

**MARYLAND-NATIONAL CAPITAL PARK & PLANNING
COMMISSION**

**Montgomery County Department of Parks
Maryland-National Capital Park Police
Montgomery County Division**

Audit Report Number: MC-012-2015

June 5, 2015

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**Montgomery County Department of Parks
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I. EXECUTIVE SUMMARY

A. Overall Perspective

The Maryland-National Capital Park Police (Park Police or Division) was founded in 1953 by the Maryland-National Capital Park and Planning Commission (M-NCPPC). It has grown into a diverse police department with 116 positions - 94 sworn and 22 civilian personnel. Park Police operate 24-hours per day, seven days per week throughout the park system of Montgomery County. Their jurisdiction covers 496 square miles or 36,000 acres of land that accommodates over 14 million visitors each year.

The patrol unit polices parkland 24 hours a day by car, foot, ATV, or bicycle. The Special Operations Section Officers are cross-trained in horse-mounted, motorcycle, and marine patrols. The Community Services Section interacts with the community through such programs as Crime Prevention through Environmental Design, the Volunteer Program, etc. The Investigative Services Unit provides undercover, intelligence, and recruitment services.

The Park Police processed 283 purchase card transactions totaling [REDACTED] for the six month period, October 1, 2014 – March 31, 2015.

There are currently two authorized cash accounts within the Division. One is a [REDACTED] change fund used to provide change to individuals paying for tickets and fines at the Saddlebrook Park Police Headquarters. The second fund is a [REDACTED] petty cash checking account used to support general operations. In addition to the two authorized cash funds, the Park Police also maintained a [REDACTED] drug enforcement cash fund (DEF) that was initially established to support investigations and operations.

B. Audit Scope, Objectives, and Methodology

The purpose of the audit was to evaluate the system of internal controls for the petty cash and purchase card programs for the Maryland-National Capital Park Police. The scope of our audit included, but was not limited to the following audit procedures:

- performed an unannounced cash count of the petty cash and change funds;
- reviewed petty cash receipts for compliance with Commission policies and procedures;
- reviewed purchase card transactions; confirming existence of assets; and
- reconciled DEF account.

This audit was conducted in accordance with *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 October 1, 2014 to May 13, 2015.

Scope Limitation: The Office of Internal Audit did not test the controls for the receipt, recording and reconciliation of monies received for tickets/citations. These processes will be included in a future audit of administrative procedures.

C. Major Audit Concerns

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

- Unmonitored DEF cash fund – The Park Police maintained a [REDACTED] drug enforcement cash fund. The fund was last used and reconciled in August of 2011.

Please see the Detailed Commentary and Recommendation section for additional details.

D. Overall Conclusions

The results of our evaluation and testing procedures indicate deficiencies in the design or operation of internal controls for the Maryland-National Capital Park Police, as noted in the Major Audit Concerns section of this report, see definition below.

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 the Maryland-National Capital Park Police Department's management and staff for the cooperation and courtesies extended during the course of our review.



Renee M. Kenney, CPA, CIA, CISA
Chief Internal Auditor

June 5, 2015

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. Relinquish DEF Cash Fund

Issue: The Park Police requested a [REDACTED] drug enforcement cash fund on May 1, 2008. However, due to an accounting error, the Park Police actually received [REDACTED] ([REDACTED] on May 1, 2008 and [REDACTED] on June 6, 2008). Per the supporting documentation, the Division's petty cash custodian served as the custodian; the funds were to be secured in the Division's petty cash safe; and the account was to be audited quarterly by the Division's Budget Coordinator. The fund was used to support investigations and operations specifically for payments to informants, reward money, and the purchase of evidence.

The last DEF transaction occurred on August 10, 2011. The cash balance as of that date was [REDACTED].

On May 13, 2015, as a result of the current audit, the Division's Budget Coordinator reconciled the account, deposited [REDACTED] into the Montgomery County Park federally forfeited property account, provided backup for [REDACTED] of DEF money used in the field to Treasury-Operations, and requested that the account be relinquished.

The Office of Internal Audit (OIA) is required by Generally Accepted Auditing Standards (GAGAS – 5.22) to include in the examination report all deficiencies, even those communicated early.

Criteria/Risk: Per M-NCPPC Practice No. 3-11, *Administration of Cash Funds*, all petty cash checking accounts must be reconciled monthly. Although the DEF fund is not a checking account, it is reasonable to expect the Division to complete monthly reconciliations. In addition, in 2008, the Acting Chief of Police agreed to the quarterly audit of the funds by the Division's Budget Coordinator.

Failure to reconcile cash funds increases the opportunity for fraud, waste, or abuse. Although there is no reason to suspect the funds were misused, management did not demonstrate the necessary fiduciary responsibility over the DEF cash funds.

Recommendation: If Maryland-National Capital Park Police management decide to re-establish the DEF fund, we recommend that procedures be put in place to ensure proper stewardship of the funds, including, but not limited to quarterly audits of the funds.

Issue Risk: High

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Management Response: The Maryland-National Capital Park Police, Montgomery County Division has complied with the recommendations of the auditor.

As indicated above, the DEF cash fund has been relinquished. The Division is currently participating on a taskforce with the Montgomery County Police's Drug Enforcement Section. Any future buy/walk undercover investigations will be conducted by the Task Force.

Expected Completion Date: Completed

Follow-Up Date: None. Auditor confirmed that the DEF cash fund was relinquished.

2. Establish Discrete Petty Cash and Petty Cash Checking Accounts

Issue: The Park Police Division was approved for a [REDACTED] petty cash checking account on March 9, 2000. The original documentation supporting the establishment of the fund, included a list of conditions. One of the conditions stated, "If currency is needed, a check payable to the petty cash custodian can be cashed at the bank. Checks to the order of cash are prohibited." Based on this documentation, the Park Police have routinely written checks payable to the petty cash custodian and maintained a separate petty cash fund.

Per Commission Practice No. 3-11 – *Administration of Cash Funds*, "the amount of each petty cash fund is fixed and is composed of some combination of cash and paid Received of Petty Cash forms." The current amount of cash on hand at the Division is not fixed.

Per Commission Practice No. 3-11 – *Administration of Cash Funds*, "No deposits other than reimbursements or increases to the fund may be made. The petty cash reimbursement or increase must be deposited intact (in full) to the account."

Criteria/Risk: Co-mingling of an un-authorized petty cash account with an authorized petty cash checking account complicates the reconciliation process and increases the chance for errors and/or discrepancies.

Recommendation: We recommend that the Park Police establish a separate, discrete petty cash account. The amount of the petty cash checking account should be fixed.

Issue Risk: Medium

Management Response: As recommended by the auditor, the cash component of our petty cash checking account will be relinquished. The Division will maintain only the checking component of the petty cash checking account. The cash will be deposited into the appropriate Bank of America account. The Division has maintained a fixed amount of [REDACTED] in the petty cash account. This account has never been two separate accounts requiring two reconciliations. Per the memo dated March 9, 2000, we are permitted to maintain a cash fund as part of the petty cash checking Account. Additionally, all reimbursements have been deposited in full to the checking account.

Expected Completion Date: Completed

Follow-Up Date: July 2015