



HARFORD COUNTY, MARYLAND

Office of the County Auditor

September 11, 2018

Report Highlights

Why We Did This Audit

This review was conducted as part of the County Auditor's risk-based Annual Audit Plan approved by the County Council for FY2019.

What We Found

Twenty-five findings have been closed or dropped. Five will receive budget related follow-up and 16 findings remain open for future audit follow-up.

STATUS OF PRIOR AUDIT FINDINGS

Council Members and County Executive Glassman:

In accordance with Section 213 of the Harford County Charter, we have performed audits of various subject matters. The results of those audits have been communicated to you in prior reports. For each audit finding reported, management has provided a response indicating its agreement or disagreement with the finding, corrective actions and an expected remediation date, if applicable. This report is being sent to update you on management's efforts to address the previously reported recommendations.

The scope of this review was limited to assessing whether management's audit responses have been implemented. In planning and conducting our review, we focused on remediation activity prior to August 1, 2018. Our review was limited to management responses to prior audit findings that indicated an expected remediation date on or before July 1, 2018. Review procedures included inquiries of appropriate personnel and inspection of documents and records. We also tested transactions and performed other procedures we considered necessary to meet the review's objectives.

As of July 1, 2018, there were 43 findings being tracked by the County Auditor, relating to 26 projects. Three (3) findings were added during the review period. The disposition of the audit recommendations is as follows:

<u>Closed</u>	<u>Dropped</u>	<u>Inactive</u>	<u>Open</u>
24	1	6	15

Among the closed findings are 3 that are related to Harford County Public Schools; those will be addressed by the schools' Internal Auditor.

Dropped findings are those that management has disagreed with and has accepted the risk of not implementing the auditors' recommendations. These items do not require further escalation but are highlighted in the following report.

The Inactive category includes action plans that have been open for more than 3 years and it doesn't appear that any management action will be

taken. This category also includes 5 action plans related to budget recommendations that will be reviewed during our annual budget analysis but will not be included in this follow-up report in future years.

Based on our review, there are 16 findings that remain open and will be included in the next status update. Two of these have due dates that have not yet passed. For Open action plans that were beyond their due date, but not yet implemented, members of management indicated that remediation efforts were planned. We did not find these to be critical issues requiring further escalation. A summary, and details, of the status of the audit findings reviewed follows this letter.

Management has been advised of our results and has been given an opportunity to respond to the report; however, no response was required or provided. The audit team is available to respond to any questions you have regarding the attached report.

Sincerely,



Chrystal Brooks
County Auditor

cc: Mr. Billy Boniface, Director of Administration

FINDINGS SUMMARY

Audit Name	Closed	Inactive	Open
2013 Budget Bill Analysis		1	
2013 Procurement Practices	1		2
2014 HCPS Budget Analysis		1	
2014 Property Management Controls	2		
2015 Ethics Disclosures and Related Processes	1		
2015 Financial Statement Audits for FY2014		1	
2015 HCPS Budget Analysis		1	
2015 HCPS Financial Management Practices	3		
2015 Network Security Monitoring Controls			1
2015 Purchase Card Controls	2		1
2016 Contract Management	2		
2016 HCPS Budget Analysis		1	
2016 Purchase Card Controls	1		
2016 Recruitment and Hiring Practices	1		1
2017 Budget Analysis for FY2018		1	
2017 Environmental Services Billing and Collection			1
2017 Financial Statement Audits for FY2016	2		
2017 Grant Award and Monitoring Controls			1
2017 Hotel Occupancy Tax Revenue			1
2017 License Issuance and Billing Controls	1		
2017 Procurement Practices	2		
2018 Capital Project Management	1		
2018 Employee Benefits Administration	2		2
2018 Financial and Ethics Disclosures Processes	1		2
2018 Property Management Controls	2		
2018 Public Info., Open Meetings and Records Retention	1		2
2018 Section 214 Review Info. and Comm. Technology			1
Grand Total	25	6	15



HARFORD COUNTY, MARYLAND

Office of the County Auditor

Report Number:
2019-A-06

Date Issued:
09/11/2018

Period Covered:
07/01/2018 through
08/01/2018

Audit Team:

Chrystal Brooks
CPA, CIA, CGAP, CISA, CGFM, CRMA
County Auditor

Sarah Self, CIA
Staff Auditor

STATUS OF PRIOR AUDIT FINDINGS

This review was performed in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The status of Open and Closed Findings follows the 'Disagreed Findings' section of this report.

DISAGREED FINDINGS

Management disagreed with one finding and has accepted the risk of not implementing the auditors' recommendations. This finding (below) will not be included in future follow-up reviews.

