

MARYLAND-NATIONAL CAPITAL PARK & PLANNING COMMISSION

Internal Control Report

Prince George's County Department of Parks and Recreation

**Misuse of Commission Property
Report Number: PGC-014-2019-B**

June 13, 2019

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Prince George's County Department of Parks and Recreation

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Misuse of Commission

Internal Control Review
Audit Report

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I. EXECUTIVE SUMMARY

A. Overall Perspective

On February 13, 2019, the Office of the Inspector General (OIG) received an email from Ms. Lissette Smith, Prince George's County Department of Parks and Recreation's (DPR), Management Services Division Chief, with concerns that an employee may have secured an item of Commission property for personal use.

The OIG subsequently completed a Fraud, Waste and Abuse investigation to determine if the item in question had been misappropriated by an ██████████ staff member. As part of that review, a confidential Fraud, Waste, and Abuse Audit Report (PGC-014-2019-A) was issued on March 27, 2019. The report included details of the audit investigation as well as OIG's overall conclusion on the occurrence of fraud, waste, or abuse regarding the item in question.

During the Fraud, Waste, and Abuse investigation, the OIA identified opportunities to strengthen internal controls with the ██████████.

B. Scope of the Audit

The purpose of this review was to determine if the ██████████ Unit's practices comply with the Maryland-National Capital Park and Planning Commission's current Practices and Administrative Procedures regarding purchase card handling activities.

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

- Reviewed applicable Commission Practices and Administrative Procedures;
- Reviewed applicable purchases, purchase card logs and the corresponding support documentation for the purchases in question.
- Interviewed key ██████████ and ██████████ staff members regarding purchase card transactions.

The audit was conducted in accordance with the U.S. Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide 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.

The period covered in this review was January 2018 – January 2019.

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C. Major Audit Concerns

The results of our evaluation and testing procedures did not identify 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 Prince George's County's Department of Parks and Recreation's ██████████ ██████

We believe the findings identified and communicated are correctable and that management's responses to all recommendations satisfactorily address the concerns. It is the responsibility of management to weigh 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 Prince George's County's Department of Parks and Recreation's ██████████ Division's management and staff for the cooperation and courtesies extended during the course of our review.



Natalie M. Beckwith, MPA, CFE, CICA
Assistant Inspector General



Renee Kenney, CPA, CIA, CISA, CIG
Chief Inspector General

June 13, 2019

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

1. Restrict Acceptance of Free Gifts

Issue: The ██████████ of the ██████████ ██████ accepted a free gift offer that was extended with an approved purchase. It should be noted that the free gift was added to the order after the initial purchase request had been approved. Upon receipt, the ██████████ retained the free gift for personal use. The free gift was valued by the vendor at \$130.00.

Criteria/Risk: According to Commission Practice 4-10 Purchasing Policy with regard to gratuities:

- All employees of the Commission, who are directly responsible for any procurement transaction, as defined, on a regular basis, are prohibited from soliciting, demanding, accepting, or agreeing to an offer of employment or **gift or anything of value**, including, but not limited to:
 - samples, others than those received in connection with official procurement; entertainment; meals; special personal price considerations; fees; commissions; or other gratuities from Vendors/Contractors doing business with the Commission, including subcontractors, or in connection with any solicitation or proposal.

Recommendation: The Office of the Inspector General recommends the following:

- The acceptance of free gifts or gratuities should be restricted. If unavoidable, the gifted item should be made available or accessible to all members of the unit. For example, it is acceptable to utilize the item within the unit or raffle the item off amongst staff members.

Issue Risk: Medium

Management Response: The Department of Parks and Recreation concur with the recommendation of the Office of the Inspector General (OIG). The ██████████ Division management team met with the ██████████ to communicate the OIG recommendation as well as reiterate Commission Practice 4-10, as it relates to the handling of any free gifts and/or gratuities.

Expected Completion Date: May 2019

Follow-Up Date: August 2019

2. Strengthen Managerial Oversight of Purchase Card Log Reviews and Approvals

Issue: The ██████████ for the ██████████ Unit accepted a free gift offer that was extended with an approved purchase. When the ██████████ submitted their monthly Purchase Card Log along with the supporting documentation for review, the free gift was listed on the vendor invoice and the packing slip. The ██████████ subsequently approved the Purchase Card Log but did not take notice of the free gift which should have been prohibited.

Criteria/Risk: According to the Commission's Purchase Card Program Policy and Procedure Manual, the Purchase Card Approving Official is responsible for:

- Reviewing transactions of individual cardholders to make sure the transactions are legitimate business expenses and are appropriately classified and documented.
- Reconciling the transaction logs with statements and submitting monthly changes to accounting codes to the Program Administrator.

Recommendation: The Office of the Inspector General recommends the following:

- In addition to reviewing support documentation for above listed criteria, the approving official should also scrutinize the final invoice and packing slip, if available, to ensure that the items requested were the actual items ordered and received and that subsequent items were not added to the purchase.

Issue Risk: Medium

Management Response: The Department of Parks and Recreation reviewed the recommendation of the OIG. Currently, the ██████████ assumes the responsibility of scrutinizing the invoices to ensure items listed are the actual items ordered and received. The ██████████ Approver audits and reconciles the transaction logs in accordance with the responsibilities documented in the Commission Purchase Card Program Manual.

However, the Department recognizes the need for a separation of duties on occasions where the ██████████ makes a purchase for the benefit of the ██████████ operations. In this case, the ██████████ Administrative Assistant will review the items received, final invoice, and packing slip to ensure that no subsequent items were added to the purchase by the ██████████.

Expected Completion Date: July 2019

Follow-Up Date: August 2019