

Worksession

MEMORANDUM

April 15, 2013

TO: Government Operations and Fiscal Policy Committee
FROM: ^{JCA} Jean C. Arthur, Legislative Analyst
SUBJECT: **Worksession: FY14 Operating Budget
Office of the Inspector General (OIG)**

The relevant pages from the FY14 Recommended Operating Budget are at ©1-2.

The following persons are expected at this worksession:

Edward Blansitt, Inspector General
Erika Lopez-Finn, OMB Analyst

OVERVIEW

For FY14, the County Executive is recommending a total of \$730,100, an increase of \$42,727 or 6.2 percent from the FY13 approved budget of \$687,373. The recommended appropriation funds five full-time positions. Operating expenses are 9.3 percent of this budget.

| | FY13 Approved | FY14 CE Recommended | % Change |
|----------------------|--------------------------|--------------------------------|-----------------|
| EXPENDITURES | | | |
| General Fund | | | |
| • Personnel | \$619,374 | \$662,005 | 6.9% |
| • Operating Expenses | \$67,999 | \$68,095 | 0.1% |
| Total Expenditures | \$687,373 | \$730,100 | 6.2% |
| PERSONNEL | | | |
| Full-time | 4 | 5 | 25% |
| Part-time | 1 | 0 | |
| FTEs | 4.8 | 5 | 4.2% |

A list of reports issued by the OIG in FY10-13 is at ©3-4.

The OIG is currently working on the following projects:

- Department of Liquor Control analysis
- Department of Permitting Services analysis
- Review of MCPS whiteboard technology procurement
- Audit of data provided by Economic Development Fund
- Report of investigation- Department of Transportation matter
- Five investigative inquiries
- One outstanding referral
- Create a new audit/investigations procedures manual essential to OIG compliance with audit, investigation and professional standards as required by County Code

Inspector General Advisory Group

The Inspector General established an informal advisory group to solicit independent recommendations on priority audit topics. The group first met in May 2012 and has met quarterly since then and makes the following recommendations for the OIG work plan:

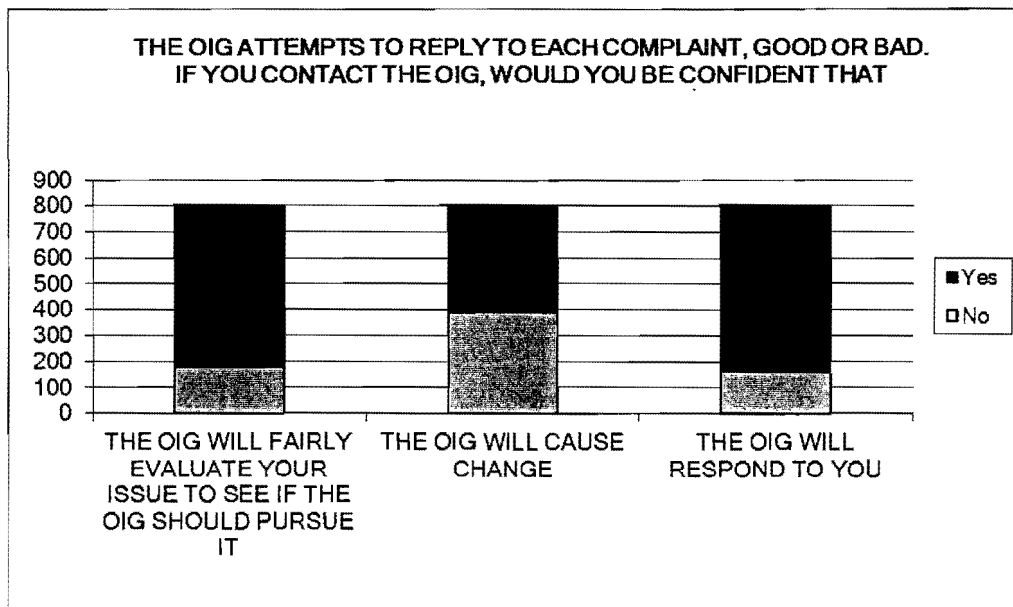
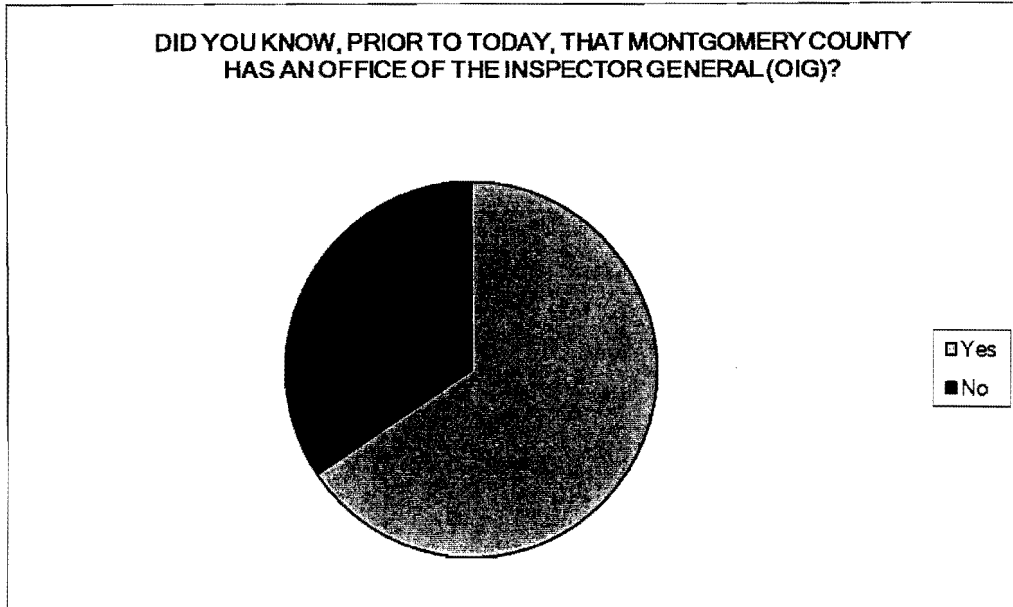
Higher Priorities:

- Selected revenue collections and related controls. The Group considers this to be a critical area for the OIG to review. Group members have specific recommendations as to departments that should be considered.
- Selected payments, possible improper payments, and related controls. The Group believes that this is an important area for consideration, and would like to understand what specific risk criteria the OIG will use to select disbursements for testing.
- Audits of M-NCPPC and Department of Liquor Control. The Group believes that these two audits should be the OIG's top priorities.
- Economic Development Fund audit. The Group strongly supports the OIG's plan to audit this fund.

Survey & Fraud Hotline

During FY13, the OIG conducted a survey of Montgomery County Government employees. As of April 11, over 900 employees had responded. Of those, over 300 were not aware of the existence of the office, but those who knew of the office felt that it would be responsive. The final results of this survey will be reported in May. The OIG will extend the survey to County funded agencies in FY14.

The following two slides are from the survey:



The OIG continues to operate the fraud hotline as a fully staff-supported activity. Employees have been using it to alert OIG to potential issues in County Government offices.

Staffing

In addition to the three assistant and associate inspector generals, the OIG also uses contract specialist to help with certain audits. During this fiscal year, the OIG used a contract specialist in the audit of the Department of Liquor Control.

Performance Measures

The chart below highlights some key performance measures:

| | FY 13 GOAL | FY 13 YTD | FY 14 GOAL |
|---|------------|-----------|------------|
| % COMPLAINTS REVIEWED AND ACTION INITIATED WITHIN 5 BUSINESS DAYS | 90% | 94% | 95% |
| % INQUIRIES COMPLETED WITHIN 60 DAYS | 70% | 87% | 85% |
| % COMPLAINTS RESOLVED OR REFERRED TO MGMT WITHIN 90 DAYS | 70% | 97% | 90% |
| % INVESTIGATIONS/AUDITS COMPLETED WITHIN 6 MONTHS | 50% | 50% | 50% |

Work Plan

The OIG submitted its four-year work plan to the Council in August 2011. The plan projects that the OIG will need at least 4.3 workyears to accomplish the tasks. The recommended budget includes that staffing and also includes operating expenses, part of which the Inspector General can use for qualified external audit contractors where specific expertise is required and that use is cost effective.

