



**OFFICE OF THE INSPECTOR
GENERAL**

MONTGOMERY COUNTY, MARYLAND

ANNUAL REPORT

Fiscal Year 2020

MEGAN DAVEY LIMARZI, ESQ.
INSPECTOR GENERAL

OFFICE OF THE INSPECTOR GENERAL

Montgomery County, Maryland

FY2020 HIGHLIGHTS

\$50M

PROGRAM
FUNDING
REVIEWED



OIG oversight responsibility increased from over \$3.1 Billion to over \$5.8 Billion with the passage of legislation.

165

COMPLAINTS
RECEIVED



The OIG experienced a 92% increase in complaints received over FY19.

42

PRELIMINARY
INQUIRIES



OIG referrals to Montgomery County Government agencies and outside entities increased from 8 in FY19 to 34 in FY20.

34

REFERRALS
MADE



Montgomery County Council action added requirements to perform systematic reviews of all County departments and high-risk contracts and agreements.

28

RECOMMENDED
IMPROVEMENTS



Maryland House of Delegates legislation authorized the Montgomery County Council to enact laws granting the OIG oversight of Montgomery College, the Housing Opportunities Commission of Montgomery County, the Montgomery County Board of Education, and Montgomery County Public Schools.

20

COUNTY-
FUNDED
AGENCIES
AFFECTED



The OIG issued 17 reports in FY20 (up from 7 in FY19) covering a broad range of topics, including contract irregularities, grant awards, ethics issues, questioned expenditures, and employee misconduct.

17

REPORTS
ISSUED

REPORT FRAUD, WASTE, AND ABUSE



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<http://montgomerycountymd.gov/oig/hotline.html>



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SCAN ME

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This report is submitted pursuant to Montgomery County Code Section 2-151(k)(1) which requires the Inspector General to submit by October 1 of each year an annual report to the Council and the Executive on the activities of the Office and its major findings and recommendations during the previous fiscal year.



FROM THE INSPECTOR GENERAL

Megan Davey Limarzi, Esq.
Inspector General

I am pleased to present the Office of the Inspector General's (OIG) annual report detailing our efforts during FY20. This year has been one of significant change and growth in the OIG - and we are not done yet. Over the last several months, we have built a more modern, streamlined, and nimble office. We have shored up our foundation to support and enhance our growth by standardizing processes, formalizing correspondence, updating our work products so they are clear, timely, and actionable, implementing technology and telework to support collaboration and efficiency, and supporting the professional development of our staff.

Several factors have driven our evolution, but none has been as impactful as legislative changes which took effect during this fiscal year. In October of 2019, the County Council passed Bill 11-19 which mandates that the OIG perform systematic reviews of all County departments as well as audit high-risk contracts and agreements. These new duties were supported by the Council through a special appropriation which increased the office's budget to fund new staff, modernization of our systems for case management and auditing capabilities, and expanded office space better suited to achieving our mission. On the State level, the General Assembly passed two bills which took effect in October of 2019 and solidified our authority over the Housing Opportunities Commission and Montgomery College. Looking forward, another law will take effect this fall which places Montgomery County Public Schools under the OIG's authority as well and will undoubtedly further advance change.

Another contributor to our growth is our increased outreach efforts which have led to a steady rise in complaints received and connections made with County employees and residents. We have built new relationships, updated informational materials, and shared tips and resources through County websites and employee communications. In the coming year we will seek out more ways to connect with County employees and residents to maintain the highest integrity in County government and programs.

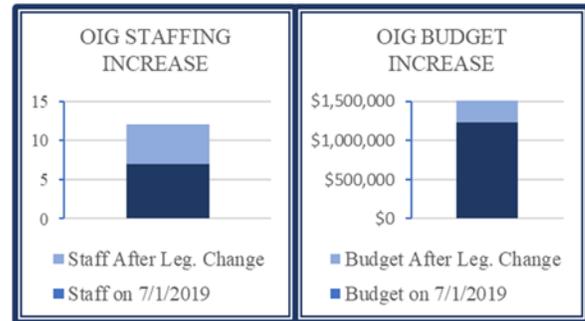
Lastly, due to the COVID-19 pandemic we have seen an explosion in the number of programs, issues, and dollars which warrant our attention. The OIG has spent much of the later part of FY20 assessing and researching appropriations, programs, and agreements where the risks involved are high and opportunities for abuse are many. Where appropriate, we have engaged in discussion with executive staff to share our experience and insight. As we watch trends and learn about the fiscal impacts of these challenging times, our review of these programs and appropriations will also continue to expand.

As I mark my one year anniversary as Montgomery County's Inspector General, I look back over the past year which was full of immense change and struggle and feel incredible pride in the diversity and quality of work our office has been able to accomplish. I am grateful to the leaders who have supported us, and County employees and residents who have trusted us and shared their observations and concerns. The past year has been one of great expansion, a year of building up the OIG so it can meet new responsibilities and provide the most reliable and effective information possible. I look forward to the next year and am excited and energized by the possibilities ahead.

OVERVIEW

Office and Staffing

The County Council enacted Bill 11-19 on October 15, 2019, to expand the duties of the OIG. The bill requires the OIG conduct a systemic risk-based rotating group-by-group review of the internal accounting and contracting practices and controls used by each department and principal office in the Executive Branch. Staffing was increased by five full-time equivalent positions to meet this mandate.



In addition to welcoming new auditors and an investigator, we solidified our executive leadership team by filling the long vacant Deputy Inspector General position and hiring a Special Assistant Inspector General for Administration. Working alongside the Inspector General, the executive team helps provide direction and oversight to facilitate the office's day-to-day operations and long-range planning.

