

MARYLAND-NATIONAL CAPITAL PARK & PLANNING COMMISSION

**Internal Control Report
Montgomery County Department of Parks**

Facilities Management Division

MC-005-2022-B

April 25, 2022

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A. Overall Perspective

On February 2, 2022, the Office of the Inspector General (OIG) was alerted to possible irregularities within the Fleet Management Section (Fleet), Facilities Management Division, Montgomery County Department of Parks. These concerns involved a lack of efficiency, excessive purchasing, purchasing logistics, personnel issues and manipulation of the FASTER¹ system.

The OIG has completed their investigation into the allegations. A confidential Fraud, Waste and Abuse Report (MC-005-2022-A) is included with this report. The Fraud, Waste and Abuse Report (FWA Report) contains the OIG's conclusion on the occurrence of fraud, waste and abuse.

During the completion of the investigation, the OIG identified opportunities to strengthen internal controls in the Facilities Management Division. This Internal Control Draft Report contains OIG's recommendations along with Management responses.

The investigation was conducted in accordance with the generally accepted principles and quality standards, approved by the Association of Inspectors General.

The investigation covered activities between January 1, 2021 – March 1, 2022.

¹ FASTER is a fleet management software information system created/owned by FASTER Asset Solutions and used by the Fleet Management Division for all of its fuel, vehicles, motorized equipment and tracking of labor and maintenance through the work order process. FASTER Win is a windows based system currently used by the Fleet however sometime in 2022 the Fleet will migrate to FASTER Web, a web based system.

B. Findings and Recommendations

1. Strengthen Physical Security

Condition/Issue: Storerooms (3), building-A warehouse and other areas (e.g. cages, rooms, shops, etc.) within Facilities Management Division are not secure. During our fraud, waste, and abuse (FWA) investigation, multiple employees raised serious concerns about the security of materials stored at Green Farm due to the proliferation of keys.

Keys are used for access to several areas at Green Farm where supplies, material, and equipment is stored. However, the issuance of keys is not adequately tracked or documented. The card readers at the Fleet storerooms are inoperable.

Criteria: An objective of the investigation was to opine on the occurrence of fraud, waste, and abuse within the Fleet Management Section.

Best practices dictate storerooms and warehouses be securely maintained to prevent potential fraud, waste and abuse of Commission supplies, materials and equipment.

Effect: Facility Management Division's failure to secure facilities has contributed to a high probability of misappropriation.

Cause: Lack of managerial oversight.

Issue Risk: High

Recommendation: We recommend Facility Management Division management complete an assessment of all facilities within the Division to determine how best to secure. If possible, card readers should be installed to offer a higher level of security by providing a record of who enters the area along with the time of entry.

In the interim, locks should be changed as soon as possible. Management should ensure new key issuance is fully documented and tracked.

Management Response: Locks to the three storerooms have been changed and keys have been accounted for and distributed. Card readers are being installed in the storerooms for parts and tires. Access will be limited to those requiring entry. We are auditing the keypad access to the warehouse and will limit it to those requiring entry.

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Expected Completion Date: Locks are complete. Keypads to be completed by December 2022.

Follow-Up Date: April 2023

2. Conduct Annual Inventories

Condition/Issue: Physical inventories are not being performed at the three Fleet material storerooms.

Criteria: An objective of the investigation was to opine on the occurrence of fraud, waste, and abuse within the Fleet Management Section, including the misappropriation of supplies and material.

Best practices dictate inventories be performed to ensure the security of supplies, materials and equipment and identify any inventory shrinkage that may be occurring due to fraud, waste and abuse.

Effect: Fleet management's failure to conduct inventories has contributed to a high probability of misappropriation.

Cause: Lack of managerial oversight.

Issue Risk: High

Recommendation: Fleet management should complete annual physical inventories of all supplies and equipment.

When performing a physical inventory, staff should print a copy of the current inventory listing. As staff members (at least two, for segregation of duties) locate and verify the materials, they should make notations on the current listing. These notes should support all changes that will be made to, and reflected in, the new updated listing. Staff members should also sign and date the inventory listing taken.

Management Response: Inventory will be conducted in April 2022 and will reflect the current inventory and stock. We will have four staff performing the inventory and make notations on the current listing. We will perform an inventory twice per year. Another inventory will be done June 2022. Barcode scanners are being setup for the parts staff to scan parts to add and remove them from the inventory. Barcodes will also be scanned to add parts to work orders.

Expected Completion Date: December 2022

Follow-Up Date: April 2023

3. Enhance FASTER Utility to Increase Oversight

Condition/Issue: Fleet management is not providing adequate oversight of the mechanic's productivity and efficiency. One mechanism for strengthening oversight is to utilize the existing features/utility in FASTER. This includes:

- Use of standard hours for benchmarking efficiency.
- Require mechanics to track and record direct hours (e.g., actual time worked on a vehicle) and indirect hours (e.g., cleaning work bay areas, training, etc.) for each work order.
- Restricting mechanic's ability to alter direct hours in FASTER.
- Developing and defining key reports in FASTER to be presented to Facility Management Division's senior management.

Criteria: An objective of the investigation was to opine on the occurrence of fraud, waste, and abuse within the Fleet Management Section, including inefficiencies in labor.

Best practices dictate incorporating standard hours and recording direct hours/indirect hours for mechanics increases productivity and efficiency.

Effect: Utilization of these features will provide Fleet management with data to strengthen oversight, while increasing efficiencies. Utilization of these features will also allow management to identify areas where personnel would benefit from additional training and guidance.

Cause: Lack of managerial oversight.

Issue Risk: High

Recommendation: The Commission is currently upgrading its Window based FASTER application to a Web-based platform. This upgrade affords management an opportunity to utilize new and existing functionality within FASTER to strengthen current controls over Fleet.

