



OFFICE OF THE INSPECTOR GENERAL
MONTGOMERY COUNTY, MARYLAND

ANNUAL REPORT

Fiscal Year 2021

MEGAN DAVEY LIMARZI, ESQ.
INSPECTOR GENERAL



FY 2021 HIGHLIGHTS

COVID ENGAGEMENTS

6 COVID Oversight Engagements | Programs Valued at \$93 Million

6



ENGAGEMENTS INITIATED

Initiated 16 Engagements Affecting Over 20 County Funded Agencies

16



REPORTS ISSUED

Issued 17 Reports Covering Issues of Integrity | Data Security | Accountability | Pandemic Response

17



REFERRALS MADE

48 Complaints Referred to County Agencies and Outside Entities | 41% Increase Over FY20

48



RECOMMENDED IMPROVEMENTS

55 Recommendations | 96% Increase Over FY20

55



COMPLAINTS RECEIVED

223 Complaints | 35% Increase Over FY20

223



FORGING AHEAD

⇒ Applied a Diversity, Equity and Inclusion lens to Audits, Reviews, and Investigations

⇒ Completed Over 290 Hours of Professional Training to Advance Skills and Knowledge of County Programs

⇒ Hotline Complaints Increased More than 159% Over Last Two Years

⇒ Hired 6 Staff in FY21

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This report is submitted pursuant to Montgomery County Code Section 2-151(k)(1) which requires the Inspector General to submit by October 1 of each year an annual report to the Council and the Executive on the activities of the Office and its major findings and recommendations during the previous fiscal year.



FROM THE INSPECTOR GENERAL

Megan Davey Limarzi, Esq.
Inspector General

I proudly present this annual report detailing the accomplishments of the Office of the Inspector General during fiscal year 2021. Despite the uncertainty and challenges that surrounded our community throughout the year, the Office of the Inspector General continued to forge ahead providing the timely, independent, fact-based oversight of County agencies and programs that is expected of it. Propelled by the momentum we gained at the end of last year, we continued to publish investigative reports, audits, and reviews covering a wide array of issues and pertaining to more than two dozen agencies and programs valued at over \$400 million.

Over the past year, the office built upon its initial work related to the County's pandemic relief activities and spending. We initiated six different engagements and investigations related to COVID-19 programs and made 23 recommendations for improvement. We also continued to track and monitor the ever-growing list of grant programs and appropriations which are intended to fight the effects of the pandemic on County residents and businesses. Consistent with the demands of our mandate to audit and review all principal departments of county government, the OIG continued to grow in size, experience, and skill. We took the initial steps of meeting our mandate by initiating our first audits under government auditing standards while simultaneously building the infrastructure to support a modern, mobile audit division. We engaged in projects that are relevant to today's times and challenges, including efforts to strengthen the security of data, integrity of government, and accountability in the use of public funds. We also were inspired and driven to action by current events. We engaged in training, discussions, and planning in furtherance of our commitment to diversity, equity, and inclusion (DEI) including the addition of a new DEI assessment into the scoping and planning phase of every announced engagement.

The OIG of 2021 is a dynamic organization. It is flexible, capable, and adaptable; replete with a staff that has expertise in a wide range of subject areas and continues to gain the competencies necessary to perform their work. It is also an office firmly rooted in the standards and principals of our field: integrity, objectivity, fairness, and accountability. I must thank the women and men of the OIG for their agility this past year, the work contained in this report would not be possible without their diligent efforts and unwavering commitment.

On July 1, 2021, the County Council unanimously voted to reappoint me to my post as Montgomery County's Inspector General. As we enter the beginning of my four-year term, I am optimistically looking forward and steadfastly dedicated to finding new ways of pursuing our mission to best meet the needs of our residents, adding value to the conversations about accountability and integrity in government, and continuing to make this the OIG Montgomery County deserves.

OVERVIEW

The Office of the Inspector General (OIG) experienced significant growth and increased productivity in fiscal year 2021. Additionally, and emblematic of our commitment to good governance and respect for the community in which we live and work, the OIG adopted proactive practices to advance diversity, equity, and inclusion. The following selections detail areas that exemplify the OIG’s most noteworthy advancements in fiscal year 2021.

Commitment to Diversity

The OIG actively seeks to advance diversity, equity, and inclusion (DEI) through every facet of its work, from our internal communications and processes to our published work products and recruitments.

Driven to action by the County’s efforts aimed at racial equity and social justice, and the quickly evolving focus of DEI in government auditing, the OIG is focused on its role in promoting these principles. Throughout the year, all OIG staff engaged in trainings covering a broad range of topics such as implicit bias, the use of pronouns, and microaggressions. We employed visual and verbal supports in our interviews, adopted an inclusive language guide, and increased our language capacity so we can better engage with and serve our County’s residents. We also began to apply a DEI lens to the planning phase of every announced engagement to help identify areas of impact and ensure inclusion of diverse perspectives.

“The OIG is committed to maintaining an office environment that is welcoming and inclusive; one in which all staff members have access and opportunity to be a part of meaningful assignments, trainings, and growth.”

IG Megan Davey Limarzi

Office and Staffing

OIG staff carry a number of professional certifications and credentials and consistently engage in opportunities to increase their skills and expertise in the areas fundamental to their work.

All engagements conducted by the OIG are performed in accordance with the quality standards specified by the Government Accountability Office’s Generally Accepted Government Auditing Standards (GAGAS) and the Association of Inspectors General. These requirements dictate that all OIG staff possess independence and professional competence as well as the necessary

technical knowledge, skills, and abilities to complete each project. In the last fiscal year, staff completed over 290 hours of training through participation in courses covering topics such as: data analytics, fraud in construction, writing, accounting, internal controls, and ethics. Additionally, staff completed numerous trainings specific to County operations and processes.

