



OFFICE OF THE INSPECTOR GENERAL MONTGOMERY COUNTY MARYLAND

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REPORT OF INVESTIGATION

Abuse of Purchase Cards by Montgomery County Public Schools
Department of Transportation Employees

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EXECUTIVE SUMMARY

The Montgomery County Office of the Inspector General (OIG) initiated this investigation in May of 2022, after consulting with the Montgomery County Police detective investigating alleged misconduct by the former Montgomery County Public Schools (MCPS) Department of Transportation (DOT) Director and former MCPS DOT Assistant Director. Our investigation sought to (1) determine whether evidence existed that MCPS DOT employees misused MCPS purchase cards (P-Cards) to procure items for personal use; and (2) evaluate MCPS DOT employee compliance with P-Card policies and procedures related to purchases, approvals, reviews, and reconciliations in order to test whether sufficient controls existed to mitigate vulnerabilities.

In conducting our investigation, we identified purchases that were prohibited by policy, purchases of items that are highly desirable and easily stolen, and purchases of items that could be converted for personal use. We analyzed line-item descriptions and the limited receipts available for each transaction looking for indicators of fraud, such as even-valued purchases, purchases made on weekends, and purchases that were sent to non-MCPS affiliated addresses.

SCOPE

We analyzed P-Card transaction data for all 12 MCPS DOT employees assigned cards from July 10, 2020 to June 22, 2022. Some MCPS DOT employees were issued two P-Cards.

Approximately \$570,000 was spent through MCPS issued P-Cards during the scope of our investigation.

DURATION & STANDARDS

Our investigation was conducted between May and November 2022, in accordance with the Association of Inspectors General Principles and Quality Standards for Investigations by Offices of Inspector General (May 2014).

RESULTS

- P-Cards issued to the former MCPS DOT Assistant Director were used to make approximately \$133,000 worth of purchases that were prohibited by policy. Approximately \$1,600 of the purchases were deemed by the OIG as possibly for personal, not MCPS related, use.
- The former MCPS DOT Director, former Assistant Director, and some staff regularly violated P-Card policies.
- Although MCPS has taken steps to mitigate identified vulnerabilities, additional oversight of the P-Card program is needed.

RECOMMENDATIONS

- Continue to cooperate with law enforcement to support efforts to recoup stolen funds and equipment and prosecute violations of law.
- Reconcile purchase transactions made with P-Cards issued to former MCPS DOT Assistant Director to ensure appropriate items have been captured in inventory.
- Implement the use of compliance monitoring features in the JP Morgan system to alert P-Card administrators of potential violations of policy.
- Ensure desk reviews of all schools and central office departments are conducted within the prescribed frequency.
- Develop and implement written policies requiring rotational audits of P-Cards for central office departments and functions.

TABLE OF CONTENTS

EXECUTIVE SUMMARY	i
TABLE OF CONTENTS.....	ii
BACKGROUND.....	1
INVESTIGATIVE FINDINGS.....	3
RECOMMENDATIONS	12

BACKGROUND

With more than 158,000 students, 25,232 employees, and 210 schools, Montgomery County Public Schools (MCPS) is the largest school system in the State of Maryland and the 14th largest school system in the United States. MCPS is governed by the Montgomery County Board of Education (BOE) which “provides leadership and oversight for the ...(MCPS) by setting goals, establishing policies, and committing resources”.¹ They are the “official educational policy-making body”² for Montgomery County. The BOE consists of seven elected county residents who serve a four-year term and a student who serves on a one-year term.³

The Fiscal Year (FY) 2022 MCPS operating budget appropriation was \$2.78 billion, representing a \$24.25 million (0.9%) increase from FY 2021. Montgomery County provides approximately 63% of the funding for MCPS while the remaining 37% is funded by a combination of state education aid, federal grants, and other miscellaneous funding sources.

MCPS has approximately 1,300 school buses that collectively travel more than 112,000 miles every day transporting students to and from school. The MCPS Department of Transportation (DOT) is responsible for operating and maintaining these buses which are parked at one of six transportation depots throughout the county. Each MCPS DOT depot has a fueling system, maintenance repair shop, and administrative offices. In FY 2022, the MCPS DOT had a staff of 1,828 and a budget of \$120,839,688.