Recommendation	Management Response
2018 Capital Project Management	
<i>2018-A-02.01 Documented Project Oversight</i>	
<i>For some capital projects, documentation of kick-off or progress meetings was not available.</i>	
We recommend management identify ways to maintain informal project oversight documentation, i.e. phone calls, emails, with the invoices and project documentation that they support.	Management disagrees with the Auditor's opinion regarding kick-off meetings. Not all projects require official kick-off meetings. Task proposals from vendors or verbal communications detailing the project expectations are sufficient. Scope of projects were defined and accepted by County as shown in furnished documentation to Auditor. Management also disagrees with progress meetings. There were no formal design review meetings, but there is a record of email correspondence for guidance and feedback. Invoice is validated by the Project Manager in accordance with County practice.

DETAILED FINDINGS STATUS

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2013 Budget Bill Analysis					
Open - Inactive for Follow-up					
<i>2013-L-02.01 Other Post-Employment Benefits</i>					
<i>Other Post-Employment Benefits (OPEB) are not budgeted.</i>					
4/30/2013	5/15/2017		We recommend the Administration include Other Post-Employment Benefits in the budget ordinance.	As a budget recommendation, no management response is required.	Based on our review of the FY2019 budget, this recommendation will remain open. A portion of the FY2019 unassigned fund balances have been allocated to OPEB.
2013 Procurement Practices					
Open - 3+ years					
<i>2012-A-02.02 Availability of Information</i>					
<i>Information related to Procurements and Purchases is not readily accessible for reference or analysis.</i>					
9/30/2013	6/30/2019		We recommend the County improve its databases to facilitate the cross-referencing of information. For example, the Procurement Database should include vendor numbers for contract awardees and purchases in ADPICS should reference a contract number. We additionally recommend that management develop procedures to search for and identify purchases that circumvent the procurement process.	<p>Management acknowledges Auditor's comments and has met with ICT to develop a database that will combine all information and integrate into one database.</p> <p>We selected 147 vendors with purchases exceeding \$25,000 and found that 20 vendors did not have contracts that could be provided by the Department of Procurement.)</p> <p>Purchase orders were used in place of contracts in 20 instances, further, 1 was a developer agreement and 2 were grants; these 3 agreements are outside the Procurement scope of authority.</p>	The ERP implementation that will address this issue is ongoing. Procurement has considered its reporting needs and test scenarios to confirm that the system works as needed.
<i>2012-A-02.05 Public Advertising</i>					
<i>Public Notice of Procurement Opportunities is not published in a local newspaper.</i>					
12/31/2013	6/30/2019		We recommend County officials consider legislation to better align the Procurement Code with the current procurement advertisement trends. We additionally recommend that the Procurement Department consider posting Board of Estimates agendas and minutes on its website to improve transparency. We further recommend that the Department of Procurement consider making bid documents available to anonymous parties on the County's website and/or direct information seekers to eMarylandMarketplace.	Management concurs with these recommendations.	Management has begun advertising annually in a local newspaper. The advertisement does not address the County Code requirements to provide a description of the items to be purchased and specify a time and place for bid openings. Management has advised that updates to the Procurement Code may be considered in the future.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
Closed					
<i>2012-A-02.07 Ethics Disclosures</i>					
<i>Ethics policies should cover additional employees.</i>					
6/30/2013		8/29/2018	We recommend the County's officials consider legislation requiring annual financial disclosures for all personnel involved in the procurement process.	Management disagrees with this recommendation. As described by the Harford County Code, the Director is responsible to perform the duties as directed by the County Executive or by legislative act of the Council, and consequently is bonded to protect the County.	Procurement has developed a financial relationship disclosure questionnaire to be completed by the members of each RFP evaluation committee. The form provides guidance to help identify conflicts of interest.
2014 HCPS Budget Analysis					
Open - Inactive for Follow-up					
<i>2014-L-03.01 Zero-based Budgeting</i>					
<i>The base budget being used may not be a relevant predictor of future costs.</i>					
			We strongly recommend that the schools prepare a zero-based budget to demonstrate the specific programs, services and staffing levels that are needed.	We asked school officials if there was an ideal or target level of staffing, services, programs, etc. and were advised that determining that information would be impractical given the expected resource limitations.	After review of the FY2019 budget, this recommendation remains valid.
2014 Property Management Controls					
Closed					
<i>2014-A-09.01 Real Estate Inventory Listing Completeness</i>					
<i>Without a comprehensive Real Estate Inventory Listing, the County may not be able to effectively manage its real estate assets.</i>					
12/31/2014	8/28/2015	6/30/2018	The County should ensure the Facilities Master Plan has methods and procedures for maintaining a comprehensive inventory of real estate assets effectively and efficiently.	The County agrees with the recommendation and is currently working to ensure the Facilities Master Plan has methods and procedures for maintaining a comprehensive inventory of real estate assets effectively and efficiently. The Facilities Master Plan should be completed by October, 2014. The resulting database will be operational by December 2014 and will be managed by the Department of Planning and Zoning.	Management has reviewed and updated its property listing. Previously noted exceptions have been addressed.
<i>2014-A-09.04 Payments from Tenants</i>					
<i>Lease payments from tenants are not monitored to ensure they are correct and timely.</i>					
9/30/2014	10/15/2015	2/28/2018	The County should establish procedures to reconcile payments received to the lease agreements on a monthly basis while maintaining adequate segregation of duties among those that authorize the lease, receive the lease payments, and conduct the reconciliation. Demand letters should be sent for any missing payments on a monthly basis (potentially adding penalties and interest) so that management fulfills its	The County agrees with the recommendation and our current procedures do have adequate segregation of duties. Our current procedures have Treasury collecting and depositing rental payments and forwarding a spreadsheet of lease payments received for the month and the date of receipt to Procurement. Upon receiving the spreadsheet, Procurement will reconcile the payments to the lease agreements. Any	We tested a sample of properties and noted that payments were received timely. Additionally, we confirmed that the previously missing rental agreement has been executed.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
			stewardship duties over its leased assets and cash collections. The County should consider sending reminder or billing notices prior to the due date to tenants with leases paid on an annual basis.	missing payments or payments not made in accordance with the lease will be reviewed and a phone call or a letter will be sent to the tenant. Property Management will consider sending notices in future. As stated previously, the Board of Estimates and the Director of Procurement in signing the lease is the authorization of all leases in the County.	

