

*Internal Audit Report*

**EXIT AUDIT OF CHIEF JOHN BUTLER  
DEPARTMENT OF FIRE & RESCUE SERVICES  
DECEMBER 2018**

*Office of the County Auditor*





## OFFICE OF THE COUNTY AUDITOR

Craig Glendenning, CPA  
County Auditor

December 2018

The Honorable Members of the County Council  
The Honorable Calvin Ball, County Executive

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 of John Butler, former Chief, Department of Fire and Rescue Services. The body of our report presents our findings and recommendations.

Our findings have been reviewed by the Chief Administrative Officer, and we have included the Administration’s responses. We wish to express our gratitude to the Department of Fire and Rescue Services, the Department of Technology and Communication Services, Central Fleet, and the Department of Finance for their cooperation and assistance extended to us during the course of this engagement.

Craig Glendenning, CPA  
County Auditor

## **EXECUTIVE SUMMARY**

In accordance with the Howard County Charter, we have conducted an exit audit for John Butler, Chief, Department of Fire and Rescue Services (DFRS) until his resignation, effective August 31, 2018.

The objectives of our review were to determine whether:

1. The County's procedures for separation of employment were followed.
2. The accounts maintained by the Chief were in order.
3. The Chief's access to County systems had been terminated.
4. The Chief's earnings on his final earnings statement were accurate.

## **Conclusions**

For the audit objectives, we found:

1. The County did not follow its procedures for separation. We found that the Chief's building access was not terminated. We also found that the Inventory Checklist indicating items turned in did not agree with the records of items assigned to the Chief.
2. We found that the accounts maintained by the Chief were in order.
3. The County did not terminate the Chief's access to automated systems, such as email and SAP (the County's accounting system).
4. The Chief's final paycheck did not include the correct amount for the fringe benefit value of his assigned vehicle.

## FINDINGS AND RECOMMENDATIONS

### **Finding 1**

**The County made the decision to not terminate the Chief's building and information systems access.**

The County Administration did not terminate the Chief's building and information systems access for nearly 7 weeks after the Chief had left County employment. The termination of access took place after we advised them that it was inappropriate and violated procedures. We determined the following as a result of our review:

- The Chief used his County email to send 92 personal emails and receive 1,689 emails after he left the County.
- The termination of system access is not a specific step in the County's Separation from Employment Policy.

*We recommend that the County Administration terminate all County access effective with the employee's last date of employment with the County. We also recommend that the termination of system access be added as a step in the County's Separation from Employment Policy.*

#### *Administration's Response:*

The Administration concurs with this finding. Although the County has a process in place to remove system access upon termination of employment, an exception was approved in Chief Butler's case. The former Chief had agreed to assist in the search for his permanent replacement, and at the time, he was still doing some transition work with the Acting Chief. The Administration felt that using the County's secured email system was preferable, in both cases, versus using his personal account or new employer's system.

After discussion with the Auditor's Office, all system and building access was terminated on October 16, 2018. Proof of decommissioning, a log of all emails received and sent from the Chief's account, and documentation showing that the SAP enterprise system had not been accessed since prior to his last day were all provided to the Auditor's Office. To ensure security, County Administration also reviewed the sent emails, most of which related to transition activities. For example: forwarding pertinent emails and invitations to the Acting Chief, declining future meetings, etc.

The Administration is currently working with Human Resources to make an edit to the Separation from Employment section of the Employee Manual, to formally add 'termination of system access' as a required step in the process.

**Finding 2**

**The Chief's final paycheck did not include the proper amount for his vehicle fringe benefit, due to a County-wide miscalculation in 2017 and 2018, and the incorrect period was used in calculation of the benefit.**

Our review of the Chief's final paycheck disclosed two errors that resulted in the incorrect calculation of his vehicle fringe benefit. Specifically,

1. The IRS requires that the value of fuel used by the Chief for personal use be included in his wages as a fringe benefit. Our review of the calculation found the County used an incorrect rate to determine the value of fuel. Although the IRS states that the fuel surcharge be assessed at a rate of \$.055 cents per personal mile driven, the County used a rate of \$.0575 cents per mile for calendar year 2017 and \$.054 for calendar year 2018.

