

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

Internal Control Audit Report

**Prince Georges County Department of Parks and Recreation
Sports, Health, and Wellness Division
Trap and Skeet Center**

**Report Number: PGC-008-2019-B
March 18, 2019**

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Prince George's County Department of Parks and Recreation
Sports, Wellness and Health Division
Trap and Skeet Center

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I. EXECUTIVE SUMMARY

A. Overall Perspective

On December 7, 2018, Ms. Emily Rose, Sports, Health, and Wellness Division (SHWD) Chief contacted the Office of Inspector General (OIG) regarding concerns involving Prince George's County Trap and Skeet Center **volunteers**¹ who work tournaments and group events. Allegedly, volunteers were being provided ammunition and tickets to the Center as **compensation**² for their services.

The Prince George's County Trap and Skeet Center (Center or Facility) is located in Glenn Dale, Maryland and comes under the aegis of Prince George's County Department of Parks and Recreation (DPR), Facility Operations, SHWD. [REDACTED]

The Center is a premier outdoor shotgun clay target shooting facility open to the public year-round. It is one of the largest shotgun facilities in the Country. The Center also has a pro-shop that offers retail items for sale including various shotgun sport supplies and accessories. DPR utilizes GEN which is a point of sale and inventory management system to track the purchase, sale and inventory of retail items. GEN was implemented on July 1, 2013.

The Center holds about 45 events each year including group outings, corporate events and tournaments. It also hosts local, regional and nationally sanctioned competitions such as the Congressional Shoot-out and Benelli Invitational. Events range from 10 – 300 people. Center sales (Center use, events, and retail) are approximately [REDACTED] per month. The Center has averaged [REDACTED] in revenue each of the past 5 years.

Per [REDACTED] Center Manager, safety is the number one concern at the Center. Experienced volunteers are needed to enforce safety, keep score and pull targets during the various events. Certified instructors teach instructional programs such as basic shotgun techniques. Novice shooters receive gun safety instructions

¹ SHWD management had concerns with the use of the word "**volunteers**" throughout the audit report(s) as the individuals being considered as part of this review receive payment in the form of ammunition and targets for their services. Please note, for Audit Reporting purposes, the term volunteer refers to the individuals assisting at the Center and receiving like-kind payments.

² SHWD management also had concerns with the use of the word "**compensation**" throughout the audit reports(s) as compensation may appear to some readers that the individuals received cash. Please note, for Audit Reporting purposes, the term compensation refers to the ammunition and targets received from the volunteers.

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before use. Youth summer day camps and beginner learn to shoot programs are also offered at the Center.

The Center provides two games/services: Trap & Skeet and Sporting Clay. Customers interested in Trap & Skeet purchase paper tickets³ at the Center. Each ticket entitles the customer to one (1) round. Each round includes 25 targets. The targets are round clay disks. Each morning and/or end of the day, Center employees complete a physical count of targets to determine how many were used and/or broke. The targets are not automatically tracked in GEN, (i.e. not entered when purchased or tracked when used). Prior to the audit, target counts were input into GEN twice a year. Target counts are now being updated in GEN on a monthly basis.

Customers interested in Sporting Clay purchase a reusable plastic card (similar to a debit card) at the Center. Customers then purchase rounds⁴ which are loaded onto the card. Each round entitles the user to 65 targets. The customer has a choice of 7 different targets (see below) when shooting; they may use a variety of targets in one round. The machine used to read the card is unable to track the type of target used. The targets are not automatically tracked in GEN. When OIG met with Mr. Sun on December 20, 2018, he stated Center management completes an inventory of Sporting Clay targets twice a year. However, as a result of this audit, management began completing monthly inventories as of December 2018. GEN (perpetual or book inventory) is updated after the completion of the physical inventories.

Sporting Clay Targets

Target Typed	Orange Top	Black	All Orange	Battue	Rabbits	Midi	Inter-national
Cost to Commission – per case	\$9.92	\$9.52	\$10.02	\$17.67	\$10.67	\$9.77	\$10.92
1/29/19 Inventory – Cases	4,719	171	163	60	119	184	89
Inventory - Loose	1	0	0	76	10	80	1

Ammunition can be purchased at the Center or customers may bring their own.