Staff hired in fiscal year 2021 added to the OIG:

- ◆ 25 years of investigations experience
- ◆ over 30 years of auditing experience
- ◆ financial accounting capacity
- ◆ additional language fluency in Spanish, Hindi, Urdu, and Arabic
- ◆ and 3 professional certifications

Meeting Our Audit Mandate

On October 15, 2019, the County Council enacted Bill 11-19 which mandates the OIG conduct a systemic risk-based rotating group-by-group review of the internal accounting and contracting practices and controls used by each department and principal office in the Executive Branch. In response, the OIG established, and continues to develop, the Audit and Program Review Division (Audit Division). In fiscal year 2021, the OIG hired an Audit Division Chief to manage the division as well as three auditors. To enhance their professional abilities, Audit Division staff participated in more than 100 cumulative hours of training to learn the County’s systems and enterprise-wide functions and processes, and to develop their technical knowledge and skills in government auditing.

In developing the Audit Division, we created an audit process and adopted formal policies and procedures that follow Generally Accepted Government Auditing Standards (GAGAS). We procured and implemented TeamMate+ Public Sector audit management software to help guide our audit process and began using CaseWare IDEA data analysis software to increase our analytic capabilities.

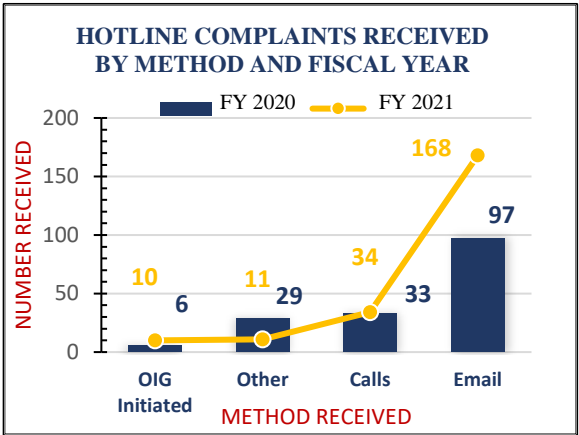
Engagement Process



OIG Hotline

Information received through the OIG’s hotline continues to be one of the key drivers of our audits, reviews, and investigations. The County employees, residents, and others who contact our hotline not only help ensure the proper and efficient use of County funds and resources, but they also help identify systemic issues with County governance.

We received 223 complaints in fiscal year 2021, a 35% increase over fiscal year 2020. The majority of complaints were received via email. Approximately 97% of complaints were addressed within five business days of receipt. We investigated 30 complaints and referred 48 complaints that were outside the purview of the OIG or were best addressed by a County department or external agency. In total, we closed 246 complaints in fiscal year 2021, including those carried over from previous fiscal years.



Reviews & Investigations



The OIG initiated 16 audits, reviews and investigations in fiscal year 2021, resulting in 55 recommendations targeted at improving County funded departments, agencies, and programs. Those engagements affected approximately 20 County departments and agencies, including the Departments of Finance, Correction and Rehabilitation, Police, and Permitting Services, as well as the Housing Opportunities Commission, and the Montgomery County Economic Development Corporation. Through our various engagements we examined programs valued at over \$400 million.

exposing vulnerabilities, detecting fraud, and making recommendations to improve the effectiveness and efficiency of programs.

Our Pandemic related work is published on the federal Council for Inspectors General on Integrity and Efficiency's (CIGIE) Pandemic Response Accountability Committee (PRAC) website, in support of their effort to promote transparency and support independent oversight of the funds provided by the Coronavirus Aid, Relief, and Economic Security (CARES Act) and other pandemic relief legislation.

<https://www.pandemicoversight.gov/oversight>

COVID Spending Oversight



In fiscal year 2021 we examined the County's Public Health Emergency Grant Program, the County's purchase of computers to support teleworking efforts, the County's payment of differential pay to employees who could not work from home, rental assistance grant programs, the County's purchase of personal protective equipment, and payments to a restaurant relief grant applicant. Through our six pandemic related reviews and investigations we examined programs valued at over \$93 million and to date have made 23 recommendations for improvement. Our work focused on providing oversight of spending, with an eye towards

Legislative Action



The OIG's work, in part, was a catalyst for three pieces of legislation passed by the County Council in fiscal year 2021, each of which was designed to enhance public trust and safeguard County programs. Following our investigation of the County's former Chief Administrative Officer, the Council passed the *Public Accountability and Transparency Act* designed to more effectively guard against County employees using their positions for private gain and a related bill denying severance pay to certain County employees who violate the County ethics law. The Council also passed the *Oversight and Small Business Investment Act* which requires grant program beneficiaries to enter into a written agreement with the County, ensures the County's right to audit the recipient's compliance with program requirements, and provides remedies should grant funds be misused.

SUMMARY OF SIGNIFICANT ACTIVITY

The work of the OIG in fiscal year 2021 presented a variety of opportunities to provide timely, unbiased, and informative analyses and recommendations to positively impact the quality and effectiveness of County funded programs and activities. Below is a summary of our most significant work.

COVID-19 Pandemic

Department of Permitting Services Employees Overpaid COVID-19 Differential Pay

We initiated a review based on allegations that County Department of Permitting Services (DPS) inspectors were paid COVID-19 differential pay to which they were not entitled. The review found that DPS inspectors were wrongly paid COVID-19 related differential pay from approximately March 29 to August 29, 2020. The OIG observed that other County Departments may also have incorrectly allowed employees to claim COVID differential pay over the same period. Investigators were not able to calculate the extent of overpayments because DPS was not able to provide accurate data on the number of inspections conducted by DPS inspectors, how the inspections were conducted, or their duration. Of note is that since the OIG alerted DPS management of the issue, there was a 27 percent decrease (1,456 hours) in hours claimed for the costliest differential pay category, representing an approximate savings of \$14,560 per pay period.

In response to the COVID-19 emergency, Montgomery County Government instituted differential pay, widely referred to as hazard pay, for County employees required to work onsite. They established two related differential pay categories, front facing onsite and back office onsite. Employees performing work categorized as front facing would receive an additional \$10 per hour, and employees performing work categorized as back office would receive an additional \$3 per hour. Following the issuance of our report and meeting with the full Council and representatives of the Executive branch, a second audit was initiated by the County's Office of Internal Audit. The results of the audit are yet to be published.

[Publication Number OIG-21-006: *DPS Inspectors were Overpaid COVID Differential Pay*]

Hurried Rollout May Have Affected COVID-19 Grant Payments

A review of the County's Public Health Emergency Grant Program (PHEG) found that the County, through the Department of Finance, expeditiously actuated the County's first COVID relief grant program. However, processing errors may have disadvantaged some applicants and the County.

