

Strengthening Internal Controls & Reducing Fraud, Waste, & Abuse

**Maryland-National Capital Park and Planning Commission
Office of the Inspector General**

Goal of Today's Training

1. Gain a better understanding of the Office of the Inspector General (OIG).
2. Overview of OIG audits, reviews, and investigations.
3. Learn about the OIG's Facility audit process.
4. Learn how to implement sound internal controls.
5. Gain a better understanding of fraud, waste, and abuse, and what you can do to help prevent it.

Office of the Inspector General

- **Mission:** The OIG supports the mission of the Commission by helping protect its assets and reputation.

- **Independence:** We provide objective assurance and advice on behalf of the Commission. The OIG is governed by the Audit Committee.

- **Contact Information:**
 - Renee Kenney, Inspector General, renee.kenney@mncppc.org
 - Modupe Ogunduyile, Deputy Inspector General, modupe.ogunduyile@mncppc.org
 - Find us on Commission's InSite webpage.

OIG Audit and Investigation Activities

- **Performance Audits**
 - Facility Audits (e.g., community centers, maintenance yards, enterprise facilities)
 - Business Process Audits (e.g. programs)
 - IT Audits (e.g. - Payment Card Industry – Data Security Standards)
- **Follow-Up Reviews**
- **Management Advisories**
- **Fraud, Waste, and Abuse Investigations**



How do we decide who or what to audit?



Completion of an Annual Risk Assessment

- Define auditable business processes
- Define risk (what may prohibit you from achieving your objectives)
- Rank risks for each auditable units by likelihood and impact
- Develop formal annual Audit Plan
- Submit Audit Plan to the Audit Committee for final approval

The Audit Process (Facility Audits)

1. Surprise Verification of Cash
2. Audit Notification
3. Audit Planning
4. Opening Meeting
 - Audit Plan
 - Discuss Risk, identify additional audit areas
5. Field Work
6. Communication
7. Report Drafting
8. Closing Meeting
9. Management Response
10. Report Issuance
11. Follow-Up

Facility Audits

The OIG follows a pre-determined audit program when auditing a facility and includes the following 9 sections:

1. General Control Environment
2. Petty Cash and Change Funds
3. Cash Receipts
4. Payroll and Timecards
5. Non-Commission Employment and Non-Commission Business
6. Capital Assets and Controlled Assets
7. Purchase Card
8. Vehicle Usage
9. Expense Reimbursements

1. General Control Environment

Before the auditor begins fieldwork, they should understand the general control environment.

- Is there a strong tone at the top?
- Do the employees demonstrate financial stewardship?
- Are Commission Practices, Procedures and Guidelines known and followed?
- Are conflicts being identified and managed? (A perceived conflict is as important as an actual conflict)



2. Petty Cash & Change Funds

Commission Practice No. 3-11 – *Administration of Cash Funds*

- Is the Petty Cash Custodian authorized?
- Is the amount of the fund authorized?
- Is Petty Cash secure?
- Does the account balance (receipts and funds on hand) equal the total authorized fund?
- Are “Received of Petty Cash” forms being completed and approved prior to purchase?
- No single petty cash disbursement may exceed \$200.
- Does the documentation contain a legitimate business purpose?
- Is sales tax exempted?

3. Cash Receipts

Commission Practice No. 3-13 and Administrative Procedure No. 01-01,
Cash Receipts and Related Cash Transactions

Facility Managers are responsible for developing cash handling procedures for each facility receiving cash from the public.



- Cash must be secured!
- Deposits must be made once a week or whenever cash on hand exceeds \$1,000, whichever occurs first.
- The person handling cash must not be the same person who is responsible for maintaining related records of transactions.
- No one person should handle a transaction in its entirety. Each employee serves to prove the accuracy of the other.

4. Payroll and Timecards

Administrative Procedure 19-02, Attendance, and Completion and Approval of Timecards

- Timecards (including electronic/Kronos) should reflect actual hours worked.
- Individual signing off as supervisor should have direct knowledge of hours worked.

5. Non-Commission Employment & Non-Commission Business

Commission Practice 2-14 & Administrative Procedure 03-05, *Non-Commission Employment*

- All employees, appointed officers, and Department Heads must receive prior approval before engaging in non-Commission employment and non-Commission Business.
- Non-Commission business means non-Commission activities performed while on duty related to personal business, work for an association as an employee, representative, or volunteer.
- Non-Commission employment includes volunteer work, contract work, participation in any non-profit entity, or other similar activities resulting in or for the purpose of remuneration.