2015 Ethics Disclosures and Related Processes

Closed

2015-A-03.03 Confirmation of Completeness of Vendor and Employee Lists Action Plan

Vendor and Filer lists are not verified for completeness in the Disclosure system.

8/30/2016		4/30/2018	To ensure the completeness of the vendor and employee lists, we recommend a review of the data entered before the system becomes available to users. In addition, to facilitate the administration of this process, management consider including members of other boards who are required to file in the Financial Disclosure Filing System and using the system to track any paper forms that are filed. .	<p>Management disagrees with the findings and recommendations based on the following reasons. The initial list of individuals required to file statements is generated by the Department of Human Resources. The list created by the Department of Human Resources is then reviewed by the Department of Law to ensure that all individuals required to file disclosure statements are included. Adding another level of review is unnecessary. [...]</p> <p>As for the list of vendors, there is a sufficient review. The initial vendor list is generated by The Department of Treasury and includes all payees receiving \$5000 or more from the County. [...] In total there are approximately 1360 vendors submitted, the percentage of vendors missed amounts to approximately one percent and in Management's opinion such a low percentage is negligible. Finally, [...] The Law Department keeps a log of all the individuals that are required to file and the Department updates that file for each disclosure statement submitted. [...].</p>	Our 2018 audit of this process showed that the vendor and user lists were substantially complete.
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2015 Financial Statement Audits for FY2014

Open - Inactive for Follow-up

2014-F-01.02 Timelines of Financial Reporting

Financial Statements from some affiliated agencies were not submitted timely.

6/30/2015	12/31/2015		We recommend the administration consider modifying the VFC agreement to allow the second quarter payments to be withheld until financial reports have been provided.	We agree with the auditor's findings and will work with the fire companies to address this matter.	For FY2017, we noted that reports continue to be provided after their due dates. Based on discussions with management, there is not a current plan to address this issue.
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Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2015 HCPS Budget Analysis					
Open - Inactive for Follow-up					
<i>2015-L-03.01 Technology Cost Classification</i>					
<i>Computer refresh costs are included in the capital, rather than operating, budget.</i>					
6/30/2015			School and County officials should consider including technology refresh costs in the operating budget, rather than in the capital budget	We also fully support your recommendation that "School and County officials should consider including technology refresh costs in the operating budget, rather than the capital budget".	After review of the FY2019 budget, this recommendation remains valid.
2015 HCPS Financial Management Practices					
Closed - Dropped					
<i>2015-S-01.01 Timely Recording of Collections</i>					
<i>Collections received at the Finance Office were not recorded or deposited timely.</i>					
7/1/2015			We recommend that HCPS a. record collections immediately upon receipt (repeat), b. restrictively endorse all checks immediately upon receipt (repeat), c. document the chain of custody when transferring collections to other departments, d. perform independent verifications of collections from initial receipt to deposit (repeat), and e. deposit collections in a timely manner.	HCPS received 98 percent of cash receipts in FY14 electronically via ACH credit or wire transfer. Included in the remaining two percent of cash receipts were state Medicaid payment checks that have now been converted to ACH credits. [...] However, HCPS recognizes the value of the OLA's recommendations and will work with the various offices and departments to implement them. Responses to the specific recommendations are as follows: a. Agree. [...] b. Agree. [...] c. Agree. [...] d. Agree. [...] e. Agree. [...]	HCPS's internal auditor will review this recommendation in a subsequent review. We will discontinue follow-up on this issue.
<i>2015-S-01.02 Access to Financial Systems</i>					
<i>HCPS did not adequately restrict users' capabilities on its automated procurement and accounts payable system.</i>					
11/30/2014			We recommend that HCPS strengthen its controls over the automated procurement and accounts payable system and processes. Specifically, we recommend that HCPS a. restrict user access capabilities to eliminate the ability of users to perform incompatible duties (repeat), and b. establish independent approval requirements for all critical purchasing and accounts payable transactions (repeat).	a. Agree. [...]b. Agree. [...].	HCPS's internal auditor will review this recommendation in a subsequent review. We will discontinue follow-up on this issue.
<i>2015-S-01.03 Payments for Special Education Services</i>					
<i>HCPS did not adequately monitor payments made for special education services.</i>					
6/30/2015			We recommend that HCPS obtain independent supporting documentation for invoices (repeat).	Agree. HCPS will establish procedures to obtain independent supporting documentation for invoices from special education service providers by June 30, 2015.	HCPS's internal auditor will review this recommendation in a subsequent review. We will discontinue follow-up on this issue.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2015 Network Security Monitoring Controls					
Open - Current					
<i>2015-A-01.03 Technology Inventory Action Plan</i>					
<i>Computer inventory appears excessive.</i>					
12/31/2016	12/31/2016		We recommend management review inventory that is not currently in use to determine whether some items may be surplus.	Management is unable to determine how the Auditor derived the numbers associated with the inventory of equipment in order to give a specific response. However, Management maintains only enough inventory to enable the County to replace equipment timely and to be able to supply workstations for deployment in case of emergency. Management does agree that a County-wide comprehensive policy concerning when and what inventory should be surplus needs to be developed.	Management is still considering processes for addressing the amount of IT inventory. A contractor has been selected to improve the efficiency of the surplus sales process.
2015 Purchase Card Controls					
Open - Current					
<i>2015-A-05.01 Insufficient Support for Purchase Card Transactions Action Plan</i>					
<i>Documentation for purchase card transactions was not sufficient to support the necessity, appropriateness, and approval of purchases.</i>					
10/31/2015			We recommend management require cardholders to provide sufficient documentation to support the propriety of all transactions, including proper approval for out-of-state travel. We also recommend all cardholders and approving officials receive refresher training regarding the purchase card program, so they will be aware of the documentation and approval requirements for purchase card use. Finally, we recommend that consequences for inappropriate purchase card use be enforced systematically.	We are in agreement that sufficient documentation be provided, including attachment to the logs of out-of-state travel approval. In the short term, notification will be sent out to every individual cardholder, making them aware of their issues from this audit. For the long term, Marcus Williams and I will be holding mandatory PCard Refresher Training, targeted for October 2015. Procurement will be taking a more proactive role with holding all cardholders accountable for their actions and implementing consequences identified in Section IV. Of the Corporate Purchasing Card Program Policy and Procedures Manual.	Based on our testing for FY2018, there continue to be transactions without adequate supporting documentation.
Closed					
<i>2015-A-05.02 Split Purchase Action Plan</i>					
<i>Purchases were split which circumvented the single transaction spending limit of \$2,500 and/or avoided more stringent procurement requirements.</i>					