The OIG examined whether adequate policies, procedures, and controls were in place and operating to efficiently and effectively manage the administration of the PHEG. In doing so, the OIG learned the PHEG was developed and initiated within two weeks of the passage of corresponding legislation. Initial policies and procedures defining eligibility criteria and detailing the process for receiving and processing applications, as well as the training of staff to review and process applications, were all completed in rapid succession.

A review of approved applications found that changes to eligibility criteria and award formulas were made after the application period closed; varied processing errors were made by staff; and processors

did not maintain supporting documentation and written communications with applicants in a consistent and secure manner. Some processing errors resulted in underpayments as well as improper payments to applicants.

In response to observations made during this review, the OIG published a bulletin, *Lessons Learned from County COVID-19 Grant Programs*, in October of 2020 detailing several recommended enhancements to County grant programs. As a result, the Chief Administrative Officer's (CAO) office imparted guidance to County Department Directors encouraging them to fully implement the OIG's recommendations, particularly in situations when grant programs must be implemented in an expedited timeframe.

[Publication Numbers OIG-21-005 and OIG-21-008: *Public Health Emergency Grant Program and Lessons Learned from County COVID-19 Grant Programs*]

OIG Recommends Improved Accountability Over COVID Related Computer Purchases

We conducted a review resulting in a public bulletin providing County leadership several recommended enhancements to strengthen procurement, maintain accountability, and safeguard computer equipment purchased to support COVID-19 mandated telework.

The bulletin provided five recommendations based on observations made by the OIG during a review of the County's purchase of approximately 640 laptop computers at a cost of over \$643,000. The recommendations addressed the need to develop policies for the acquisition, control, and distribution of information technology equipment in emergency situations; using a consistent methodology to determine how many computers to order; improving control over inventory; enhancing operations and security at the receiving warehouse; and conducting advanced planning for how the purchased computers will be incorporated into the County's inventory when operations return to a pre-COVID state.

[Publication Number OIG-21-009: *Lessons Learned from County COVID Loaner Laptop Purchases*]

County Contractor Failed to Follow COVID-19 Protocols

The OIG received countless complaints pertaining to different aspects of pandemic response. Some complaints were referred to County management for quick action and some were addressed by the OIG. We referred a complaint to the Department of Health and Human Services (DHHS) alleging that a DHHS contractor providing services to a vulnerable population failed to follow COVID-19 protocols following an exposure. DHHS management investigated the matter and reported that a contracted employee did return to work after an exposure and before test results came back. DHHS characterized the matter as a misunderstanding between the contractor and DHHS management. During the investigation, the contractor indicated that they felt some pressure from the County's Program Monitor to continue providing services. To prevent future similar situations, DHHS management reminded all staff and contractors that they are required to follow all COVID-related protocols which included created reporting forms for possible exposures and that contractors should follow safety guidelines and not provide services when sick or potentially exposed. Additionally, the DHHS Compliance Team made several programmatic recommendations for the involved contractor, each of which were designed to address the circumstances leading to the incident.

Integrity

MPIA Requirements Not Fully Met by County Departments

The OIG examined the County's efforts to provide the public with contact information required under the Maryland Public Information Act (MPIA). Generally, the County and its departments publish MPIA-required information in several locations on their websites. As part of the review, the OIG examined the County's website, the Montgomery County Department of Police's website, and the websites of ten randomly selected County departments. Our review noted various issues on seven of the twelve websites reviewed.

Aside from not being compliant with law, the OIG noted ambiguous language, particularly on the Department of Police website, that could prevent and discourage those seeking information from obtaining information to which they were entitled. Such ambiguity is also inconsistent with the County's commitment to transparency.

The MPIA grants a broad right to public records to any person, regardless of whether they are aggrieved parties or classified as persons of interest. The MPIA requires a governmental unit's MPIA contact to be identified by name on the unit's website or maintained in a place easily accessible by the public; and that the contact's business address, business phone number, electronic mail address, and the unit's internet address also be included. As a result of our report, the CAO's office initiated a review of all MPIA information on County Department websites.

[Publication Number OIG-21-002: *MPIA Compliance Issues with Police and Other Department Websites*]

Allegations of Misconduct at Tree House CAC of Montgomery County

We initiated an investigation into allegations that the management of Tree House Child Advocacy Center of Montgomery County (Tree House CAC), among other things, misstated information in order to obtain funding and continued support from the Montgomery County Council.

Specifically, the OIG examined whether Tree House management made materially false statements or representations to the County to influence the awarding of grants; whether Tree House CAC employees followed established requirements for conducting background checks; and whether three complainants were fired in connection with their cooperation with the OIG.

The OIG discovered that Tree House CAC presented incorrect data in their 2019 Annual Report but was not able to substantiate claims that false information was presented in order to influence prospective donors or the County's decision to extend contracts or grants. The OIG also noted issues with Tree House CAC's compliance with contract terms related to background checks. Lastly, the OIG was not able to substantiate allegations that Tree House staff was fired for cooperating with the OIG.

[Publication Number OIG-21-007: *Tree House Child Advocacy Center of Montgomery County, MD*]

Misconduct Allegations at HOC not Substantiated by the OIG

We investigated alleged wrongdoing by the Executive Director and a Commissioner of the Housing Opportunities Commission of Montgomery County (HOC). The investigation was predicated on a complaint alleging that the Executive Director violated ethics rules by failing to disclose outside employment; improperly awarding a contract to a firm run by an HOC Commissioner's son; and wrongly awarding a vendor contract to the same Commissioner when they were an applicant for a commissioner position. The investigation also examined whether the Commissioner failed to disclose a conflict of interest on annual financial disclosure forms. The OIG did not substantiate any wrongdoing by the Executive Director, or the subject Commissioner associated with the issues examined in the investigation.

[Publication Number OIG-21-013: *Allegations of wrongdoing by the Executive Director and a Commissioner of the Housing Opportunities Commission*]

Improvement Needed in MCEDC Conflict of Interest Disclosure Practices

We investigated an allegation that the Montgomery County Economic Development Corporation (MCEDC) Board of Directors may have violated the County's prohibition against self-dealing by awarding a sponsorship for a venture affiliated with a Board Member.

