



HARFORD COUNTY, MARYLAND

Office of the County Auditor

October 23, 2014

Report Highlights

Why We Did This Audit

This review is a component of the FY2015 Annual Audit Plan, in accordance with the Rules of Procedure of the Office of the County Auditor.

What We Found

Recommendation	
<u>Status</u>	<u>#</u>
Closed	26
Open and Outstanding	48
Due Date Not Passed	4

Adequate remediation efforts are in progress.

Currently, no prior issues require escalation.

What We Recommend

Management should continue its efforts to close prior audit findings.

STATUS OF PRIOR AUDIT FINDINGS

Council Members and County Executive Craig:

In accordance with Sections 213 and 214 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.

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 October 15, 2014. Review procedures included inquires 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.

As of October 1, 2014, there were 75 recommendations being tracked by the County Auditor, relating to 20 audits and reviews. Three (3) new recommendations were added during the follow-up period. Based on this review, there are 52 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.

We would like to thank the members of management for their cooperation during the review. Management has been advised of our results. The audit team is available to respond to any questions you have regarding the attached report.

Sincerely,

Chrystal Brooks
County Auditor

~ Preserving Harford's past; promoting Harford's future ~

212 South Bond Street * Room 219 * Bel Air, Maryland 21014

410-638-3161 * www.harfordcountymd.gov/auditor



HARFORD COUNTY, MARYLAND

Office of the County Auditor

STATUS OF PRIOR AUDIT FINDINGS

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.

Report Number:
2014-A-13

Date Issued:
10/23/2014

Period Covered:
08/01/2013 through
10/15/2014

Audit Team:

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

Laura Tucholski
CPA, CIA, CFE, CRMA
Managing Auditor

FINDINGS SUMMARY

Audit Name	Closed	Open	Due Date Not Passed	Closed - Disagreed	Total
FY 2014 Budget Bill Analysis	2	4			6
2013 Grants Administration and Monitoring Controls	1	3			4
2013 Payroll Controls	1	2			3
2013 Procurement Practices	2	4			6
2013 Purchase Card Controls		1			1
2013 Purchase Card Controls - Supplemental Procedures	1				1
2013 Section 214 Review Harford Center Inc.	1	2			3
2013 Status of Board of Education Legislative Audit Findings		8			8
2014 Accounts Payable Controls		3			3
FY2015 Budget Bill Analysis		4			4
2014 Cash Receipts Controls	1	1			2
2014 Comcast Franchise Fee Revenue	1				1
2014 Harford Center Attendance	1				1
2014 Harford County Health Department	6	4	1		11
FY2015 HCPS Budget Analysis		4			4
2014 Management of Fleet Maintenance Contract	1	2			3
2014 Petty Cash Audits	6	2			8
2014 Property Management Controls		3	1		4
2014 Section 214 Review Human Resources	1	1			2
2014 Water and Sewer Billing and Collection Controls			2	1	3
Total	25	48	4	1	78

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DETAILED FINDINGS STATUS

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
FY2014 Budget Bill Analysis					
Open					
<i>2012-L-02.01 Facilities Maintenance Efficiencies</i>					
<i>Different groups are responsible for maintenance of highways, buildings and parks.</i>					
			The County should consider whether efficiencies may be gained from combing the resources of the various facilities maintenance groups.	As a budget recommendation, no management response is required.	This matter has been considered, but has not been studied.
<i>2012-L-02.02 Engineering Efficiencies</i>					
<i>Different groups are responsible for managing design and construction of highways, buildings, facilities and parks.</i>					
			The County should consider whether efficiencies may be gained from combing the resources of the various Engineering and Capital Project Management groups.	As a budget recommendation, no management response is required.	This matter has been considered, but has not been studied.
<i>2012-L-02.10 Economic Development Loan Estimates</i>					
<i>In FY2012, the Office of Economic Development supported a bill to change the parameters of its Economic Development Loan Fund (Bill 12-19). At that time, the Office had not developed a projection of how many loans it would issue through the program. In FY2013, the department confirmed that it does not have a fixed number of loans planned. Historically 4-5 loans are issued each year, per Jim Richardson.</i>					
			The Office of Economic Development should consider developing models that will help quantify its planned initiatives, actual efforts and, if possible, results of those efforts.	As a budget recommendation, no management response is required.	This matter remains open following the FY2015 budget work sessions.
<i>2013-L-02.01 Other Post-Employment Benefits</i>					
<i>Other Post-Employment Benefits (OPEB) are not budgeted.</i>					
			We recommend the Administration include Other Post-Employment Benefits in the budget ordinance.	As a budget recommendation, no management response is required.	Approximately \$7,600,000 of the County's unappropriated Fund Balances will be assigned for Other Post-Employment Benefits in the FY2015 budget. The recommendation will remain open until the funds are appropriated.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
Closed					
<i>2012-L-02.07 Inspection, License and Permit Fees</i>					
<i>The FY2013 Spending Affordability Committee assumed that these types of revenues would be unchanged, but also noted that they are becoming more significant and recommended consideration of the impact of these fees. The recommendation remains for the FY2014 budget.</i>					
		12/17/2013	The County should consider whether the current fees charged for inspections, licenses, permits and related services remain appropriate to meet the County's goals.	As a budget recommendation, no management response is required.	In 2013, bill 13-49 revised the fees for inspections and permits.
<i>2013-L-02.03 Board of Ed Grants</i>					
<i>BOE grant funding may vary significantly from the budgeted revenue.</i>					
		04/15/2014	The Board of Education should ensure that it has plans in place to address grant revenues that are higher or lower than projected.	As a budget recommendation, no management response is required.	We discussed this matter with Board of Education officials during the analysis of the proposed budget. Officials indicated that they will adjust the Board's proposed budget to the approved budget prior to the start of the fiscal year. Additionally, the proposed FY2015 budget includes a list of priorities that were not included in funding request.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2013 Grants Administration and Monitoring Controls					
Open					
<i>2012-A-03.01 Inconsistent Award Processes</i>					
<i>Grants are awarded by several County agencies, but the award processes are not consistent.</i>					
07/24/2013			<p>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.</p>	<p>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.</p> <p>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 number 7108 to be used specifically for "contributions". Therefore, going forward these unique funds can be identified separately from "Grants".</p>	<p>Management advised the County has not yet developed standard procedures to ensure that all departments award grants consistently.</p> <p>Grants and Contributions have been separated from one another for financial reporting purposes.</p>

