



HARFORD COUNTY, MARYLAND

Office of the County Auditor

EXIT AUDIT - DPW PROGRAM MANAGEMENT

Report Highlights

Why We Did This Audit

This audit was conducted as required by §214 of the Harford County Charter.

What We Found

We were unable to complete all of the procedures we deemed necessary to provide an unqualified opinion.

Based on the evidence obtained, we did not note any indebtedness to the County.

Report Number: 2021-A-01

Date Issued: 08/28/2020

Council Members and County Executive Glassman:

In accordance with Section 214 of the Harford County Charter, we have performed an audit of the accounts under the direction of Scott Kearby, Deputy Director for Public Works – Program Management. The results of that audit are detailed in the attached report.

While performing the audit, some of the information we requested was not provided to us. The related impact on the procedures performed and our audit opinion are discussed in detail in the report.

In our opinion, except for the possible effects of the matter described in the Basis for Modified Opinion section of our report, Mr. Kearby has no indebtedness to Harford County.

The audit team is available to respond to any questions you have regarding the attached report.

Sincerely,

Chrystal Brooks, CPA

Chrystal Brooks
County Auditor

cc: Mr. Robert Sandlass, Treasurer
Mr. James Richardson, Director of Human Resources



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REVIEW RESULTS

We have audited the accounts under the control of Scott Kearby’s Division of Program Management for the period of 07/01/2018 through 06/30/2020, in accordance with §214 the Harford County Charter. These audit procedures are required “upon the death, resignation or removal of any County officer”. The audit approach focused on testing the key controls that address management’s objectives for the process.

Basis for Modified Opinion

We were unable to obtain sufficient appropriate audit evidence to confirm that the official does not have access to County resources. Management has asserted that Mr. Kearby’s retirement is not a resignation, so the audit is not included in the Auditor’s authority under Charter Section 214. Accordingly, they did not provide some of the information we requested. Specifically, we asked to observe that assigned items (computer equipment, furniture and employed ID card) were returned the County and we asked for documentation confirming that access to the County’s computer network had been terminated. We drew conclusions based on the evidence obtained and have specified, in the table below, areas where we could not assess the expected control.

In our opinion, except for the above-mentioned limitation on the scope of our audit, Mr. Kearby has no indebtedness to the County. Conclusions drawn from the evidence obtained are below.

Risk	Expected Control	Conclusion
Accounts under the Official’s control were not properly used.	<ul style="list-style-type: none"> • Spending is within budgeted limits. • Large transactions are supported by adequate documentation. • Travel Reimbursements are supported. • Transactions are approved through proper channels. 	<p>Satisfactory</p> <p>Satisfactory</p> <p>Satisfactory</p> <p>Satisfactory</p>
Official continues to have access to County financial resources.	<ul style="list-style-type: none"> • Signatory access is removed from County bank accounts. • Assigned purchase cards are returned and disabled. • Access to financial and information systems is revoked timely. 	<p>Satisfactory</p> <p>Satisfactory</p> <p>Undetermined</p>

Risk	Expected Control	Conclusion
Official continues to have physical access to County resources.	<ul style="list-style-type: none"> • Keys, security and identification cards are returned. • Assigned equipment is returned. 	<p style="color: red;">Undetermined</p> <p style="color: red;">Undetermined</p>
Official is paid more than authorized.	<ul style="list-style-type: none"> • Separation documentation was completed timely. • Pay rate reflects the approved budget amount. • Changes to pay rates were approved. 	<p style="color: green;">Satisfactory</p> <p style="color: green;">Satisfactory</p> <p style="color: green;">Satisfactory</p>

Management has been provided an opportunity to respond to this report; the response provided is below.

MANAGEMENT RESPONSE

As the Auditor correctly stated Charter § 214 requires an audit “upon the death, resignation or removal of any County officer”. Mr. Kearby’s departure from county service resulted from his retirement and not due to the circumstances outlined in Charter § 214. Management’s legal opinion is that the Charter does not authorize the Auditor to audit a County officer who departs County Government service through retirement because retirement is not one of the termination basis listed under § 214.

BACKGROUND, OBJECTIVES, SCOPE AND METHODOLOGY

In accordance with Harford County Charter section 214, upon death, resignation or removal of any county officer, the County Auditor shall cause an audit and investigation to be made of any accounts maintained by the officer and by his agency. The objective of this review was to satisfy the requirements of Charter Section 214, with regard to Scott Kearby, who left County service at the end of April 2020. The scope was limited to accounts and resources under the control of the Public Works Division of Program Management.

The audit focused on activity during the period of 07/01/2018 through 06/30/2020. Our audit procedures included interviewing personnel, observation and testing. Specifically, we sought to confirm that the accounts under the official’s control did not have unusual or inappropriate costs; physical, logical and financial access to County resources had been revoked and that the final paycheck and leave payout were correct.

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.

The audit was performed in accordance with Generally Accepted Government Auditing Standards (GAGAS) except for specific applicable requirements, related to evidence, discussed earlier in this report. 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. Though we could not address all of the planned objectives, we believe that the evidence obtained provides a reasonable basis for the findings and conclusions presented.

Audit Team:

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County Auditor

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