*** This Practice covers all Commission employees, including seasonal employees.**

6. Capital Assets & Controlled Assets

Capital and Controlled Asset Policy: Accounting for Commission Real and Personal Property & Administrative Procedure No. 04-01, Capital and Controlled Asset Procedure Manual

- Capital assets include real and personal property items acquired by the Commission, with a useful life of one year or more and a unit prices of \$10,000 or greater.
- Controlled assets include assets are personal property items whose purchase price is less than \$10,000, but due to their sensitive, portable, or theft-prone nature, they are important to control.

Capital Assets

The Department of Finance maintains the capital asset source documentation.

When reviewing capital assets, the OIG will want to confirm:

- Annual inventories are being completed and approved.
- Disposition forms are being submitted to the Department of Finance when assets are disposed.
- Disposition forms contain details on disposal or transfer.
- Duties are adequately segregated.

Controlled Assets

Each Department must maintain their controlled asset source documentation.

When reviewing controlled assets, the OIG will want to confirm:

- Is an up-to-date asset listing maintained?
- Are annual inventories being completed and approved?
- Are controls in place to ensure controlled assets are secured?
- Are disposal forms, Asset Input Form 164, are being submitted to the Department's Asset Coordinator when assets are disposed?
- Asset Input Form 164 contain details on disposal or transfer.
- Segregation of duties - Who is responsible for disposing assets and completing the physical inventory?

Note: IT controlled assets (e.g., laptops, scanners, printers, etc.) maintains their respective controlled asset source documentation

Controlled Assets

Administration of controlled assets is a major audit concern within our facilities. We have identified pervasive internal control weaknesses to include:

- Failure to complete an annual inventory of controlled assets which accounts for the purchase of new assets as well as the disposition of old assets.
- Inadequate segregation of duties. (For example, one person must not be authorized to dispose of an asset and perform the inventory.)
- Failure to include motorized assets in their asset listing. A page out of FASTER does not equate to the completion of a physical inventory.
- Inadequate physical security of controlled assets.

7. Purchase Card

Purchase Card Program Policy and Procedure Manual

During a Facility Audit, we will select a judgmental sample of purchase card transactions for review. We will be testing:

- Allowability of items
- Purchases are for legitimate Commission - related business purposes
- Dollar amount of transaction/splitting purchases
- Exemption of sales tax

In addition, we will review:

- Authorization
- Purchase card security
- Completion of Purchase Card Transaction Log

Purchase Card

Purchase Card Program Policy and Procedure Manual cont.

Allowable and Non-Allowable Purchases

Attachment A in the Purchase Card Policy and Procedure Manual contains a listing of allowable and non-allowable purchases.

Purchases most often flagged by the OIG:

- Gift Cards – a Commission purchase card can only be used for “employee” gift cards. The purchase card can not be used to procure gift cards to be given to external stakeholders or individuals attending a Commission event.
- Catering (when food is prepared from a business that does not have a retail storefront)
- Professional Services Contract

8. Vehicle Use

Commission Practice No. 6-10 – M-NCPPC Vehicle Use Program

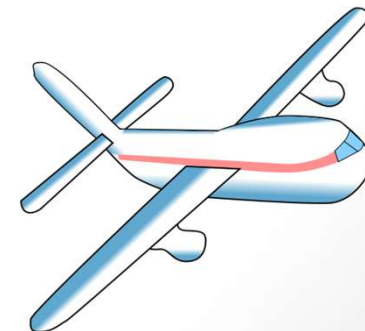
- Are mileage logs being completed and reviewed?
- Have all drivers been certified/eligible to operate a Commission vehicle?
- If vehicles are being used as a take home vehicle, written approval must be obtained by the Commission Chair.



9. Expense Reimbursements

Commission Practice No. 3-10 – *Expense Reimbursement for Travel, Meetings, and Conferences*

- Is there a legitimate business purpose for reimbursements?
- Has the expense report been completed properly?
- Is there proper documentation? (e.g., Receipts and Conference agendas)
- We will review meal per diems – is the amount correct? Were meals provided at the conference?
- Was the request processed timely?



Fraud, Waste, & Abuse Investigations

Commission Practice No. 3-31 – *Fraud, Waste, and Abuse* includes guidance on reporting, investigating fraud, waste, and abuse. The Practice also includes a definition of each.