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2012-A-03.02 Inconsistent Monitoring Processes					
Grant monitoring procedures were not adequate to ensure grantees used County funds as intended.					
01/31/2014			<p>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 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.</p>	<p>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 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.</p> <p>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.</p>	<p>Management advised the County has not yet developed standard procedures to ensure that all departments monitoring grants consistently.</p>
2012-A-03.03 Transit Reimbursement Calculations					
Transit Grant Reimbursement Process is complicated and susceptible to errors.					
01/31/2014	06/30/2015		<p>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.</p>	<p>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.</p>	<p>Harford Transit hired a data analyst who was able to summarize the files into one spreadsheet for reporting purposes. Some of data is still manually entered; however, Harford Transit is in the process of implementing a new Automated Vehicle Locator System for the driver and fare information and working on getting a periodic report from Treasury with FAMIS detail.</p>

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
Closed					
<i>2012-A-03.04 Approval of Grant Review Checklists</i>					
<i>Support for approval of Grant Review Checklists was not available.</i>					
05/14/2013		06/25/2014	We recommend that email concurrence of grant reviews be maintained (as msg, pdf or text files) with other grant documentation on the Grant Administrator's shared network space, so that the files will be available for future reference and confirmation.	We concur with this recommendation and as of May 14, 2013 we have started saving emails related to all Grant Review Checklist on a shared network drive. In addition, we are working with ICT in researching a Grant Management software program.	The Grants Administrator is saving emails related to all Grant Review Checklist on a shared network drive. On 9/11/2014, we observed the file on the shared network drive and reviewed the completed Grants Review Checklists in the file.
2013 Payroll Controls					
Open					
<i>2012-A-04.03 Certification of Employee Timekeeping</i>					
<i>There is no County policy in place requiring employee or supervisor certification of employee time worked.</i>					
03/31/2014	03/31/2015		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.	<p>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.</p> <p>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.</p>	Treasury indicated on 9/11/2014, KRONOS (time and attendance software) will be rolled out in phases beginning the first quarter of 2015.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2012-A-04.04 Time Entry System					
<i>The time entry system can be improved to prevent data entry errors.</i>					
03/31/2014			<p>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.</p>	<p>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.</p>	<p>Treasury indicated on 9/11/2014, KRONOS (time and attendance software) will be rolled out in phases beginning the first quarter of 2015.</p>

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
Closed					
<i>2012-A-04.02 Critical Payroll Data Changes</i>					
<i>Critical changes made to Payroll and Human Resources data are not subject to an independent review to ensure the changes were authorized and proper.</i>					
07/15/2013	08/31/2013	08/02/2013	<p>We recommend the Payroll and Human Resources Departments independently confirm all changes are authorized and proper and both departments document their reviews.</p>	<p>We disagree with the recommendation. The Payroll Department has procedures in place to verify all authorized changes within payroll. The types of adjustments that Payroll make are leave corrections, missed time, work out of class and various non-standard employee hours. All changes made by Payroll are authorized by the initiating department either through an email or memorandum, and the documents are maintained as an audit trail. A different Payroll staff member reviews the changes to the source documents provided by the department to verify that the adjustment was properly completed. Prior to this audit, the review was completed, but not documented with a positive sign-off on the documents by the reviewer. Since the audit, a new procedure has been implemented that the reviewer must sign and date the review. These documents are maintained in the Payroll file for a period of two years.</p> <p>All changes made by Human Resources are authorized by either the initiating department or through employee self-service. Access to these systems is controlled by password and by access level security. Both the employee and the authorizing department are equipped with the data needed to review critical payroll changes, and it is incumbent on them to do so.</p> <p>The audit relies on one error, which it notes was identified and corrected. The audit seems to place undue weight on the time lapsed to correct the error. However, the timeframe is consistent with a department reconciling its accounts on a quarterly basis. Notwithstanding this, departments and staff will be advised to review charges on a more frequent basis. Employees will also be reminded around July 1 to review their pay statements to confirm that benefit deductions are correct.</p>	<p>The department heads were reminded about reviewing payroll information periodically. Further, employees were reminded to check their pay, benefits, etc. in the August newsletter from HR.</p>

