

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

**Prince George's County Department of Parks and Recreation  
Summer Splash Parks/ Pools**

**Change Fund Audit  
Report Number: PG-003-2015**

**November 10, 2014**

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**Prince George’s County Department of Parks and Recreation**  
**Summer Splash Parks/Pools**  
**Change Fund Audit**  
Table of Contents

**I. EXECUTIVE SUMMARY**

A. Background.....	1
B. Scope, Objective and Methodology of the Audit.....	2
C. Major Audit Concerns.....	3
D. Overall Conclusions.....	4

**II. DETAILED COMMENTARY AND RECOMMENDATIONS**

1. Ensure Change Funds are Maintained at Designated Facility.....	5
2. Ensure Change Fund Custodian Transfer Forms Reflect the Correct Amount of the Change Fund.....	6
3. Ensure the Return of Temporary Cash Funds.....	8

## **I. EXECUTIVE SUMMARY**

### **A. Background**

The Prince George's County Department of Parks and Recreation operates 7 seasonal splash parks/pools. Cash change funds are retained at each facility as customers are allowed to pay entrance fees in cash. Change funds range from [REDACTED] and are separate from facility petty cash funds.

As part of the Office of Internal Audit's (OIA) ongoing review of cash management throughout the Commission, we conducted unannounced cash counts at the following splash parks/pools:

- J. Franklin Bourne Memorial Pool
- Glenn Dale Splash Park
- Hamilton Splash Park
- Lane Manor Splash Park
- North Barnaby Splash Park
- Allentown Splash, Tennis and Fitness Park.
- Ellen Linson Splash Park

**B. Audit Scope, Objectives, and Methodology**

**Objective:** To ensure change funds are being handled in accordance with Commission policies and procedures, and adequate internal controls are in place to prevent fraud, waste and abuse of Commission funds.

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

- Counting cash on hand in the change fund at the facility and verifying it to the Custodian Transfer Form on file with Treasury Operations.
- Counting cash on hand taken in by the facility and verifying it to the facility's SMARTlink cash report for that day.
- Determining if Commission policies and procedures are being followed, and if adequate internal controls are in place to prevent fraud, waste and abuse of Commission Funds.

The audit covered the period from July 23, 2014 – August 29, 2014.

**C. Major Audit Concerns**

The results of our evaluation and testing procedures did not identify any major audit concerns.

**D. Overall Conclusions**

This audit was conducted in accordance with *Generally Accepted Government Auditing Standards*. The results of our evaluation and testing procedures indicate no major deficiencies in the design or operation of the internal controls for the seasonal splash parks/pools. On an overall basis, we consider the controls over the change funds to be satisfactory.

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 Sports, Wellness and Health Division and Department of Finance management and staff for their cooperation and courtesies extended during the course of our review.



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

November 10, 2014

**Conclusion Definitions**

<b>Satisfactory</b>	No major weaknesses were identified in the design or operation of internal control procedures.
<b>Deficiency</b>	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.
<b>Significant Deficiency</b>	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.
<b>Material Weakness</b>	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. Ensure Change Funds are Maintained at Designated Facility

**Issue:** During our field visit to the [REDACTED], we were only able to verify [REDACTED] of the [REDACTED] authorized change fund. The change fund custodian told the OIA that the missing [REDACTED] was being kept at the [REDACTED] [REDACTED] as it was not needed at the [REDACTED], (the change fund custodian was responsible for the funds at both facilities.) It should be noted that in a memo dated July 30, 2013 the same change fund custodian requested an increase to the [REDACTED] change fund from [REDACTED] to [REDACTED] from Treasury Operations. The change fund custodian provided the following explanation for the requested fund increase, “employees at the [REDACTED] [REDACTED] had to often go to the bank and obtain change for customers. Having this increase would allow them to service the public in a timely manner.”

The Office of Internal Audit did verify that the missing [REDACTED] was at the [REDACTED] [REDACTED]. However, the verification completed by the OIA at [REDACTED] was not unannounced.

**Risk/Criteria:** Failing to secure the entire amount of a change fund in its designated facility increases the Commission's risk of fraud, waste or abuse of these funds.

**Recommendation:** We recommend management ensure the entire amount of change funds are maintained at the facility which they are authorized for and designated to be at.

**Risk:** Medium

**Management Response:** Concur. All assigned change funds will be secured and available on site at the assigned facility. Additional training for the change fund custodian will be completed.

**Expected Completion Date:** Completed

**Follow Up Date:** 12/1/14

## **2. Ensure Change Fund Custodian Transfer Forms Reflect the Correct Amount of the Change Fund**

**Issue:** Treasury Operations maintains an excel spreadsheet noting the amount of the various change funds and the names of the custodians at each Commission facility. The spreadsheet is used to track, confirm, and report on change fund amounts.

