HARFORD COUNTY, MARYLAND
Office of the County Auditor

STATUS OF PRIOR AUDIT FINDINGS

Report Number: 2017-A-04
Date Issued: 09/07/2016

Council Members and County Executive Glassman:

In accordance with Section 213 of the Harford County Charter, we have performed audits of various subject matters. The results of those audits have been communicated to you in prior reports. For each audit finding reported, management has provided a response indicating its agreement or disagreement with the finding, corrective actions and an expected remediation date, if applicable. This report is being sent to update you on management's efforts to address the previously reported recommendations.

As of July 12, 2016, there were 81 findings being tracked by the County Auditor, relating to 32 reports. The disposition of the audit recommendations, based on the due dates in management's original audit responses, is as follows:

Closed	Open	Due Date Not Passed
32	45	4

Of the recommendations that were not yet implemented, we found that 12 findings are more than 2 years beyond their expected due dates. These matters should be prioritized by both the County Council and Executive Administration.

Based on our review, there are 45 findings that remain open and will be included in the next status update. A summary of the current status of the audit findings reviewed follows this letter.

The scope of this review was limited to assessing whether management's audit responses have been implemented. In planning and conducting our review, we focused on remediation activity prior to August 1, 2016. Our review was limited to management responses to prior audit findings that indicated an expected remediation date on or before July 1, 2016. Review procedures included inquiries of appropriate personnel and inspection of documents and records. We also tested transactions and performed other procedures we considered necessary to meet the review's objectives.

Audit Team:

Chrystal Brooks
CPA, CIA, CGAP, CISA, CGFM, CRMA
County Auditor

Sarah Self
Staff Auditor

Brooke Bailey
Intern

We would like to thank the members of management for their cooperation during the audit. Management has been advised of our results and has provided the response below.

This review 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.

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. Billy Boniface, Director of Administration

MANAGEMENT RESPONSE

The Administration will continue to work with the audit team on any outstanding issues. Management responses can be found on all issues within the document.

STATUS OF PRIOR AUDIT FINDINGS

Period Covered: 09/01/2015 through 08/01/2016

FINDINGS SUMMARY

Audit No.	Audit Name	Status				
		Closed	Closed - Superseded	Due Date Not Passed	Open	Total
2013-L-02	2013 Budget Bill Analysis (FY2014)				1	**1**
2012-A-03	Grants Administration and Monitoring Controls	2			1	**3**
2012-A-04	Payroll Controls				3	**3**
2012-A-02	Procurement Practices				5	**5**
2013-A-03	Section 214 Review - Harford Center, Inc.	1				**1**
2012-A-07	Status of Board of Education Legislative Audit Findings	1				**1**
2014-A-02	Accounts Payable Controls	2			1	**3**
2013-A-09	Harford County Health Department	3				**3**
2014-L-03	HCPS Budget Analysis (FY2015)	2				**2**
2014-A-10	Management of Fleet Maintenance Contract	1				**1**
2014-A-06	Petty Cash Audits (FY2014)	1				**1**
2014-A-09	Property Management Controls				2	**2**
2013-A-08	Section 214 Review – Human Resources				1	**1**
2015-A-02	Capital Projects for Affiliated Agencies	1				**1**
2015-A-03	Ethics Disclosures and Related Processes	1		2		**3**
2014-F-01	Financial Statement Audits (FY2014)				2	**2**
2015-L-03	HCPS Budget Analysis (FY2016)				1	**1**
2015-S-01	HCPS Financial Management Practices (State Audit)				14	**14**
2015-A-01	Network Security Monitoring Controls	2		1		**3**
2015-A-06	Petty Cash Audits (FY2015)	4				**4**
2015-A-05	Purchase Card Controls				4	**4**

Audit No.	Audit Name	Status				
		Closed	Closed - Superseded	Due Date Not Passed	Open	Total
2014-A-15	Section 214 Review – County Council				1	**1**
2014-A-14	Section 214 Review - County Executive	1	1			**2**
2014-A-16	Section 214 Review – Other Officials		1			**1**
2015-A-04	Contract Management	2			2	**4**
2016-A-04	Economic Development Programs			1	2	**3**
2016-L-03	HCPS Budget Analysis (FY2017)				1	**1**
2016-A-06	Inspections Standards and Billing Controls				1	**1**
2016-A-01	Investment Controls	1				**1**
2016-A-14	Petty Cash Audits (FY2016)	1			1	**2**
2016-A-03	Recruitment and Hiring Practices	2			2	**4**
2015-A-10	Section 214 Review – Govt. and Comm. Relations		2			**2**
	Grand Total	**28**	**4**	**4**	**45**	**81**

ITEMS OF NOTE

The Audit Advisory Board and the Office of the County Auditor have identified one finding that management has disagreed with but does require further escalation. The status of that issue is below.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2016 Recruitment and Hiring Practices					
Open					
2016-A-03.01 Advertising Process Action Plan					
New positions were not always advertised; particularly when designated as "temporary".					
3/26/2016			We recommend management propose changes to the County Code creating a designation for Executive branch appointed employees and/or defining the maximum length of temporary employment. We further recommend temporary status only be	Management disagrees and it is Management's position that the definition of "temporary appointment" in Section 38-30 of the Harford County Code pertains only to a specific appointment made during the temporary absence of a classified employee and not to the entire class of temporary employees. Pursuant to	Management continues to disagree with this finding and does not plan to take any additional action at this time. We will continue to seek corrective action.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
			assigned as designated in the County Code and Charter and all classified positions be advertised as required.	Section 602 of the Harford County Charter, positions within the County are categorized as either classified or exempt. Those employees within the classified service are governed by Article IV of Chapter 38 of the Harford County Code, which is entitled "Classified Service", and conversely, the provisions located within that Article are applicable only to those positions within the classified service in Harford County. As a result, any provisions contained within Article IV must somehow relate back to classified positions. A review of Article IV reveals that the only reference to the specific phrase "temporary appointment" is in Section 38-38 and refers to an individual who receives a "temporary appointment" to replace a classified employee who is on maternity leave.. Section 38-38 also prohibits such a person from earning annual leave. Inasmuch as the actual position remains obligated to the classified employee on maternity leave, it follows that such a "temporary appointment" would be for a limited time period and prohibited from earning annual leave. It is Management's position that the phrase "temporary appointment" places limitations on the individual utilized during a classified employee's maternity leave, but such limits are not applicable to the general class of temporary employees. The Auditor correctly states that four individuals were selected for temporary positions; however, it is Management's responsibility to determine its operational needs and as such, retains the authority to determine whether a position should be categorized as temporary or fall within the classified service. Furthermore, although the Auditor indicates that the earning of annual leave is not permitted under the Personnel Department Regulations-Exempt Personnel, Management refers the Auditor to Regulation R-007(a), which specifically indicates that exempt employees (which by Charter includes temporary employees) accumulate annual leave at the same rate as classified employees. Therefore, there was no deviation from the regulations by Management with regard to those temporary employees. Regarding the finding that three temporary classifications were not in the Pay and Classification Plan, Management agrees and those positions, while having different working titles, will be assigned an appropriate classification within the Plan by March 26, 2016.	

We believe that, generally, audit findings should be corrected by the dates that management has provided in each audit report. However, there are twelve (12) findings (14.8%) that are more than 2 years beyond their expected completion dates. The findings are as follows:

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2013 Budget Bill Analysis					
Open					
2013-L-02.01 Other Post-Employment Benefits					
Other Post-Employment Benefits (OPEB) are not budgeted.					
4/30/2013	5/15/2016		We recommend the Administration include Other Post-Employment Benefits in the budget ordinance.	As a budget recommendation, no management response is required.	Based on our review of the FY2017 budget, this recommendation will remain open.
2013 Grants Administration and Monitoring Controls					
Open					
2012-A-03.01 Inconsistent Award Processes					
Grants are awarded by several County agencies, but the award processes are not consistent.					
7/24/2013	12/31/2015		The County should develop standard procedures to ensure that all departments award grants in a fair, transparent manner and to ensure the terms of grants are documented in written agreements. At a minimum, grant agreements should address the intended and allowable uses of the grant funds, the responsibilities of all parties and reporting requirements.	It has become obvious during the course of the audit that the grants awarded by each department, and even by each division within each department, are very different and require different procedures for the award process. Community Development, within the Department of Community Services, awards the vast majority of grants out into the community from Harford County. Community Development already has in place a detailed competitive award process, which includes formal applications, eligibility requirements, board review and recommendations, written grant agreements, and reporting requirements. Other divisions and departments, however, which award fewer grants and for different purposes, may not require such an extensive and detailed process. In fact, it has been determined that some awards labeled as "Grants and Contributions" in our financial system are actually "contributions" and not "grants" at all. However, both types of payments were audited under the scrutiny of being a grant. Certain payments to community organizations, especially by the Office of the County Executive, are intended as general contributions, or donations, in order to provide support to the organization on behalf of the County. These types of contributions do not require a formal agreement, for example, because there are no requirements attached to the funding. Payments are made based solely on County priorities and needs that may arise during a fiscal year. To address this matter, on July 24, 2013, the County created a new subobject	We will follow up on this recommendation in the next Grants Audit, scheduled for 2017.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
				number 7108 to be used specifically for "contributions". Therefore, going forward these unique funds can be identified separately from "Grants".	

