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# Inspector General's Work Plan & Projected Budget

*Fiscal Years 2018-2021*

October 30, 2017

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Montgomery County Maryland  
Office of the Inspector General

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# A Message from the Inspector General

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In June 2017, the Montgomery County Council appointed me to a second full term as Inspector General for the County. Montgomery County Code §2-151 requires the Inspector General to submit to the County Executive and Council a projected work plan and budget for the Office of the Inspector General (OIG) for the entire term.

This document presents a detailed short-term plan for specific reviews based on concerns that have already come to our attention. It identifies strategic areas that we intend to address in later years and includes a projected budget for this term.

This document identifies only those planned reviews that this office can complete while continuing to respond to unforeseen issues raised by complainants. As in prior years it is probable that some of the issues brought to our attention during each year will result in additional reports.

I believe our annual reports have shown that the Office of the Inspector General has been efficient, effective, and provided a valuable service to the County within current staffing and budgetary resources. Accordingly, this plan and the related four-year budget assumes a continuation of the current resource levels. If at a later date, circumstances indicate a need to increase oversight, we are prepared to work with County leaders to address that need.



Edward L. Blansitt  
Inspector General  
October 30, 2017

## Our Authority

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In 1997, the County Council of Montgomery County passed legislation to create the Inspector General's Office to serve as a watchdog to detect and prevent fraud, waste, and abuse in County government operations. Montgomery County Code Section 2-151 requires the Inspector General to "attempt to identify actions which would enhance the productivity, effectiveness, or efficiency of programs and operations of County government and independent County agencies."

## Work Plan Priorities

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Our highest priority each fiscal year is to promptly review each complaint that is received and respond to the complainant. Complaints are evaluated to determine whether there are reasonable grounds to suspect waste, inefficiency, or violation of policy or legal requirements. When appropriate, the OIG refers complaints to County government management for appropriate review and action, or to state agencies or appropriate law enforcement.

In executing our work plan, we will attempt to ensure that issues affecting the County government, as well as independent County agencies for which the OIG has oversight responsibilities, are addressed.

At times, our office identifies unanticipated issues which are deemed a higher priority than workplan items and must be addressed promptly. As priorities shift, the workplan may be modified.

## Ongoing Activities

Over the next four years the OIG will place an increased emphasis on the effectiveness of governance structures and resulting internal control systems. We believe that, given the breadth of County activities, well designed and implemented internal controls provide assurance of effective management and policy implementation as well as a safeguard against corrupt activities.

We will continue our increased emphasis on further developing relationships with management/internal auditors at independent County agencies. Maryland's creation of an Inspector General at the Maryland National-Capital Park and Planning Commission should improve oversight of that organization. We are eager to work with and assist the individual selected for the position in developing an effective office.

We will continue to dedicate resources to the following recurring activities:

- Preliminary Inquiries related to complaints received by the OIG.
- Referrals to management or law enforcement agencies of complaints received by the OIG.
- Follow-up on select audit recommendations made in prior-year OIG reports.

## Recommendation Resolution Process

Over the next four years, we will work with County government officials to strengthen our recommendation resolution process.

In each of our reports, we continue to encourage management to respond in writing to our findings and recommendations. We include each written response in our report, and, if appropriate, we summarize management's response.

Although the formal management responses to our reports typically address our findings and recommendations, in FY 2018 we plan to formalize our audit resolution process. We will ask management to provide us with a Corrective Action Plan (CAP) in response to each of our reports containing one or more recommendations. We will ensure that each CAP addresses our recommendations within reasonable timeframes and request periodic progress updates until each CAP is fully implemented. As a minimum, we will report progress on the implementation of OIG recommendations as part of our Annual Reports.

## Specific Reviews

This workplan outlines the specific reviews which are currently in progress and those which are planned for the remainder of FY 2018 and FY 2019. We more broadly outline our strategies for FY 2020 and FY 2021. Specific audits conducted in each fiscal year are selected based on time-sensitivity, vulnerability of organizations due to weak controls, and the potential to enhance the efficiency and effectiveness of County programs and services.

## FY 2018 – FY 2019 Planned Specific Reviews

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Below we identify reviews which are either already in progress or in the planning stages and expected to begin as OIG staff complete current work assignments and become available for new projects. We expect these workplan items to conclude during FY 2018 or FY 2019.

