



Commonwealth of Massachusetts  
Office of the State Auditor  
Suzanne M. Bump

*Making government work better*

Official Audit Report – Issued February 8, 2019

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## Bourne Recreation Authority

For the period July 1, 2015 through June 30, 2017





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February 8, 2019

Mr. Gregory A. Folino, Chair  
Bourne Recreation Authority  
231 Sandwich Road  
Bourne, MA 02532

Dear Mr. Folino:

I am pleased to provide this performance audit of the Bourne Recreation Authority. This report details the audit objectives, scope, methodology, and conclusions for the audit period, July 1, 2015 through June 30, 2017. My audit staff discussed the contents of this report with management of the Authority.

I would also like to express my appreciation to the Bourne Recreation Authority for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMB", written over a light blue circular stamp.

Suzanne M. Bump  
Auditor of the Commonwealth

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# TABLE OF CONTENTS

**EXECUTIVE SUMMARY ..... 1**  
**OVERVIEW OF AUDITED ENTITY ..... 2**  
**AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY ..... 3**

## **EXECUTIVE SUMMARY**

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of the Bourne Recreation Authority for the period July 1, 2015 through June 30, 2017.

In this performance audit, we reviewed and assessed certain aspects of the Authority's operations related to its revenue, procurement of goods and services, administrative expenses (including payroll and non-payroll expenses), and inventory of fixed assets.

Based on our audit, we have concluded that the Authority has established adequate controls and practices in the areas we reviewed that were related to our audit objectives. We did not identify any significant deficiencies in those areas.

## OVERVIEW OF AUDITED ENTITY

The Bourne Recreation Authority, located at 231 Sandwich Road in Bourne, was created by Chapter 820 of the Acts of 1970. A 1971 amendment enabled the Authority to lease federal land from the US Army Corps of Engineers to construct recreational facilities. Subsequently, Chapter 311 of the Acts of 1973 authorized the Town of Bourne to borrow up to \$1 million to acquire land and construct an ice-skating rink and other recreational facilities.

During our audit period, the Authority operated an ice-skating rink known as the John Gallo Ice Arena and a campground known as the Bourne Scenic Park, which borders the Cape Cod Canal. Since 1994, when the debt that was authorized by Chapter 311 and guaranteed by the Town of Bourne was paid off, the Authority has acted as an entity independent of the Town of Bourne. The Authority is governed by a five-member board of directors; one is appointed by the Governor, and four are elected by the voters of Bourne. Further, the Authority has a general manager who reports to the board and a treasurer who maintains Authority financial records. It is self-sufficient and does not receive any state funding.

The Authority's revenue and expenses for fiscal years 2016 and 2017 are summarized below.

### Fiscal Year 2016 and 2017 Revenue and Expenses\*

	Fiscal Year 2016	Fiscal Year 2017	Fiscal Years Combined
<b>Revenue</b>			
Bourne Scenic Park	\$ 2,260,489	\$ 2,370,880	\$ 4,631,369
John Gallo Ice Arena	710,181	644,251	1,354,432
Other Income	5,249	6,194	11,443
<b>Subtotal (Revenue)</b>	<b><u>\$ 2,975,919</u></b>	<b><u>\$ 3,021,325</u></b>	<b><u>\$ 5,997,244</u></b>
<b>Cost of Goods Sold</b>			
Bourne Scenic Park	\$ 61,466	\$ 60,186	\$ 121,652
John Gallo Ice Arena	9,386	8,182	17,568
<b>Subtotal (Cost of Goods Sold)</b>	<b><u>\$ 70,852</u></b>	<b><u>\$ 68,368</u></b>	<b><u>\$ 139,220</u></b>
<b>Gross Profit</b>	<b><u>\$ 2,905,067</u></b>	<b><u>\$ 2,952,957</u></b>	<b><u>\$ 5,858,024</u></b>
<b>Operating Expenses</b>			
Bourne Scenic Park	\$ 1,216,590	\$ 1,253,005	\$ 2,469,595
John Gallo Ice Arena	733,402	738,226	1,471,628
Maintenance	362,100	347,315	709,415
Administration	206,721	213,193	419,914
<b>Subtotal (Operating Expenses)</b>	<b><u>\$ 2,518,813</u></b>	<b><u>\$ 2,551,739</u></b>	<b><u>\$ 5,070,552</u></b>
<b>Net Income</b>	<b><u>\$ 386,254</u></b>	<b><u>\$ 401,218</u></b>	<b><u>\$ 787,472</u></b>

\* Revenue and expense amounts are from the Authority's prepared annual financial statements. We did not audit the financial statements; these data are for informational purposes only.

