



HARFORD COUNTY, MARYLAND

Office of the County Auditor

AUDIT ADVISORY BOARD

MINUTES OF MARCH 22, 2022 MEETING

Board Members: Bill Seymour, Pam Heckler, Gregory Scherer, Pat Vincenti, Kim Spence, Chrystal Brooks

Other Attendees: Brad DeLauder, Sarah Self, Debbie Button for Rob Wagner

The meeting began at approximately 4:30 pm in the County Council multi-purpose room and virtually using Microsoft Teams

Board Meeting Minutes - December 21, 2021

With no changes, Members approved meeting notes via email prior to this meeting.

Status of FY2022 Audit Plan

- Ms. Brooks updated the group on the audits in the FY2022 audit plan. Of the 13 projects in the plan, 7 were complete, 4 were in progress, 1 was in planning and 1 has not yet started. All audits included in the FY2022 Audit Plan are expected to be completed by July.

Audit Reports

- Review of the County's Financial Statements – Ms. Brooks noted the audit of the County's Annual Comprehensive Financial Report (ACFR) resulted in a clean audit opinion. The Single Audit for the County was also completed without issue. Additionally, financial statement audits were provided for the County's affiliated agencies and most fire companies continue to report their finances late, while some, to date, had not provided reports. There were no questions related to the audits.
- Audit of Procurement Practices – Ms. Self explained the County's procurement practices are generally effective; however, monitoring of total spending with individual vendors could be improved. Ms. Self noted management's disagreement with the finding, explaining that the County has changed business practices to better utilize the functionality of the County's resource management system. Additionally, management stated that the Code does not require vendors to be put under contract when an aggregate annual spend is over \$25,000 and that a portion of some vendor spending is related to small dollar transactions using Purchase Cards, which is monitored as a part of Purchase Card controls. The Board was satisfied with the results.
- Audit of Property Tax Billing and Collection – Ms. Brooks discussed with the Board the audit's objective and stated that property tax billing and collections controls were found



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to be adequate to ensure that bills are correct, credits are authorized, and late penalties are assessed correctly. Council President Vincenti inquired as to the total amount of property tax collected in the most recent fiscal year. Ms. Spence confirmed the amount budgeted for FY2022 was \$291 million. The Board was satisfied with the results.

- Audit of Payroll Controls – Mr. DeLauder discussed the objective of the audit as well as the scope of testing which included testing payroll calculations, time entry, leave balances, benefit deductions, and leave payouts. Mr. DeLauder stated that payroll processes are generally effective; however, the entry and application of employee benefit deduction rates could be improved. He noted management agreed and has begun addressing the finding. Mr. DeLauder informed the Board that after the audit period, but before the audit report was issued, the County’s timekeeping system became unavailable due to a ransomware attack on the vendor. He added that the period the timekeeping software was unavailable was not evaluated, but a limited scope review of the affected timekeeping data will be conducted as a part of the FY2023 Audit Plan. The Board was satisfied with the results.
- Audit of Cash Receipts – Ms. Brooks informed the Board the audit was originally named the Audit of Accounts Receivable but was changed to accurately reflect the scope and procedures. Ms. Brooks noted that, in recent revenue audits, the Office confirmed how much is due to the County and that payments in the various revenue systems could be traced to a bank deposit. In this audit, the Office confirmed that payments received by the cashier or bank services were deposited completely and transferred to the various revenue system completely. No findings were noted. There were no questions related to the audit.

Other Items

- County-wide Risk Assessment – Ms. Brooks described the Office’s Risk Assessment process and noted which projects are being considered for FY2023. Ms. Brooks advised the Board that some seemingly high-risk processes may not include as much risk or may not be considered for audit given the processes have been previously reviewed and management has accepted the risk of not implementing the audit recommendations. To illustrate the former, Ms. Brooks referenced how the State’s role in the Income Tax Billing and Collection process, which the Office previously reviewed with no exceptions, reduced the inherent risk of the process. Council President Vincenti inquired about audits of Information Technology. Ms. Brooks stated that it had been a few years and, that an audit of that scope and expertise would require an outside auditor, the cost of which exceeds the Office’s budget. Ms. Brooks added that ICT previously used a vendor for some testing (e.g., penetration testing, network monitoring) and that the Office would be in contact with the Director of ICT regarding recent or upcoming testing. Ms. Button inquired if the



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scope of auditing the Comprehensive Planning process was limited to things like permit and application fees. Ms. Brooks explained zoning permit applications are processed by Current Planning, whereas Comprehensive Planning encompasses the County's long-term planning and development of the County's Master Plan.

- Peer Review – Ms. Brooks informed the Board the Office's peer review will take place in June or July, after scheduling delays caused by the pandemic. The Association of Local Government Auditors (ALGA), the body coordinating and regulating peer reviews, is short on team leaders. Ms. Brooks informed the Board she has agreed to lead a peer review later in the year. Ms. Brooks explained that the costs of peer reviews are reduced to just expense reimbursements through volunteer service.

The meeting was adjourned at 4:48pm. The next meeting is scheduled for May 24, 2022.

Respectfully submitted,
Chrystal Brooks
County Auditor

Minutes were approved via email on 03/29/2022