2013 Payroll Controls

Open

2012-A-04.03 Certification of Employee Timekeeping

There is no County policy in place requiring employee or supervisor certification of employee time worked.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
3/31/2014	7/1/2016		We recommend the County consider requiring time entry to be certified by the employee and a supervisor with direct knowledge of the employee's time worked. We further recommend the County require explanatory documentation when someone other than a knowledgeable supervisor approves an employee's time entry.	We agree with the recommendation. Prior to this audit, the Administration recognized a need to improve the time and attendance system and to move away from the common practice of exception-based timekeeping. Again, prior to the audit commencing, the Administration had already taken steps to procure a new time and attendance system. The system, TimeLink, was approved by the Board of Estimates, and the contractor has been brought on board to analyze all of the work rules and policies and adjust their system to accommodate our employee base and our work rules. The improvements suggested in this finding were already identified by the Administration and will be implemented with the new system. Having said that, under our current exception-based system, we note that when a supervisor approves leave that in turn is certifying that the employee was on leave. These approved leave slips are then provided to the timekeeper who should enter the leave slips into the current system. If the timekeeper does not have a leave slip then the timekeeper should assume that the employee was at work based on the fact that the supervisor did not provide any leave slips. We also note that the workforce is divided in such a way that it is reasonable to expect that a supervisor will know when one of his/her subordinates is not working in order to require a leave slip.	Human Resources stated the first phase of the KRONOS computerized time-keeping system will be rolled out to a few select departments in late September 2016. Additional departments will be phased in over time with the goal of having the system in full use throughout the County by October 2017.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2012-A-04.04 Time Entry System					
The time entry system can be improved to prevent data entry errors.					
3/31/2014	7/1/2016		We recommend management ensure manual controls are in place to supplement the system's missing validations. We additionally recommend that management include this additional functionality in the requirements for the new time entry system.	We believe this finding is the result of continuing confusion over the functionality of the two systems used by Human Resources and Payroll: the time entry system and the Cyborg system which is a Human Resources Information System. As explained prior to the audit, the Payroll Department does have manual controls in place to supplement the system's missing validations. Currently, Payroll reviews every employee's timesheet by location after they have been approved to check for any unusual issues. They contact the department for additional information if necessary. Payroll has requested that security be changed so that those employees who should have "view only" access cannot change any time entry documents. Additionally, the last person to make a change to a time entry record (i.e., the timekeeper) cannot approve the employee's time. A timekeeper can enter more than 24 hours in a day because of the County's work rules and policies. In the event of a super holiday or an emergency closure, an employee may have 8 hours worked plus a second shift plus straight overtime and time and one-half. These may add up to more than 24 hours in a day. With our current systems, time entry handles the number of hours and the Cyborg system applies the pay rate. The Cyborg system is exception based and will record each employee for a standard work schedule per pay period unless there is adjusting documents such as approved leave slips and overtime hours entered through the time entry system. When the new time and attendance system is implemented, we will discontinue using an exception based system.	Human Resources stated the first phase of the KRONOS computerized time-keeping system will be rolled out to a few select departments in late September 2016. Additional departments will be phased in over time with the goal of having the system in full use throughout the County by October 2017.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2013 Procurement Practices					
Open					
2012-A-02.02 Availability of Information					
Information related to Procurements and Purchases is not readily accessible for reference or analysis.					
9/30/2013	12/31/2017		We recommend the County improve its databases to facilitate the cross-referencing of information. For example, the Procurement Database should include vendor numbers for contract awardees and purchases in ADPICS should reference a contract number. We additionally recommend that management develop procedures to search for and identify purchases that circumvent the procurement process.	Management acknowledges Auditor's comments and has met with ICT to develop a database that will combine all information and integrate into one database.

We selected 147 vendors with purchases exceeding $25,000 and found that 20 vendors did not have contracts that could be provided by the Department of Procurement.)
Purchase orders were used in place of contracts in 20 instances, further, 1 was a developer agreement and 2 were grants; these 3 agreements are outside the Procurement scope of authority. | Procurement implemented a contract database in July 2015; however, the database does not include vendor numbers for reference. Procurement is reviewing the possibility of adding the vendor number to the database so each contract can be linked to vendor payment details in FAMIS.

Procurement is currently working with an IT contractor to purchase an ERP system which would provide for more efficient tracking of contracts and vendor numbers. The RFP was submitted in July 2016 with the goal of bringing a new system online within the next year. |
| *2012-A-02.05 Public Advertising* | | | | | |
| *Public Notice of Procurement Opportunities is not published in a local newspaper.* | | | | | |
| 12/31/2013 | 12/31/2016 | | We recommend County officials consider legislation to better align the Procurement Code with the current procurement advertisement trends. We additionally recommend that the Procurement Department consider posting Board of Estimates agendas and minutes on its website to improve transparency. We further recommend that the Department of Procurement consider making bid documents available to anonymous parties on the County's website and/or direct information seekers to eMarylandMarketplace. | Management concurs with these recommendations. | Effective January 2015, Department of Procurement links the Board of Estimates minutes on the website for each meeting, however, they do not link the agendas. The Department advised they will also upload the agendas in the future. Additionally, legislation has not been drafted to change County Code public advertising requirements.

The Director of Procurement advised they will begin uploading the Board of Estimates' agendas to the website effective August 2016. In addition, they will follow up with the Law Department to draft and implement revised County Code public advertising requirements. |

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2012-A-02.06 Improper Use of Direct Vouchers					
Direct Vouchers do not require Procurement Approval below $25,000.					
12/31/2013			We recommend management create and/or review the approval paths for each document type and initiating department to ensure that they are complete and relevant.	Management acknowledges these findings. Procurement will meet with ADPICS administrators to review approval paths. In addition a plan to conduct training sessions in partnership with Treasury to review procedures will help to alleviate certain concerns.	Effective 7/1/2016, the approval path for all purchases, including DPs and DVs, in the amount of $2500 and above will include the Budget Department in the approval process. Approval by Budget will be required prior to the approval and processing of these purchases by Procurement. The matter will be reviewed again during the Procurement Practices Audit set for FY2017.
2012-A-02.07 Ethics Disclosures					
Ethics policies should cover additional employees.					
6/30/2013			We recommend the County's officials consider legislation requiring annual financial disclosures for all personnel involved in the procurement process.	Management disagrees with this recommendation. As described by the Harford County Code, the Director is responsible to perform the duties as directed by the County Executive or by legislative act of the Council, and consequently is bonded to protect the County.	Per discussion with the Director of Procurement, they will follow up with the Legal Department regarding implementation of an ethics disclosure for use by the Procurement agents.
2014 Accounts Payable Controls					
Open					
2013-A-04.01 Vendor Additions and Changes					
Vendor additions and changes may not be reviewed.					
1/31/2014	7/1/2016		We recommend vendor maintenance functions be performed by staff not involved in processing payments to reduce the risk of fraudulent or incorrect changes. We further recommend an automated report that will summarize the vendor changes that have been made so that all changes are captured for independent review. Finally, we recommend that vendors' system status be changed after a period of inactivity and that management purge the vendor rolls when a new system in implemented to help prevent payments to incorrect vendors.	We concur with the recommendations and are taking the following actions. The current report used to summarize changes to ACH bank account information will be modified and expanded by the Information, Communication and Technology Department (ICT) to include any addition of vendors to the vendor file and any changes to the vendor name, tax identification number, and remittance address. ICT has started the process and confirmed with test results that the modifications can be added to this report. Accounts Payable (A/P) staff will continue to make additions and changes to the vendor master file. The Financial Systems Management section of Treasury will review and verify that changes are justified and supported with documentation. The vendor system status will be changed after a period of inactivity and we will have the A/P staff review and code duplicate vendors in the vendor master file as "inactive" or "flagged for deletion". Due to the size of the vendor file, this process will be an ongoing effort.	We observed the Vendor Report detailing changes made by Accounts Payable staff. The report is reviewed weekly by the Administrative Secretary in Treasury to ensure changes agree to supporting documentation. Treasury has reviewed the listing of Vendors and is still in the process of cleaning the vendor file up.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2014 HCPS Budget Analysis					
Open					
2014-L-03.01 Zero-based Budgeting					
The base budget being used may not be a relevant predictor of future costs.					
			We strongly recommend that the schools prepare a zero-based budget to demonstrate the specific programs, services and staffing levels that are needed.	We asked school officials if there was an ideal or target level of staffing, services, programs, etc. and were advised that determining that information would be impractical given the expected resource limitations.	After review of the FY2017 budget, this recommendation remains valid.
2014-L-03.02 Department Consolidations					
For HCPS functions that are similar to County functions, there may be some benefit to consolidation of resources.					
			We recommend HCPS and the County Administration evaluate the feasibility and potential cost savings of consolidating some administrative functions and related information systems.	As a budget recommendation, no management response is required.	After review of the FY2017 budget, this recommendation remains valid.
2014 Section 214 Review Human Resources					
Open					
2013-A-08.02 Leave Payout During Employment					
Annual and Compensatory Leave were paid to a current employee, overriding the standard practice and policy.					
3/5/2014	12/31/2015		We recommend management clarify the policies and procedures related to payment of excess leave balances for current employees. We further recommend that management deny this type of request unless specific criteria for approval have been enumerated.	Management disagrees that the policies and procedures related to the payment of leave balances earned by cabinet members are in need of clarification.	This finding remains open pending policy updates by management.

There are two (2) findings that will not be included in future follow-up reviews because Management disagreed and has accepted the risk of not implementing the auditors' recommendations. We do not believe these items require escalation. The findings are as follows:

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2015 Capital Projects for Affiliated Agencies					
Closed - Dropped					
2015-A-02.01 Support for Capital Expenditures Reimbursement Request Action Plan					
Invoices from affiliated agencies are not verified against supporting documentation prior to payment to those agencies.					
			We recommend, at least on a test basis, management request and review additional support, including invoices, for expenditures noted on the capital project reimbursement request for affiliated agencies.	The affiliated agencies are independent. Their authority is derived from the State of Maryland. While the County government is a significant funding source for these agencies, it does not have control over their expenditures. The majority of County funds allocated to these agencies are for operating expenses, and these funds are disbursed by schedule and are in effect forward funding. It is the responsibility of the agencies to manage these funds in accordance with all relevant laws and policies. Capital expenditures have traditionally been reimbursed by the County for reasons of cash flow management; however, the County does not have any more oversight authority for capital projects than it does for operating expenditures.

It should also be noted that this audit found no instances of misuse or mistakes under the current system. This is a testament to the controls already in place by the affiliated agencies and the existing level of oversight provided by the State. Putting aside the question of whether the County has oversight authority over these capital projects, it is uncertain the benefit of another layer of review would exceed the cost of instituting that procedure. | Management has accepted the risk of not implementing this recommendation. |
2015 Ethics Disclosures and Related Processes					
Closed - Dropped					
2015-A-03.01 Documentation of Board Member Approval Action Plan					
Board of Ethics members did not always document their review of the financial disclosure forms to ensure compliance with the Harford County Ethics Code.					
			We recommend the Harford County Ethics Board members consistently document their review of all the financial disclosure statements to ensure compliance with the Harford County Ethics Code.	Management disagrees with the findings and recommendations based on the following reasons. The Harford County Ethics Board acts as a body. A majority of the members of the Board must agree in order for the Board to take action. The Harford County Ethics law requires that "the Board shall review the financial disclosure statements submitted under this section for compliance with the provisions of this section and shall notify an individual submitting the statement of any omissions or deficiencies(§ 23-6 H (1)). For a statement to be determined to be	Management has accepted the risk of not implementing this recommendation.

