



**Staff:** Gene Smith, Legislative Analyst  
**Purpose:** Review – straw vote expected  
**Keywords:** FY21 Budget

AGENDA ITEM #23  
 April 28, 2020  
**Worksession**

**SUBJECT**

Office of the Inspector General (OIG)

**EXPECTED ATTENDEES**

Megan Limarzi, Inspector General  
 Phil Weeda, Office of Management and Budget

**EXECUTIVE RECOMMENDATION**

FY21 Executive Recommendation	\$2,011,845	14.0 FTEs
Increase (Decrease) from FY20	\$780,048 63.3%	7.0 FTEs 100%

**COUNCIL STAFF RECOMMENDATION – CONTINUITY OF SERVICES BUDGET**

FY21 Council Staff Recommendation	<b>\$1,838,890</b>	<b>12.0 FTEs</b>
Increase (Decrease) from FY20	\$607,093 49.3%	5.0 FTEs 71.4%
Increase (Decrease) from CE FY21 Rec.	(\$172,955) (8.6%)	(2.0) FTEs (14.3%)

**EXECUTIVE RECOMMENDED ITEMS NOT INCLUDED IN CONTINUITY OF SERVICES**

- Addition of two positions in FY21 to the OIG’s auditing functions at a cost of \$150,585 because the positions were budgeted to begin mid-year FY21.
- This budget included \$22,370 for the FY21 compensation adjustments. The Council will review and discuss compensation and benefits for all the County Government separately.

**CONTINUITY OF SERVICES FROM FY20**

- Included are \$781,238 in expenditures to annualize the 5.0 FTEs that the Council added in FY20 to implement Bill 11-19.
- Included in the budget are: 1) \$18,124 in annualization of FY20 compensation adjustments; \$17,513 in annualization of FY20 lapsed positions; 3) (\$57,357) in savings from annualization of FY20 personnel costs; and 4) (\$154,567) in savings from personnel cost adjustments (mid-point salary for new positions).
- Included are the cross-departmental adjustments: 1) \$2,094 for retirement; and 2) \$48 for print and mail.

## POTENTIAL REDUCTIONS

- None.

## POTENTIAL ITEMS RELATED TO COVID-19

- None.

### **This report contains:**

Executive's FY21 recommended budget

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# Inspector General

## RECOMMENDED FY21 BUDGET

\$2,011,845

## FULL TIME EQUIVALENTS

14.00

MEGAN LIMARZI, INSPECTOR GENERAL

## MISSION STATEMENT

The mission of the Office of the Inspector General (OIG) is to promote the effectiveness and efficiency of programs and operations of County government and independent County agencies, prevent and detect fraud, waste, and abuse in government activities, and propose ways to increase the legal, fiscal, and ethical accountability of County government and County-funded agencies.

## BUDGET OVERVIEW

The total recommended FY21 Operating Budget for the Office of Inspector General is \$2,011,845, an increase of \$780,048 or 63.33 percent from the FY20 Approved Budget of \$1,231,797. Personnel Costs comprise 93.26 percent of the budget for 13 full-time position(s) and no part-time position(s), and a total of 14.00 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 6.74 percent of the FY21 budget.

## COUNTY PRIORITY OUTCOMES

While this program area supports all seven of the County Executive's Priority Outcomes, the following are emphasized:

- Thriving Youth and Families**
- Effective, Sustainable Government**
- A Growing Economy**

## INITIATIVES

- Add two new positions mid-year in FY21 and if needed, add three additional positions in late FY21 for Phase II of its expansion to implement Council Bill 11-19. The auditor positions allow the OIG to conduct a systematic risk-based rotating group by group review of the internal accounting and contracting processes and controls used by each department and principal office in the Executive Branch, as well as audit high-risk County contracts and agreements. Auditing the County's accounting and contracting processes on a recurring basis ensures that accounting/contracting programs are running effectively and efficiently.

## INNOVATIONS AND PRODUCTIVITY IMPROVEMENTS

- Develop and implement audit programs needed to conduct systematic risk-based rotating group by group review of the internal accounting and contracting processes and controls for Montgomery County Government departments.
- Identify, acquire, and implement case management systems; automate complaints processing, audit program management, and investigatory engagements.
- Develop a mechanism to track savings and improvements identified through OIG audits, investigations, and referrals, and a follow-up system for management to report on actual savings and improvements.
- Implement outreach programs to help educate County employees on how they can help the Office of the Inspector General to fight fraud, waste and abuse, and improve the effectiveness and efficiency of the programs and operations of the County government and independent County agencies.

## PROGRAM CONTACTS

Contact Michael Morgan of the Office of Inspector General at 240-777-8242 or Philip Weeda of the Office of Management and Budget at 240.777.2780 for more information regarding this department's operating budget.

## PROGRAM PERFORMANCE MEASURES

Performance measures for this department are included below (where applicable). The FY20 estimates reflect funding based on the FY20 Approved Budget. The FY21 and FY22 figures are performance targets based on the FY21 Recommended Budget and funding for comparable service levels in FY22.

