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## **Internal Auditor's Report**

To the County Council and Acting County Executive of Wicomico County, Maryland:

Pursuant to Section 305(D) of the Wicomico County Code and Council Resolution No. 91-2020, the Office of the Internal Auditor (IA) has conducted an Position Classification System Audit. A report is submitted herewith. The purpose of the study was to gain an understanding of the policies for updating the system and to analyze the current position database.

IA conducted the project with due professional care, and IA planned and performed the study to obtain reasonable assurance about whether selected current practices comply with applicable policies and procedures and whether those policies and procedures are adequate to obtain an acceptable level of control.

IA extends appreciation to Management and Staff in Human Resources for their timely assistance, cooperation, and candid assessment of selected processes.

Respectfully submitted,

*Levin J. Hitchens*

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Internal Auditor

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## Audit Report

### Overview

The Employee Classification System is administered by Human Resources (HR) and maintained mostly within two Munis modules: Position Control and Job Class Master. Those two modules house many technical attributes about all the positions in the County. Typically, the process for position addition or alteration starts at the departmental level. HR has a form that is filled out and graded through a scoring system. If the request is for a new position, that form is forwarded to administration for possible inclusion in the budget. If the request is for an alteration of the job (could be paygrade or title for example) the request is either approved or denied from the scoring process then sent to administration and Council for approval.

Chapter 4 of the Wicomico County Personnel Manual covers the area of "Position Classification." The HR Director administers the system and maintains all records pertaining to it. According to 0412 of the Personnel Manual, the County Council shall approve, or disapprove, all changes and requests for reclassification of positions.

Section 601 of the County Charter is titled "Personnel System." Section 601(A) of the County Charter reads:

*System. The County Council shall establish, by law, a personnel system as described in this section. The County Council may modify or revise the system by law. The County Executive may submit changes, modification or revisions to the personnel system to the County Council which shall have the force of law upon adoption by the Council.*

### Audit Objectives

The objectives of the audit were to:

1. Gain an understanding of the policies for updating the Position Classification System
2. Gain an understanding of the internal controls and oversight in regards to management of the Position Classification System
3. Analyze the current position database
4. Make recommendations (if appropriate)

### Scope of the Audit

IA examined internal controls and changes to the system for the period of FY20 to date. Additionally, IA examined various documents and manuals regarding the administration of the system.

### General Statistics and Highlights

#### Job Class Master

The Job Class Master in Munis is a database that houses the 459 job classes in the County. A job class will list details such as paygrade, title, exempt status, and EEO details in Munis. The job classes in the County are created or modified using the Personnel Determination Questionnaire and a process in the County Personnel Manual. Details such as education and work experience requirements that help form the details of the job class are filed in HR.

#### Position Control Module

The database that organizes the positions in the County is the Position Control module in Munis. Each position in the County is assigned a six-digit identifier, with most positions having a maximum allocation of one employee. In this module, many details are imported from the Job Class Master and more specific details are added such as

department, and the name(s) of the employee(s) assigned. As a note, part-time positions commonly have more than one employee assigned.

### Modification of Classification System

The majority of the time, changes to the personnel system are proposed as part of the budgeting process. Changes are submitted as part of the proposed budget, passed by the same legislative bill as the budget and authorized for change effective the first day of that budget year. There have been a number of instances of position additions mid-year via legislative bill. Legislative Bill Number 2017-08 where an "Admin Office Associate I" position was added to Department of Public Works is an example of this method. The details provided are typically limited to job class number, job title, and paygrade. Both methods result in a need of approval from Council in the passing of a legislative bill.

### Conclusion

Based upon the review and analyses performed during the project, IA rates the overall system at a satisfactory<sup>1</sup> level. During the current fiscal year, three legislative bills have passed that provide further control on the system. Management has also taken steps to update the personnel system with Council approval, such as Legislative Bill 2020-14 to officially move the payroll function to the Finance Department.

### Schedule of Findings and Recommendations

#### 1. FY2020 Budget

IA tested the position classification system for changes during the FY20 period. There were a number of changes to positions during this year that were not reflected in the budget. Some of the positions did not go through the process outlined in the "overview" section above. It is recommended that Management submit the positions through the proper approval protocol.

#### 2. FY2021 Budget

The FY21 legislative bill (2020-04) that approved the budget included the following language:

*Change in classification of certain county employee positions, for which submission of evaluation thereof to the Council and its approval are required under the personnel manual adopted pursuant to the Wicomico County Charter. Because that process has not been initiated by the executive branch and, therefore, cannot be completed by the Council prior to adoption of the budget, such change has not been approved by Council at this time and thus the budget does not correctly indicate the classification of those positions.*

IA found that all (tested) position changes that were in the proposed budget were implemented at the beginning of the fiscal year. It is recommended that Management submit the positions through the proper approval protocol.

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<sup>1</sup> For the purposes of this audit, IA uses a three-tier grading system recommended by the International Professional Practices Framework (IPPF) as expressed by the IPPF Practice Guide issued March 2009. The three tiers are Inadequate System of Internal Control, Adequate System of Internal Control, and Satisfactory System of Internal Control. Satisfactory findings indicate that overall controls are satisfactory, although some enhancements may be recommended. It is the highest rating on the scale.

### **3. Proposed Changes via Budget Bill**

A further recommendation in regards to changes to the classification system that receive approval with the passage of the budget bill is for Management to provide a detailed schedule of proposed changes supplementary to the budget that would provide some clarity to the proposals.

### **Auditor's Closing Remark**

The Wicomico County Office of the Internal Auditor would like to thank Management and staff from the Human Resources Department for their timely cooperation and assistance during the audit.