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Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
				deficient or failing in any manner, the Board (not an individual member) would need to make that determination. In the review of the disclosure statements, the Auditor was provided the background material that shows that four of the five members of the Board clearly reviewed all the electronically filed statements and that three members confirmed through emails that they had reviewed the financial statements submitted through the pdf format. The Board as required by law has reviewed the submitted financial disclosure statements. As for further investigation of any rejected schedules. If the Board (not a single member) rejects a financial disclosure statement, the Board would notify the individual regarding the omission or deficiency as required by the law (as has happened in the past).	

DETAILED STATUS OF REMAINING FINDINGS

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2013 Budget Bill Analysis					
Closed					
2012-L-02.02 Engineering Efficiencies					
Different groups are responsible for managing design and construction of highways, buildings, facilities and parks.					
		8/8/2016	The County should consider whether efficiencies may be gained from combining the resources of the various Engineering and Capital Project Management groups.	As a budget recommendation, no management response is required.	Following the reorganization of the Department of Public Works, some additional efficiencies have been put in place. Based on this, the finding will be closed.
2013 Grants Administration and Monitoring Controls					
Closed					
2012-A-03.02 Inconsistent Monitoring Processes					
Grant monitoring procedures were not adequate to ensure grantees used County funds as intended.					
1/31/2014	12/31/2015	4/27/2016	The County should develop standard procedures or minimum requirements to ensure that all departments monitor the appropriate use of County funds. The process should require review of narrative	While broad minimum requirements (such as some form of reporting and periodic review of eligible expense back-up documentation) is appropriate in most circumstances, each department's specific procedures will vary based on the nature	In response to follow-up sent in preparation for the Council Budget Worksessions, management provided a Grant-in-Aid Narrative and Financial

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
			and financial reports submitted by the grantees. We recommend departments ensure that, at least on a sample basis, grant recipients are visited and evidence of eligible expenses is reviewed periodically.	and purpose of the grant being provided. Many departments perform on-going, informal monitoring throughout the year based on regular interaction with grantees and attendance at grantees' events. In Community Development, most of the nonprofit organizations funded through the County's Grant in Aid program actually receive multiple other state and federal grants, also administered through Community Development. Therefore, monitoring of these organizations should be evaluated from a broad perspective, considering all funding received. Community Development completes a Risk Analysis form for every Grant in Aid recipient annually, scheduling site visits based on the level of risk determined and based on the monitoring schedules for other grants received. For example, if a particular organization is scheduled to receive a site visit in a particular fiscal year for a state or federal grant received, then it is not likely to be scheduled for a Grant in Aid site visit as well in the same year. Just as the federal government monitors each of the federal grants administered by Community Development every 2-4 years, Community Development does not wish to burden Harford County's small nonprofits with the administrative stress of multiple site visits in any one fiscal year. Pursuant to this report, Community Development will create monitoring spreadsheets for its Grant in Aid program, as well as for the state and federal grants it administers, to provide a clearer picture going forward of how often each organization is monitored and for which grant over time. Monitoring reports for all types of grants administered will be kept in a central location, easily accessible for cross-reference and review.	Tracking Information spreadsheet, which tracks if/when the grantee provided the completed Quarterly Narrative Assessment Report and the quarterly financials, as well as the Quarterly Narrative Assessment Report template. Additionally, we sampled three grantees and management provided monitoring letters which were provided by management.
2012-A-03.03 Transit Reimbursement Calculations					
Transit Grant Reimbursement Process is complicated and susceptible to errors.					
1/31/2014	12/31/2015	8/4/2016	We recommend management consider simplifying the process for submitting Transit reimbursement requests and find ways to automate the data entry process and related calculations. We further recommend implementing more detailed reviews of the data that supports the reimbursement requests.	Harford Transit agrees reimbursement is currently a multi-step process that requires a significant amount of manual data entry in multiple systems. Unfortunately, the federal and state governments have set these complicated reporting parameters in order to receive federal and state funding. Harford Transit has worked with ICT for several years in an attempt to automate the reporting process as much as possible and would like to continue this process even further by making it one of ICT's priority projects.	Harford Transit now has fully automated processes for Payroll and IT, as well as FAMIS general ledger transactions.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2013 Section 214 Review Harford Center Inc.					
Closed					
2013-A-03.03 Administrative Policies and Procedures					
The Harford Center does not have documented administrative policies and procedures.					
9/30/2013	9/16/2015	9/17/2015	We recommend Harford Center develop administrative policies and procedures. Procedures should address, at a minimum, cash handling, invoicing, bill payment, accounting procedures, purchase card procedures, vending machine management, contractor agreements, employee reimbursements, cell phones, human resources change documentation, DDA compliance, document management and document retention requirements.	There are policies and procedures for various areas that have been developed for the Harford Center. However, the policies and procedures are sometimes inconsistent, include varying amount of detail and are not held in one place or compiled into one document. Particular weaknesses are the policies and procedures for financial management. With guidance from the Board, a plan will be developed by June 30, 2013 and a comprehensive set of policies and procedures will be created by September 30, 2013. Once this is accomplished the policies and procedures will be made available to staff, as appropriate, for their work assignments and training opportunities will be provided.	Financial policies were approved by the Board on November 19, 2014 and credit card procedures were approved on 9/16/2015.
2013 Status of Board of Education Legislative Audit Findings					
Closed					
2012-A-07.18 Action Plan					
The Board Should Consider Additional Steps to Assist It in Governing HCPS					
12/31/2008	12/31/2013	6/30/2016	The Board should consider expanding the scope of the internal auditor's work and should consider establishing a confidential hotline (with formal follow-up procedures and an employee whistleblower protection policy).	We concur. The Internal Auditor is currently immersed in a system conversion and standardization of school activity accounts. We believe this to be the high risk area due to the number of employees with access to cash, even though the dollar exposure is not substantial relative to the budget as a whole. Upon completion of that project time will be allocated to other areas. The Internal Auditor is a direct dial thereby serving as a confidential hotline. Follow-up procedures and an employee whistleblower protection policy will be prepared for approval by the end of the 2008 calendar year.	HCPS's internal auditor has developed a more comprehensive audit plan for fiscal year 2017.
2014 Accounts Payable Controls					
Closed					
2013-A-04.02 Improper Document Types					
Payments were issued using the wrong type of document in the Accounts Payable System.					
10/18/2013		8/2/2016	We recommended that the Department of Procurement include discussion of these matters in its refresher training for ADPICS users. We confirmed that the topic was included in the October 18, 2013 training and will perform follow-up procedures in the next audit.	None Needed.	The buyers were provided with training on proper document types and use in October 2015.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2013-A-04.03 Improper Match Type					
Controls related to receiving orders may be circumvented.					
10/18/2013		3/29/2016	We recommended management consider refresher training and updated user manuals for employees responsible for purchasing to improve ordering and receiving compliance. We confirmed that the topic was included in the October 18, 2013 training and will perform follow-up procedures in the next audit.	None Needed	Training for Procurement/Accounts Payable Unit of the Treasury Department was held at separate County locations from 9:00am until 12:00pm on March 22nd and March 29th 2016. Management provided user manuals during this refresher training aided by a PowerPoint presentation. Both the manual and the PowerPoint presentation are attached.

2014 Harford County Health Department

Closed

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2013-A-09.01 Incomplete Financial Reporting					
Some transactions were not supported or captured for financial reporting purposes.					
12/31/2014	12/31/2015	8/4/2016	We recommend HCHD record all of its transactions in one accounting system. We further recommend that within 3 months of the close of each fiscal year, HCHD provide, to the County Government, audited financial reports of its use of County funds, presented in accordance with accounting principles generally accepted in the United States of America.	Management agrees with the recommendation to provide the County Government an audited financial report on the use of County funds awarded. The Department of Health and Mental Hygiene (DHMH) does not complete its final reconciliation of the County funds until late September/early October. Therefore, HCHD is requesting that the audited financial report of its use of County funds be completed and submitted within six months of the close of each fiscal year to assure that all transactions related to the County funds are reconciled.	We will close this finding based on the subsequent Financial Statements audit performed by SB & Company in which all of the required information was available. Procurement activities for the next audit will begin in late August/early September 2016.
2013-A-09.02 Appropriation Authority					
Some funds held by HCHD are not properly appropriated for use.					
		8/5/2016	We recommend HCHD develop a policy that determines the order in which revenues will be allocated to various program costs to ensure that appropriations are used most efficiently. We further recommend that future Harford County budget ordinances specify any limitations on the use of County Funds by the Health Department and include capital projects for the Health Department where appropriate. Finally, we recommend the Health Department return expired appropriations to the County.	Management agrees that the future Harford County budget ordinances should specify any limitations on the use of County funds by the Health Department. Management will defer to Harford County Government for definitive guidance on any limitations on the use of County funds by the Health Department and will schedule a meeting with the Chief of Budget and Management Research in the next week to discuss the specifics.	All funds remain in a general fund for appropriation as needed.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2013-A-09.03 Documentation for Patient Account Adjustments					
Adjustments to patient accounts are not reviewed for propriety and supporting documentation is not maintained.					
7/1/2014		8/4/2016	We recommend management review all non-insurance adjustments, and a sample of insurance related adjustments, for appropriateness on a periodic basis. We further recommend explanatory and approval documentation be maintained for all adjustments that are not related to an Explanation of Benefits.	Management agrees that a periodic review of adjustments to client accounts should be performed. Management will review client folders to assure that proper documentation to support a fee adjustment based on the client's ability to pay is maintained in the file. In addition, a procedure is being developed to assure that non-system generated adjustments or adjustments related to Explanation of Benefits will be reviewed and approved by management before the adjustment is done and that documentation supporting the adjustment is maintained on file. Management will perform a review of these transactions on a quarterly basis to assure appropriateness.	We reviewed the system generated "Adjustments by Date" report and were able to confirm that all adjustments were either system generated or payments received. The Health department will be contracting with MedHelp again to handle all future billing.

2014 Management of Fleet Maintenance Contract

Closed

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2013-A-10.03 Monitoring of Fleet Services Provided					
Written guidance on monitoring the fleet maintenance billings is not provided to the departmental fleet liaisons.					
6/30/2014		4/27/2016	We recommend the Fleet Management Division provide the departmental fleet liaisons with written procedures detailing the steps required for a complete review of services provided. Also on a test basis, the Fleet Management Division should perform a review to ensure departments are adhering to the written procedures.	Management has recognized these findings and has offered assistance at Fleet Users Meetings. In addition, Fleet Management will be conducting work sessions to provide guidance to user agencies.	The Fleet Manager has offered fleet training to using agencies. The last Fleet Users Meeting was held in March 2016 and there is another one scheduled for June 2016. Refresher courses are frequently offered to their agencies and a "training booklet" has been created for offered courses.

