



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Office of Internal Audit • 7833 Walker Drive, Suite 425 • Greenbelt, Maryland 20770

October 26, 2016

To: Ronnie Gathers  
Director, Prince George's County Department of Parks and Recreation

Debbie Tyner  
Deputy Director, Prince George's County Department of Parks and Recreation

Kelli Beavers  
Division Chief, Southern Area Operations

From: Renee Kenney, CPA, CISA, CIA *Renee M Kenney*  
Chief Internal Auditor

Wanda King, MBA *Wanda King*  
Senior Auditor

Date: October 26, 2016

Subject: Suitland Community Center- Cash Receipts - Management Advisory  
PG-008-2017

## Background

On July 12, 2016, Ms. Kelli Beavers, Division Chief, Southern Area Operations, contacted the Office of Internal Audit (OIA) about missing money in the Suitland Community Center (Center) in the amount of [REDACTED]. She advised Ms. Renee Kenney, Chief Internal Auditor, that the Maryland-National Capital Park Police, Prince George's County Division (Park Police) were contacted and a case was opened for investigation. Ms. Kenney subsequently contacted Chief Stanley Johnson to offer any needed assistance, and he responded that the assigned detective would contact the OIA if needed.

On July 21, 2016, the OIA met with Detective Tisha Williams, who was assigned to the Center's investigation. Detective Williams provided a copy of the Crime Report to the OIA and summarized the investigation's details and results. The Park Police concluded, due to the significant breakdown in internal controls, they were unable to determine the party responsible for the misappropriation of cash.

After the meeting with Detective Williams, Ms. Kenney contacted Ms. Beavers and Ms. Wanda Bertrand, Program Superintendent, and recommended an advisory review of the Center's cash receipt processes and procedures.

## **Scope**

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

- Reviewed applicable Commission practices, policies and procedures;
- Interviewed Suitland Community Center staff about cash handling procedures and operations, including security over cash;
- Reviewed and reconciled SMARTlink Daily Cash reports with bank deposit tickets;
- Reviewed and verified cash receipts for timely bank deposit; and
- Reviewed documentation supporting new daily cash reconciliation procedures, effective July 2016.

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 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 audit covered the period from 05/01/16 through 07/31/16.

## Findings and Recommendations

### 1. Develop and Strengthen Cash Handling Operational Procedures

**Issue:** The Office of Internal Audit's (OIA) review of the Center's cash handling operational procedures identified the following issues:

- Effective July 2016, the Center implemented new procedures that require two staff members to count and reconcile cash receipts to the SMARTlink Daily Cash Balance report after each shift. Both staff members must also sign the SMARTlink report. Staff are required to place the cash and report inside an envelope, write the cash amount on the envelope and both sign it. However, no one opens the envelopes the following day and verifies the staff's cash count.

Although the Assistant Facility Director generates the SMARTlink report the next day and reconciles the report's cash balance to the cash count as written by staff on the envelope, he/she does not break the seal, count and verify the cash inside the envelope until the weekly preparation for depositing cash into the bank.

- Cash reconciliation procedures requiring two staff members to reconcile and verify cash at the end of each of the three daily shifts is not consistently performed. For the month of July, the Center was open 30 days. However, Center management was only able to provide the OIA with reports for 13 of 30 days (43.3%). Center management could not locate any additional reports. Of the 13 days' work provided to OIA, only five of 13 (38.5%) report dates appear to reflect two separate staff signatures. These dates include July 7, 22, 25, 26, and 28.
- Effective July 2016, the Facility Director instructed the staff on the new cash handling operational procedures for cash receipts. However, staff was not provided with a written copy of the procedures for future guidance.
- The Center does not have a change fund. When customers need change, the staff either credit customers' SMARTlink accounts for the amount owed or may use their own personal funds to make change.

**Criteria/Risk:** Commission Practice 3-13, *Cash Receipts and Related Cash Transactions*, speaks to management's responsibilities for developing cash handling procedures with internal controls that are consistent with the Commission's practice's and administrative procedures. Furthermore, the Practice addresses the responsibility for "implementing and maintaining the approved procedures for internal control and cash handling to collect, count, safeguard, deposit and report all cash collected by Commission employees."

Failure to develop and distribute robust cash handling procedures increases risk of theft of Commission cash received from the public. In addition, facility staff should not make customer change with their personal funds, as business operations should remain

separate to avoid co-mingling personal and Commission cash. Although staff did not indicate having done so, petty cash should also not be used for making customer change.

