

The Maryland-National Capital Park and Planning Commission
Office of the Inspector General

INTERNAL CONTROL REPORT

**Alleged Conflict of Interest
Prince George's County Department of Parks and Recreation
Recreation and Leisure Services Division**

Report Number: PGC-007-2024-B

January 17, 2024

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Internal Control Report
Alleged Conflict of Interest
Department of Parks and Recreation
Recreation and Leisure Services Division

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A. Overall Perspective

The Office of the Inspector General (OIG) has completed their investigation into allegations of conflict of interest within the Prince George's County Department of Parks and Recreation (DPR or Department), Recreation and Leisure Services (RLS) involving a Maryland-National Capital Park and Planning Commission (Commission) employee and a Commission vendor. The OIG has issued a confidential Fraud, Waste and Abuse Report (PGC-007-2024-A) detailing the results of the investigation.

During the completion of the investigation, the OIG identified opportunities to strengthen internal controls within DPR. This Internal Control Report is being provided as a supplement to the Fraud, Waste, and Abuse Report.

The fraud, waste and abuse investigation was conducted in accordance with the Principles and Standards for Offices of Inspector General. The investigation covered activities between January 1, 2023 – October 31, 2023.

Findings and Recommendations

1. Strengthen Advance Procurement Planning

Issue: DPR did not adequately plan procurement activities to ensure a competitive procurement process was utilized when implementing the Saturday Enrichment Academy (SEA) Program.

In June 2022, DPR's approved fiscal year 2023 budget included \$1,500,000 for the creation of a tutoring program for school-aged children within Prince George's County, later identified as the SEA Program.

In November 2022, approximately five months after the receipt of funding, DPR management held a meeting with Prince George's County Public Schools (PGCPS) to discuss the mandated tutoring program. DPR's management contended tutoring services was not their area of expertise. However, during discussions, it was determined, due to Prince George's County Educator Association (PGCEA) Union restrictions, teachers could not provide the tutoring services.

In January 2023, six months after the approved budget, DPR began their procurement efforts for the SEA Program implementation planned for March 2023. DPR utilized the exemption for non-profit activities (per *Commission Purchasing Manual* Section 1-500) to expedite vendor selection, as non-profit organizations are not subject to competitive bidding provisions. Corporate Procurement was not involved in the selection process of the non-profit organizations.

In March 2023, DPR awarded five non-profit organizations contracts, in the total amount of \$1,111,540, to implement the program from March 11, 2023, through June 10, 2023. Although technically allowable, the use of the non-profit exemption may have limited possible cost-saving opportunities.

Criteria: *Commission Purchasing Manual* (Manual), Section 1-500, Exempt Transactions, identifies 23 types of transactions exempt from competitive bidding provisions. Charitable or non-profit activities are one of the exemptions. However, the Manual does stress, **competitive processes should be used if possible**.

Section 7 of the Manual provides guidance on Advance Procurement Planning. Per the Manual, Effective Advance Procurement Planning anticipates priorities, procurement needs and types of procurements rather than simply how to satisfy specific requirements. Participants in the Advance Procurement Planning process will be expected to discuss appropriate procurement methodologies. Additionally, the process will involve discussion and decisions regarding the length of anticipated contracts, the

timing of procurements, any anticipated problems, and the level of internal support needed to complete the planned procurements.

Through effective planning, the Commission can:

- Reduce the number of “rush” purchases.
- Increase the overall efficiency of the Commission through efficient use of staff time.
- Reduce the cost of goods or services through the continuous evaluation and modification of specifications.

The Manual also states after fiscal budgetary approval, personnel participating in the Advance Procurement Planning Process are encouraged to seek guidance concerning purchasing lead times from the Central Purchasing Division in order to allow sufficient time for processing Contract award(s).

Note: The complete Section 7 of the Manual has been included in **Exhibit A**.

Cause: DPR management did not take immediate action upon budget approval in June 2022 to plan for a competitive procurement process.

Risk: Failure to expeditiously plan and execute a competitive procurement process may result in increased costs to the Commission.

Issue Risk: Medium

Recommendation: Immediately upon budget approval, DPR management should initiate advance procurement planning as defined in the Commission’s Purchasing Manual (Section 7) for the establishment of any new or significant programs. Advance procurement planning should be initiated even if program details and responsibilities are not clearly defined.

Note: The OIG is in discussions with Corporate Procurement to apply reasonable restrictions to the current transaction exemption for non-profit activities.

Management Response: Concur. The Department must make all attempts to initiate the procurement planning as soon as budget is approved if we have approval to develop the program. The funds for this initiative were added very late in the budget cycle. In January 2023, the Planning Board approved the use of the funds for the Saturday Enrichment program. A lot of pressure from the council and a quick turnaround to implement a program to assist our young population bridge the learning gap lost during the virtual learning (the pandemic) caused missteps in the selection of vendors for the program.

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Recreation and Leisure Services is committed to planning in advance with the Budget Office and Finance/Procurement as soon as we are given the budget initiatives. Also, additional refresher training is being scheduled for senior leadership in each RLS division, with the Procurement Office and Ethics and Conflict of Interest with our Legal Department.

Expected Completion Date: June 2024

Follow-Up Date: July 2024

B. Conclusion

We believe the finding identified and communicated is correctable and that management's response to the recommendation satisfactorily addresses the concern. It is the responsibility of management to weigh the possible additional costs of implementing our recommendation in terms of benefits to be derived and the relative risks involved.

We wish to express our appreciation to the Prince George's County Department of Parks and Recreation, Recreation and Leisure Services Division's management and staff for the cooperation and courtesies extended during the course of our review.