2014 Petty Cash Audits

Closed

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2014-A-06.03 ShopRite House Account					
The Office of Aging routinely uses a ShopRite credit account.					
5/25/2014		4/19/2016	We recommend the Office of Aging obtain concurrence for the ShopRite account from the Treasurer and Director of Procurement.	This has been brought to the attention of Treasury and we are in the process of setting up a meeting with Treasury and Procurement to discuss the document for concurrence with both departments.	OOA has confirmed that they met with Treasury and Procurement on 10/12/2015 to confirm the appropriateness of the ShopRite account.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2014 Property Management Controls					
Open					
2014-A-09.01 Real Estate Inventory Listing Completeness					
Without a comprehensive Real Estate Inventory Listing, the County may not be able to effectively manage its real estate assets.					
12/31/2014	8/28/2015		The County should ensure the Facilities Master Plan has methods and procedures for maintaining a comprehensive inventory of real estate assets effectively and efficiently.	The County agrees with the recommendation and is currently working to ensure the Facilities Master Plan has methods and procedures for maintaining a comprehensive inventory of real estate assets effectively and efficiently. The Facilities Master Plan should be completed by October, 2014. The resulting database will be operational by December 2014 and will be managed by the Department of Planning and Zoning.	The Chief of Facilities and Operations provided an updated County Real Property spreadsheet and indicated the department still has four zip codes to verify, with a goal of having the report completely updated by September 2016.
2014-A-09.04 Payments from Tenants					
Lease payments from tenants are not monitored to ensure they are correct and timely.					
9/30/2014	10/15/2015		The County should establish procedures to reconcile payments received to the lease agreements on a monthly basis while maintaining adequate segregation of duties among those that authorize the lease, receive the lease payments, and conduct the reconciliation. Demand letters should be sent for any missing payments on a monthly basis (potentially adding penalties and interest) so that management fulfills its stewardship duties over its leased assets and cash collections. The County should consider sending reminder or billing notices prior to the due date to tenants with leases paid on an annual basis.	The County agrees with the recommendation and our current procedures do have adequate segregation of duties. Our current procedures have Treasury collecting and depositing rental payments and forwarding a spreadsheet of lease payments received for the month and the date of receipt to Procurement. Upon receiving the spreadsheet, Procurement will reconcile the payments to the lease agreements. Any missing payments or payments not made in accordance with the lease will be reviewed and a phone call or a letter will be sent to the tenant. Property Management will consider sending notices in future. As stated previously, the Board of Estimates and the Director of Procurement in signing the lease is the authorization of all leases in the County.	The Chief of Facilities and Operations provided an operating lease spreadsheet that Property Management will begin using in June 2016 to track collected rents. Collection letters will be issued for any payments more than 15 days overdue. We will review the updated spreadsheet later this year once several months' worth of rental payments has been collected.
2015 Ethics Disclosures and Related Processes					
Open					
2015-A-03.02 Board Procedures for Complaints and Requests Action Plan					
The Board of Ethics does not have written procedures for reviewing complaints and requests for opinions.					
9/30/2016			We recommend the Board develop procedures and policies for advisory opinion requests and complaints as required by the Harford County Ethics Code.	Management agrees that the Board needs to adopt policies and procedures for advisory opinions requests and complaints. However, management notes that the authority of the Auditor under Resolution 29-14 was to conduct a performance audit on the ethics disclosure procedures and related process and Management points out that the scope did not include advisory opinions or complaints (although the Auditor requested and was given access to all advisory opinions issued and complaints that resulted in findings of a violation).	As of April 2016, no new policies have yet been put in place. We will follow up in 2017.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2015-A-03.03 Confirmation of Completeness of Vendor and Employee Lists Action Plan					
Vendor and Filer lists are not verified for completeness in the Disclosure system.					
8/30/2016			To ensure the completeness of the vendor and employee lists, we recommend a review of the data entered before the system becomes available to users. In addition, to facilitate the administration of this process, management consider including members of other boards who are required to file in the Financial Disclosure Filing System and using the system to track any paper forms that are filed. .	Management disagrees with the findings and recommendations based on the following reasons. The initial list of individuals required to file statements is generated by the Department of Human Resources. The list created by the Department of Human Resources is then reviewed by the Department of Law to ensure that all individuals required to file disclosure statements are included. Adding another level of review is unnecessary. The law clearly identifies those individuals required to file and having the list reviewed by two different sources to ensure compliance is sufficient. As for the members of those designated County Boards that are required to file, those members do file financial disclosure statements. The disclosure statements filed by the board members contains a statement that each filer must sign verifying that they have no interest, employment, indebtedness and receive no gifts that might constitute a prohibited interest, conduct or gift under the Harford County Code. The statement is signed under a penalty of perjury that the information contained in the statement is true and correct. All members serving on those County Boards that are required to file financial disclosure statements under law serve as volunteers on those boards. Management appreciates the time commitment these individuals provide to serve the citizens of the County. Management is also well aware that requiring citizen volunteers to file a financial disclosure statement identical to that filed by employees and elected officials would amount to an invasive and unduly burdensome process and could possibly reduce the number of volunteers willing to serve the County. With these concerns in mind, § 23-8 was enacted to allow these individuals to be exempted from the onerous financial disclosure provisions under the law. The modification allowing board members to file such a statement has been in effect since at least 2008. As for the list of vendors, there is a sufficient review. The initial vendor list is generated by The Department of Treasury and includes all payees receiving $5000 or more from the County. The list of vendors from the Department of Treasury is then supplemented with a list of vendors receiving more than $5000 under the pcard system; this listed is provided by the Department of Procurement. The Auditor suggests that local governments and not-for-profits be disclosed under the vendor section. The model ethics code developed by the Maryland State Ethics Commission for use by local governments specifically exempts from the definition of business entity any governmental entity. In keeping with the model standards established by the State Ethics Commission, we have excluded governmental entities. As for not-for-profit entities, those are included in the list of vendors. As for the Auditors finding that eighteen vendors	Despite management having accepted the risk of not implementing this recommendation, we continue to believe it should remain open as an item of consideration.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
				were not included (of those entities identified three were associations whose members are all or primarily local governments whose sole function is to act on behalf of the local governments and at least two others were associated with a workers compensation claim). In total there are approximately 1360 vendors submitted, the percentage of vendors missed amounts to approximately one percent and in Management's opinion such a low percentage is negligible. Finally, regarding the recommendation that the Financial Disclosure Filing System designate if a user filed a paper statement or modified statement instead of electronic, Management finds this unnecessary. The purpose of the ethics law is to have those individuals that are required to file submit a disclosure statement. The Law Department keeps a log of all the individuals that are required to file and the Department updates that file for each disclosure statement submitted. The format under which the disclosure statement is submitted (electronic or pdf) does not appear to be relevant as long as the statement is submitted.	

2015 Financial Statement Audits for FY2014

Open

2014-F-01.01 VFC Financial Reporting Standards

Volunteer Fire Companies do not report comparable financial information.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
6/30/2015	12/31/2015		We recommend County officials work with fire companies to clarify allowable expenses and to determine standards for consistent financial reporting.	We agree with the recommendations and plan to work with the emergency response providers to identify and implement best practices.	This finding remains open pending discussion of the issue between the Directors of Emergency Services and Administration.

2014-F-01.02 Timelines of Financial Reporting

Financial Statements from some affiliated agencies were not submitted timely.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
6/30/2015	12/31/2015		We recommend the administration consider modifying the VFC agreement to allow the second quarter payments to be withheld until financial reports have been provided.	We agree with the auditor's findings and will work with the fire companies to address this matter.	This finding remains open pending discussion of the issue between the Directors of Emergency Services and Administration.

2015 HCPS Budget Analysis

Open

2015-L-03.01 Technology Cost Classification

Computer refresh costs are included in the capital, rather than operating, budget.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
6/30/2015			School and County officials should consider including technology refresh costs in the operating budget, rather than in the capital budget	We also fully support your recommendation that "School and County officials should consider including technology refresh costs in the operating budget, rather than the capital budget".	After review of the FY2017, this recommendation remains valid.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2015 HCPS Financial Management Practices					
Open					
2015-S-01.01 Timely Recording of Collections					
Collections received at the Finance Office were not recorded or deposited timely.					
7/1/2015			We recommend that HCPS a. record collections immediately upon receipt (repeat), b. restrictively endorse all checks immediately upon receipt (repeat), c. document the chain of custody when transferring collections to other departments, d. perform independent verifications of collections from initial receipt to deposit (repeat), and e. deposit collections in a timely manner.	HCPS received 98 percent of cash receipts in FY14 electronically via ACH credit or wire transfer. Included in the remaining two percent of cash receipts were state Medicaid payment checks that have now been converted to ACH credits. HCPS would like to note that it began the process of trying to switch medical assistance reimbursements from checks to electronic receipt in January 2007, during the first Financial Management Practices Audit performed by OLA. Since that time, HCPS had made several attempts to convert to electronic reimbursements without success. Finally, in May 2014, the Comptroller's Office processed our request and we are now receiving all medical assistance payments electronically, resulting in a decrease of collections received as checks to 1% of all cash receipts. Mail received at the HCPS AA Roberty Building is routed, unopened, to the various departments by the Communications Office. Therefore, checks received via mail are routed to the department to which it is addressed and not immediately recorded upon receipt in the mailroom. The Communications Office does not have the staffing to allow for someone to open every piece of mail, record checks immediately upon receipt and restrictively endorse each check. The cost to add a position to perform this function outweighs any benefit that would be derived, especially since we anticipate receiving only one percent of all cash receipts as paper checks going forward. Additionally, checks could also be mailed directly to other HCPS locations. However, HCPS recognizes the value of the OLA's recommendations and will work with the various offices and departments to implement them. Responses to the specific recommendations are as follows: a. Agree. The Finance Office records all collections received immediately upon receipt. Additionally, the Finance Office secures all un-deposited collections in a locked safe. Practices and procedures currently followed by other offices or departments receiving checks will be documented and HCPS will work with those offices and departments to help them implement or modify procedures to record collections immediately upon receipt by June 30, 2015. b. Agree. The Finance Office has always restrictively endorsed	HCPS's internal auditor will review this recommendation.

