

Maryland-National Capital Park & Planning Commission Office of Internal Audit

Fiscal Year 2017 Annual Report
(July 1, 2016 – June 30, 2017)

CONFIDENTIAL

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July 6, 2017

Chief Internal Auditor's Message to the Executive and Audit Committees

I am pleased to provide this Annual Report on the activities and accomplishments of the Office of Internal Audit (OIA) from July 1, 2016, through June 30, 2017. Our work, highlighted in this report, demonstrates our commitment to promoting accountability, efficiency, and effectiveness in the Maryland-National Capital Park and Planning Commission's (M-NCPPC or Commission) programs and operations and keeping Commission management fully and currently informed about deficiencies in M-NCPPC activities, as well as the necessity for and progress of corrective action.

OIA carries out its mission through its Audit and Fraud, Waste, and Abuse Investigative Programs. The audits and investigations highlighted in this report demonstrate our commitment to ensuring integrity and efficiency in M-NCPPC's programs and operations.

It was an active 12 months for OIA in furtherance of its obligation to timely identify the most critical risks and vulnerabilities in Commission programs and operations to allow the Commission to take necessary corrective actions. To improve M-NCPPC operations, OIA identified vulnerabilities in, and made a number of recommendations to improve, the effective and efficient operation of M-NCPPC programs. This report includes information on the completion of 19 Performance Audits, 11 Fraud, Waste, and Abuse Reviews, 7 Management Advisories, and 22 Follow-Up Reviews.

OIA remains committed to the integrity, efficiency, and effectiveness of M-NCPPC programs and operations, and our audits, investigations, and reviews highlighted in this report demonstrate this ongoing commitment. OIA staff continuously strives to maintain the highest possible standards of professionalism and quality in their audits and investigations.

Finally, OIA's success would not be possible without the collaborative efforts between my staff and those of M-NCPPC to address OIA findings and to timely implement recommended corrective actions. I wish to thank them for their dedication and support, and I look forward to their continued cooperation as we work together to ensure the integrity and efficiency of M-NCPPC operations.



Renee M. Kenney
Chief Internal Auditor

**Maryland-National Capital Park and Planning Commission
Office of Internal Audit
Fiscal Year 2017 (FY17) Annual Report**

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Introduction

According to Administrative Practice No. 1-31 – *Organization and Functions of the Audit Committee*, the Commission’s Audit Committee shall receive and review the following reports on departmental and operational audits:

1. Annual Summary of Significant Audit Findings: The Internal Auditor shall provide to the Audit Committee, a synopsis of all audits conducted during the 12-month fiscal cycle with an explanation of significant audit findings, recommendations, and corrective actions taken.
2. Reports on Internal Control Systems and Processes: The Internal Auditor shall report to the Audit Committee on the effectiveness of M-NCPPC internal control systems and processes. These reports shall be presented at least semi-annually either orally or in writing.

To meet the responsibilities outlined above, the Office of Internal Audit (OIA) respectfully submits the following:

Office of Internal Audit Fiscal Year 2017 (FY17) Overview

FY17 Office of Internal Audit Staff

Renee M. Kenney, CPA, CIA, CISA, Chief Internal Auditor
Robert Feeley, CGFM, CFE, CAA, CICA, Senior Auditor
Wanda King, Senior Auditor
Natalie Beckwith, CICA, Senior Auditor
Tina Dorsey, CISA, Senior IT Auditor (internal transfer out - 05/07/2017)

Professional Credentials and Memberships

Auditors in the OIA maintain relevant certifications and are members of many prestigious professional audit and accounting associations. Auditing certifications demonstrate a technical capability that is recognized internationally. The professional associations providing the certifications have rigorous standards and minimum requirements that include comprehensive written exams for technical knowledge and skills and verified education and experience requirements. The certifications also carry stringent ethical standards.

CERTIFICATIONS	
CPA	Certified Public Accountant
CIA	Certified Internal Auditor
CISA	Certified Information System Auditor
CFE	Certified Fraud Examiner
CGFM	Certified Government Finance Manager
CAA	Certified Acquisition Auditor
CICA	Certified Internal Control Auditor

MEMBERSHIPS
American Institute of Certified Public Accounts
Institute of Internal Auditors (IIA)
Information Systems Audit Control Association (ISACA)
Association of Certified Fraud Examiners
Association of Local Government Auditors (ALGA)
Maryland Government Finance Officers Association (MDGFOA)
Association of Government Accountants (AGA)
Institute for Internal Controls

ADVANCED EDUCATION	
Renee Kenney	Master of Science, Accounting
Robert Feeley	Master of Business Administration (MBA)
Wanda King	Master of Business Administration (MBA)
Natalie Beckwith	Master of Public Administration (MPA)

