



# HARFORD COUNTY, MARYLAND

## Office of the County Auditor

### AUDIT OF PARKS AND RECREATION INVENTORY CONTROLS

**Report Number:**  
2024-A-08

**Report Date:**  
01/05/2024

Council Members and County Executive Cassilly:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of Parks and Recreation Inventory Controls for the period of 7/1/2022 through 9/30/2023. This audit was conducted as part of the County Auditor's risk-based Annual Audit Plan approved by the County Council for FY2024.

The objective of this audit was to determine if the County's Department of Parks and Recreation has adequate controls in place to ensure that inventory is properly protected and accounted for. The scope of this review was limited to the department's inventory control processes and did not include a review of inventory included in the County-wide inventory system or the related County-wide processes. The results of the audit, our findings and recommendations for improvement are detailed in this report.

We would like to thank the members of management for their cooperation during the audit; they have been provided an opportunity to respond to this report; the response(s) provided follows the Issues and Corrective Actions.

Sincerely,

*Chrystal Brooks, CPA*

Chrystal Brooks  
County Auditor

### CONCLUSIONS

Our conclusion, based on the evidence obtained, is tools, equipment and other inventory items are tracked and protected, but the inventory lists have not been updated consistently. This assessment is based on the strengths and weaknesses identified for the operational objectives below.

Business Process Objective	Assessment <sup>i</sup>
Inventory items are properly tagged and tracked	Generally Effective

Business Process Objective	Assessment <sup>i</sup>
Inventory is held securely	Effective
Inventory/ Equipment is available, as needed	Effective

## ISSUES AND CORRECTIVE ACTIONS

### 2024-A-08.01 Inventory Lists Consistency

Parks and Recreation maintains several inventory lists that contain different categories of items. Large tools, vehicles and heavy equipment are tracked in the eMaintenance work order system and by the Fallston Maintenance Shop in a spreadsheet (Equipment List). There is also a list of items that have Parks and Recreation (P&R) inventory tags such as smaller tools, recreation equipment, and cleaning equipment. Additionally, there is a general Parks and Recreation list that includes many of the above items, plus the contents of facilities like Eden Mill, the Estuary Center and Swan Harbor Farm.

We selected a sample of items from each of these lists to confirm that they could be found at the facilities. Of the 78 items sampled across 16 facilities, we were unable to locate 13 of them. We noted, however, for 11 of those 13 items, a similar or replacement item was in use. Further, some items selected for testing had been reassigned to other locations, had been trashed or surplused, but were not updated in the inventory records. In particular, 12 items were found at other locations and 8 were known to be trashed or surplused.

We also sought to confirm that Items on site had been included on the inventory lists. We chose 35 items while visiting 16 locations and found that 9 of them could not be found in the inventory records. In one case, an older piece of equipment was on the inventory list, but the new replacement one we observed was not on any list.

Since it seemed that the inventory lists were not updated in a consistent manner, we sought to determine how many items were shared amongst the lists and noted the general inventory list included more than 3,000 items. When reviewing the general inventory list, we found 601 items that should have P&R tags but did not. Of the 120 items we expected to be captured in the eMaintenance inventory and the Administrator's list, 55 were not included. Finally, the general inventory list included approximately 530 items that should be captured in the County-wide inventory, but approximately 300 were not.

We noted a lot of small items at Swan Harbor Farm like clocks, chairs and door stops being tracked. There are also many individually tracked exhibit items, like taxidermied animals, at both Eden Mill and Leight Estuary Center. For these facilities, with unique items that have

low or no cost, but are not directly replaceable, it may make sense to maintain dedicated inventory lists that are separate from the general inventory lists just for reference. In total, we found approximately 1,300 items that probably don't need to be tracked for annual inventory.

Additionally, we noted the P&R tag list does not include an entry for each item. It appears that when a set of tags is sent to a facility, one or two entries are made on the list showing the tag range. We found 56 combined entries that represent 516 tags. Many of these are detailed on the general inventory list, however. Given the starting and ending tag numbers, there are 21 tags/items missing from the list. Additionally, because the list starts at tag # 3101, some of the general inventory items we noted as exceptions may have older, lower numbered tags.

We noted the Equipment list contains approximately 450 items and aligns pretty directly to the eMaintenance inventory, but also includes smaller equipment. When comparing the lists, there were 29 items on the Equipment list that were not found in the eMaintenance inventory list. The eMaintenance list was missing 23 items that were on the Equipment list.

