

**MEMORANDUM**

June 17, 2022

**TO:** Audit Committee

**FROM:** Blaise DeFazio, Senior Legislative Analyst *BD*  
Office of Legislative Oversight

**SUBJECT: Updates from the Office of the Inspector General and the Office of Internal Audit**

On June 23<sup>rd</sup>, the Audit Committee will receive briefings from the Office of the Inspector General and the Office of Internal Audit about their ongoing activities and reports. The participants expected to attend the worksession and the location of the supporting materials for each item are listed below.

Topic/Representatives	Materials
<b>Update from the Office of the Inspector General</b> <ul style="list-style-type: none"><li>Megan Davey Limarzi, Inspector General</li></ul>	Page 3
<b>Update from the Office of Internal Audit</b> <ul style="list-style-type: none"><li>William Broglie, Manager, Office of Internal Audit</li></ul>	Pages 4-5

**Update from the Inspector General**

Inspector General, Megan Davey Limarzi, will update the Committee on the activities of the Office. Ms. Limarzi provided a handout, attached at page 3, that summarizes the OIG's progress and highlights from FY22. OIG's Work Plan and published reports are found on the OIG's website, at <http://www.montgomerycountymd.gov/OIG/igproduct.html>. Items of note include:

- The OIG issued six reports since the end-of-year Audit Committee report in December:
  - Review of the New Home Builder and New Home Seller Program (22-010)
  - MCFRS Alleged Abuse of Overtime for COVID-19 Testing (Complaint C-22-121)
  - Performance Audit of the Montgomery County Public Libraries Collection Management Program (22-012)
  - Light-Duty Fleet Vehicles and Driver Suitability Inspection (22-013)
  - Criminal Background Investigations (22-014)
  - Retention of Employee Health Insurance Premiums by MCPS (22-15)

- The OIG currently has three announced engagements in progress:
  - Audit of the Department of Environmental Protection
  - Review of Alcohol and Beverage Services
  - Audit of the Office of Management and Budget

### **Update from the Office of Internal Audit**

William Broglie, Manager of the Office of Internal Audit, will update the Committee on the activities of the Office. Mr. Broglie provided a summary of the Office's recently released and ongoing audits, attached at page 4. Published reports for the Office of Internal Audit can be found at

[https://www.montgomerycountymd.gov/exec/internal\\_audit.html](https://www.montgomerycountymd.gov/exec/internal_audit.html). Items of note from the summary include:

- Three reports have been released since the end of year Audit Committee report in December:
  - Information Technology Audit: IT Asset Management (MCIA-22-1)
  - Information Technology Audit: Asset Management – Mobile Devices (MCIA-22-3)
  - Information Technology Audit: IT Access Management (MCIA-22-2)
- The Office of Internal Audit has four ongoing reviews:
  - Procure-to-Pay: Vendor Administration
  - Cash Management Internal Control Review – DOT
  - Cash Management Internal Control Review – REC
  - Fleet Management and Driver Suitability Program Assessment



## FISCAL YEAR 2022 HIGHLIGHTS



**OPEN ENGAGEMENTS: 3\***  
DEP, ABS, OMB



**COMPLAINTS RECEIVED: 226**



**REFERRALS: 55**

Complaints Referred to County Agencies and  
Outside Entities

\* Open Investigations not Reflected



**REPORTS ISSUED: 15**  
MCPS, DPS, REC, MCPL, MCFRS...



**RECOMMENDED IMPROVEMENTS: 44**



**72% OF FY 22-23 WORK PLAN  
ENGAGEMENTS IN PROCESS/COMPLETED**

## SIGNIFICANT FINDINGS

- MCPS retained an estimated \$3 to \$13.5 million in employee prepaid insurance premiums.
- REC did not have finalized policy for conducting background investigations and continually received criminal history information for individuals no longer affiliated with the department.
- A potentially large number of employees are not vetted prior to operating a county vehicle.
- The OIG encouraged MCPL to fully optimize efforts to better support the needs of the county's diverse population and improve management of the world languages collection.

## ACCOMPLISHMENTS

- ✓ Completed engagements covering MCPS, DGS fleet, REC background investigations, MCPL procurements, MCFRS COVID payments, OCP program administration, HOC misuse of resources, abuse of COVID Programs, MC retirement plans, and support of the Ethics Commission.
- ✓ Activated new complaint receipt and processing system and procedure.
- ✓ Fielded the OIG's first Spanish language complaint form.
- ✓ Implemented an intern program.
- ✓ Refined engagement process to increase communication and improve planning phases.
- ✓ Issued 5 Year Work Plan on November 1, 2022.