<b>NO. 1</b>	<b>Montgomery County Employee Retirement Plans</b>
<b>TITLE</b>	<b>Review of the Disability Retirement Program</b>
<b>OBJECTIVE</b>	<p>The objectives of this review are to determine whether:</p> <ul style="list-style-type: none"><li>a) Disability benefits were approved by all whose approval was required,</li><li>b) Applicable checklists were completed for each disability benefit applicant,</li><li>c) Evidence of required medical examinations of disability applicants was on file,</li><li>d) Evidence of required medical re-examinations for current disability recipients was on file,</li><li>e) Control procedures were implemented to determine if a retiree was receiving other income, and</li><li>f) Disability benefits were reduced by workers' compensation benefits and vice versa where appropriate.</li></ul>
<b>BACKGROUND</b>	<p>Disability benefits are an important topic for the County because of the large expense (over \$50 million per year), and because there is a risk that the system may be abused.</p> <p>Prior reviews by the OIG and the Office of Internal Audit identified weaknesses in the County's processes for awarding and continuing disability benefits. This audit focuses on whether the County has corrected the identified weaknesses.</p> <p>Strong internal controls are required for the County to provide disability benefits only for those people who are eligible. A challenge for the County is to find and implement those internal controls that are reasonably effective, without being overly costly.</p>

<b>NO. 2</b>	<b>County-wide</b>
<b>TITLE</b>	<b>Disposal of Surplus Material</b>
<b>OBJECTIVE</b>	The objective of this review is to determine whether the County has appropriate internal controls over the disposal of unusable/surplus items, including appropriate cash handling procedures for items which are sold.
<b>BACKGROUND</b>	OIG staff has identified three separate County offices which have recently sold surplus metal items to local scrap metal disposal facilities in exchange for cash. The OIG has initiated a preliminary investigation to determine whether the proper approval was sought to dispose of the property and whether the cash collected was properly deposited with the County.
<b>NO. 3</b>	<b>Ethics Commission</b>
<b>TITLE</b>	<b>Investigative Assistance to Ethics Commission</b>
<b>OBJECTIVE</b>	The objective of this review will be to investigate a specific matters on behalf of the Ethics Commission.
<b>BACKGROUND</b>	The Ethics Commission exercises authorities granted to it under the Public Ethics Law to promote the public's trust of County government and to ensure the impartiality of County employees, including elected officials, in the execution of their responsibilities. At times, the Ethics Commission receives allegations that an employee or group of employees has engaged in an activity that violates the Public Ethics law and the Ethics Commission may seek investigative assistance from the OIG.

<b>NO. 4</b>	<b>Montgomery County Economic Development Corporation</b>
<b>TITLE</b>	<b>Business Innovation Center Funding Sources and Use</b>
<b>OBJECTIVE</b>	<p>The objective of this review is to document the flow of Montgomery County funding of business innovation centers through the Maryland Economic Development Corporation to selected vendors to determine whether:</p> <ul style="list-style-type: none"><li>a) Funds are allocated among the incubators per budget and appropriations approved by the County Council,</li><li>b) Agreements exist between the County and third parties that set forth the terms and conditions for the expenditure of funds,</li><li>c) Adequate controls have been implemented to assure that payments made by third party service contractors were authorized, supported by approved invoices, and properly accounted for, and</li><li>d) Management reporting is sufficient to provide for transparent oversight of the business innovation centers.</li></ul>
<b>BACKGROUND</b>	<p>There are several business innovation centers in Montgomery County offering business, legal, intellectual property, accounting, and broad technical assistance to help entrepreneurs develop a successful business venture.</p>

**NO. 5**                      **Montgomery County Public Schools (MCPS)**

**TITLE**                      **MCPS Workers' Compensation**

**OBJECTIVE**              The objective of this review will be to review best practices and MCPS' current policies and procedures to determine whether MCPS has implemented controls that are adequate and reasonably ensure that:

- a) Absences from assignments are necessary and properly controlled,
- b) Appropriate cost-saving measures have been implemented, and
- c) Possible abuse is detected.

**BACKGROUND**              Maryland law requires that employers provide compensation to employees for accidental injuries and diseases that arise out of the course of employment. MCPS provides workers' compensation coverage to its employees.

**NO. 6**                      **Department of Finance**

**TITLE**                      **County-wide Administration of Workers' Compensation Claims**

**OBJECTIVE**              The objectives of our review will be to:

- a) Determine whether the County's contract for the administration of workers' compensation benefits is effectively monitored in accordance with County rules and regulations, and
- b) Ensure the County and its workers' compensation administrator are providing services in a timely manner and in accordance with contract provisions.

**BACKGROUND**              The OIG received multiple complaints regarding the administration of workers' compensation benefits. Complaints include allegations that the contractor fails to comply with County policy and procedures, is slow to respond to employees, and improperly denies claims.

