



Office of the City Auditor Western Bayside Area Grant Review

Report Date: October 29, 2010



Office of the City Auditor

"Promoting Accountability and Integrity in City Operations"

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Office of the City Auditor Table of Contents



Date: October 29, 2010
To: James K. Spore, City Manager
Subject: Review of Western Bayside Area Grant

I am pleased to present the report of our review of the Western Bayside Area Grant. The results of this review will be provided to City Council through the City's Audit Committee.

We have performed the procedures requested by Parks and Recreation as presented in the Request for Proposal PRCW-10-0189, Section VI.B.1 which requires a final audit of program expenses prior to the final payment to the contractor, Enoch Baptist Church. This agreed-upon procedures engagement was conducted in accordance with Government Auditing Standards. Government Auditing Standards incorporate financial and attestation standards established by the American Institute of Certified Public Accountants. These standards also provide guidance for performing and reporting the results of agreed-upon procedures.

The Office of the City Auditor reports to City Council through the City's Audit Committee and is organizationally independent of all other City Departments. The procedures we agreed to perform and the associated results are enclosed. Findings considered to be of insignificant risk have been discussed with management. We completed the agreed-upon procedures on October 6, 2010.

This report is intended solely for the information and use of the Audit Committee, City Council, City Manager, and appropriate management including Parks and Recreation and Enoch Baptist Church. It is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

We would like to commend Parks and Recreation and Enoch Baptist Church for the courtesy and cooperation extended to us during the review. If you have any questions about this report or any audit-related issue, I can be reached at 385-5872 or via email at lremias@vbgov.com.

Respectfully submitted,

Lyndon S. Remias, CPA, CIA
City Auditor

c: City Council Members
Audit Committee Members
Cindy Curtis, Director, Parks and Recreation
Dr. Michael Daniels, Pastor, Enoch Baptist Church



Transmittal Letter	i
Purpose, Scope and Objectives.....	1
Methodology and Standards	1
Background	2
Results	3
Recommendation	3
Conclusion and Acknowledgements	3
Management's Response	Attachment 1



Purpose

To conduct an examination of Enoch Baptist Church's financial expenditures related to the Western Bayside Area Grant for the summer camp program serving rising 4th through rising 9th graders from June 22 through August 28, 2010.

Scope and Objectives

The objectives of our review were:

1. To determine if summer camp expenditures are supported by documentation.
2. To determine if expenditures are applicable to the purpose of the Grant.
3. To determine whether such expenditures are reasonable in amount.
4. To determine if any unused Grant money has been returned to the City.

Our review was limited to the summer camp period of July 2010 and August 2010. Our review was conducted on October 6, 2010.

Methodology

To accomplish our objectives, we performed the following procedures:

- Obtained Enoch Baptist Church bank statements for the months of June, July and August 2010.
- Verified all expenditures charged to the grant and the supporting documentation.
- Verified salary expenses of camp counselors and other employees with supporting timesheets and earnings statements.
- Verified that grant monies were not used to pay for salaries of year-around Church employees performing regular Church functions outside of the summer camp program.

Standards

Our audit was conducted in accordance with generally accepted government auditing standards. The Office of the City Auditor reports to City Council through the Audit Committee and is organizationally independent of all City Departments. This report will be distributed to the City's Audit Committee, City Council, City Manager, and Parks and Recreation. This report will also be made available to the public.



Background

Parks and Recreation Western Bayside Area:

The vision of Virginia Beach Parks and Recreation is to create a balanced, sustainable and value-focused system of parks, recreation and public spaces that creates a sense of community.

