



HARFORD COUNTY, MARYLAND

Office of the County Auditor

AUDIT OF EMPLOYEE SEPARATION PROCEDURES

Report Highlights

Why We Did This Audit

This audit was conducted as part of the County Auditor's risk-based Annual Audit Plan approved by the County Council for FY2019.

What We Found

We noted that controls are adequate to ensure that employees are paid correctly when they leave County service, and that physical access to facilities is revoked.

Processes to revoke network access and return inventory can be improved.

Report Number: 2019-A-15

Date Issued: 07/01/2019

Council Members and County Executive Glassman:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of Employee Separation Procedures. The results of that audit, our findings and recommendations for improvement are detailed in the attached report. We would like to thank the members of management for their cooperation during the audit.

The audit found separation procedures are completed routinely, but can be improved to ensure follow-up steps, like disabling network access, are completed in a timely fashion. Leave payouts to employees are calculated correctly.

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. James Richardson, Director of Human Resources
Mr. Nicholas Kuba, Director of Info. and Comm. Tech.
Major Daniel Galbraith, Harford County Sherriff's Office
Mr. Robbie Sandlass, Treasurer



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REVIEW RESULTS

We have audited Employee Separation Procedures for the period of 07/01/2017 through 03/31/2019. Our conclusion, based on the evidence obtained, is employees final pay is calculated correctly and financial access is revoked timely; however, controls can be improved to ensure that logical access is removed, and all inventory has been returned. The audit approach focused on testing the key controls that address management’s objectives for the process. Conclusions drawn are below.

Risk	Expected Control	Conclusion
Employees are paid incorrectly after separation	<ul style="list-style-type: none"> • Relevant departments are notified of separations timely • Leave payouts are calculated based on County Code requirements and include appropriate deductions 	<p style="color: green;">Satisfactory</p> <p style="color: green;">Satisfactory</p>
Employees retain access to systems or financial accounts after separation	<ul style="list-style-type: none"> • ICT revokes system access timely • Procurement disables purchase cards when notified of separation 	<p style="color: red;">Unsatisfactory</p> <p style="color: green;">Satisfactory</p>
Employees have access to facilities and equipment after separation	<ul style="list-style-type: none"> • Employee badges are disabled on their separation dates • Departments document the return of assigned equipment and keys 	<p style="color: green;">Satisfactory</p> <p style="color: orange;">Needs Improvement</p>

Areas for improvement are described in the Findings and Corrective Actions section of this report. Management has been provided an opportunity to respond to this report; the responses provided follow each of the Findings and Corrective Actions.

FINDINGS AND CORRECTIVE ACTIONS

Finding Number: 2019-A-15.01 Timeliness of Termination Forms

Termination forms were not always initiated and completed timely.

Analysis: When an employee leaves County service, their supervisor must complete a TERM form electronically to notify HR of the change in status. Timeliness of these forms is important to ensure that benefits enrollment is updated, payroll is discontinued, leave payouts are calculated and computer access is revoked in a timely fashion. TERM forms may be completed before the last day of work.

We reviewed the TERM forms for a sample of 46 employees no longer receiving pay. We noted 14 were not completed within 3 business days after the employee's separation date. Seven of those were related to Parks and Recreation seasonal employees; the department often leaves employees in an active status although they are no longer being paid.

Recommendation: We recommend supervisors receive refresher training on steps to be taken when an employee leaves County service.

Management Response: Management training will be provided in Fall 2019. In addition, ICT will create a job that will run nightly (7 days a week) at the close of business that will query the Forms Tracker DB for TERMS whose effective termination date is equal to the current date. The job will automatically disable the terminated employee's AD (active directory) login account. For certain circumstances where a department requests that a terminated employee's AD account be re-enabled for a specified period of time, ICT will document. This will be completed within the next 6 months.

Expected Completion Date: 12/31/2019

Finding Number: 2019-A-15.02 Timely Revocation of Systems Access

Network accounts were not always disabled timely.

Analysis: For most County employees, computer access is revoked after a TERM form is completed; the person completing the form must notify ICT that system access needs to be removed. ICT disables the user account when notice is received. We found 14 of 38 users' accounts were not disabled timely (within 3 days of notification). Thirteen (13) sampled accounts were disabled prior to 2018 and have been deleted, so we were not able to confirm when they were disabled.

