

MARYLAND-NATIONAL CAPITAL PARK & PLANNING COMMISSION

Maryland-National Capital Park Police

**Prince George's County Division
Park Police Third Party Billings
Report Number: PGC-003-2021**

November 10, 2020

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Park Police Third Party Billings

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I. EXECUTIVE SUMMARY

A. Background

Maryland-National Capital Park Police was founded in 1954 by the Maryland-National Capital Park and Planning Commission (M-NCPPC or Commission). The Prince George's County Division (Park Police) has approximately 136 authorized sworn personnel, 33 civilian employees, and approximately 20 active volunteers. The Division ensures the safety of park patrons and facilities 24 hours a day through crime prevention, apprehension, enforcement of criminal and motor vehicle laws, and enforcement of park rules and regulations. They are tasked with protecting approximately 27,000 acres of park property in Prince George's County.

The Division is led by Chief Stanley Johnson. The Office of the Division Chief is responsible for Executive Services, Fiscal Affairs (e.g. third party billings), Internal Affairs and Human Resources.

The audit focused on the processing of third party billings. Third party billings include reimbursement from third parties (outside the Commission) for services provided by the Park Police. Third party entities include University of Maryland (UMD), FedEx Field, Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and High Intensity Drug Trafficking Area (HIDTA). The following table reflects the amount of third party billings invoiced by the Park Police:

Agency	FY19	FY20
University of Maryland & FedEx Field ¹	\$170,104	\$72,161
Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF)	\$8,092	\$4,853
Washington, Baltimore High Intensity Drug Trafficking Area (HIDTA)	\$20,174	\$2,971

Note: The selection of third party billings for audit was primarily due to concerns raised in 2019. On August 26, 2019 the Office of the Inspector General (OIG) issued Audit Report PGC-015-2019, Park Police Overtime. The Audit Report included a summary of Park Police's third party receipts. Based on the data provided by Park Police and the Department of Finance, it appeared that Prince George's County Park Police received \$24,134 from the University of Maryland (UMD) in fiscal year 2018. Park Police management expressed that UMD receipts of \$24,134 appeared low but were unable to provide any additional data to override the accounting records.

¹ UMD and FedEx Field billings are combined within the Accounting records.

B. Objective, Scope and Methodology of the Audit

Objective

The purpose of the audit was to identify opportunities to strengthen internal controls, improve operational efficiencies and help ensure compliance with Commission policies and procedures.

In addition, the audit scope was designed to identify possible fraud, waste, or abuse within the process(es) being audited.

Scope

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

- Interviewed management and staff to obtain an understanding of third party billing operations, policies and procedures
- Reviewed applicable Commission practices and procedures
- Inquired of General Counsel if Park Police is required to have Memoranda of Understanding with all external third party entities, detailing the rights and responsibilities of parties to the agreements
- Inquired of General Counsel if Park Police is required to obtain prior approval from senior management, when the department does not bill outside jurisdictions for providing Park Police services to the jurisdictions
- Performed detailed testing for UMD: a) Judgmentally selected a representative sample of UMD events where Park Police worked overtime hours; b) Reconciled the number of overtime hours worked as indicated on the invoices, to the number of overtime hours police officers recorded on their timecards; c) Reconciled the dollar amounts of invoices billed to, and payments received from, UMD; and d) Reviewed for reimbursement to the Park Police account for expenses incurred for overtime services provided to UMD.

The audit covered the period from July 1, 2019 – June 30, 2020 (FY20).

Methodology of the Audit

Inquiry, observation, data analysis, and tests of transactions were performed to complete the audit objectives.

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 a reasonable basis for the findings and conclusions based on the established audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

C. Major Audit Concerns

The results of our evaluation and testing procedures indicated no major audit concerns.

Overall Conclusions

The results of our evaluation and testing procedures indicate deficiencies, as defined below, in the design or operation of internal controls for the administration of Park Police third party billings, Prince George’s County Division.

We believe all weaknesses 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 Prince George’s County Park Police management and staff for their cooperation and courtesies extended during the course of our review.