Increased staffing and funding also enabled the OIG to grow in capability. We added Certified Fraud Examiners; Spanish and Portuguese language proficiency; financial accounting experience; IT certifications; and employees with over 50 years of combined criminal investigations experience to our already impressive pool of expertise.



Outreach



Understanding that County employees and residents are our greatest resource in detecting fraud, waste, and abuse in government activities, we undertook several efforts to more broadly publicize the OIG Hotline during the fiscal year. We added postings to the main pages of the County Government and County Council's websites, and an article to the Employee Connect Newsletter. We also updated materials given to employees during New Employee Orientation to emphasize their responsibility to report fraud, waste, and abuse in County government activities.

The Inspector General worked with the Deputy Chief Administrative Officer (Deputy CAO) to craft an email to County employees reiterating their obligation to report suspected violations to the OIG. Inspector General Limarzi, in anticipation of attempts to defraud County COVID-19 grant programs, proactively sent the Director of Finance a compilation of fraud reduction measures that, if implemented, would minimize vulnerabilities and aide in prospective recoveries and prosecutions.

OIG Hotline

The OIG continued to leverage information received through our fraud hotline to target high-risk and vulnerable areas of County government. We also gave a voice to aggrieved complainants by investigating and evaluating concerns, and where applicable, alerting County departments to potential issues.

We received 165 complaints in FY2020. This represents a 92% increase from FY2019. Approximately 96% of applicable complaints were addressed within five business days of receipt. In total we closed 155 complaints in FY2020.

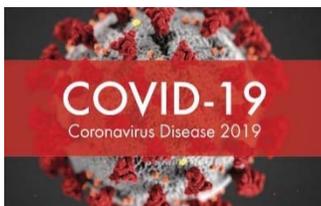


We attribute the increase in complaints to expanded outreach efforts and the perceived effectiveness of our reviews and investigations.

We conducted preliminary inquiries on 42 of the complaints received, representing a 24% increase over FY2019. Preliminary inquiries are limited investigations conducted to test whether the allegation has merit and whether the OIG should conduct a full investigation, review, or audit.

Additionally, we referred 34 complaints to appropriate County departments and external agencies for follow-up. In FY2019 we referred only eight complaints.

COVID-19 Response



In March of 2020, the County began establishing grant programs to address the impact of COVID-19 on services, programs, businesses and organizations in the county. The unprecedented number of newly created grant programs and the speed with which they were implemented provides a fertile environment for fraud, waste, abuse, ineffectiveness, and inefficiencies to occur. In addition to proactive steps to educate affected departments about potential fraud schemes and countermeasures, we undertook a review of the \$25 million Public Health Emergency Grant Program (PHEG).

The PHEG was designed to provide financial assistance to Montgomery County for-profit businesses (including sole proprietorships and independent contractors) and nonprofit organizations that experienced significant financial loss caused directly or indirectly by the public health emergency. The County approved 2,343 related awards, amounting to approximately \$20.9 million.

Late in the fiscal year, we began planning for a review of the County's purchase and management of computer equipment to support County teleworking policies enacted in response to the pandemic. We also actively monitored over 20 County COVID-19 related funding programs and initiatives to identify prospective OIG reviews and audits.

We anticipate these pandemic-related reviews to be completed in early FY2021.

Evaluations, Reviews, Investigations

We issued 17 reports in FY2020; an increase from seven in FY2019. Our reports were a mixture of public reports on our findings related to evaluations and reviews; management alerts on topics affecting County programs and operations; investigative reports and memoranda; a confidential report in support of the Ethics Commission; and the Revised Workplan.

In the nine projects that resulted in recommendations, we identified 27 findings and made 28 recommendations. Our work affected 20 separate County-funded departments or agencies, including the Montgomery County Fire and Rescue Service; Department of Finance; Housing Opportunities Commission of Montgomery County; Department of Health and Human Services; Equal Employment Opportunities Compliance and Diversity Management Division; and the Montgomery County Office of Human Rights.

Through our various reviews and evaluations, we examined programs valued at approximately \$50 million. We made recommendations affecting close to \$14 million in county funds.



Legislative Action Affecting the OIG

- ❖ Maryland General Assembly Bill HB0304: Effective October 1, 2019, authorized the County Council to enact a law granting the OIG the same authority over Montgomery College as it has over a department of county government.
- ❖ Maryland General Assembly Bill HB0344: Effective October 1, 2019, authorized the County Council to enact a law granting the OIG the same authority over the Housing Opportunities Commission of Montgomery County as it has over a department of county government.
- ❖ County Bill 11-19: Enacted October 15, 2019 and effective January 21, 2020, mandates the OIG perform systematic reviews of all County departments as well as audit high-risk contracts and agreements.
- ❖ County Council Special Appropriation, Resolution No. 19-294: Adopted November 5, 2019, increased the OIG budget by \$272,881, to support requirements imposed by Bill 11-19.
- ❖ County Bill 40-19: Enacted January 21, 2020 and effective January 24, 2020, authorized the Inspector General to hire one or more deputies as term merit employees and hire other staff as merit employees.
- ❖ Maryland General Assembly Bill HB0795: Effective October 1, 2020, authorized the County Council to enact a law granting the OIG authority over the Montgomery County Board of Education and Montgomery County Public schools.

SUMMARY OF SIGNIFICANT ACTIVITY

Contracting Irregularities

Office of Human Resources Split Purchases to Avoid Contracting Thresholds

We initiated a review based on numerous complaints alleging improper practices within the Office of Human Resources (OHR), including internal hiring processes, assignment of employee salaries and use of contractors.