The MCPS Shady Grove Depot serves as the primary MCPS DOT training center and where the former MCPS DOT Director and former MCPS DOT Assistant Director maintained offices. In 2006 the Montgomery County Planning Board approved the Shady Grove Depot to be converted into a mixed-use housing development. The Shady Grove Depot remains operational however because the county has not identified an alternate location to park approximately 400 school buses. Due to the likely relocation of the Shady Grove Depot, MCPS has chosen not to invest in renovations of this facility.

MCPS maintains a purchase card (P-Card) program to streamline the process for making low-dollar purchases that are necessary for MCPS operations. The *MCPS Purchasing Card User's Guide* outlines the policies and procedures governing P-Card use. Prior to a recent update in July 2022, the previous version of the guide was last updated in October 2014. Additional policies and procedures related to P-Cards are contained in Chapter 3 of the MCPS Financial Manual and on MCPS' P-Card webpage.⁴

The P-Card is the preferred method of procurement for small purchases of \$500⁵ or less that are not on a list of precontracted items. Currently, there are approximately 1,600 MCPS and BOE employees that have assigned P-Cards. Although limits may vary based on an articulated need,

¹ <https://www2.montgomeryschoolsmd.org/boe/about/>

² <https://www2.montgomeryschoolsmd.org/boe/about/mission/>

³ IBID.

⁴ <https://www2.montgomeryschoolsmd.org/departments/procurement/purchasing-card/>

⁵ \$100 or less per 2014 MCPS Purchasing Card User's Guide.

Background

most P-Card holders are limited to \$500 per transaction and \$1,500 for all transactions in a month. According to MCPS policy, P-Cards cannot be used to purchase gift cards or furniture. Additionally, P-Cards cannot be used to purchase items for which MCPS has established contracts.

MCPS' Division of Controller (Controller) is tasked with performing limited reviews of P-Card transactions to ensure card holders are in compliance with MCPS policy. The BOE's Internal Audit Unit (IAU) is responsible for conducting regular operational, financial, and compliance audits of MCPS schools and central offices.⁶

⁶ We will refer to the Division of Comptroller and IAU collectively as MCPS throughout the report.

INVESTIGATIVE FINDINGS

After consulting with the Montgomery County Police regarding various allegations of misconduct by the former MCPS DOT Director and former MCPS DOT Assistant Director, the Office of the Inspector General opened an investigation to determine whether MCPS DOT employees misused P-Cards.

Our investigation identified numerous instances where P-Cards issued to the former MCPS DOT Assistant Director were used to make purchases that were not allowed by policy and in some instances appeared to be for personal use. We also found that MCPS DOT management and staff routinely failed to comply with MCPS P-Card policies. The disposable, consumable, and utilitarian nature of many of the items purchased prevented us from determining whether certain items were used to support an MCPS related activity. Additionally, we were not able to match P-Card transactions to items at MCPS depots because of limitations with available data, the lack of a documented inventory, and the fact that numerous items had been moved to various MCPS DOT locations.

We acknowledge that since allegations of misconduct by former MCPS DOT managers came to light, MCPS has taken several steps to address some program vulnerabilities. However, many of the controls in place to prevent abuses of P-Cards rely on the diligent review and ethical behavior of managers. The backstop against management abuses and failures is a strong audit and oversight program. We observed opportunities for MCPS to strengthen their oversight programs.

Also, we note that the former MCPS DOT Director and former MCPS DOT Assistant Director used MCPS employees and funds to make repairs and renovations to the Shady Grove Depot despite the county's documented intent to close it and redevelop the area. We were told by one employee who was hired as a mechanic that the job actually entailed performing renovations at the Shady Grove Depot. Several MCPS DOT employees also told us that they continually perform routine maintenance and renovations of the facility because of a lack of support from the MCPS Department of Maintenance.