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2013 Procurement Practices					
Open					
<i>2012-A-02.02 Availability of Information</i>					
<i>Information related to Procurements and Purchases is not readily accessible for reference or analysis.</i>					
09/30/2013	12/31/2014		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.	Per discussion with the Department's Director, Procurement is working with an outside contractor and ICT to implement the database. Management expects to go live with the new database by 12/31/2014.
<i>2012-A-02.05 Public Advertising</i>					
<i>Public Notice of Procurement Opportunities is not published in a local newspaper.</i>					
12/31/2013	05/31/2015		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.	Department of Procurement contacted ICT on 9/29/2014 to inquire on how to link the Board of Estimates package to the website for each meeting. This information has not been included on the website as of 10/1/2014. In addition, legislation has not been drafted to change County Code public advertising requirements.
<i>2012-A-02.06 Improper Use of Direct Vouchers</i>					
<i>Direct Vouchers do not require Procurement Approval below \$25,000.</i>					
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.	Training for buyers was provided 9/18/2013. Attendees were trained on document types and use. However, management has not yet adjusted approval paths as recommended in the finding. Procurement is in the process of working with Treasury to confirm proper use of documents. In addition, the Director periodically reviews DVs to confirm proper use.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2012-A-02.07 Ethics Disclosures					
<i>Ethics policies should cover additional employees.</i>					
			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, copies of the Ethics Code have been provided to Procurement staff as a reminder. Given the nature of this recommendation, the Procurement Department has taken appropriate action. The finding will remain open, however, and responsibility for remediation will be reassigned to encourage consideration of legislative changes by the County Executive and Council.
Closed					
2012-A-02.03 Purchases Near \$25,000					
<i>Change Orders may increase a purchase to an amount that would require bids.</i>					
12/31/2013		10/14/2014	The County should consider implementing additional review procedures for purchases when the quoted prices average more than \$25,000 and encourage departments to err on the side of caution with purchases nearing this threshold.	Management acknowledges these findings. We identified a large purchase that did not go through the bid/proposal process.) This procurement did go through the proper bid process at the time of purchase. 3 price quotes were obtained which is what the law requires.	At the end of the fiscal year, the Director of Procurement reviews a report from Treasury showing vendors paid over \$25,000 to ensure contracts are in place.
2012-A-02.04 Written Quotes					
<i>Written quotes for purchases greater than \$2,500 were not always obtained or maintained.</i>					
12/31/2013	12/31/2014	10/06/2014	We recommend the Department of Procurement develop procedures to periodically review the written quotes that are obtained by the user departments.	Management acknowledges these findings and shall implement periodic reviews. 2 of the 5 had quotes attached to the purchase order in ADPICS, 1 was a Sole Source for software maintenance and 1 was a Sole Source for replacement floor tiles.	We reviewed a random sample of purchases and noted quotes were documented or a contract number was referenced in FAMIS. In addition, procurement agents provided us with examples of their periodic review of departments' written quotes.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2013 Purchase Card Controls					
Open					
<i>2012-A-05.04 Cardholder Spending Limit Review</i>					
<i>Monthly cardholder limits have not been reviewed for appropriateness.</i>					
03/31/2013	10/06/2014		We recommend management review and adjust, if necessary, cardholder spending limits at least annually, in accordance with the County's policies, to ensure that the County's exposure to misappropriation is appropriately limited.	Management agrees with this recommendation and will review limits and compare the established history of card use to the cardholder application for compatibility with departmental and program objectives.	The Department is in the process of reviewing the cardholder spending report to make decisions on reducing individual cardholder limits, if needed. The review has not yet been completed.
2013 Purchase Card Controls - Supplemental Procedures					
Closed					
<i>2012-A-06.00 Late Payment Fees/Finance Charges</i>					
<i>Finance Charges and Late Payment Penalties were assessed and paid for certain purchase card accounts.</i>					
10/01/2013		10/14/2014	We recommend that the Sheriff's Office determine a timeline to migrate as many credit card accounts as possible to the County's centralized program. For cards remaining outside of the County's program, we recommend the Sheriff's Office utilize Bank of America's online account tools to facilitate timely reconciliation of purchases and ensure that bills can be paid as promptly as possible.	Based on the above recommendation, the Sheriff's Office will review current procedures and implement protocols to satisfy our requirements.	The Sheriff's Office provided us with letters from the bank confirming 7 of the 9 accounts were closed.
2013 Section 214 Review Harford Center Inc.					
Open					
<i>2013-A-03.03 Administrative Policies and Procedures</i>					
<i>The Harford Center does not have documented administrative policies and procedures.</i>					
09/30/2013			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.	Management is presenting revised finance procedures and policies at the next finance committee meeting prior to review and approval by the Board of Directors. Other policies and procedures are expected to be completed by October, 2014.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2013-A-03.06 Email Account and File Security					
<i>Email accounts and network file access are not appropriately secured.</i>					
05/31/2013			We recommend the Harford Center centralize its email system on a domain that is unique to the organization. We further recommend management consider how to best segregate confidential information to those with a business need to know.	We are seeking bids on a computer system server for the Harford Center. We have received bids from Dell and met with local computer consultants on April 11, 2013. We have explored the cost of and capabilities of using "cloud" based storage services as an alternative to a server. We continue to research to determine if we can password protect our current client folders on our existing network.	In December, 2013, Harford Center had a secure server installed with a separate domain (harfordcenter.org). Additionally, they have folders on the secure server which are organized so that only the staff that should have access to the information have privilege to that folder. One example of this is the finance folder, which is only accessible by Ms. Nolte and Mr. Battaglia. Client file security is still under review.
Closed					
2013-A-03.02 Outsourced Bookkeeping Action Plan					
<i>The Auditor's independence is threatened.</i>					
07/01/2013		02/28/2014	We recommend the Harford Center internalize its accounting activities to streamline transaction recordkeeping, bill payment and invoicing processes. Further, we recommend that the Board consider requiring a certain number of Board members to have a financial background.	The Harford Center will purchase a copy of the accounting software used by the accounting firm. The financial assistant will begin keeping a set of accounting records that will be parallel to those the accounting firm keeps and their staff has agreed to help us in this endeavor. After the completion of our contract with the accounting firm, bookkeeping activities will remain in-house.	The Harford Center hired a Finance/HR Manager to perform these tasks. As of February 2014, the external auditor is no longer keeping the books.
2013 Status of Board of Education Legislative Audit Findings					
Open					
2012-A-07.02 Action Plan					
<i>HCPS Should Strengthen Internal Controls Over Its Disbursements, Procurements, and Contract Monitoring</i>					