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## AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of the Bourne Recreation Authority for the period July 1, 2015 through June 30, 2017.

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.

Below is a list of our audit objectives, indicating each question we intended our audit to answer and the conclusion we reached regarding each objective.

Objective	Conclusion
1. Does the Authority collect and record revenue in accordance with its procedures?	Yes
2. Does the Authority comply with the competitive bidding requirements of Chapter 30B of the General Laws in awarding contracts?	Yes
3a. Are the Authority's expenses authorized in accordance with its policies?	Yes
3b. Are the Authority's fixed assets recorded in accordance with its policies?	Yes

To achieve our objectives, we gained an understanding of the internal controls we determined to be relevant to our audit objectives and tested the Authority's approval process for the following areas: revenue, procurement of goods and services, administrative expenses (including payroll and non-payroll expenses), and fixed assets.

### Revenue

To test whether the Authority collected and recorded revenue in accordance with its procedures for each of its locations (the John Gallo Ice Arena and the Bourne Scenic Park), we selected a random nonstatistical sample of 60 revenue transactions from a population of 991 that occurred during the audit period.

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Our test was designed to assess whether (1) the Authority's bank deposit slips agreed to its Cash Activity Sheets, which record revenue for both the John Gallo Ice Arena and the Bourne Scenic Park; (2) its bank deposit slips agreed to both the bank deposit receipts and the monthly bank statements; and (3) its Cash Activity Sheets showed evidence of supervisory approval.

Because our sampling strategy was nonstatistical, we did not project the results of our audit tests to the total population in the area of review.

## **Contracts**

To test whether the Authority complied with applicable bidding laws, we selected 100% of its contracts procured during the audit period to determine whether it followed the procurement process in accordance with Chapter 30B of the General Laws.

Specifically, we assessed whether the Authority (1) received bids and quotes when applicable, (2) selected the lowest bidder for each contract procured, and (3) had proper approval from its board when a contract was selected.

## **Expenditures**

To test whether the Authority approved, recorded, and paid expenditures in accordance with its procedures for each of its locations, we selected a statistical sample of 60 expenditures out of a population of 2,227 that occurred during the audit period.

Our test was designed to assess whether (1) the Authority's check amounts agreed to the invoice amounts, (2) each expenditure appeared in the Authority's monthly warrants,<sup>1</sup> and (3) the Authority's board reviewed and approved all expenditures.

## **Payroll**

To test whether the total hours reported on employee timecards matched the hours reported on the Automatic Data Processing, Inc. (ADP)<sup>2</sup> Payroll Summary,<sup>3</sup> we selected a nonstatistical judgmental sample of 20 out of the 104 weekly payrolls that occurred during the audit period. Further, we traced the total amount paid according to the ADP Payroll Summary for each payroll period to its

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1. These are lists of invoices provided to the Authority's board of directors each month.
  2. ADP is a payroll company that processes the Authority's weekly employee paychecks.
  3. This is a weekly statement ADP generates that lists the number of hours Authority employees have worked and the total amount of payroll disbursed for the most recent payroll period.

corresponding bank statement to determine whether the amount ADP reported matched the amount in the payroll bank account. We also verified that all hours worked were approved by the appropriate supervisors and received final approval from the Authority's treasurer.

## **Inventory**

To test inventory compliance for each of the Authority's locations, we selected 100% of new inventory items, which comprised 20 items purchased during our audit period for both the John Gallo Ice Arena and the Bourne Scenic Park. We traced 10 items from the inventory list to their physical locations, and traced 10 other items from their physical locations to the inventory list, to determine whether the acquired items were properly recorded.

## **Data Reliability**

We determined the reliability of data obtained from QuickBooks, the Authority's electronic accounting system, by tracing certain electronic transactions to original source documents, and tracing source documents to certain electronic transactions, for the Authority's revenue and expenditures. Additionally, we interviewed Authority officials who were knowledgeable about the data, reviewed prior audit reports, reviewed QuickBooks system documentation, and tested selected information-system controls. Further, we performed validity and integrity tests on the QuickBooks data for the Authority's revenue and expenditures, including (1) testing for missing data (records or values) and key data elements, (2) scanning for duplicate records, (3) searching for invalid or duplicate identifiers, (4) looking for dates outside valid time periods or in an illogical progression, and (5) tracing samples of transactions to and from source documents. Based on these procedures, we determined that the QuickBooks data were sufficiently reliable for the purposes of our audit.