



**ANNE ARUNDEL COUNTY  
OFFICE OF THE COUNTY AUDITOR**

March 20, 2015

The Honorable Members of the County Council  
The Honorable County Executive Steven R. Schuh  
Mr. John Hammond, Acting Chief Administrative Officer  
Mr. Dan Kane, Director of Inspections and Permits  
44 Calvert Street  
Annapolis, Maryland 21401

Dr. Jon Hupp  
President, Board of Directors  
Pines Community Improvement Association, Inc.  
1455 Point Way  
Arnold, Maryland 21012

Dear Mr. Schuh, Mr. Hammond, Mr. Kane, and Dr. Hupp:

In accordance with Section 311 of the County Charter, I am calling to your attention and taking exception to the following improper procedure.

A citizen contacted me regarding money held by the Pines Community Improvement Association, Inc. (PCIA) that the citizen asserts should have been returned to the County. The citizen provided a copy of a Memorandum of Understanding (MOU) executed in 1999 between the County and PCIA under which the County agreed to provide funding to eradicate kudzu in the community, and PCIA agreed to return any unspent funds to the County. Additionally, the citizen provided a copy of PCIA's statement of "Account Balances as of 6/30/14" showing PCIA had \$6,158.99 in a "PCIA Kudzu X0475" account.

We obtained and reviewed the MOU between the County and PCIA. Under the terms of the MOU, the County agreed to provide:

- \$56,000 to eradicate and remove invasive plants, install erosion and sediment controls, and reforest ravine and sloped shoreline areas; and
- \$12,500 for a stormwater retention swale.

Additionally, the County agreed to provide funding to PCIA for a three-year maintenance plan as follows:

- \$8,800 for three applications/year to spray and remove kudzu; and
- \$12,000 for follow-up watering and mulching.

The MOU calls for the County to pay 90% of the cost of the initial work upon execution of the MOU and 10% following the County's receipt of invoices and inspection and acceptance of the work. For the maintenance work, the County agreed to pay 90% upon request for one-third of the amounts each year and the 10% upon receipt of invoices, inspection, and the County's acceptance of the work. The MOU requires PCIA to return any funds that PCIA does not spend for these purposes.

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Our review of the Office of Finance's records and of documents retained by the Department of Inspections and Permits shows the County disbursed:

- \$61,650 to PCIA to eradicate the kudzu and build the stormwater retention swale; and
- \$12,480 for two payments under the maintenance plan.

The County's records also show a PCIA Board member contacted the Department of Public Works in 2010 stating that PCIA had a balance of approximately \$6,000 and asking to discuss options for using the funds for further kudzu eradication and control. However, PCIA did not pursue the matter further, and the County administration took no action to seek repayment of the unspent funds.

I sent an email to the current Treasurer of the PCIA Board of Directors asking her or the President of the Board of Directors to contact me so I could confirm that the \$6,158.99 held by PCIA was, in fact, money provided by the County for kudzu removal and maintenance that remained unspent. In response, the former President of the Board of Directors, Susan Canfield, contacted me and confirmed that to the best of her knowledge, the \$6,158.99 was funding provided by the County that PCIA did not spend. After Ms. Canfield called me, I contacted Dr. Jon Hupp, the current Board President, and advised him of Ms. Canfield's statements and my conclusion that PCIA should have returned the unspent balance to the County.

Clearly under the terms of the MOU, PCIA is required to repay the County any funding that PCIA did not use for kudzu eradication, control, or maintenance. Accordingly, we recommend that the County Administration seek the repayment of the \$6,158.99 that PCIA received, but did not spend, for the purpose outlined in the MOU.

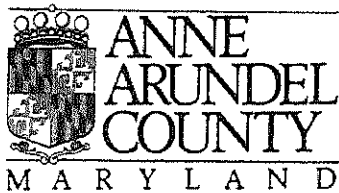
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We have attached management's response. We thank Dan Kane, Director of Inspections and Permits, and Bill Bryant, Acting Assistant Director of Inspections and Permits, for their cooperation. Please call if you have any questions on our findings or recommendation.

Sincerely,




Teresa Sutherland, CPA  
County Auditor



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***Interoffice Memo***

**To:** Teresa Sutherland, CPA, County Auditor  
**From:** Daniel L. Kane, Director   
**Date:** March 19, 2015  
**Subject:** Pines Community Improvement Association MOU

Our Department has reviewed your correspondence dated February 25, 2015 regarding the Memorandum of Understanding (MOU) between the Pines Community Improvement Association and the County executed in 1999. We are in agreement with the findings outlined in this correspondence. The Department will initiate efforts to have the unused funds returned to the County.

If you have any additional questions, please feel free to contact me at your convenience.

cc: John Hammond, Acting Chief Administrative Officer