

**Montgomery County, Maryland
Office of the County Executive
Office of Internal Audit**



**Cash Management Targeted Internal Control Review
Department of Recreation**

October 14, 2022

Highlights

Why MCIA Did this Review

The Montgomery County Office of Internal Audit (MCIA) conducted a targeted internal control review (review) of the Montgomery County Government's (the County) Department of Recreation's (REC) cash management function.

REC helps the County by providing high quality, diverse, and accessible programs, services, and facilities that enhance the quality of life for all ages, cultures, and abilities. REC's cash management function includes receiving, processing, and depositing recreation-related cash receipts, from such transactions as pool passes and daily admissions, program classes, clinics, workshops, and facility rentals. In calendar year 2021, REC recorded approximately \$545,000 of cash receipts.

The review was conducted by the accounting firm SC&H Group, Inc., under contract with MCIA.

October 2022

Cash Management – Targeted Internal Control Review, Department of Recreation

What MCIA Found

Recreation's cash management operations includes processes and internal controls to mitigate fraud risks. However, opportunities exist to improve control design and operational effectiveness to more effectively mitigate those risks. The opportunities can be addressed by enhancing or implementing additional steps within REC's cash management operations.

We identified five areas of improvement to strengthen controls and mitigate risks in the following areas:

1. Enhanced segregation of duties related to cash management responsibilities
2. Enhanced formalized review procedures
3. Improved access management review documentation
4. Enhanced County cash management policies and procedures
5. Improved physical cash security measures

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Objectives

This report summarizes the results of a targeted internal control review (review) of Montgomery County's (the County) cash management programs and operations within the Department of Recreation (REC). The review was performed by SC&H Group, Inc. (SC&H), under contract with the Montgomery County Office of Internal Audit (MCIA).

The REC review focused on how the County manages fraud risks associated with cash management processes such as receiving, processing, reporting, and reconciling cash transactions. The objective was to evaluate REC's cash management internal controls for design and operational effectiveness.

Cash Management Process Background

Cash Management Types

The following was used to define the types of transactions and activities to be considered cash management for the purposes of this review:

1. Cash management includes:
 - a. Receipt of cash and check payment methods (collectively, "cash").
 - b. Physical handling and management of cash.
2. Cash management excludes:
 - a. Transactions that bypass a department and are directed to another department, such as lockboxes, third-party vendors/contractual agreements that go directly to the County Department of Finance (Finance or County Finance) – either the Accounts Receivable (AR) section of the Controller Division or the Treasury Division (Treasury) -- and electronic payments (e.g., automated clearing house (ACH), electronic funds transfer (EFT), wires, etc.).
 - b. The following specific types of transactions: grants (i.e., Federal, State, or Local funds), intergovernmental transfers, and investment income.
 - c. Petty cash and credit or debit card transactions.

Department of Recreation

REC is responsible for providing recreational programs, services, and facilities that serve the recreation and leisure needs of the County. REC employs approximately 145 career staff (full-time employees) across the following three divisions:

1. Facilities
2. Administration
3. Programs

REC recorded approximately \$545,137 in cash receipts in calendar year (CY) 2021 (CY - January 1, 2021 through December 31, 2021). Both the Facilities Division and Administration Division handled and processed cash receipts and were included in the review. The Facilities Division and Administration Division process cash receipts in the ActiveNet point of sale and program management system.¹ The Programs Division had limited cash management

¹ REC replaced ActiveNet with a new point of sale and program management system, Visita Solutions Incorporated (VSI), in CY22. However, the scope of the review was CY21, so processes, procedures, and controls relate to and reference ActiveNet.

responsibilities and/or cash receipts; and, therefore, was not included in this review. An overview of the Facilities and Administration Division's receipt types follows.