The investigation confirmed that in September of 2019 the MCEDC Board of Directors approved a \$20,000 sponsorship that was requested by a Board Member for a venture that they controlled. However, the OIG found that MCEDC policy allows Board Members to request and receive such sponsorships on behalf of organizations in which they have an interest. The investigation did not test or render an opinion on the merits of the sponsorship in question or MCEDC's work in general.

In examining the issue, the OIG determined that MCEDC did not always follow their own policies and procedures related to sponsorships and identifying and preventing potential conflicts of interest. The OIG made five recommendations aimed at strengthening MCEDC policies and procedures designed to prevent and detect potential conflicts of interest and increase transparency. MCEDC subsequently concurred with all of the recommendations and responded that they have started implementing changes to address the recommendations.

[Publication Number OIG-21-011: *Allegation of Self-Dealing at Montgomery County Economic Development Corporation*]

Data Security

County SharePoint Platform Exposes Sensitive Information of Vulnerable Populations

In October 2020, we published the results of an investigation based on the discovery of sensitive and personally identifiable information (PII) on a County information sharing platform. The investigation, prompted by a referral from a County employee, found copious unsecured sensitive documents on the County's SharePoint platform available to any County employee or contractor.

Many of the documents contained the names, biographical data, medical information, and clinician notes pertaining to children evaluated by the Tree House Child Advocacy Center of Montgomery County Maryland, Inc. (Tree House CAC). Tree House CAC is a non-profit agency that contracts with the County to provide medical evaluations, forensic interviews, ongoing mental health therapy, victim support and advocacy services, integrated care coordination, and other related services to child victims of sexual/physical abuse and neglect.

The investigation also uncovered many other unsecured documents, some containing PII, connected to various County Departments, including the Department of Health and Human Services, Department of Finance, Department of General Services, Department of Technology and Enterprise Business Solutions, and the Department of Transportation. For example, some documents pertaining to the Public Health Emergency Grant Program, a program overseen by the Department of Finance, contained tax information and the social security numbers of applicants.

The OIG had previously alerted County management in February and May of 2020 to similar issues concerning the security of documents housed on a different, but similar, technology platform. The reported actions by County management did not resolve the OIG's concerns and did not prevent the needless exposure of sensitive documents.

[Publication Number OIG-21-003: *County SharePoint Platform Exposes Sensitive Information of Vulnerable Populations*]

Website Misconfiguration Creates Vulnerabilities

We received a complaint alleging that a Montgomery County Police Department (MCPD) WordPress site had a Transport Layer Security (TLS) misconfiguration which could result in an MCPD employee's administrative credentials being displayed over the internet in plain text. The matter was referred to the Chief Administrative Officer (CAO) for appropriate inquiry and action.

The CAO provided a response indicating that the Department of Technology Services was in the process of moving all content from the WordPress platform to a County-maintained and operated system which will eliminate the TLS vulnerability and provide a more secure environment within the County firewall to store and access data.

Accountability

Improvements Recommended to County Oversight of Financial Transactions

The OIG initiated a follow-up review to our November 2018 report on control deficiencies that allowed the former Department of Economic Development Chief Operating Officer (COO) Byung “Peter” Bang to misappropriate \$7.2 million in County funds. This review specifically examined the degree to which the County implemented stated corrective actions in response to OIG report 19-002. This engagement was announced in the OIG Revised Workplan dated November 29, 2019.

The review found that the County implemented changes to key processes to address vulnerabilities discovered during multiple examinations of the Bang incident. However, the OIG determined that despite the changes made, certain non-procurement transactions may avoid review. The OIG made six recommendations aimed at strengthening controls and processes associated with non-procurement transactions. The County’s Chief Administrative Officer subsequently concurred with all the recommendations, and the OIG anticipates the County’s implementation plan to be included in the Internal Auditor’s fiscal year 2021 annual report due in the fall.

[Publication Number OIG-21-012: *Follow-Up Review to Publication # OIG-19-002: A Review of Management Control Deficiencies Contributing to the Misappropriation of Montgomery County Economic Development Funds*]

County Bridge Contracts Meet Legal Requirements

In a Fiscal Year 2019 review, *Memorandum of Understanding Regarding the School Bus Safety Camera Program*, the OIG noted issues with a bridge contract utilized by Montgomery County Public Schools (MCPS) for the provision of a school bus safety camera program. The OIG observed that MCPS appeared to receive less favorable terms than the public entity in the underlying contract. We initiated this review to examine whether bridge contracts executed by the County met the legal requirements established by law.

Montgomery County procurement law allows the County to rely on another public entity’s competitive procurement process to satisfy contract competition requirements. Contracts awarded through these arrangements are referred to as “bridge contracts” or “piggyback contracts.” Between July 1, 2018, and October 29, 2020, the County’s Office of Procurement awarded 93 contracts bridged from contracts originating in 40 different public entities and amounting to over \$43 million. Bridge contracts represented 6.3% of total County contracting in Fiscal Year 2019.

The OIG concluded that the County generally complied with laws and policies governing bridge contracts but found that Procurement was not always able to provide satisfactory assurance that they considered whether underlying contracts were awarded as a result of adequate competition. In response to our recommendations the County agreed to enhance documentation practices.

[Publication Number OIG-21-014: *Compliance Review of Bridge Contracting*]

Key Control and Scheduling Systems not fully Implemented at DOC

The OIG was contacted on multiple occasions by several Department of Correction and Rehabilitation (DOCR) Food Service Department (FSD) employees regarding perceived favoritism in scheduling and overtime assignments; poor communication which led to confusion regarding staff assignments and scheduling; and suspicions that staff was being paid for hours and overtime they did not work. The allegations were similar to those explored in our fiscal year (FY) 2018 report, *Department of Correction and Rehabilitation Personnel Complaints and Allegations*. In this review we sought to understand if FSD implemented the Telestaff automated scheduling system, as presented in the Chief Administration Officer (CAO)'s response to our report, and whether that implementation effectively remediated concerns raised by complainants. Additionally, we attempted to determine whether FSD employees worked the hours for which they were compensated.

