



OFFICE OF THE INSPECTOR GENERAL

Montgomery County, Maryland



MEMORANDUM OF INVESTIGATION

TO: Rich S. Madaleno
Chief Administrative Officer

FROM: Megan Davey Limarzi, Esq.
Inspector General

DATE: October 11, 2021

SUBJECT: Updates to AP 1-2 and 1-5 Recommended

The Office of the Inspector General (OIG) recently concluded a performance audit of the administration of the Montgomery County Employee Retirement Plans and Consolidated Retiree Health Benefits Trust (collectively referred to as the “retirement plans”). Through this audit we tested compliance with certain County policies. We found some instances of non-compliance with County policies related to expense reimbursements, invoice payments, P-Card transactions in general, and separation of duties related to P-Card transactions. The report presents a detail account of those deficiencies.

While conducting the audit we also discovered a deficiency with County Administrative Procedures 1-2 (AP 1-2) and 1-5 (AP 1-5), that we would like to bring to your attention. AP 1-2 requires that travel “must be approved by the department head or designee before it may be considered authorized travel for which the County will pay or reimburse reasonable and necessary travel expenses”. AP 1-5 requires that “[t]he Travel Authorization Request must be signed by the department head or designee”. AP 1-2 and AP 1-5 do not explicitly detail if “department heads” need to obtain approval for their own travel and if so from whom they should obtain the approval. In our audit we noted two separate instances where the executive director authorized her own travel. We noted in the related report that this practice was an inadequate separation of duties.

I discussed our observation with the Deputy Chief Administrative Officer (DCAO) who provided that department heads are expected to obtain approval from your office using the County’s e-travel portal. The DCAO advised that such requirements were previously communicated verbally and by email to all directors.

We recommend that the County update AP 1-2 and AP 1-5 to include a prohibition against any County employee authorizing their own expense transactions. The policy update should also include instructions on how department heads ought to obtain authorization and approval for travel related expenditures.

Please provide a written response to this correspondence no later than October 29, 2021. I also ask that you provide my office with copies of communications and/or policy updates upon issuance.

cc: Fariba Kassiri, Deputy Chief Administrative Officer

Attachment: Response from the Chief Administrative Officer’s Office

On October 26, 2021, the Office of the Inspector General received an email from the Deputy Chief Administrative Officer (DCAO) stating that they concurred "that Administrative Procedures (AP) 1-2 and 1-5 could be strengthened and clarified with regard to the requirement that department/office Directors must obtain approval for their business travel expense transactions, to ensure appropriate separation of duties." The DCAO further stated:

"We believe the existing APs make clear the separation of duties requirement for department employees below the Director level, by requiring that travel business expenses incurred by department employees must be approved by the department Director. We have asked the Department of Finance to revise these APs to make explicit in the AP the requirement for Directors to obtain approval from the CAO, or designee, for their business travel expense transactions, to ensure appropriate separation of duties; and to determine whether additional revisions, updates, or enhancements to these APs are warranted. Finance has conveyed to me that review of, and updates to, these APs were already planned as a follow-up to revisions currently being made to related Finance policies. We hope to finalize the update and publication of these APs by Spring of 2021."

The CAO's office also provided that they send reminders to department/office Directors of this requirement and provided us with examples of prior communications.