



County of Allegheny

Office of the Controller

INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

ALLEGHENY COUNTY PARKS FOUNDATION
(A COMPONENT UNIT OF THE
COUNTY OF ALLEGHENY, PENNSYLVANIA)
FOR THE YEAR ENDED DECEMBER 31, 2010

ISSUED: MARCH 25, 2011

County of Allegheny
Office of the Controller
Mark Patrick Flaherty
Controller

104 County Courthouse
436 Grant Street
Pittsburgh, PA 15219
Phone: (412) 350-4660
Fax: (412) 350-4770
E-mail: Controller@county.allegheny.pa.us

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

**ALLEGHENY COUNTY PARKS FOUNDATION
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COUNTY OF ALLEGHENY, PENNSYLVANIA)
FOR THE YEAR ENDED DECEMBER 31, 2010**

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Contents

Independent Auditor's Report on Financial Statements Issued Separately

Independent Auditor's Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards* 1

Schedule of Findings and Responses 4

Allegheny County Parks Foundation Response 6



MARK PATRICK FLAHERTY
CONTROLLER

COUNTY OF ALLEGHENY

OFFICE OF THE CONTROLLER

104 COURTHOUSE • 436 GRANT STREET
PITTSBURGH, PA 15219-2498
PHONE (412) 350-4660 • FAX (412) 350-3006

GUY A. TUMOLO
DEPUTY CONTROLLER

March 7, 2011

Mr. John Surma
Chairman, Board of Directors
Allegheny County Parks Foundation
535 Smithfield Street, Suite 525
Pittsburgh, PA 15222

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Dear Mr. Surma:

We have audited the financial statements of the Allegheny County Parks Foundation ("Parks Foundation") as of and for the year ended December 31, 2010 and have issued our report thereon dated March 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Parks Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Parks Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Parks Foundation's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies and material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

Mr. John Surma
March 7, 2011

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as finding 10-01 to be material weaknesses.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Parks Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

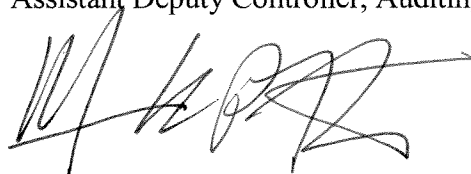
The Parks Foundation's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Parks Foundation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of Parks Foundation's management, Board of Directors, and others within the Organization and is not intended to be and should not be used by anyone other than the specified parties.

Very truly yours,



Lori A. Churilla
Assistant Deputy Controller, Auditing



MARK PATRICK FLAHERTY
Controller

cc Honorable James Burn, Jr. President, County Council
Honorable William Russell Robinson, County Council
Honorable Dan Onorato, Chief Executive, Allegheny County
Mr. James M. Flynn, Jr., County Manager, Allegheny County
Ms. Amy Griser, Budget Director, Allegheny County
Mr. Joe Catanese, Director of Constituent Services, County Council
Ms. Jennifer Liptak, Budget Director, County Council
Allegheny County Parks Foundation Board of Directors
Ms. Christine Fulton, Executive Director, Allegheny County Parks Foundation
Mr. Guy A. Tumolo, Deputy Controller, County Controller's Office
Mr. Robert J. Lentz, Assistant Deputy, Accounting, County Controller's Office
Ms. Pamela Goldsmith, Communications Director, County Controller's Office

MARK PATRICK FLAHERTY
CONTROLLER, COUNTY OF ALLEGHENY
104 COURTHOUSE
PITTSBURGH, PENNSYLVANIA 15219

ALLEGHENY COUNTY PARKS FOUNDATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2010

FINDING 10-01 LACK OF SEGREGATION OF DUTIES, REVIEW PROCEDURES, AND AN EFFECTIVE COMPLIANCE MONITORING SYSTEM

Criteria: The implementation of an effective internal control structure (which encompasses an adequate segregation of duties, performance of review procedures, and an effective compliance monitoring system, among other factors), is necessary to provide an organization with reasonable assurance regarding the achievement of objectives associated with the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with applicable laws and regulations.

Condition: The Allegheny County Parks Foundation (“Parks Foundation”) does not have an adequate segregation of duties with respect to the performance of accounting functions, and the internal control structure in place does not provide for the ability to prevent or detect and correct misstatements in a timely fashion. Specifically, we noted that the Office Administrator, who also serves as the bookkeeper, performs most accounting functions. We noted no supervisory review of monthly bank reconciliations, journal entries, or financial information generated by the accounting system prior to its use for management purposes. In addition, we noted that the Parks Foundation does not have an adequate compliance monitoring system in place.

MARK PATRICK FLAHERTY
CONTROLLER, COUNTY OF ALLEGHENY
104 COURTHOUSE
PITTSBURGH, PENNSYLVANIA 15219

ALLEGHENY COUNTY PARKS FOUNDATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2010

FINDING 10-01 LACK OF SEGREGATION OF DUTIES, REVIEW PROCEDURES, AND AN EFFECTIVE COMPLIANCE MONITORING SYSTEM (CONTINUED)

Cause: The Parks Foundation was incorporated in 2007, and had limited operations in 2008 and 2009. There are currently only three employees. There has been a recent increase in the extent of operations, and it appears that management is just starting to realize the need for adequate segregation of duties, review procedures, and an effective compliance monitoring system.

Effect: The lack of an adequate segregation of duties and review procedures with respect to the performance of accounting functions unnecessarily increases the Parks Foundation's exposure to the possibility that errors or fraud will not be prevented and not be detected and corrected in a timely fashion. The lack of an effective compliance monitoring system limits the Park's Foundation's ability to ensure compliance with applicable laws and regulations and provisions of contracts and grants.

Recommendation: We recommend that management design and implement internal control procedures to address the noted deficiencies.

Management's
Response: The Financial Controls Policy will be amended and implemented to address segregation of duties, review procedures and a compliance monitoring system.



March 7, 2011

Ms. Lori Churilla, CPA
Allegheny County Controller's Office – Audit Division
Allegheny County Courthouse
436 Grant Street, Suite 104
Pittsburgh, PA. 15219

Dear Ms. Churilla,

We are providing this letter in connection with your audit of the financial statements of the Allegheny County Parks Foundation as of December 31, 2010 and report on internal control over financial reporting and compliance.

In response to the finding 10-01, the Financial Controls Policy will be amended and implemented to address segregation of duties, review procedures and a compliance monitoring system. If you have any questions, please contact me.

Very truly yours,



Christine Fulton
Executive Director

Cc: Tom Sterling, Chester Babst, John Surma