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January 17, 2024

Exhibit A
Commission Purchasing Manual - Section 7

7 Advance Procurement Planning

7-100 Purpose Effective Advance Procurement Planning anticipates priorities, procurement needs and types of procurements rather than simply how to satisfy specific requirements. Participants in the Advance Procurement Planning process will be expected to discuss appropriate procurement methodologies, as well as whether there is any interplay between the Counties permitting consolidation. Additionally, the process will involve discussion and decisions regarding the length of anticipated contracts, the probable amount of MFD subcontracting, the timing of procurements, any anticipated problems, and the level of internal support needed to complete the planned procurements.

Through effective planning, the Commission can:

- a. Avoid lost work-hours caused by material stock-outs or shortages.
- b. Reduce the number of “rush” purchases.
- c. Increase the overall efficiency of the Commission through efficient use of staff time.
- d. Identify goods that should be standardized throughout a Department or Commission-wide.
- e. Reduce the cost of goods or services through the continuous evaluation and modification of specifications.
- f. Better focus and monitor completion on all Capital Improvement Projects earmarked for the fiscal year.

7-200 Definitions Advance Procurement Planning. The strategic planning process by which the efforts of all personnel responsible for anticipated acquisitions during the fiscal year are coordinated and integrated for a comprehensive plan for fulfilling the Commission’s needs in a timely manner and at a reasonable cost.

7-300 Roles and Responsibilities

7-300.1 Originator

- a. Anticipates required needs as part of job duties.
- b. Participates on the Advance Procurement Planning Team, as needed, and attends planning meetings of the Advance Procurement Planning Team.

7-300.2 Department Heads or Designee

- a. Forecasts yearly purchasing requirements and defines the priority and timing of each purchase.

Exhibit A
Commission Purchasing Manual - Section 7

- b. Monitors and identifies annual requirements of Divisions and Units that may be combined for procurement purposes.

7-300.3 Division Chiefs or Designee

- a. Participates in the Advance Procurement Planning Team (APPT).
- b. Maintains and monitors status log on pending procurements.
- c. Identifies needed purchasing vehicles.
- d. Provides Purchasing Manager with project requirements for the fiscal year, together with priorities.

7-300.4 Purchasing Manager or Designee

- a. Facilitates and chairs Advance Procurement Planning Teams
- b. Meets with APPTs as needed to monitor progress, recommend purchasing strategies, MFD participation, timing of purchases, and length of anticipated Contracts.

7-300.5 Contract/Construction Managers

- a. Participates in AAPT to identify purchasing needs, prioritize needs and the procurement process.
- b. Alerts team to any problems or potential problems.

7-300.6 General Counsel or Designee

- a. Determines special terms and conditions that may be required.
- b. Modifies standard Contract language, if needed, based on advance acquisition planning requirements.

7-300.7 Departmental or Divisional Budget Reviewer

- a. Participates in Advance Procurement Planning Team meetings, as needed.
- b. Coordinates CIP projects and operating budgets.

7-300.8 Field Purchasing Specialist

- a. Attends Advance Procurement Planning Team meetings.
- b. Coordinates CIP projects and/or operating budgets.

7-400 Advance Procurement Planning Procedures

- a. Division Chiefs will provide the Purchasing Manager with their Department's yearly-anticipated purchase requirements as early as possible in advance of the fiscal year in which formal Contract award(s) is necessary.

Exhibit A
Commission Purchasing Manual - Section 7

- b. After fiscal budgetary approval, personnel participating in the Advance Procurement Planning Process are encouraged to seek guidance concerning purchasing lead-times from the Central Purchasing Division in order to allow sufficient time for processing Contract award(s).
- c. The Purchasing Manager will establish Advance Procurement Planning Teams. These teams will include:
 - (1) Department personnel involved in anticipated major purchasing activities, including designated originators, Contract administrators, Contract/Construction managers, Project managers, and Budget Reviewers;
 - (2) Office of General Counsel representative, if needed;
 - (3) Finance Department representative if needed; and
 - (4) Risk Management representative, if needed.
- d. Department Heads will ensure coordination with the key players within their Department.
- e. The Departments will begin advance procurement planning by using Contract administrative lead times provided by the Central Purchasing Division.
- f. The Purchasing Manager or designee will meet quarterly **as needed** with each APPT to review the status of items, priorities and types of purchases and the purchasing methodology to be used. In addition, the APPT will meet to determine the length of Contracts, the amount of MFD subcontracting recommended, and the possible consolidation of needs or award by group.
- g. The APPT will provide input in the solicitation development (specifications, evaluation factors, special provisions, etc.) and allow the Purchasing Manager or designee to determine purchasing process.
- h. The following items should be considered during the acquisition planning process and/or market research:
 - (1) Acquisition background and objectives. What is the requirement and its priority?
 - (2) Estimated Cost
 - (3) Minimum qualifications regarding capability or performance. Also consider any constraints on these.
 - (4) Delivery or performance period requirements.
 - (5) Trade-offs
 - (6) Risks
 - (7) Possible Vendors for the goods or services required, including MFD opportunities
 - (8) Budget and Funding, including collateral agreements or grants
 - (9) Product or service descriptions
 - (10) Management information requirements (Technology)
 - (11) Impact on other systems or departments

Exhibit A
Commission Purchasing Manual - Section 7

- (12) Environmental/energy and security considerations
- (13) Opportunities to consolidate purchases
- (14) Requirements of collateral agreements or grants.
- (15) Other outside pressures
- (16) Trade-ins
- (17) Designation of Contract Administrator and Contract/Construction Manager.