10/31/2015		7/31/2018	We again recommend management reiterate to cardholders and approvers that splitting transactions is not allowed and that purchases over \$2,500 may not be made using a purchase card.	This requirement will be reiterated again. Procurement was made aware ahead of time regarding the need for splitting one transaction, and approval was given; it was determined at that time that it was more efficient to split rather than changing a limit and having to change back.	During our FY2018 review of purchase card transactions, we did not note any instances of split purchases.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2015-A-05.04 Non Timely Cardholder Log Review and Approval Action Plan					
<i>Monthly cardholder logs are not always prepared or approved in a timely manner to ensure purchases are appropriate and approved.</i>					
10/31/2015		9/6/2018	We again recommend management enforce existing procedures related to review and approval of cardholders' transactions and logs and enforce related consequences for cardholders and approvers who do not comply with the purchase card guidelines.	A review of the current hierarchy will be completed by 9/15/15 to validate all approving officials are correct and current. The procedures will be addressed and reinforced with all attending the Refresher Training in October.	Although we continue to note a small number of cardholder logs that are not reviewed and approved in a timely manner, per our discussions with management, we have determined that they do not prevent Accounts Payable and Treasury from paying bills in a timely manner. Accordingly, we will close this issue.
2016 Contract Management					
Closed					
2015-A-04.01 Vendors paid over \$25,000 with No Contract					
<i>Purchases were made without formal competitive bidding and contracts in place despite providing goods and/or services in excess of \$25,000.</i>					
6/30/2016		9/7/2018	We recommend the County establish a contract monitoring system (or process) to confirm that purchases of goods and services are made in accordance with the Harford County Code. Specifically, we recommend that the Department of Procurement and purchasing departments: Consolidate purchases and competitively procure frequently used goods and services; Track total vendor spending to determine if contracts should be put in place.	Current systems make it a cumbersome task to monitor this information. With the help of Treasury, we were able to pull data from ADPICS/FAMIS and analyzed that information along with purchasing card spend to obtain an overall spend by vendor. We are validating the spend information by vendor, and our goal is to bid those at \$25K and over. Our newly developed ECMS (Enterprise Contract Management System) went live May 2015. Aaron Hall, Procurement Agent II in charge of this system, projects that all contractual information will be entered into this database by end of fiscal year (6/30/16). This system will help with contract management but does not address the payment/financial side of business with vendors.	Procurement has held meetings with high-spend vendors to reconsider contract terms. While the issue related to availability of information for vendor spending remains open, we will close this issue since management has taken steps to ensure that contracts are optimized.
2015-A-04.03 Xerox Billing Rates Action Plan					
<i>Monthly billing rates for copiers include unallowed charges.</i>					
6/30/2016		8/2/2018	We recommend management review the pricing for each machine currently being leased from Xerox to confirm the rates that should be invoiced and request a refund on any interest that has been paid for cancelled leases. We further recommend the purchase order form include all details relevant to the lease terms and the balance of cancelled leases be paid in full, not refinanced.	We are currently looking at options to address this recommendation.	Management of copier leases has been centralized within ICT for better oversight. As copier leases expire, the machines will be replaced by a new vendor.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2016 HCPS Budget Analysis					
Open - Inactive for Follow-up					
<i>2016-L-03.01 Urgency of Technology Needs Action Plan</i>					
<i>HCPS is not prepared for standardized testing mandates that become effective in 2018.</i>					
6/30/2016			We recommend funding for technology be prioritized in FY2017 to facilitate compliance with State PARCC testing mandates that become effective in 2018.		Although state standards for PARCC have changed, based on our review of the FY2019 budget, Technology continues to be a key area in need of further funding. This matter remains open.
2016 Purchase Card Controls					
Closed					
<i>2016-A-02.01 Cardholder Spending Limits</i>					
<i>Cardholder spending limits have not been reviewed for appropriateness.</i>					
11/22/2016	8/31/2018	8/15/2018	We recommend management review and adjust, as necessary, cardholder credit limits on an annual basis to ensure that the County's exposure to misappropriation is appropriately limited.	The Pcard Coordinator is reviewing and adjusting these limits as we feel necessary to mitigate risk to the County. She will notify those cardholders and their Directors to inform them of this requirement where applicable. However, we do not want to affect limits in a way that would cause instances where using the credit card would not be possible due to declines at the point of sale; this would defeat the purpose of the program. Limits will continue to be monitored.	Management stated they had performed a review of limits during the past year and made adjustments as they saw necessary. This was supported by a WORKS report we reviewed with date stamps for credit limit revisions.
2016 Recruitment and Hiring Practices					
Open - Current					
<i>2016-A-03.01 Advertising Process Action Plan</i>					
<i>New positions were not always advertised; particularly when designated as "temporary".</i>					
3/26/2016			We recommend management propose changes to the County Code creating a designation for Executive branch appointed employees and/or defining the maximum length of temporary employment. We further recommend temporary status only be assigned as designated in the County Code and Charter and all classified positions be advertised as required.	Management disagrees and it is Management's position that the definition of "temporary appointment" in Section 38-30 of the Harford County Code pertains only to a specific appointment made during the temporary absence of a classified employee and not to the entire class of temporary employees. [...] It is Management's position that the phrase "temporary appointment" places limitations on the individual utilized during a classified employee's maternity leave, but such limits are not applicable to the general class of temporary employees. [...]	Management has not made any changes. We will follow up on this issue in our FY2019 audit.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