BOARD POSITIONS	
Renee Kenney	Institute of Internal Auditors, Baltimore Chapter
Robert Feeley	M-NCPPC Credit Union (term expired 04/26/2017)
Robert Feeley	M-NCPPC Diversity Council – Vice Chair (effective 01/01/2017)
Natalie Beckwith	Leadership Prince George’s – Mentoring Committee

Quality and Standards

Auditing Standards

The Office of Internal Audit is committed to producing high quality audits and applies professional auditing standards to formal audits and applicable standards to all engagements. Professional audit standards provide a framework to promote quality audit work that is systematic, objective, and based on evidence. Adherence to these standards ensures reviews and assessments of M-NCPPC operations are consistently informative, accurate, and objective. The Office of Internal Audit conforms to *Generally Accepted Government Auditing Standards* (GAGAS) or the “Yellow Book”. These professional standards are issued by the United States Government Accountability Office. Furthermore, the Office of Internal Audit adheres to the independence standard formulated by The Institute of Internal Auditors, Inc. (IIA).

The Commission’s Information Technology Departments and Divisions follow International Organization for Standardization/International Electrotechnical Commission 27002 standards (ISO/IEC 27002). These standards provide best practice recommendations on information security management.

External Quality Assessment/Peer Review

Consistent with the Yellow Book, the Office of Internal Audit (OIA) is required to obtain an independent external quality assessment at least once every three years by a professional, objective group. This assessment is commonly referred to as a peer review.

The Association of Local Government Auditors completed a peer review of the M-NCPPC Office of Internal Audit in August 2014. The audit report concluded, “The Office of Internal Audit’s internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audits and attestation engagement during the fiscal year ended June 30, 2014.”

A peer review is scheduled for September 2017 for fiscal years 2015-2017.

Other Noteworthy Items

- Training – OIA personnel facilitated three* audit refresher classes in FY17. The refresher provides a comprehensive review of internal controls and assists facility managers with preparing for an internal audit. (*Southern Area Office, Arts and Cultural Heritage Division, and Bowie Community Center).
- Internal Audit Awareness Month – May was International Internal Audit Awareness month. The OIA held an open house on May 11, 2017. The event was well attended with over 56 visitors from all departments and divisions. The OIA distributed a pamphlet with valuable information describing the Office of Internal

Audit, including a summary of reoccurring high risk findings, and information on the Commission's external Ethics and Compliance Employee Hotline.

- Summer Intern – The OIA was fortunate to sponsor a summer intern (unpaid) for the 2016 summer season. The intern, [REDACTED], participated in the Commission's 2016 Cotillion program and expressed an interest in business and finance. Due to the generosity of Prince George's County Parks and Recreation, Special Program's Division, the OIA was able to offer [REDACTED] a paid internship for the 2017 summer season.
- Relationship Building - The OIA continues to strengthen its relationship with its client base due to an ongoing campaign that promotes increased client input and engagement. As well, the OIA seeks to enhance the flow of communication with its clients by fostering an open door policy rooted in trustworthiness and transparency.

FY17 Risk Assessment

The Office of Internal Audit completed risk assessment interviews with Commission management in April 2016. Using the results of the interviews, two surveys (business operations and information technology (IT) systems/processes) were sent to the Commission’s management team in May 2016. The following table depicts the top 5 risks, as identified by Commission management:

	Business Operations	IT
1	Construction contracts and change order administration	Stolen personnel information
2	Payroll processing – B2 paper time cards	Access to confidential documentation
3	Controlled assets	IT governance and implementation
4	Contract management (vendor to employee transfer)	Active Directory
5	Accounts payable	Patch management

The results of the interviews and survey were used to develop the FY17 Audit Plan.

FY17 Audit Plan

The FY17 Audit Plan (**Exhibit A**) was approved by the Audit Committee in June 2016.

The Audit Plan included eleven (11) Commission wide performance audits. Three of the performance audits were Information Technology (IT) reviews, and eight were operational reviews.

The FY17 Audit Plan also included 1,350 hours for facility audits, 360 hours for follow-up reviews, 1,751 hours for management advisories (MA) and continuous audits, and 1,680 hours for fraud, waste, and abuse (FWA) reviews.

The Audit Plan is considered a fluid document. During FY17, the following modifications to the Audit Plan were made and approved by the Audit Committee:

Audit	Comments
Payroll Processing – Bi-weekly paper time cards (B2)	The Commission is currently reviewing and updating time keeping systems/applications (e.g. Kronos). Review of B2 payroll postponed until Kronos upgrade and time clock installation project is completed.
Building Security	The Commission is currently reviewing building security software (Alliance). Building security audit postponed until the project is completed.
Motorola Application	Motorola project on hold, unable to complete review.

