



HARFORD COUNTY, MARYLAND

Office of the County Auditor

October 11, 2024

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 FY2025.

What We Found

- 9 recommendations are Closed
- 13 recommendations remain Open

Audit Team:

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

Brad DeLauder
CPA, CIA
Senior Auditor

STATUS OF PRIOR AUDIT FINDINGS

Council Members and County Executive Cassilly:

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, 2024. Our review was limited to management responses to prior audit findings that indicated an expected remediation date on or before 7/1/2024. 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 7/1/2024 there were 13 findings being tracked by the County Auditor, relating to 11 audits and reviews. One (1) finding was added and closed since the previous year's report. Eight (8) new findings were added during the follow-up period. Based on our review, there are 13 findings that remain open and will be included in the next status update.

For 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.

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.

Management has been advised of our results and has been given an opportunity to respond to the report; the response provided is below. The audit team is available to respond to any questions you have regarding the attached report.

Sincerely,



Chrystal Brooks
County Auditor

cc: Mr. Robert McCord, Director of Administration

MANAGEMENT RESPONSE

Management thanks the Council Auditor for the opportunity to respond to the Status of Prior Audit Findings, and for closing findings that have been finalized. For findings that remain open, Management continues the path set forward from previous response and status comments and offers the following specific updates.

- **2018 Public Information Open Meetings and Records Retention Compliance** – *Records retention policies will be developed to include best practices for preservation of electronic records.*
- **2023 Grant Award and Monitoring Controls** – *Management will follow up appropriately if there are any transactions that need clarification.*
- **2024 Parks and Recreation Inventory Controls** – *The inventory list will be provided by Parks and Recreation in November, 2024.*

FINDINGS SUMMARY

Audit No.	Audit Name	Status		
		Closed	Open	Total
2018-A-05	Public Info., Open Meetings and Records Retention Compliance		1	1
2018-A-15	Facility Access Controls	1		1
2021-A-18	Property Management Controls	1		1
2022-A-09	Procurement Practices		1	1
2023-A-07	Fleet Maintenance Management	1		1
2023-A-09	DPW Inventory Controls	1		1
2023-A-18	Grant Award and Monitoring Controls		1	1
2023-A-22	Water & Sewer Billing System Controls	1		1
2023-A-23	Recruitment and Hiring Practices	1	1	2
2024-A-08	Parks and Recreation Inventory Controls		1	1
2024-A-11	Facility Access Controls		2	2
2024-A-12	Cable Franchise Fees		1	1
2024-A-15	EMS Billing Controls	3		3
2024-A-17	Hotel Occupancy Tax		3	3
2025-A-01	Employee Separation Procedures		2	2
	Grand Total	9	13	22



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DISAGREED FINDINGS

Management disagreed with one recommendation and has accepted the risk of not implementing the auditors' recommendations. The finding below has been dropped and will not be included in future follow-up reviews.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2023 Recruitment and Hiring Practices					
Closed - Dropped					
<i>2023-A-23.01 On-Boarding Procedures</i>					
			<i>On-boarding tasks are not always completed before the employee's start date.</i>		
2/20/2024			We recommend Human Resources ensure on-boarding procedures are completed prior to start dates.	Human Resources does require physical and drug screens to be completed prior to starting their employment, however there are exceptions and with the surge of EMS hiring we made an exception due to the urgent need of Paramedics and EMT's.	Based on management's response, we will close the finding.

DETAILED FINDINGS STATUS

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2018 Facility Access Controls					
Closed					
<i>2018-A-15.02 Inappropriate or Unnecessary Access (1)</i>					
			<i>Some facility access rights are inappropriate or unnecessary.</i>		
11/1/2019	8/20/2024	8/20/2024	Active devices assigned to separated employees, or not specifically assigned to County personnel, should be disabled. Additionally, access role configurations should be reviewed periodically and updated to reflect changes in operations.	Management will review the access provided to employees/contractors and refine or correct their privileges.	In response to our FY2024 audit findings, management has indicated, "for the cards no longer in use, the access has been revoked, deactivated or deleted as indicated. Guest badges not in use have been disabled and will only be restored to active use as necessary."