	08/31/2013		HCPS should implement effective internal controls over its procurement, disbursement, and contract monitoring processes. Such controls should include restricting employee capabilities on the procurement and disbursement systems and segregating employee duties. In addition, HCPS should ensure that invoiced prices agree to the related contracts. Also, HCPS should establish appropriate processes for obtaining support for invoices. Finally, all purchases, contracts, and agreements exceeding \$100,000 should be approved by the Superintendent and by the Board in accordance with HCPS policy.	We concur with the recommendation and have restricted employee capabilities on the procurement and disbursement systems thereby segregating those duties. We also effected changes when a cooperative contract is utilized and require the contractor to indicate or append to their proposal a pricing sheet that is relational to the published prices and discounts given. Finally we have implemented changes requiring the Superintendent and Board approval on all contracts estimated to exceed, or having the potential to exceed, \$100,000 in value.	OLA is currently finalizing the most recent (2014) audit report. We will determine if the prior findings were addressed after the report is issued.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2012-A-07.05 Action Plan					
Human Resource and Payroll Internal Controls Need to Be Strengthened					
	08/31/2013		HCPS should take the necessary corrective actions to ensure that adequate internal controls are in place over its automated human resource and payroll system. Specifically, system capabilities and job duties should be segregated and an independent review and approval process should be established over payroll-related changes recorded in the system, including final payments to terminated employees for unused leave balances.	HCPS agrees with the recommendation. The Finance Department reviewed existing security with the Technology Department as part of our upgrade to Lawson version 9.0. Our understanding is that the newer version of Lawson completely overhauls the security component of the software and the new functionality may provide opportunities to address the issues noted in the finding. We expect to implement Lawson version 9.0 in the fall of 2008. Additionally, the Payroll Manager developed a standard form to be used for calculating final payouts, including a place for an independent reviewer (Payroll Manager) to sign off.	OLA is currently finalizing the most recent (2014) audit report. We will determine if the prior findings were addressed after the report is issued.
2012-A-07.09 Action Plan					
Data Processing Functions Should Be Better Safeguarded					
	12/31/2014		HCPS should ensure that all media and equipment are properly sanitized prior to disposal and that these activities are properly documented. HCPS should also establish and implement procedures for the appropriate offsite storage of backup copies of data from critical servers and complete the development of a formal, comprehensive disaster recovery plan.	We concur with the recommendation. Current policies address proper use of removable media especially for storage of sensitive information. Office of Technology will develop a procedure of disposal and sanitation of media. Given the size of HCPS, we believe it is unreasonable to monitor the tracking and disposal of such media. Newly adopted asset recovery program with Dell, Inc. provides comprehensive documentation including a list of asset tags disposed; certificate of hard drive sanitation; and a certificate of disposal of equipment. HCPS recognizes a formal disaster recovery plan does not exist as a single bound document. Many of the components which comprise a disaster recovery plan do exist on our Information Security SharePoint site which is access controlled to those job roles responsible for IT operations. OTIS has requested the new Edgewood HS be designed with a small satellite data center to be utilized in the event of a disaster to central office. The additional items suggested for inclusion to HCPS' plan will be added.	OLA is currently finalizing the most recent (2014) audit report. We will determine if the prior findings were addressed after the report is issued.
2012-A-07.10 Action Plan					
Performance Standards Need to Be Developed for General Maintenance and Custodial Operations, and the Work Order System Should Be Fully Utilized					
	12/31/2013		HCPS should develop a performance system with standards and measures for maintenance and custodial operations. HCPS should also fully use the existing work order system for general maintenance operations and should establish guidelines for work order priority levels, to ensure that appropriate, cost effective, and timely maintenance is provided to all facilities.	We concur, as part of Harford County Board of Education strategic plan and goals we will establish performance measures and benchmarks.	OLA is currently finalizing the most recent (2014) audit report. We will determine if the prior findings were addressed after the report is issued.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2012-A-07.12 Action Plan					
Adequate Procurement Documentation Should Be Maintained for All Construction Contracts					
	12/31/2013		HCPS should maintain adequate documentation regarding the awarding of construction contracts, including contract evaluations and bid openings. Furthermore, HCPS should develop policies and procedures for governing the retention of procurement documentation. Finally, HCPS should provide more detailed documentation to the Board to allow them to make informed decisions on construction procurements.	We concur that HCPS should maintain adequate documentation regarding the awarding of construction contracts including contract evaluations, advertisements of solicitation for bids, and bid openings. We also concur that we need to establish and follow protocols and procedures for project documentation according to prescribed record retention schedules. Currently, the Legal Services Association (LSA) of the Maryland Association of Boards of Education is undertaking a project to identify and recommend document retention schedules for all Boards of Education. The result is to be approved by the State Department of Education, General Services Administration, and the State Archivist. In the interim our internal procedures will be reviewed to assure adequate documentation is maintained. Finally, if the Harford County Public Schools Board of Education wants to require more detailed documentation to make fully informed decisions on construction procurements, we will comply.	OLA is currently finalizing the most recent (2014) audit report. We will determine if the prior findings were addressed after the report is issued.
2012-A-07.13 Action Plan					
Outsourcing of Bus Services Has Not Been Established As Cost Beneficial					
	12/31/2014		HCPS should periodically prepare a documented analysis to determine whether continued use of outside vendors to provide student bus services is, in fact, cost beneficial for the school system. This analysis should include an evaluation of each pay element (including the ROI component of the PVA) of the current bus contracts to determine whether the rates are reasonable and necessary.	We concur with the recommendation. HCPS understands that MSDE is taking the lead in developing a model for PVA and ROI that would be consistent for all Maryland school districts using bus contractors. HCPS will implement that recommended model when released by MSDE.	OLA is currently finalizing the most recent (2014) audit report. We will determine if the prior findings were addressed after the report is issued.
2012-A-07.16 Action Plan					
Controls Over Food Service Bank Accounts Need Improvement					
02/01/2013			HCPS should improve controls over its food service bank accounts. Specifically, duties should be segregated between the preparation of bank reconciliations and access to the related bank accounts. Also, supporting source documentation (such as bank statements) should be examined during the supervisory reviews of bank reconciliations.	We concur. This recommendation was also stated as recommendation #1. Reassignment of the duty of verifying daily bank deposits to a clerical person that does not have access to the accounts was implemented beginning December 1, 2007. A report is prepared for the Supervisor to review on a monthly basis.	OLA is currently finalizing the most recent (2014) audit report. We will determine if the prior findings were addressed after the report is issued.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2012-A-07.18 Action Plan					
The Board Should Consider Additional Steps to Assist It in Governing HCPS					
