

MARYLAND-NATIONAL CAPITAL PARK & PLANNING COMMISSION

**Montgomery County Department of Parks
Operations
Horticulture, Forestry & Environmental Education Division**

**Locust Grove Nature Center
Facility Audit
MC-002-2020**

March 26, 2020

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A. Background

The Maryland-National Capital Park and Planning Commission (M-NCPPC or Commission) is a bi-county agency serving Montgomery County and Prince George's County in Maryland, providing quality parks, recreation facilities, programs and services for residents and visitors. The Montgomery County Department of Parks system consists of approximately 36,991 acres and includes attractions such as nature centers, public gardens, indoor tennis and ice rinks, miniature trains and event centers.

The audit focused on the Locust Grove Nature Center (Center), located in Montgomery County at 7777 Democracy Blvd. in Bethesda, MD. The Center provides a natural sanctuary from the surrounding urban bustle. It offers quality public programs for all ages, including specialty nature immersion school programs, programs for tots/pre-K, nature pre-school program, campfire nature walks and special events. Due to its location along the Cabin John Stream Valley corridor, the Center is connected to over 10 miles of natural surface trails. The Center has an observation deck and provides outdoor exhibits including a pollinator garden, memorial garden and nature exploration area. The Center also has indoor exhibits that include a life size oak tree, live animals, a children's play area and large windows throughout the circular building allowing for bird and wildlife watching in any season.

The Center Manager, who has overall responsibility for the Center, reports directly to the Natural & Historical Resources Manager and Division Chief under the direction of the Deputy Director of Operations and Director of Montgomery County Department of Parks.

The Center's total overall budget for fiscal year 2020 is approximately \$381,000 with 84.3% attributed to salaries and benefits. Total overall revenue for fiscal year 2020 is budgeted for \$168,228.

B. Objective, Scope and Methodology of the Audit

Objective

The purpose of the audit was to identify opportunities to strengthen internal controls, improve operational efficiencies and help ensure compliance with Commission policies and procedures.

In addition, the audit scope was designed to identify possible fraud, waste, or abuse within the process(es) being audited.

Scope

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

- Reviewed applicable Commission practices and procedures;
- Interviewed staff to obtain an understanding of operational procedures;
- Performed surprise cash counts of the change fund and petty cash fund;
- Reviewed petty cash reimbursements for appropriate approval and supporting documentation;
- Reviewed for accurate and timely bank deposits (i.e., checks);
- Selected a sample of purchase card transactions and verified for proper authorization and appropriate purchases;
- Obtained fixed/capital asset reports and verified completion of annual inventory;
- Obtained controlled asset report and verified completion of annual inventory;
- Reviewed Commission vehicle log for completeness and verified all drivers met risk management requirements;
- Reviewed timekeeping procedures;
- Reviewed accounts receivable for payment of outstanding balances; and
- Reviewed rental contracts/permits in the ActiveMONTGOMERY system.

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The audit covered the period from January 1, 2019 through February 14, 2020.

Methodology of the Audit

Inquiry, observation, data analysis, and tests of transactions were performed to complete the audit objectives.

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 a reasonable basis for the findings and conclusions based on the established audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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C. Major Audit Concerns

The results of our evaluation and testing procedures indicated no major audit concerns.

D. Overall Conclusions

The results of our evaluation and testing procedures indicate deficiencies in the design or operation of internal controls as noted in this report.

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 Montgomery County Department of Parks, Operations, Horticulture, Forestry & Environmental Education Division and Locust Grove Nature Center’s management and staff for their cooperation and courtesies extended during the course of our review.



Robert Feeley, CFE, CAA, CGFM, CICA
 Assistant Inspector General



Renee M. Kenney, CPA, CIG, CIA, CISA,
 Inspector General

March 26, 2020

Conclusion Definitions

Satisfactory	<i>No major weaknesses were identified in the design or operation of internal control procedures.</i>
Deficiency	<i>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.</i>
Significant Deficiency	<i>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.</i>
Material Weakness	<i>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.</i>

1. Ensure Rental/Permit Agreements Contain an Acknowledgement of Waiver Conditions by Renter

Issue: Our review of rental/permits processed through activeMONTGOMERY (aM) at the Center for our sampled period of July 1, 2019 through September 30, 2019 found that 7 out of 41 rentals reviewed did not contain an acknowledgement (i.e. waiver) checked off by the renter for the rules and regulations pertaining to that specific rental.