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2018 Public Information Open Meetings and Records Retention Compliance					
Open - 3+ Years					
<i>2018-A-05.01 Lack of Current Records Retention Schedules</i>					
<i>Records retention schedules are not available.</i>					
6/30/2018	6/30/2025		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 plans to coordinate with the Law Department and develop document retention policies as needed. This process is expected to take several years. Management did not provide any updated information when we inquired this year.
2021 Property Management Controls					
Closed					
<i>2021-A-18.01 Lease Receivable Payments</i>					
<i>Lease receivable payments are not complete and timely.</i>					
6/30/2021		7/31/2024	We recommend Facilities and Operations document any actions taken when payments are received late.	Management provided leniency to tenants due to the COVID pandemic, follow-up actions were not planned until after the State of Emergency expired (which is July 1, 2021). All payments were received from tenants and documented.	We reviewed a sample of 6 rental properties, including four that were noted exceptions in the FY24 Audit of Property Management. In general, payments agree with lease terms. This finding will be closed.
2022 Procurement Practices					
Open					
<i>2022-A-09.01 Monitoring of Total Spending</i>					
<i>Total spending by vendor can be improved.</i>					
5/15/2022	3/31/2025		We recommend directing additional resources towards the Procurement Department so that staff have more time to strategically monitor spending (and cumulative purchases), in addition to meeting the County's ongoing contracting needs.	We have changed business practices to utilize the functionality of WorkDay and provided the auditors responses to help understand why some purchases are labeled "non-contract." The Code requires contracts \$25,000 and over to be competitively bid when we know what the estimated value will be for a good or service. The Code does not require vendors to be put under contract when an aggregate annual spend is \$25,000 and over. We are proactive when analyzing spend with vendors and ensure we are following the Code. When the estimated spend for a good or service is under \$25,000, the user departments are getting three quotes as required. The premise for purchasing cards is to allow users/cardholders to make small dollar purchases where the spend represents approximately 20% of total dollars spent, but account for approximately 80% of the transactions. Procurement staff focuses on the 80% of total dollars spent where we can add more value for the County. That is the best practice established for purchasing card programs in the private and public sectors.	Procurement expected a new P-Card program to be implemented by the end of the calendar year; its function should include integration with Workday. In addition, Procurement expects to have a new contract management system fully implemented by spring FY025.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
				<p>While Bank of America has not been able to send us a clean file to integrate pcard data to WorkDay, we are still utilizing the Bank of America system to obtain pcard transactional information. We are currently working on analyzing purchase card spending to determine when it makes fiscal sense to enter into contracts with some vendors.</p> <p>We welcome the review of the details of the 192 vendors stated in the response above. Again, the Code does not require vendors with aggregate spend of \$25,000 and over to be contracted with, but when the opportunity exists for goods or services \$25,000 and over from a good business perspective to be placed under contract, that is when we take appropriate measures to complete that process.</p>	

2023 DPW Inventory Controls

Closed

2023-A-09.01 Highways Inventory missing from AssetWorks

Within Highways Maintenance, items over \$500 are not captured in the County's asset management system managed by Facilities & Operations.

3/1/2023	9/18/2024	Highway Maintenance should request asset tags for equipment over \$500 to ensure they are captured in the County's AssetWorks system.	Highways maintenance has had preliminary conversations with Facilities and Operations, and will share their asset list with F&O to make sure equipment over \$500 is captured in the County's AssetWorks system.	<p>Per Management, "Facilities & Operations is using the Non-Capital Asset Tracked Inventory Procedures (attached) and has subsequently added the applicable tools/equipment to their AssetWorks database using existing Highways ID numbers. These procedures will continue to be used to track minor equipment; in addition to the larger Capital Assets that also continue to be added to the inventory."</p> <p>We reviewed the policy and requested, from Facilities & Operations, the asset list Highways provided them. The policy and list are attached. The finding has been closed.</p>
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2023 Fleet Maintenance Management

Closed

2023-A-07.01 Vehicle Usage Not Routinely Monitored Action Plan

Departments do not regularly monitor usage of assigned Fleet vehicles.