Closed					
<i>2016-A-03.04 Background Check Process Action Plan</i>					
<i>Reference checks are performed inconsistently or provide insufficient information.</i>					
3/25/2016		7/1/2018	We recommend the on-boarding reviews include documentation of all required items listed in the job posting, including proof of education and licenses, as applicable. We further recommend Human Resources periodically confirm that required licenses and certifications are maintained for County Charter defined Exempt employees.	<p>Management disagrees and as the Auditor has indicated, confirmations from prior employers and educational institutions have a historically low response rate. As explained to the Auditor during the audit interview, the Department of Human Resources makes multiple attempts in writing to independently confirm with prior employers and educational institutions all information provided by candidates and maintains all information received. The Department of Human Resources will remain diligent in its efforts to obtain relevant information with regard to prior employers and educational institutions.</p> <p>With regard to licenses and certifications, if the vacancy announcement requires the possession of a license/certification prior to employment, the candidate must provide proof of the license/certification at time of application to the Department of Human Resources in order to be considered for the position. If the candidate is required to obtain a license/certification within a specific time period after being hired, the supervising department would verify that such license/certification was obtained. As the Auditor indicated, all required licenses and certifications are current for County Exempt employees; however, Management agrees to designate the Director of Administration as the individual responsible for verifying the licenses and certifications for County Exempt employees.</p>	Management has decided to rely on self-reporting for Directors' licensing and certifications. This is an acceptable practice.
2017 Budget Analysis for FY2018					
Open - Inactive for Follow-up					
<i>2017-L-02.01 Hotel Tax Distribution</i>					
<i>Hotel Tax Revenue is only partially awarded competitively.</i>					
			County Officials should consider if the ratio of competitive grants to non-competitive contributions represents the ideal use of Hotel Occupancy Tax revenue.	As a budget recommendation, no management response is required.	This issue will be reconsidered in the next budget analysis.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2017 Environmental Services Billing and Collection Controls					
Open - Current					
<i>2017-A-01.01 Hauler Applications</i>					
<i>Hauler applications are not submitted and approved in a timely manner.</i>					
2/28/2017				The Department of Public Works (DPW) and MES agree with the analysis of the audit team that hauler applications were not submitted and approved in a timely manner in some instances. To prevent such occurrences in the future, DPW and MES are developing written procedures for the hauler licensing process which will be completed and implemented by 28 February 2017.	We were not able to determine the status of this issue because requested documentation was not provided in 2017 or 2018.
2017 Financial Statement Audits for FY2016					
Closed					
<i>2016-F-02.001 CDBG Administrative Costs Action Plan</i>					
<i>The County's process for preparing its Federal financial reports does not currently include appropriate documentation to support its allocation of Federal and local funds. Additionally, amounts were reported for administration expenses in excess of the required threshold.</i>					
6/30/2017		7/1/2017	We recommend the County develop a process that includes reconciling and documenting its reconciliation of any amounts entered in IDIS as well as reconcile the general ledger to any external reports.	The discrepancies between the HUD documents and the County's general ledger are attributed to each agency using a different method of expense allocation. HUD has historically operated on a first-in-first-out method, allocating expenses to oldest grants with funds available. The County was using specific identification to allocate expenses to funding years. Beginning with federal fiscal year 2015 (County fiscal year 2016), HUD transitioned to a grant based accounting method. Under this method HUD will make disbursements against specific user-defined grant years. With both agencies using the same method of allocation, reconciliation between agency reports and source documents will no longer be an issue. The County will continue to make necessary adjustments to the general ledger to bring amounts in agreement with all prior HUD documents. Additionally, County Treasury personnel will review and reconcile current HUD database and report amounts to the general ledger on a quarterly basis. [...]	This issue was corrected prior to completion of the FY2017 audit.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2016-F-02.002 Fixed Asset Inventory					
<i>The County's system utilized to track fixed assets purchases did not properly identify and track assets purchased between \$5,000 and \$15,000 under the Homeland Security Grant Program. Additionally, an inventory count was not conducted within the past two fiscal years.</i>					
6/30/2017		7/1/2017	We recommend the County strengthen its controls around inventory tracking to ensure the elements required by Federal regulations are properly tracked and conduct an inventory count at least once every two years.	The County's capitalization policy is capturing assets purchased with federal funds in excess of \$15,000. Assets are recorded in the County's fixed asset system (FAACS) and records have been adjusted to capture the minimum data elements required by current federal regulations. The County will adjust its capitalization threshold for assets purchased with Federal funds to \$5,000 to ensure that any funds obtained from the sale of equipment purchased with Federal funds will be utilized as directed by the Federal awarding agency. County Grant Accountants will inform the Treasury Department when assets \$5,000 [or greater] are purchased with Federal funds and need to be recorded in FAACS. A bi-annual physical inventory will be taken and documented by all County Departments with assets purchased by federal funds [of] \$5,000 [or greater]. Physical inventory documentation will be verified by County Treasury personnel.	This issue was corrected prior to completion of the FY2017 audit.