Waivers are obtained electronically with an “agreed to waiver” box checked off. Per the Center Manager, all rental/permits are processed either by the renter online or online by the Commission employee while having the renter on the phone. The 7 rental/agreements without a waiver checked off were processed at the Center by a Commission employee on-line through aM, while being on the phone with the renter. The Center Manager explained the Commission employee typically obtains a verbal confirmation from the renter acknowledging they have read and understand the rules and regulations for that specific rental. After receiving the verbal confirmation, the Commission employee checks the box.

For the 7 exceptions, the OIG cannot determine if the renters were advised of the requirements and/or they agreed to the requirements.

Criteria/Risk: Verbal attestation by a renter of reading and understanding the rules and regulations for a specific rental should be documented with the waiver box being checked. Failure to have a record of this confirmation may pose a potential liability to the Commission.

Recommendation: We recommend Center management strengthen internal control procedures to ensure Commission employees at the Center check the waiver box in rental/permits after receiving a verbal affirmation from the renter.

Issue Risk: Medium

Management Response: Concur. Management has requested the assistance of the aM System Administrator in determining if a requirement can be set up whereby the “agreed to waiver” box must be checked off by anyone that is attempting to process a rental/permit online. If it is determined that this is not feasible because it may adversely affect other forms and/or processes within aM, then management will ensure that Center employees check off the waiver box when processing the form for customers on the phone.

Expected Completion Date: May 2020

Follow-Up Date: September 2020

2. Monitor and Update Account Receivable Balances on a Regular Basis

Issue: Our review of the Account Receivables Aging Report provided by the aM system Administrator disclosed several outstanding balances for the Center. The amounts due are all for external functions. Please see table below:

Event Date	Amount
10/22/16	████████
10/5/17	████████
4/8/19	████████
11/4/19	████████

Criteria/Risk: Ensuring that balances due the Commission for programs/events provided by the Center are paid in a timely manner is an essential function for maintaining a beneficial cash flow.

Recommendation: Montgomery County Department of Parks management should review the Center's account receivable balances on a regular schedule and update/adjust accordingly.

Issue Risk: Medium

Management Response: Concur. The Center has resolved all current account receivables. Management has requested the assistance of the aM System Administrator in determining the process for removing any older uncollectable account receivables from the listing. In addition, management will ensure outstanding account receivables are reviewed on a regular basis.

Expected Completion Date: May 2020

Follow-Up Date: September 2020

3. Strengthen Controls over Petty Cash

Issue: The OIG identified several issues with the Center’s petty cash fund.

1. The Center maintains a [REDACTED] petty cash fund. The OIG completed a surprise cash count on December 19, 2019 and determined the account was overstated [REDACTED]
2. A check request in the amount of [REDACTED] was submitted to accounts payable on June 24, 2019 to replenish the fund. The request was [REDACTED] over the approved amount of the fund.
3. The facility manager, not the petty cash custodian as required, has been submitting reimbursement requests through the Accounting Online System (AOS) to replenish the petty cash fund.
4. Petty cash reimbursement requests are not being processed timely. For the period of January 1, 2019 through December 31, 2019 we identified two instances where the petty cash funds on hand fell below 50% of the approved fund amount. Please see table below:

Date	Amount of Check to Replenish Fund	Amount of Petty Cash on hand	Percent of Funds on Hand
3/29/19	[REDACTED]	[REDACTED]	29%
7/19/19	[REDACTED]	\$0.00	0%

Criteria/Risk: Commission Practice 3-11, *Administration of Cash Funds*, states the amount of each petty cash fund is fixed and should be restored to its original amount.

Duties of petty cash custodians include preparing a check request for the amount required to replenish the fund. The fund should be replenished at appropriate intervals for efficient administration.

Recommendation: We recommend that the petty cash custodian maintain the proper approved amount of petty cash funds and submit replenishment requests on a timely basis.

Oversight responsibilities of Center management should be strengthened to help ensure compliance.

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Issue Risk: Medium

Management Response: Concur. The Center has reached out to Treasury Operations to obtain the proper procedures for returning the overage to the Department of Finance. In addition, management will ensure the Center submits replenishments of the fund on a timely basis.

Expected Completion Date: May 2020

Follow-Up Date: September 2020