We encountered a variety of issues while analyzing a sample of paper and electronic records maintained by DOCR. We noted that key control systems at two facilities failed to retain data beyond a narrow window. Furthermore, employees did not always swipe their badges when entering and leaving a facility, rendering the data incomplete. In the end, we were not able to adequately validate that FSD employees were present in a DOCR facility during the hours they claimed they were working.

While conducting this review, we found that much of DOCR began using Telestaff in 2018, but it was never implemented by FSD. Instead, FSD continued to rely on paper scheduling records which appeared to be a continued source of contention and employee dissatisfaction.

We noted the potential risk to inmates, residents, and staff associated with the use of obsolete or improperly functioning key control systems and the potential for waste in purchasing a key control system that was never implemented.

[Publication Number OIG-21-001: *DOCR Key Control and Scheduling Systems Have Yet to be Implemented*]

Inequitable Assignment of Overtime

The OIG received two separate complaints from Montgomery County Fire and Rescue Service (MCFRS) staff regarding the assignment of overtime to evaluate a new hose testing standard adopted by MCFRS. Reportedly, the previous program was administered during regular shiftwork at the station level with no overtime required.

According to the information we received, the new process allowed the personnel chosen to oversee the testing to receive four to five months of regular overtime (up to 50 hours per week). Both complainants reported that the overtime was only offered to those "handpicked" and trained for the testing and referred to the overtime as a "scam". One of the complainants also alleged that there was no diversity on the testing team and the new testing program provided overtime opportunities to select white employees.

The complainant's description of the assignment of overtime for the hose testing process, appeared to echo the transparency and equity concerns addressed in OIG Publication No. OIG-20-009, *Montgomery County Fire & Rescue Service Overtime Costs and Redundancies in the MCFRS EEO/Diversity Office*. Therefore, we referred the matter to the Chief Administrative Officer (CAO).

In response to our referral, the Fire Chief stopped the testing process in order to complete a review of the testing administration and personnel testing process. Subsequently, to ensure an open and transparent selection process, a new application procedure was announced and opened to all MCFRS personnel at the Captain, Lieutenant and Master Firefighter/Rescuer ranks.

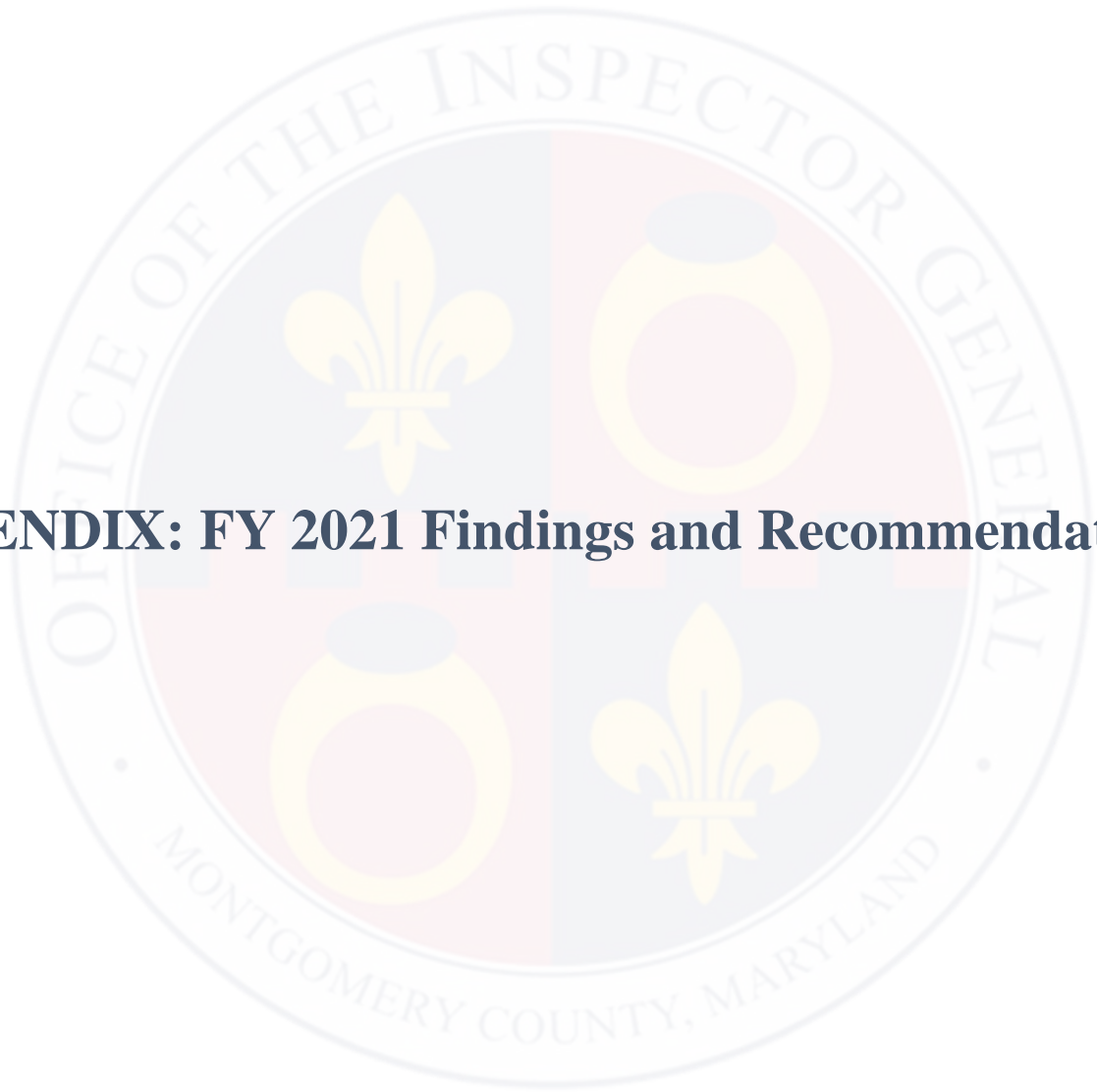
County Employee Violated Purchase Card Policies

We investigated an Information Technology (IT) Specialist at the Montgomery County Department of Health and Human Services (DHHS) who was alleged to have violated policy when utilizing a County-issued purchase card.