Facilities Division

REC's Facilities Division manages and maintains both general and aquatics facilities across the County. It is comprised of approximately 60 career staff within the following six sections, which are responsible for certain cash management programs and operations:

1. Aquatics
2. Area Facilities I
3. Area Facilities II
4. Area Facilities III
5. Area Facilities IV
6. Area Facilities V

REC's Facilities Division recorded approximately \$511,000 in cash receipts in CY21. The Aquatics section recorded approximately \$441,000 and the Area Facilities sections (Areas I, II, III, IV, and V) recorded approximately \$70,000. All six sections of the Facilities Division were included in the scope of the review due to the amount of cash recorded in CY21. An overview of each section is below.

Aquatics

CY21 total cash receipts: \$440,573

REC's Aquatics section oversees and manages four indoor swim centers and seven outdoor pools, and their associated programs and activities. Cashiers, including part-time and seasonal employees, collect cash payments for pool passes and daily admissions, trainings, specialty activities (e.g., scuba), and competitions and record the transactions in ActiveNet. There is an integrated interface between ActiveNet and the County's Oracle enterprise resource planning (ERP) system that allows for the automated upload of transactions. At the end of each day, cashiers count, reconcile, and store all cash within a safe. Career staff, consisting of REC supervisors or specialists, reconcile prior day balances, prepare deposits, and transport the deposits to the bank. Customer (i.e., Montgomery County residents) requests for refunds are directed to the Business Services section, within the Administration Division, for processing. Career staff can process same day requests for cancelled or voided transactions due to overcharge or duplicate transactions.

Area Facilities (I, II, III, IV, and V)

CY21 total cash receipts: \$69,837

REC's Area Facilities sections (I, II, III, IV, and V) oversee and manage 21 recreation centers in designated geographic areas throughout the County and their associated programs and activities. The Area Facilities have diverse amenities that include fitness rooms, social halls, meeting spaces, classrooms, billiards, and game rooms that can be reserved via permit. Cashiers, including part-time and seasonal employees, collect cash payments and record transactions in ActiveNet. There is an integrated interface between ActiveNet and the ERP system that allows for the automated upload of transactions. At the end of each day, cashiers count, reconcile, and store all cash within a safe. Career staff, consisting of REC supervisors or specialists, reconcile prior day balances, prepare deposits, and transport the deposits to the bank. Customer (i.e., Montgomery County residents) requests for refunds are directed to the Business Services section, within the Administration Division, for processing. Career staff can

process same day requests for cancelled or voided transactions due to overcharge or duplicate transactions.

Administration Division

REC's Administration Division helps the County achieve its recreation goals by providing administrative services for both internal and external use. It is comprised of approximately 17 career staff within the following two sections:

1. Business Services:
 - a. Budget
 - b. Contracts
 - c. Customer Service
 - d. REC Finance
 - e. Human Resources
2. Technology Services:
 - a. Information Technology Support

REC's Administration Division recorded approximately \$7K in cash receipts in CY21. All receipts were processed through the Business Services section. The Technology Services section does not have cash management responsibilities and was not included in this review. An overview of the Business Services section is below.

Business Services

CY21 total cash registration receipts: \$6,599

The Business Services section, including program aides and fiscal assistants, processes certain customer transactions (e.g., pool passes and facility permits) received at the Central Booking Office (i.e., REC's main office/headquarters) in ActiveNet. Daily balances are reconciled and recounted prior to being secured in a safe. The fiscal assistant prepares the deposit slip and transports the deposits to the bank. The Business Services section is also responsible for processing refunds, by either request, cancelation, or double charge; and researching unmatched transactions (e.g., discrepancies/differences between ActiveNet and the bank records) as a result of weekly bank reconciliations prepared by County Finance's General Accounting (General Accounting) section of the Controller Division. Upon receipt from General Accounting, the Business Services section's fiscal assistant researches the unmatched transactions by comparing ActiveNet sales and bank deposit amounts to identify reasons for differences, and communicates back to General Accounting.