Measure	Actual FY18	Actual FY19	Estimated FY20	Target FY21	Target FY22
<b>Program Measures</b>					
Percent of complaints reviewed and action initiated within 5 business days	94%	98%	95%	95%	95%
Percent of initial inquiries (with no reports or memo) completed within 20 days <sup>1</sup>	N/A	82%	80%	80%	80%
Percent of audit/inspection/investigation reports completed within 8 months	N/A	50%	60%	60%	60%

<sup>1</sup> The Office of Inspector General (OIG) either completed preliminary inquiry work without further comment, or reclassified the item for continuation as an audit, inspection, investigation, evaluation, or review.

## PROGRAM DESCRIPTIONS

### Inspector General

The Inspector General conducts independent audits, reviews, and investigations; receives and investigates credible complaints; reports possible violations of the law to law enforcement or another appropriate organization; notifies the County Council and County Executive of serious problems in programs; reviews legislation and regulations to strengthen controls and increase accountability; and submits reports with recommendations to appropriate officials. The Inspector General periodically conducts projects jointly with other government agencies and contractors.

## BUDGET SUMMARY

	Actual FY19	Budget FY20	Estimate FY20	Recommended FY21	%Chg Bud/Rec
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## BUDGET SUMMARY

	Actual FY19	Budget FY20	Estimate FY20	Recommended FY21	%Chg Bud/Rec
<b>COUNTY GENERAL FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	664,737	964,098	1,138,208	1,543,504	60.1 %
Employee Benefits	138,264	191,025	191,025	332,712	74.2 %
<b>County General Fund Personnel Costs</b>	<b>803,001</b>	<b>1,155,123</b>	<b>1,329,233</b>	<b>1,876,216</b>	<b>62.4 %</b>
Operating Expenses	28,513	76,674	175,445	135,629	76.9 %
<b>County General Fund Expenditures</b>	<b>831,514</b>	<b>1,231,797</b>	<b>1,504,678</b>	<b>2,011,845</b>	<b>63.3 %</b>
<b>PERSONNEL</b>					
Full-Time	6	6	6	13	116.7 %
Part-Time	0	0	0	0	—
FTEs	7.00	7.00	7.00	14.00	100.0 %

### FY21 RECOMMENDED CHANGES

	Expenditures	FTEs
<b>COUNTY GENERAL FUND</b>		
<b>FY20 ORIGINAL APPROPRIATION</b>	<b>1,231,797</b>	<b>7.00</b>
<b><u>Changes (with service impacts)</u></b>		
Enhance: Five Positions in Mid-Year FY20 - Council Resolution 19-294 and Bill 11-19 [Inspector General]	781,238	5.00
Enhance: Add Two Positions in Mid-Year FY21 and Operating Expenses for Phase II - Council Resolution 19-294 [Inspector General]	150,585	2.00
<b><u>Other Adjustments (with no service impacts)</u></b>		
Increase Cost: FY21 Compensation Adjustment	22,370	0.00
Increase Cost: Annualization of FY20 Compensation Increases	18,124	0.00
Increase Cost: Annualization of FY20 Lapsed Positions	17,513	0.00
Increase Cost: Retirement Adjustment	2,094	0.00
Increase Cost: Print and Mail Adjustment	48	0.00
Decrease Cost: Annualization of FY20 Personnel Costs	(57,357)	0.00
Decrease Cost: Personnel Cost Adjustments (Mid-Point Salary for New Positions) [Inspector General]	(154,567)	0.00
<b>FY21 RECOMMENDED</b>	<b>2,011,845</b>	<b>14.00</b>

### FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY21	FY22	FY23	FY24	FY25	FY26
<b>COUNTY GENERAL FUND</b>						
<b>EXPENDITURES</b>						
<b>FY21 Recommended</b>	<b>2,012</b>	<b>2,012</b>	<b>2,012</b>	<b>2,012</b>	<b>2,012</b>	<b>2,012</b>

## FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY21	FY22	FY23	FY24	FY25	FY26
No inflation or compensation change is included in outyear projections.						
<b>Annualization of Positions Recommended in FY21</b>	<b>0</b>	<b>108</b>	<b>108</b>	<b>108</b>	<b>108</b>	<b>108</b>
New positions in the FY21 budget are generally assumed to be filled at least two months after the fiscal year begins. Therefore, the above amounts reflect annualization of these positions in the outyears.						
<b>Labor Contracts</b>	<b>0</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
<b>Subtotal Expenditures</b>	<b>2,012</b>	<b>2,133</b>	<b>2,133</b>	<b>2,133</b>	<b>2,133</b>	<b>2,133</b>

## ANNUALIZATION OF FULL PERSONNEL COSTS

	FY21 Recommended		FY22 Annualized	
	Expenditures	FTEs	Expenditures	FTEs
Add Two Positions In FY21 (3rd Quarter)	108,484	2.00	216,968	2.00
<b>Total</b>	<b>108,484</b>	<b>2.00</b>	<b>216,968</b>	<b>2.00</b>