Staff Recommendation: Approve as submitted by the County Executive.

Inspector General

MISSION STATEMENT

The mission of the Office of Inspector General is to promote the effectiveness and efficiency of programs and operations of County government and independent County agencies; prevent and detect fraud, waste, and abuse in government activities; and propose ways to increase the legal, fiscal, and ethical accountability of County government and County-funded agencies.

BUDGET OVERVIEW

The total recommended FY14 Operating Budget for the Office of Inspector General is \$730,100, an increase of \$42,727 or 6.2 percent from the FY13 Approved Budget of \$687,373. Personnel Costs comprise 90.7 percent of the budget for five full-time positions. A total of five FTEs includes these positions as well as any seasonal, temporary, and positions charged to or from other departments or funds. Operating Expenses account for the remaining 9.3 percent of the FY14 budget.

LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ❖ ***A Responsive, Accountable County Government***
- ❖ ***Strong and Vibrant Economy***
- ❖ ***Vital Living for All of Our Residents***

PROGRAM CONTACTS

Contact Ed Blansitt of the Office of Inspector General at 240.777.8241 or Erika Lopez-Finn of the Office of Management and Budget at 240-777-2771 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Inspector General

The Inspector General conducts independent audits, reviews, and investigations; receives and investigates credible complaints; reports possible violations of the law to law enforcement or another appropriate organization; notifies the County Council and Executive of serious problems in programs; reviews legislation and regulations to strengthen controls and increase accountability; and submits reports with recommendations to appropriate officials. The Inspector General periodically conducts projects jointly with other government agencies and contractors.

BUDGET SUMMARY

| | Actual FY12 | Budget FY13 | Estimated FY13 | Recommended FY14 | % Chg Bud/Rec |
|--|----------------|----------------|-------------------|---------------------|------------------|
| COUNTY GENERAL FUND | | | | | |
| EXPENDITURES | | | | | |
| Salaries and Wages | 437,946 | 495,137 | 495,120 | 535,547 | 8.2% |
| Employee Benefits | 60,895 | 124,237 | 123,648 | 126,458 | 1.8% |
| County General Fund Personnel Costs | 498,841 | 619,374 | 618,768 | 662,005 | 6.9% |
| Operating Expenses | 162,044 | 67,999 | 67,788 | 68,095 | 0.1% |
| Capital Outlay | 0 | 0 | 0 | 0 | — |
| County General Fund Expenditures | 660,885 | 687,373 | 686,556 | 730,100 | 6.2% |
| PERSONNEL | | | | | |
| Full-Time | 4 | 4 | 4 | 5 | 25.0% |
| Part-Time | 0 | 1 | 1 | 0 | — |
| FTEs | 4.00 | 4.80 | 4.80 | 5.00 | 4.2% |

FY14 RECOMMENDED CHANGES

| | Expenditures | FTEs |
|---|----------------|-------------|
| COUNTY GENERAL FUND | | |
| FY13 ORIGINAL APPROPRIATION | 687,373 | 4.80 |
| Other Adjustments (with no service impacts) | | |
| Increase Cost: Group Insurance Adjustment | 25,342 | 0.00 |
| Increase Cost: FY14 Compensation Adjustment | 23,525 | 0.00 |
| Increase Cost: Printing and Mail Adjustment | 96 | 0.00 |
| Technical Adj: Increase part-time position to full-time | 0 | 0.20 |
| Decrease Cost: Retirement Adjustment | -560 | 0.00 |
| Decrease Cost: Elimination of FY13 \$2,000 Lump Sum | -5,676 | 0.00 |
| FY14 RECOMMENDED: | 730,100 | 5.00 |