As a result of concerns raised by [REDACTED], the OIG completed a Fraud, Waste, and Abuse Investigation. The results of that investigation were included in a confidential Fraud, Waste, and Abuse Audit Report, No. PGC-008-2019-A, dated March 18, 2019. During the investigation, the OIG identified opportunities to strengthen internal controls over the Trap and Skeet Facility.

³ Cost - \$6.00 per ticket or a book of ten (10) tickets for \$50.00

⁴ Cost -\$22.00 per round

B. Scope of the Investigation

The purpose of the fraud, waste, and abuse investigation was to determine if a Commission employee(s) misappropriated Commission assets. In addition, the OIG designed audit testing to help identify opportunities to strengthen internal controls for the administration of controlled assets.

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

- Reviewed applicable Commission Practices and Administrative Procedures;
- Reviewed GEN point of sale and inventory management manuals;
- Obtained and reviewed Facility invoices, GEN deposit reports and Facility internal reports;
- Obtained from Facility Manager information regarding volunteer costs invoiced to vendors and ammunition provided to volunteers for their services;
- Interviewed Commission personnel:
 - Facility Manager
 - Intermittent Facility employee
 - Chief, SHWD
 - Assistant Chief, SHWD
 - Department of Finance, Accountant
 - Support Manager, Management Services Division

The audit was conducted in accordance with the Generally Accepted Principles and Quality Standards, approved by the ASSOCIATION OF INSPECTORS GENERAL.

The period covered in this review was January 1, 2018 thru February 15, 2019.

C. Major Audit Concerns

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

- Lack of Managerial Oversight

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

D. Findings and Overall Conclusions

The results of our evaluation and testing procedures indicate significant deficiencies in the design or operation of internal controls for making purchases and managing inventory at the Trap and Skeet Center.

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 Prince George's County Department of Parks and Recreation, Sports, Wellness & Health Division management and staff for the cooperation and courtesies extended during the course of our review.



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



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

March 18, 2019

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 Managerial Oversight

Issue: SHWD management is not providing adequate oversight for the Trap and Skeet Center. Per interviews with Center personnel, the [REDACTED] has only visited the Facility a couple of times in the past year and [REDACTED] is only on site for approximately 5-10 minutes. Site visits did not increase when the Center was understaffed (See Recommendation #2).

Note: As a result of this audit, SHWD Division Chief has implemented a new procedure that requires each Assistant Chief or Manager to record their visits to SHWD facilities.

Based on our interviews, [REDACTED] were not aware that event volunteers were being provided targets and ammunition as compensation for their services. They believed they were “true” (i.e. – uncompensated) volunteers. However, per the Facility Manager, providing ammunition and targets to volunteers has been a long-standing practice at the Center.

In addition, as being used, the GEN system does not have the capability to properly account and safeguard Center assets (e.g. targets and ammunition). (See Recommendation #3) Per the Center Manager, [REDACTED] has not received adequate guidance on the use of the GEN point of sale system to ensure inventory is properly controlled.

Criteria/Risk: Adequate managerial oversight provides many benefits to an organization. Oversight deters fraud, waste, and abuse. In addition, adequate oversight helps ensure proper controls are in place to ensure responsible use of public assets.

Recommendation: SHWD management should provide additional guidance and oversight to Center personnel. Examples include:

- Obtain and review event schedules to ensure proper staffing levels
- Ensure documentation is available for the use of the GEN application in non-typical retail environment (e.g. trap and skeet)
- When staffing levels prevent required segregation of duties, SHWD management should implement additional controls and oversight. (See Recommendation #2).

Issue Risk: High

Management Response: Concur, with explanation. The [REDACTED] visited the facility more than a couple of times and for longer than 5-10 minutes during the past year as was stated. This was verified by referencing [REDACTED] calendar and notes.

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Moving forward, the [REDACTED] will:

- Report each site visit including dates, times and purpose of visit to Division Chief. **(March 2019)**
- Review all special event schedules with Trap & Skeet management monthly to ensure proper staffing levels are met. **(April 2019)**
- Utilize the new Inventory, Petty Cash, Change Fund and P-Card “Observation Form” for site visits (minimum of 2 times per year). **(February 2019)**
- Re-trainings will be provided for Trap & Skeet management and Assistant Chief for GEN-POS and Management Inventory. Additionally, the Inventory Management Course offered through LinkedIn Learning Tool (Parks & Recreation University) will be completed by **April 2019**.
- Ensure segregation of duties between the Facility Manager and Assistant Manager at the facility and implement protocols for Assistant Chief coverage when the Manager and/or Assistant are unavailable. **(February 2019)**.