MCPS Inquiries Related to Employee P-Card Usage

In September of 2021, the Controller identified questionable purchases made on P-Cards issued to the former MCPS DOT Assistant Director. The Director of MCPS' Department of Materials Management subsequently requested that the IAU initiate a limited review of the former MCPS DOT Assistant Director's P-Card activity. The IAU conducted a review of all P-Card activity from January 2019 to September 2021. They found large purchases of furniture and other items were made in violation of policy using P-Cards issued to the former MCPS DOT Assistant Director. The IAU also identified numerous items that appeared to be for non-MCPS use. See Table 1.

INVESTIGATIVE FINDINGS

Table 1: IAU List of Potentially Personal Items Purchased with P-Cards Issued to the former MCPS DOT Assistant Director

Date of Purchase	Cost	Description
12/23/2021 [sic]	\$14.99	Cellphone holder Pink Butterfly
12/19/2019	\$45.99	PowerWave cooling fan for iPhone 11
4/7/2020	\$53.98	Sport Loop Apple Watch
6/17/2020	\$872	2 Drag Radial Tires
6/19/2020	\$65.48	Pro-line Racing Trencher
6/1/2020	\$555.17	Touch screen frame, Echo dot, outdoor WiFi smart outlet, gum, Echo flex, Apple lightning
6/2/2020	\$129.90	Sport Kayak Car Roof Rack
7/2082020 [sic]	\$365	Google Nest Home Security Camera
8/12/2020	\$50.97	3 USA Flag mask windproof
8/15/2020	\$500	Amazon gift card
8/18/2020	\$21.99	American Flag bandana
9/9/2020	\$31	Goodrich Mud Terrain Beadlock wheels
4/15/2021	\$1,498	Home Depot Gift Card
4/28/2021	\$60.98	Car headrest pillow
6/3/2021	\$12.97	Rotatable running phone armband
6/23/2021	\$43.57	Elastic braided bands for Apple watch and laptop cooling pad w/ blue LED lights
7/20/2021	\$241.30	Sports premier bike rack hitch mounted
8/11/2021	\$20.85	MD Flag face masks super soft
8/10/2021	\$349	NASCAR Race Fan Intercom base camp headset
TOTAL	\$4,933.14	

The IAU also observed that the former MCPS DOT Assistant Director entered misleading descriptions of certain purchases into the PaymentNet⁷ system, possibly to disguise personal purchases as work related. For example, on April 7, 2020, the former MCPS DOT Assistant Director's P-Card was used to purchase a watch band for an Apple Watch but the purchase was described in PaymentNet as a laptop accessory.

The IAU discovered the former MCPS DOT Assistant Director's P-Cards were used to purchase several gift cards, the purchase of which is also prohibited by policy. In their November 17, 2021, summary report, the IAU stated that "according to the cardholder, one gift card was lost before the card could be used. There were no receipts to verify purchases made on any of these cards." IAU staff reported that when they interviewed the former MCPS DOT Assistant Director about many of the transactions they deemed questionable, he provided no explanation and appeared to physically indicate that the IAU was correct in their determination. In their report, the IAU

⁷ PaymentNet is an online service provided by JP Morgan Chase for cardholders to input information and review their P-Card account information including statements, balances, and limits.

INVESTIGATIVE FINDINGS

recommended that the former MCPS DOT Assistant Director be required to repay MCPS for the value of the gift cards.

The former MCPS DOT Director and former MCPS DOT Assistant Director were placed on administrative leave by MCPS in mid-November 2021.

In December of 2021, MCPS hired accounting and advisory firm Anchin, Block & Anchin LLP (Anchin) to conduct a forensic investigation related to the alleged financial improprieties of the former MCPS DOT Director and MCPS DOT Assistant Director. Anchin reviewed P-Card transactions, valued at approximately \$650,000, for all MCPS DOT cardholders for the period February 7, 2020 through January 5, 2022. Anchin additionally included the former MCPS DOT Assistant Director's P-Card transactions for the period July 1, 2016 to February 6, 2020, valued at approximately \$150,000. Anchin classified approximately \$571,000 of all reviewed P-Card expenditures as either questionable or requiring additional follow-up. Their classification was principally tied to transaction limits and item types. Anchin did not investigate individual purchases to determine whether they were for a business use. In February 2022, Anchin issued a draft report of their findings in which they stated that additional work was necessary to fully investigate some of the transactions.

