

MARYLAND-NATIONAL CAPITAL PARK & PLANNING COMMISSION

Internal Control Report

**The Maryland-National Capital Park and Planning Commission
Natural and Historical Resources Division
Timekeeping Fraud
Report Number: PG-006-2018-B**

November 21, 2017

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M-NCPPC Natural and Historical Resources Division
Timekeeping Fraud

Internal Control Review
Audit Report

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I. EXECUTIVE SUMMARY

A. Overall Perspective

On August 15, 2017, the Office of the Inspector General (OIG) received a telephone call from a Natural and Historical Resources Division (NHRD) employee stating that a fellow employee had been committing timekeeping fraud for the time period beginning December 15, 2014 thru July 20, 2017.

The NHRD is managed under the aegis of Facility Operations, within Prince George's County Department of Parks and Recreation.

The OIG subsequently completed a Fraud, Waste and Abuse investigation to determine if the employee has misrepresented her timekeeping entries and was subsequently paid for unearned hours worked. As part of that review, a confidential Fraud, Waste, and Abuse Audit Report (PG-006-2018-A) was issued on November 21, 2017. 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 timekeeping fraud allegation.

During the Fraud, Waste, and Abuse review, the OIG identified opportunities to strengthen internal controls within the Natural and Historical Resources Division.

B. Scope of the Audit

The purpose of this review was to determine if NHRD's timekeeping and recording 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 emails, Office Leave Calendar entries, Kronos timecard entries and surveillance footage related to the timekeeping fraud allegation; and
- Interviewed Commission management and staff.

The period covered in this review was December 15, 2014 thru July 20, 2017.

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

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C. Major Audit Concerns

The results of our evaluation and testing procedures indicated the following major audit concern:

- Inadequate oversight over Commission timekeeping and recording functions.

Additional information pertaining to this area can be found in the Detailed Commentary and Recommendations section of this report.

D. Findings and Overall Conclusions

The results of our evaluation and testing procedures indicate deficiencies in the design or operation of internal controls within the Natural and Historical Resources Division.

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 Parks and Recreation Department's Natural and Historical Resources Division's management and staff for the cooperation and courtesies extended during the course of our review.



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Renee Kenney, CPA, CIA, CISA
Acting Inspector General

November 21, 2017

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. Strengthen Managerial Oversight for Timekeeping and Recording Functions

Issue: NHRD’s protocol for securing time off requires an individual to send an email to their manager requesting approval of leave. Once approved, the information is then transferred to the Office Leave Calendar by the requestor. In cases where the individual may not have taken the approved leave, the Calendar would be updated accordingly. That same individual is also responsible for entering their own time into the Kronos system. Internal procedures for timecard approval, do not specifically require a comparison of timecard entries against the Office Leave Calendar, rather the comparison is being completed on an ad-hoc basis.

During the investigation, the OIG determined that NHRD management was not consistently performing a subsequent review of the Office Leave Calendar against the employees Kronos timecard. It appears that prior to January 2017, NHRD management was not completing any comparisons/reviews and upon appointment of a new Division Chief in January 2017, reviews/comparisons were completed on a periodic basis.

Criteria/Risk: Per Commission Administrative Procedure No. 99-04, Practice No. 2-15, *Time and Attendance*:

- Supervisors are responsible for communicating work schedules to employees including expected starting and departure times. Supervisors should ensure that employees understand the Commission’s policy of use and approval of leave and overtime compensation. If timeclocks are used, the supervisor is responsible for explaining procedures for recording attendance and leave. **Supervisors are responsible for ensuring that time worked and leave use is recorded accurately.**

Recommendation: We recommend that NHRD update their internal procedures to require all individuals’ responsible for approving Krono’s timecards to verify timecard leave entries against the Office Leave Calendar to help ensure accuracy and mitigate any instances of potential timekeeping fraud. If necessary, the internal procedures could allow for a post review (i.e. after timecard submission).

Issue Risk: High

Management Response: Concur. Natural and Historical Resources Division Management will require all individuals responsible for approving Kronos timecards to verify timecard leave entries against the Office Leave Calendar in a consistent and thorough manner. This practice was implemented two months ago by Division Management to confirm appropriate controls are in place that will ensure accuracy and mitigate any instances of timekeeping fraud as Commission Practice 3-40 requires.

Expected Completion Date: Completed – November 13, 2017

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Follow-Up Date: December 2017