



OFFICE OF THE COUNTY EXECUTIVE


Marc Elrich
County Executive

Richard S. Madaleno
Chief Administrative Officer

MEMORANDUM

September 3, 2021

TO: Montgomery County Council

FROM: Richard S. Madaleno, Chief Administrative Officer 

SUBJECT: Audit of Compliance with County Policies on COVID Front Facing Onsite Differential Pay

I am writing you in follow up to my November 19, 2020, memorandum concerning the audit on possible overpayments under County policy of COVID Front Facing Onsite differential pay and to determine the underlying causes of any such overpayments. I regret the delay in finalizing the audit and the attached report; however, we believe it is important to have conducted an audit that was comprehensive of the entire period during which the COVID differential pay was in effect.

The Office of Internal Audit within the Office of the County Executive conducted this audit. I have attached a copy of the final audit report, which will be posted to the County website, as is our practice for all reports of audits conducted by this Office.

I want to highlight the major findings from the audit:

- No instances of apparent employee fraud or abuse (i.e., characterized by a deliberate falsification of timecard entries) were identified during the review.
- The COVID-19 crisis presented the County with numerous and complex operational and human resource challenges. The COVID-19 virus itself was not well understood and, particularly in the early stages of the crisis, guidance about protections to minimize exposure and transmission of the virus was evolving frequently. It is evident from the information gathered that, Countywide, there was a clear concern from the very beginning of the crisis for balancing the need to provide County services to residents and businesses while protecting employee safety. While information about the virus was evolving, County operations similarly evolved as we strove to restore “normal” operations as early as safely possible.

- There was a lack of timely understanding among senior County management concerning the impact of the agreements reached by the County and MCGEO in the summer 2020. The potential impact was not known until March-April 2021 – after the differential pay ended – with confirmation of this impact received through a legal opinion dated May 12, 2021.
- Effective communications are always a challenge when dealing with a large and dispersed organization, such as the County government. Effective communication, particularly under an evolving crisis, requires both clear and timely information to be disseminated, as well as receipt and understanding by those that must act on and implement the information. The further away from the decision-makers one gets, the more difficult it is to ensure that the information being communicated is received, understood, and correctly acted upon. Steps taken by the County to disseminate information (including emails, employee newsletters, weekly/monthly meetings for HR Liaisons and managers in departments) were all appropriate and commendable. It is questionable whether conducting more outreach/communication would have resulted in fewer instances of MCtime entries for Front Facing Onsite pay in excess of what was allowed by County policy. A number of people interviewed as part of the review indicated that, at times, they felt overwhelmed with the volume of information coming their way, particularly when combined with the challenges of managing a dynamic operations environment.
- Across County government there was widespread compliance with the policies concerning eligibility for and payment of COVID Front Facing Onsite differential pay, with no issues being identified in 16 of the 27 departments/offices in which employees received Front Facing Onsite differential payments.
- The audit determined that approximately 0.6% of the total Front Facing Onsite differential overpayment made by the County was paid to 262 employees in excess of what County policies allowed. Of this amount, 98% of the overpayments occurred in four departments (Department of Permitting Services, Police Department, Office of Animal Services, and Department of Transportation). These departments allowed, for specific operations, timekeeping policies that resulted in timecard entries for Front Facing Onsite hours in excess of what the employee was entitled to under County policy and resulted in overpayments.
- There were seven other departments in which the review identified timecard entries where employees had entered an incorrect pay code resulting in Front Facing Onsite hours in excess of what the employee was entitled to under County policy. In these instances, it appears that the timecard entries were the result of a data entry error or a misunderstanding of existing policies and guidance regarding eligibility for the Front Facing Onsite differential pay.
- The overwhelming number of hours (94.8 percent) identified during the audit period as incorrectly being recorded for Front Facing Onsite hours were associated with hours that

should have been recorded as Back Office Onsite – work performed onsite but not involving regular physical interaction with the public.

- Based on initial results from the audit, the County took corrective actions in November 2020 to require each department with employees eligible for the Front Facing Onsite differential pay to issue reminders to all such employees and their supervisors concerning their responsibility to record time worked accurately. These reminders specifically mentioned the importance of appropriately recording time worked while not performing Front Facing Onsite duties. Departments were directed to remind supervisors of their responsibility to review the time records of their employees to ensure time is recorded accurately and in accordance with County policies.
- A follow-on, targeted analysis was conducted to determine the impact of these corrective actions. That analysis concluded that the corrective actions taken were effective in addressing the issues identified during the initial audit period (March 29 through October 24, 2020) in three of the four departments referenced above. A focused, second audit was conducted in the fourth department, the Police Department, through February 13, 2021, the end of differential pay. That audit identified that issues continued, on a more limited scale, up until late January 2021, when clarifying guidance was disseminated to the department's command/executive staff; the results of the follow-on audit are reflected in the attached audit report.

We have begun the process required under the County's collective bargaining agreement (CBA) with the Municipal and County Government Employees Organization (MCGEO) when an overpayment to an employee has been identified. Under the CBA provisions, MCGEO will have an opportunity to respond to the information provided.

Enclosure – Internal Audit Report: *Review of Compliance with County Policies on COVID Front-Facing Differential Pay*, MCIA-21-6

cc: Fariba Kassiri, Deputy Chief Administrative Officer
Megan Limarzi, Inspector General
Bill Broglie, Internal Audit Manager