



**Mecklenburg County
Department of Internal Audit**

Park and Recreation Department
Contract Management Investigation Follow-Up Audit
Report 1578

April 4, 2016

**Internal Audit's
Mission**

To support key stakeholders in cultivating an environment of accountability, transparency and good governance.

Internal Audit Contacts

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**Staff
Acknowledgements**

Crystal Turner, CIA, CDFM, Auditor-In-Charge

**Obtaining Copies of
Internal Audit Reports**

This report can be found in electronic format at
<http://charmeck.org/mecklenburg/county/audit/reports/pages/default.aspx>



MECKLENBURG COUNTY
Department of Internal Audit

To: Dena Diorio, County Manager

From: Joanne Prakapas, Director, Department of Internal Audit

Date: April 4, 2016

Subject: Park and Recreation Department Contract Management Investigation Follow-Up Audit Report 1578

The Department of Internal Audit completed a follow-up audit on reported issues from the Park and Recreation Department Contract Management Investigation Audit Report 1401 issued September 22, 2014. The objective of the follow-up audit was to determine with reasonable but not absolute assurance whether management took effective corrective action on the issues presented in the audit report.

Internal Audit staff interviewed key personnel, observed operations, reviewed written policies and procedures and other documents, and tested specific transactions where applicable. Internal Audit conducted this audit in conformance with The Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing.

FOLLOW-UP SUMMARY

There were seven recommendations in the Park and Recreation Department Contract Management Investigation Audit Report 1401. The following table summarizes the results of the follow-up audits performed to date.

| Recommendation Summary | | | | | |
|-------------------------------|---------------------|--------------------|-------------|------------------------|------------------|
| Fiscal Year | Audit Report | Implemented | Open | Not Implemented | Withdrawn |
| 2015 | 1578 | 5 | 2 | | |

Details regarding the most recent follow-up audit are noted in the attached **Follow-Up Results** matrix. Recommendations considered implemented will be excluded from further review. For those that remain open, Internal Audit will conduct a follow-up audit at a later date to verify they are fully implemented and working as intended.

The cooperation and assistance of the Park and Recreation Department staff are recognized and appreciated.

- c: Deputy County Manager/Chief of Staff
- Assistant County Managers
- Deputy County Attorney
- Senior County Attorney
- Board of County Commissioners
- Audit Review Committee
- Director, Department of Park and Recreation

Follow-Up Results
Park and Recreation Department Contract Management Investigation Audit Report 1401

- **Implemented** – Audit issue has been adequately addressed by implementing the original or alternative corrective action plan (**I**)
- **Open** – Corrective action for audit issue initiated but not completed (**P**); Implemented but not operating as intended (**IO**); Not been addressed but management fully intends to address issue (**O**)
- **Not Implemented** – Audit issue not addressed and management has assumed the risk of not taking corrective action (**NI**)
- **Withdrawn** – Audit issue no longer exist due to operational changes (**W**)

| | | | | Implementation Status | |
|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------|----------|
| Risk Observation | Recommendation | Management's Risk Mitigation Strategy | Original Implementation Date | Current Status | Comments |
| 1.1 | Internal Audit recommends management develop and implement formal, documented policies and procedures for a more robust contract administration process, which would include at a minimum: <ol style="list-style-type: none"> a. Contract planning, execution, monitoring, and close-out b. Applicable County policies and procedures c. Staff roles and responsibilities d. Staff training requirements e. Internal and external stakeholder communication requirements f. Frequency of policy and procedure reviews and updates | As of July 1, 2014 Park and Recreation began the new contract process which included the new electronic contract process, centralized policies and procedures and staff training. The new contract procedures will address all the recommendations outlined in 1.1. The Contract Compliance Analyst will monitor all contracts and conduct meetings to review contract terms with the appropriate management team members. Additionally, the Fiscal Administrator will provide updates during the Park's Super Team meetings as least quarterly) regarding amendment, policy and procedures. The written policy and procedures will be reviewed at least twice year or whenever updates are needed. | 07/2014 | I | |
| 2.1 | Internal Audit recommends management ensure they obtain and maintain all contracts and supporting documentation as necessary. | As of July 1, 2014 Park Accounting utilized the e-contracts process to download fully executed contracts. The contracts are maintained in an electronic file on our Park Accounting Share Drive. Additionally, all related supporting documentation will be electronically filed within Park Accounting office. The supporting documentation includes but is not limited to invoices, copies of checks, Excel worksheet outlining the contact number, monthly payments received, contact name and the dates of the | 07/2014 | I | |