Scope and Methodology

The review evaluated cash receipts received during CY21. The scope focused on the cash management activity processes within the above REC programs and operations, which included:

1. Cash Handling/Receipts: Cash collection; operation of POS systems and/or cash registers; utilization of cash boxes; making change for customers; providing receipts of purchase (paper trail); documenting transactions (payment tracking).
2. Balance and Reconcile: Hourly, shift, or daily reconciliation of sales records/receipts to cash on hand; supervisory reviews of reconciliations.
3. Cash Security: Storage of cash (e.g., on-site, in-transit); physical security; utilization of security cameras; physical (e.g., combination for a safe) and logical access (e.g., user credentials for POS systems).

4. Deposit: Preparation of deposit; transport of deposit; deposit at bank; physical (e.g., deposit slip) or system documentation of deposit.
5. Refunds/Credits/Voids: Refunds, credits, or voids processes via POS and/or Oracle ERP; documentation and audit trail; authorization and approval (e.g., limits on amount that need approval); supervisory review of refunds, credits or voids.
6. Bank Reconciliation: Monthly reconciliation between cash records (e.g. POS system, deposit slips), the Oracle ERP system, and the bank statement/records.
7. Financial Recordkeeping: Account reconciliations; journal entries; integration with banking systems.
8. Training/Other: Policies and procedures; training materials; on the job training; communication.
9. System/User Access: Logical access to point of sales systems and other recordkeeping systems/tools; access rights and privileges.

In order to achieve the objectives, SC&H performed the following procedures.

Scoping

The review began by conducting a fraud risk assessment (assessment) of the County's REC programs and operations, which included the following:

1. Documenting the REC programs and operations from end-to-end.
2. Identifying risks or scenarios that potentially could be exploited to commit fraud.
3. Identifying and overlaying the internal controls within the in scope programs and operations.
4. Assessing the design effectiveness of the controls and the resulting residual risks that appear to remain.
5. Identifying potential gaps in the internal controls.

The identification of potential residual risks and gaps in the control environment allows the County to focus corrective actions on additional or re-designed controls that need to be implemented to address any elevated risk situations.

SC&H performed the following procedures to complete the assessment.

Fraud Risk Assessment and Test Plan Development

SC&H conducted department interviews and performed documentation review and other research to identify potential cash management fraud risks/schemes and scenarios. Based on these analyses, SC&H formulated a plan to test internal controls identified during the risk assessment, and test REC's controls, policies and procedures.

Fieldwork

Fieldwork consisted of testing the operational design and/or effectiveness of internal controls identified during the assessment. Since the review focused on transactions processed during CY21, processes and controls specific to ActiveNet were included in the review. REC communicated that the VSI system that was implemented in CY22 operates under similar processes and controls; however, SC&H did not review CY22. SC&H prepared a document request listing information needed to satisfy the testing steps developed in the test plan, including populations required to select samples for which additional information was selected. The following includes additional details regarding sample selections and test procedures.

Sample Selections

Sample selections were made utilizing a population of cash receipts transactions provided by Business Services. SC&H utilized judgmental, random, and haphazard selection methods for sampling. Due to their availability, SC&H performed user access related review procedures for both ActiveNet and VSI, the ERP system, and the Capital One banking portal.

Internal Controls Testing

The operational effectiveness of the control activities identified and detailed within the test plan were tested.

1. Aquatics, Business Services, and Area Facilities Cash Receipts: Obtained supporting documentation to determine the accuracy and completeness of the daily transactions, deposit amounts, and evidence of review and sign-off by applicable supervisory personnel.
2. Weekly Reconciliations: Obtained supporting documentation with the appropriate supporting research and resolution of identified discrepancies, as applicable.
3. System and User Access Reviews:
 - a. Obtained and reviewed supporting documentation to determine appropriate logical system access for applicable REC employees.
 - b. Requested evidence of prior periodic user access reviews (e.g., applicable software system access) performed by REC.