The former MCPS DOT Assistant Director was terminated from employment in February 2022 and the former MCPS DOT Director resigned his position in March of 2022.

OIG Investigation of MCPS DOT Employee P-Card Usage

Expanding on the initial work done by MCPS, we analyzed P-Card transaction data for all MCPS DOT cardholders for the period July 10, 2020, to June 22, 2022.⁸ There were 12 MCPS DOT employees that possessed P-Cards during the scope of our investigation. Some MCPS DOT employees, including the former MCPS DOT Assistant Director, were issued two P-Cards. Table 2 depicts the spending limits and total amount spent by each cardholder during the review period.

Table 2: MCPS DOT P-Card Limits and Total Expenditures from 7/10/2020 to 6/22/2022

TITLE OF MCPS DOT CARDHOLDER	Highest Limits per Transaction/Per Month	TOTALS
Former Director	Unavailable	\$0
Former Assistant Director	\$50,000 per /\$200,000	\$195,973
Former Assistant Director Card 2	\$5,000/\$10,000	\$61,912
Auto Parts Supervisor	\$50,000 /\$200,000	\$162,409.12
Transportation Specialist A	\$1,000/\$3,000	\$56,661
Transportation Specialist A Card 2	\$5,000/\$15,000	\$14,771
Transportation Specialist B	\$2,000/\$8,000	\$47,517
Transportation Specialist B Card 2	\$750/\$2,500	\$15,393

⁸ The PaymentNet system only retains historical data for two years and therefore we were limited by the availability of data.

INVESTIGATIVE FINDINGS

Former Transportation Staff Assistant	\$500/\$1,500	\$4,070.41
Fleet Maintenance Manager	Unavailable	\$3,880.57
Auto Repair Supervisor	\$1,500/\$7,500	\$3,396.92
Human Resource Manager	Unavailable	\$1,582
Former Safety Supervisor	\$500/\$1,500	\$1,289
Fiscal Assistant	Unavailable	\$1,225
Automotive Technician	\$1,000/\$5,000	\$518.04
TOTAL		\$570,598.06

Our analysis focused on purchases that were prohibited by policy, purchases of items that are highly desirable and easily stolen, and purchases of items that could be converted for personal use. Additionally, we analyzed line-item descriptions and the limited receipts available for each transaction looking for indicators of fraud, such as even-valued purchases, purchases made on weekends, and purchases that were sent to non-MCPS affiliated addresses. We note that although we found a number of items that were shipped to the former MCPS DOT Assistant Director's residence, we were not able to opine on their legitimacy because for a period of time during the COVID-19 pandemic MCPS authorized purchasers to mail items to non-affiliated addresses.

Through investigation, we found that the former MCPS DOT Director, former DOT Assistant Director, and other MCPS DOT employees frequently failed to comply with MCPS policies related to P-Cards. The former MCPS DOT Director and former MCPS DOT Assistant Director also encouraged and tolerated staff violations of policy. Table 3 lists the policies we observed were violated by MCPS DOT employees.

Table 3: P-Card Policy Violations

MCPS P-CARD POLICY/GUIDANCE	SOURCE
Prohibited Purchases: Gift cards, furniture, fuel, travel and entertainment expenses unless previously approved	Purchasing Card User's Guide 2014 version. Pages 1 and 2
Cardholders may not allow others to use their cards	Purchasing Card User's Guide 2014 version. Page 12
Purchased items must be shipped to an MCPS location ⁹	Purchasing Card User's Guide 2014 version. Page 3
Approving official must approve all transactions within 10 calendar days after month end	Purchasing Card User's Guide 2014 version. Page 4
Purchases over \$25,000 require BOE approval per Maryland state law (Annotated Code of Maryland 5-112) with same vendor in one year	MCPS Financial Manual, Chapter 3, November 2020. Section 3-4 and 3-7

⁹ During the COVID-19 pandemic it was permissible to have items shipped to non-MCPS locations, when warranted.