2017 Grant Award and Monitoring Controls					
Open - Current					
2017-A-06.03 Monitoring Controls					
<i>Grant Monitoring Procedures were not always performed.</i>					
6/30/2017	6/30/2019		Economic Development does not have a mechanism in place to confirm that funds are spent at year end. Their review process might be simplified and made more effective by issuing quarterly disbursements and using the same grantee financial reporting form required by Community Services and Housing.	Disagree. The grants awarded by each County department are different in nature and require different monitoring procedures. To place overly burdensome requirements on minimally staffed non-profits would negatively impact their ability to provide necessary services to our citizens. However, Management agrees that it will review the monitoring procedures for each department/agency to determine if the process can be streamlined/simplified.	Management has developed a process to track grantees expenditures quarterly. This is the first year of this process. We will follow-up during the FY2019 audit of this process.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2017 Hotel Occupancy Tax Revenue					
Open - Current					
<i>2017-A-15.01 Audits of Hotel Operators Action Plan</i>					
<i>Audits of hotels' reported income are not conducted.</i>					
			The Treasurer's Office should take steps to initiate audits of Hotels as identified in the County Auditor's audit plan.	Management was provided an opportunity to respond to this report; however, no response was provided.	Procedures to initiate audits of hotel operators have not yet been developed.
2017 License Issuance and Billing Controls					
Closed					
<i>2017-A-09.01 Licenses Missing Required Documentation</i>					
<i>A number of license records did not have supporting documents maintained on file.</i>					
		8/1/2018	DILP should maintain supporting documentation for each license issued.	Management was provided an opportunity to respond to this report; however, no response was provided.	We tested a sample of licenses issued over the last year and found that adequate documentation was maintained.
2017 Procurement Practices					
Closed					
<i>2017-A-11.01 Competitive Procurement Processes</i>					
<i>Certain purchases were made without formal competitive bidding; non-competitive bids were not always justified; and contracts were not adequately supported.</i>					
		9/7/2018	We recommend management take steps to document their approval of purchases made through non-competitive methods.	<p>Management disagrees with the Auditor's opinion regarding purchases exceeding \$25,000 "from one vendor in a calendar year requiring a contract." The Code does not state that requirement. At the time these purchases are made, the "estimated cost" is not \$25,000 or more; these are generally made up of many small dollar purchases by different employees/agencies.</p> <p>Management also disagrees with the Auditor's opinion that the County will likely pay more than needed for goods and services. The Procurement Department has and will continue to use due diligence to save the County money. The County advertises in a local newspaper once per year to notify the vendor community that opportunities exist and direct them to those sites. As well as being cost prohibitive to advertise in the paper, it is not the most efficient and effective way to notify the vendors. In this technical age, we advertise bidding opportunities on the internet via the County website, as well as eMaryland Marketplace.</p>	We reviewed a sample of contracts and confirmed that files addressed the contracting requirements. Management was able to explain the contract that used non-competitive procurements.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2017-A-11.02 Written Quotes					
<i>Written quotes for purchases greater than \$2,500 were not always obtained or maintained.</i>					
		7/31/2018	We recommend the Department of Procurement remind user departments to maintain the written quotes that are obtained for each purchase.	<p>Management disagrees with the opinion regarding written quotes for purchases greater than \$2,500. Procurement audits those purchases as they feel necessary, based off various factors to include the dollar amount, the vendor, the type of purchase, etc.</p> <p>The Code states in 41-27,B, "All open market purchases shall, wherever possible , be based on at least three (3) competitive price quotations"; there are occasions when 3 quotes cannot be obtained in the needed timeframe. This is the exception, not the norm, and is evaluated on a case by case basis for small dollar purchases.</p>	We tested a sample of purchases and noted that written quotes were maintained when required.
2018 Employee Benefits Administration					
Open - Current					
2018-A-11.01 Employee Benefits Policies and Procedures					
<i>Without written policies and procedures for employee benefits administration, the County may not be able to effectively administer employee benefits.</i>					
5/1/2019			The County should develop written policies and procedures for the administration of employee benefits.	Management currently has procedures in place for the payroll side of benefits administration. Human Resources recognizes that there is a need for written procedures and is currently working on and hope to have complete within one year.	The due date for remediation has not yet passed.
2018-A-11.02 Benefits Succession Planning					
<i>Without a succession plan for the benefit manager, their retirement may negatively affect the administration of employee benefits.</i>					
5/1/2019			The County should develop a succession plan for the retirement of the benefit manager and other key employees to ensure continuity of operations.	Management currently has a succession plan in place for the payroll side of benefits administration and has identified three different employees within Human Resources to ensure continuity of operations as benefit manager.	The due date for remediation has not yet passed.
Closed					
2018-A-11.03 HR System Records and Source Documents					