Expected Completion Date: April 2019

Follow-Up Date: September 2019

2. **Ensure Proper Segregation of Duties**

Issue: The Facility has been without a Manager/Assistant Manager for approximately two-years. The previous Facility Manager separated from the Commission in January 2017 and the Assistant Facility Manager was promoted to Manager. The Assistant Facility Manager position was filled in December 2018. Prior to being filled, the Facility Manager was the only full-time career employee at the Center. The Facility Manager completed all fiscal activities. Duties were not segregated (i.e. separation of duties).

Due to the staffing levels at the Center, the Center Manager was performing the following duties: placing orders for facility purchases, receiving the invoices, accepting the ordered merchandise and recording the transaction in inventory.

Criteria/Risk: Best business practices dictate proper segregation of duties. No one employee should be ordering the merchandise, receiving the invoice and accepting the items. Failure to have proper segregation of duties for these actions increases opportunities for fraud, waste and abuse.

Recommendation: Management should ensure that the procurement duties are appropriately separated between the newly hired Assistant Manager and the Facility Manager.

For small facilities, where only one person is on-site, management should implement additional controls, such as a reconciliation of invoices, sale receipts, and perpetual inventory records on a periodic basis. The reconciliation should be performed by an independent person within SHWD.

Issue Risk: High

Management Response: Concur. There is currently an Assistant Manager (Term/Contract) at the Facility, and we are currently advertising the career vacancy for the position.

If either the Manager or Assistant is unavailable, the Assistant Chief will ensure that the procurement/financial duties are properly segregated.

Expected Completion Date: February 2019

Follow-Up Date: September 2019

3. Address Challenges with Inventory and GEN

Issue: Currently, the Facility Manager does not input merchandise (e.g. ammunition, weapons, pro-shop gear) ordering information into GEN when orders are placed, it is input sometime after it is received. Therefore, when merchandise is received, a three-way match of the purchase order, invoice and merchandise (i.e. receipt) cannot be performed. This results in an inaccurate perpetual (i.e. - book) inventory.

Targets (Trap & Skeet and Sporting Clay) are not automatically tracked in GEN. As explained on page 2, counts are now being updated in GEN on a monthly basis after the completion of a physical inventory (it was twice a year).

During our interview with the Facility Manager, challenges with the GEN application were identified:

- The system should include functionality that supports the input of purchase orders into GEN. Per the Facility Manager, this cannot be consistently completed as:
 - Serial numbers for shotguns are not available when ordering.
 - On some items, the cost is unknown at time of purchase, it is not known until the invoice is received.
 - Shipping costs are not known at time of order.
 - The Center often receives a pricing discount, but the amount of the discount is not known when placing the order.
 - The cost of pallets and the credits for returned pallets is not known when ordering.
 - There are often hazard fees assessed to the order that are not pre-known.
- Issues with ammunition in GEN:
 - Ammunition can be sold by the case or by the box (10 boxes in case), each box has its own UPC code.
 - Box costs of ammunition are discounted if sold by the case (i.e. less than single purchase).
- Issues with targets in GEN:
 - There are several different types of targets, all at different prices.
 - Target cards are used to purchase rounds of targets to shoot. When someone purchases a card for a number of rounds of targets at a certain price the card system does not interface with GEN and reduce the inventory.
 - Target cards purchased at the Center to shoot targets are not keyed into a specific type target and price. The shooter can choose various targets when out on the range. Center management cannot identify which type targets were shot.

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- When someone purchases a certain number of rounds of targets on a card, an employee could add additional rounds of targets on the card without detection.

While at the Center, the OIG discussed some alternative, mitigating Controls with the Facility Manager. The additional controls included:

- Have the Manager order the items and have the new Assistant Manager input the items into GEN. The input would be at the time of receipt (instead of the preferred time of order) but would allow more complete input as data missing at order would be known.
- Complete full inventory counts of the targets on a monthly basis. Management would be able to investigate any unexpected variations.

Effective December 2018, Center management has implemented the mitigating controls recommended by the OIG.