7/1/2023	8/9/2024	Departments should ensure required vehicle checklists are being completed and reviewed regularly to confirm usage complies with County guidelines. In addition, Fleet liaisons would benefit from refresher training on their job duties.	Management agrees with the assessment of this audit and has met with our provider of maintenance to establish processes going forward. Virtual meetings/training to provide ample opportunity for all Fleet Liaisons to be trained or refreshed on the importance of adherence to the preventive maintenance program. Review with fleet liaisons the guidelines relative to vehicle and equipment usage policies and procedures that are stated in the Fleet Management Manual. The purpose of this will be to ensure that County employees are utilizing County assets for purposes	Training has been held for new and existing Fleet Liaisons reminding them of their monitoring responsibilities.
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Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
				related to county business only. Provide training to improve understanding the following reports currently being distributed - fuel reports, PM reports and billing reports. Review and reinforce Fleet Liaison responsibilities.	

2023 Grant Award and Monitoring Controls

Open

2023-A-18.01 Allocation of Grants and Contributions

A number of Grants were recorded as Contributions in the accounting system.

7/3/2023	6/30/2025		We recommend management update its procedures for allocating funding to spend categories based on whether they require a grant agreement and monitoring and whether they were competitively awarded.	As we move forward with Tourism Funding administered through OED effective FY24, we have identified grant procedures with agreements in place specifying recipients' obligations. In addition, for FY24 all grants provided by the County through Grant-in-Aid will be administered by the Department of Housing and Community Development for a more streamlined process.	We reviewed a sample of 38 transactions allocated as 'Contributions'. We noted several instances of transactions classified incorrectly.
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2023 Recruitment and Hiring Practices

Open

2023-A-23.02 Non Standard Positions

Nonstandard positions might fall outside of the County Pay Classification Plan.

1/1/2025	4/1/2025		We recommend the Classification and Compensation Plan be updated to include all current County position classifications and pay scales. We also recommend, when possible, that nonstandard positions be given an appropriate classification within the Plan, so pay scales can be appropriately applied.	All classified positions are in the Pay & Class Plan. Those that are non-standard are cross walked to existing classifications for the most part. This will be addressed when we implement our new HRIS system in January of 2025.	The new HRIS system is still expected to go live in January, but, according to management, that date is tentative as full implementation may not be complete until later in the winter.
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2023 Water & Sewer Billing System Controls

Closed

2023-A-22.01 Lack of Adjustment Reviews

Adjustments may not be identified for management's review.