ActiveNet/SMARTlink	Prince George’s County is implementing RecTrack (replaces SMARTlink). Audit postponed until the project is completed.
Employee on-boarding	During FY17, the OIA completed a follow-up on Audit Report CW-001-2016 (DHRM Personnel Action Forms). As part of the follow-up testing, OIA reviewed/tested the updated B2 employee onboarding processes. Conclusions regarding employee on-boarding were included in the CW-001-2016-FUP Report.
Payments to Vendors (accounts payable)	The audit scope was increased to include a full review of operations and financial systems/applications, (2 performance audits)

Completed Audits (Overview)

Note: Exhibit B contains a detailed listing of all FY17 completed audits

Performance Audits

Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, and facilitate decision making.

The OIA completed 6 Commission wide performance audits in FY17 and 2 are in progress. One of the completed audits, Seasonal On-Boarding Process, was included in the DHRM Personnel Action Forms Follow-Up Audit. The variance to the original Audit Plan (11 planned performance audits) can be primarily attributed to the cancelation of audits resulting from on-going IT projects (page 5-6) coupled with the loss of the IT Auditor (May 7, 2017). To compensate for the cancelled audits, the OIA increased the number of planned facility audits. Facility audits allow the OIA to identify critical risks and vulnerabilities in Commission programs and operations.

The OIA completed 13 performance/facility audits, 9 for Prince George’s County and 4 for Montgomery County.

The scope of a full facility audit includes the review and testing of several business processes (e.g. petty cash, cash receipts, purchase card, accounts payable, vehicles, fixed and controlled assets, payroll/time cards, etc.). The OIA estimates that each facility audit requires approximately 175 hours to complete. For FY17, the OIA completed approximately 2,275 audit hours (13 x 175) during the completion of facility audits, 945 more hours than planned (2,275 – 1,330).

Commission Wide Completed Performance Audits	
1	Maryland Public Information Act
2	Asset Management (fixed and controlled assets)
3	On-Call Contracts (RFP process)
4-5	Payments to Vendors (accounts payable)
6	Seasonal On-Boarding Process
Commission Wide Performance Audits in Progress	
7	Energy Management/Utilities
8	Vendor to Employee Transfer

County Wide Completed Performance Audits (Facility Audits)	
1	Black Hills Regional Park
2	Montgomery County Boat Rentals
3	South German Town Splash Park
4	Brookside Gardens – Inventory Audit
5	Fairland Sports and Aquatics Center

6	PG Pools (11 facilities) – Cash Audit
7	Prince George’s Plaza Community Center
8	Langley Park Community Center
9	Peppermill Community Center
10	Publick Playhouse
11	Suitland Community Center
12	Upper Marlboro Community Center
13	Henson Creek Golf Course

Management Advisories/Non-Audit Services

Management advisories are usually the result of a special request from management to review a specific procedure or function. Management advisory reporting is ad-hoc and the reports are designed to meet the needs of management. Some advisories are completed as non-audit services (i.e. not subject to GAGAS standards).

The OIA completed 7 Commission wide management advisories in FY17:

Management Advisories	
1	Purchase Card - Continuous Audit
2	Active Directory (AD) Access Review – Continuous Audit
3	SOC 1/SSAE 16 review (Service Organization Controls/Standards for Attestation Engagements No. 16)
4	Retail Inventory
5	Prince George’s County Foundation
6	Suitland Community Center - Cash Receipts
7	Prince George’s County Planning Department – Review of cash desk

Fraud, Waste, and Abuse Reviews

A fraud, waste, and abuse (FWA) review is an audit to investigate an intentional breach of a legal or equitable duty or the violation of federal, state, and local laws or M-NCPPC policies which results in damage to the agency in any way, including without limitation, the misappropriation of any M-NCPPC property/resources, including cash.

Waste is defined as any improper conduct that results in destruction, damage, or loss of value of M-NCPPC property or resources. Abuse is the improper use or misapplication of actual or apparent M-NCPPC authority.

In cases where fraud is suspected or proven, the Office of Internal Audit has responsibility to investigate the matter in accordance with Commission Practice 3-31, *Fraud, Waste, & Abuse*.

At the conclusion of a FWA review, **the OIA issues two audit reports**. The first report (Fraud, Waste, and Abuse Audit Report) contains the OIA’s conclusion on the occurrence of fraud, waste, or abuse. If applicable, the OIA quantifies the amount of the

misappropriation. The second audit report is an internal control report. This report includes recommendations to strengthen internal controls, along with management’s response to the recommendations.

In FY17, the OIA completed 11 FWA reviews.

	Fraud, Waste, and Abuse Reviews	FWA Concl usion
1	Montgomery County Ice Rinks – ██████████	Y
2	PRA – Falsification of Time Cards	Y
3	Park Police – Prince George’s County – Purchase Card	Y
4	Potomac Landing – Cash	Y
5	Glassmanor Community Center – Cash Receipts	Y
6	Southern Area Operations – Time Card Irregularity	N
7	Hillcrest Community Center – Missing Cash	N
8	Mount Rainer Community Center – Missing Deposits	N
9	Prince George’s County – Golf Professional – Time Card Irregularity	Y
10	Park Police – Prince George’s County – Amazon Account	Y
11	Park Police – Montgomery County – Abuse of Power	N

Seven of the 11 reviews contained a conclusion of fraud, waste, or abuse (see below). All reviews included the issuance of an Internal Control Report.