Through investigation, the OIG found that the employee exceeded card purchasing limits and that DHHS IT generally did not follow policy when approving, procuring, and tracking purchases made with County-issued purchase cards. The report also noted lax oversight practices for purchases under \$1,000. In examining a sample of the more than \$260,000 worth of purchases made by the subject employee from June 26, 2018 through December 2020, the OIG found no indication that they used their assigned purchase card for personal gain.

Failure to enforce the provisions of the County's purchase card policy and maintain tight controls over spending can lead to abuse and fraud. The report contained two recommendations for improvements that if properly implemented will help minimize existing vulnerabilities. The County Chief Administrative Officer concurred with the recommendations.

[Publication Number OIG-21-010: *DHHS IT Purchase Card Allegations*]



APPENDIX: FY 2021 Findings and Recommendations

APPENDIX: Status of Findings and Recommendations

Montgomery County Code Section 2-151(k)(1) requires the Inspector General to submit by October 1 of each year an annual report to the Council and the Executive on the activities of the Office and its major findings and recommendations during the previous fiscal year. This Appendix provides a description of major findings and recommendations in published reports as well as the status of each recommendation as reported to the OIG by the Montgomery County Economic Development Corporation (MCEDC) and the Office of Internal Audit (MCIA) on behalf of the County.

| Publication # | Report Title | Findings | Recommendations | Status (Reported to OIG) |
|---------------|---|---|---|--|
| OIG-21-001 | Department of Correction and Rehabilitation: <i>Key Control and Scheduling Systems Have Yet to be Implemented</i> | Finding: Key control systems for the Montgomery County Correctional Facility (MCCF) and Montgomery County Detention Center (MCDC) do not adequately maintain a reliable and verifiable audit trail of who was assigned keys, when and which keys were received, and when they were returned. | (a) All DOCR key control systems should be regularly evaluated and updated, as the tracking of correctional facility keys is a principal component of correctional facility security and accountability. (b) DOCR should evaluate the key control system used by MCDC and ensure that it is reliable and capable of maintaining a verifiable audit trail of who was assigned keys, when and which keys were received and returned. | (a) In Progress (b) In Progress |

Appendix: Status of Findings and Recommendations

| Publication # | Report Title | Findings | Recommendations | Status (Reported to OIG) |
|---------------|--------------|---|--|---|
| | | <p>Finding: DOCR spent over \$57,000 on a new key control system for MCCF without first arranging for appropriate resources to ensure timely installation of the system.</p> | <p>(a) DOCR should implement the new MCCF key control system as soon as possible.</p> <p>(b) As future upgrades to DOCR technology are contemplated, DOCR should ensure that system requirements can be met and resources are available for timely installation, prior to making a purchase.</p> | <p>(a) Complete</p> <p>(b) Complete</p> |
| | | <p>Finding: The DOCR Food Service Department failed to implement the Telestaff automated scheduling system and experienced significant problems as a result of its use of a paper scheduling system.</p> | <p>The DOCR Food Service Department should implement the Telestaff scheduling system to alleviate confusion with schedules, improve accountability, ensure transparency, and lessen miscommunication with staff.</p> | <p>Complete</p> |

Appendix: Status of Findings and Recommendations

| Publication # | Report Title | Findings | Recommendations | Status (Reported to OIG) |
|-------------------|--|--|--|-----------------------------|
| OIG-21-002 | Montgomery County Government: <i>MPIA Compliance Issues with Police and Other Department Websites</i> | Finding: The Department of Police’s website page, contrary to MPIA requirements, does not identify an MPIA contact by name and states that requests may be denied unless the requestor is a “person of interest” or representing a person of interest. Instructions also direct that the “requestor should provide the date, time, and the location of the incident as well as the incident (report) number to facilitation the request.” | We recommend the Department of Police update its website to include the name and individual email address of the MPIA contact and remove the language that is inconsistent with MPIA requirements. | Complete |

Appendix: Status of Findings and Recommendations

| Publication # | Report Title | Findings | Recommendations | Status (Reported to OIG) |
|---------------|--------------|--|--|---|
| | | <p>Finding: We observed that the Health & Human Services, Permitting Services, and Transportation departments websites did not have any of the information required by the MPIA. The Department of Recreation and Department of Public Libraries' websites were missing some information as well.</p> | <p>(a) We recommend that the Health & Human Services, Permitting Services, Transportation, Recreation, and Public Libraries departments add missing information to become compliant with MPIA requirements and the Assistant CAO's previous directives.</p> <p>(b) We recommend that all County department heads be advised to ensure their department websites include their MPIA contact's name, business address, business telephone number, business email address, and the department's internet address.</p> | <p>(a) Complete</p> <p>(b) Complete</p> |

Appendix: Status of Findings and Recommendations

| Publication # | Report Title | Findings | Recommendations | Status (Reported to OIG) |
|--------------------------|---|--|--|--|
| <p>OIG-21-003</p> | <p>Department of Health and Human Services: <i>County SharePoint Platform Exposes Sensitive Information of Vulnerable Populations</i></p> | <p>Finding: Any County employee or contractor with access to the SharePoint platform could access names biographical data, medical information, clinician notes, and details of abuse of children evaluated by the Tree House Child Advocacy Center of Montgomery County Maryland, Inc. We also found documents, containing sensitive information, connected to other County departments.</p> | <p>We recommend that the Chief Administrative Officer:</p> <p>(a) restrict access to the Tree House SharePoint site and associated files;</p> <p>(b) assess the extent to which the records of children evaluated by Tree House were accessed by persons without need to know and take appropriate remediation measures;</p> <p>(c) discontinue the use of file sharing platforms until data security vulnerabilities are addressed;</p> <p>(d) alert County employees to the vulnerabilities existing with the County’s use of document sharing platforms; and</p> <p>(e) instruct County employees and the Department of Technology Services to delete documents containing PII and other sensitive information from document sharing platforms.</p> | <p>(a) Complete</p> <p>(b) In Progress</p> <p>(c) Complete</p> <p>(d) Complete</p> <p>(e) Did Not Concur</p> |

