

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

**Maintenance and Development Division
Report Number: PG-012-2016**

June 7, 2016

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Maintenance and Development Division
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I. EXECUTIVE SUMMARY

A. Overall Perspective

Prince George's County Department of Parks and Recreation's, Maintenance and Development Division (M&D or Division) is located at 4200 Ritchie Marlboro Road in Upper Marlboro Maryland. A Division Chief has overall responsibility for the facility and reports directly to the Deputy Director of Facility Operations.

M&D provides maintenance, repair, and renovation of facilities and properties in the Prince George's County Department of Parks and Recreation (PRA), through six major work programs:

- Fleet Management;
- Buildings and Structures;
- Horticulture and Forestry;
- Major Maintenance and Inspection;
- Critical Projects; and
- Administration/Management/Supervision.

The Division also coordinates with and provides services to the Prince George's County Government (e.g. snow removal).

M&D maintains a total of 15 individual purchase card holders and each card holder is officially assigned a specific purchase card approving official (approver). Each card holder retains individual account transaction amount limits ranging from \$5,000 to \$10,000 and monthly total transaction account amount limits from \$5,000 to \$60,000. For the year 2015, M&D purchase card holders made over \$1,000,000 in purchase card transactions.

B. Audit Objective, Scope, and Methodology

Objective: To assess the adequacy of the design and operational effectiveness of internal controls for M&D's Purchase Card Program and determine if Commission policies and procedures are being followed.

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

- Interviewed all M&D purchase card holders and approvers;
- Interviewed Department of Finance, Purchasing Division personnel to gain a better understanding of purchase card risks and mitigating strategies;
- Selected a judgmental sample of purchase card transactions for review;
- Reviewed internal processes and procedures for the management and oversight of purchase card transactions;
- Reviewed applicable Commission Practices and Procedures; and
- Ensured purchase card holders and approvers are following all applicable Commission Practices and Procedures for purchase card transactions.

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 a 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 January 1, 2015 through January 8, 2016.

Major Audit Concerns

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

- A M&D purchase card approver violated the Commission's Purchasing Manual and Purchase Card Program Policy and Procedure Manual.

Additional information pertaining to this area can be found in the Detailed Commentary and Recommendations section of this report.

C. Overall Conclusions

The audit was conducted in accordance with *Generally Accepted Government Auditing Standards*. The results of our evaluation and testing procedures indicate deficiencies in the internal controls for the Maintenance and Design Division, 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 the recommendation satisfactorily address the concerns. It is the responsibility of management to weigh possible additional cost of implementing our recommendations in terms of benefits to be derived and the relative risks involved.

We wish to express our appreciation to the Maintenance and Development Division management and staff for the cooperation and courtesies extended during the course of our review.



Robert Feeley, MBA, CFE, CAA, CGFM, CICA
Senior Auditor



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

June 7, 2016

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. Strengthen Purchase Card Program

Issue: During our review of purchase card transactions, we identified 4 transactions that were not supported by the Commission's Purchasing Policy. The identified transactions were authorized by one purchase card approver, using 3 different purchase card holders to make payments to vendors after he had instructed the vendor to perform the work.

Purchase card violations included:

- Inappropriate processing of emergency purchases;
- Requesting card holder to pay for services, when the card holder was not involved in the initiation or authorization of the work performed by the vendor.

Criteria/Risk: The Commission's Purchasing Manual and Purchase Card Program Policy and Procedure Manual provides specific guidance on the violations identified above. The requirements set forth in these Manuals help ensure the integrity and effectiveness of the Commission's purchase card program. In addition, inability to adhere to Commission policies increase opportunities for fraud, waste, and abuse.

Recommendation: We understand that timely procurements are critical to the successful operation of a maintenance facility, however, procurements must adhere to the Commission's Purchasing Manual and Purchase Card Program Policy and Procedure Manual. Other Commission departments and divisions, including the Commission's Central Area Maintenance Facility, require the completion and approval of a "Purchase Card Request" form (**Appendix A**) before any charges are processed. We recommend that M&D management develop a similar form and implement internal procedures requiring the use of the form for all purchase card purchases.

Issue Risk: High

Management Response: Management concurs with the audit recommendation.

Expected Completion Date: Completed

Follow-Up Date: July 2016

Appendix A



Purchase Card Request/Purchase Order

Requested by:	Date of request:	Deadline to Place Order:
Vendor name:	Vendor contact person:	
Vendor phone: :	Vendor fax:	
<hr/>		
Facility:	OCA Code:	
Program:	Sub-Object code:	

QTY	UNIT	DESCRIPTION (Supplies/Services/Etc. or Attach Quote)	UNIT PRICE	TOTAL
		Shipping and Handling		
TOTAL THIS PAGE				
Ship to facility name/address:			Invoice to:	
Before Submission:		<input type="checkbox"/> Tax exempt status established <input type="checkbox"/> Shipping/handling cost verified and included <input type="checkbox"/> Ship to address/invoice includes M-NCPPC and facility name <input type="checkbox"/> Must exceed \$200.00 (exceptions may apply) <input type="checkbox"/> Allow two (2) weeks for processing <input type="checkbox"/> Attach quote (if available)		
After Submission:		Send verified and signed packing slip and/or receipt to cardholder KEEP A COPY FOR YOUR RECORDS!		
ORIGINATOR'S SIGNATURE:			Date:	
"FOR OFFICE USE ONLY"				
APPROVED BY/DATE (Division Chief, Program Supt or Maint. Supt)			CARDHOLDER ASSIGNED TO:	
DATE/TIME ORDER PLACED:			PACKING/DELIVERY SLIP RECEIVED:	
INVOICE #:			RECEIPT RECEIVED:	