Wanda King, MBA
Assistant Inspector General



Renee M. Kenney, CPA, CIG, CIA, CISA
Inspector General

November 10, 2020

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. Set Up Third Party Invoices in the Accounts Receivable Module

Issue: Park Police does not provide Corporate Accounting with copies of the invoices sent to third parties for police officer overtime (OT) services. As a result, Corporate Accounting cannot set up the billed invoices in its Accounts Receivable (AR) module. In addition, Corporate Accounting cannot match the revenue and expenses (i.e., match the check payments received from the customer, with the invoices billed to the customer).

The AR module set up would enable Corporate Accounting to offset receivables when the external customer pays the invoices, which in effect, monitors the receipt of payments. The process also ensures that the Park Police account is reimbursed for OT expenses incurred. Instead, the Park Police Fiscal Affairs Manager, who deposits check payments received from third parties into the Bank of America, uploads the bank deposit slips into the Accounting Online System (AOS). Although the AOS upload of the bank deposit slips appear to result in reimbursement to the Park Police account, the procedure is not efficient. During the audit, staff disclosed to OIG that they do not verify if Park Police receives a payment for each invoice billed. If payments are not received for all invoices billed, then Park Police's account will be overstated for incurred OT expenses. **(Refer to audit finding # 2 for additional details).**

Criteria/Risk: Operational best practices support that Park Police match invoices billed to third parties with payments received. Setting up invoices in Corporate Accounting's AR module should mitigate the risk of unknown missed payments, thereby facilitating reimbursement to the Park Police account for incurred OT expenses.

Recommendation: Park Police management should partner with Corporate Accounting to establish the appropriate procedures for Park Police staff to follow, so Corporate Accounting can set up invoices in the AR module for all of the third party entities to which the department provides services.

Management Response: The Park Police Fiscal Affairs Office has partnered with Corporate Accounting to set-up third-party invoices in the Accounts Receivable (AR) module. The M-NCPPC, Secretary of Treasury, will be electronically sent all 3rd party invoice packets (Invoice, approved memo, OT spreadsheet) when submitted to the vendor for payment. These actions should help mitigate the risk of missed payments and assist with account reconciliation.

Risk: High

Expected Completion Date: Completed

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Follow-Up Date: March 2021

2. Verify Payments Are Received for All Billed Invoices

Issue: Park Police does not verify third party customers remit payments for all billed invoices. During audit testing, the OIG identified \$2,482.36 of unpaid UMD reimbursements.

OIG performed detailed testing for a sample of 10 UMD events², for which Park Police officers worked OT hours in FY20. OIG tested each sample to verify that Park Police received a payment for each invoice billed to UMD. OIG requested documentation to support that UMD remitted a check payment to Park Police for each invoice billed and to support payments were uploaded into AOS in compliance with current procedures.

Park Police [REDACTED] could not provide documentation to support UMD sent payments to Park Police for four (4) basketball games, that occurred on February 4, 11, 18 and 29 of 2020. The total invoice amount billed to UMD was \$2,482.36. No evidence was available to support bank deposit slips were uploaded into AOS, which is the current procedure used for reimbursing the Park Police account for OT expenses incurred.

Criteria/Risk: Operational best practices support that Park Police ensure a payment is received for each invoice billed to third parties for services rendered. Failure to do so increases the risk of nonpayment, which will lead to overstatement of Park Police's OT expenses.

Recommendation: Park Police management should review and quantify payments received for invoices billed to third parties during fiscal years 2019 and 2020. Management should perform the review because of concerns raised during the 2019 audit about the amount of UMD third party receipts and the lack of policies and procedures directing staff to verify receipt of all payments for billed invoices.

Management Response: The Fiscal Affairs Manager has reviewed payments received from 3rd party vendors in 2019 and 2020. As a result of the review, the Fiscal Affairs Manager contacted the University of Maryland (UMD) to request a reimbursement of \$2,482.36 for four basketball games in February 2020. UMD will be remitting payment within 30 business days to the Park Police. Policy has been implemented that directs the Fiscal Affairs Manager to verify receipt of payment for billed invoices by contacting 3rd party vendors within 30 business days from the invoice date, if payment is not received.