Appendix: Status of Findings and Recommendations

| Publication # | Report Title | Findings | Recommendations | Status (Reported to OIG) |
|---------------|---|--|--|---|
| OIG-21-005 | Montgomery County Government: <i>Lessons Learned from County COVID-19 Grant Programs</i> | Observation: We noted several opportunities to help strengthen current and future County grant programs. | (a) Clearly define and communicate eligibility criteria (b) Avoid changes to eligibility criteria and processing methodology (c) Provide sufficient training to application processors (d) Consider implementing an application tracking system (e) Require applicants to attest that information provided is true | CAO directive sent to all departments. Implementation is on-going. |
| OIG-21-006 | Department of Permitting Services: <i>Inspectors were Overpaid COVID Differential Pay</i> | Finding: DPS inspectors received front facing COVID differential pay for hours to which they were not entitled. | We recommend that DPS management review all COVID differential pay claims to determine how much was erroneously paid and seek reimbursement of any undeserved differential pay. | Complete |
| | | Finding: DPS inspection data is incomplete and not accurate on the DPS and Data Montgomery web sites. | We recommend that DPS improve the completeness and accessibility of its inspection data. | In Progress |

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|--------------------------|--|---|--|--|
| | | <p>Finding: Other County departments may have also allowed employees to claim COVID differential hours to which they were not entitled.</p> | <p>We recommend that the CAO:</p> <ul style="list-style-type: none"> (a) review all County departments' differential pay expenditures to ensure they complied with policy and seek reimbursement of any undeserved differential pay. (b) Not seek reimbursement from the Federal Emergency Management Agency or use federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds to pay for COVID differential payments until all such payments have been verified for compliance against County policy. | <ul style="list-style-type: none"> (a) In Progress (b) Complete |
| <p>OIG-21-007</p> | <p>Department of Health and Human Services: <i>Tree House Child Advocacy Center of Montgomery County, MD</i></p> | <p>Finding: The Tree House fiscal year (FY) 2019 Annual Report presented incorrect data for Family Advocacy Services, Mental Health Services, and Medical Exams. However, we were not able to substantiate claims that inconsistencies between internal data and what was reported externally was done to influence prospective donors or the County's decision to extend contracts or grants.</p> | <p>We recommend that the following issues be addressed by County and DHHS leadership:</p> <ul style="list-style-type: none"> (a) The County clearly define its role in managing Tree House and thereby assign clear responsibilities to County staff working at Tree House. (b) DHHS thoroughly investigate all remaining allegations as appropriate, especially issues related to data security and privacy. | <ul style="list-style-type: none"> (a) In Progress (b) In Progress |

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|---------------|--------------|---|---|-----------------------------|
| | | <p>Finding: In FY 2018 and 2019, Tree House did not adhere to contract terms when completing Maryland Child Protective Services (CPS) background clearances.</p> | <p>We recommend the DHHS contract monitor actively scrutinize Tree House’s compliance with all contract terms, including ensuring Tree House conducts background investigations for all staff as appropriate.</p> | <p>In Progress</p> |
| | | <p>Finding: Tree House does not maintain, as required by contract, a tracking spreadsheet containing the status of employee background investigations and does not appear to have a mechanism in place to alert staff when reinvestigations are due.</p> | | |

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| Publication # | Report Title | Findings | Recommendations | Status (Reported to OIG) |
|---------------|--|---|--|------------------------------|
| OIG-21-008 | Montgomery County Department of Finance: <i>Public Health Emergency Grant Program (PHEG)</i> | Finding: Application processors applied a superseded formula to determine the percentage of revenue loss resulting in some underpaid applicants. | Grant administrators should: (a) Avoid changing eligibility criteria and processing methodology after a program has opened and started processing applications. If modifications occur, program administrators should take steps to ensure that all applications processed under the obsolete methods are reevaluated, and if appropriate, reopen programs to ensure all qualified persons are given the opportunity to apply. (b) Develop a standardized process to address over and underpayments of grant awards and apply the established process to applicable impacted applications. | (a) Complete (b) Complete |

Appendix: Status of Findings and Recommendations

| Publication # | Report Title | Findings | Recommendations | Status (Reported to OIG) |
|---------------|--------------|---|---|---|
| | | <p>Finding: PHEG application processors made processing errors that in some instances led to faulty eligibility decisions and improper payments.</p> | <p>Grant administrators should:</p> <p>(a) Provide specific, standardized and consistent guidance and training to staff involved in the processing of grant applications, to include specific examples of possible situations they will encounter in processing applications.</p> <p>(b) Discourage processing staff from using their discretion in making eligibility determinations.</p> | <p>(a) Complete</p> <p>(b) Complete</p> |
| | | <p>Finding: PHEG processors did not maintain application support documents and written communications with applicants in a consistent and secure manner.</p> | <p>Grant administrators should:</p> <p>(a) Require processing staff to upload all correspondence with applicants into applicable databases so there are complete records of what transpired.</p> <p>(b) Terminate access to grant systems at the conclusion of staff and contractor involvement with grant programs.</p> <p>(c) Mandate that staff and contractors who are no longer involved with a program have no further contact with applicants and direct all questions from applicants to a single point of contact.</p> | <p>(a) Complete</p> <p>(b) Complete</p> <p>(c) Complete</p> |

Appendix: Status of Findings and Recommendations

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|---------------|--|---|--|-----------------------------|
| OIG-21-009 | Montgomery County Government: <i>Lessons Learned from County COVID Loaner Laptop Purchases</i> | Observation: DCM’s purchase and subsequent dispersal of laptops to support telework revealed a lack of clear procurement and inventory control policies. | Develop policies for the acquisition, control, and distribution of information technology equipment in response to emergency conditions. | Implementation is on-going. |
| | | Observation: We observed that DCM did not have a consistent method for identifying needs prior to making purchases. | Make purchasing decisions based on identified needs to prevent waste. | Implementation is on-going. |
| | | Observation: We determined that DCM does not have a plan to retrieve and incorporate into operational inventory the approximately 643 laptop computers purchased to support COVID situational telework. | Develop a plan to incorporate COVID laptops into the County’s inventory. | Implementation is on-going. |
| | | Observation: We found that DCM could not provide complete records showing the location and assigned user of all COVID loaner laptops. We further found that they did not have a policy requiring a physical inventory of all assets stored in the warehouse. | Improve inventory control processes. | Implementation is on-going. |