Treasury Operations receives a Change Fund Custodian Transfer Form (Form), when a new custodian is appointed. The Form contains the initial amount of the change fund and the custodian's signature. The Form is not updated when increases or decreases to the fund amount are processed.

During our field visit to the [REDACTED] we verified the change fund amount of [REDACTED] to Treasury Operation's spreadsheet; however the Form on file with Treasury Operations, dated 5/3/13, reflected a change fund amount of [REDACTED]. The facility requested a [REDACTED] increase to the change fund on 7/30/13.

**Risk/Criteria:** Commission Practice No. 3-11, *Administration of Cash Funds*, states, "To increase or decrease a basic fund amount, a written request approved by the Department Head or designee must be submitted to the Cash Management Division ..."

Although the Practice does not specifically require the submission of a Change Fund Custodian Transfer Form at the establishment or revision of a change fund, the custodian's signature on the Form serves as an attestation of receipt. Failing to obtain confirmation from the custodian of the fund balance he/she is responsible for increases the risk of fraud, waste, and abuse of Commission change funds. In addition, discrepancies between the excel spreadsheet and the Form may cause confusion and contribute to errors in record keeping and reporting.

**Recommendation:** Change Fund Custodian Forms should correspond with the spreadsheet maintained by Treasury Operations. When the amount of the change fund is increased or decreased, the custodian should either initial and date the original form or submit a new corrected form.

We recommend Treasury Operations work with the various facilities to ensure all Change Fund Custodian Forms reflect the current, accurate amount of the change fund. In addition, we recommend that Treasury Operations communicate the new requirement to all department heads and cash fund custodians.

**Risk:** Medium

Prince George's County Department of Parks and Recreation  
Summer Splash Parks/ Pools – Change Fund Audit

**Management Response:** Treasury Operations agrees that the change fund custodian forms should correspond with the spreadsheet maintained by Treasury Operations. When the amount of the change fund is increased or decreased, the custodian should either initial and date the original form or submit a new corrected form. Treasury Operations will work with the various facilities to ensure all change fund custodian forms reflect the current, accurate amount of the change fund. In addition, we will communicate the new requirement to all department heads and cash fund custodians.

**Expected Completion Date:** Completed

**Follow Up Date:** 12/1/14

### **3. Ensure the Return of Temporary Cash Funds**

**Issue:** Prince George's County Summer Pools close on Labor Day. The Department of Finance, Treasury Operations does not have procedures in place that require the return of the temporary change funds. Based on an interview with the Investment and Treasury Operations Manager, the return of temporary change funds is recommended, but due to staffing issues, Treasury Operations has not been able to complete the necessary reconciliations to ensure all temporary funds identified on their excel tracking sheet (see recommendation #2 above) are returned. The Treasury Operations Manager was unable to verify which of the 7 Seasonal Splash Parks/ Pools had returned change fund amounts received for the summer of 2013 and for the summer of 2014.

Note: Audit report number PG-015-2014, Cedar Heights Community Center, dated March 21, 2014, included a recommendation that "the Department of Finance, Cash Management Division institute a process that will ensure temporary funds are returned and/or reconciled by a specific date..." Management concurred with the audit recommendation.

**Risk/Criteria:** Strong internal controls over cash funds decreases the Commission's risk of fraud, waste, or abuse of these funds.

**Recommendation:** We recommend Treasury Operations establish documented internal control procedures for ensuring temporary summer cash funds are returned/deposited back to the Commission bank account by a specific date at the end of the summer. The internal control procedures should also require a complete reconciliation of temporary cash funds by Treasury Operations.

**Risk:** Medium

**Management Response:** Concur. On an annual basis, the Sports, Health and Wellness Division will work with Treasury Operations to return all temporary cash/change funds for the seasonal pools within 30 days of the last day of operation.

Treasury Operations will add procedures to ensure temporary summer cash funds are returned/deposited back to the Commission bank account by September 30 each year. At the initial request for the summer funds, Treasury Operations will alert each facility of the return policy. Treasury Operations will run a monthly report to monitor all temporary funds and note the expected return dates on the excel spreadsheet.

For the summer cash funds, an email will go out to the custodians and Division Chief by the 1<sup>st</sup> week in October for those who have not complied. Any summer

Prince George's County Department of Parks and Recreation  
Summer Splash Parks/Pools – Change Fund Audit

funds not returned by October 15 will be escalated with an alert to the Division Chief, Secretary-Treasurer and the Office of Internal Audit.

We are also in the process of establishing procedures for ensuring all temporary cash funds are returned promptly.

**Expected Completion Date:** Completed

**Follow Up Date:** 12/1/14