We found that OHR did not follow normal competitive procurement processes when they awarded four contracts to one individual in an apparent attempt at splitting purchases to avoid contracting thresholds. In total, OHR made \$184,900 in payments to the individual or a company they controlled. To facilitate some of the payments, OHR inappropriately used the “exempt” commodity code associated with collective bargaining, falsely indicating that County procurement requirements did not apply.

We also found systemic weaknesses in the County’s accounts payable system and identified opportunities for improvements in County procurement laws and personnel regulations.

As a result of our findings, the County updated policies to include: (1) periodic audits for transactions under \$10,000, (2) matching of invoices to their related purchase order (PO) or direct purchase order (DPO), (3) reviews by the Department of Finance of support for exemption codes for direct payment requests, and (4) split transaction monitoring of payments coded as exempt. Additionally, the Chief Administrative Officer (CAO) indicated that the next overall update to the Personnel Regulations would include a requirement that the OHR Director engage in an approval process similar to that of other departments when hiring above the midpoint.

[Publication Number OIG-20-001: *Office of Human Resources/ Dept. of Finance/ Office of Procurement: Accounting, Procurement, and Personnel Internal Controls Failed to Detect Problem in the Office of Human Resources*]

MCPS Preselected Vendor and Relied on Criminal Conspirators for Contract Vetting

The County learned about a vendor’s criminal conviction and other adverse information after entering into a Memorandum of Understanding (MOU) with the Montgomery County Public Schools (MCPS) to take over responsibilities related to a contract for the operation of the School Bus Safety Camera Program. The County learned that the vendor’s Chief Executive Officer and others associated with the contractor were convicted of crimes related to the operation of a similar camera program in another state.

We found that MCPS used a “bridge contract” to facilitate the award of a contract to a preselected vendor. We found that County officials relied, at least in part, on information provided by one of the criminal conspirators in initially vetting the vendor and the program and continued to rely on vendor supplied information to determine the viability of the program. We also established that the County and vendor had not entered into an expected revenue agreement.

In response to our report, the CAO stated that the County would amend administrative procedures to require comprehensive vetting, more detailed work descriptions, and metrics.

After our report was issued, the County entered into a revenue-sharing agreement with the vendor where they will obtain forty percent of all fines collected. Additionally, the vendor agreed to pay MCPS an additional \$1.6 million in revenue-sharing.

[Publication Number OIG-20-002: *Montgomery County Police Department/Montgomery County Public Schools: Memorandum of Understanding Regarding the School Bus Safety Camera Program*]

Grant Awards

SBIR and STTR Grant Award Agreements Posed a Potential Risk

In reviewing County agreements related to its award of matching grants to local business recipients of National Institutes of Health (NIH), Small Business Innovation Research (SBIR), and Small Business Technology Transfer (STTR), Phase I or Phase II grants, we noted that award offer letters lacked many of the safeguards of more formal County contracts and agreements. The letters lacked provisions allowing for audits of award funds, and dispute resolution. These deficiencies had the potential of leaving the County without recourse if the awardee failed to perform or otherwise abuse the grant program.

In addition to recommending changes to the offer letters, we recommended that the Department of Finance consider implementing Maryland Department of Assessments and Taxation (SDAT) checks for SBIR and STTR Matching Grant Applicants, as well as any other similar County grant programs, to ensure that County funds are disbursed to awardees that are in good standing with SDAT.

As a result of our findings, the Department of Finance developed standard operating procedures for the SBIR/STTR Local Matching Grant Program that include requirements that a business be in good standing with the State. They have also worked with the Office of the County Attorney to identify and implement necessary revisions to offer letter agreements.

County Bill 37-19 was introduced on December 3, 2019, in response to our findings. The bill is still pending but if passed, will provide more oversight of taxpayer funds used to support small business development.

The OIG also has seen evidence that similar County programs, such as COVID-19 response grants, now also require a SDAT check prior to issuing funds to businesses.

[Publication Number OIG-20-003: *Department of Finance: SBIR and STTR Matching Grant Program*]

County DHHS Manager Misused ROSC Grant Funds

The OIG conducted an investigation based on a complaint alleging a Montgomery County Department of Health and Human Services (DHHS) manager misused Recovery Oriented Systems of Care (ROSC) grant funds resulting in a referral to the State's Attorney's Office. Through our investigation, we found evidence that the County DHHS manager engaged in a clear pattern of mismanagement and violations of County procurement regulations regarding the management of ROSC funds.

As a result of our findings, the CAO requested that the County Internal Audit Manager conduct a review of the DHHS management and internal controls applicable to the subject transactions, and provide a report of findings, corrective actions already taken by DHHS, and any additional corrective actions that should be taken to ensure appropriate oversight and administration of the funds. The CAO also directed DHHS management to examine the OIG's findings and take appropriate action against any culpable employee.

[Publication Number OIG-20-008: *Department of Health and Human Services: Mismanagement of ROSC Grant Funds*]

Ethics Issues

County Chief Administrative Officer Admitted to Violating Ethics Law

In September 2019, the Montgomery County Ethics Commission requested assistance from the OIG in investigating possible ethics violations by County Chief Administrative Officer, Andrew Kleine. Our investigation focused on allegations that Mr. Kleine violated County Code 19A-11(a), by directing the County to do business with two entities with whom he was under contract. We also examined whether Mr. Kleine violated County Code Section 19A-14(a), by using his County position to promote and enhance sales of his book, *City on the Line*; and whether County funds were spent to purchase copies of the book and pay for travel expenses related to Mr. Kleine's promotion of *City on the Line*.

Following the issuance of our related report to the Ethics Commission, Mr. Kleine, submitted a Proposal to Cure to the Ethic Commission where he agreed not to engage in outside employment or promote his book without approval from the Ethics Commission. Mr. Kleine also agreed to terminate his relationship with both entities and pay the County \$5,000. Mr. Kleine ultimately resigned his position with the County.