FUTURE FISCAL IMPACTS

| Title | CE REC. | | | | | |
|--|------------|------------|------------|------------|------------|------------|
| | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 |
| This table is intended to present significant future fiscal impacts of the department's programs. | | | | | | |
| COUNTY GENERAL FUND | | | | | | |
| Expenditures | | | | | | |
| FY14 Recommended | 730 | 730 | 730 | 730 | 730 | 730 |
| No inflation or compensation change is included in outyear projections. | | | | | | |
| Labor Contracts | 0 | 34 | 44 | 44 | 44 | 44 |
| These figures represent the estimated cost of general wage adjustments, new service increments, and associated benefits. | | | | | | |
| Subtotal Expenditures | 730 | 764 | 775 | 775 | 775 | 775 |



MONTGOMERY COUNTY MARYLAND

OFFICE OF THE INSPECTOR GENERAL

Reports Issued by the Office of the Inspector General

Upon completion of a Work Plan item, the Inspector General prepares a written report that describes the purpose of the project, the research methods used, and the Inspector General's findings and recommendations.

Each affected department or agency is given the opportunity to respond to the Inspector General's report. The response is included in the public report.

The Inspector General will release the report to the public after providing the Executive and the Council a reasonable opportunity to review the report.

Following are the Office of the Inspector General's final public reports for the current and three prior Fiscal Years.

Fiscal Year 2013

- Inquiry into Allegations of Failure to Discharge Statutory Duties by the Montgomery County Department of Permitting Services Regarding Construction Work on the "Monty" Project, February 4, 2013
- Response to the Municipal & County Government Employees Organization's Request for Investigation into an Alleged Violation of Ethics Law by a Member of County Council, January 31, 2013
- Review of Montgomery County Commercial Property Tax Assessments, January 10, 2013
- Response to the Fraternal Order of Police's Request for Investigation into the County Executive's Alleged Use of Government Resources for Political Activities, November 6, 2012
- Review of Montgomery County Libraries Collection Management Procurement Internal Controls, October 12, 2012
 - Libraries Collection Management Procurement Internal Controls Report Presentation to Montgomery County Council Health & Human Services Committee, November 29, 2012

Fiscal Year 2012

- Clifton Larson Allen Independence in Performing Non-Audit Work
- Office of Human Rights' Management of Purchasing Cards and Space Renovation, May 29, 2012
 - MCOHR Report Presentation Slides
- Review of Certain Montgomery County Ethics Activities, April 9, 2012
 - MCEC Report Presentation Slides
- Evaluation of Budget and Financial Information Provided by Montgomery County Public Schools, January 9, 2012
 - MCPS Report Presentation Slides
- Review of the Vehicle Management Practices of the Fleet Management Services Division's Administrative Vehicle Light Fleet, November 29, 2011
 - FMS Report Presentation to Montgomery County Council Transportation, Infrastructure, Energy & Environment/Government Operations and Fiscal Policy Committee, January 31, 2012

Fiscal Year 2011

- Final Report - West Germantown Development District, March 2011
- Final Report - Review of Selected MCG Contracts, January 2011
- Follow-Up - Tuition Assistance Program Review, June 7, 2010 and CAO Response dated July

2, 2010

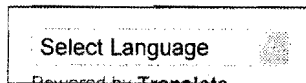
Fiscal Year 2010

- [OIG Follow-Up Review of Disability Retirement Program - June 8, 2010 and CAO Response dated July 26, 2010&](#)
- [Final Report - MCG payments to MCVFRA, April 2010](#)
- [Final Report - MCG Tuition Assistance Program, March 2010](#)
- [Final Report - Review of FRS Accident, October 16, 2009](#)

IG Activity Reports Prior to 2010

IG News Releases and Other Public Documents

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