



HARFORD COUNTY, MARYLAND

Office of the County Auditor

AUDIT OF PETTY CASH - ABINGDON WATER TREATMENT PLANT

Report Highlights

Why We Did This Audit

This audit was conducted as part of the County Auditor's risk-based Annual Audit Plan approved by the County Council for FY2017.

What We Found

We noted that controls are adequate over the Abingdon Water Treatment Plant's petty cash fund.

Report Number: 2017-A-22

Date Issued: 07/17/2017

Council Members and County Executive Glassman:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of the Water Treatment Plant's petty cash funds. The results of that audit and our findings are detailed in the attached report. We would like to thank the members of management for their cooperation during the audit.

The audit found cash on hand agreed to the expected amount and has been appropriately secured. We have no recommendations for improvement at this time.

The audit team is available to respond to any questions you have regarding the attached report.

Sincerely,

Chrystal Brooks, CFA

Chrystal Brooks
County Auditor

cc: Mr. Robert Sandlass, Treasurer
Mr. Joseph Siemek, Director of Public Works
Mr. William J. Bettin, Deputy Director of Water & Sewer
Ms. Donna Birkmire, Petty Cash Custodian



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REVIEW RESULTS

We have focused on activity during the period of 07/01/2015 through 06/23/2017 and cash on hand on 07/06/2017. The audit approach focused on testing the key controls that address management's objectives for the process.

Our opinion, based on the evidence obtained, is controls are adequate to ensure that petty cash is appropriately used, secured, and reconciled. Conclusions drawn are below.

Risk	Expected Control	Conclusion
Cash could be lost or stolen	Cash is secured in a locked safe or drawer with limited access.	Satisfactory
	At all times, cash on hand and receipts agree to the expected fund amount.	Satisfactory
Purchases are not appropriate or approved	Expenditures are supported by receipts and approval documentation.	Satisfactory
	Reconciliations are performed at least monthly.	Satisfactory
Procurement limits are exceeded	Purchases do not exceed \$50.	Satisfactory

Management has been provided an opportunity to respond to this report; however, none was required since there are no issues for remediation. Accordingly, no management response has been provided.

BACKGROUND INFORMATION

PROGRAM DESCRIPTION AND KEY STATISTICS

The Abingdon Water Treatment Plant, within DPW's Division of Water & Sewer, maintains a petty cash fund to reimburse employees for overtime meals. The petty cash fund is reconciled by the petty cash custodian when it needs to be replenished – approximately twice monthly. Per departmental policy, employees are entitled to receive meal vouchers upon working certain overtime hours. After which, the employees can complete and submit for supervisory approval a meal voucher form. The petty cash custodian confirms that the meal voucher includes supervisor approval, amount, and date as well as the employee's name and identification number. Upon confirmation, the custodian provides the employee

with the reimbursed amount and both sign the voucher confirming the disbursement and receipt of funds.

REVIEW OBJECTIVE, SCOPE AND METHODOLOGY

The objective of this review was to ensure that petty cash processes for the Water Treatment Plant are in compliance with Petty Cash policies and ensure disbursement and replenishment transactions were approved and properly accounted for. The scope of this review was limited to reviewing the controls over the department's petty cash fund. The review did not include a complete evaluation of internal controls, but instead, relied on substantive testing to support conclusions. This lack of a complete review did not affect achievement of the audit objective.

The audit focused on activity during the period of 07/01/2015 through 06/23/2017. Our audit procedures included interviewing personnel, observation and testing. Specifically, we counted the cash and receipts on hand and reviewed the supporting documentation for each petty cash expenditure and replenishment.

Our procedures disclosed cash transactions were properly accounted for. The petty cash funds on hand agreed to the expected amount. We observed that cash was appropriately secured and not easily accessible.

Harford County management is responsible for establishing and maintaining effective internal controls. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets and compliance with applicable laws, rules and regulations are achieved. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected

The audit was performed in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Team:

Chrystal Brooks

CPA, CIA, CGAP, CISA, CGFM, CRMA

County Auditor

Brad DeLauder, CPA

Senior Auditor

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