**NO. 7**                      **Montgomery County Public Schools (MCPS)**

**TITLE**                      **Review of MCPS Telework Program**

**OBJECTIVE**              The objectives of our review will be to determine if MCPS:

- a) Has established an effective program to benefit from teleworking,
- b) Has established effective internal controls over telework, and
- c) Administers its telework program in accordance with applicable law, regulations, and policies.

**BACKGROUND**              As technological capabilities have increased, the possibilities for working from remote locations have increased. Teleworking can improve employee productivity and promote a balance between home and work. It can also reduce commute times, car emissions, and traffic congestion.

**NO. 8**                      **Montgomery County Employee Retirement Plans (MCERP)**

**TITLE**                      **Administration of County Employee Retirement Benefits**

**OBJECTIVE**              The objective is to review the County's retirement benefits system to determine whether the County has implemented sufficient internal controls to ensure benefits are equitably and accurately administered according to law and regulation.

**BACKGROUND**              The OIG has received complaints regarding the administration of employee retirement benefits by the County.

## FY 2019 – FY 2021

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Below we identify specific review topics which we expect to address in FY 2019 and FY 2020. We also more broadly identify our expected activities for FY 2020 and 2021.

### 2019 - 2020 Identified Specific Priorities

- Selected reviews of County departmental spending/staffing as compared to approved budgets.
- Analysis of Department of Human Resources hiring practices.
- Review of selected Department of Environmental Protection Water Restoration projects or practices.
- Follow-up review of the Department of Health and Human Services Behavioral and Crisis Services medical billing practices.
- Montgomery County Public Schools spending/staffing as compared to approved budgets.
- Capital project funding.

### 2020 – 2021 Strategic Areas

- Expenditure analysis and controls.
- Review of selected non-competitive and sole-source procurements.
- Perform Computer-Assisted Audit Procedures on selected data sets.
- Review of information technology security.
- Selected reviews of housing and social programs.
- Selected follow-up review.
- Selected review of internal controls over County procurement and acquisition practices.

## Staff Complement and FY 2018 Approved Budget

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The OIG has an approved budget that supports seven full-time equivalent (FTE) positions in FY 2018. The operations of the office are to be staffed with an Inspector General, a Deputy Inspector General, and five Investigative Analysts<sup>1</sup>. The operating budgets, displayed in the table below, represent the resources that have been provided to support operations of the office.

### *Office of the Inspector General Approved Budgets*

Fiscal Year	Personnel Expenditures	Operating Expenditures	Total
2018	\$1,027,577	\$44,295	\$1,071,872
2017	\$975,282	\$65,399	\$1,041,681

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<sup>1</sup> One of the five Investigative Analyst positions is filled with six intermittent staff members, whose combined yearly work hours are the equivalent of one full-time work-year.

## FY 2019-FY 2021 Projected Budget

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The projected operating budgets, displayed in the table below, represent the resources that the OIG anticipates will be needed to support this OIG work plan. Contractor resources used to support our efforts are included in the budget as an operating expense.

This document is intended to present a plan for ongoing activities for the office. Accordingly, the operating budgets for each year assume only the continuation of the FY 2018 staffing and contractor support levels. General wage adjustments, inflationary and other cost adjustments that are typically necessary to maintain existing operating levels have not yet been estimated for fiscal years 2019-2021 and are not included in the estimates presented below.

*Office of the Inspector General  
Projected Budgets*

<b>Fiscal Year</b>	<b>Personnel Expenditures</b>	<b>Operating Expenditures</b>	<b>Total</b>
2019	\$1,083,705	\$44,295	\$1,128,000
2020	\$1,083,705	\$44,295	\$1,128,000
2021	\$1,083,705	\$44,295	\$1,128,000

## Performance Measures

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The OIG work plan places our priorities on responding to issues raised by stakeholders and investigating matters of concern. Our performance measures are used to determine if the OIG is meeting its established mission and goals of the office.

OIG Performance Measures
<ul style="list-style-type: none"><li>• Percent of complaints reviewed with corresponding decisions made within 5 business days.</li><li>• Percent of initial inquiries completed within 20 business days.</li><li>• Percent of audits/inspection/investigation Preliminary Inquiry Memorandums or Discussion Draft Reports issued within 8 months.</li></ul>

The Office of the Inspector General invites the County Council, County Executive, and other key stakeholders to provide comments to [ig@montgomerycountymd.gov](mailto:ig@montgomerycountymd.gov).

If you are aware of fraud or misconduct  
in County government activities,  
contact the County Inspector General



- 📞 Confidential OIG Hotline: 240 777 7644
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