Detailed

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
				checks upon receipt. However, by February 2015, HCPS will provide an endorsement stamp to the departments outside of Finance that have historically received checks and require that those departments endorse all checks upon receipt. c. Agree. Beginning in August 2014, the Finance Office began to note the department from which each collection is received in the Cash Receipts Log if the collection was not received initially by the Finance Office. This, in combination with the receiving office or department's cash receipts log, will provide a chain of custody for collections received. d. Agree. Beginning in FY16, HCPS will periodically perform independent verifications of collections from initial receipt to deposit on a sample basis to ensure timely deposit. e. Agree. HCPS will communicate the importance of timely delivery of all collections to the Finance Office. Effective immediately, the Finance Office will strive to deposit all collections received at least on a weekly basis. However, with limited staff, there are certain times of the year when this may not be feasible, but the intention is to make this the exception rather than the rule.	
2015-S-01.02 Access to Financial Systems					
HCPS did not adequately restrict users' capabilities on its automated procurement and accounts payable system.					
11/30/2014			We recommend that HCPS strengthen its controls over the automated procurement and accounts payable system and processes. Specifically, we recommend that HCPS a. restrict user access capabilities to eliminate the ability of users to perform incompatible duties (repeat), and b. establish independent approval requirements for all critical purchasing and accounts payable transactions (repeat).	a. Agree. HCPS has restricted user access capabilities to eliminate the ability of users to perform incompatible duties on its procurement and accounts payable systems to the extent possible without impairing operations. Current HCPS staffing levels prevent complete elimination of the ability of users to perform incompatible duties. However, HCPS recognizes the potential for errors and irregularities in the absence of segregation of duties and will implement compensating controls to detect any such potential errors or irregularities. Additionally, since the conclusion of the audit, HCPS has completed the implementation of Lawson Security that replaces the prior class-based security function Lawson User Access with a role-based security schema and enables user access control customization based on the individual user's job function Beginning this fiscal year, HCPS will perform an independent review of user access capabilities on a periodic basis. b. Agree. The elimination of incompatible duties as identified during this audit now provides for an independent approval of purchasing transactions. The Supervisor of Purchasing, who is independent as of November 2014, will continue to review the list of purchase orders created on a monthly basis.	HCPS's internal auditor will review this recommendation.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2015-S-01.03 Payments for Special Education Services					
HCPS did not adequately monitor payments made for special education services.					
6/30/2015			We recommend that HCPS obtain independent supporting documentation for invoices (repeat).	Agree. HCPS will establish procedures to obtain independent supporting documentation for invoices from special education service providers by June 30, 2015.	HCPS's internal auditor will review this recommendation.
2015-S-01.04 Personnel Transaction Reviews					
Independent reviews of payroll and personnel transactions were lacking and access to the automated system was not properly restricted.					
6/30/2015			We recommend that HCPS a. perform a documented independent review of personnel and payroll transactions (repeat), b. resolve the noted payment error, and c. limit assignments of critical system functions to those employees who require such capabilities to perform their job duties (repeat).	a. Agree. Beginning this fiscal year, HCPS will perform a periodic documented independent review of personnel and payroll transactions on a test basis. b. Agree, in part. HCPS will strengthen procedures to ensure that only sick leave earned during the employee's tenure with HCPS is paid out at retirement in accordance with the negotiated agreements. HCPS will also review sick leave payouts for the last three years for accuracy and will determine the feasibility of recouping prior leave payments where appropriate. c. Agree. HCPS has reviewed the existing access to critical system functions for personnel and payroll transactions and has limited assignments of critical system functions to only those employees who require such capabilities to perform their job duties. Additionally, since the conclusion of the audit, HCPS has completed the implementation of Lawson Security, which replaces the prior class-based security function Lawson User Access with a role-based security schema and enables user access control customization based on the individual user's job function. Beginning this fiscal year, HCPS will perform an independent review of access to critical system functions identified by the OLA team on a periodic basis.	HCPS's internal auditor will review the recommendation.
2015-S-01.06 Equipment Policies					
HCPS equipment polices were not comprehensive.					
6/30/2015			We recommend that HCPS establish policies and procedures to ensure that uniform accountability and control is maintained over its equipment inventory, including certain non-capital items that are prone to theft or loss (repeat).	HCPS agrees with the spirit of the recommendation, and will review existing policies and procedures related to capitalized and non-capitalized equipment by June 30, 2015. However, current staffing levels do not allow for centralized tracking of both capitalized and non-capitalized equipment. Board Policy 16-0005-000, Capitalization of Fixed Assets, was amended by the Harford County Board of Education on March 29, 2009. This policy provides for the capitalization of individual assets with a useful life of at least two years and having a value of $5,000 or greater. It also provides for the control of all fixed assets acquired under federal awards in accordance with the applicable federal requirements. HCPS will review this policy and consider incorporating system- wide standards to adequately control capital equipment that can be implemented given current staffing and resources.	HCPS's internal auditor will review this recommendation.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
				HCPS approved the administrative procedure entitled "Control over Noncapitalized Assets" in November 2008 after the first OLA report was issued. This procedure provides for the control of non-capitalized (assets with a unit cost less than $5,000 and a useful life of at least two years). The administrative procedure provides for non-capitalized items to be controlled at the school or department level, as recommended by the GFOAs Best Practice "Maintaining Control over Items that Are Not Capitalized." HCPS will review this procedure in order to determine if any amendments can be made to provide additional uniform accountability and control over non-capitalized items given current staffing and resources.	
2015-S-01.07 Disaster Recovery and Data Backups					
HCPS' information technology controls over disaster recovery planning and backup of critical data were not sufficient.					
6/30/2015			We recommend that HCPS a. develop and implement a comprehensive disaster DRP that is in accordance with the State of Maryland Information Technology (IT) Disaster Recovery Guidelines (repeat); b. periodically test the DRP, document the testing, and retain the documentation for verification purposes (repeat); and c. backup files of critical data at an off-site, secure, environmentally- controlled location.	a. Agree, with modifications. All necessary components of a DRP are maintained on the HCPS SharePoint server under a restricted site. Auditors made note that if a disaster involved SharePoint, the plan would be unavailable. HCPS' response is that a printed copy is too frequently outdated. With limited staff, each staff member understands their role and responsibilities during a disaster event. b. Agree, with modifications. HCPS lacks the resources to conduct a full scale test as recommended in the findings above. During construction of Edgewood High School, a remote disaster operations center was built, however, additional funds have been unavailable to procure backup servers and network equipment to make the remote operations center fully functional. c. Agree. The ERP production server backups are hosted by a vendor off site. During Q1 2014, a technical issue was present in the ERP environment that prevented the backup process from completing the nightly off-site backups in the allotted time window. The technical issue that prevented off-site backup was rectified on April 9, 2014, and we have been performing backup off site ever since. The finding is accurate that full backups of the ERP database were pushed to local servers on a daily basis; such is the first phase of the two-phase backup. The second phase is to back up the local server directory copies. This is necessary because exclusive access to the files is required to accomplish the complete ERP backup. While not compliant with keeping an off-site backup, the presence of local backups did provide a measure of recover.

Please note that HCPS is upgrading its ERP and associated with this project will be a lifecycle platform replacement. The production and test servers will be separated between two computer rooms, at two geographically diverse locations. The new platform configuration should be operational by June 2015. | HCPS's internal auditor will review this recommendation. |

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
				The intent of this configuration is to support a measure of business continuity. Off-site data from the backup vendor could be restored onto the test platform and business operations resumed within two business days.	

2015-S-01.08 Third Party Data Security

HCPS lacked assurance that adequate information technology security and operational controls existed over its production data backups stored with a cloud service provider

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
6/30/2015			We recommend that HCPS a. ensure that cloud service provider contracts include provisions that address the aforementioned security and operational risks, including requiring service providers regularly obtain SOC 2 Type 2 reviews pertaining to the service provider's information technology security and operational controls; and b. obtain and review copies of these SOC 2 Type 2 reports from service providers and ensure that the related independent reviews adequately address all critical security and operational concerns and that the service provider implements all critical report recommendations.	a. Agree. HCPS is working with the cloud service provider to ensure that the contract includes the provisions that address the security and operational risks identified by OLA. b. Agree. HCPS has obtained and reviewed the most recent SOC 2 Type 2 review from the service provider for the period January 1 - December 31, 2013. HCPS will continue to obtain and review SOC 2 Type 2 reports from service providers.	HCPS's internal auditor will review this recommendation.

2015-S-01.09 Intrusion Detection System Configurations

The HCPS intrusion detection prevention system was not properly protecting the network.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
6/30/2015			We recommend that HCPS perform a documented review and assessment of its network security risks from encrypted network traffic to its critical devices and identify how such traffic should be subject to IDPS. Based on this review and assessment, we recommend that HCPS implement IDPS coverage as necessary.	Agree. HCPS will take the suggestions under advisement. The current firewalls supports the suggested functionality, however, further investigation is required to determine if the firewalls can handle the added processing without impacting network performance.	HCPS's internal auditor will review this recommendation.