INVESTIGATIVE FINDINGS

Contracted vendors must be used for purchases	MCPS P-Card Holder webpage May 2022. Page 2
Sales tax must not be paid	Purchasing Card User's Guide 2014 version. Pages 6 and 12

Former MCPS DOT Assistant Director's P-Cards were used to purchase items prohibited by policy

Our analysis showed that a \$500 Amazon gift card and four Home Depot gift cards, valued at \$2,000, \$1,645, \$1,498, and \$1,430, were purchased with P-Cards assigned to the former MCPS DOT Assistant Director. A MCPS DOT employee told us that the former MCPS DOT Assistant Director gave him two Home Depot gift cards to purchase materials for renovations and maintenance at the depots. The employee recalled that one gift card was for \$1,000 and the second was for approximately \$2,500 to \$3,000. He stated that he depleted the \$1,000 gift card and approximately half of the balance on the second card before returning both to a MCPS DOT staff member. MCPS was not able to locate any of the Home Depot gift cards. The former MCPS DOT Director wrote a statement prior to terminating his employment with MCPS in which he stated that the former MCPS DOT Assistant Director admitted to buying gift cards with his issued P-Cards for personal use.

Additionally, we observed four purchases of office furniture totaling \$78,397 that were made in violation of policy. One of the purchases, totaling \$49,067, exceeded the \$25,000 threshold and required BOE approval. The MCPS Office of Procurement confirmed they were not informed of the purchase, and it was not approved by the BOE. The new MCPS DOT Director and Acting Assistant Director told us they thought the new furniture currently in depot spaces was purchased with the former MCPS DOT Assistant Director's P-Cards.

We also noted that \$4,437 was paid in sales tax for this furniture purchase. The MCPS Purchasing Card User's Guide (Guide) prohibits the payment of sales tax. The Guide instructs users to inform vendors that MCPS is tax exempt and to provide them with the tax-exempt number printed on the P-Card. The Guide further instructs cardholders to secure a refund from the supplier or reimburse MCPS for any sales tax paid.

Lastly, we also found that the former MCPS DOT Assistant Director's P-Cards were used to buy approximately \$45,835 of items that should have been purchased through contracts with preapproved vendors or by other means. These items included iPads, computer monitors, and bathroom vanities. Also among them was a carpet purchase totaling \$20,281 that MCPS confirmed should have been made through established contracts.

Former MCPS DOT Assistant Director's P-Cards were used to purchase items for personal use

We observed that P-Cards issued to the former MCPS DOT Assistant Director were also used to make approximately \$1,600 of purchases we deemed likely for personal use. Examples include two purchases of kayak covers totaling approximately \$90. Possibly connected to this purchase, the IAU found during their inquiry, which was outside of our scope, a \$129 kayak roof rack that

INVESTIGATIVE FINDINGS

was purchased using one of the former MCPS DOT Assistant Director’s P-Cards. We also identified a purchase of \$78.44 for a Mopar performance car part. Similarly, the IAU questioned a \$872 purchase of drag racing tires that were shipped to the former MCPS DOT Assistant Director’s residence. We learned through investigation that the former MCPS DOT Assistant Director owned a Dodge Viper sports car and that both the Mopar part and the racing tires are compatible with a Dodge Viper. In addition to those items identified by the IAU, Table 4 depicts additional items that we identified as likely purchased for personal use.

