

MARYLAND-NATIONAL CAPITAL PARK & PLANNING COMMISSION

Internal Control Report

**Prince George's County Department of Parks and Recreation
Sports, Health, and Wellness Division
Theresa H. Banks Aquatics Center
Misappropriation of Cash Funds
Report Number: PGC-005-2018-B**

February 9, 2018

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Internal Control Review
Audit Report

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I. EXECUTIVE SUMMARY

A. Overall Perspective

On July 17, 2017, the Office of the Inspector General (OIG) received an email from Ms. Emily Rose, Chief, Sports, Health, and Wellness Division (SHWD) regarding a misappropriation of Commission funds by an intermittent employee at the Theresa H. Banks Aquatic Center (Center). The SHWD is managed under the aegis of Facility Operations, within Prince George's County Department of Parks and Recreation.

The irregularity was initially referred to Prince George's County Park Police for investigation. At the conclusion of the Park Police investigation, the OIG completed a Fraud, Waste and Abuse investigation to determine if the employee had misappropriated Commission cash funds and retained them for personal gain. As part of that review, a confidential Fraud, Waste, and Abuse Audit Report (PGC-005-2018-A) is being issued with this report. The report includes details of the audit investigation as well as OIG's overall conclusion on the occurrence of fraud, waste, or abuse.

During the Fraud, Waste, and Abuse review, the OIG identified opportunities to strengthen internal controls within the Sports Health and Wellness Division.

B. Scope of the Audit

The purpose of this Internal Control review was to determine if the Theresa H. Banks Aquatic Center's cash handling and class enrollment activities were in compliance with the Maryland-National Capital Park and Planning's Practices and Administrative Procedures.

The scope of the review included, but was not limited to, the following audit procedures:

- reviewed applicable Commission Practices and Administrative Procedures;
- reviewed the Center's class rosters; and
- interviewed key personnel at the Center who are responsible for the administration and monitoring of cash receipts;

The audit period covered in this review was April 16, 2016 – June 30, 2017.

The audit was conducted in accordance with the generally accepted principles and quality standards, approved by the ASSOCIATION OF INSPECTORS GENERAL.

C. Major Audit Concerns

The results of our evaluation and testing procedures did not indicate any major audit concerns.

D. Findings and Overall Conclusions

The results of our evaluation and testing procedures indicate deficiencies in the design or operation of internal controls at the Theresa H. Banks Aquatics Center (see definition below).

We believe all weaknesses identified and communicated are correctable and that management’s response to all recommendations satisfactorily address the concerns. It is the responsibility of management to weight possible additional costs of implementing our recommendations in terms of benefits to be derived and the relative risks involved.

We wish to express our appreciation to the Theresa H. Banks Aquatics Center’s management and staff for their cooperation and courtesies extended during the course of the review.




Natalie M. Beckwith, MPA, CICA
 Assistant Inspector General

Renee Kenney, CPA, CIA, CISA
 Inspector General

February 9, 2018

Conclusion Definitions

Satisfactory	No major weaknesses were identified in the design or operation of internal control procedures.
Deficiency	A deficiency in the design or operation of an internal control procedure(s) that could adversely affect an operating unit’s ability to safeguard assets, comply with laws and regulations, and ensure transactions are properly executed and recorded on a timely basis.
Significant Deficiency	A deficiency in the design or operation of an internal control procedure(s) which adversely affects an operating unit’s ability to safeguard assets, comply with laws and regulations, and ensure transactions are properly executed and reported. This deficiency is less severe than a material weakness, yet important enough to merit attention by management.
Material Weakness	A deficiency in the design or operation of an internal control procedure(s) which may result in a material misstatement of the Commission’s financial statements or material impact to the Commission.

II. DETAILED COMMENTARY AND RECOMMENDATIONS

Findings and Recommendations

1. Secure Manual Cash Receipt Book

Issue: Most Commission facilities maintain a manual receipt book to record transactions when PARKS DIRECT is not available. During the course of the review, the OIG determined that an employee at Theresa H. Banks Aquatic Center had access to the Center's manual receipt book. The employee was issuing manual receipts to Center patrons and retaining cash payments for personal gain. At the time of the incident(s), the receipt book was kept in a drawer at the front desk, allowing full access to anyone who may be in that area. In addition, the Facility Director stated that he/she did not remember seeing the receipt book since the winter of 2016.

Criteria/Risk: Per Commission Practice 3-13, *Cash Receipts and Related Cash Transactions*, Facility Managers are responsible for implementing and maintaining procedures for internal controls and cash handling to collect, count, safeguard, deposit, and report all cash collected by Commission employees.

Failure to develop procedures to secure the manual cash receipt book may result in fraud, waste and abuse.

Recommendation: We recommend, the Center's manual receipt book be maintained in a secured area with limited access to Center staff. We also recommend that the manual receipt book only be used by Center staff members on a case-by-case approved basis.

Issue Risk: High

Management Response: Concur. We have secured the receipt book [REDACTED] on site at Theresa Banks. Only our managers on duty have access [REDACTED]. The redundant process will only be utilized in the event that PARKS DIRECT is not available

Expected Completion Date: January 1, 2018

Follow-Up Date: April 15, 2018

2. Strengthen Administrative Oversight and Controls over Class Rosters and Enrollment

Issue: Center protocol requires all patrons enrolled in a class to be recorded in the PARKS DIRECT system. Information in this application is used to produce a class roster. In cases where a patron may pay for a class at the time of their initial participation, the patron's name may be added manually to the existing class roster. However, the patron's information should subsequently added to the official PARK DIRECT roster and a new class roster which include the patron's information should be generated.

During the course of the review, the OIG examined the Center's class rosters for the period beginning April 16, 2016 through June 27, 2017 and noted 80 instances where it appeared that the class roster had not been updated appropriately.

Risk/Criteria: Per the Sports, Health, and Wellness Division's protocol, all Center class registrations should be paid for and recoded in PARKS DIRECT and should have a corresponding class roster that is generated via PARKS DIRECT.

Failure to provide the necessary oversight and controls over the Center's class rosters and enrollment data may allow for non-paid patron activity to go undetected and foster an environment where fraud, waste or abuse may go unnoticed.

Recommendation: We recommend that Center staff update the PARKS DIRECT class rosters to reflect actual class registrants.

Risk: High

Management Response: Concur. Whenever we add someone to a class we will update that roster immediately. After group lessons each day the roster will be updated. There will be no patron registered for a class who is allowed to attend without being on the printed roster.

Expected Completion Date: January 1, 2018

Follow-Up Date: April 15, 2018