Supplemental Test Procedures

SC&H evaluated and reconciled documented REC cash management internal controls with related department-level and County level policies and procedures (i.e., the County's Finance Accounts Receivable Policy (Finance AR Policy)). This consisted of evaluating REC policies and procedures to the identified cash management sub-processes (e.g., cash handling/receipts, balancing, and reconciliation, etc.) for completeness as well as alignment with the Finance AR Policy.

Validation

The preliminary test results were compiled and presented to REC Management and the IA Manager.

Findings and Recommendations

Results

We appreciate the assistance and cooperation from the County's REC department during this review.

Overall, the REC cash management function is complex, consisting of various processes conducted throughout multiple programs/operations and locations. Based on the review procedures, the REC cash management function appears to have certain control activities to mitigate fraud risks throughout the various programs and operations.

The review yielded findings and opportunities for REC to improve its cash management operations and internal controls. These findings are categorized by functional area, and the recommendations are presented to help strengthen the design and operational effectiveness of internal controls within the operations.

Finding 1: Segregation of Duties Limitations

Background

SC&H conducted process interviews and walkthroughs to understand and document REC's cash management programs, operations, and risks. During the procedures, SC&H evaluated for segregation of duties limitations within cash management operations.

The principle of segregation of duties is based on shared responsibilities of a key process that disperses the critical functions of that process to more than one person or department. Without this separation in key processes, fraud and error risks are far less manageable.²

County Finance AR developed and updated the County's AR Policy as of April 1, 2020. The purpose of the policy is to ensure best practices are followed for the activities relating to the County's accounts receivable function and collection of County cash receipts. The policy includes sections related to cash management operations, including:

1. Receiving Payments
2. Making Timely Receipt Deposits
3. Automated Financial Systems and Interfaces
4. Internal Controls and Documentation
5. Training Employees Who Work with Finances

AR Policy section 12, (*Internal Controls and Documentation*) requires that "County departments and offices which engage in Revenue Activities must ensure appropriate internal controls including segregation of duties..."

Finding

The following segregation of duties limitations were identified. In these instances, multiple cash management functions are performed by the same person/people:

1. Business Services: The fiscal assistant records, reviews, and balances daily transactions; prepares, signs, and transports the deposit; and prepares the weekly reconciliation/mismatch report prepared by General Accounting.
2. Aquatics: The REC specialist and/or supervisor (career staff depending on location) balances the daily cash reports, processes adjustments in ActiveNet, prepares the deposit slip, and transports the deposit to the bank.
3. Area Facilities: The REC specialist and/or supervisor (career staff depending on location) balances the daily cash reports, processes adjustments in ActiveNet, prepares the deposit slip, and transports the deposit to the bank.

Risks

1. Segregation of duties limitations/inappropriate allowable access rights/duties could increase fraud-related risks and activities including theft.
2. Inconsistently, incompletely, and ineffectively performed procedures to monitor and control instances where segregation of duties limitations may exist could increase fraud-related risks and activities including theft.

² <https://us.aicpa.org/interestareas/informationtechnology/resources/value-strategy-through-segregation-of-duties>

Recommendation 1

REC should correct the segregation of duties limitations identified above, and periodically reassess whether new or similar limitations have developed. Any new or similar limitations should be corrected.

Potential mitigation steps could include incorporating additional personnel and/or implementing other preventive and detective procedures/controls. For instance:

1. Include additional Business Services team members in the recording and reconciling of transactions, preparation of the deposit, and reviewing the mismatch report. This may help reduce the opportunity for inappropriate cash activities performed by a single employee.
2. Perform frequent/periodic reviews/audits surrounding cash management programs and operations. This may help increase the oversight and monitoring of activities performed by a single person, in situations where additional team members cannot be incorporated into a process.

