

**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
Northern Recreation and Leisure Services Division**

**Report Number: PGC-013-2024-B
June 30, 2024**

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A. Background

The Office of the Inspector General (OIG) has completed their investigation into allegations of a conflict of interest between a Maryland-National Capital Park and Planning Commission (Commission) employee and a Commission vendor. A confidential Fraud, Waste and Abuse Report (PGC-013-2024-A) was issued on June 14, 2024 detailing the results of the investigation.

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, 2016 – May 30, 2024.

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

Field Purchase Orders (FPO's) are a widely accepted purchasing vehicle used in the Maryland-Capital Park and Planning Commission (Commission) for low-dollar purchases, whereby FPO's are issued and approved at the department or unit level. Corporate Procurement Services has minimal oversight of the FPO process. In Fiscal Year 2023 the Commission processed 4,584 FPO's, totaling \$16,342,719.

Per the Commission's Purchasing Manual (Manual), Section 9-420, FPO's may be used for the purchase of goods of \$5,000 and under, however, the Commission's informal bidding threshold was increased to \$10,000 in 2016 per Commission Practice 4-10, *Purchasing Policy*.

B. Findings and Recommendations

1. Provide Guidance and Training for Required Procurement Activities with a Focus on Professional Skepticism

Issue: During the review of numerous quotes, field purchase orders (FPO), and invoices processed for the renovation of various facilities within the Central Area Operations Division (CAO)/Northern Recreation and Leisure Services Division (NRLS), the OIG found several violations of the Commission's procurement policies and procedures. Specifically:

- Splitting of purchases to stay under the required \$10,000 limit for purchase card transactions and FPOs
- Failure to obtain competitive quotes for FPOs (highly recommended/not required)
- Failure to record the purchase of approximately five floor scrubbers at a cost of approximately \$9,000 each in the controlled asset inventory

In addition to the Commission policy violations listed above, the OIG also identified several circumstances a reasonable person with procurement responsibilities should have questioned if an appropriate level of professional skepticism was demonstrated. Such as:

- Why flooring and painting work was being awarded to a towing and recovery company? (See **Exhibit A**)
- Why flooring and painting work was being awarded to an auto recycling company?
- Why invoices from a carpet company identified [REDACTED], not the Commission, as the customer? (See **Exhibit B**)
- Limited detail or breakdown of labor hours and materials on quotes and proposals. (See **Exhibit C**)
- The extensive and suspicious activity shown by a [REDACTED] level of involvement related to particular business transactions for the Central Area Operation facility renovations.

Criteria: *Commission's Purchasing Manual* (Manual) purpose is to establish and implement effective and efficient purchasing practices and procedures for all Commission employees. Manual Section 2-100, *Ethics and Sanctions in Purchasing*, states officials and employees responsible for the purchase of goods or services or for administering Contracts, shall be guided in their actions by the Commission's Code of Ethics and the standards for ethical, professional purchasing behavior. All Commission employees must conduct themselves in a manner which fosters public confidence in the integrity of the Commission's purchasing process. Any attempt to realize personal gain

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by improper discharge of purchasing duties or responsibilities by an employee is a breach of public trust and of the ethical standards of the Commission.

Cause: The culture within NRLS contributed to the violation noted above. The OIG conducted several interviews with NRLS personnel. It appeared either:

- Personnel were afraid to come forward due to possible retaliation;
- Staff established a bond or friendship with [REDACTED] and were not inclined to question or report possible wrongdoings; or
- Personnel assumed everything was acceptable due to the experience and reputation of a [REDACTED] involved in the irregular behavior.

The lack of escalation **did not** appear to be due to a lack of knowledge of Commission procurement policies and procedures.

Issue Risk: High

Recommendation: Individuals with procurement responsibilities must provide a reasonable level of professional skepticism when processing and approving transactions. This includes performing a critical assessment on the appropriateness and sufficiency of the vendor's documentation provided to support proposed costs. The OIG recommends additional conversations and training to occur between all RLS management and RLS personnel with procurement responsibilities. Attendance for completed training should be tracked and monitored. If individuals continue to provide an unreasonable level of professional skepticism and lack of sound judgement in reviewing vendor transactions, appropriate disciplinary actions should be taken.

Management Response: Concur with OIG's recommendations to have a conversation with Corporate Procurement Offices and Legal counsel to implement additional steps to assess appropriateness and sufficiency of the vendor's documentation. Additionally, a meeting with all RLS personnel with procurement responsibilities will take place to reinforce their role and responsibility in the procurement process, to include Fraud, Waste and Abuse training, July or early August. Implement quarterly meetings and conversations with procurement personnel in the divisions and senior leadership. This meeting will include our Department's HR representatives. Ethics training will be scheduled with Legal Counsel for all RLS Senior Management (Chiefs, Assistant Chief's) and procurement personnel in late August or early September. Additional training for staff from Procurement when it becomes available will be mandatory for senior leadership and procurement personnel.

Expected Completion Date: October 2024

Follow-Up Date: December 2024

C. Conclusion

We believe the findings identified and communicated are correctable and that 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 Prince George's County Department of Parks and Recreation, Recreation and Leisure Services management and staff for the cooperation and courtesies extended during the course of our review.

