

MARYLAND-NATIONAL CAPITAL PARK & PLANNING COMMISSION

Internal Control Report

**Montgomery County Department of Parks
Park Development Division**

**South Germantown Recreational Park Cricket Field
Report Number: MC-001-2021-B**

August 17, 2020

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Table of Contents

	<u>Page</u>
A. Overall Perspective.....	1
B. Findings and Recommendations	
1. Strengthen Change Order Supporting Documentation.....	2
C Conclusion.....	4

A. Overall Perspective

The Office of the Inspector General (OIG) received a confidential complaint on May 7, 2020 concerning the South Germantown Recreational Park (SGRP) Cricket Field, in Montgomery County, located at 14501 Schaeffer Rd., Boyds, Maryland. The complaint included three (3) allegations relating to a change order and subsequent approval of an application for payment to a contractor for construction of the SGRP Cricket Field.

The OIG opened a fraud, waste and abuse investigation. The results of that investigation can be found in Audit Report MC-001-2021-A. However, during the investigation, the OIG identified opportunities to strengthen internal controls within PDD.

B. Findings and Recommendations

1. Strengthen Change Order Supporting Documentation

Issue: Documentation supporting a \$24,099.17 change order (CO) for the SGRP Cricket Field did not provide adequate details to substantiate the increase in cost.

Shortly after the contractor for the SGRP Cricket Field began grading activities, they claimed deficiencies in the bidding documents due to various unknown conditions at the site. Per the contractor, significant additional excavation work was needed and was not included in their original proposal. PDD and the contractor negotiated CO #1 in the lump sum amount of \$24,099.17 to mitigate the additional work and any schedule delays.

The PDD Construction Section Manager sent an email to the Contractor requesting substantiating data (e.g. surveys) to support their allegations, however, the Contractor did not respond. Subsequently, PDD did go back to the consultants who provided the design documents (based on a topographic survey completed by a third party) and requested a second review of their design. The consultants did not find any discrepancies, further necessitating the need for additional supporting data from the contractor.

Although the contractor provided a breakdown of the material and labor costs for the CO, the contractor did not provide evidence supporting a massive grade bust, incorrect soil thickness and extra excavation and grading work. The CO was approved by PDD on April 20, 2018 based on a site visit by the contractor and PDD officials and email conversations.

Risk/Criteria: Failing to obtain adequate documentation to support a modification to a contract increases the Commission's risk of fraud, waste and abuse.

The following is an excerpt from the General Site Work, Request for Proposal (RFP) which became part of the contract when the contractor was selected with a winning score:

2.9 Modifications of Contract Price

When changes in the Work require modification of the contract price, such modifications shall be accomplished as follows:

A. Itemization.

The Contractor shall promptly submit to the Construction Manager a fully itemized breakdown of the quantities and prices used in computing the value of the requested change, along with a detailed explanation of and justification for the proposed change, regardless of the nature of the change.

Risk/Criteria: High

Recommendation: The OIG recognizes PDD's need to limit project delays and maintain beneficial relationships with Contractors. However, these needs must be balanced with fiduciary controls, such as detailed supporting documentation.

We also realize there may have been a void in management of this project with key personnel retiring at critical times, however greater consideration should have been given to JOC and RFP requirements detailed above.

We recommend PDD management ensure all CO's contain an appropriate level of detailed supporting documentation prior to approval based on the nature of the changes.

Management Response: Concur. Going forward, PDD Section Supervisors shall notify the Division Chief of their agreement with all proposed Change Orders as part of the routing/approval process to ensure acceptable support information is provided as needed.

Expected Completion Date: August 2020

Follow-up Date: March 2021

C. Conclusion

We believe the findings identified and communicated are correctable and that management's responses to the 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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August 17, 2020