[Ethics Commission Proposal to Cure Possible Violation of Ethics Law]

County Executive's Election Celebration Raised Questions

Based on a complaint, we initiated a review to examine the legality of an event held at a County facility to celebrate the election of the incoming County Executive. We specifically looked at whether it was permissible to use a public building for the event, the possible violation of campaign finance

laws related to support the event, and whether there were any associated violations of ethics laws. We found no evidence that the celebration conflicted with any law or regulation reviewed by the OIG. Similarly, we did not find any violations of campaign finance laws.

We, however, found language in the Community Use of Public Facilities' (CUPF) Use License Agreement that conflicted with CUPF policy. The Agreement seemed to allow for possession of alcohol on County property while CUPF's policies prohibit it. In response to our findings, the CAO indicated that CUPF would make changes to reconcile conflicting statements.

[Publication Number OIG-20-004: *Department of Finance/Office of Community Use of Public Facilities: Publicly Funded Political Campaigns for Montgomery County Candidates*]

Questioned Expenditures

Unfunded MCFRS Office Incurred Approximately \$900,000 in Overtime Costs

During the fiscal year, we conducted a review of the Montgomery County Fire and Rescue Service's (MCFRS) use of overtime to staff positions in its Equal Employment Opportunity and Diversity Office (EEO/Diversity). The office did not have allocated positions and was instead staffed with MCFRS employees detailed to the office; working overtime or working additional hours in exchange for compensatory leave. The EEO/Diversity Office incurred approximately \$900,000 in overtime costs, approximately 10% of the FY2019 overtime cost overrun for MCFRS.

We concluded that the MCFRS EEO/Diversity Office routinely exceeded overtime limits set by the Fire Chief and that the assignment of overtime by the office lacked transparency. We also identified multiple programs within MCFRS and the County whose responsibilities overlapped with or could have been leveraged to accomplish the work of the EEO/Diversity Office.

Near the conclusion of our field work, in January 2020, MCFRS effectively dissolved the EEO/Diversity Office and was exploring more cost effective and equitable ways to administer the work previously done by that office. The CAO noted general concurrence with our recommendations and the Fire Chief identified actions he would take to ensure equitable distribution of overtime, document overtime spending limitations in writing, and take appropriate actions to address managers who approve overtime in excess of authorized limitations.

[Publication Number OIG-20-009: *Montgomery County Fire & Rescue Service: Overtime Costs and Redundancies in the MCFRS EEO/Diversity Office*]

Risk and Vulnerability Related Findings

EEO Complaint Filing and Investigation Processes Could Disadvantage County Employees

Complainants prompted us to examine timeliness and responsiveness issues with the County's Equal Employment Opportunity Compliance and Diversity Management Division (EEO Division) and the County's Office of Human Rights. We discovered that neither agency had written policies, procedures or training requirements for staff.

We found that the EEO Division's website and materials did not fully explain the EEO process, resources available for filing an EEO complaint, or applicable deadlines for filing complaints with the Federal and State enforcement agencies. The lack of information had the potential to cause complainants to lose their ability to seek redress for alleged harms.

Similarly, we found that the Office of Human Rights' complaint filing process was not clearly defined and created a false impression that complainants had filed complaints, when in fact they had not. In one case, the Office of Human Rights, the County's enforcement agency, wrongly refused to accept a complaint from a County employee who had also filed a complaint with the County EEO Division.

In response to our recommendations, the CAO relayed that the EEO Division would seek to reduce its investigative closure time to 90 days. Additionally, we were informed that the EEO Division created an External Agency Resource document notifying complainants of their right to file with external compliance agencies and informing them of approaching deadlines. The EEO Division also implemented an electronic filing system for the EEO Division designed to give complainants the ability to track the status of their complaint(s).

Also, as a result of our recommendations, the Office of Human Rights agreed to develop a document detailing their processes to provide to claimants and respondents and provide training to employees on processing claims.

Both offices agreed to draft and maintain written policies and procedures and develop a staff training plan.

[Publication Number OIG-20-010: *Human Resources EEO Division/ Office of Human Rights: EEO Complaint Filing and Investigation Process*]

Petty Cash and Gift Card Programs at HOC Lacked Controls

Based on information provided by a complainant to our Hotline, we were able to identify systemic issues with the Housing Opportunities Commission (HOC) of Montgomery County, Resident Services Division, Supportive Housing Program's management of a petty cash fund and store gift card program. In conducting the related review, we found that in many cases, disbursements from the petty cash fund did not adhere to HOC policy. Specifically, we found that required forms lacked a signature indicating supervisory approval and were not always fully completed by staff; petty cash purchases were made well after funds were disbursed, and petty cash reconciliation forms were not always prepared on a monthly basis; and funds were at times used for disallowed purposes, such as

the purchase of office supplies. We also found that petty cash was used by Supportive Housing Program staff to purchase money orders to pay for housing application fees without documented supervisory approval. Additionally, we discovered that policies governing the gift card program were poorly documented, especially as they addressed inventory control and reconciliation processes.

As a result of our work, HOC updated petty cash procedures to strengthen accountability, employee responsibility, and controls. They also instituted policies to address deficiencies with the gift card program. HOC reported that they would reinforce the changes in policy through employee training and compliance oversight initiatives.

[Publication Number [OIG-20-005: Housing Opportunities Commission of Montgomery County: Controls Over Petty Cash and Store Gift Cards](#)]

DOCR Strengthened Policies as a Result of OIG Referral

Department of Correction and Rehabilitation (DOCR) Correctional Officers reported that an inmate with known mental health issues, was not being monitored in accordance with DOCR procedures nor were DOCR employees following their own policies in supervising the inmate. The complainants alleged that as a result of this situation, the inmate engaged in a significant act of self-mutilation using a razor.

The OIG asked the CAO to direct the investigation of the matter and take appropriate action to remedy any identified shortcomings. As a result of that inquiry, DOCR agreed to reinforce timely security rounds; develop and implement a procedure requiring documentation be maintained when a razor has been provided to an inmate on a special handling plan (e.g., because of disciplinary status); develop and implement a policy requiring a follow-up appointment with a DOCR therapist or contract psychiatrist for inmates who are symptomatic and refuse treatment or an evaluation; and institute a new method to receive referrals for mental health services from DOCR nurses to ensure timely delivery and better oversight of triage cases.

OIG Discovered Concerning Privacy Risk

In February 2020, the OIG notified the CAO and Chief Information Officer (CIO) of a concerning privacy risk to the County involving the use of the Microsoft Office 365 application Delve, a built-in collaboration tool that helps users contribute and share documents. We discovered that unbeknownst to County employees, documents saved on OneDrive accounts, or attached and shared through email or collaboration tools, were accessible to any County employee who viewed the user's profile. The CIO vowed to take immediate action to resolve the issue.

In May 2020, the OIG found a document in a user profile on Delve containing sensitive information. The OIG again notified the CAO and CIO of the discovery, and additionally made several specific recommendations addressing the identified risks. Seemingly as a result of our advisory, the County's Department of Technology Services (DTS) notified all County Information Technology (IT) offices that they were disabling Delve features within Microsoft 365. DTS explained that the measure was being done so "DTS and County Departments can complete file and SharePoint permissions

remediation activities, provide user training, and establish adequate control mechanisms including the effort to develop a classification roadmap.”

Request for Computer Log-In Information Led to Complaints

The OIG received several complaints in rapid succession concerning an incident that occurred at the Department of Permitting Services (DPS). All complainants expressed concern that DPS employees felt pressured to provide their computer login user ID and password to their managers so they could receive new laptops.

We learned that a DPS Information Technology (IT) Specialist precipitated the requests by sending an email to DPS Managers directing that they provide their employees’ account information. The request was contrary to County security training, a violation of County policy, and placed the County and its employees at increased risk for fraud.

Following discussions with the OIG, DPS and DTS took action to stop the sharing of passwords, counsel the employee who requested that passwords be shared, and ensure that DPS employees who shared their passwords took action to protect their data and systems.

[[Publication Number OIG-20-007: Department of Permitting Services: IT Security Incident](#)]