2015-S-01.10 Energy Management Program

HCPS' energy management program was not sufficiently comprehensive.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
6/30/2015			a. develop a comprehensive energy management program that includes specific goals and strategies, such as school incentive programs; b. routinely monitor and analyze the utility usage data to determine if HCPS facilities are meeting or exceeding goals; and c. maintain documentation of energy monitoring activities, including site visits, and track the recommendations made and actions taken as the basis for reporting to management.	a. Agree. HCPS has developed specific energy consumption goals as part of its energy performance contract that now encompasses 39 schools through the third phase of the project. HCPS' Energy and Resource Conservation Steering Committee is comprised of teachers, administrators and various central office and county government stakeholders (from Harford County Government and Harford Community College). Its mission is to evaluate the current state of our school system's sustainability by analyzing the effectiveness of our energy management plan and environmental stewardship through education. In January, 2010, a subcommittee was formed and tasked with considering the costs and benefits of a school-based incentive program. The subcommittee concluded that while a school-based incentive program would be beneficial towards HCPS' energy reduction	HCPS's internal auditor will review this recommendation.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
				goals, HCPS lacks the staff to accomplish the functions necessary for a successful program. However, HCPS remains committed to this endeavor and will continue to look for ways to implement a school-based incentive program. b. Agree. HCPS will develop a periodic reporting system to analyze the utility usage data and determine if our facilities are meeting or exceeding utility usage goals. c. Agree. HCPS will document its periodic analysis of the utility usage data and any corresponding recommendations made or actions taken. HCPS will also document any site visits made for the purpose of evaluating utility usage and any corresponding recommendations made or actions taken.	
2015-S-01.11 Transportation Goals					
HCPS did not have formal targets and goals for revising bus routes or use automated routing software to improve route efficiency.					
8/30/2015			We recommend that HCPS a. develop formal and comprehensive policies and procedures for its bus routes that include guidance regarding bus capacity, student ride times and any other factors in order to assist in developing bus routes; and b. use automated routing software to help ensure the efficient utilization of buses.	a. Agree. HCPS will review existing student transportation policies and procedures for possible changes, including guidance regarding bus capacities, student ride times and other identified factors that affect bus routing decisions. We anticipate this review will be completed by December 31, 2015. b. Agree. HCPS had already planned to procure automated routing software prior to the OLA recommendation and issued an RFP in May 2014 while the auditors were on site. Proposals were evaluated by a selection committee and on September 8, 2014, an Informational Report was presented to the Board regarding the procurement, installation and implementation of automated transportation routing software from the Transfinder Corporation. HCPS began implementation of the transportation routing software in October 2014 and plans to begin using the software for the 2015-16 school year.	HCPS's internal auditor will review this recommendation.
2015-S-01.12 Contracted Bus Rates					
Certain payments to bus contractors were not based on market conditions or actual costs.					
6/30/2015			We recommend that HCPS establish payment amounts to bus contractors in a manner that ensures all costs are reasonable and necessary. Specifically, we recommend that HCPS a. use market investment rates as the basis for establishing contractor rates for the annual PVA (repeat), b. present the components of the PVA calculation including the ROI to the Board of Education (repeat), c. use actual bus operating costs as a basis for establishing contractor rates for per mile maintenance costs, and d. exclude the full value of federal fuel excise taxes from contractor payments.	a. Agree, in part. HCPS created an internal study group to perform a comprehensive evaluation of the contractor table of rates, which includes the PVA. As part of this ongoing evaluation, HCPS will consider the use of market rates as the basis for establishing contractor rates for the annual PVA. However, HCPS has always felt that the use of market investment rates as a basis for establishing the PVA is not competitive. HCPS will substantiate the basis for the ROI rate that is recommended by the group if market investment rates are not recommended. b. Agree. HCPS will present the components of the PVA calculation, including the ROI and along with the other components of the table of rates, beginning with the next scheduled contractor table of rates presentation to the Board of Education. c. Disagree. HCPS maintains that using its actual maintenance costs as a basis for contractor rates for per mile maintenance	HCPS's internal auditor will review this recommendation.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
				costs is not appropriate because HCPS benefits from volume discounts and lower labor rates than what is charged by commercial vehicle repair facilities. HCPS will review the per mile maintenance costs as part of the overall evaluation of the contractor table of rates mentioned above and document justification of this assertion. d. Disagree. However, HCPS will consider excluding the full value of federal fuel excise taxes from contractor payments as part of the annual review of the table of rates. We would note that HCPS is one of the only counties using bus contractors that deducts any portion of the federal fuel excise tax from contractor payments. In order to negotiate a constant table of rates (with the exception of the PVA), HCPS agreed not to increase the deduction for federal fuel excise tax from $0.143 to $0.244 from the monthly average diesel fuel price.	
2015-S-01.13 Food Service Collections					
Collections were not properly recorded nor adequately safeguarded until deposit.					
1/29/2015			We recommend that HCPS a. record the date of initial receipt for collections received at the food service central office and ensure that collections are promptly deposited (repeat), and b. ensure all collections are adequately secured prior to subsequent processing and deposit (repeat).	a. Agree. Collections at the food service central office are recorded upon receipt. The log of collections has been revised to include a field for the date received. b. Agree. Undeposited food service collections (primarily checks) are now stored in a locked drawer.	HCPS's internal auditor will review this recommendation.
2015-S-01.14 Healthcare Costs Reviews					
HCPS did not ensure the propriety of payments for employee and retiree healthcare costs.					
6/30/2015			We recommend that HCPS establish procedures to verify the amounts paid for health insurance. Specifically, we recommend that HCPS a. obtain documentation to support actual claim payments and ensure audits of the claims paid by the administrator are conducted; b. use detailed claims payment data to ensure that all claims paid above the stop-loss limit are reimbursed by the insurer; and c. compare its records of enrolled employees, retirees, and dependents to invoices from the administrator and determine the propriety of all administrative fees billed.	a. Agree. HCPS is working with its healthcare consultant, Bolton Partners, to locate a firm with the expertise to conduct an audit of the third-party administrator to include a review of claims paid for propriety. b. Agree. HCPS is working with its healthcare consultant, Bolton Partners, to locate a firm with the expertise to conduct an audit of the third-party administrator to include a review of claims paid above the stop-loss limit for proper reimbursement by the insurer. c. Agree. HCPS will work with its healthcare consultant, Bolton Partners, to implement a recalculation of administrative fees to determine the propriety of administrative fees paid.	HCPS's internal auditor will review this recommendation.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2015-S-01.15 Healthcare Stop-Loss Policy					
HCPS did not competitively bid the health care contract for stop-loss coverage or obtain approval from the Board of Education for the new contract.					
6/30/2016			We recommend that HCPS a. work with its healthcare consortium members to select healthcare services vendors for stop-loss coverage through competitive procurement processes, and b. obtain Board approval for contracts that exceed $100,000, as required (repeat).	a. Agree. The finding refers to the stop-loss medical insurance for fiscal year 2012. In August 2013 Harford County Government issued RFP #14-056 [Harford County Public Entities Health Care Consortium Employee Health Benefits Plans], which required respondents to include stop- loss coverage pricing as part of their proposal for the medical portion of health coverage. The quotes for stop-loss coverage were considered by the consortium as part of the overall evaluation of medical insurance proposals. b. Agree. The Harford County Board of Education approved the Health Consortium bid decision on January 13, 2014 (which took effect on July 1, 2014). When it was presented to the Board, the stop-loss coverage was included as part of the contracted price for medical insurance. Going forward, beginning with the next Board approval required for healthcare, HCPS will present the stop-loss insurance contract pricing separately from the medical insurance contract pricing. HCPS will also strengthen procedures to ensure that Board approval is obtained for all contracts that exceed $100,000, as required by board policy. HCPS is in the process of drafting an Administrative Procedure that will strengthen controls over several aspects of contract execution and will incorporate controls to ensure that Board approval is obtained for contracts that exceed $100,000. We anticipate this administrative procedure to be finalized by June 30, 2015.	HCPS's internal auditor will review this recommendation.
2015 Network Security Monitoring Controls					
Open					
2015-A-01.03 Technology Inventory Action Plan					
Computer inventory appears excessive.					
12/31/2016	12/31/2016		We recommend management review inventory that is not currently in use to determine whether some items may be surplused.	Management is unable to determine how the Auditor derived the numbers associated with the inventory of equipment in order to give a specific response. However, Management maintains only enough inventory to enable the County to replace equipment timely and to be able to supply workstations for deployment in case of emergency. Management does agree that a County-wide comprehensive policy concerning when and what inventory should be surplused needs to be developed.	Planning meetings began to identify or develop an inventory management system that meets all departments' needs. However, there has been no recent action taken.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
Closed					
2015-A-01.01 RunBook Completeness Action Plan					
The RunBook, documenting monitored networking devices, is not up to date.					
9/10/2015		7/28/2016	We recommend ICT update the RunBook as network infrastructure changes are made and forward an updated version to Presidio at least monthly.	Management agrees that the RunBook does not reflect the current status of network devices. Management believes that having the RunBook accurately reflect the current status of all networking devices is impossible. Management's current procedure is that once a project is complete or several sites have been upgraded an add/remove list is sent to Presidio, at a minimum the list is sent monthly. With all the major projects currently underway (renovations at 220, DES projects, HMAN, MES project, GasBoy project-to name a few), Management believes the most efficient and practical method for keeping the RunBook as current as possible is to send the monthly update and an updated list to Presidio continue the current practice.	The current projects that ICT has underway require regular update of the RunBook with the assistance of Presidio.
2015-A-01.02 Network Configuration Changes Action Plan					
Documentation was not available to confirm that implemented network configuration changes were approved prior to implementation or reviewed after implementation.					
9/10/2015		7/28/2016	We recommend ICT confirm, via email to Presidio, that all network configuration changes were correctly implemented.	Every network change is requested and documented. An email is received for every ticket entered by Presidio and whenever a change ticket is resolved. Management will retain all emails received from Presidio that document changes.	ICT has advised that this practice regularly occurs now. They would like to integrate a stronger documentation requirement into the next contract.
2015 Petty Cash Audits					
Closed					
2015-A-06.01 Additional Fee for Amusement Park Tickets Action Plan					
Surcharge fees are not tracked routinely to ensure proper use and financial reporting.					
11/1/2015		6/7/2016	We recommend management eliminate the ticket surcharge and create a modest petty cash (change) fund for amusement park ticket sales.	Management understands the concerns raised about the ticket surcharge. The current ticket prices advertised to the public include the surcharge fee, therefore, Management will honor those prices thru the end of this season (November, 2015). In the meantime, Management is meeting to determine the feasibility of continuing the Discounted Ticket Program. If Management decides to continue the program next year, the ticket surcharge fee will be eliminated and a separate petty cash fund will be established for ticket sales.	Subsequent to the audit of Parks and Recreation's Amusement Park Tickets petty cash fund, for the audit period ended 7/27/2015, management satisfactorily addressed this issue by eliminating the administrative fee. The issue related to the administrative fee is closed.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2015-A-06.02 Physical Security of Cash Action Plan					
Parks and Recreation Petty Cash is not properly restricted to those who require access.					
9/18/2015		6/7/2016	We recommend the Department of Parks and Recreation consider a lockbox for storage of the petty and ticket sales funds. Additionally, access to the tickets and related revenue should be restricted to the custodian and a trained backup.	Management has ordered locking money bags to store petty cash and ticket sales money separately inside the safe and will contact a locksmith to have the combination on the safe changed. The new combination will be given to a maximum of 4 employees at the Main Office and will be changed as needed (assignments/duties change, staff turnover, etc).	Petty cash and ticket sales revenue are now stored in a locking money bags and the safe combination has been changed. Access to both the locking money bag and safe is restricted to four people: the petty cash custodian and three back-ups. Management believes three back-ups are necessary given the potential volume of ticket sales on days the petty cash custodian/ticket seller is out of the office.
2015-A-07.01 Proof of Employees' Receipt of Funds Action Plan					
Havre de Grace Senior Center's transactions were missing documentation of employee's receipt of funds.					