<i>HR System (HRIS) information does not match supporting documentation.</i>					
		5/11/2018	The County should ensure that the information that is entered into the HR system matches the supporting documentation.	Management disagrees with the audit finding. The employee was coded correctly in our HR system. The Personnel Action Authorization (PAA) form was from 2013 and has since been updated to include both codes.	Based on information provided during the audit, this issue will be closed.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2018-A-11.04 Timely Updates of Employee Status					
<i>Provider invoices did not reflect updates of employee status.</i>					
		5/11/2018	The County should document and implement procedures to ensure that individuals who are terminated or retire are identified and communicated to the providers timely.	Management disagrees with the audit finding. Due to timing issues there is an unavoidable lag time between termination date and invoices. However, we have an agreement with our provider and any situation is always reconciled within 90 days.	Based on information provided during the audit and management's acceptance of the low level of risk, this issue will be closed.
2018 Financial and Ethics Disclosures and Related Processes					
Open - Current					
2018-A-12.02 Incomplete Financial Disclosures and Lobbyist Filings					
<i>Some financial disclosure forms and lobbyist filings were not completed in conformity with Ethics Code requirements.</i>					
8/10/2018			We recommend the Law Department more consistently follow its procedures for review of the board members disclosures and lobbyist registration and activity filings.	Management will consistently follow its procedures for review.	
2018-A-12.03 Ethics Training Report					
<i>Human Resources had not prepared an annual report detailing Ethics training provided to employees as required by the County Code.</i>					
8/10/2018			Human Resources should continue to provide, annually, a report detailing ethics training provided to employees, as required by the County Code.	Management will continue to provide an annual report detailing ethics training provided to employees.	
Closed					
2018-A-12.01 Ethics Board Approval of Disclosure Filings					
<i>Documentation provided did not demonstrate that a majority of the Ethics Board reviewed and approved financial disclosure statements for calendar year 2015.</i>					
8/10/2018		8/10/2018	We recommend that the Law Department establish processes and procedures to ensure all Board members approve disclosure filings and documentation of those approvals is maintained.	Management has already established a new process to verify approval by board members, which was reviewed and approved by the Auditors for calendar year 2016. This procedure will continue moving forward.	The procedures were effective for calendar years 2016 and 2017.
2018 Property Management Controls					
Closed					
2018-A-03.01 Completeness of the Real Property Listing					
<i>Some County-owned properties are not included in the County's financial records.</i>					
		10/10/2017	Management should confirm that all properties in the records of Property Management are also captured in the Fixed Assets system with similar identifying information.	Management has no response	Management reviewed the entire list of properties and updated items that were missing or not distinct.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2018-A-03.02 Payments to Landlords					
<i>Payments for Common Area Maintenance and Taxes may be incorrect.</i>					
		7/1/2018	We recommend management confirm that CAM charges and property taxes are reconciled and recalculated each year.	Management disagrees with Auditor’s opinion. Property Management routinely reviews and confirms charges.	We tested a sample of properties and noted that rents and CAM were paid timely, and payments reflected CAM reconciliations where appropriate.
2018 Public Information Open Meetings and Records Retention Compliance					
Open - Current					
2018-A-05.01 Lack of Current Records Retention Schedules					
<i>Records retention schedules are not available.</i>					
6/30/2018			Each County Department should develop a current records retention schedule and file it with Maryland State Archives.	Management will coordinate with County Departments to develop/update current records retention schedules and file with Maryland State Archives.	Management provided details for the retention plan development process.
2018-A-05.02 Lack of Public Access to Meeting Minutes					
<i>Some Meeting Agendas and Minutes are not available for public review.</i>					
			Responsible officials for each board should utilize the systems in place for publishing information related to Public Meetings.	Management disagrees with Auditor’s opinion with regards to copies of board minutes being posted online. The law states “to the extent practicable”.	We tested a sample of recent meetings and found this issue remains open.
Closed					
2018-A-05.03 OMA Training Requirement Not Met					
<i>Open Meetings Act designees have not completed the required training.</i>					
6/30/2018		7/1/2018	Since new training requirements became effective October 1, 2017, management should take steps to ensure that each board has at least one member that has completed the compliance training as soon as possible.	Management recognizes the recently enacted training requirements and continues to take the steps to ensure compliance, but remains cognizant that board members are often volunteers.	We reviewed supporting documentation and noted that management has assigned designees for the various Boards and is tracking designees' Open Meetings training.
2018 Section 214 Review Information and Communication Technology					
Open - Current					
2018-A-17.01 Confirmation of Return of Assigned Inventory					
<i>County officials cannot locate all equipment assigned to the employee.</i>					
			We recommend the County provide training to County personnel responsible for tracking departmental inventory and confirming the return of assigned inventory upon employee separations. We also recommend the County review and, if necessary, update procedures related to the confirmation of the returned inventory for separated employees.	Management agrees that Mr. Pibil is not responsible for these items. Management will continue to search our inventory and will advise when/if items are located.	These items have not been located. Separation procedures will be reviewed in a later audit.