- Montgomery County Ice Rinks – ██████████ (MC-004-2017). A contractor was paid ██████ on a ██████ contract (57.7% of total) without completing work identified in the contract payment milestones. MC Enterprise Division management approved the contractor’s request for payment, without verifying completion of required payment milestones. The Department is working with General Counsel to determine Commission action.
- Prince George’s County Department of Parks and Recreation, Falsification of Time Cards (PG-003-2017) – A ██████████ provided his/her Krono’s credentials to the ██████████. The ██████████ falsified his/her hours, resulting in an overpayment of \$668.68. The OIA referred the matter to Prince George’s Human Resources Division for appropriate disciplinary action, including possible restitution.
- Prince George’s County Park Police (PG-005-2017) – The OIA determined that a ██████████ for the Park Police purchased a blue-tooth headset for personal use at a cost of \$54.95. The headset was returned to the Commission. The OIA referred the matter to Prince George’s Human Resources Division for appropriate disciplinary action.

- Potomac Landing Community Center (PG-012-2017) – A [REDACTED] deposited \$450 of league fees in his/her personal bank account. The funds have been returned to the Commission. The OIA referred the matter to Prince George's Human Resources Division for appropriate disciplinary action. Note: The case was referred to the OIA by the Department after the Park Police concluded no theft occurred as the employee returned the money during the investigation.
- Glassmanor Community Center (PG-016-2017) An [REDACTED] collected approximately \$300 in fees to provide tumbling lessons for students enrolled in the facility's cheerleading program. In addition, the [REDACTED] was aware tumbling services were being provided and the hours worked to teach the tumbling class were not being recorded on the time card. The OIA referred the matter to Prince George's Human Resources Division for appropriate disciplinary action.
- Paint Branch Golf Course Golf Pro Salary (PG-020-2017) [REDACTED] was overpaid [REDACTED]. The Department submitted PA2 forms to reduce the employee's salary per the Commission's vendor transition project, but they were never processed by the Division of Human Resources (HR). In addition, the [REDACTED] maintained a personal website detailing services offered at Commission facilities. Finally, the [REDACTED] also received [REDACTED] of clothing and golf equipment from a Commission vendor. The OIA referred the matter to Prince George's Human Resources Division for appropriate disciplinary action.

The OIA also concluded that [REDACTED] actions met the definition of abuse, per Commission Practice No. 3-31, *Fraud, Waste, and Abuse*. This matter was referred to the Executive Director.

- Prince George's County Park Police – (PG-021-2017) The OIA determined that a [REDACTED] for the Park Police avoided paying [REDACTED] in Maryland State sales tax by securing items for personal use while utilizing a Commission membership. The OIA referred the matter to Prince George's Human Resources Division for appropriate disciplinary action.

Follow-Up Reviews

The OIA is responsible for completing follow-up reviews for all high and medium risk audit recommendations. For FY17, the OIA completed 22 follow-up reviews, which included 79 audit recommendations. Upon completion of the follow-up testing, the OIA was able to conclude that 71 of the audit recommendations were satisfactorily resolved, 4 were partially resolved as some action was taken, and 4 were unresolved.

Summary of High Risk Audit Findings

The OIA relies on the auditor’s professional judgment when assigning risk ratings (high, medium, or low) to individual audit findings. A high risk rating indicates 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.

If the overall control environment for the unit or process being audited requires management’s immediate attention, details of the deficiencies are included in the “Major Audit Concerns” section of the report.

For FY17 the OIA identified 53 high risk audit findings; 13 of the audit reports included a major audit concern.

The following high risk audit findings appear to be pervasive throughout the Commission:

- Lack of managerial oversight
- Cash handling (program receipts and customer deposits)
- Inaccurate time cards
- Lack of controls over controlled assets

Note: **Exhibit C** includes detailed information on the high risk audit findings and major audit concerns.

Ethics and Compliance Employee Hotline

The OIA administers the Commission’s independent Ethics and Compliance Employee Hotline (Hotline). There were 6 assertions submitted to the Hotline in FY17, 4 of the assertions were referred out and 2 were investigated by the OIA.

Report Number	Report Date	Summary	Resolution
1124384269	10/26/16	Failure to process employee overpayments (Commission Payroll Dept.)	Referred to Secretary-Treasurer
124396656	10/28/16	Abuse within Montgomery County Planning Board	Referred to General Council and Montgomery County Planning Board Chair
124641514	12/13/16	Driving erratically in Commission vehicle	Referred to Department
124830873	01/18/17	Theft of beverages at Commission owned Golf Course	OIA completed a full Performance audit at facility, Audit Report #PG-015-2017
125491868	05/19/17	Falsification of Time Card	OIA investigating, audit in progress
125691556	06/26/17	Unsecure PA2 forms	Referred to Department

Effectiveness of the Internal Control Systems and Processes

It is the opinion of the Chief Internal Auditor that the internal control systems and processes for the Commission’s fiscal, operational, and information technology (IT) activities and applications/systems are effective.