² In addition to UMD, OIG also reviewed third party billing processes for FedEx Field, ATF and HIDTA. However, OIG only performed detailed testing for UMD invoices, as UMD was the focus of the audit.

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Risk: High

Expected Completion Date: Completed

Follow-Up Date: March 2021

3. Verify Invoice Data for Completeness and Accuracy

Issue: Park Police did not verify all invoice data and invoice calculations for one invoice billed to UMD.

The OIG tested a sample of 10 UMD events, for which Park Police officers worked OT hours. OIG tested for various attributes, including reconciling the number of OT hours that each police officer worked at an event, with the number of OT hours each police officer recorded on his/her timecard. OIG also reviewed invoices to verify they were calculated accurately. Testing disclosed the following two exceptions for one invoice:

- Park Police provided documentation for the UMD vs. Indiana University football game played on October 19, 2019. The invoice spreadsheet (i.e., Buyback Billing document) indicated a police officer worked 13.0 OT hours. Note that the 13.0 OT hours were used to calculate the officer's earnings, and those earnings were included in the billed invoice total. However, the officer recorded only 10.30 (i.e., 10.5)³ OT hours on his/her timecard, resulting in a difference of 2.5 hours lower than what was used to calculate the invoice amount. Park Police was not able to verify which number of OT hours were accurate. As a result, assuming the officer worked only 10.5 hours as recorded on the timecard, it appears Park Police may have overcharged UMD by \$220.94.
- On the same invoice for the UMD vs. Indiana University football game, the invoice's subtotal amount excluded one police officer's OT earnings of \$660.38, due to a formula error. The exclusion of the \$660.38 resulted in the calculation of an erroneous overall invoice total. As a result, Park Police undercharged UMD by \$660.38 for OT expenses.

Both exceptions appeared to have occurred because of failure in the review process. For the first exception, based on current procedures, the Park Police Coordinator for UMD OT activities require officers to provide him/her with a copy of the OT slips that officers complete when they work OT hours. A reconciliation between the number of OT hours for which the officer was scheduled to work, with the hours recorded on the officer's OT slip, may have revealed the discrepancy. Note that staff who prepare and review UMD invoices reasonably rely on the Park Police Coordinator for the number of OT hours worked.

In the second exception, based on current procedures, after staff complete the invoice and invoice letter, both documents are provided to a Captain for secondary review, approval and physical signoff. Staff who prepared the invoice

³ Kronos, the Commission's timekeeping application, converts the half hour (.5) to .30 on employee timecards.

and the designated reviewer should have reviewed the calculations to ensure accuracy.

Criteria/Risk: Operational best practices support that Park Police staff with invoice preparation responsibilities should review the document for completeness and accuracy. In addition, assigned management staff should perform their review and approval responsibilities to detect potential invoice preparation errors. Appropriate review should mitigate the probability of significant invoice errors.

Recommendation: Park Police management should mandate that all staff responsible for invoice preparation review data and calculations for potential errors. Designated managerial staff should complete their review and approval responsibilities for all invoices, before invoices are finalized and billed to third parties for payment.

Management Response: Park Police management has created and implemented a Standard Operating Procedure for Third-Party Billing. The SOP contains assigned responsibilities for staff that handle 3rd-party billing.

Risk: Medium

Expected Completion Date: Completed

Follow-Up Date: March 2021

4. Document Standard Operating Policies and Procedures

Issue: The Prince George's County Police Division does not have documented standard operating policies and procedures (SOP) to provide guidance to staff, who are responsible for third party billing operations and administration.

Criteria/Risk: Operational best practices support that Park Police document and distribute standard operating policies and procedures. Formal written documentation helps to mitigate the risk and likelihood of significant processing errors. They also provide a training tool to support employee succession planning.

Recommendation: Management should ensure that all staff, who have managerial and administrative responsibilities related to third party entity services, are provided with documented policies and procedures for guidance.

Management Response: Park Police management has created a Standard Operating Procedure for 3rd Party Billing and has made it available to all applicable staff.

Risk: Low

Expected Completion Date: Completed

Follow-Up Date: March 2021