Robert Feeley
Assistant Inspector General

Modupe Ogunduyile
Deputy Inspector General

Renee Kenney, CPA, CIG, CIA, CISA
Inspector General

June 30, 2024

Exhibit A
Purchase Order issued to Towing Company for Flooring Work



The Maryland National Capital Park and Planning Commission

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BILL TO: M-NCPPC Department of Finance
Accounts Payable
P.O. Box 1100
Riverdale, MD 20737
APSection@mncppc.org

Purchase Order

PURCHASE ORDER NUMBER MUST APPEAR ON ALL INVOICES, PACKING SLIPS, PACKAGES AND CORRESPONDENCE RELATED TO THIS ORDER.

SUPPLIER ADDRESS
[REDACTED]

PO DATE	PO NUMBER
06/20/2016	513442
PO REVISION #	PO REVISION MESSAGE

PO HEADER COMMENTS	PO SHIP TO ADDRESS
	Attn: Lake Arbor CC Lake Arbor Community Center 10100 Lake Arbor Way Mitchellville MD 20721

DELIVERY DATE	FOB	FREIGHT TERMS	BUYER	PMT. TERMS	VENDOR #
	FOB: Destination	Prepaid	[REDACTED]	Net 30	107201

LINE	QTY	UOM	ITEM NO./DESCRIPTION	UNIT PRICE	EXTENDED PRICE
1	1.00	EA	AMOUNT SERVICE PURCHASE ORDER as needed flooring Commodity Code: 914-44 Deliver on June 20, 2016 Item Detail: AMOUNT SERVICE PURCHASE ORDER	6,150.0000	6,150.00

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Exhibit C
Example Vendor Quote

The following is a typical estimate received from a vendor with no detailed breakdown of cost for the flooring or labor associated with the total amount of \$9,946.50. The employee requesting the estimate should have requested and required from the vendor the detailed cost of: the individual tile floor planks, vinyl base cost, and adhesive in addition to the specific labor cost per hour for installation.

Installation/Delivery Date	[REDACTED]	DATE	3315 Superior Lane Bowie, MD 20715 (301) 262-2650 (410) 721-7200 Fax: (301) 262-2651	No. 038469
Date Written	6/23/19			Project
Date Completed				Phase
Date Billed				Lot No.
Customer: MNCPPC		Home:		Contractors P.O. #
Address: J.E. Howard M.H. Prep. Room		Work:		
		Ext:		Job Site Address: J.E. Howard CC
		Mobile:		
		Fax:		Model:

ITEM	SIZE	QUANTITY	STYLE, DESCRIPTION, AND MILL	COLOR	PRICE	AMOUNT	NT
Tile	1/2" x 1/2"	1300 SF	Kathleen vinyl wood plank			8,296.50	<input type="checkbox"/>
Base		200 LF	Johnson vinyl cove base			840.-	<input type="checkbox"/>
							<input type="checkbox"/>
LS			LVT Adhesive			810.-	<input type="checkbox"/>
							<input type="checkbox"/>
							<input type="checkbox"/>
							<input type="checkbox"/>
							<input type="checkbox"/>
							<input type="checkbox"/>
							<input type="checkbox"/>

SPECIAL INSTRUCTIONS 	To Be Installed Over Wood <input type="checkbox"/> Concrete <input type="checkbox"/> Tile <input checked="" type="checkbox"/> Other <input type="checkbox"/>		Room Areas <input type="checkbox"/> Living Room <input type="checkbox"/> Dining Room <input type="checkbox"/> Hall <input type="checkbox"/> Stairs <input type="checkbox"/> Den <input type="checkbox"/> Kitchen <input type="checkbox"/> Bedroom #1 <input type="checkbox"/> Bedroom #2 <input type="checkbox"/> Bedroom #3 <input type="checkbox"/> Bedroom #4 <input type="checkbox"/> Closets <input type="checkbox"/> Basement <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> TAKE-UP & REMOVAL	Taxable Material \$0.00 Non-Taxable Mat. \$0.00 Labor/Installation \$0.00 Subtotal \$0.00 Tax (MD - 6%) \$0.00 TOTAL \$0.00
	Terms and Conditions <small>(a) All installations guaranteed for one year, (b) Labor does not include cutting off any doors that do not clear the carpet or floor, (c) We are not responsible for breakage of existing shoes molding or baseboard, (d) In as much as the material is made to special order or measurements, this order is not subject to cancellation or refund, (e) There will be a separate charge for unwrapping and spreading all room size rugs, (f) No statement or representation shall be binding on seller unless made in writing and signed by the authorized agent, (g) Seller is not responsible for any variation in Dye Lots, (h) In the event this contract is placed with an attorney for collection, buyer agrees to pay all attorney's fees plus court costs, (i) On any unpaid balance not fulfilled by purchaser by the time payment is due as specified (j) Interest will be charged for due payments not received at 18% per annum, or the maximum allowable under the law, whichever is higher, plus reasonable attorney's fees, (k) It is understood that this job and total prices are subject to measurement (l) We are not responsible for the appearance or variation in natural products such as wood or stone/marble.</small>			TOTAL \$0.00 TOTAL \$9,946.50 TOTAL \$9,946.50
	Payment Terms <input type="checkbox"/> C.O.D. <input type="checkbox"/> Financing <input checked="" type="checkbox"/> Billing Account <input type="checkbox"/> Other			
	Sales: [REDACTED]			Customer: [REDACTED]

FILE COPY Date: