



# OFFICE OF THE INSPECTOR GENERAL

## MONTGOMERY COUNTY MARYLAND

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MEGAN DAVEY LIMARZI, ESQ.

INSPECTOR GENERAL

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# Performance Audit of Purchasing Card Usage & Related Travel Expenses

Office of the County Attorney

OIG Publication # 25-10

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April 7, 2025

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## EXECUTIVE SUMMARY

This audit of the Office of the County Attorney (OCA) was initiated pursuant to the Office of Inspector General's mandate to conduct reviews of the internal accounting processes and controls used by each department and principal office in the Executive Branch. Our audit focused on OCA's purchasing card (P-Card) transactions which accounted for approximately 10%, 7%, and 10% of FY22, FY23, and FY24 operating expenses respectively. As such, we attempted to determine if OCA's P-Card transactions were supported by proper documentation, coded to the proper accounting code, and were approved in accordance with the County's P-Card policy. We also tested a sample of P-Card transactions related to non-local travel for compliance with policy. Finally, we reviewed all OCA P-Card transactions within the scope period to attempt to identify instances of misuse, fraudulent, improper, or abusive P-card purchases. We ultimately made one finding related to non-local travel and one observation related to the use of a P-Card.

### OBJECTIVES

Through this audit we attempted to (1) determine whether P-Card transactions were supported by proper documentation and purchased for use by the County as required by County policy; (2) determine whether P-Card transactions comply with established County policies and procedures relating to non-local travel; and (3) assess P-Card transactions to identify the presence of fraudulent, improper, or abusive P-Card purchases.

### SCOPE AND STANDARDS

Our audit covered activity from July 1, 2021, through June 30, 2024, and was conducted in accordance with the generally accepted government auditing standards (GAGAS).

### RESULTS

Non-Local travel was not documented and approved in the County's travel system as required by policy.

### RECOMMENDATIONS

We recommend OCA take steps to ensure all non-local travel is properly recorded, with requests and approvals documented, prior to employees initiating travel.

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## BACKGROUND

The Office of the County Attorney (OCA) “provides legal advice and services to County departments, agencies, boards, and commissions, as well as the County Council.”<sup>1</sup> OCA serves as the “Chief Legal Officer of Montgomery County Government and conducts all its legal business.”<sup>2</sup>

In FY22, FY23, and FY24, OCA’s budgets were approximately \$6.4 million, \$6.8 million, and \$7.6 million respectively. Table 1 provides a breakdown of OCA’s budget by expenditure type.

Table 1: OCA Budget – FY22, FY23 and FY24

Budgeted Expenditure	FY22	FY23	FY24
General Fund Operating	\$832,833	\$834,839	\$837,655
General Fund Personnel	\$5,596,655	\$5,927,012	\$6,785,993

This audit focused on OCA’s expenditures through the use of a County issued purchasing card (P-Card) which accounted for approximately 10%, 7%, and 10% of FY22, FY23, and FY24 operating expenses respectively. OCA had just one P-Card assigned to an employee cardholder during our scope period. That one card had 816 P-Card transactions totaling \$227,210.25. Additionally, since OCA personnel attend various conferences throughout the year, we also assessed OCA’s compliance with *Administrative Procedure 1-2 (AP1-2)*, which contains policies related to non-local travel.

P-Card usage in the County is governed by the County’s *Purchasing Card Policy* and *Purchasing Card Procedure Manual* (collectively referred to as the *P-Card Manual*).<sup>3</sup> The County’s Department of Finance (Finance) is responsible for the administration of the P-Card program and has a designated P-Card administrator who functions as the liaison between the departments and P-Card provider.

The County utilizes the P-Card provider’s reconciliation system (PaymentNet) to process all P-Card transactions. P-Cards can be issued to individual employee cardholders or to a department. Through various designated roles defined in the P-Card manual, each County department is responsible for ensuring that purchases meet County procurement regulations and P-Card policies and procedures.<sup>4</sup>

<sup>1</sup> <https://www.montgomerycountymd.gov/cat/index.html>

<sup>2</sup> <https://apps.montgomerycountymd.gov/BASISOPERATING/Common/Department.aspx?ID=30D>

<sup>3</sup> These two manuals related to P-Cards became effective January 1, 2024. The previous iteration of the P-Card manual was titled *The Montgomery County Maryland Purchasing Card Program Policy and Procedure Manual* and was revised March 31, 2017.

<sup>4</sup> The Department Head’s responsibilities include approving an employee’s request for a P-Card, assigning a default accounting code for purchases on the P-Card, and setting appropriate restrictions on the card. The Transaction Approver is responsible for approving transactions on individual cardholders. The cardholder is an employee authorized by a department to be the single user of a P-Card.

## **OIG Audit Approach**

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS).

Appendix A contains additional information on this audit's objectives, scope, and methodology.

## FINDINGS AND RECOMMENDATIONS

In keeping with the OIG's mandate to conduct reviews of internal accounting and contracting processes and controls used by each department and principal office in the Executive Branch, we conducted this audit to determine if OCA's P-Card transactions were supported by proper documentation, coded to the appropriate accounting codes, and approved in accordance with the P-Card policy. We also tested a sample of P-Card transactions related to non-local travel for compliance with AP 1-2 and to determine if any duplicate payments were made for those expenses. Finally, we reviewed all OCA P-Card transactions within the scope period to identify any instances of misuse, fraudulent, improper, or abusive P-card purchases.

With regard to P-Card usage, we observed five suspect P-Card transactions during our testing, but they did not rise to the level of a finding as Finance appears to have addressed the underlying issue at the time.

**Finding: Non-local travel was not documented and approved in eTravel as required by the County's Non-Local Travel policy.**

The County's Non-Local Travel policy<sup>5</sup> states that "all County employees undertaking business related to non-local travel (more than 75 miles from the Executive Office Building) must receive approval prior to traveling and document the trip in eTravel."<sup>6</sup> The policy also requires that "trips must be documented using the eTravel application."

In reviewing a random sample of 39 P-Card transactions related to non-local travel to attend conferences from January 1, 2022, through June 30, 2024, we noted that none had documentation or approvals entered into eTravel. In fact, we noted that the only travel entered in eTravel by OCA occurred in 2017 and 2018.

Failure to enter travel details in eTravel increases the risk that staff could incur unallowable or fraudulent expenses and could result in reporting errors.

### Recommendation

**We recommend OCA take steps to ensure all non-local travel is recorded and approved in eTravel prior to employees initiating travel.**

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<sup>5</sup> Administrative Policies and Procedures, Non-Local Travel Summary

<sup>6</sup> eTravel is the County's online travel tracking system where employees enter non-local travel authorizations.

## OIG COMMENTS TO CHIEF ADMINISTRATIVE OFFICER'S RESPONSE

The County Chief Administrative Officer's response to our report is included in its entirety in Appendix B. The response indicates concurrence with the OIG's recommendation.

## APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

### Objectives

The objectives of this performance audit were to determine whether P-Card transactions were supported by proper documentation and items were purchased for use by the County; whether P-Card transactions comply with established County policies and procedures relating to non-local travel; and, to assess P-Card transactions to identify the presence of fraudulent, improper, or abusive purchases.

### Scope and Methodology

The scope of our audit covered the period of July 1, 2021, through June 30, 2024, for the purpose of identifying potentially fraudulent, improper, or abusive transactions. We included all OCA cardholder P-Card transactions within PaymentNet incurred during this scope period for this objective. For our review of supporting documentation for sampled P-Card transactions and non-local travel transactions, our testing covered the period of January 1, 2022, through June 30, 2024, due to the limited availability of receipts and support in PaymentNet.

We conducted our fieldwork from December 2024 to January 2025. To accomplish our objectives, we conducted interviews with the County's P-Card administrator; the Accounts Payable Manager in Finance; and OCA staff.

We reviewed and utilized the applicable P-Card Manual that was effective during our audit scope period and related guidance, as well as AP 1-2 for non-local travel. These policies served as our criteria for this performance audit.

To determine whether P-Card transactions were supported by proper documentation and purchased for use by the County in accordance with the P-Card Manual, we utilized a transaction query function in PaymentNet to identify a population of OCA P-Card transactions and used data analysis software to generate a random sample<sup>7</sup> using the sampling methodology shown in Table 2 below. We assessed the reliability of this data by reviewing documentation, tracing a total of 74 randomly selected transactions back to source documents, and interviewing the OCA P-Card transaction approver. We determined that the data was sufficiently reliable for our reporting purposes. Based on our sampling methodology, we can project the results of our testing to the population.

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<sup>7</sup> A sample is a portion of a population that is examined or tested to obtain information or draw conclusions about the entire population.



*Table 2: Sampling Methodology – P-Card Transactions*

Population	Population Size	Population \$	Confidence Level	Tolerable Deviation Rate	Expected Deviation Rate	Sample Size	Sample \$
OCA P-Card transactions for all cardholders during the scope period	698	\$196,365.29	95%	8%	2%	74	\$21,580.23

For the selected samples, we obtained supporting documentation to determine whether P-Card transactions were initiated by the cardholder; purchased for the use of the County; supported by an itemized receipt or other acceptable means of documentation; approved by the designated transaction approver; classified with the appropriate accounting code; and, if applicable, whether purchases were appropriately shipped to OCA’s County address.

For testing compliance with administrative procedures explicitly related to non-local travel, we identified a population of non-local travel P-Card transactions by filtering the aforementioned population for transactions with the justification of “Travel/Transportation”. We randomly sampled this population of 60 travel transactions using data analysis software to generate a sample utilizing the sampling methodology shown in Table 3 below. We then traced the 39 randomly selected transactions back to source documents. We determined that the data was sufficiently reliable for our reporting purposes. Based on our sampling methodology, we can project the results of our testing to the population.

