

MARYLAND-NATIONAL CAPITAL PARK & PLANNING COMMISSION

Internal Control Report

**The Maryland-National Capital Park Police, Prince George's County
Division**

Amazon Account

Report Number: PG-021-2017-B

June 14, 2017

Distribution:

Executive Committee

Elizabeth Hewlett
Casey Anderson
Patricia Barney

Audit Committee

Dorothy Bailey
Norman Dreyfuss
Karen Tobat

Maryland-National Capital Park and Planning Commission

William Dickerson
Adrian Gardner
Ronnie Gathers
Stanley Johnson
Stacey Pearson
Lisette Smith
William Spencer
Joseph Zimmerman

Office of Internal Audit

Renee Kenney
Natalie M. Beckwith

Maryland-National Capital Park and Planning Commission
Office of Internal Audit
7833 Walker Drive, Suite 425
Greenbelt, MD 20770

M-NCPPC Park Police
Amazon Prime Account

Internal Control Review
Audit Report

Table of Contents

I. EXECUTIVE SUMMARY

	<u>Page</u>
A. Overall Perspective.....	1
B. Scope of the Audit.....	2
C. Major Audit Concerns.....	3
D. Findings and Overall Conclusions.....	4

II. DETAILED COMMENTARY AND RECCOMENDATIONS

1. Restrict Personal Deliveries to Employees Place of Business.....	5
2. Restrict Current Purchase Card Holder Responsibilities.....	6

I. EXECUTIVE SUMMARY

A. Overall Perspective

On April 7, 2017, Captain Matthew Schmidt, Assistant Chief, Support Operations, Maryland-National Capital Park Police, Prince George's County Division (Park Police or Division), contacted the Office of Internal Audit (OIA) to request a review of activities related to the possible misuse of the Division's Amazon account.

The OIA subsequently completed a Fraud, Waste and Abuse review to determine if the account in question had been misappropriated by a [REDACTED]. As part of that review, a confidential Fraud, Waste, and Abuse Audit Report (PG-021-2017-A) was issued on April 25, 2017. The report included details of the audit investigation as well as OIA's overall conclusion on the occurrence of fraud, waste, or abuse regarding the Amazon account.

During the Fraud, Waste, and Abuse review, the OIA identified opportunities to strengthen internal controls at the Park Police Department.

B. Scope of the Audit

The purpose of this review was to determine if Park Police practices were in compliance with the Maryland-National Capital Park and Planning's current Practices and Administrative Procedures regarding purchase card handling activities.

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

- Reviewed applicable Commission Practices and Administrative Procedures;
- Reviewed applicable State of Maryland Comptroller of the Treasury guidelines; and
- Reviewed www.amazon.com data regarding client account settings, purchases, tax exempt status, customer communications, etc.; and
- Interviewed key Park Police staff members regarding purchase card transactions.

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 period covered in this review was August 15, 2012 – March 31, 2017.

C. Major Audit Concerns

The results of our evaluation and testing procedures indicated no major audit concerns regarding purchase card handling activities.

D. Findings and Overall Conclusions

The results of our evaluation and testing procedures indicate deficiencies in the design or operation of internal controls at the Prince George’s County Park Police Division.

We believe the findings 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, Prince George’s County Division’s management and staff for the cooperation and courtesies extended during the course of our review.



Natalie M. Beckwith, MPA, CICA
Senior Auditor



Renee Kenney, CPA, CIA, CISA
Chief Internal Auditor

June 14, 2017

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. Restrict Personal Deliveries to Employees Place of Business

Issue: [REDACTED] receives personal shipments at Park Police Headquarters. T [REDACTED]
[REDACTED]

Criteria/Risk: Co-mingling of items [REDACTED] increases the opportunity for theft, or at least the perception of theft. If the employee routinely leaves the Park Police headquarters with personal items, the practice would be normalized, limiting any questions or follow-up by management. [REDACTED]
[REDACTED]

Recommendation: The Office of Internal Audit recommends the following:

- Personal shipments to the employees place of business should be restricted. If necessary, in limited situations, employees should be required to notify management of any planned shipments.

Issue Risk: Medium

Management Response: Staff will no longer be permitted to receive personal shipments or packages to any Park Police work locations.

Expected Completion Date: Completed

Follow-Up Date: October 2017

2. Restrict Current Purchase Card Holder Responsibilities

Issue: The Park Police's [REDACTED] currently orders and receives Commission goods. To ensure proper segregation of duties the same individual should not have the authority to both purchase goods and receive the same goods.

Criteria/Risk: Commission Practice 3-13, Cash Receipts and Related Cash Transactions states the following with regard to separation of duties:

- No one person should handle a transaction in its entirety.
- Each employee serves to prove the accuracy of the other.
- It is recognized that in situations where there is limited staff the above may not be feasible. In such cases, additional monitoring/auditing should be exercised.

Lack of segregated purchasing duties increases the risk of items being inappropriately purchase and / or misappropriated without detection.

Recommendation: The Office of Internal Audit recommends the following:

- The Police Department's management take the necessary steps to ensure that purchasing roles and responsibilities are adequately defined and segregated. Due to the limited personal resources at the Police Department, management may want to consider implementing an additional layer of purchase card transaction monitoring in lieu of actual separation of responsibilities.

Issue Risk: Medium

Management Response: [REDACTED]

[REDACTED] In addition, we have instituted a policy where there are checks and balances for purchases and receipts of purchases. Purchases require the approval of the Division Chief, Originator and Department Finance Manager. As well, all shipments received are verified by two persons, and one person has to be a person other than the purchaser.

Expected Completion Date: Completed

Follow-Up Date: October 2017