Reporting Fraud, Waste, & Abuse

- Contact the Office of the Inspector General at 301-454-1441.
- Online reporting via www.reportlineweb.com/mncppc
- M-NCPPC Fraud, Waste, and Abuse Hotline at 1-800-363-5524
- Park Police at:
 - 301-949-8010 for Montgomery offices/operations
 - 301-459-9088 for Prince George's and Bi-county offices
- Executive Director at 301-454-1740.

This contact information can also be found on OIG's website:
<https://www.mncppc.org/2917/Office-of-the-Inspector-General>

Fraud, Waste, and Abuse Training Video



Video Review

The video covered three types of common fraud schemes:

1. Acceptance of Gifts and Tips
2. Conflict of Interest
3. Inappropriate Recording of Time Worked
4. Personal Use of Commission Property

Acceptance of Gifts

Commission Practice 2-24, Code of Ethics includes guidance on the solicitation and acceptance of gifts



The current practice differentiates between soliciting a gift and accepting a gift. An employee may not **solicit** any gift.

An employee shall not **accept**, directly or indirectly, any gift, gratuity, favor, entertainment, loan, or any other thing of more than nominal value from a person who:

1. Has, or is seeking to obtain, contractual or other business or financial relations with the Commission;
2. Conducts operations or activities that are regulated by the Commission;
3. Has interests that may be substantially affected by the performance or non-performance of such employee's official duties.

Acceptance of Gifts

The Ethics Practice does provide some exceptions for the acceptance of gifts for:

- Family Relationships
- Ceremonial awards
- Ceremonial attendance
- Participation as a speaker for a meeting sponsored by a non-profit
- Acceptance of prizes through lottery

If you have questions on the acceptance of a gift, please review the Commission Practice 2-24, Ethics

Gift FAQ's

- **What if a vendor gives us candy or cookies during the holidays?**
 - **If acceptance will impact future procurements, DO NOT accept – regardless of amount.**
 - Typically, the treats can be put in a public area or breakroom available to ALL M-NCPPC personnel.
 - Another option would be acceptance through lottery (i.e., receipt is selected on a random basis (raffle, drawing, etc.))

Tips FAQ's



- **Can I accept a gift if I am a speaker at an event?**
 - Reasonable expenses for food, travel, lodging and scheduled entertainment of the employee for a meeting sponsored by a non-profit professional organization which is given in return for participating as a speaker or participant is allowed.
- **Can I accept a tip from a customer?**
 - No. This includes tip jars, golf caddies, and food service workers.

Conflict of Interest

Commission Practice 4-10, Purchasing Policy includes a section, “Ethics in Purchasing”.

- The Commission should not enter into any contract for the purchase of goods or services with its employees or an employee’s family members.
- An employee may not participate in any procurement, if he/she has a personal interest or involvement, or has the knowledge of an interest or involvement by a family member.
- Employees are prohibited from using confidential information not available to the public that was obtained as a result of the employees’ public position.

Inappropriate Recording of Time Worked

Commission Administrative Procedure 19-02, Attendance, Completion and Approval of Timecards provides the necessary guidance on timecard completion.

- Timecards (including electronic/Kronos) should reflect hours worked.
- Individual signing off as supervisor should have direct knowledge of hours worked.

Commission Practice 2-24, Code of Ethics

Commission resources is any service, asset/property owned, whether physical, digital, electronic, virtual, purchased, leased, or under contract with the agency. This includes, but is not limited to:

- Cash
- Facilities
- Vehicles and machinery
- Office equipment and supplies
- Computer hardware, software and other electronic equipment
- Copiers and printers
- Intellectual property
- Data stored on, received by, or transmitted by the agency's operating systems and/or servers

Ethics

Commission Practice 2-24, Code of Ethics was recently amended and reissued in January 2024.

The Practice applies to all employees, including Commissioners, Merit System employees, contract employees, and appointed officials.

The new Practice provides guidance on 7 key topics

1. Conflicts of Interest
2. Financial Disclosure
3. Delegation of Authority
4. Ethics Officer(s) and Directing Concerns
5. Required Training
6. Violations
7. Responsibilities

Ethics

The new Ethics Practice contains guidance on the following nine areas under Conflict of Interest

- A. Standard of Conduct
- B. Gifts
- C. Non-Commission Business and Employment
- D. Use of Commission Resources
- E. Use of Prestige of Office
- F. Disclosure or Use of Confidential Information
- G. Post-Employment Restrictions
- H. Political Activities
- I. Nepotism

The OIG strongly encourages all Commission employees to read this comprehensive and important Practice. Any questions on this new Practice should be directed to the Commission's Corporate Policy Office.

Thank You!

Please contact the OIG if you have any questions on today's training.