Finding 2: Limited Formalized Review Procedures

Background

REC performs multiple control activities throughout its programs and operations designed to mitigate inherent risks related to cash transactions. These include preventive and detective control activities within the following cash management sub-processes:

1. Cash handling/receipts
2. Balance and reconcile
3. Cash security
4. Deposit
5. Refunds/credits/voids
6. Bank reconciliation
7. Financial recordkeeping
8. Training/other
9. System/user access

The April 1, 2020 AR Policy referenced above, states, in section 5 (*Receiving Payments*), that “departments handling cash, whether in the form of coin and currency, check payments, or credit card payments, must follow appropriate procedures to properly safeguard financial assets (as described in Section 12).” AR Policy section 12, Internal Controls and Documentation, references and provides the link for procedure templates available on AR’s website for departments’ use in developing their specific procedures. The Cash Receipts and Deposit Procedures Template includes:

- Section on Alignment with Required Policies, notes that “Receipts are logged, either electronically or manually, at the time cash is received.”
- Section on Receiving Payments from Customers, notes that for both In-Person and Mailed Customer Payments, “cashier records the customer payment....by manually entering the customer payment on a paper log on Excel spreadsheet showing the amount paid, date, cashier receiving the payment, receipt number and service or product delivered; or by keying the amount received into a point-of-sale system.

SC&H conducted process interviews and walkthroughs to understand and document REC’s cash management programs, operations, and risks. During the procedures, controls designed

to mitigate those risks were identified. In instances where controls did not appear to be designed to suitably mitigate risks, a design gap was documented.

Finding

Multiple cash management functions do not contain formalized review procedures.

Specifically:

1. Business Services does not have a log of mailed-in checks for registrations/payments to determine that all transactions received are processed in ActiveNet.
2. Business Services, Aquatics, and Area Facilities do not endorse checks for payments received in person with the County stamp as soon as they are received by Business Services team members and Facilities cashiers (Aquatics and Area Facilities).

Further, SC&H tested various control activity types throughout the programs and operations to evaluate their operational effectiveness. Based on the test procedures performed, the following instances of incomplete documentation were identified, organized by program/operation:

1. 12 samples (Business Services): Transaction documentation did not include complete sign-offs by the reviewer (e.g., fiscal assistant).
2. 10 samples (Business Services): Transaction documentation did not include complete sign-offs by the preparer (e.g., program aide) and the reviewer (e.g., fiscal assistant).
3. 12 samples (Aquatics): Transaction documentation did not include complete sign-offs by the reviewer (e.g., career staff).
4. 7 samples (Aquatics): Transaction documentation did not include complete sign-offs by the preparer (e.g., cashier) and the reviewer (e.g., career staff).
5. 9 samples (Area Facilities): Transaction documentation did not include complete sign-offs by the reviewer (e.g., career staff).
6. 12 samples (Area Facilities): Transaction documentation did not include complete sign-offs by the preparer (e.g., cashier) and the reviewer (e.g., career staff).
7. 3 samples (Business Services): The fiscal assistant notified/provided General Accounting with the completed Mismatch Report outside of the expected turnaround time of roughly a week.
8. 12 transactions (Business Services): Weekly Mismatch Reports reviewed by the fiscal assistant contained transactions that were aged or remained unresolved for the entire scope period of the review (CY21).

Risks

1. Lack of consistently 1) maintained and completed documentation to support and justify transaction activity and balances and 2) approved documentation to justify and support completeness, accuracy, and validity of activities could result in:
 - a. Opportunities to mishandle and/or steal cash
 - b. Unauthorized and invalid transactions
 - c. Incomplete and inaccurate reporting information
 - d. Operational error and management oversight
 - e. Inefficient use of resources, due to the time needed to perform related research activities
2. Lack of timely resolution and consistent and detailed support and explanation to justify account reconciliation variances could lead to opportunities for:
 - a. Inappropriate and unauthorized transactions
 - b. Account misclassifications
3. Ineffectively designed and operationally ineffective internal controls could increase the risk of incorrect financial information and fraud-related risks.

Recommendation 2

REC should ensure that required review and documentation procedures for the identified cash management programs and operations are documented, communicated, and enforced.