We recommend Facility Division Management strengthen internal procedures to require the use of standard hours for benchmarking preventative maintenance and repair work as well as the recording of direct and indirect hours in FASTER. In conjunction, internal procedures should be developed to provide guidance on how best to use this data to identify key performance and efficiency indicators.

Finally, we recommend system controls within FASTER be implemented to restrict a mechanic's ability to change recorded hours.

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Management Response: We are meeting with other municipal fleet units to establish a baseline of standard hours for benchmarking preventative maintenance and repair work for use by all mechanics. We are also evaluating the time required to establish our own standards for completion of work. We are launching new procedures for recording direct and indirect hours in Faster to limit hours charged to each work order to only direct labor. Access to make any changes in Faster has been limited to Supervisory staff.

Expected Completion Date: December 2022

Follow-Up Date: April 2023

4. Track Real-Time Assignment of Work Orders

Condition/Issue: The assignment and completion of work orders is not adequately administered by the lead mechanic.

Criteria: An objective of the investigation was to opine on the occurrence of fraud, waste, and abuse within the Fleet Management Section, including inefficiencies in labor.

Best practices dictate assignment of work orders to mechanics on a real time basis increases accountability.

Effect: Failure to maintain direct oversight of mechanics increases the opportunity for fraud, waste and abuse. The accompanying FWA report concluded time worked was misrepresented by the mechanics.

Cause: Lack of managerial oversight.

Issue Risk: Medium

Recommendation: Additional training should be provided to the lead mechanic to ensure all required oversight responsibilities are completed. This includes ensuring a steady workflow of workorders are acquired by mechanics. This also includes ensuring time spent on a repair or preventive maintenance is reasonable. Root cause of excess should be assessed for reasonableness. Reasonable excess may be the result of unexpected complications while unreasonable excess may be the result of idle activities (e.g. watching of non-work related YouTube videos.)

Management Response: Standard hours are being developed for PM and repair work and will be evaluated annually for adjustments. Work orders are being assigned to the mechanics in Faster by the Lead Mechanic. Mechanics will be required to notify the lead mechanic if a repair or PM will exceed the standard hours. Laptop computers will be removed from each mechanics workstation and shared desktop computers will be available to access work orders and subscription services for diagnostic repair videos.

Expected Completion Date: December 2022

Follow-Up Date: April 2023

5. Coordinate Pricing Agreements with Corporate Procurement Office

Condition/Issue: Based on discussions held with the Fleet Storeroom Supervisor and Corporate Procurement, the Fleet does not have formal pricing agreements with frequently used vendors for purchasing materials (such as vehicle parts and tires). In Fiscal Year 2021, the Fleet spent \$671,165.33 for various material parts.

Criteria: An objective of the investigation was to opine on the occurrence of fraud, waste, and abuse within the Fleet Management Section, including misappropriations of supplies and material.

Official pricing agreements with vendors helps ensure the Commissions achieves maximum volume pricing, rebates and discounts from vendors.

The Commission's Procurement Manual (CPM) 1-330 emphasizes the following:

- Make purchases at the lowest price for the product or service that best meets the needs of the Originator and maximize value for the Commission's expenditure of public funds.
- Obtain the maximum economy and timeliness in the use of funds for the purchase of goods and services.
- Promote economy in Commission purchasing.

Corporate Procurement considers a variety of purchasing methods to achieve maximum economies of scale including:

- CPM 13-512 Fixed Price Agreements
- CPM 13-516 State/Governmental Agency (bridge/piggyback) Contracts
- CPM 13-517 Cooperative Purchase Contracts

Effect: Failure to obtain official pricing agreements with vendors may prevent the Commission from obtaining maximum volume pricing, rebates and discounts from vendors.

Cause: Lack of managerial oversight.

Issue Risk: Medium

Recommendation: Facilities Management Division management should ensure the Fleet coordinates with Corporate Management in formalizing official pricing agreements for purchasing vehicle parts and tires from vendors.

Management Response: We will attempt to utilize fixed price agreements, state/governmental agency contracts and cooperative purchase contracts prior to

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purchasing parts by any other means. We have several contracts in place and are establishing additional contracts for the majority of ordered parts.

Expected Completion Date: December 2022

Follow-Up Date: April 2023

6. Increase Security of Mechanic Laptops

Condition/Issue: Mechanics laptop computers do not have a lock out feature which would lock the screen and require them to enter their credentials after a set amount of time.

Criteria: An objective of the investigation was to opine on the occurrence of fraud, waste, and abuse within the Fleet Management Section, including misappropriations of labor hours, to include falsification of records.

Best practices dictate having a lock out feature increases security of a laptop computer.

Effect: Requiring a user to sign in after a period of inactivity minimizes the risk of an unauthorized access.

Cause: Lack of managerial oversight.

Issue Risk: Medium

Recommendation: Facilities Management Division management should coordinate with Montgomery County Planning and Parks Department's Information Technology and Innovation Division (ITI) to ensure all Fleet laptops meet required and recommended security standards, such as the lock out feature. ITI should establish a specific time frame such that when a computer is unattended, the lockout feature is activated.

Management Response: Laptop computers will be removed from each mechanics workstation and shared desktop computers will be available to access work orders and subscription services for diagnostic repair videos. The lockout feature will be activity after a period of inactivity so that login is required for each use.

Expected Completion Date: December 2022

Follow-Up Date: April 2023

C. Conclusion

We believe the findings identified and communicated are correctable and management's responses to all recommendations satisfactorily address the concerns. It is the responsibility of management to weigh possible additional costs of implementing our recommendations in terms of benefits to be derived and the relative risks involved.

We wish to express our appreciation to the Montgomery County Department of Parks for the cooperation and courtesies extended during the course of our review.



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