COSO¹ defines 5 key components of internal control that are key to helping an organization achieve its mission, strategies and objectives (control environment, risk assessment, control activities, information & communication, and monitoring).

- The **control environment** is the foundation as it provides the discipline and structure that affects the overall quality of internal control. The Commission’s board and management demonstrates a commitment to integrity and ethical values.
- Commission management and the OIA **assess the risks** related to the achievement of agency objectives and the occurrence of fraud, waste, or abuse. The Audit Plan addresses risks identified by management. The Audit Plan also provides for Management Advisory services to respond to the changing environment (e.g. federal, state, local regulations).
- As evidenced by the follow-up reviews, (90% of all high and medium audit recommendations are resolved at time of audit follow-up) **control activities** are defined and implemented.
- The Commission has numerous Practices, Administrative Procedures, and other policy documents to support the internal control system. However, during the course of our audits, many stakeholders ask about additional training opportunities. In addition, several of the audit findings appear systemic (cash handling, controlled assets, time cards, etc.) The OIA will continue to work with the various departments and divisions to strengthen **communications**, and raise awareness of recommended control activities.
- The OIA continues to **monitor** the internal control system through the completion of risk assessments and follow-up reviews.

¹ Committee of Sponsoring Organizations of the Treadway

Exhibit A – FY17 Audit Plan

Maryland-National Capital Park & Planning Commission Office of Internal Audit FY17 Audit Plan						
	Auditor III	Auditor III	Auditor III	IT Auditor	CIA	TOTAL
BASE HOURS	2080	2080	2080	2080	2080	10400
INDIRECT HOURS						
Annual Leave	120	120	120	120	120	600
Personal Leave	36	36	4	36	36	148
Sick Leave	32	32	32	32	32	160
Other (jury/bereavement/weather)	16	16	16	16	16	80
Holiday	80	80	80	80	80	400
Commission Admin. Leave	18	18	18	18	18	90
TOTAL INDIRECT HOURS	302	302	270	302	302	1478
PERFORMANCE AUDITS						
Commission Wide Audits						
FY16 Carry-Over	0	0	0	120	36	156
Payroll Processing - Seasonal	0	0	200	0	36	236
Contract Mgt. Vendors/Instructors 1099	200	0	0	0	36	236
MPIA	0	0	120	200	48	368
Building Security	200	0	0	0	36	236
Employee On-Boarding	0	200	0	0	36	236
Fixed Assets	0	0	200	0	36	236
Commission Utility Bills	0	100	0	0	24	124
RFP Process	0	200	0	0	36	236
Payment to Vendors (Goods & Services)	200	0	0	0	36	236
Motorolla - Post Implementation	0	0	0	200	36	236
ActiveNet/SMARTlink	0	0	0	200	36	236
Prince George's County Audits						
Facility Audits (80-120 hours each)	150	300	410	0	100	960
Montgomery County Audits						
Facility Audits (80 - 120 hours each)	100	200	0	0	70	370
TOTAL PERFORMANCE AUDITS	850	1000	930	720	602	4102
FOLLOW UP REVIEWS	80	80	80	80	40	360
MANAGEMENT ADVISORIES						
Prince George's County	75	120	300	0	124	619
Montgomery County	85	100	0	0	80	265
CAS	72	0	12	115	32	231
FYE Retail Inventory	8	8	16	0	4	36
TOTAL MANAGEMENT ADVISORIES	240	228	328	115	240	1151
FRAUD/WASTE & ABUSE						
Prince George's County	200	175	300	0	256	931
Montgomery County	176	123	0	0	170	469
CAS	40	40	40	120	40	280
TOTAL FRAUD/WASTE & ABUSE	416	338	340	120	466	1680
SPECIAL PROJECTS						
M-NCPPC training (e.g. petty cash/ethics)	16	16	16	16	16	80
Annual Risk Assessment	4	4	4	80	40	132
Other/Misc.	8	8	8	7	22	53
Peer Review	24	24	24	60	100	232
Continous Monitoring - Pcard	0	0	0	250	50	300
Continous Monitoring - Access Controls	0	0	0	250	50	300
TOTAL SPECIAL PROJECTS	52	52	52	663	278	1097
ADMINISTRATION						
OIA Office Administration	40	40	40	40	100	260
Petty Cash/Purchase Card	60	0	0	0	12	72
Staff Development (CPE)	40	40	40	40	40	200
TOTAL ADMINISTRATION	140	80	80	80	152	532
TOTAL HOURS BUDGETED	2080	2080	2080	2080	2080	10400

