



HARFORD COUNTY, MARYLAND

Office of the County Auditor

AUDIT OF SAFETY COMPLIANCE AND RISK MANAGEMENT PRACTICES

Report Number:
2025-A-09

Report Date:
03/12/2025

Council Members and County Executive Cassilly:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of Safety Compliance and Risk Management Practices for the period of 1/1/2024 through 12/31/2024. This audit was conducted as part of the County Auditor's risk-based Annual Audit Plan approved by the County Council for FY2025.

The objective of this audit was to confirm that safety training is provided to all employees and established procedures are followed for safety incidents. The scope of this review was limited to the County's risk management processes. The results of the audit are detailed in this report.

We would like to thank the members of management for their cooperation during the audit. Although none was required, they have been provided an opportunity to respond to this report; the response provided follows the Conclusions.

Sincerely,

Chrystal Brooks
County Auditor

CONCLUSIONS

Our opinion, based on the evidence obtained, is controls were adequate to ensure that safety incidents and worker's compensation claims are adequately reviewed, documented, and processed, with corrective measures taken as needed. This assessment is based on the strengths and weaknesses identified for the operational objectives below.

Business Process Objective	Assessment ⁱ
Safety incidents are reviewed and appropriate corrective measures are taken as needed	Effective
Proper administration of County's liability coverage and related payments	Effective

MANAGEMENT RESPONSE

Management would like to thank the Auditor and staff for its review of Safety Compliance and Risk Management procedures and its operational effectiveness.

BACKGROUND, OBJECTIVES, SCOPE AND METHODOLOGY

The Risk Management Division, as part of the Law Department, oversees the County's risk management function. Its purpose is to prevent and protect the County against potential risks. The Risk Administrator updates the County's Safety Manual as needed, reviews the safety manual at new hire orientation, participates in OSHA/MOSH reviews, oversees reviews of safety incidents, and generally works with the various departments and agencies across the County to manage the County's risk and safety programs. Departments have their own processes and procedures to determine what safety training is needed for individual employees. Worker's Compensation claims are handled by a third-party administrator and reviewed by the Law Department.

When safety incidents occur, they are reported to management, who then perform accident investigations, as needed, and present the information to a Safety Review Board. The Board determines whether the incident was preventable or nonpreventable, as well as corrective measures that should be taken to avoid similar incidents in the future. Employees involved in safety incidents are notified by their department managers of board review outcomes and any associated actions that need to be taken, such as additional training. Incidents remain on employees' records for three years. In 2024, there were 476 reported safety incidents.

Worker's compensation claims are reviewed to determine whether the County has any liability for the reported incident. Approved claims result in payouts of related medical expenses based on submitted documentation. There were 423 worker's comp claims submitted in 2024.

The audit approach focused on testing the key controls that address management's objectives. Previously, in audit report 2019-A-05, we noted three findings related to insufficient documentation of corrective actions, lack of internal safety inspections and the County Safety manual not being regularly updated. All three of these findings were re-evaluated and closed prior to the beginning of this audit. Our audit procedures included interviewing personnel, observation and testing as described in the table below.

Process / Control Objective	Scope of Review
Review of Safety Incidents	
Safety incidents are investigated and documented, with appropriate corrective measures taken	<ul style="list-style-type: none">• Review a sample of safety events to confirm the review was performed timely, with sufficient supporting documentation• Confirm appropriate corrective measures were taken, if needed

Process / Control Objective	Scope of Review
Administration of Worker's Comp Claims	
Worker's comp claims are investigated and only paid out based on County approval and sufficient supporting documentation	<ul style="list-style-type: none">• Review a sample of worker's comp claims to confirm they were reviewed, documented fully and only processed if approved

Harford County management is responsible for establishing and maintaining effective internal controls. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets and compliance with applicable laws, rules and regulations are achieved. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate 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.

Report Distribution:

Mr. Jefferson Blomquist, County Attorney
Mr. Matthew Zervas, Risk Administrator

Audit Team:

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

Sarah Self, CIA, CGAP
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ⁱ Definitions

Effective: The design and effectiveness of the internal control environment address key risks. The business unit complies with external laws and regulations, and internal policies, procedures and guidelines. Business processes are managed effectively resulting in achievement of expected outcomes.

Generally Effective: The design and/or effectiveness of the internal control environment generally address key risks; however, the number and severity of findings relative to the size and scope of the business unit being audited indicate that some minor areas of weakness in the control environment need to be addressed. Isolated instances of non-compliance with external laws and regulations, and internal policies, procedures and guidelines may exist. Business processes may not be managed effectively in all areas resulting in reduced achievement of expected outcomes.

Not Effective: The design and/or effectiveness of the internal control environment does not address key risks. Non-compliance or historical patterns of non-compliance with key regulatory requirements and internal policies, procedures and guidelines exist which expose the audited entity to financial, reputational, and operational risks. Business processes are not managed effectively and expected outcomes are not achieved.