



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

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From: Renee Kenney, CPA, CISA, CIA
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Date: November 1, 2017

Subject: Follow-up Review for the Brookside Gardens-Retail Inventory
Audit Report, MC-005-2017

We have completed the follow-up review for the Brookside Gardens-Retail Inventory, Audit Report No. MC-005-2017, dated June 06, 2017. The following is the result of the follow-up review:

Rec. #	Issue/ Recommendation	Issue Risk	Expected Completion Date	Revised Completion Date	Status
1	Update Retail Inventory to Adjust On Hand Item Counts and Costs	Medium	June 2017	Nov. 2017	Partially Resolved
2	Strengthen Controls Over Petty Cash Reimbursement	Medium	June 2017	N/A	Resolved

Management provided sufficient information and clarification for us to conclude that one of the two audit recommendations have been satisfactorily addressed and implemented. One is partially resolved as some degree of progress has been made, but is not yet complete. The following details the status of the partially resolved recommendation.

Rec. #1: Update Retail Inventory to Adjust On Hand Item Counts and Costs

Background and Discussion: The Office of the Inspector General (OIG) performed a complete physical inventory count of jewelry in both gift shops on March 16, 2017. To

assist in the inventory process, the facility provided the OIG with a real-time inventory report from ActiveMONTGOMERY, the point-of-sale system used within Montgomery County Department of Parks. OIG identified some discrepancies in item counts:

- Data in the on hand count column for some items display negative numbers.
- Some items show on hand counts, but they show zero dollar cost values, which may understate the inventory's total value.
- Some items show zero on hand counts, but they show dollar cost values. Management explained that some of these items remain on the report because they will be reordered in the future, but the facility will not reorder all of them.
- For one jewelry product, Alchemy Flower Necklace, UPC 2016211, the inventory report showed an on hand count of six, but OIA counted eight necklaces on hand.

Recommendation: Inventory for gift shop products should be updated to ensure an accurate count of items on hand and replacement costs, both of which may ultimately affect the inventory's value. Items that will not be reordered should be removed from the inventory report.

During the follow-up review, OIG examined the facility's complete inventory report, which disclosed that management has made significant progress in updating the on hand item counts and replacement costs. However, OIG noted the following:

- Approximately 43 items show negative numbers in the on hand count column.
- Approximately 13 items show on hand counts, but they show zero dollar cost values.

Current Status: Partially Resolved

Management Response: After the initial audit recommendation, the inventory was updated to accurately reflect on hand counts and replacements costs. A schedule for bi-monthly monitoring and updating the inventory was implemented. Due to the findings from the follow-up review, the staff will increase oversight by implementing a procedure to monitor and update the inventory monthly rather than bi-monthly. This practice will reduce the number of negative numbers in the on-hand count and the number of items with zero dollar value.

Entering new inventory in ActiveMONTGOMERY is a process that requires the staff to use three separate modules to completely receive the inventory. If the final step is accidentally neglected, the inventory shows zero dollar cost and/or negative numbers.

Monitoring the inventory monthly will allow supervisory staff to note and correct errors regularly.

Corrections to the above noted errors will be made by Nov. 30, 2017 and the monthly staff monitoring will begin in January 2018.

Revised Expected Completion Date: November 30, 2017

Revised Follow-Up Date: February 2018

A copy of the original audit report has been attached for your convenience.

cc: Executive Committee
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