Table 4: OIG Identified Personal Items Purchased with P-Cards Assigned to the former MCPS DOT Assistant Director

ITEM PURCHASED	COST	DATE
Apple Air Tag (4 Pack)	\$198.00	5/23/21
Belkin Apple Pencil Case + Apple Pen	\$28.87	6/3/21
Apple Pencil Tips (4 Pack)	\$19.00	6/3/21
Apple Air Tag Case (4 Pack)	\$23.98	Missing Data
iCOVER 13ft Kayak Cover	\$48.88	6/14/21
iCOVER 10ft Kayak Cover	\$46.66	6/14/21
Mopar Performance Car Part	\$78.44	6/18/21
NASCAR Race Fan Intercom Headset	\$349.00	8/10/21
Google Nest Camera	\$365	7/18/20
TV xStream Voice Fireplace Switch	\$36.75	1/5/21
Bose Noise Canceling Headphones	\$379	6/6/21
Estes Rocket Motor	\$55.48	6/7/21
TOTAL	\$1,629.06	

During our investigation, a MCPS DOT employee told us that while the IAU was conducting their audit, another employee observed the former MCPS DOT Assistant Director unloading numerous items into a storage area at the Shady Grove Depot early in the morning. The employee believed the items had come from the former MCPS DOT Assistant Director’s residence. During our September 2022 site visit to the Shady Grove and Randolph depots, we observed some of the furniture and other items believed to have been purchased with the former MCPS DOT Assistant Director’s P-Cards.

MCPS DOT employee shared their P-Card with MCPS DOT staff

It was relayed to us that the former MCPS DOT Director instructed an Auto Parts Supervisor, who had a single transaction limit of \$50,000 and a monthly transaction limit of \$200,000, to leave his P-Card in a binder stored on a bookshelf for use by MCPS DOT staff. The Auto Parts Supervisor stated that there was an unwritten rule that staff could use his P-Card out of convenience due to the higher transaction limits.

INVESTIGATIVE FINDINGS

IAU determined internal controls not followed

The IAU's November 17, 2021, summary report outlined the approval process for P-Card transactions and concluded that "essential internal controls were not being done for most cardholders". They specifically found the following issues:¹⁰

- Approving officials not verifying that cardholders submitted monthly reports for approval, with receipts attached, within five working days from the end of the reporting period.
 - Approving officials not comparing transaction details to receipts in PaymentNet.
 - Approving officials not verifying cardholders have included all required information in the Transaction Notes box in PaymentNet.
- Reconciliation of cardholder monthly reports not completed within 10 calendar days of receipt.
- Most cardholders did not provide the approver the statement of account landscape, with receipts attached.
- One cardholder printed out two years' worth of reports the day before we started our audit.
- Not all receipts were attached to reports to show what was actually purchased.
- Cardholders were using cards attached to various budgeted accounts incorrectly.

Following the results of reviews of MCPS DOT P-Card transactions, MCPS implemented additional controls and updated administrative practices to mitigate vulnerabilities identified in the P-Card program. Table 5 highlights pertinent changes implemented by MCPS.

Table 5: Changes Implemented by MCPS to Address P-Card Vulnerabilities

UPDATED ADMINISTRATIVE PRACTICES AND CONTROLS	Date Updated or Anticipated Update
Reduced transaction limits for most P-Card holders to \$500 per transaction and \$1,500 per month	October 2021
Require approval by Procurement and the Division of Controller for requests to increase P-Card transaction limits above \$3,000	November 2021
Retrained all MCPS DOT staff on proper P-Card use	December 2021/January 2022
Deactivate P-Cards for cardholders with unapproved transactions beyond 45 days	May 2022
Updated P-Card User's Guide	July 2022
Require annual P-Card training for approvers and compliance staff	June 2023 (anticipated)
Require biannual training for all MCPS P-Card holders	June 2023 (anticipated)

¹⁰ IAU memorandum to MCPS Chief of Finance and Operations, dated November 17, 2021.

Need for Increased Oversight

MCPS’ increased focus on training, reduction in purchase limits, deactivation of P-Cards, and stricter approval policy should help minimize future policy abuses. However, MCPS’ P-Card monitoring program is not always adhered to and P-Card audits of central office departments are not a part of the IAU’s work program, leaving MCPS vulnerable to abuses.

Division of Controller Desk Reviews

As part of MCPS’s P-Card monitoring program, the Controller conducts desk reviews of P-Card usage at MCPS schools and in central office departments. Desk reviews include examining a small sample of selected transactions for the prior 18-to-36 months looking for policy violations such as: the purchase of prohibited items, split purchases, and the inclusion of sales tax. Table 6 displays the required number, as outlined in the *Division of Controller JP Morgan MasterCard P-Card Desk Audit Procedures* (Desk Audit Procedures)¹¹, of monthly desk reviews and the expected frequency of reviews by location type. As illustrated, all central office departments should be the subject of a desk review at least once per year.