	12/31/2013		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.	OLA is currently finalizing the most recent (2014) audit report. We will determine if the prior findings were addressed after the report is issued.
2014 Accounts Payable Controls					
Open					
2013-A-04.01 Vendor Additions and Changes					
Vendor additions and changes may not be reviewed.					
01/31/2014	06/30/2015		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 is 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 System Administration. Treasury has reviewed our listing for Duplicate Vendors and deleted approximately 3,600 vendors with no activity in the last 5 years. The review is still in progress.
2013-A-04.02 Improper Document Types					
Payments were issued using the wrong type of document in the Accounts Payable System.					
10/18/2013			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.	Training for buyers was provided 9/18/2013. Attendees were trained on document types and use. However, document type use is still not proper based on our review of 10 direct vouchers.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2013-A-04.03 Improper Match Type					
<i>Controls related to receiving orders may be circumvented.</i>					
10/18/2013			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	We selected 10 DP's with matching types other than 3-way match to ensure proper use of 2-way matching. We noted 5 of the 10 selected were not coded as the proper match type.
FY2015 Budget Bill Analysis					
Open					
2014-L-02.01 HI Premium Increases					
<i>Health Insurance costs are budgeted higher than the actual premium increase.</i>					
			We recommend management amend the budget to reflect lower-than-budgeted insurance increases to reduce the budget by approximately \$1.2 million.	As a budget recommendation, no management response is required.	Remains open following the approval of the FY2015 budget.
2014-L-02.02 Vacant Budgeted Positions					
<i>There are 57 vacant, but funded positions in the FY2015 budget.</i>					
			We recommend management consider eliminating and/or unfunding positions that have been vacant for 40 or more weeks to reduce the budget by approximately \$1.5 million.	As a budget recommendation, no management response is required.	Remains open following the approval of the FY2015 budget.
2014-L-02.03 P&R Fees					
<i>Parks and Recreation Fund revenue may not cover increased expenses.</i>					
			We recommend management consider the model for fees and reimbursements for Parks and Recreation to determine if the special revenue fund is self-sustaining.	As a budget recommendation, no management response is required.	Remains open following the approval of the FY2015 budget.
2014-L-02.04 Outyears Paygo Estimates					
<i>Future Paygo amounts in the Capital Improvement Program may be unrealistic.</i>					
			We recommend the administration consider the feasibility of the Paygo amounts included in the Capital Program for outyears.	As a budget recommendation, no management response is required.	Remains open following the approval of the FY2015 budget.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2014 Cash Receipts Controls					
Open					
<i>2013-A-05.01 Support for Voids and Adjustments</i>					
<i>Controls were not adequate to ensure voided and adjusted transactions were proper and authorized.</i>					
01/02/2014	06/30/2015		We recommend review of the systems' access for cashiers to ensure proper segregation of duties. We recommend that supervisory personnel review and confirm voided transactions at the close of each business day to ensure voids were adequately supported and approved.	Treasury concurs with this finding and has implemented changes to comply with the recommendation. An automated report has been created to summarize all voids done for each day. This report will be printed daily, reviewed and signed by personnel who did not perform the void to ensure that the voids were adequately supported.	Treasury has not yet removed cashier access to all A/R applications and will notify us when access is removed.
Closed					
<i>2013-A-05.02 Lockbox Interface Review Action Plan</i>					
<i>The transfer of data between the Lockbox and Water & Sewer systems is not confirmed for completeness.</i>					
01/02/2014		09/11/2014	We recommend management maintain confirmation of the daily interface processes for Water and Sewer lockbox payments.	Treasury concurs with the recommendation and has begun to maintain the confirmation of the daily interface process received for the Water and Sewer Lockbox payments.	Treasury maintains the interface confirmation for the Water and Sewer Lockbox deposits. We observed the verification for 7/31/2014.
2014 Comcast Franchise Fee Revenue					
Closed					
<i>2013-S-02.01 Comcast Underpayment</i>					
<i>Underpayment of Comcast Franchise Fees</i>					
		05/22/2014	We recommend the Council Attorney take steps to address the underpayment as part of Comcast's franchise renewal.	The Council Administrator will recommend the Council send a letter to Comcast requesting payment.	Comcast remitted the underpayment on 5/22/2014.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2014 Harford Center Attendance					
Closed					
<i>2013-A-07.01 Incorrect Attendance and Billing Action Plan</i>					
<i>Attendance Records were altered and income was billed and received for absent clients.</i>					
09/18/2013		05/13/2014	We recommend Harford Center recognize the amount as payable or temporarily restricted in its FY2013 financial statements and consider whether amounts may be due for prior periods. We further recommend that the Center add, to its billing process, a review of the attendance records by someone other than the person submitting the request for payment.	<p>A number of changes have been instituted that will increase the reliability of the attendance data at the Harford Center. There have been individual and group trainings on the subject with an emphasis on the need for accuracy. We identified a staff member who had filled out his attendance forms in advance. He received detailed individual instruction about the importance of accurate data. We collect afternoon attendance of clients and reconcile it with the morning attendance. We are continuing to refine this process and have repeatedly solicited the input of staff charged with collecting the data.</p> <p>The financial assistant is responsible for entering the attendance data for submission to DDA for payment. The director is responsible for reviewing a copy of the submission and the original data.</p> <p>The matter of repayment to DDA will be brought to the attention of the Board of Directors at the September meeting. A draft copy of the Auditor's report of September 6, 2013 was forwarded to the financial office of DDA.</p>	We reviewed the new attendance process with the Executive Director on 5/13/2014 and found that segregation of duties and additional reviews have been implemented.
2014 Harford County Health Department					
Open					
<i>2013-A-09.01 Incomplete Financial Reporting</i>					
<i>Some transactions were not supported or captured for financial reporting purposes.</i>					
12/31/2014			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.	Per discussion with the Health Officer, HCHD expects to be able to provide a report of County funds. Procurement for an auditor has not yet been done.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2013-A-09.02 Appropriation Authority					
<i>Some funds held by HCHD are not properly appropriated for use.</i>					
			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.	The County Appropriation to Health Department remains unspecified in the FY2015 operating budget. The capital budget does not include funds (held by HCHD) intended for the Southern Resource Center project.
06/30/2014			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 Health Department return expired appropriations to the Harford County Government.	HCHD has not returned the expired County appropriations to Harford County. However, the State has advised HCHD that the funds with an unknown source may be used for program expenses.
2013-A-09.03 Documentation for Patient Account Adjustments					
<i>Adjustments to patient accounts are not reviewed for propriety and supporting documentation is not maintained.</i>					
07/01/2014			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.	Per discussion with the Health Officer, HCHD has contracted with a vendor, MedHelp, for patient billing services and plans to perform quarterly reviews of adjustments made by MedHelp.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2013-A-09.05 Food Facility Fees					