**OFFICE OF THE INSPECTOR GENERAL**

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**Office of the County Executive  
Office of Internal Audit Status Report to the Audit Committee  
June 23, 2022**

**Audit Reports Issued (since last Audit Committee meeting):**

2/9/2022 Information Technology Audit: IT Access Management (MCIA-22-1)

SUMMARY: The audit focused on IT access management processes within selected departments of Montgomery County and divisions within the Department of Technology and Enterprise Business Solutions (TEBS). The County's IT functions are both centralized and de-centralized. Therefore, each department reviewed has unique access management responsibilities with varying amounts of assistance from TEBS. The audit determined that established IT access management processes and controls reduce the risk of inappropriate access to systems, applications, and data; minimize segregation of duties conflicts; and secure access to critical and sensitive data. Seven sets of recommendations were identified to strengthen controls and mitigate risks within the County's IT access management processes, including: more timely processing of access removal and transfer requests, enhanced background check processes for sensitive positions, and compliance with County authentication guidelines.

1/25/2022 Information Technology Audit: IT Asset Management – Mobile Devices (MCIA-22-3)

SUMMARY: The audit focused on IT asset management functions applicable to mobile device within the Department of Technology and Enterprise Business Solutions (TEBS) and select departments. The audit included a review of policies and procedures applicable to the County's mobile device acquisition and disposal processes and found that County departments are managing mobile devices (tablets and smartphones) in an informal and decentralized manner and that departments included in the review have insufficient formalized policies, procedures, inventories, and documentation related to mobile devices. The report notes that TEBS does not currently play a direct role in the management, procurement, and maintenance of other departments' county-issued mobile devices. The audit identified several recommendations for enhanced cross-department collaboration under TEBS leadership to strengthen controls and enhance efficiencies.

1/21/2022 Information Technology Audit: IT Asset Management (MCIA-22-2)

SUMMARY: The audit focused on IT asset management functions applicable to the County's asset management processes associated with laptops, desktops, tablets, workstations, and hardware. The audit identified several opportunities to better manage processes, strengthen internal controls, and mitigate risks, including the following: improved enforcement countywide of IT asset purchase policies and procedures; strengthened asset inventory internal processes and procedures, including asset inventory sweeps appropriate for a remote working environment; and enhanced document retention.

All issued reports are at [http://www.montgomerycountymd.gov/exec/internal\\_audit.html](http://www.montgomerycountymd.gov/exec/internal_audit.html)

## Ongoing Reviews

- **Procure-to-Pay: Vendor Administration** – Evaluation of vendor administration internal controls and operational effectiveness. This completes the targeted internal control reviews identified by the Procure-to-Pay fraud risk assessment. STATUS: *Report drafting underway.*
- **Cash Management Internal Control Review - DOT** – Testing of internal controls for cash management operations within DOT: financial management, garages, permits/citations, and meters. STATUS: *Report drafting underway.*
- **Cash Management Internal Control Review - REC** – Testing of internal controls for cash management operations within REC: business services, aquatics, and facilities. STATUS: *Fieldwork underway.*
- **Fleet Management and Driver Suitability Program Assessment** – Based on the recent review completed by the OIG, this program assessment is benchmarking with other jurisdictions and identifying best practices to strengthen the County’s fleet management and driver suitability programs and provide the foundation for revisions to the County’s Administrative Procedure (AP) 1-4. STATUS: *Fieldwork underway.*

## Other Matters

- **FY 2023 Internal Audit Plan:** Submitted to Council on June 1.

## Progress on Implementing Recommendations

CUMULATIVE RECOMMENDATION TRACKING			
	Total Recommendations	Fully Implemented	Partially Implemented (In Progress)
<b>MCIA Audits</b>	<b>550</b>	<b>465</b>	<b>85</b>
Percent	62%	85%	15%
<b>OIG Reports</b>	<b>264</b>	<b>240</b>	<b>24</b>
Percent	30%	91%	9%
<b>OLO Reports</b>	<b>73</b>	<b>40</b>	<b>33</b>
Percent	8%	55%	45%
<b>Total Recommendations</b>	<b>887</b>	<b>745</b>	<b>142</b>
Percent	100%	84%	16%