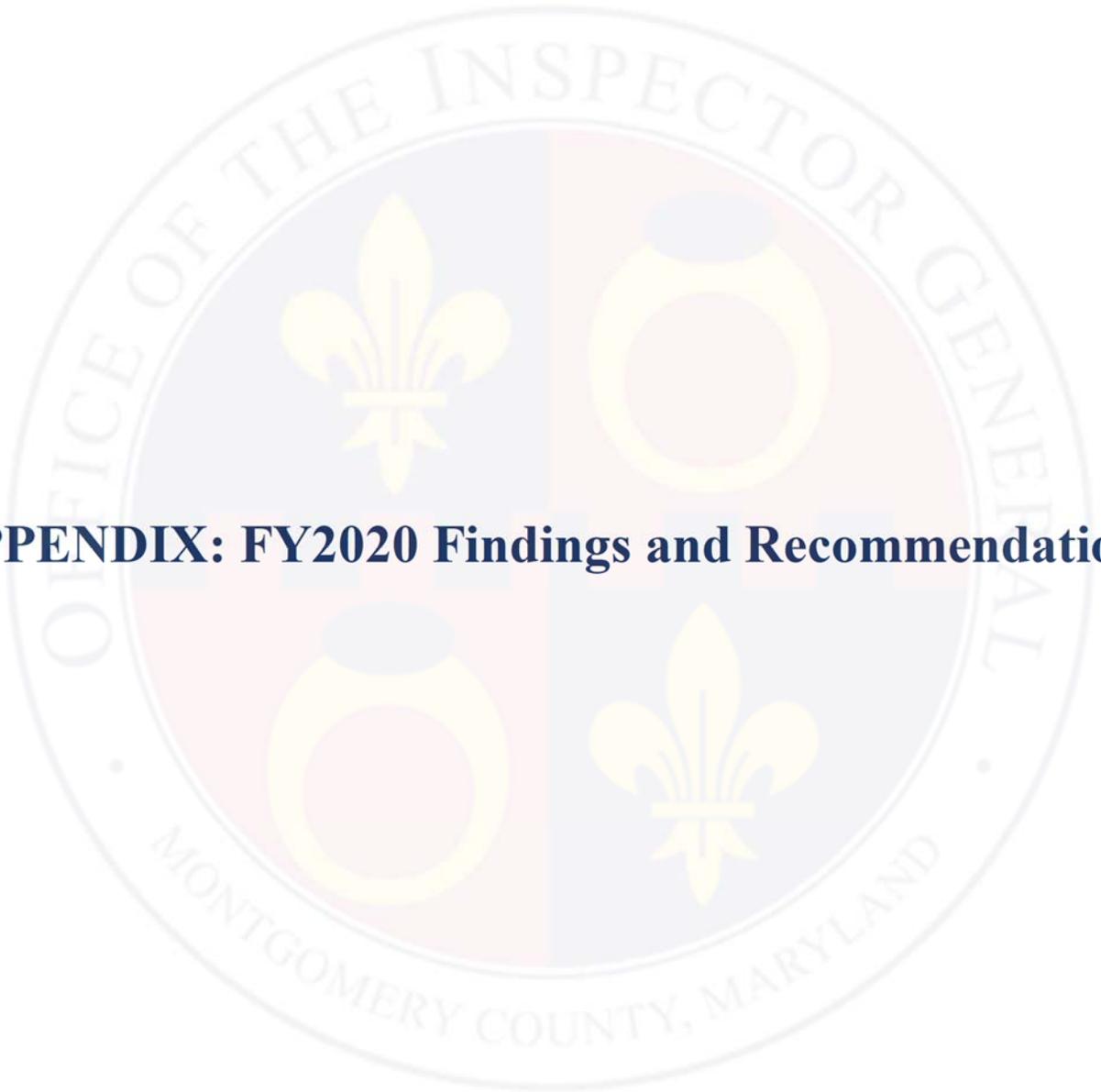
Employee Misconduct

DOCR Human Resources Employee Elevated Failing Interview Score

We referred a complaint to DOCR that alleged a DOCR interview panel was directed by a DOCR Human Resources (HR) employee, to increase a failing applicant’s score in order to ensure they passed. However, the reply we received was not responsive to the issues presented. As a result, we formally referred the allegation to the CAO for investigation and appropriate action.

The CAO confirmed that the applicant’s score was changed as a result of the HR employee’s instruction. He provided that DOCR management was going to take appropriate disciplinary action against the subject employee. He also outlined specific corrective measures that would be implemented by DOCR to prevent future occurrences.

APPENDIX: FY2020 Findings and Recommendations



APPENDIX: FY2020 Findings and Recommendations

Publication #	Report Title	Findings	Recommendations	Status (Reported to OIG)
OIG-20-001	Office of Human Resources/ Dept. of Finance/ Office of Procurement: <i>Accounting, Procurement, and Personnel Internal Controls Failed to Detect Problem in the Office of Human Resources</i>	Finding 1: A contractor had input into the writing of a solicitation.	That (a) County Code Chapter 11B. Contracts and Procurement Sec. 11B-52 Ethics; Contractor conduct be amended (i) to clarify what conduct is prohibited, and (ii) to require that any waivers by the CAO be supported by findings and substantial evidence, and that (b) the County should apply administrative consequences for managers and staff who violate Section 11B-19 Specifications or lead a contractor to violate Sec. 11B-52.	Complete
		Finding 2: Records are in conflict regarding whether OHR posted the solicitation for the required number of days.	The Office of Procurement (a) maintain records of actual posting dates, and (b) not approve contracts with contractors not registered to do business in Maryland.	Complete
		Finding 3: The absence of either a contract number or a purchase order number had the allowed OHR to split a contract for a single purpose into four contracts and seven	The Department of Finance ensure that (a) the accounting system contains contract or purchase order numbers for every invoice, even for exempt procurements and purchases of \$10,000 or less, and that (b) contracts can be clearly and simply	Complete

Appendix: FY2020 Findings and Recommendations

Publication #	Report Title	Findings	Recommendations	Status (Reported to OIG)
		additional purchases totaling \$184,900, thus bypassing the formal competition requirement.	matched to all related payments, using a computer match.	
		Finding 4: OHR misused the collective bargaining exemption.	The Office of Procurement be tasked with making the initial determination regarding whether purchases are appropriately exempt from procurement and whether the correct exempt codes are used.	Complete
		Finding 5: The Department of Finance did not examine payments coded exempt.	The Department of Finance include payments that are coded exempt in all its split transaction monitoring procedures.	Complete
		Finding 6: Regulations do not address certain personnel decisions within OHR.	That (a) the personnel regulations be amended so that the Director of OHR does not have any greater authority over personnel matters within OHR than other Department Directors have over personnel matters within their departments. Where the OHR Director is the approval authority for a decision by another Department Director, an Assistant CAO or another high-level official should be identified in County personnel regulations as the approval authority for decisions by the OHR Director. We also recommend that (b) the OHR Director be required to include the same information that other	In Progress

Appendix: FY2020 Findings and Recommendations

Publication #	Report Title	Findings	Recommendations	Status (Reported to OIG)
			Directors are required to include in their requests.	
OIG-20-002	Montgomery County Police Department/Montgomery County Public Schools: <i>Memorandum of Understanding Regarding the School Bus Safety Camera Program</i>	Finding 1: The business case for this program was built around the desired use of a predetermined vendor rather than an objective analysis to design an effective and economical method to achieve an identified outcome.	All agreements involving financial transactions, regardless of the source of the funds, should be subjected to a documented objective business case analysis to protect the interests of the County and its residents, and ensure that the County pays a fair price for necessary, quality products and services. Programs should have measurable outcomes and objectives.	Complete
		Finding 2: County officials relied, at least in part, on information provided by a criminal conspirator in vetting FMS and this program and continued to rely on vendor (FMS/BusPatrol) supplied information when considering the future of the program.	To protect the interests of the County, when adverse information becomes known about a vendor, contract, or program with which the County is associated, a comprehensive due diligence reassessment should be undertaken, independently of the Department or Agency involved. Those findings and recommendations should be documented.	Complete