8/10/2015	8/10/2015	4/19/2016	We recommend the petty cash custodian only provide reimbursements when a properly completed request form has been provided.	The original petty cash receipts had been sent to the Office on Aging from the Havre de Grace center without copies being made and kept at the center. Making a copy of any receipt submitted for reimbursement is part of our written Petty Cash Fund Procedure. There was a change in staffing at the Havre de Grace center in May 2015. The new Center Manager is familiar with and is following the correct procedure.\n\nOur procedure also includes an "Expense Receipt Form" which has a place for the Center Manager to approve the expense, and a place for the recipient to acknowledge receipt of petty cash. These steps are being reviewed with all center staff to ensure compliance and the Senior Center Division Manager will check for approvals and acknowledgements of receipt in future internal audits.	Management provided copies of recent reconciliations to show that supporting documentation and signatures are being maintained.
2015-A-07.02 Alignment with County Code Action Plan					
Office on Aging petty cash was reconciled less than monthly.					
8/10/2015		4/19/2016	We again recommend Office on Aging update, and follow, its policies to reflect the County Code requirements.	The requirement for the petty cash custodian to physically retrieve and deliver petty cash from seven Office on Aging locations in the County (main office and six senior centers) presents a workload challenge. At one point in time prior to this audit, the requirement was discussed with auditing staff and we were under the impression that our practice of auditing at the point when half of our funds were expended was acceptable. We now understand that the County policy conflicts and will amend our practice accordingly.	OOA procedures have been updated to reflect the requirements for monthly reconciliation and $50 transaction limits.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2015 Purchase Card Controls					
Open					
2015-A-05.01 Insufficient Support for Purchase Card Transactions Action Plan					
Documentation for purchase card transactions was not sufficient to support the necessity, appropriateness, and approval of purchases.					
10/31/2015			We recommend management require cardholders to provide sufficient documentation to support the propriety of all transactions, including proper approval for out-of-state travel. We also recommend all cardholders and approving officials receive refresher training regarding the purchase card program, so they will be aware of the documentation and approval requirements for purchase card use. Finally, we recommend that consequences for inappropriate purchase card use be enforced systematically.	We are in agreement that sufficient documentation be provided, including attachment to the logs of out-of-state travel approval. In the short term, notification will be sent out to every individual cardholder, making them aware of their issues from this audit. For the long term, Marcus Williams and I will be holding mandatory PCard Refresher Training, targeted for October 2015. Procurement will be taking a more proactive role with holding all cardholders accountable for their actions and implementing consequences identified in Section IV. Of the Corporate Purchasing Card Program Policy and Procedures Manual.	We noted similar issues in four later audits. This finding will remain open, while later related issues will be closed. while the first audit to discover the shared findings will remain open. Ref. Findings: 2014-A-14.03, 2014-A-16.01, 2015-A-05.01, 2015-A-10.01
2015-A-05.02 Split Purchase Action Plan					
Purchases were split which circumvented the single transaction spending limit of $2,500 and/or avoided more stringent procurement requirements.					
10/31/2015			We again recommend management reiterate to cardholders and approvers that splitting transactions is not allowed and that purchases over $2,500 may not be made using a purchase card.	This requirement will be reiterated again. Procurement was made aware ahead of time regarding the need for splitting one transaction, and approval was given; it was determined at that time that it was more efficient to split rather than changing a limit and having to change back.	Procurement is reviewing the noted exceptions and will determine what additional measures need to be taken to ensure compliance with County purchase card policies.
2015-A-05.03 Use of card by non-County employee Action Plan					
A cardholder allowed a non-county employee to use their purchase card for board related expenses.					
10/31/2015			We recommend management reiterate to cardholders and approvers the lending of the county purchase cards is prohibited and that management enforces the policy.	This cardholder will be contacted immediately and warned. Everyone will be reminded of this requirement during Refresher Training in October.	Procurement is reviewing the noted exceptions and will determine what additional measures need to be taken to ensure compliance with County purchase card policies.
2015-A-05.04 Non Timely Cardholder Log Review and Approval Action Plan					
Monthly cardholder logs are not always prepared or approved in a timely manner to ensure purchases are appropriate and approved.					
10/31/2015			We again recommend management enforce existing procedures related to review and approval of cardholders' transactions and logs, and enforce related consequences for cardholders and approvers who do not comply with the purchase card guidelines.	A review of the current hierarchy will be completed by 9/15/15 to validate all approving officials are correct and current. The procedures will be addressed and reinforced with all attending the Refresher Training in October.	Procurement is reviewing the noted exceptions and will determine what additional measures need to be taken to ensure compliance with County purchase card policies.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2015 Section 214 Review of County Council					
Open					
2014-A-15.01 Incorrect Mileage Reimbursements					
Mileage Reimbursements for Council Members were not calculated correctly.					
6/30/2015	10/1/2015		We recommend management begin using an updated reimbursement form to ensure that business miles are calculated correctly. Reimbursement requests for mileage should include specific locations and demonstrate that commuting miles have been deducted. Further, we recommend affected employees consult with their own tax advisors to determine their personal tax implications.	Management agrees with the finding and recommendation and will develop policies and procedures. We will coordinate with the Executive Administration to create updated reimbursement forms, appropriate criteria and instructional information to ensure proper calculations in the future.	Management is still reviewing and updating the County's policies and procedures.
2015 Section 214 Review of County Executive					
Closed - Superseded					
2014-A-14.03 Missing Documentation for Purchase Card Transactions					
Documentation for purchase card transactions was not sufficient to support the necessity and appropriateness of purchases.					
6/30/2015			We recommend management enforce the documentation standards for purchase card use, and when necessary require reimbursement when purchases have not been not substantiated. We further recommend management clarify the criteria for purchasing meals with County funds.	Management agrees that accurate and complete documentation must be provided to ensure that current policies are enforced.	This finding will be closed as it has also been noted in other audit findings which remain open. Ref. Finding 2015-A-05.01
Closed					
2014-A-14.01 Payment for Accrued Leave					
Mr. Craig has accrued paid leave time and received payment for related balances, which is inconsistent with other elected officials.					
6/30/2015	12/31/2015	4/12/2016	We recommend management discontinue the practice of accruing leave for the County Executive.	At the recommendation of the County Auditor, management has not released a final payment to Mr. Craig and is currently reviewing the findings of the report. Applicable policies will be reviewed and clarified within the next 6 months.	We reviewed leave balances as of 4/12/16 and confirmed that elected officials are not accruing paid leave.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2015 Section 214 Review of Other Officials					
Closed - Superseded					
2014-A-16.01 Missing Documentation for Transactions					
Documentation for purchase card transactions was not sufficient to support the necessity and appropriateness of purchases.					
6/30/2015			We recommend management enforce the documentation standards for purchase card use, and when necessary, require reimbursement when purchases have not been substantiated. We further recommend management clarify the criteria for purchasing meals with County funds.	Management agrees that accurate and complete documentation must be provided to ensure that current policies are enforced.	This finding will be closed as it has also been noted in other audit findings which remain open. Ref. Finding 2015-A-05.01
2016 Contract Management					
Open					
2015-A-04.01 Vendors paid over $25,000 with No Contract					
Purchases were made without formal competitive bidding and contracts in place despite providing goods and/or services in excess of $25,000.					
6/30/2016			We recommend the County establish a contract monitoring system (or process) to confirm that purchases of goods and services are made in accordance with the Harford County Code. Specifically, we recommend that the Department of Procurement and purchasing departments: Consolidate purchases and competitively procure frequently used goods and services; Track total vendor spending to determine if contracts should be put in place.	Current systems make it a cumbersome task to monitor this information. With the help of Treasury, we were able to pull data from Adpics/Famis and analyzed that information along with purchasing card spend to obtain an overall spend by vendor. We are validating the spend information by vendor, and our goal is to bid those at $25K and over. Our newly developed ECMS (Enterprise Contract Management System) went live May 2015. Aaron Hall, Procurement Agent II in charge of this system, projects that all contractual information will be entered into this database by end of fiscal year (6/30/16). This system will help with contract management, but does not address the payment/financial side of business with vendors.	Treasury has provided Procurement with a report listing the top vendor spending. Based on this report, Procurement will be meeting with each of those vendors starting in September 2016 to perform annual business reviews and determine whether contracts need to be put in place. A contract with The Home Depot is being worked on currently.
2015-A-04.03 Xerox Billing Rates Action Plan					
Monthly billing rates for copiers include unallowed charges.					
6/30/2016			We recommend management review the pricing for each machine currently being leased from Xerox to confirm the rates that should be invoiced and request a refund on any interest that has been paid for cancelled leases. We further recommend the purchase order form include all details relevant to the lease terms and the balance of cancelled leases be paid in full, not refinanced.	We are currently looking at options to address this recommendation.	Procurement is meeting with Profit Recovery Partners in September 2016 to discuss contracting them to perform thorough reviews of problematic contracts, including Xerox.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
Closed					
2015-A-04.02 Rates Charged were not in Accordance with the Contract					
Payments are being made for goods and services that are not in accordance with the agreed upon contract terms.					
6/30/2016		8/3/2016	We recommend the Department of Procurement reemphasize to user departments the importance of reviewing contract terms and supporting documentation when reviewing and approving invoices for payment. We further recommend Procurement periodically review a sample of invoices for contract compliance.	Procurement Training has been scheduled where this will be addressed with users. We will reiterate to users what to look for and suggestions for monitoring contracts. We also will reinforce how imperative it is to document vendor performance. In order to help users identify specific details in their contracts, we created a summary cover sheet outlining key elements of their agreements. This cover sheet accompanies each fully executed contract. Regarding invoice review, we are looking at other possible options to help with this issue.	Procurement provided users with training in March 2016 addressing what items to look for and how to monitor contracts.
2015-A-04.04 Support for Change Orders Action Plan					
Support for contract change orders was not maintained consistently.					
6/30/2016		8/4/2016	We recommend the Department of Procurement ensure that documentation is received from departments and maintained in Procurement's files, prior to approving a change order in the purchasing system.	We will strive to ensure documentation is received and maintained.	We reviewed a sample of change orders done after the initial audit period and observed proper documentation was being maintained in Procurement's files. Based on this, we will close this finding.
2016 Economic Development Programs					
Open					
2016-A-04.01 Training Grant Support					
Workforce Training grants are not fully supported and appear to exceed the program guidelines.					
6/10/2016			We recommend, at least on a sample basis, that OED confirm that executive-certified payroll information is supported by actual payroll records. We further recommend that each grant's Board approval be documented to confirm the propriety of the grant.	Agreed. As a general note, most, if not all of the deficiencies referred to by the Auditor occurred prior to FY '16, during the tenure of a prior administration. However, the current administration is actively working to strengthen the process for future Workforce Training Grants. For example, tools to review criteria scoring and documentation are currently under development and will be used in the evaluation and award of the final training grant awards for FY '16. In FY '17, only two rounds of workforce training rounds will be offered and issued to ensure compliance within the same fiscal year. Also, for FY '17, an annual, randomly-selected grant recipient review of payroll documentation will be integrated into an on-site business retention call to ensure compliance and verify payroll information. Disclosure of this new procedure has already been included in the application process going forward. Additionally, specific measures are being taken by OED to emphasize technical	Economic Development has reviewed and implemented several significant changes to the Training Grants program. Some of these changes include a newly enhanced application form to better track the training being provided and instituting a policy of wage "spot checks". In addition, minutes are being taken at all Board meetings and adding a score sheet for Board members to complete and sign for all grants applications considered. We will leave the finding open and revisit next year.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
				training, including tangible examples, to ensure all training that comes before the review committee will meet the definition of technical training either in support of technical skill enhancement and/or job position advancement, or foundations of technology in certified areas identified as 'sector critical'. Oversights for documentation of EDAB Committee approval, capped award and issuance amount have been developed and will be implemented with future grant rounds.	