Potential control design enhancements could include additional tracking mechanisms and oversight/monitoring of cash transactions. For example, the requirements and procedures should include criteria such as:

1. Review requirements to determine who needs to formally review, approve, and sign-off based on procedure type (e.g., cash balancing), reconciliation type, balance, variances, etc.
2. Threshold amounts that require additional review/investigation, justification, and approval.
3. Incorporating additional oversight and monitoring by Business Services supervisory personnel, including formal review and sign-off.

For instance:

1. Business Services could consider the following:
 - a. Ensuring a second team member is present when the registration/pass checks mail is opened, and/or
 - b. Creating a process to log the opened registration/pass checks, including such data points as, who the check was from, the amount, the date, and who was present at opening.
2. REC could consider ensuring that Business Services program aides and Aquatics and Area Facilities cashiers endorse checks upon receipt, instead of waiting until end of day.

Finding 3: Limited Access Management Review Documentation

Background

Within Administrative Procedure (AP) 6-7, Information Security (the County's policy and procedure document on computing assets and infrastructure policy and procedure) the following processes have been documented:

- Chapter 1 Information System Access
 - Section 1.1.10: Review User and Information System accounts for compliance with account management requirements at least annually.
 - Section 1.3.2: Reviews of the privileged accounts must be performed annually to validate the need for such privileges.

SC&H inquired with REC Management regarding the periodic documented user access reviews completed during the scope period. Per discussion, the reviews should have included a review of applicable software system access (e.g., the ERP system, the Capital One banking portal, ActiveNet, and VSI, and related components).

Finding

REC Technology Services did not perform periodic system user access reviews for REC business systems during the scope period in order to verify compliance with AP 6-7.

Additionally, SC&H requested user access listings from the applicable systems to ensure that each employee account has an assigned unique user ID and/or username. Per inspection, SC&H identified one user having two unique usernames that provided access to two unique

User Groups within one applicable system. SC&H followed up with Business Services to determine if the access was appropriate and it was determined that one of the accounts should have been deleted or made inactive, as the original account had an incorrectly spelled username.

Upon identification and notification of the duplicate user IDs, REC Technology Services communicated and provided evidence that the duplicate user ID has been removed from the system.

Risks

1. Lack of a formalized process that documents the requirements for periodic user access review could result in lapses and/or breaches to critical systems and sensitive areas.
2. Failure to perform a periodic user access review could result in unauthorized access and successful attacks, including but not limited to, denial of service attacks, ransomware attacks, manipulation of data, fraudulent activities, and theft of money and assets.

Recommendation 3

REC Technology Services should perform user access reviews of REC systems on a periodic basis in order to comply with AP 6-7, and confirm user access is appropriate for systems deemed critical and/or sensitive to REC processes. User access reviews should record the authorized personnel reviewing the user listing, the date of review, and any necessary actions needed to ensure unauthorized users have their access disabled and/or removed.

Finding 4: Misalignment with County Policies and Procedures

Background

County Finance AR developed and updated the County's AR Policy as of April 1, 2020. The purpose of the policy is to ensure best practices are followed for the activities relating to the County's accounts receivable function and collection of County cash receipts. The policy includes sections related to cash management operations, including:

1. Receiving Payments
2. Making Timely Receipt Deposits
3. Automated Financial Systems and Interfaces
4. Internal Controls and Documentation
5. Training Employees Who Work with Finances

Further, Section 12 (*Internal Controls and Documentation*) of the AR Policy requires that "County departments and offices which engage in Revenue Activities must ensure appropriate internal controls ... and maintain up-to-date documented policies and procedures...."

Finding

SC&H requested and reviewed the policies, procedures, and trainings provided by REC. The documentation provided did not include comprehensive, formal policies and procedures related to the cash management sub-processes identified during this review, such as cash handling/receipts, balancing and reconciling, deposits, and bank reconciliations. Therefore, SC&H was unable to reconcile/map the REC policies and procedures to the Finance AR Policy to ensure that controls and processes required by the AR Policy are documented within the REC policies and procedures.