*Table 3: Sampling Methodology – Non-Local Travel Transactions*

Population	Population Size	Population \$	Confidence Level	Tolerable Deviation Rate	Expected Deviation Rate	Sample Size	Sample \$
OCA “Travel/Transportation” transactions during the scope period	60	\$14,208.91	95%	8%	2%	39	\$8,200.01

For the selected samples related to non-local travel, we obtained supporting documentation to determine whether P-Card transactions were supported by an itemized receipt or other acceptable means of documentation in accordance with the non-local travel policy (AP 1-2); approved by the department head or designated approver; and supported by eTravel electronic approval notification.

We also utilized data analysis software to analyze all 816 transactions incurred from July 1, 2022, through June 30, 2024, for characteristics of potential fraud, abuse, and improper purchases.<sup>8</sup>

### *Internal Controls*

We assessed OCA's internal controls and compliance with policies and procedures necessary to satisfy our audit objectives. We did not evaluate the internal controls of OCA to provide assurance on its internal control structure. We conducted interviews, walkthroughs, and documentation reviews to assess whether internal controls related to the applicable types of control activities, separation of duties, and documentation of responsibilities through policies are properly designed and implemented. However, because our review was limited, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

### *Auditing Standards*

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>8</sup> We used various data analytic scripts to identify P-Card transactions incurred during our audit scope period exhibiting characteristics of questionable vendors, excluded merchant category code purchases, weekend and holiday purchases, unusual amounts or relationships, year-end spending, duplicate payments (through expense reimbursements), or split purchases (a single item costing more than \$10,000, which is split into multiple transactions to circumvent the \$10,000 limit).

## APPENDIX B: CHIEF ADMINISTRATIVE OFFICER (CAO) RESPONSE

The Chief Administrative Officer provided the following response to our report:



### OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich  
*County Executive*

Richard S. Madaleno  
*Chief Administrative Officer*

### MEMORANDUM

April 2, 2025

TO: Megan Davey Limarzi, Inspector General

FROM: Richard S. Madaleno, Chief Administrative Officer *RSM*

SUBJECT: Inspector General Confidential Draft Report: Performance Audit of Purchasing Card Usage & Related Travel Expenses – Office of the County Attorney (OIG Publication #OIG-25-10)

Thank you for the opportunity to respond to the issue identified in the report. The Office of the County Attorney (OCA) provides legal advice and services to County departments, agencies, boards, and commissions, as well as the County Council in all aspects of the government's operations. Members of the office:

- Research legal issues and provide opinions,
- Prepare and present legislation,
- Negotiate and prepare agreements and other documents on behalf of the County,
- Draft resolutions and ordinances,
- Acquire and convey title to real property,
- Represent the County in court and before various administrative bodies,
- Collect various County fees and charges,
- Publish the County Charter, Code, Zoning Ordinance and Opinions.

More information about the office, and its constituent divisions, is available here:  
<https://www.montgomerycountymd.gov/cat/index.html>.

**Recommendation:** We recommend the OCA take steps to ensure all non-local travel is recorded and approved in eTravel prior to employees initiating travel.

**CAO Response.** We concur with the recommendation. Effective March 6, 2025, OCA began using eTravel to document and approve non-local travel (more than 75 miles from the Leggett Executive Office Building). OCA staff have been reminded that all non-local travel requests must be processed through eTravel.

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Inspector General Confidential Draft Report: Performance Audit of Purchasing Card Usage &  
Related Travel Expenses - Office of the County Attorney (#OIG-25-10)  
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Thank you for bringing this matter to our attention.

cc: Fariba Kassiri, Deputy Chief Administrative Officer, Office of the County Executive  
John Markovs, County Attorney, Office of the County Attorney  
Maxene Bardwell, Internal Audit Manager, Office of the County Executive

## APPENDIX C: RECOMMENDATION STATUS AND FOLLOW-UP

This Appendix provides a summary of the findings and recommendations presented in this report along with the OIG's assessment of the county's progress towards addressing the recommendations. The OIG categorizes progress towards implementation into the following 4 status groups:

- Open Unresolved: No management response, inadequate response, or no agreement on corrective action plan.
- Open In Progress: Agreed on planned action, auditee is in the process of implementing stated actions, but no evidence of implementation has yet been provided to the OIG.
- Open Resolved: Auditee provided support to OIG indicating implementation was complete, OIG testing to ensure implementation.
- Closed: Recommendation has been implemented.

Finding #	Finding	Recommendation	CAO Response	Status
1	Non-local travel was not documented and approved in eTravel as required by the County's Non-Local Travel policy.	We recommend OCA take steps to ensure all non-local travel is recorded and approved in eTravel prior to employees initiating travel.	We concur with the recommendation. Effective March 6, 2025, OCA began using eTravel to document and approve non-local travel. OCA reminded staff that all non-local travel requests must be processed through eTravel.	Closed