2016-A-04.02 Multiple Credits Action Plan

Some properties have been approved for and/or are receiving more than one Enterprise Zone credit.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
12/31/2016			We recommend Enterprise Zone credits only be applied at the rates defined within each credit's authorizing legislation.	Disagreed. According to the State Department of Assessments and Taxation, it has been the policy and practice statewide to provide multiple credits without subsequent resolutions. However, the Department of Treasury and the Department of Law are working with the Department of Economic Development to receive County Council approval on each credit for properties that are issued multiple credits due to phased-in construction.	Economic Development has put a new process in place to ensure compliance with the State's requirements. The properties with multiple credits were all located within the Aberdeen Township and the Department is working to obtain the needed town council approval for those properties. In addition, Economic Development is now tracking Enterprise Zone properties in SDAT. The finding will be left open until there is additional documentation to review.

2016-A-04.03 Improper Loan Fund Payments Action Plan

Designated Loan Funds were spent on Contributions

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
7/1/2016			We recommend any future contributions be recorded from Economic Development's operating account.	Agreed. It is the understanding of Management that the concern raised by the Auditor is an issue regarding internal control for recording purposes and that there were no findings of deficiencies regarding the administration of the loans. The concern raised by the Auditor has been addressed. Eff. FY '17, PTAP expenses have been reallocated to OED's operating account and will no longer impact EDOF provisions.	Economic Development has corrected the issue for FY16 and effective FY17, PTAP expenses will be paid out of OED's operating account. The finding will be left open and revisited next year.

2016 HCPS Budget Analysis

Open

2016-L-03.01 Urgency of Technology Needs Action Plan

HCPS is not prepared for standardized testing mandates that become effective in 2018.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
6/30/2016			We recommend funding for technology be prioritized in FY2017 to facilitate compliance with State PARCC testing mandates that become effective in 2018.		Due to the recent issuance of this report, we will follow-up next year.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2016 Inspections Procedural Standards and Billing and Collection Controls					
Open					
2016-A-06.01 DPW Inspection Reports Action Plan					
Daily inspection reports were not always available to support time invoiced to developers.					
6/3/2016			We recommend the Department of Public Works (DPW) implement effective policies and procedures pertaining to time billing and inspection documentation and that those procedures include processes where time billing directly relates to time indicated on inspection documentation.	We concur with the finding that four (4) exceptions were identified related to timesheet review and supporting daily inspection reports. Three (3) of the four (4) were due to transposed numbers when hand entering the 5-digit billing codes on individual employee timesheets. Corrective action has been taken to rescind incorrect charges and bill the responsible developer. The remaining exception resulted from loss of the hardcopy file and improper backup to electronic files. In this instance we were not able to produce the supporting inspection report for that particular date. These exceptions were due to our reliance on manual processes. In January 2014, as a pilot program with a few selected projects, we began using a computer application to directly enter inspector daily reports (IDRs) electronically to the Harford County computer network/server. We have expanded this program to all projects. This automated process eliminates the potential for a single point of failure in order to minimize the possibility of incorrect billing codes. Further, it will prevent loss of documentation since the server files are continually backed up by the County. With regard to the finding that the payroll and PCAM data were inconsistent, DPW Bureau of Construction Inspections has requested the PCAM exception report (PCA205) so we can review and make corrections as issues arise.	Due to the recent issuance of this report, we will follow-up next year.
2016 Investment Controls					
Closed					
2016-A-01.01 Competitive Purchase of Investments					
Securities are not always competitively purchased to ensure the highest investment return.					
11/19/2015		8/19/2016	We recommend the investment manager use competitive purchasing practices for all investments, as required by the investment policy.	Treasury agrees with the recommendation and the investment manager will use competitive purchasing practice for all investments.	Per Robbie Sandlass, since this finding was issued, Treasury has consistently put all investments out for competitive bidding. He referred us to Res. 001-16 which included a list of all bids received for the bonds sold in 2016. Based on this information, this finding will be closed.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2016 Petty Cash Audits					
Open					
2016-A-14.01 Missing Approvals Action Plan					
Some Water and Sewer transactions were missing approvals.					
6/24/2016			We recommend the petty cash custodian only provide reimbursements when a properly completed request form has been provided.	During the timeframe covered by this audit, W&S Maintenance processed 2,189 meal ticket vouchers. Although all transactions had receipts, nine were incomplete. Despite the fact that less than one half of a percent of meal ticket vouchers were missing a required approval, in response to this audit the Standard Operating Procedure for Meal Ticket Distribution has been modified to include wording that clarifies that administrative staff MUST verify supervisor's signature when processing meal vouchers and MUST have employee's sign the 'Received By' acknowledgement at the time of distribution of meal voucher funds. This revision of the SOP was shared with all employees on June 8, 2016 and will be reviewed again at the mandatory staff meeting on June 24, 2016.	Due to the recent issuance of this report, we will follow-up at a later time.
Closed					
2016-A-13.01 Physical Security Action Plan					
Jury Commissioner Petty Cash can be better secured.					
7/1/2016		7/12/2016	We recommend Jury Commissions store petty cash in a concealed and secure safe.	After reviewing the findings of the audit with Judge Eaves, we have decided to purchase a secure safe which will be bolted inside the locked cabinet where the money box is currently kept. The safe shall have a combination lock and only the Jury Commissioner and two others will have knowledge of the combination.	We observed that the money box was secured in a newly installed safe.
2016 Recruitment and Hiring Practices					
Open					
2016-A-03.04 Background Check Process Action Plan					
Reference checks are performed inconsistently or provide insufficient information.					
3/25/2016			We recommend the on-boarding reviews include documentation of all required items listed in the job posting, including proof of education and licenses, as applicable. We further recommend Human Resources periodically confirm that required licenses and certifications are maintained for County Charter defined Exempt employees.	Management disagrees and as the Auditor has indicated, confirmations from prior employers and educational institutions have a historically low response rate. As explained to the Auditor during the audit interview, the Department of Human Resources makes multiple attempts in writing to independently confirm with prior employers and educational institutions all information provided by candidates and maintains all information received. The Department of Human Resources will remain diligent in its efforts to obtain relevant information with regard to prior employers and educational institutions.	Management has advised that the Director of Administration will ensure required licenses/certifications for Directors are in place annually.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
				With regard to licenses and certifications, if the vacancy announcement requires the possession of a license/certification prior to employment, the candidate must provide proof of the license/certification at time of application to the Department of Human Resources in order to be considered for the position. If the candidate is required to obtain a license/certification within a specific time period after being hired, the supervising department would verify that such license/certification was obtained. As the Auditor indicated, all required licenses and certifications are current for County Exempt employees; however, Management agrees to designate the Director of Administration as the individual responsible for verifying the licenses and certifications for County Exempt employees.	

Closed

2016-A-03.03 Recruitment Documentation Action Plan

Not all recruitments generated or retained the relevant supporting documentation.

| 9/30/2016 | | 7/29/2016 | We recommend Human Resources consistently require and maintain documentation of each step of the recruitment process. | Management acknowledges the recommendation by the Auditor and will take the recommendation under advisement. Management has developed a system to comply with the recommendation and will be conducting training on the issue.

Training will occur within six months. | Management stated that this matter is reviewed with Human Resources employees at each cabinet meeting. Training has been done and will continue to be ongoing. |

2016-A-03.05 Neogov access

Access to the Neogov system is excessive.

| 3/25/2016 | | 8/8/2016 | We recommend user accounts be disabled for separated employees and employees that no longer require access. | Management agrees that user accounts should not be deleted since such information is necessary for auditing purposes; however, Management can modify user accounts to reflect "active" or "inactive" and has already completed this task.

Management disagrees with the comments regarding the Neogov system. It is important to note the application operating system, while a web-based service, is a secure server and the transmission of any data contained within is only accessible by strictly enforced access given by the Department of Human Resources. Furthermore, applicant data will only include information that has been expressly submitted by an applicant and does not include classified confidential information. The application vendor has expanded its security measures by only permitting access to the application operating system via secure web browsers IE9, IE10, IE11 or Firefox 25 and above. | Per Human Resources, the accounts of users who were either no longer employed by Harford County Government and/or who have not been required to review applications as an SME within the last year (but are still actively on payroll) have been deactivated. HR maintains the ability to reactive user accounts as needed. We reviewed the current NeoGov user access list and were able to confirm Human's Resources response. The finding will be closed. |

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2016 Section 214 Review Government and Community Relations					
Closed - Superseded					
2015-A-10.01 Missing Documentation for Purchase Card Transactions Action Plan					
Documentation for purchase card transactions was not sufficient to support the necessity and appropriateness of purchases.					
3/31/2016			We recommend management enforce the documentation standards for purchase card use and when necessary, require reimbursement when purchases have not been substantiated. We further recommend management clarify the criteria for purchasing meals with County funds.	The Department of Procurement will perform more frequent reviews of cardholder activities to ensure proper procedures are being followed, as well as adhere to consequences regarding any issues.	This finding will be closed as it has also been noted in other audit findings which remain open. Ref. Finding 2015-A-05.01
2015-A-10.02 Insufficient Support for Expense Reimbursements Action Plan					
Documentation for expense reimbursements was not sufficient to support the necessity and appropriateness of the expenses claimed.					
3/15/2016			We recommend management begin using an updated reimbursement form to ensure that business miles are calculated correctly. Reimbursement requests for mileage and meals should demonstrate that commuting miles have been deducted and provide sufficient documentation to determine reasonableness.	The County is currently reviewing many of its policies, including its mileage reimbursement policy and it will report back to the auditors in six months.	This finding will be closed as it has also been noted in other audit findings which remain open. Ref. Finding 2014-A-15.01