Criteria/Risk: Inability to accurately track purchases, sales, and inventory usage increases opportunities for fraud, waste and abuse.

Recommendation: The OIG contacted DPR's Administrative Services Unit to gain additional information on GEN's capabilities. It does appear, with some training, if used properly, GEN should be able to provide the necessary controls over inventory for DPR's trap and skeet retail operation. We recommend, with the assistance of DPR's Administrative Services Unit, GEN functionality be explored. Guidelines should be established that require the input of retail items into GEN at the time of order. Center management should be able to complete a three-way match (purchase order, invoice, receiver).

Finally, when developing new internal controls and possible GEN system enhancements, management may want to consider completing a return on investment (ROI) analysis. Although strong internal controls are always recommended, the benefit of the control should not outweigh the cost of the control.

Issue Risk: High

Management Response: Concur. Trainings will be retaken for Trap & Skeet Management and Assistant Chief for POS and Management Inventory as well as completing the Inventory Management Course offered through LinkedIn Learning Tool (Parks & Recreation University). **(April 2019)**

The Assistant Chief and Manager of Trap and Skeet will meet with the Administrative Services (Help Desk Staff) to determine the capacity of the GEN system to track the inventory business needs. **(June 2019)**

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Management will also conduct a ROI analysis for the facility and will review these findings with the Division Chief, Deputy Director and Office of IG for guidance, input and recommendations. **(September 2019)**

Expected Completion Date: September 2019

Follow-Up Date: September 2019

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4. [REDACTED]

Issue: The SHWD has no approved [REDACTED] procedures for providing gifts (e.g. targets) to volunteers at tournaments or group events at the Trap and Skeet Center. Note: Facility management has recently stopped providing ammunition to volunteers. In addition, policies are in place to prohibit payment of cash to volunteers.

Historically, larger groups visiting the Center are invoiced for Trapper services. Per [REDACTED] trapper (volunteer) compensation is built into the cost of the events. For example, please see **Exhibit A**, invoice to the Congressional Sportsmen’s Foundation, dated May 14 and 15, 2018. The invoice includes charges of \$2,700 and \$2,800 to cover trapper services (27 trappers on 5/14 and 28 trappers on 5/15). Per the Facility Manager, if a trapper worked both days, the estimated value of his/her gift was \$200. Note: As a result of the audit, Center management has implemented a new procedure that requires the trapper/volunteer to sign a form acknowledging the receipt of a standard gift.

Criteria/Risk: [REDACTED]
[REDACTED] like-kind compensation to volunteers resulted in a longstanding informal practice which allowed the issuance of ammunition and targets to volunteers as compensation. This practice was not fully transparent and increased opportunities for fraud, waste and abuse.

Recommendation: [REDACTED]
[REDACTED]
[REDACTED]

Issue Risk: Medium

Management Response: Concur. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Expected Completion Date: May 2019

Follow-Up Date: September 2019

EXHIBIT A
Sample Invoice

INVOICE

Maryland National Capital Park and Planning Commission
 Prince George's County Trap and Skeet Center
 10400 Good Luck Road
 Glenn Dale, MD 20769
 301-577-7178

Congressional Sportsmen's Foundation

DATE 5/14 & 15/2018

INVOICE 1752

Description	UPC	Quantity	Cost	Total
Monday Industry Shoot				
Sporting Targets		3944	0.36	\$1,419.84
Trap and Skeet		226	6	\$1,356.00
Trappers		27	100	\$2,700.00
Instructor		1	320	\$320.00
Golf Cart from Metro		4	85	\$340.00
Metro Golf Cart Drop Off/Pick Up Fee		1	250	\$250.00
Tuesday Congressional Shoot				
Closing Fee		1	2500	\$2,500.00
Sporting Targets		7888	0.36	\$2,839.68
Trap and Skeet		427	6	\$2,562.00
Trappers		28	100	\$2,800.00
Instructor		1	320	\$320.00
Golf Cart Rental		4	85	\$340.00
White Flyer Target Credit		1	-1000	(\$1,000.00)
Sub Total				\$16,747.52
Tax				
TOTAL				\$16,747.52

Thank you for your business
 Please make payment to : MNCPPC
 Prince George's County Trap and Skeet Center
 10400 Good Luck Road
 Glenn Dale, MD 20769