days after the rental date. It appears that the renting parties are generally the same groups from year to year and all

fees were ultimately collected. For 3 events, the reservation form and invoice were not available for review; although, we were able to verify that the associated fees were collected.

**Recommendation:** We recommend invoices for the ShowMobile rentals be sent out with the reservation confirmation letter. Estimated Fees or a Standard Deposit should be collected prior to the actual event dates whenever possible.

**Management Response:** The rental of the ShowMobile is mainly to non-profit community agencies. While turn around on payments can be slow we have historically collected all payments. Additionally, requesting deposits or billing for estimated fees will double the workload by increasing the number of payments received and calculations completed. For these reasons we do not see the need to change the current process at this time.

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## BACKGROUND, OBJECTIVES, SCOPE AND METHODOLOGY

The Department of Parks and Recreation offers multiple programs and rental facilities for use by citizens of Harford County, generally for a pre-determined fee. The services provided include educational programs, fitness memberships and specialized activities, as well as the opportunity to rent specific sites and equipment for use, including Swan Harbor Farm, various park pavilions and the ShowMobile. All of these services are provided by a number of County employees who are responsible for determining the correct amount of fees due and ensuring it is collected and deposited in a timely manner. Total revenue collected by Parks and Recreation for CY2018 was \$618,231.

The audit focused on activity during the period of 01/01/2017 through 12/31/2018. Our audit procedures included interviewing personnel, observation and testing. We also reviewed the key controls for CivicRec and CapturePoint. We performed data analysis on the revenue transactions to determine which categories of revenue should be reviewed and tested them as follows:

- For Parks and Recreation Programs and Gym Memberships, we confirmed each participant was registered and completely paid, deposits were made to Treasury timely.
- For Swan Harbor Farm events, we verified the event contracts were complete, confirmed the listed fees agree to actual amounts collected, and confirmed refunds of deposits.
- For Tennis Barn transactions, we confirmed payments were allocated to the correct accounts, transaction totals were correct, and deposits were made timely.

- For ShowMobile Rentals, we reviewed supporting documents to verify the amount collected matched the contract rate, and payments were received and deposited timely.
- For Park Pavilion Rentals, we confirmed that the rental contracts were complete, fees charged agreed to the fee schedule and payment was made and deposited properly.

Harford County management is responsible for establishing and maintaining effective internal controls. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets and compliance with applicable laws, rules and regulations are achieved. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected.

The audit was performed in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient 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.

**Audit Team:**

Chrystal Brooks  
CPA, CIA, CGAP, CISA, CGFM, CRMA  
*County Auditor*

Sarah Self, CIA  
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