

Internal Audit Report

**EXIT AUDIT
WILLIAM McMAHON, CHIEF
DEPARTMENT OF POLICE
OCTOBER 2014**

Office of the County Auditor





OFFICE OF THE COUNTY AUDITOR

Craig Glendenning, CPA
County Auditor

October 2014

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 William McMahon, the Chief of the Department of Police until his resignation effective June 30, 2014.

The objectives of our review were to determine whether:

- The accounts maintained by Mr. McMahon were in order.
- The County’s procedures for separation of employment were followed.
- Mr. McMahon’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 Police, the Office of Human Resources, and the Department of Finance for the cooperation and assistance extended to us during the course of this engagement.

Edward L. Shulder, CPA
Deputy County Auditor

FINDINGS AND RECOMMENDATIONS

Objective #1 – To determine if the County’s procedures for separation from duty have been followed.

Although Chief McMahon completed several documents to evidence the return of County property, we found several weaknesses in the process.

The Employee Inventory Checklist did not reflect all County property issued to the Chief. While the completed form indicated that the Chief returned building keys and access cards, it did not include other County property issued to the Chief such as a cell phone and procurement card. We subsequently verified that the Chief returned these items. Separate checklists were completed for all property issued by and returned to the Police Department.

The Employee Inventory Checklist was not completed and signed prior to the Chief’s separation date. The Employee Manual requires that the Checklist be completed and signed on or before the employee’s last date of employment with the County.

The Employee Manual states that the County may withhold wages and compensation due to the employee should the employee not meet the separation requirements in the Manual. We found that the Administration has not implemented a procedure that requires that the completed Checklist be submitted to the Department of Finance prior to the issuance of the final check to the employee. In its response to our most recent exit audit, issued in September 2013, the Administration stated that “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.”

The Employee Inventory Checklist does not represent a list of all items that should be returned; rather, it simply lists the items returned. There is no record of items issued to an employee during the course of employment. In addition, the Checklist does not include any automated system access granted to an employee. As a result, there is no mechanism to determine that all items issued and system access granted have been properly returned or deactivated.

To ensure compliance with the County Employee Manual for separation of employees, we recommend that the Administration:

- a. develop a standardized Employee Inventory Checklist that includes all possible County property potentially issued to an employee. This comprehensive checklist should be used by the employee's supervisor to ensure that all assigned property is returned upon separation;*
- b. ensure that the Employee Inventory Checklist is completed and signed prior to the employee's last date of employment; and*
- c. implement a procedure requiring that the Department of Finance receive a copy of the Employee Inventory Checklist prior to the issuance of the final check to the employee.*

Administration's Response:

The Administration concurs with this recommendation.

- a. There is a Howard County Employee Inventory Checklist that is to be used by all agencies to list property issued to an employee. The County will work with agencies to develop a more comprehensive checklist that is specific to each agency.
- b. All property was returned prior to the last date of employment; however the form was not signed. The form does require the employee to return all property and sign the form prior to or on the last date of employment. The Administration will remind agencies the form is signed prior to or on the last date of employment.
- c. At present, the County is modifying the Howard County Employee Inventory Checklist to add:

THE ORIGINAL SIGNED CHECKLIST SHALL BE SENT TO HUMAN RESOURCES AND A COPY TO THE DEPARTMENT OF FINANCE.

The form states, "I shall be required, at my expense, to replace any County Property within my possession which is damaged through willful abuse or misuse; and The County may withhold wages and compensation otherwise due me, or may deduct or offset the costs and expenses which it incurs as a result of my failure to fulfill the conditions and expectations established in this form for the use of County Property. The County shall work with the Office of Law for the replacement value of items that have not been returned in accordance with DLLR's Division of Labor and Industry, Deduction from Wages - The Maryland Guide to Wage Payment and Employment Standards.

Objective #2 – To determine whether the accounts maintained by the County officer are in order.

We reviewed the Detailed Obligations vs. Budget report for the Police Department for the Fiscal Year ended June 30, 2014 to determine if any over-expenditure occurred in Chief McMahon's area of responsibility. We also reviewed recent PDQ card activity to ensure that purchases were reasonable and for routine business expenses. We found no exceptions.

Objective #3 – To determine if the County officer's access to County systems has been terminated.

We verified that Chief McMahon's access to County automated systems was terminated.

Objective #4 – To determine if the earning on the final Earnings Statement were accurate.

We reviewed Chief McMahon's final Earnings Statement and found no exceptions. We also reviewed the payout for the Chief's participation in the Deferred Retirement Option Program and found the payout to be accurate.

AUDITOR

Stephen E. Peters, Jr., CPA
Audit Manager