Exhibit B – FY17 Completed Audits

CW – Commission wide; PG – Prince George’s County; MC – Montgomery County

Performance Audits

Audit Number	Audit Name/Facility	Date Final Report Issued	# of High Risk Findings	# of Medium Risk Findings	# of Low Risk Findings
CW-001-2017	MPIA (Maryland Public Information Act)	06/27/17	3	0	0
CW-003-2017	Accounts Payable (Operations and IT/2 audits)	06/09/17	7	7	0
CW-004-2017	Asset Management	06/16/17	2	1	0
CW-005-2017	On-Call Contracts	03/02/17	0	0	0
CW-001-2016-FUP	DHRM Personnel Action Forms/On Boarding Process	06/29/17	1	0	0
MC-001-2017	Black Hills Regional Park	10/04/16	0	2	1
MC-002-2017	MC Boat House	08/31/16	0	0	0
MC-003-2017	South Germantown Splash Park	08/11/16	0	0	0
MC-005-2017	Brookside Gardens – Retail Inventory	06/06/17	0	2	0
PG-001-2017	Fairland Aquatics	11/21/16	2	1	1
PG-004-2017	PG Pools (eleven facilities)	08/12/16	0	0	0
PG-006-2017	Prince George’s Plaza Community Center	01/11/17	1	0	0
PG-007-2017	Langley Park Community Center	01/11/17	1	4	0
PG-009-2017	Peppermill Community Center	08/15/16	0	0	0
PG-011-2017	Publick Playhouse	06/26/17	0	0	2
PG-013-2017	Suitland Community Center	06/30/17	3	1	0
PG-014-2017	Upper Marlboro Community Center	02/06/17	2	2	1
PG-015-2017	Henson Creek Golf Course	01/19/17	1	5	2
19 Audits	TOTAL NUMBER OF FINDINGS (55)		23	25	7

Fraud, Waste and Abuse Reviews (FWA)

Audit Number	Audit Name/Facility	Date FWA Report Issued (Report A)	FWA Conclusion	Date of IC Report (Report B)	# of IC Recommendations & Risk Level (H,M,L)
MC-004-2017	MC Ice Rinks – ██████████ ██████████	03/21/17	Y	03/21/17	4 – H 3 - M
MC-006-2017	MC Park Police – Abuse of Power	06/30/17	N	draft	2 - H
PG-003-2017	PRA Falsification of Time Cards	08/02/16	Y	09/15/16	2 – H 1 - M
PG-005-2017	PG Park Police – Purchase Card	09/28/16	Y	09/28/16	4 – H
PG-012-2017	Potomac Landing Community Center - Cash	11/04/16	Y	01/03/17	1 – H 1 - M
PG-016-2017	Glassmanor Community Center – Misappropriation of funds	12/01/16	Y	01/05/17	1 – H 2 - M
PG-017-2017	Fort Washington Forest Community Center – Falsification of Time Card	03/22/17	N	03/22/17	1 – H 1 - L
PG-018-2017	Hillcrest Community Center – Missing Deposits	03/23/17	N	03/23/17	4 - H
PG-019-2017	Mt. Rainer – Missing Deposits	05/04/17	N	06/08/17	4 – H 1 - M
PG-020-2017	Paint Branch Golf Course – ██████████	06/13/17	Y	06/13/17	6 – H 1 - M
PG-021-2017	PG Park Police – Amazon Card	04/24/17	Y	06/14/17	2 - M
11 Reviews					29 - H 11 - M 1 - L

Exhibit B – FY17 Completed Audits

Management Advisory Reviews/Non-Audit Services

Audit Number	Audit Name/Facility	Comment
CW-002-2017	Purchase Card - Continuous Audit	The OIA completed 6 biannual data extractions/analysis and issued 2 semi-annual reports.
CW-003-2015	Active Directory Access Review – Continuous Audit	IT Auditor reviewed AD access on a quarterly basis and reported results to the CIO and Chief Technology Officers.
CW-006-2017	SOC 1/SSAE 16 review (Service Organization Controls/Standards for Attestation Engagements No. 16)	MA report issued 06/09/17. Review requested by external auditor.
CW-010-2017	Retail Inventory	Verified completion of retail inventory at 6 facilities. Review requested by external auditor.
PG-008-2017	Suitland Community Center – Cash Receipts	Requested by Department.
PG-022-2017	Planning Department – Cash Verification	Requested by Department.
PG-025-2017	Prince George’s County Foundation	Tested compliance with MOU. MA report issued 06/09/17
7 Reviews		