Appendix: FY2020 Findings and Recommendations

Publication #	Report Title	Findings	Recommendations	Status (Reported to OIG)
<p>OIG-20-003</p>	<p>Department of Finance: <i>SBIR and STTR Matching Grant Program</i> (Informal Findings and Recommendations)</p>	<p>Finding 1: Because the SBIR and STTR Matching Grant Program is funded through the Economic Development Fund, payments can be processed through a Direct Purchase Order, using an exempt transaction code. While grantees sign an award offer letter in order to receive funding, that award offer letter lacks many of the elements of a more formal County Contract or Agreement, such as the right to audit and a method for dispute resolution. This may create vulnerability for the County should a grantee use the County grant funds for non-project related expenses or fail to perform under or otherwise abuse their federal grant.</p>	<p>After the first awards were approved at the beginning of FY 2019, Montgomery County Interim Administrative Procedure 2-4, Agreements between Montgomery County Government and Other Organizations (Interim AP 2-4) was issued. The new administrative procedure defines a number of required agreement provisions that must be memorialized in an agreement between the grantee and the County prior to issuing a DPO for payments from the Economic Development Fund. Revision of future award offer letters to match the requirements of interim AP 2-4 could alleviate many of the concerns the OIG has identified in this memorandum.</p>	<p>In Progress</p>

Appendix: FY2020 Findings and Recommendations

Publication #	Report Title	Findings	Recommendations	Status (Reported to OIG)
		<p>Finding 2: At the time of our review, written procedures regarding program administration had not been approved and were not provided to the OIG. The Department of Finance should take steps to document and approve written policies and procedures as soon as possible. The Department of Finance may also want to consider implementing SDAT checks for SBIR and STTR Matching Grant Applicants, as well as any other similar County grant programs to ensure that County funds are disbursed to awardees authorized to do business in Maryland.</p>	<p>As it relates to written policies and procedures, Finance has developed standard operating procedures for the SBIR/STTR Local Matching Grant Program, which include language regarding confirming good standing with the State of Maryland through SDAT. These standard operating procedures will be subject to revision once a final determination is made of any impact of AP 2-4 on the offer letter Agreement and related processes.</p>	<p>In Progress</p>
<p>OIG-20-004</p>	<p>Department of Finance/ Office of Community Use of Public Facilities: <i>Publicly Funded Political Campaigns for Montgomery County Candidates</i></p>	<p>Finding: The County’s approvals for an event conflicted with statements addressing alcohol on the CUPF website and in CUPF Guidelines.</p>	<p>CUPF may wish to edit statements on the website and in the CUPF Guidelines to better reflect CUPF practices.</p>	<p>Complete</p>

Appendix: FY2020 Findings and Recommendations

Publication #	Report Title	Findings	Recommendations	Status (Reported to OIG)
OIG-20-005	Housing Opportunities Commission of Montgomery County: <i>Controls Over Petty Cash and Store Gift Cards</i>	<p>Finding 1: HOC did not maintain documentation that those with designated roles regarding the administration of petty cash funds received a copy of the Petty Cash Fund Guidelines.</p>	<p>HOC should ensure that all employees and managers serving as Petty Cash Officers or Approvers for petty cash fund expenditures sign a document certifying that they have received a copy of the Petty Cash Fund Guidelines. That certification should be maintained by HOC and updated on a routine basis, including when there is a change to the policy. HOC may also want to consider adding an attestation to the certification indicating an employee’s intention to abide by the guidelines.</p>	In Progress
		<p>Finding 2: HOC Resident Services Division, Supportive Housing Program failed to implement key controls and follow procedures as outlined in the HOC Petty Cash Fund Guidelines.</p>	<p>HOC should take steps to ensure that the administration of petty cash within the Supportive Housing Program complies with written policies and guidelines, both in fact and appearance.</p>	In Progress
		<p>Finding 3: HOC failed to collect and maintain supporting documentation demonstrating that Petty Cash funds disbursed for the payment of housing application fees were used for their intended purpose.</p>	<p>HOC should require documented proof that money orders purchased for housing application fees are used to benefit HOC clients.</p>	In Progress

Appendix: FY2020 Findings and Recommendations

Publication #	Report Title	Findings	Recommendations	Status (Reported to OIG)
		<p>Finding 4: When we began our audit, HOC lacked written policies and procedures governing the administration of store gift cards. A new policy developed during the course of our audit does not adequately address important procedures and controls concerning gift card usage and tracking.</p>	<p>We recommend that HOC develop and distribute a more robust policy concerning the administration of the gift card program so that key procedures and controls may be memorialized in writing. HOC should require all employees and managers who distribute, track, and approve gift card transactions to sign a certification documenting that they have received and intend to abide by the policy. That certification should be updated on a routine basis, including when there is a change to the policy.</p>	<p>In Progress</p>
<p>OIG-20-007</p>	<p>Department of Permitting Services: <i>IT Security Incident</i></p>	<p>Finding: We found that a DPS IT Specialist requested that DPS employees provide their user ID/passwords to their managers so that new laptops could be configured for them. This is a violation of the County’s information security policy and placed the County and its employees at increased risk for fraud.</p>	<p>Prior to publication and following discussions with the OIG, DPS and DTS took immediate action to stop the sharing of passwords, counsel the employee who requested that passwords be shared, and ensure that DPS employees who shared their passwords took action to protect their data and systems. The DPS Acting Director and DTS Enterprise Security Official used the incident as an opportunity to reiterate that employees should never share their passwords nor request others to do so as well.</p>	<p>Implemented Prior to OIG Publication</p>