Risks

1. Lack of complete policies and procedures that align with Countywide requirements could negatively impact:
 - a. The establishment and performance of necessary activities performed consistently, efficiently, and effectively in a controlled and timely manner.
 - b. The ability to perform critical activities in the absence of the primary users.

Recommendation 4

REC should develop/update policies and procedures to formally document cash management processes, as required in Section 12 of the AR Policy. Further, these policies and procedures should be consistent and align with County policies and procedures. REC should ensure going forward that any changes in County policies are reflected in REC policies and procedures; and should periodically review the REC policies and procedures to ensure alignment with County policies, including with the implementation of the new point of sale and registration system, VSI.

For example, the policies and procedure documents could include, but not be limited to the following:

1. Documenting roles and responsibilities, tools and resources for cash management processes, such as cash handling and processing, reconciling, and preparing the deposit.
2. Documenting roles and responsibilities, timing expectations, and applicable escalation and management reviews for the mismatch report and unreconciled transactions.
3. Documenting the data upload/integration processes, reviews, research, and resolution, such as data upload errors, between VSI and Oracle ERP.
4. Identifying system and process owners for the VSI and Oracle ERP data upload/integration.
5. Documenting scenarios, guidelines, roles, and responsibilities for processing refunds/credits/voids transactions.

Finding 5: Physical Cash Security Limitations

Background

Physical cash security measures, such as security cameras, drop box safes, and combination safes can help mitigate and/or prevent the risk of fraud, theft, or loss of cash and checks. REC facilities utilize a combination of these physical security measures across its facilities, including Central Booking office, recreation centers, outdoor pools, and indoor swim centers.

SC&H conducted process interviews and walkthroughs to understand and document REC's cash management programs, operations, and risks. During the procedures, controls designed to mitigate those risks were identified. In instances where controls did not appear to be designed to suitably mitigate risks, a design gap was documented.

Finding

We have communicated separately to REC specific cash security design gaps so that these gaps can be addressed as part of the corrective actions being taken by REC in response to the recommendation below.

Recommendation 5

REC should address the security gaps identified during this review and separately communicated to REC.

Comments and MCIA Evaluation

We provided the Department of Recreation with a draft of this report for review and comment. Recreation responded stating that they have initiated implementation of methods to improve the segregation of financial duties, cash security and safe management, as well as periodic reviews of access to financial elements of the County's activities registration system; and will engage in an ongoing process to improve internal control processes, and routinely training all employees to assure adherence to County and departmental policies.

No changes have been made in the report based on the response, which is included in this report at Appendix A.

APPENDIX A – Department Comments



DEPARTMENT OF RECREATION


Marc Elrich
County Executive

Robin Riley
Director

M E M O R A N D U M

October 12, 2022

TO: William Broglie, Internal Audit Manager
Offices of the County Executive

FROM: Robin Riley, Director
Department of Recreation 

SUBJECT: FY22 Cash Management Targeted Internal Control Review Response

Thank you for review of the Department of Recreation's cash management practices. The Department acknowledges the need to appropriately document existing cash management practices, assuring alignment with the County's policies, and actively monitor compliance in this area. Please note that we have initiated the implementation of methods to improve the segregation of financial duties, cash security and safe management, as well as periodic reviews of access to financial elements of the County's activities registration system.

The Department will engage in an ongoing process to improve internal control processes and routinely train all employees to assure adherence to County and Departmental policies. We have developed an aggressive timeline to address all audit findings.

If there are any questions, please feel free to contact me or Charlotte Keys, Manager for Business and Financial Services, at 240-777-6942.

Office of the Director

2425 Reedie Drive, 10th Floor, Wheaton, Maryland 20902 • 240-777-6800 PHONE, 240-777-6803 FAX
www.montgomerycountymd.gov/rec