There is not a process in place to identify all of the applications that are assigned to an employee, so ICT staff review the most obvious system assignments and revoke any access identified. Accordingly, we did not test whether application access was revoked.

For separations from the Sheriff's Office, email notification is sent to the relevant departments and Computer Support Services disables the network account and copies the employee's files to disk for retention. We noted that for 3 of 8 sampled employees, computer access was disabled more than 3 business days after the effective separation date.

When network access is not revoked timely, former employees may continue to have access to sensitive information.

Recommendation: We recommend ICT implement a process to confirm that the TERM related Computer Access tasks are completed.

Management Response: To ensure access to county systems for termed employees is removed in a timely manner, FORMS Tracker will generate and send a TERM email notification to ICT. After ICT receives the notification, a "VIEW IT Help Desk Ticket" will be created and a copy of the associated TERM email notification will be attached to the Ticket to document the TERM request. Next, VIEW IT will generate and send an email notification to all system admins responsible for removing access to county systems. The system admins will remove any access granted to the employee and note their actions(s) in the Ticket. Open TERM request will be monitored and left open until all system admins have responded. This process will be running within the next 6 months.

Expected Completion Date: 12/31/2019

Finding Number: 2019-A-15.03 Documented Return of Assigned Equipment

In some cases, the return of assigned equipment is not confirmed or documented.

Analysis: Human Resources notifies Payroll of employee separations, in part, so that any relevant reductions can be made from the employee's last pay. Human Resources attempts to recover items that were not returned prior to initiating a payroll deduction. Items that have been returned should be noted on the TERM form, along with items that have not been returned. We noted that 15 of the TERM forms did not confirm any "County Equipment Returned" or "County Equipment Not Returned".

Within the Sherriff's Office, the detention center advised that staff confirms that all assigned items and keys are returned but does not document the review. We also noted that for 1 of 4 sampled separations, the quartermaster's documentation was not available.

It is not clear, based on our testing, that departments have confirmed all assigned items were returned.

Recommendation: We recommend departments document their review of items returned by separated employees.

Management Response: Management training will be provided in Fall 2019.

Expected Completion Date: 12/31/2019

Management Response: The Sheriff's Office will continue to make notification via email to the relevant departments of an employee separation. Each department will maintain their checklist to ensure all issued equipment and keys are returned and computer access is disabled. The Sheriff's Office will institute a new procedure of a comprehensive checklist for all Sheriff's Office separations that will be routed appropriately to all affected departments to ensure that the issued equipment and keys are returned and computer access is disabled in a timely manner. This checklist will be initiated by the Human Resources Office when separation notice is received and upon completion of all items the checklist will be returned to Human Resources for audit and filing with the personnel file.

Expected Completion Date: 8/1/2019

BACKGROUND, OBJECTIVES, SCOPE AND METHODOLOGY

When employees leave County service, supervisors are responsible for collecting assigned equipment, keys and badges and notifying Human Resources of the separation. Human Resources takes steps to ensure that personnel files are updated, and other departments are notified of the separation. Information and Communication Technology uses the information to disable access to County computer systems. Treasury uses the information to pay out unused leave. Procurement uses this information to disable purchase cards.

The objective of this audit was to confirm that when employees are separated from County service, their physical, financial and electronic access to County resources is properly revoked and leave payouts are correct. The scope was limited to employees that are paid by Harford County Government. The audit focused on activity during the period of 07/01/2017 through 03/31/2019. Our audit procedures included interviewing personnel, observation and testing. Specifically, we sought to confirm that separated employees' physical, logical and financial access to County resources had been revoked and that their final paychecks and leave payouts, where applicable, were correct. We reviewed personnel records to confirm termination reports were complete and dates were consistent. On those forms, we looked to see if departments confirmed the return of assigned items. We also compared that information to final paychecks and access card and purchase card termination dates to ensure those events occurred timely.

We also reviewed users' network accounts to ensure that they were disabled immediately following separation. There is not a process in place to identify all systems that a user has

access to, so we did not test access for individual applications. We will continue to test application access in each audit, as necessary.

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). 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. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Team:

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