7/1/2024		9/20/2024	We recommend management work with the NorthStar developers to develop a report of adjustments that can be generated automatically and on an ad hoc basis for management's review.	Treasury and ICT are working with NorthStar to develop this report by the first half of 2024.	A weekly detailed report and a monthly summary report are generated and reviewed. An additional review is performed on adjustment amounts over \$1,000. We requested and reviewed a report of manual reading adjustments to confirm.
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Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2024 Cable Franchise Fees					
Open					
<i>2024-A-12.01 Franchise Agreement Oversight</i>					
<i>The County does not have monitoring procedures in place to ensure cable franchise revenue is collected according to the cable franchise agreements.</i>					
9/1/2024			We recommend the Council Attorney and Council Administrator develop procedures over cable franchisee contract compliance, specifically detailing required tasks and responsible parties.	Together, the Council Attorney and Council Administrator will be responsible for ensuring cable franchise payments are received timely, insurance coverage is current and other franchise agreement requirements are met. We will work with the Treasurer's office to develop a report to monitor the payments. The Council Administrator will reach out to Armstrong to remind them of the quarterly payment requirement. All of the franchisees will be asked to also submit their Certificates of Insurance to the Council Office, as required.	Due Date Not Passed
2024 EMS Billing Controls					
Closed					
<i>2024-A-15.01 Unbilled EMS Transports</i>					
<i>Some EMS transports have not been billed.</i>					
7/1/2024	8/13/2024		We recommend management review the status of transports before July 2023 that have not been billed. We further recommend management consider whether the current backlog necessitates funding an additional position to perform quality assurance procedures.	<p>Status of transports that have not been billed are being reviewed on a weekly basis. The following corrective actions have been established:</p> <ol style="list-style-type: none"> 1. Unlock calls that have been auto locked, and ensure they are billed. 2. Revenue in the amount of \$10,856.40 was transferred to the County for calls that were accidentally billed by a VFC. This was the result of an issue with incorrectly coding the vehicle dispatch location, which has been corrected. QA staff are also monitoring this situation. 3. A FT paramedic was hired to work solely on QA in November 2023. A retiree position will be replaced with another FT QA person in July 2024. 4. Two temporary PT people were hired in April to help catch up on QA. <p>Since hiring additional QA staff, our current estimated unbilled calls for the audit period have been reduced to 4500. We expect to be completely caught up on QA by the end of the fiscal year. For FY 2025, two FT personnel will be able to stay current with QA. QMC is being notified weekly of unbilled calls that are ready to be billed.</p>	We reviewed the transports billed as of 8/13/2024 and noted approximately 8,500 new billings for transports in 2023 since the data was reviewed during the audit. Further, approximately 10,700 transports have been billed for 2024 services. Management has taken steps to address the backlog and is meeting with the vendor routinely to identify unbilled transports.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2024-A-15.02 Incorrect Billing Rates					
<i>Charges for 2023 EMS services were billed at the prior year rates.</i>					
6/14/2024	6/13/2024		We recommend the County Administration develop a procedure to confirm that rates are adjusted timely.	<p>A discussion occurred with our third-party billing company QMC, and we confirmed that the rates hadn't been appropriately updated annually. They had assumed that the updates were automated in their system, and only the manual increase for the increase to 175% was completed. QMC has since updated the rates which have been confirmed by Treasury.</p> <p>QMC stated they have procedures in place for updating the rates going forward. In addition, the Department of Treasury created procedures for confirming the rates have been updated timely, and scheduled reminders to complete the review in early January. A recurring meeting with QMC is scheduled for mid-December to remind them of the upcoming annual rate adjustments that will take place at the start of the new calendar year.</p>	<p>We tested the April and May 2024 transports that had been billed as of the audit report date. Those billings reflect the correct rates.</p>
2024-A-15.03 Underpayment for Billing Services					
<i>Monthly billing commission invoices are not reconciled prior to payment.</i>					
6/14/2024	8/13/2024		We recommend County officials compare the QMC invoices to the revenue received prior to processing QMC's commission payments.	DES staff will review QMC's invoice for Medicaid supplemental deposits and ensure it is calculated correctly. Documentation will be included with the payment request for Treasury's review.	Per discussion with management, DES employees are now confirming the reasonableness of the revenue received before paying the QMC invoices.
2024 Facility Access Controls					
Open					
2024-A-11.02 Physical Key Management					
<i>Management does not have a system in place to track physical keys for County facilities.</i>					
9/13/2024			We recommend management develop procedures to ensure keys are properly returned to management when no longer needed by the assigned employee.	Facilities and Operations and the Information and Communication Technology Asset Manager are continuing to work together on re-keying County buildings and implementing a key control software system. As part of the new key implementation, the assignment and confirmation of keys will be managed by Facilities and Operations; the interim process is completed through a manually tracked spreadsheet. Once the new keying software is fully implemented and operational, Asset Management and Facilities and Operations will implement the process to track physical key issues and returns. If the key is not returned by the employee, the amount for the expense incurred to re-key the door(s) will be deducted from the final paycheck.	Due Date Not Passed
2024-A-11.01 Facility Access Monitoring					
<i>Facility access is not reviewed or monitored for unusual activity.</i>					
9/13/2024			We recommend management periodically review event logs to identify trends, ensure unusual activity is detected and granted access remains appropriate.	Management agrees that a periodic review of access logs should be performed by appropriate management and/or directors. The County has updated access control software. Access reports will be reviewed monthly. Access termination takes place for County	Due Date Not Passed

