

**CITY OF BALTIMORE
COUNCIL BILL 14-0183R
(Resolution)**

Introduced by: Councilmembers Stokes, Scott, Branch, Holton, Henry, Kraft, Middleton, Mosby,
Welch, Clarke, Reisinger, Curran, President Young

Introduced and read first time: September 8, 2014

Assigned to: Taxation, Finance and Economic Development Committee

REFERRED TO THE FOLLOWING AGENCIES: Department of Finance, Department of Recreation and
Parks, Department of Audits

A RESOLUTION ENTITLED

1 A COUNCIL RESOLUTION concerning

2 **Informational Hearing - Department of Recreation and Parks -**
3 **Implementation of the Recommendations Contained in the Audit Report by the**
4 **Baltimore City Auditor**

5 FOR the purpose of requesting the Director of the Department of Recreation and Parks to come
6 before the Baltimore City Council to discuss the implementation of the recommendations
7 contained in the Audit Report by the Baltimore City Auditor, dated April 9, 2014.

8 On April 9, 2014, the City Auditor issued an audit report regarding the Department of
9 Recreation and Parks' 2012 financial statement. The Auditor and his staff audited the Balance
10 Sheet - Governmental Funds and the Statement of Revenues, Expenditures, and changes in Fund
11 Balances, the financial statements of the governmental activities, each major fund, and the
12 aggregate remaining fund information of that Department. The major findings were categorized
13 as follows:

14 Finding 2012 -1: Financial Statements

15 The Departments of Finance and Recreation and Parks did not initially provide
16 accurate financial statements of the financial activity of the Department of Recreation
17 and Parks for fiscal year 2012. The Bureau of Accounting and Payroll Services
18 (BAPS), as part of the Department of Finance, prepared financial statements
19 containing the financial activity of the Department of Recreation and Parks that did
20 not fully agree with the underlying financial activity recorded on CityDynamics, the
21 City's financial accounting system. Because Recreation and Parks could not
22 determine how the numbers were developed by BAPS, it developed separate financial
23 statements, and, after numerous revisions, those statements agreed with those in
24 CityDynamics.

25 The Auditor recommended that BAPS, in conjunction with other City agencies,
26 establish written policies and procedures for the development and preparation of
27 financial statements that agree to the financial activity recorded on CityDynamics, the
28 City's financial accounting system. The Auditor also recommended that the
29 Department of Recreation and Parks develop a manual to provide guidance to its
30 accounting staff regarding the development of the annual financial statements.

EXPLANATION: Underlining indicates matter added by amendment.
~~Strike out~~ indicates matter deleted by amendment.

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1 Finding 2012 - 2: Payroll Documentation

2 The Fiscal Service Division and Recreation Centers did not always adhere to the
3 policies and procedures established by the City for the recorded time and attendance
4 in the Enterprise E-Time, for related payroll attendance records, and for required
5 supporting documentation. The time authorized or signed did not always support the
6 entered information or was not always captured in a way that validated the
7 employee's attendance.

8 The Auditor recommended that the Department establish and implement written
9 procedures that will assure adherence to the City's procedures for the E-Time
10 automated payroll time and attendance system. It was also recommended that the
11 entry of employees' time in the E-Time system be taken from records that document
12 an employee's actual time in attendance or absence.

13 Finding 2012 - 3: Procedures Manual

14 The Department of Recreation and Parks did not have a standard operating policies
15 and procedures manual to guide, direct, and instruct its employees on cash handling.
16 The audit found inconsistencies among the Recreation Centers in how to account for
17 tickets that support the collection and reporting of cash for activities. The Department
18 was only using the City's Administrative Manual.

19 The Auditor recommended that the Department develop new standard operating
20 policies and procedures to provide uniformity for the handling of cash collecting,
21 recording, and reporting, as well as procedures for documenting the attendance of
22 participants, the recording of cash collected, and the reconciling and reporting of
23 activities.

24 Finding 2012 - 4: Accounting for Revenues

25 The Department's Fiscal Service Division did not always use the appropriate revenue
26 account for recording certain revenues. It was found that revenue funds were being
27 deposited in an expense account. Offsetting revenues against expenditures can
28 understate actual expenditures and revenues reported in financial statements.

29 The Auditor recommended that a proper account be used to record the receipt of
30 revenues. Also, the Department needs to establish policies and procedures that
31 require periodic supervisory review of all account activity.

32 Finding 2012 - 5: Expenditure Documentation - Capital Projects

33 The Department of Recreation and Parks did not maintain support for interagency
34 billings related to capital project expenditures.

35 The Auditor recommended that the Department establish a system by which the Fiscal
36 Services Division would assure the proper accounting, approvals, and monitoring of
37 capital 6 project expenditures.

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1 Approximately 5 months have now elapsed since the audit report was issued. It is time for
2 the City Council and the citizens of Baltimore to learn how these recommendations have been
3 implemented, in order to strengthen the operations of this Department, which is important to
4 Baltimore City residents and especially to the well being of our children.

5 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That the
6 Baltimore City Council requests the Director of the Department of Recreation and Parks to come
7 before the Baltimore City Council to discuss the implementation of the recommendations
8 contained in the Audit Report by the Baltimore City Auditor, regarding the Baltimore City
9 Department of Recreation and Parks' 2012 financial statement, dated April 9, 2014.

10 **AND BE IT FURTHER RESOLVED,** That representatives of the Department of Finance and the
11 Department of Audits also be invited to attend.

12 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Director of the
13 Department of Recreation and Parks, the Baltimore City Auditor, the Director of the Department
14 of Finance, and the Mayor's Legislative Liaison to the Baltimore City Council.