<i>Fees for food establishments may be collected at incorrect rates.</i>					
02/12/2014			We recommend the Harford County Health Department consider changes to the PatTrac system that would automatically populate the "Group" field and restrict cashiers' ability to change fees. We additionally recommend management periodically review a sample of the facilities in Group V to confirm that they are not-for-profits.	Management agrees with the recommendation to change the PatTrac System to automatically populate the "Group" field and authorized the Information Technology Supervisor to make the change. In addition, management instructed the Information Technology Supervisor to restrict the cashier's ability to change the fees for services. Procedures were put into effect to allow only management in the Bureau of Environmental Health to make necessary fee changes. Furthermore, management in the Bureau of Environmental Health is required to document a reason on the receipt where the adjustment is made. These automated controls will eliminate incorrect charges to customers.	Per discussion with the Environmental Health Director, the changes have not been implemented. The office is coordinating with the developer.
Closed					
2013-A-09.01 Incomplete Financial Reporting					
<i>Some transactions were not supported or captured for financial reporting purposes.</i>					
02/28/2014		10/15/2014	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 at the Harford County Health Department (HCHD) agrees with the recommendation that all financial transactions should be recorded into one accounting system. A procedure has been developed and implemented to assure that all expenses/collections will be recorded into the State's Financial Management Information System (FMIS).	We reviewed the transactions for the health department's major accounts and noted that all checks were written to DHMH. This confirms that transactions are being captured in the state's financial system.
2013-A-09.02 Appropriation Authority					
<i>Some funds held by HCHD are not properly appropriated for use.</i>					
03/14/2014		03/14/2014	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 with the finding to develop a policy that reflects the order in which revenues are allocated to various program costs and that ensures appropriations are used most efficiently. Following is the current practice of HCHD: 1) DHMH categorical grant funds and other grant funds that are awarded with specific conditions and an approved line item budget are expended as prescribed; 2) DHMH Core funds are awarded with specific conditions but are not held to an approved line item budget and these funds are fully expended on specific program activities as well as Administration expenses; and 3) County funds are expended on Administration, Environmental Health, Addictions, and Teen Diversion. DHMH Core funds for Administration are utilized before the County funds are expended.	Management has completed a policy defining the order of allocation for its revenue.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2013-A-09.04 Environmental Health Cash Collections					
<i>Procedures can be improved to ensure that payments are received for all services provided by Environmental Health.</i>					
02/28/2014		10/02/2014	We recommend all customer payments be recorded using the receipt process with the PatTrac system so that they are linked to a particular establishment, service or property and Treasury deposit.	Management agrees that all customer payments should be recorded using the receipt process in the PatTrac System so they are linked to a particular establishment, service or property, and Treasury deposits. The new process that was developed and implemented for the Food Facilities Service to record payments and generate details for each deposit has been implemented for all other services provided by the Bureau of Environmental Health.	We selected a deposit made to Treasury and were able to confirm that each transaction in the deposit had a related receipt issued from PatTrac.
2013-A-09.05 Food Facility Fees					
<i>Fees for food establishments may be collected at incorrect rates.</i>					
04/01/2014		04/01/2014	We recommend the Harford County Health Department consider changes to the PatTrac system that would automatically populate the "Group" field and restrict cashiers' ability to change fees. We additionally recommend management periodically review a sample of the facilities in Group V to confirm that they are not-for-profits.	Management agrees with the need to perform periodic reviews of a sample of the facilities in Group V to confirm that they are not-for-profit. On a quarterly basis, management will generate a list of customers that are not-for-profit and verify that the organizations listed have current tax exempt status.	We observed that HCHD has been performing periodic reviews of facilities identified as non-profit.
2013-A-09.06 Multiple Bank Accounts					
<i>Harford County Health Department regularly uses a large number of bank accounts.</i>					
09/01/2014		10/15/2014	We recommend the Harford County Health Department continue to consolidate its bank accounts and attempt to utilize only one bank.	Management agrees with the recommendation and will continue to review the activities of each bank account and consolidate or close accounts. Two accounts have been identified for closure (Rabies Savings and Rabies Checking) and management anticipates closing another account (Infant Mortality) in early FY 2015. Management at HCHD will also make every effort to utilize only one bank to simplify the transfer of funds between accounts when necessary.	HCHD has taken steps to close unused accounts.
2013-A-09.07 Use of Employee Social Security Numbers					
<i>Employees' social security numbers were not adequately protected.</i>					
02/14/2014		09/30/2014	We recommend use of employees' personal identifiable information (e.g., social security numbers) be discontinued or otherwise protected when used on HCHD forms.	Management agrees with the recommendation to protect employees' personal identifiable information. DHMH requires that certain documents use Social Security Numbers as identifiers to process payments to staff and on client insurance claims. These documents include: payroll reports, overtime vouchers, expense reports, consultant time sheets, and medical claims. During the audit proceedings, management recognized the need to protect personal identifiable information and immediately required staff to secure all documents containing this information in inter-office envelopes until processed. Furthermore, management instructed staff to file these documents in locked cabinets immediately after they are processed. The new procedure to protect employees' personal identifiable information will be monitored closely by Management.	We observed that social security numbers were no longer maintained in open spaces.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2015 HCPS Budget Analysis					
Open					
<i>2014-L-03.01 Zero-based Budgeting</i>					
<i>The base budget being used may not be a relevant predictor of future costs.</i>					
			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.	
<i>2014-L-03.02 Department Consolidations</i>					
<i>For HCPS functions that are similar to County functions, there may be some benefit to consolidation of resources.</i>					
			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.	
<i>2014-L-03.03 Software Upgrades</i>					
<i>In FY2014, HCPS requested budget transfers for additional system upgrade costs.</i>					
			We recommend HCPS determine if any of its software packages will require upgrade or replacement in the next year.	As a budget recommendation, no management response is required.	
<i>2014-L-03.04 Technology Purchase Plan</i>					
<i>It is not clear how Technology funding will be spent.</i>					
			We recommend HCPS identify or estimate specific computer equipment purchases that are needed.	As a budget recommendation, no management response is required.	
2014 Management of Fleet Maintenance Contract					
Open					
<i>2013-A-10.02 Vehicle Maintenance Schedule</i>					
<i>Scheduled maintenance of the County's fleet was not always performed in accordance with the contract.</i>					
03/01/2014			We recommend any changes to the agreed upon preventive maintenance schedule be approved by the Fleet Manager and documented for future reference.	We have reviewed the recommendation and will monitor the preventative maintenance schedules to assure best practices. In addition, any changes to the schedule will be documented via email.	