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
				employees when a badge is deactivated by Human Resources. Termination reports will be cross checked against access history logs. Contractors will be issued badges differentiated from County employees with access that can time limited.	

2024 Hotel Occupancy Tax

Open

2024-A-17B.01 Miscalculated Hotel Occupancy Tax

Hotel Occupancy Taxes were miscalculated.

9/30/2024			We recommend Treasury notify the hotel operator of the overdue balance and establish a payment plan for the arrearage.	We agree with the County Auditor's findings.	Due Date Not Passed
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2024-A-17C.01 Miscalculated Hotel Occupancy Tax

Hotel Occupancy Taxes were miscalculated.

10/1/2024			We recommend Treasury notify the hotel operator of the overdue balance and establish a payment plan for the arrearage.	We agree with the County Auditor's findings.	Due Date Not Passed
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2024-A-17E.01 Miscalculated Hotel Occupancy Tax

Country Inn & Suites, Bel Air, incorrectly reported taxable room revenue and occupancy tax exemptions resulting in an overpayment.

9/1/2024			We recommend the Treasurer's Office notify the hotel operator of the balance to be applied towards future taxes.	We agree with the County Auditor's findings.	Due Date Not Passed
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2024 Parks and Recreation Inventory Controls

Open

2024-A-08.01 Inventory Lists Consistency

Inventory Lists for Parks and Recreation are not maintained consistently

7/1/2024			We recommend management perform its next annual inventory count with a focus on confirming which items should be tagged and tracked and on removing obsolete or immaterial items from tracking.	Management will continue to focus on tagging, tracking, and removing obsolete or immaterial items during the annual inventory count. We will also consider separately tracking exhibit items at the nature centers and those items that may have historic or antique value at Swan Harbor Farm.	Management is in the process of updating inventory for each location, with 5-6 locations remaining to be finalized. Management will send an updated master inventory list in October after it's finalized.
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2025 Employee Separation Procedures

Open

2025-A-01.01 Timeliness and Completeness of TERM forms

Termination forms were not always initiated and completed timely.

1/1/2025			We recommend supervisors receive refresher training on steps to be taken when an employee leaves County service.	Management agrees and managers will be reminded of the current practices and procedures. Training will be adjusted with the implementation of the new HR system on Workday, as	Due Date Not Passed
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Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
				refreshed procedures will accompany the new system. Accordingly, a focus will be on the expectation that termination forms are to be submitted at the time of termination for standard resignations of two weeks; with exceptions made for expedited terminations due to cause.	
2025-A-01.02 Timeliness of Network Account Disabling					
<i>Network accounts were not always disabled timely.</i>					
1/1/2025			We recommend ICT implement a process to confirm that the TERM related Computer Access tasks are completed timely.	Management Response: Management agrees that account access should be disabled in coordination with the termination date of an employee. Additionally, steps can be taken to move account files to a storage file outside of a disabled account. This would replace the current process of reenabling access to an account on a need-to-need basis. ICT and HR will work together to implement a standard turnaround time between termination date and account disabling based on the new HR Workday process; a standard window of time can also be made for expedited terminations due to cause.	Due Date Not Passed