Table 6: Controller Desk Review Frequency by Location Type

Location Type	# Reviews Required Per Month by Location Type	Rotational Frequency Per School/Department
Elementary Schools	3	3 years
Middle Schools	2	18 Months
High Schools	2	1 year
Departments/ Special Schools	2	1 year

The Desk Audit Procedures instruct reviewers to select “approximately 4 transactions per audited location” using 8 “selection factors”. The selection factors include “large dollar transaction amounts; expenditures not coinciding with area of work; even dollar amount (could signify gift card purchases or split transactions); multiple transactions for the same amount; frequency of errors; furniture purchases, restaurant charges and other excluded items; level III purchasing data report; and special concerns conveyed by Internal Audit”.

While analyzing data for desk reviews conducted between January 2020 and December 2021, we found annual reviews of central office departments were not performed for 20 of the 31 (65%) central office departments. We also found that 5 (16%) departments were not reviewed at all in the two years we examined.

¹¹ The Desk Audit Procedures are dated 8/18/2017 and have a “Draft” watermark. The MCPS Controller assured us that these are the procedures that were being followed during the scope of our investigation.

INVESTIGATIVE FINDINGS

Through our analysis of school based P-Card desk reviews performed between June of 2019 and June of 2022, we found that though 100% of the 78 elementary schools listed were audited within the 3 years required by policy, only 50% of high schools and only 21% of middle schools were reviewed as required. The lack of compliance with all policy requirements continues to leave many P-Card transactions unexamined.

Furthermore, we noted that MCPS has not activated the compliance monitoring features available through PaymentNet. The system allows administrators to setup alerts for many of the conditions the Controller has identified as "selection factors". These alerts would provide notifications of transactions that potentially violate policy and detect violations in advance of scheduled reviews.

IAU Audits

In a 2016 OIG report examining compliance with MCPS P-Card policies and procedures, we recommended that MCPS increase the "scope of its Internal Audit Unit's annual work plan to include all (not only IAF [Independent Activity Funds¹²]) purchase cards." The IAU does not audit central office departments as part of their work plan but rather continues to only initiate audits of central office departments and other activities if they receive specific complaints. We observed that no MCPS DOT employee P-Card transactions had been audited by the IAU until September 2021 when questions about purchases on the former MCPS DOT Assistant Director's P-Cards were raised. We discussed our observation with IAU management and they attributed the deficiency to not having sufficient staff.

¹² Independent Activity Funds are established at each school to promote the general welfare, education, and morale of students, as well as to finance the recognized extracurricular activities of the student body. Individual school principals act as the fiduciary agents for these funds and are responsible for ensuring compliance with policies and regulations.

INVESTIGATIVE FINDINGS

As detailed in this report, MCPS employees used issued P-Cards in violation of policy. MCPS implemented changes to policy and increased training as a result of discovered vulnerabilities. The following recommendations will serve to further address remaining vulnerabilities and help increase compliance with policies.

We recommend MCPS:

1. Continue to cooperate with law enforcement to support efforts to recoup stolen funds and equipment and prosecute violations of law.
2. Conduct a reconciliation of purchase transactions made with P-Cards assigned to the former MCPS DOT Assistant Director to ensure appropriate items have been captured in inventory.
3. Implement the use of compliance monitoring features in the JP Morgan system to alert P-Card administrators of potential violations of policy.
4. Ensure desk reviews of all schools and central office departments are conducted within the prescribed frequency.

We recommend the Board of Education:

1. Develop and implement written policies requiring rotational audits of P-Cards for central office departments and functions.

Note:

The Maryland Office of the Inspector General for Education provided investigatory assistance in this investigation.

The Montgomery County Office of the Inspector General provided the MCPS Superintendent and Montgomery County Board of Education President an advance copy of this report and recommendations on December 8, 2022.