Appendix: FY2020 Findings and Recommendations

Publication #	Report Title	Findings	Recommendations	Status (Reported to OIG)
OIG-20-008	Department of Health and Human Services: <i>Mismanagement of ROSC Grant Funds</i>	Finding: We found evidence that the MCDHHS manager engaged in a clear pattern of mismanagement and violations of County procurement regulations regarding the management of ROSC funds.	Take appropriate action against those responsible.	In Progress
			Conduct further examination of MCDHHS management’s culpability in mismanaging ROSC funds.	In Progress
OIG-20-009	Montgomery County Fire & Rescue Service: Overtime Costs and Redundancies in the MCFRS EEO/Diversity Office	Finding 1: Approximately \$900,000 (10%) of the FY 2019 overtime cost overrun for MCFRS was attributable to programs not included in the approved MCFRS budget.	MCFRS should seek approval through the County appropriations process prior to committing resources to programs not included in their budget.	Complete
		Finding 2: The MCFRS EEO/ Diversity Office routinely exceeded overtime limitations established by the Fire Chief.	(a) MCFRS should take steps to ensure that overtime by project code is routinely reviewed with established limitations enforced. (b) Managers who approve overtime in excess of limitations established by the Fire Chief should be held accountable.	(a) In Progress (b) Complete
		Finding 3: The MCFRS EEO/Diversity Office lacks transparency, particularly in the assignment of overtime.	MCFRS should establish a more transparent mechanism to make non-operational overtime opportunities available to all qualified staff.	In Progress

Appendix: FY2020 Findings and Recommendations

Publication #	Report Title	Findings	Recommendations	Status (Reported to OIG)
		<p>Finding 4: We identified multiple programs within MCFRS and the County whose responsibilities overlap with or could be leveraged to accomplish the work of the EEO/Diversity Office.</p>	<p>(a) MCFRS should establish a mechanism to maximize the use of operational personnel working their regular shifts to perform the work previously scheduled by the MCFRS EEO/Diversity Office. (b) MCFRS should leverage all resources available to help meet the goals of the former EEO/Diversity Office and avoid duplication of effort. (c) MCFRS should leverage the CRR mobile app to create, schedule, and assign tasks for all three units who are conducting outreach into the community: the EEO/Diversity Office, the Recruitment Section, and the CRR Section.</p>	<p>(a) Complete (b) Complete (c) In Progress</p>
		<p>Finding 5: The MCFRS EEO/ Diversity Office and Recruitment Section maintain social media websites that have not been added to the County’s Social Media Directory, as required by the County Administrative Procedure governing social media.</p>	<p>MCFRS should take steps to ensure that all social media sites maintained by MCFRS personnel are included on the County’s Social Media Directory and otherwise adhere to the policies and practices outlined in AP 6-8.</p>	<p>In Progress</p>

Appendix: FY2020 Findings and Recommendations

Publication #	Report Title	Findings	Recommendations	Status (Reported to OIG)
OIG-20-010	Human Resources EEO Division/ Office of Human Rights: <i>EEO Complaint Filing and Investigation Process</i>	Finding 1: The deadlines for filing complaints with the Federal and State enforcement agencies had passed by the time the EEO Division informed complainants of decisions.	The EEO Division should complete investigations in a timely manner before the deadlines of enforcement agencies expire and inform complainants of any approaching deadlines in time for them to file with the enforcement agencies.	In Progress
		Finding 2: The Office of Human Rights wrongly refused to accept a complaint from a County employee who had also filed a complaint with the County EEO Division.	(a) The County Office of Human Rights should train its employees not to reject complaints because they were previously filed with the EEO Division. (b) The County Office of Human Rights should amend its intake form so that the question about whether the complainant has previously filed with another agency more closely aligns with § 27-1 of the County Code.	(a) No Status Provided (b) No Status Provided
		Finding 3: The Office of Human Rights' complaint filing process is not clearly defined for complainants and creates a false impression that they have filed complaints when in fact they have not.	The County Office of Human Rights should more clearly explain its process for when reported issues become formal complaints. It should further be consistent in its communication with individuals who are awaiting a determination on their grievances to ensure there is no confusion about the status of their filings.	No Status Provided

Appendix: FY2020 Findings and Recommendations

Publication #	Report Title	Findings	Recommendations	Status (Reported to OIG)
		<p>Finding 4: Neither the EEO Division nor the Office of Human Rights has written policies or procedures governing their assigned responsibilities.</p>	<p>(a) The EEO Division should draft, maintain, and train EEO staff on written policies and procedures that govern the full extent of their responsibilities. (b) The Office of Human Rights should draft, maintain, and train the Office of Human Rights staff on written policies and procedures that govern the full extent of their responsibilities.</p>	<p>In Progress</p>
		<p>Finding 5: Neither the EEO Division nor the Office of Human Rights has training requirements for staff.</p>	<p>The EEO Division and the Office of Human Rights should establish requirements for mandatory training for staff investigating EEO complaints.</p>	<p>In Progress</p>

Report Fraud, Waste and Abuse



MONTGOMERY COUNTY OIG
REPORT FRAUD, WASTE AND ABUSE
In County Programs and Operations

INSPECTOR GENERAL MISSION

Ensuring Good Governance

The Office of Inspector General (OIG) reviews the effectiveness and efficiency of County government and independent agency programs and operations. The OIG is also responsible for preventing and detecting fraud, waste, and abuse in government activities.

FRAUD

Fraud is attempting to obtain something of value through willful misrepresentation

- Inflating hours billed and billing for products that were never delivered
- Providing false information to qualify for grants, contracts and county resources
- FAKE Selling counterfeit goods to the County

WASTE

Waste is squandering money or resources, even if not explicitly illegal

- Buying overpriced equipment from a favored vendor
- Buying unnecessary or excessive goods or services
- Inefficient or duplicative use of resources

ABUSE

Abuse is misusing one's position or authority

- Writing contract terms to favor a specific contractor
- Using County computers to access prohibited material
- Retaliating against those that report information to the OIG

CONTACT THE OIG

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Phone at 240-777-701G (7644)

Montgomery County Code, Section 2-151(l), Access to Information:

(4) Each employee of a County department or agency should report any fraud, waste, or abuse, to the Office of the Inspector General. After receiving a report or other information from any person, the Inspector General must not disclose that person's identity without the person's consent unless that disclosure is necessary to complete an audit or investigation.