**NOTE: This miscalculation effects all County employees subject to the surcharge in 2017 and 2018.**

2. While the Chief used his assigned County vehicle through his resignation date of August 31, 2018, his taxable fringe benefit only included use of the vehicle through July 31, 2018.

Because of these two errors, the County understated the Chief's gross pay by \$71.34. In addition, the error in the fuel surcharge calculation impacts the vehicle fringe benefit of any surcharge-subject employee assigned a County vehicle. The error impacts both the 2017 and 2018 fuel surcharge calculations.

*We recommend that the County review the Chief's final pay calculation and take the appropriate action to correct and report the proper amount for the vehicle fringe benefit.*

*We also recommend that the County determine the impact of the incorrect fuel surcharge rate for all employees subject to the surcharge and take action as warranted to report the correct amount of the benefit.*

*Administration's Response:*

The Administration concurs with this finding. Chief Butler's final pay calculation has been reviewed; the 2018 payroll record will be amended to reflect the correct vehicle fringe benefit amount and the applicable periods. Final reporting for the Chief's W2 form will be accurate.

Regarding the impact of using the incorrect fuel surcharge rate for other County employees subject to the annual lease value method – the number of effected employees is +/- 20 individuals. The employee previously tasked with maintaining and updating the take home vehicle database had been on extended leave starting in October 2016, and ultimately was not able to return to

employment. As responsibilities and duties were reassigned, the yearly updates to the mileage calculation were missed. The issue has now been corrected - the duties have been explicitly assigned and going forward, the IRS calculation will be adjusted yearly in January.

- For the 2017 error, the dollar amount impact has been calculated for each applicable employee. Due to the immateriality of the miscalculations (ranging from \$0.01 to a maximum of \$7.00 per employee), the County does not believe that it would be cost effective to reopen the W2's for amendments.

- The 2018 rate has been updated and the employees subject to the surcharge have been assessed the correct amount for 2018.

**Finding 3**  
**The Equipment Inventory Checklist completed by the Chief did not agree with County records.**

In accordance with the County's Separation from Employment Policy, the Chief completed and signed an Equipment Inventory Checklist to document property returned to the County. However, the items listed on the Checklist did not always agree to official County records. Specifically,

1. The Checklist noted that the Chief turned in a Chevrolet Tahoe. However, according to records maintained by Central Fleet and DFRS, the Chief was assigned and drove a Dodge Durango until his resignation in August 2018.
2. The Checklist included the return of two radios. However, one of these radios did not agree to the radios assigned to the Chief according to the official records maintained by the Department of Technology and Communication Services (DTCS). We were advised by DTCS that this radio was returned by the Acting Chief.

***We recommend that the County ensure that that items returned upon employee separation agree to the County's official records.***

*Administration's Response:*

The Administration concurs with this finding. To ensure that items returned upon employee separation agree to official records, the Administration intends to formally communicate with all departments regarding the necessity of timely communication with Fleet, DTCS, and/or any other applicable service agency to confirm consistent recordkeeping.

## **AUDIT SCOPE, OBJECTIVES AND METHODOLOGY**

We conducted an exit audit of John Butler, Chief, Department of Fire and Rescue Services until his resignation, effective August 31, 2018. The audit was performed in accordance with Section 213 of the Howard County Charter.

The objectives of our review were to determine whether:

1. The County's procedures for separation of employment were followed.
2. The accounts maintained by the Chief were in order.
3. The Chief's access to County systems had been terminated.
4. The Chief's earnings on his final earnings statement were accurate.

To accomplish our objectives, we reviewed County policy on separation from employment and met with Administration staff regarding Chief Butler's personnel file. We also reviewed pertinent documentation and held discussions with personnel at Central Fleet, the Department of Finance, DFRS, and DTCS as needed to accomplish our objectives.

This review did not constitute an audit conducted in accordance with generally accepted government auditing standards. Had we conducted an audit in accordance with generally accepted government auditing standards, other report-worthy findings may have come to our attention.

We conducted our field work from September 2018 to October 2018. The Administration's response to our findings and recommendations are included in this report.