**Recommendation:** The Office of Internal Audit recommends the following:

- Management should ensure that facility staff (i.e. Facility Director or Assistant Facility Director) count and verify the previous day's cash on the following day and not wait until they prepare cash for bank deposit.
- Management should maintain documentation on file to support compliance with newly implemented cash reconciliation procedures, including but not limited to, each days' SMARTlink reports. In addition, these reports should be kept for each shift per day.
- Management should develop and provide staff with written cash handling operational procedures to assist them in complying with Commission Practices. Written procedures will help provide standardization and consistency of usage.
- Management should contact the Department of Finance and request a change fund to facilitate customer transactions.

**Risk:** High

**Management Response:** Management will ensure that facility staff count and verify the previous day's cash on the following day.

Management will maintain documentation in a notebook and e-folder of each day's SMARTlink reports to include each shift per day.

Management is developing written cash handling procedures and once completed staff will be trained on the procedures. The written procedures will be posted at the front desk for quick and easy reference for staff.

**Expected Completion Date:** November 7, 2016

**Follow-Up Date:** December 2016

## 2. Ensure Timely Bank Deposit of Cash Receipts

**Issue:** The Office of Internal Audit (OIA) reviewed SMARTlink Daily Cash reports and bank deposit tickets for the months of May, June and July 2016. Cash receipts were not deposited timely for the last week of May and during the month of June.

The following table displays bank deposit dates for the last week of May 2016 and each week of June 2016. The Center generally prepared cash for deposit at the end of each week. For SMARTlink cash reporting purposes, the week begins on Friday and ends on Thursday (i.e., Thursday is the week ending date as shown in the below table).

Week Ending Date	Deposit Date	Days Late	Bank Deposit Amount
05/26/16	06/03/16	5*	██████████
06/02/16	06/10/16	6**	██████████
06/16/16	06/21/16	3**	██████████
06/23/16	06/29/16	4**	██████████
06/30/16	07/01/16	0	██████████***

\* Excludes Sunday and Monday (Memorial Day)

\*\* Excludes Sunday

\*\*\* Deposit short ██████████

**Criteria/Risk:** Commission Administrative Procedures No. 01-01, *Cash Receipts and Related Cash Transactions*, states “Bank deposits will be made whenever cash on hand exceeds ██████████ or once per week, whichever comes first.” Failure to deposit daily cash receipts timely increases the risks of misappropriation of Commission cash collected from the public.

**Recommendation:** Management should strengthen oversight of facility revenue to ensure bank deposits are made timely in compliance with Commission administrative procedures.

**Risk:** High

**Management Response:** Management will ensure that facility staff count and verify the previous day’s cash on the following day. When funds collected reach ██████████ a bank deposit will be completed the same day. Facility staff will scan and send the deposit receipt to the Regional Manager by close of business the day of the deposit.

**Expected Completion Date:** November 7, 2016

**Follow-Up Date:** December 2016

### **3. Strengthen Security Access to Cash Receipts**

**Issue:** The safe in which daily cash receipts are secured is outdated and should be replaced with a new safe.

Employees place the envelopes containing cash receipts in the drop box section of the safe. However, the safe's drop box is not a slot through which employees may simply release the envelope, because the envelope will not automatically fall down into the safe's interior. Instead, employees must manually turn a cylinder mechanism on the safe to push the envelope inside, and they must verify that the envelope actually drops and falls inside the safe. For instance, large envelopes or packages may generally require assistance to push them through. If an employee turns the cylinder and quickly walks away without verifying the drop, cash may remain vulnerable to misappropriation.

Note that the Facility Director has contacted Prince George's County Park Police to assist with installing a camera inside the room where the safe resides and to connect the monitors at the front desk.

**Criteria/Risk:** Commission Practice 3-11, *Administration of Cash Funds*, addresses required security provisions for safekeeping cash. Failure to adequately secure cash increases the risk of theft.

**Recommendation:** Management should purchase a new safe with an updated drop box, allowing cash receipts to automatically fall inside the safe's interior and eliminating the need to manually turn a cylinder.

**Risk:** High

**Management Response:** Management will explore options for a new safe that will eliminate the need to manually turn a cylinder and allow cash receipts to automatically fall inside the safe.

**Expected Completion Date:** November 7, 2016

**Follow-Up Date:** December 2016

#### **4. Strengthen Security Access to the Petty Cash Fund**

**Issue:** The [REDACTED] petty cash fund is not adequately secured.

[REDACTED]

[REDACTED]

**Criteria/Risk:** Commission Practice 3-11, *Administration of Cash Funds*, addresses required security provisions for safekeeping cash. Failure to adequately secure cash increases the risk of theft.

**Recommendation:** [REDACTED]

**Risk:** High

**Management Response:** [REDACTED]

[REDACTED]

**Expected Completion Date:** November 7, 2016

**Follow-Up Date:** December 2016

## Conclusion

This review was conducted in accordance with the *Government Auditing Standards*. The results of our review indicate that there are areas for improvement in the internal controls for cash operations.

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 Suitland Community Center staff for the cooperation and courtesies extended during the course of our review.

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