Follow-Up Reviews

Audit Number	Audit Name/Facility	Date of FUP Audit Report	# Fully Resolved	# Partially Resolved	# Unresolved
CW-001-2016	DHRM Personnel Action Forms	06/30/17	5	2	3
CW-015-2016	Dept. of Finance Fixed Assets	04/03/17	1	0	0
MC-006-2016	Park Planning & Stewardship	07/29/16	3	0	0
MC-007-2016	Facility Fee Waivers	05/24/17	3	0	0
PG-001-2016 #3	Park Police – Records Management Svc.	11/15/16	5	0	1
PG-001-2016 #4	Park Police – Records Management Svc.	06/27/17	1	0	0
PG-014-2016	Hillcrest Heights CC	12/06/16	4	1	0
PG-014-2016 #2	Hillcrest Heights CC	05/04/17	1	0	0
MC-001-2017	Black Hills Regional Park	11/16/16	3	0	0
PG-001-2017	Fairland Aquatics	03/22/17	4	0	0
PG-003-2017	PRA Falsification of Time Cards	01/11/17	3	0	0
PG-005-2017	PG Park Police – Purchase Card	10/13/16	4	0	0
PG-006-2017	Prince George’s Plaza CC	04/17/17	1	0	0
PG-007-2017	Langley Park CC	06/09/17	5	0	0
PG-008-2017	Suitland CC – Cash Receipts	03/21/17	3	1	0
PG-008-2017 #2	Suitland CC – Cash Receipts	05/18/17	1	0	0
PG-012-2017	Potomac Landing Cash	05/01/17	2	0	0
PG-014-2017	Upper Marlboro CC	05/18/17	5	0	0
PG-015-2017	Henson Creek Golf Course	06/08/17	8	0	0
PG-016-2017	Glassmanor CC	04/03/17	3	0	0
PG-017-2017	Fort Washington Forest CC	06/08/17	2	0	0
PG-018-2016	Hillcrest CC	04/21/17	4	0	0
22 Reviews			71	4	4

Summary of High Risk Audit Findings/Major Audit Concerns

Maryland Public Information Action (CW-001-2017)

- Major Audit Concern

A major audit concern was identified as current operating procedures did not adequately ensure all email is preserved for possible public information requests or eDiscovery requirements. To ensure integrity and completeness of email communications, email accounts should be set to “legal hold”. This secures original communications, regardless of actions taken at the local level. The OIA identified several accounts that were not properly configured (i.e. not set to legal hold).

- 3 High Risk Audit Recommendations
 - i. Ensure Legal Hold is Set for All Mandatory Accounts
 - ii. Implement Commission Wide Tracking Database
 - iii. Define Data Classification Strategy for the Commission

Accounts Payable (CW-003-2017)

- Major Audit Concern

The Accounts Payable audit included the review of operational procedures as well as a review of the applicable IT systems and applications. Three of the seven high risk recommendations were identified as major.

- Accounts Payable personnel were processing vendor task orders without obtaining approval from the department. Departmental approval is required to ensure the work has been completed and the invoice is accurate.
 - Accounts Payable personnel were not consistently verifying vendor invoices against purchase orders. A three-way match (purchase order, receipt of goods, and invoice) should be completed to ensure correct reimbursement.
 - Access to the financial systems and network data was not configured to ensure the principle of least privilege.
- 7 High Risk Audit Recommendations
 - i. Obtain Department Approval Prior to Processing Task Order Payments
 - ii. Verify Vendor Invoices Against Purchase Orders
 - iii. Increase Managerial Oversight within the AP Section
 - iv. Restrict Access to Financial Systems and Network Drives
 - v. Remove Duplicates from the Vendor Master File
 - vi. Update Signature Authorization Report
 - vii. Secure ACH Applications

Asset Management (CW-004-2017)

- No Major Audit Concern

- 2 High Risk Audit Recommendations
 - i. Reconcile Commission Asset Applications
 - ii. Identify and Manage Controlled Assets

Fairland Sports and Aquatics (PG-001-2017)

- Major Audit Concern

Major audit concerns were identified within the petty cash and payroll operations. The recommendations were considered major due to the inherent risks with cash, and opportunities for fraud, waste, and abuse.

- 2 High Risk Audit Recommendations
 - i. Ensure Cash Custodians are Authorized
 - ii. Strengthen Administrative Oversight and Controls over the Facilitation of Payroll Related Activities

Prince Georges Plaza Community Center (PG-006-2017)

- No Major Audit Concern

- 1 High Risk Audit Recommendation
 - i. Strengthen Controls Over Petty Cash Approval

Langley Park Community Center (PG-007-2017)

- No Major Audit Concern

- 1 High Risk Audit Recommendation
 - i. Ensure Timely Bank Deposits of Cash Receipts

Suitland Community Center (PG-013-2017)

- No Major Audit Concern

- 3 High Risk Audit Recommendations
 - i. Strengthen Controls over Petty Cash Reimbursement
 - ii. Strengthen Controls over Payroll Time Cards
 - iii. Ensure Controlled Asset Inventory Report Remains Current

Upper Marlboro Community Center (PG-014-2017)

- No Major Audit Concern

- 2 High Risk Audit Recommendations
 - i. Ensure Cash Deposits are Made Timely
 - ii. Strengthen Controls over Petty Cash Fund

Henson Creek Golf Course (PG-0015-2017)

- Major Audit Concern

A major audit concern was identified with the paper time cards. Fifty-Eight (58) of 345 time cards reviewed did not include the employees signature. Twenty-five (25) of the time cards did not include an explanation for the written hours.