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2013-A-10.03 Monitoring of Fleet Services Provided					
<i>Written guidance on monitoring the fleet maintenance billings is not provided to the departmental fleet liaisons.</i>					
06/30/2014			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.	n October 7, 2014, the Fleet Manager provided us with written procedures that have not yet been distributed to the fleet liaisons. Even though each report was explained in detail, there were no written guidelines instructing the user department on what to review. In addition, reviews are not being conducted to ensure consistency with
Closed					
2013-A-10.01 Inventory of Shop Equipment					
<i>The County did not properly account for and control shop equipment inventory used by the fleet maintenance contractor.</i>					
06/30/2014		10/01/2014	We recommend shop equipment used by the fleet maintenance contractor be labeled with a unique County inventory tag numbers and recorded in the County's assets, in accordance with the County's policies. We further recommend equipment inventory listings be updated with current descriptions and locations for all items in the equipment lists. Further, we recommend the shop equipment inventory listing, as agreed upon during the initial audit/physical inventory is marked as surplus, replaced or new when applicable, so that a record is maintained when the inventory changes.	We concur with the recommendation and will schedule a meeting with Risk Management to perform an inventory in the spring.	The Director of Procurement provided us with an updated shop equipment inventory listing for 2014. Unique identification numbers and the disposition of items were updated to reflect the current status of the item.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2014 Petty Cash Audits					
Open					
<i>2014-A-04.01 Missing Approvals</i>					
<i>Some Water and Sewer transactions were missing approvals.</i>					
04/24/2014	10/07/2014		We recommend the petty cash custodian only provide reimbursements when a properly completed request form has been provided and never for sales tax. We further recommend Water and Sewer setup an EZPass account for its vehicles. If an employee uses a personal vehicle, expenses should be reimbursed through the Accounts Payable process, not petty cash.	Internal procedures have been modified. No vouchers will be processed without appropriate supervisor's signature. No vouchers will be processed without appropriate employee signatures. The cash custodian will no longer be signing off as employee or supervisor. Electronic signatures will no longer be acceptable or allowed. Sales tax will no longer be reimbursed.	We reviewed the most recent completed petty cash reconciliation (September 2014) and determined the petty cash custodian only provided reimbursements when a properly completed request form has been provided. In addition, we ensured reimbursement was never for sales tax. Employees are no longer reimbursed for purchases from Petty Cash. We were informed the department is in the process of setting up an EZPass account for its vehicles. It should be completed by 10/6/2014.
<i>2014-A-06.03 ShopRite House Account</i>					
<i>The Office of Aging routinely uses a ShopRite credit account.</i>					
05/25/2014			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.	
Closed					
<i>2014-A-06.01 Cash Overage - Aberdeen Action Plan</i>					
<i>Aberdeen Senior Center's Petty Cash was more than expected.</i>					
05/16/2014		10/02/2014	We recommend Aberdeen Senior Center's management deposit the extra petty cash funds to the Treasurer's Office and log and reconcile the funds regularly.	The \$44.80 overage is money that belongs to the BINGO funds. BINGO is a member-funded event. This amount was inadvertently co-mingled with the center's petty cash funds. A new written procedure clarifying accounting practices when center staff is acting as an agent to member-funded activities is being written and will be effective in the centers by May 16, 2014. Our preference is that monies or gift cards associated with member-funded activities be held and accounted for by the center members facilitating the event and not by the center staff, but this is not always practical. A new procedure and ledger for the limited purchase and award of gift cards to senior center members is written and under review, and will be made effective in the center by May 16, 2014. Any senior center member receiving a gift card will sign a receipt. Gift cards purchased by member-funded groups will not be co-mingled with the center's funds.	Separate ledgers are maintained for petty cash, bingo money and gift cards. We observed the most recent petty cash and bingo ledgers from Aberdeen, Edgewood, Havre de Grace and Highland Senior Center to ensure ledgers were completed. There were no gift card ledgers since there were none purchased or distributed since our audit.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2014-A-06.02 Gift Card Use Action Plan					
<i>Gift cards are sometimes purchased with petty cash funds.</i>					
05/16/2014		10/02/2014	We recommend gift card purchases be limited and approved prior to purchase and that receipts be obtained confirming each card recipient.	A new procedure and ledger for the limited purchase and award of gift cards to senior center members is written and under review, and will be made effective in the center by May 16, 2014. Any senior center member receiving a gift card will sign a receipt. Gift cards purchased by member-funded groups will not be co-mingled with the center's funds.	An Accounting and Distribution procedure for purchasing and awarding of gift cards has been created. In addition, we were advised by the Manager of Senior Center Division that no gift cards were purchased or distributed since our audit.
2014-A-06.04 OOA Alignment with County Code Action Plan					
<i>We noted transactions above \$50 and reconciliations less than monthly.</i>					
05/14/2014		10/02/2014	We recommend the Office of Aging update its policies to reflect the County Code requirements.	The petty cash procedures have been amended to reflect the \$50 transaction limit and will be redistributed to all staff by May 14, 2014.	Petty cash procedures have been amended to reflect the \$50 transaction limit. In addition, we looked at the most recent petty cash ledger from Aberdeen, Edgewood, Havre de Grace and Highland Senior Center to ensure transactions did not exceed the \$50 limit.
2014-A-06.05 General Ledger Amounts					
