

Harry J. McDonald Memorial Center Audit Compliance Update -05/28/2026

Audit Finding #	Core Issue	Contract Requirement	Corrective Action Taken	Current Status
<p>Finding 1</p>	<p>Deficiencies in recordkeeping and inconsistencies within financial records.</p>	<p>Contractor must maintain accurate financial records and provide them to the Administrator.</p>	<p>Implemented biweekly meetings between ERCPR Manager and FLAMI GM. Full and complete monthly financial records are now submitted.</p>	<p>Compliant. Complete records submitted for June 2025 forward.</p>
<p>Finding 2</p>	<p>Unapproved expenditures and changes to the budget.</p>	<p>Revisions for unanticipated revenues/expenses must be submitted at least 30 days prior to the effective date.</p>	<p>ERCPR oversight established to review budget departures during biweekly meetings and FLAMI Board Meetings.</p>	<p>Compliant.</p>
<p>Finding 3</p>	<p>Bonuses paid despite reporting a net loss and being over salary budget.</p>	<p>Incentive fees are only allowed if negotiated and the facility produces an audited year-end net profit.</p>	<p>Contractor tabled 2025 year-end bonuses to conform with the Management Agreement.</p>	<p>Compliant.</p>

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Finding 4	Annual financial audits not submitted for 2021-2024.	Annual financial audit by a CPA is due no later than April 1st of each year.	Directed FLAMI to prioritize the 2025 audit for the April 2026 deadline, followed by the backlog of prior years.	Ongoing. 2025 audit in progress; backlog pending.
Finding 5	Alleged financial misconduct by former employee.	Proper internal controls over corporate cards and facility-hosted events.	Implemented transparent purchase reconciliation procedures. Purchases reviewed during biweekly GM and Administrator meetings.	Compliant.
Finding 6	Retainage payments calculated incorrectly and not tracked in budget.	Retainage is calculated at 4% of gross revenue from sales or rentals. Must be included in the annual budget forecast.	4% retainage of gross revenues was included in the approved 2026 budget. Non-sales income indicated separately.	Compliant. Corrected in 2026 Budget.

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Finding 7	Annual budget proposals not submitted in a timely manner.	Budgets must be submitted yearly for approval no later than July 1 of the preceding calendar year.	The 2026 budget was submitted before July 1st and approved before October 15th.	Compliant.
Finding 8	Monthly reporting and submittal requirements not met.	Income/expense statements and required reports due by the 20th after the end of the prior month.	Required monthly reporting has occurred consistently since June 2025.	Compliant.
Finding 9	Subcontract engagement without prior written approval.	Administrator must notify and approve in writing any subcontract exceeding \$10,000.	All subcontractor work is discussed in biweekly meetings. Any work over \$10,000 requires written ERCPR approval.	Compliant.
Finding 10	Annual inventory not performed and capitalizable assets untagged.	Equipment purchased with gross revenues must be tagged and an inventory forwarded annually by August 31.	Working with GM to complete a comprehensive inventory before the end of the 2026 contract.	Ongoing. Inventory process underway.

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Finding 11	Preventative maintenance plan not submitted.	Contractor must prepare and maintain a preventative maintenance plan annually by September 30.	Met with MOA Operations and Maintenance Director. Draft plan created covering weekly to annual tasks.	Compliant. Plan formalized for 2026.