Follow-Up Results
Park and Recreation Department Contract Management Investigation Audit Report 1401

- **Implemented** – Audit issue has been adequately addressed by implementing the original or alternative corrective action plan (**I**)
- **Open** – Corrective action for audit issue initiated but not completed (**P**); Implemented but not operating as intended (**IO**); Not been addressed but management fully intends to address issue (**O**)
- **Not Implemented** – Audit issue not addressed and management has assumed the risk of not taking corrective action (**NI**)
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| | | | | Implementation Status | |
|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Risk Observation | Recommendation | Management's Risk Mitigation Strategy | Original Implementation Date | Current Status | Comments |
| | | contract. | | | |
| 3.1 | Internal Audit recommends management ensure contract payments are appropriately reconciled against supporting documentation. | As of April 1, 2014, Park staff provides monthly invoices to each instructor, which include the number of documented participants, the total amount due per class and the date the payment is due. The backup documentation (class roster) is signed by the instructor and a Park Staff, confirming the number of participants in each class. The invoice and supporting documentation are emailed to each instructor and the PRK-Accounting mailbox. The invoice, supporting documentation and payment received are reconciled monthly by Park Accounting Staff. | 04/2014 | IO | Internal Audit determined the reconciliation of contract payments to supporting documentation did not consistently occur as designed. |
| | In addition, class instructors should submit accurate and complete supporting documentation to facilitate reconciliation. | | | I | |
| 4.1 | Internal Audit recommends management ensure all contracts are properly approved and signed and documentation is maintained to evidence those approvals. | As of October 1, 2013 all contracts are signed by the Department Director or his designee. Additionally, all Division Directors are required to sign each contract before it is submitted to the Contract Compliance Analyst for review and preparation for the Department Director signature. All contractual agreements require the approval and final signatures of the County Manager or his/her designee with the exception of Annual Field and Maintenance Agreements. The County Manager has given written signing authority to the | 10/2013 | IO | Internal Audit determined the approval of contracts prior to the contract execution or event date was not consistently performed. |
| | Further, contract terms should be followed or properly amended if necessary. | | | I | |

Follow-Up Results
Park and Recreation Department Contract Management Investigation Audit Report 1401

- **Implemented** – Audit issue has been adequately addressed by implementing the original or alternative corrective action plan (**I**)
- **Open** – Corrective action for audit issue initiated but not completed (**P**); Implemented but not operating as intended (**IO**); Not been addressed but management fully intends to address issue (**O**)
- **Not Implemented** – Audit issue not addressed and management has assumed the risk of not taking corrective action (**NI**)
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| | | | | Implementation Status | |
|------------------|----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------|----------|
| Risk Observation | Recommendation | Management's Risk Mitigation Strategy | Original Implementation Date | Current Status | Comments |
| | | Department Director for the Annual Field and Maintenance Agreements. | | | |
| 5.1 | Internal Audit recommends management ensure contract payments are accurately recorded in the proper Class system accounts. | As of January 1, 2014 Park accounting created a separate unit to record all golf course payments. A key responsibility of the new Contract Compliance Analyst is to ensure all payments are recorded for the appropriate contract and posted to the correct unit/organization, as well as review all terms and conditions of the contracts. | 01/2014 | I | |