- 1 High Risk Audit Recommendation
 - i. Strengthen Oversight of Manual Time Cards

Montgomery County Ice Rinks – [REDACTED] (MC-004-2017-B)

- Major Audit Concern

The OIA identified significant deficiencies over the management of the contract awarded to [REDACTED]. Deficiencies were identified within the Finance Department and Montgomery County Department of Parks, Enterprise Division.

- 4 High Risk Audit Recommendations
 - i. Strengthen Managerial Oversight.
 - ii. Strengthen Check Approval Review
 - iii. Appoint a Qualified Project Manager
 - iv. Strengthen Communications with Administrative Departments

Montgomery County Park Police – Abuse of Power (MC-006-2017-B)

- Major Audit Concern

The Montgomery County Park Police lack internal operating procedures for the administration of controlled assets, and acceptance of gifts. Documented procedures provide the necessary guidance to help ensure activities meet fiduciary requirements and eliminate potential or perceived conflicts.

- 2 High Risk Audit Recommendations
 - i. Develop Administrative Procedures for Controlled Assets
 - ii. Prohibit the Acceptance of Gifts

PRA – Falsification of Time Cards (PG-003-2017-B)

- No Major Audit Concern

- 2 High Risk Audit Recommendations
 - i. Strengthen Time Card Approval Processes
 - ii. Time Card Completion

Park Police Purchase Card (PG-005-2017-B)

- Major Audit Concern

Internal control procedures for purchase card transactions established by Park Police are not being followed, increasing the risk of fraud, waste, and abuse. The purchase card holder used the purchase card for an unauthorized purchase, altered documents, and provided false statements to the Office of Internal Audit.

- 4 High Risk Audit Recommendations
 - i. Obtain Management Approval on Changes
 - ii. Follow Established Internal Controls
 - iii. Controls over Gift Card Purchases
 - iv. Obtain Complete Supporting Documentation

Potomac Landing Community Center– Cash (PG-012-2017-B)

- Major Audit Concern

Inadequate administration over the acceptance and approval of payments for Commission sanctioned activities.

- 1 High Risk Audit Recommendation
 - i. Strengthen Managerial Oversight over the Acceptance of Payments for Commission Sanctioned Activities

Glassmanor Community Center (PG-016-2017-B)

- Major Audit Concern

An [REDACTED] was accepting cash payments from Center customers to teach a tumbling class after a Commission approved cheerleading practice. The OIA considered this recommendation major due to the lack of managerial oversight and overall culture at the facility.

- 1 High Risk Audit Recommendation
 - i. Strengthen Managerial Oversight for Programs and Activities

Fort Washington Forest Community Center – Falsification of Time Card (PG-017-2017-B)

- No Major Audit Concern
- 1 High Risk Audit Recommendation
 - i. Strengthen Verification of Labor Hours Submitted

Hillcrest Heights Community Center – Missing Deposits (PG-018-2017-B)

- Major Audit Concern

Inadequate oversight over Commission cash handling activities

- 4 High Risk Audit Recommendations
 - i. Strengthen Cash Handling Operational Procedures
 - ii. Secure Cash Register Key
 - iii. Update Surveillance Camera Positioning and Locations
 - iv. Restrict Usage of Shared SMARTlink User ID's

Mt. Rainer Community Center – missing deposits (PG-019-2017-B)

- Major Audit Concern

Inadequate oversight over Commission cash handling activities.

- 4 High Risk Audit Recommendations
 - i. Verify Cash Receipts
 - ii. Limit Access to Cash
 - iii. Strengthen Controls over Petty Cash and Facility Change Fund
 - iv. Define Appropriate Cash Handling Roles and Responsibilities

Paint Branch Golf Course – ██████████ Salary (PG-020-2017-B)

- Major Audit Concern

The OIA identified significant deficiencies over payments made to the ██████████ at Paint Branch.

- 6 High Risk Audit Recommendations
 - i. Review and Approve Time Cards (repeat finding)
 - ii. Strengthen Managerial Oversight
 - iii. Use Manual Time Clock
 - iv. Remove Reference of Commission Programs on Employee's Website
 - v. Ensure Personnel Forms are Processed (repeat finding - Division of Human Resources)

vi. Inadequate Oversight of the Vendor Transition Program

DHRM Personnel Action Forms Follow-Up (CW-001-2016-FUP)
Employee On-Boarding

- Major Audit Concern

The OIA identified significant deficiencies in the processing of PA2 forms for seasonal/intermittent employees

- 1 High Risk Audit Recommendation
 - i. Improve Seasonal/Intermittent Hiring Practices (repeat finding)