

Internal Audit Report

**EXIT AUDIT
IRA LEVY, DIRECTOR
DEPARTMENT OF TECHNOLOGY
AND COMMUNICATION SERVICES
SEPTEMBER 2013**

Office of the County Auditor





OFFICE OF THE COUNTY AUDITOR

Craig Glendenning, CPA
County Auditor

September 2013

The County Council and County Executive
of Howard County, Maryland

Pursuant to Section 213 of the Howard County Charter, “upon the death, resignation, removal or expiration of the term of any County administrative officers, the County Auditor shall cause an audit and investigation of the accounts maintained by the officer, and by his or her department, office or agency, to be made.” We have conducted an exit audit for Ira Levy, the Director of the Department of Technology and Communication Services until his resignation effective June 3, 2013.

The objectives of our review were to determine whether:

- The accounts maintained by Mr. Levy were in order.
- The County’s procedures for separation of employment were followed.
- Mr. Levy’s earnings on his final Earnings Statement were accurate.

Our report is submitted herewith. We wish to express our gratitude to the staffs of the Chief Administrative Officer, the Department of Technology and Communication Services, the Office of Human Resources, and the Department of Finance for the cooperation and assistance extended to us during the course of this engagement.

Craig Glendenning, CPA
County Auditor

FINDINGS AND RECOMMENDATIONS

Objective #1 – To determine whether the accounts maintained by Mr. Levy were in order.

We reviewed the Detailed Obligations vs. Budget report for the Department of Technology and Communication Services for the fiscal year ended June 30, 2013 to determine if any over expenditure occurred or was anticipated in Mr. Levy's immediate area of responsibility. We found the areas under Mr. Levy's control were within budget.

Objective #2 – To determine if the County's procedures for separation of employment were followed.

The Howard County Employee Manual states that "upon separation from employment with the County, whether voluntary or involuntary, an employee is required to:

- Surrender all identification cards issued by the County.
- Surrender all keys and cards that provide access to County premises, property and resources.
- Surrender all property issued by the County.
- Surrender all credit, debit or procurement cards issued by the County.
- Prepare and file all financial disclosure statements that the employee may, depending on his/her status, be required to file pursuant to Section 22.206 of the Howard County Code.
- Verify and sign a completed Employee Inventory checklist."

Our review disclosed that all of the above requirements were met, with one exception. We determined that all property issued by the County was not returned. Specifically, Mr. Levy did not return the County owned PDA.

The County's procedures for separation of employment state that the County may withhold wages and compensation to replace items of property that are not returned by an employee. However, the Department of Finance is not receiving and/or requesting the Employee Inventory checklist to review prior to issuing the final check to the employee, and would therefore be unaware of instances in which County owned property had not been returned.

Section 213 of the County Charter, Special Audits, states that if "an officer shall be found to be indebted to the County, the County Executive shall proceed forthwith to collect the indebtedness." We recommend that the Administration request the replacement value of the PDA from Mr. Levy.

We also recommend that the Administration adopt procedures that will ensure that an appropriate amount will be withheld from an employee's final wages if the employee separates from County employment without returning County owned property.

Administration's Response

The Administration concurs with this recommendation. The County anticipates having the PDA returned by the close of business, Monday, September 16, 2013. The Office of Law is advising the Administration on the procedures to collect the replacement value of the PDA should it not be returned. Procedures are in accordance with The Maryland Guide to Wage Payment and Employment Standards, Deduction from Wages.

The Administration is reviewing the Howard County Guidelines and Rules Governing Receipt and Use of County Property for the Employee Inventory Checklist. New procedures will be added requiring the Department of Finance to receive a copy of the Employee Inventory Checklist prior to issuing the final check to the employee.

Objective #3 – To determine if Mr. Levy's earnings on his final Earnings Statement were accurate.

Mr. Levy's final earnings statement was correct with one exception. His automobile allowance for personal use of a County vehicle assigned to him was understated by \$99.88. This was caused by an error made by Mr. Levy on his December 2012 mileage log which went undetected by the Department of Finance.

We recommend that, in accordance with IRS regulations, the taxable fringe benefit of \$99.88 be included in Mr. Levy's 2013 W-2.

Administration's Response

The Administration concurs with this recommendation. Mr. Levy's 2013 W-2 will include the understated amount of \$99.88.

We found similar miscalculations during our audit of take home vehicles which were noted in our report issued in July 2013. Because the scope of that audit was for the period between November 1, 2011 and October 31, 2012, the error noted above was not identified in that report. We recommended that an employee in the Department of Finance review the calculations before taxable fringe benefits are included in affected employees' paychecks. Because the Administration concurred, we will not repeat that recommendation.

However, in our opinion the employee who is assigned a vehicle should be held responsible for providing the Department of Finance with accurate mileage logs. Although Mr.

Levy signed his mileage logs, they were not reviewed by anyone prior to being forwarded to the Department of Finance.

We recommend that, prior to being forwarded to the Department of Finance, mileage logs be reviewed by someone other than the employee assigned the automobile. The reviewer should sign the log to indicate that it has been reviewed.

Administration's Response

An additional step will be added for employee's who are assigned a vehicle to have their mileage log signed/initialed by another employee to verify accuracy before submitting the mileage log to the Department of Finance.

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