Internal Audit Report

EXIT AUDIT
SHARON GREISZ, DIRECTOR
DEPARTMENT OF FINANCE
JUNE 2012

Office of the County Auditor

OFFICE OF THE COUNTY AUDITOR

Haskell N. Arnold, CPA
County Auditor

June 2012

The County Council and County Executive
of Howard County, Maryland

Pursuant to Section 213 of the Howard County Charter we have conducted an

EXIT AUDIT
FOR
SHARON GREISZ

and our report is submitted herewith. The charter requires the County Auditor to perform an audit upon the"...death, resignation, removal or expiration of term of any County administrative officer." This audit was initiated because of the retirement of Sharon Greisz, Director of Finance on June 30, 2011.

Our audit showed that the assets relating to and under the control of Ms. Greisz have been adequately accounted for in accordance with County Requirements. The Administration will be responsible for arranging for implementation of any recommendations. We wish to express our gratitude to the staffs of the Chief Administrative Officer and the Department of Finance for their cooperation and assistance extended to us during the course of this engagement.

Haskell N. Arnold, CPA
County Auditor

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INTRODUCTION AND SCOPE

In accordance with Section 213 of the Howard County Charter, the County Auditor is required to perform an audit "...upon the death, resignation, removal or expiation of the term of any County administrative officer." Ms. Sharon Greisz was the Director of Finance until her retirement effective June 30, 2011. Accordingly, we have performed a review of the leave records and final pay records of the Department of Finance for the period July 1, 2010 through June 30, 2011 that related to Ms. Greisz. In addition, we reviewed the County's financial records at June 30, 2011 to determine that the Department of Finance was within its budget allocation.

Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances. This primarily involved a review of travel advances, expense reimbursements, leave records, final pay, release of signatory authority, cancellation of computer systems access and custody and return of County property.

FINDINGS AND RECOMMENDATIONS

Travel Advances and Expense Reimbursements

We reviewed travel advances and expense reimbursements for Sharon Greisz for the period ending June 30, 2011. There were no advances outstanding to Ms. Greisz; therefore, no discrepancies or irregularities were disclosed by this review.

Leave Records and Final Pay

We examined the leave records of Ms. Greisz as of her retirement date. County policy for paying leave upon termination is a maximum of 800 hours, with one exception. If an employee's annual leave balance as of October 1, 2007 exceeded 800 hours, the maximum payout would be the amount of annual leave accrued as of that date. She was paid for 954.02 hours. That agreed with the directive given by Human Resources, which tracks employee leave time.

Recalculations of deductions for Howard County pension plan, 457 retirement plan, social security, Medicare, federal tax and state and local taxes agreed to amounts withheld. No discrepancies were disclosed by this review.

County Assets and Access to County Property

The Separation from Employment section of the Howard County Employee Manual requires the employee to surrender all property issued by the County. Upon visiting the Department of Finance, we asked for a copy of the "Final Employee Checklist for Termination" of the assets under Ms. Greisz's control and were told that no checklist was created, consulted or completed. We were provided copies of her office and fitness room identification cards that were sent to the Office of Human Resources, procurement VISA card that was cut in half and sent to the Office of Purchasing, community notification system card that was sent to the Department of Fire and Rescue Services, and Wal-Mart I.D. card that remained in the Department of Finance. Her master key to the Department of Finance was given to the Deputy Director of Finance. Her personal computer was given to the Department of Technology and

Communication Services for reissuance to another employee. We also determined that Ms. Greisz's access to the Howard County computer network had been removed.

Encumbrances and Expenditures

A Detailed Obligations vs. Budget report for the Department of Finance for the fiscal year ended June 30, 2011 is presented in Schedule 1 of this report. The review was made to determine if any over-expenditure occurred or was anticipated in Ms. Greisz's immediate area of responsibility. We found none of the areas under Ms. Greisz's control had expenditures in excess of budget.

Policies and Procedures

In regards to policies and procedures for employee separations, the County follows the "Separation from Employment" section of the Employee Manual, which lists various duties *as the responsibility of the departing employee* when separating from the County. As we noted in several exit audits prior to this one, before the adoption of the current Employee Manual, the separation required that the Office of Human Resources obtain certification from the Office of Purchasing, the Office of Central Services and the Department of Technology and Communication Services regarding the elimination of the employee's access to County assets and property. We believe that the responsibility for ensuring that the departing employee has surrendered all assets and access to County property rests with both the employee and the various County agencies that granted access to County assets. The appropriate agencies should certify to the Office of Human Resources that the employee's access has been rescinded and that all County assets have been surrendered. A representative of the Office of Human Resources should verify and document that the employee and County agencies have fulfilled their respective obligations. The Office of Human Resources has disagreed with our past recommendation to assume responsibility in this matter.

We found that in this instance the current procedures under the rules of separation are not being followed. The Department of Finance timekeeper did not print the Employee Inventory Checklist. Without this checklist, the supervisor did not document, the employee did not agree to the return via signature and the proper agency did not acknowledge receipt of the surrender of

items returned. When the Office of Human Resources was contacted concerning this form, they produced one that listed the items that should be returned, but it was not signed and dated by the employee; reviewed, signed and dated by a designee; and approved, signed and dated by her supervisor, as required.

We therefore recommend that:

1. ***Once again, in order to provide assurance that all County property has been returned by an employee upon separation, we recommend that the Office of Human Resources amend the general rules related to separation from employment to provide for an independent verification of compliance with these rules. The revised procedures should specify that a representative of the Office of Human Resources be responsible for verifying that all items such as identification cards, keys, procurement cards, and any other property issued by the County are surrendered upon separation and that a signed, completed employee checklist be obtained and filed in the former employee's personnel file. Additionally, upon receipt of the checklist, verification should be obtained that access to the County computer network has been eliminated, documented and placed in the former employee's personnel file.***

Schedule 1

Schedule of Obligations vs. Budget
Department of Finance
Sharon Greisz - Director

	FY 2011 Total Obligated	FY 2011 Total Budgeted	Budget Dollar Variance	Budget Percent Variance
Salaries and Wages	4,094,352.11	4,214,129.00	-119,776.89	-2.84%
Contractual Services	1,968,424.82	2,074,804.00	-106,379.18	-5.13%
Supplies	60,433.60	74,008.00	-13,574.40	-18.34%
Expense - Other	117,281.00	117,681.00	-400.00	-0.34%
Totals	6,240,491.53	6,480,622.00	-240,130.47	-3.71%