Based on our review of the lists and discussions with management, it appears that the initial inventory lists were created many years ago and were passed along to the current management team in their current state. Updates to those lists were done inconsistently by the prior custodians leaving errors. There is a risk that items that are expected to be in inventory are no longer available for use either because they were lost or surplused. Further, it is inefficient to continue to track items that are obsolete, broken or have little value.

We recommend management perform its next annual inventory count with a focus on confirming which items should be tagged and tracked and on removing obsolete or immaterial items from tracking.

**Management Response:** Management will continue to focus on tagging, tracking, and removing obsolete or immaterial items during the annual inventory count. We will also consider separately tracking exhibit items at the nature centers and those items that may have historic or antique value at Swan Harbor Farm.

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## **BACKGROUND, OBJECTIVES, SCOPE AND METHODOLOGY**

Harford County's Parks and Recreation Department relies on a large inventory of tools, vehicles and equipment to repair and maintain its various indoor and outdoor facilities. Additionally, it has recreational and educational equipment at its public facilities. Those items, some seasonal, must be available for use when needed, so they require general oversight and periodic tracking. The Department accomplishes this with various spreadsheets and systems that are maintained centrally in the Administration Office and the Maintenance Division. Items are to be confirmed annually and the Department follows the County-wide inventory policies for items like office furniture and equipment, which are tracked by Facilities and Operations. The County-wide policy requires items over \$500 (and electronics over \$100) be given a county inventory number; departments can choose their own thresholds to determine any additional items to be tracked. We noted the Parks and Recreation inventory lists contain more than 3,000 items.

The audit approach focused on testing the key controls that address management's objectives. Our audit procedures included interviewing personnel, observation and testing as described in the table below.

<b>Process / Control Objective</b>	<b>Scope of Review</b>
<b>Tagging and Tracking</b>	
High cost or sensitive equipment is given a property tag when purchased.	<ul style="list-style-type: none"><li>Search for equipment and tool purchases and confirm items have been tagged, as needed.</li><li>At various facilities, select a sample of items to confirm that they have been included in the inventory lists.</li></ul>
An annual inventory confirmation is performed.	<ul style="list-style-type: none"><li>For a sample of items in the inventory lists, observe their existence at specific facilities.</li><li>Compare inventory lists to determine that they contain consistent, up-to-date information.</li></ul>
<b>Physical Security</b>	
Inventoried items are kept in locations with limited access, as appropriate.	<ul style="list-style-type: none"><li>Observe the physical security controls where items are kept. In particular, outdoor equipment storage areas and indoor areas that are not for public use.</li></ul>

<b>Inventory Availability</b>	
Items can be found in their assigned locations.	<ul style="list-style-type: none"><li>For a sample of items in the inventory lists, observe their existence at specific facilities.</li></ul>

Areas for improvement are described in the Issues and Corrective Actions section of this report. There were no prior audits of this subject matter.

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.

We conducted this performance audit 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 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.

<b>Report Distribution:</b>	<b>Audit Team:</b>
Mr. Paul Magness, Director, Parks and Recreation	Chrystal Brooks
Ms. Joan Carmen, Administrative Assistant, Fallston Maintenance Shop	CPA, CIA, CGAP, CISA, CGFM, CRMA
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<sup>i</sup> Definitions

**Effective:** The design and effectiveness of the internal control environment address key risks. The business unit complies with external laws and regulations, and internal policies, procedures and guidelines. Business processes are managed effectively resulting in achievement of expected outcomes.

**Generally Effective:** The design and/or effectiveness of the internal control environment generally address key risks; however, the number and severity of findings relative to the size and scope of the business unit being audited indicate that some minor areas of weakness in the control environment need to be addressed. Isolated instances of non-compliance with external laws and regulations, and internal policies, procedures and guidelines may exist. Business processes may not be managed effectively in all areas resulting in reduced achievement of expected outcomes.

**Not Effective:** The design and/or effectiveness of the internal control environment does not address key risks. Non-compliance or historical patterns of non-compliance with key regulatory requirements and internal policies, procedures and guidelines exist which expose the audited entity to financial, reputational, and operational risks. Business processes are not managed effectively and expected outcomes are not achieved.