



F R O M	 Name & Title Henry J. Raymond, Director of Finance	CITY OF BALTIMORE MEMO	
	Agency Name & Address Finance Department Room 454 City Hall		
	Subject 14-0183R Informational Hearing- Department of Recreation & Parks- Implementation of the Recommendations Contained in the Audit Report by the Baltimore City Auditor		

To: The Honorable City Council President Young and Members of the City Council

Date: December 3, 2014

We appreciate the Council's interest in obtaining an update on the implementation of the Recommendations contained in the Audit Report by the Department of Audits (Audits), dated April 9, 2014.

Background

As you are aware, in April of this year, the Baltimore City Department of Recreation and Parks (BCRP) submitted its audited financial statements for the fiscal year 2012 to the City Board of Estimates. Accompanying the financial statements was a detailed City Auditor report on specific internal control weaknesses and corresponding recommendations to eliminate the said weaknesses. BCRP and Finance submitted written responses to each of the internal control weaknesses pointed out. BCRP has responsibility for findings 1 through 5; the Department of Finance has responsibility for finding number 1.

Audit Finding #1 – Financial Statements

The Departments of Finance and Recreation and Parks did not initially provide accurate financial statements of the financial activity of R&P for Fiscal Year 2012. As established by the City Charter, Article VII, Section 11(a), the Department of Finance is responsible for the compilation of the City Agency's financial statements. The Bureau of Accounting and Payroll Services (BAPS), as part of the Department of Finance, prepared, in December of 2012, financial statements containing the financial activity of Recreation and Parks, which did not fully agree to the underlying financial activity recorded on CityDynamics, the City's financial accounting system. Recreation and Parks could not determine how the numbers were developed by BAPS, and subsequently developed separate financial statements. After numerous revisions by Recreation and Parks, the statements agreed to CityDynamics.

The Department of Audits recommended that BAPS, in conjunction with other City Agencies, establish written policies and procedures for the development and preparation of financial statements that agree to the financial activity recorded on the City's financial accounting system (CityDynamics). Those policies and procedures should provide controls to review and approve those financial statements for accuracy, completeness and presentation in accordance with GAAP.

Action taken by the Department of Finance- Finding #1

The Department of Finance, through BAPS completed the manual outlining the policies and procedures for preparing the financial statements for all City Agencies. These policies and procedures are consistent with the responsibility of the agency in this regard under the City's Charter and provide the necessary controls that will allow the statements to be reviewed for accuracy, completeness and presentation in accordance with GAAP. Audits has reviewed and accepted the manual for preparing financial statements.