Appendix: Status of Findings and Recommendations

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|--------------------------|---|--|--|------------------------------------|
| | | <p>Observation: During our visits to the DCM warehouse we observed boxes of computer equipment stacked approximately six feet high and clusters of computer equipment scattered around the warehouse in a haphazard fashion. We also noted extremely deficient security practices.</p> | <p>Enhance warehouse operations and security.</p> | <p>Implementation is on-going.</p> |
| <p>OIG-21-010</p> | <p>Department of Health and Human Services: <i>IT Purchase Card Allegations</i></p> | <p>Finding: We found that a recurring purchase that exceeded the \$10,000 limit set in County Code. We also discovered that DHHS IT staff routinely did not ensure that funds were available prior to making purchases with P-Cards and noted lax oversight and approval practices by the former DHHS IT manager responsible for reviewing and approving P-Card transactions.</p> | <p>We recommend that DHHS establish formal procedures for the use of P-Cards by IT staff that are consistent with the requirements of the County’s P-Card policy. The procedures should address the vulnerabilities identified in our investigation.</p> | <p>In Progress</p> |

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|--------------------------|--|---|---|--|
| | | <p>Finding: During our investigation we also discovered that DHHS IT had no formal process to ensure they received the products ordered. Similarly, they did not have a process to document receipt by an end-user, or an inventory system capable of tracking valuable items.</p> | <p>We also recommend DHHS implement an inventory management program that captures relevant IT equipment.</p> | <p>In Progress</p> |
| <p>OIG-21-011</p> | <p>Montgomery County Economic Development Corporation (MCEDC): <i>Allegation of Self-Dealing at Montgomery County Economic Development Corporation</i></p> | <p>Finding: MCEDC did not always follow policy when considering Board Member connected sponsorship requests.</p> | <p>We recommend that MCEDC:</p> <ul style="list-style-type: none"> (a) Ensure that all Board decisions affecting businesses in which an MCEDC Board Member is or has been recently employed, has an economic interest, or holds a policy-making position are documented as required by MCEDC policy. (b) Issue letters delineating the conditions imposed on sponsorships involving Board Members to comply with policy, maintain transparency, and ensure that all parties clearly understand the Board’s intentions and expectations. | <ul style="list-style-type: none"> (a) Complete (b) Complete |

Appendix: Status of Findings and Recommendations

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|---------------|--------------|--|--|--|
| | | <p>Finding: MCEDC does not have a reliable mechanism in place to ensure that conflict of interest forms are consistently collected, reviewed, and maintained.</p> | <p>We recommend that MCEDC establish a mechanism to ensure required Conflict of Interest Annual Affirmation and Disclosure Statements are consistently and accurately completed, reviewed, and maintained, including appropriate remedies for noncompliance.</p> | <p>Complete</p> |
| | | <p>Finding: The annual conflict of interest forms do not require the disclosure of all potential conflicts.</p> | <p>We recommend that MCEDC:</p> <ul style="list-style-type: none"> (a) Modify the Conflict of Interest Annual Affirmation and Disclosure Statement to include information that assures the impartiality and independent judgement of Board Members will be maintained in matters brought before the Board. (b) Improve transparency by requiring Board approval of all sponsorships benefiting organizations in which a Board Member has a financial interest, holds a policy making position, or is a producer, promoter and/or sponsor of the event, regardless of who requests the sponsorship. | <ul style="list-style-type: none"> (a) Complete (b) Complete |

Appendix: Status of Findings and Recommendations

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|--------------------------|--|---|--|---|
| <p>OIG-21-012</p> | <p><i>Follow-up Review to Publication # OIG-19-002: A Review of Management Control Deficiencies Contributing to the Misappropriation of Montgomery County Economic Development Funds</i></p> | <p>Finding: The County’s implementation of AP 2-4 and Accounts Payable policies allow for continued vulnerabilities.</p> | <p>We recommend the County:</p> <ul style="list-style-type: none"> (a) Employ unique identifiers on all AP 2-4 agreements to allow for matching of submitted invoices to related contracts/agreements and strengthen internal controls. (b) Maintain an itemized inventory that captures all the requirements of AP 2-4 Section 6.0 (C) and includes an identification number, names of responsible parties to the agreement, the total agreement value, an indication as to whether the agreement involves an advance payment or receipt of funds on the County’s behalf, and the date of signature by the CAO. (c) Ensure that all AP 2-4 agreements, and amendments to agreements, are uploaded into the OCA inventory consistently and timely. (d) Update the County’s business application software suite to require the entry of a permissible commodity code for direct payments. (e) Enforce restrictions on direct payments as required by the Authorized Payment Policy. (f) Expand existing Finance policies and procedures to enhance oversight over direct payments below \$10,000. | <ul style="list-style-type: none"> (a) Complete (b) In Progress (c) In Progress (d) In Progress (e) Complete (f) Complete |
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| OIG-21-014 | Office of Procurement: <i>Compliance Review of Bridge Contracting</i> | Finding: Procurement was not always able to provide satisfactory assurance that consideration was given to whether underlying contracts were awarded as a result of adequate competition. | Ensure sufficient evidence is maintained to show that the County considered whether underlying contracts were awarded as a result of adequate competition. | In Progress |



OFFICE OF THE INSPECTOR GENERAL

REPORT FRAUD, WASTE AND ABUSE IN COUNTY PROGRAMS & OPERATIONS

The OIG reviews the effectiveness and efficiency of County government and independent agency programs and operations. The OIG also works to prevent and detect fraud, waste, and abuse in government activities.

FRAUD

Fraud is attempting to obtain something of value through willful misrepresentation:

- Inflating hours billed and billing for products that were never delivered
- Providing false information to qualify for grants, contracts and county resources



WASTE

Waste is squandering money or resources, even if not explicitly illegal:

- Buying overpriced equipment from a favored vendor
- Buying unnecessary or excessive goods or services
- Inefficient or duplicative use of resources



ABUSE

Abuse is misusing ones position or authority:

- Writing contract terms to favor a specific contractor
- Using County computers to access prohibited material
- Retaliating against those that report information to the OIG

REPORT ABUSE



REPORT

Website: <https://www.montgomerycountymd.gov/oig>

Email: IG@montgomerycountymd.gov

Phone: 240-777-7-OIG (7644)