The City proactively pursues community partnerships that enhance the quality of life for its residents. In particular, the City with various City agencies and community partners collaborated to create a youth program in the Western Bayside community. The Western Bayside area is defined as the following neighborhoods: Aden Park, Atkins Reserve, Campus East, Carriage House, Ebbetts Plaza, Lake Edward, Newpointe Condo, and Northridge. The camps are free of charge to residents of neighborhoods whose children attend Diamond Springs, Newtown, Williams, Bayside Elementary schools, or Bayside Middle School. The goal of the Western Bayside grant is to address some of the needs pertaining to children and youth in these communities through the administration of safe and structured summer programs. Parks and Recreation's City-Wide Programs office and the Virginia Beach Youth Opportunities Office provide oversight of the grant.

For the summer of 2010, the grant was awarded to Enoch Baptist Church to provide a structured day camp service for 110 participants in the amount of \$60,000. In accordance with the Request for Proposal, the last partial payment to Enoch Baptist Church is contingent upon a final audit of the summer camp expenditures charged to the grant.

Enoch Baptist Church Summer Camp Program:

Enoch Baptist Church (EBC) is located in the Western Bayside area. Since 1962, EBC has provided summer camps to ensure participants have a safe and fun learning environment during the summer school break. Enoch's summer camp program is structured with programmed activities directed at maximizing the potential to grow a happy, healthy, and safe community. Each child is evaluated and a development plan is determined to ensure that each child benefits from the program. These development plans are used to measure progress and the success of the program. Field trips, community service projects, and special guest experts from various vocations provide educational exposure while having fun exploring our world and different kinds of people, raising their self-esteem and outlook for their future. The summer camp also provides golf, swimming, fishing, tennis, bowling, movies and opportunities to fly in an airplane and operate the controls. (The pastor is a licensed pilot.) The anticipated program outcome is that the children and parents will be positioned to take full advantage of all opportunities that lead to healthy youth development.



Results

Overall, we found that expenditures for the summer camp were properly supported, reasonable and applicable to the summer camp program. However, we did note the following:

1. We found two salary bonuses included in the pay of two individuals who worked in the summer camp. Both individuals work for the church outside of summer camp but they served the summer camp full-time while it was in session. The bonuses were for their work before summer camp commenced and not removed from of the computation of total summer camp expenses. The pastor agreed that these were not supported expenditures for summer camp expenses and apologized that the errors were not identified earlier. The two bonuses totaled \$450 and did not have a significant impact on overall summer camp expense total of \$67,917.
2. After re-calculating the total of expenditures we determined that all of the \$60,000 of the grant amount was used for the operation of the summer camp.

Recommendations

1. As with all unrelated expenses, we recommend that salary bonuses unrelated to the summer camp not be included in the calculation of total summer camp expenses.
2. Summer camp administrators should ensure that only salary expenses related to summer camp duties of their regular year-round employees are included in the calculation of summer camp expenses.

Management's Response

See Attachment 1 for Management's Response.

Conclusion

Based upon test work performed, except as noted above, we found that Enoch Baptist Church has met the financial terms of the Request For Proposal and that expenditures are reasonable and applicable to the summer camp programs.

Acknowledgements

We would like to thank Parks and Recreation and Enoch Baptist Church for their responsiveness to our requests during the review and their receptiveness to questions and comments. We thank all involved in the process for their help and offer our assistance should future concerns regarding this or other audit issues arise.

Attachment I



'Love Jesus First'

Enoch Baptist Church

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**Dr. Michael Daniels
Pastor**

**Johnny Harris
Chair, Board of Deacons**

**Milford Case
Chair, Board of Trustees**

**Burnette Hendricks
Church Clerk**

October 13, 2010

**Timothy Bell, CICA
Senior Auditor
Office of the City Auditor
2401 Courthouse Drive, Room 344
Virginia Beach, Virginia 23456**

Re: DRAFT report for the Western Bayside Area Grant Review

Dear Mr. Bell:

We concur with the recommendations of the draft report and will adopt the recommended practices on all future grants provided by the City of Virginia Beach to Enoch Baptist Church. Thank for providing us with the opportunity to comment on the draft report.

Sincerely,

**Michael Daniels, D. Min.
Senior Pastor**