
Review of Certain Montgomery County Ethics Activities

Presentation of Final Report to the Montgomery County Council
Government Operations and Fiscal Policy Committee

June 25, 2012



MONTGOMERY COUNTY MARYLAND

OFFICE OF THE INSPECTOR GENERAL



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Objectives

Determine whether:

- Required procedures are documented
 - Required procedures comply with State of Maryland and Montgomery County Codes, and
 - Implemented procedures and internal controls are consistent with required procedures.
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Summary of Final Report Findings

- Widespread non-compliance with initial, annual, and final financial disclosure report filing deadlines (1-5)*
 - Absence of an overarching entity with authority, accountability, and control to ensure financial disclosure reporting operates as anticipated by the Public Ethics Law
 - Policies, procedures, and systems have not been implemented that ensure compliance with financial disclosure reporting by established deadlines
 - The annual financial disclosure reconfirmation process is cumbersome, inefficient, and contributes to filing delays
- Outside Employment approval is a manually intensive process that increases the risk of individuals engaging in unauthorized activities (6)
- Reliance upon manual processes and absence of written procedures place the continuity of Ethics Commission operations at risk (7)

* Numbers in parentheses reference *Final Report* Finding and Recommendation numbers



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Finding: Widespread non-compliance with initial, annual, and final financial disclosure report filing deadlines

Absence of an overarching entity with authority, accountability, and control to ensure financial disclosure reporting operates as anticipated by the Public Ethics Law

- Non-compliance primarily caused by business process problems (1)
- Small amount of non-compliance results from employee neglect (1)
- The Ethics Commission lacks the authority to fix most business process problems (1)
 - Ethics Commission is accountable for implementation & enforcement
 - Successful logistical operation requires significant involvement of Executive branch departments
 - Most financial disclosure findings in our report arise from a lack of clearly delineated authority, accountability, and control



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Absence of an overarching entity with authority, accountability, and control to ensure financial disclosure reporting operates as anticipated by the Public Ethics Law

Recommendations to the County Executive and Council:

- Ensure clearly delegated authority, accountability, and control of the financial disclosure filing process logistical operations and enforcement (1)
- Designate an individual within each branch of County Government with enforcement authority and accountability (1)



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Finding: Widespread non-compliance with initial, annual, and final financial disclosure report filing deadlines

Policies, procedures, and systems have not been implemented that ensure compliance with financial disclosure reporting by established deadlines

- New and terminating employee procedures do not provide timely notification to financial disclosure system (2-a)
- Design anomalies in system interface causes processing errors (2-b)
- The Financial Disclosure System provides limited notification and tracking reports (5)
- Financial disclosure filers obtain access to reporting system after deadlines (2-c)
- Due to obstacles that prevent timely filing, provisions of the Public Ethics Law that address remedial action and penalties are not enforced (3-c & 4)



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Policies, procedures, and systems have not been implemented that ensure compliance with financial disclosure reporting by established deadlines

Recommendations to The Chief Administrative Officer:

- Modify OHR policies and procedures to reduce employment notification timeframes (2-a)
- DTS should enhance ERP/FDS interface design to eliminate processing errors (2-b)
- OHR, DTS, and the Ethics Commission should address initial Financial Disclosure System access delays (2-c)
- The CAO should develop and enforce policies about delinquent filers (3-c)
- DTS should modify FDS software to enhance disclosure notification and management reporting capabilities (5)

Recommendation to The Ethics Commission:

- Enforce or modify the penalty language of the Public Ethics Law (4)
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Finding: Widespread non-compliance with initial, annual, and final financial disclosure report filing deadlines

The annual financial disclosure reconfirmation process is cumbersome, inefficient, and contributes to filing delays

- The statutory requirement to annually review the list of individuals subject to financial disclosure: (3-a)
 - causes the list to be recreated each year
 - is cumbersome and time consuming, and
 - routinely misses the January 15 identification deadline
- Neither Office of Human Resources nor Ethics Commission data provide reliable snapshot reporting of “who must file” (3-a)
- Filing deadlines for annual disclosure reports are routinely extended without formal action by the Ethics Commission (3-b)



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Finding: Widespread non-compliance with initial, annual, and final financial disclosure report filing deadlines

The annual financial disclosure reconfirmation process is cumbersome, inefficient, and contributes to filing delays

Recommendations to The Chief Administrative Officer:

- Review and streamline the processes to identify, approve, and report individuals subject to annual financial disclosure reporting (3-a)

Recommendation to The Ethics Commission:

- Formalize and document extensions to the annual financial disclosure filing deadline (3-b)
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Finding: Outside Employment approval is a manually intensive process that increases the risk of individuals engaging in unauthorized activities

Information is collected, approved, and reported as required, but the time between manager approval and Ethics Commission confirmation is increasing

- All steps of the approval process are paper based and processed manually (6)
- Outside employment approval activities compete for staff resources with other Ethics Commission activities (6)

Recommendation to The Ethics Commission:

- Implement procedural and systemic changes necessary to timely meet employment approval requirements of the Public Ethics Law (6)
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Finding: Reliance upon manual processes and absence of written procedures place the continuity of Ethics Commission operations at risk

A number of Ethics Commission procedures are performed by manual operations that are not documented

- Lobbyist Registration and Outside Employment Approval are manual activities (7-a)
- Although automated, the Financial Disclosure System requires manual intervention at key points (7-a)
- Manual procedures have not been documented (7-a)
- The workload of the Ethics Commission program staff increased as a result of enacting Council Bill 37-10 (7-b)

Recommendation to The Ethics Commission:

- Document all manual procedures in writing (7-a)
- Evaluate workload and staffing (7-b)

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Questions or Comments?



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