<i>The amounts recorded in the County's general ledger are incorrect.</i>					
04/11/2014		04/14/2014	We recommend the Treasurer adjust the Edgewood and Havre de Grace senior center petty cash funds in the general ledger to the correct amounts.	The Treasurer agrees with the recommendation and will adjust the general ledger to correct the petty cash accounts between the two senior centers.	Amounts were adjusted 4/14/2014.
2014-A-07.01 Physical Security of Cash Action Plan					
<i>Physical security of cash can be improved.</i>					
04/16/2014		04/16/2014	We recommend the facility install a drop or depository style safe so that cashiers may securely store their deposits. We further recommend that register cash be stored in the safe at night.	In an effort to prevent easy access to cash stored in the facility, the department has purchased a Sentry Front Loading Depository Safe. The new unit has shipped and is expected to be delivered NLT April 16, 2014. <i>Response partially edited for operational security.</i>	We observed, on 10/3/2014, that a drop safe had been installed and was in use. Additionally, procedures were posted to ensure that cash is placed in a safe at night.
2014-A-07.02 Inclusion in the General Ledger Action Plan					
<i>The cash fund kept at the Emmorton Recreation Center is not recorded in the County's General Ledger.</i>					
04/09/2014		04/11/2014	We recommend the Treasurer record the \$450 petty cash fund in the general ledger.	The Treasurer agrees with the finding and has recorded Petty Cash of \$450 for the Emmorton Recreation and Tennis Center in the general ledger.	Funds were recorded on 4/11/14.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2014 Property Management Controls					
Open					
<i>2014-A-09.01 Real Estate Inventory Listing Completeness</i>					
<i>Without a comprehensive Real Estate Inventory Listing, the County may not be able to effectively manage its real estate assets.</i>					
12/31/2014			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.	Due to the recent issuance of this audit report, we will follow-up in 2015.
<i>2014-A-09.02 Completeness of the Fixed Assets Module</i>					
<i>Missing real estate assets in the Fixed Assets module can impact the County's ability to properly value and report the County's properties in its financial reports.</i>					
09/30/2014			The County should establish procedures to reconcile the FA module to the County's real estate inventory to ensure the completeness, physical existence, and appropriate valuation of the County's real estate in its financial records and reports, including donated property.	<p>The recommendation to establish procedures to reconcile the FA module to the County's real estate inventory will not be done since the County's real estate inventory data base has not been kept current due to the Facilities Master Plan being conducted.</p> <p>Treasury has reviewed the finding on the missing real estate assets in the fixed assets module (FA module). Of the seven missing real estate assets, one had an assessed value of \$238,000 and the other six had a combined total of \$11,600 with no one property having an assessment greater than \$5,000. It appears that most of these assets are donated assets that only have an economic benefit to the County. The property that is valued at \$238,000 was obtained prior to 1961 with an assessed value of \$1,000. This property cannot be found on our Geographic Information System (GIS) which shows plats of land in Harford County. After numerous discussions with the Department of Assessments and Taxation, where they were also unable to identify the property, they did a visual inspection of the area and decided to remove the property from their records. They believe that the property has been absorbed by the neighboring lots over the years.</p> <p>Treasury has instituted a new procedure in Fiscal Year 2014, designed to alert the Fixed Asset Accountant to all transactions involving real property transfers. Since the processing of deeds are done by Treasury, a new procedure has been instituted by which any deed that has Harford County, Maryland as the buyer or seller will be sent to the Fixed Asset Accountant for entering the information into our FA module.</p>	Due to the recent issuance of this audit report, we will follow-up in 2015.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2014-A-09.03 Payments to Landlords					
<i>Payments for property and spaces leased to Harford County are not being made in accordance with the lease agreements.</i>					
09/30/2014			The County should establish procedures to reconcile payments made based on statements received from landlords to the lease agreements on a monthly basis while maintaining adequate segregation of duties among those that authorize the lease, make the lease payments, and conduct the reconciliation.	The County agrees with this recommendation. We currently have adequate segregation of duties for the authorization of the lease, payments and reconciliation. The Board of Estimates and the signing of the lease by the Director of Procurement is the authorization of lease agreements. The duties of making payment is done by our Administrative Assistant entering the lease payment into our ERP system whereas the approving of the payment by the Chief of Property Management is the reconciliation of payments since her approval is based on checking the leases to the payments being made for that month.	Due to the recent issuance of this audit report, we will follow-up in 2015.
2014-A-09.04 Payments from Tenants					
<i>Lease payments from tenants are not monitored to ensure they are correct and timely.</i>					
09/30/2014			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.	Due to the recent issuance of this audit report, we will follow-up in 2015.
2014 Section 214 Review Human Resources					
Open					
2013-A-08.02 Leave Payout During Employment					
<i>Annual and Compensatory Leave were paid to a current employee, overriding the standard practice and policy.</i>					
			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.	Management disagrees with the recommendation; however, we will keep the recommendation open for discussion with the next Administration. If exempt employees receive early leave payouts, the costs will be identified during exit audits scheduled for winter 2014-2015.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
Closed					
<i>2013-A-08.01 Tuition and Leave Repayment Action Plan</i>					
<i>Tuition expenses were paid by the County that should be repaid.</i>					
10/21/2013		11/15/2013	We recommend the County initiate procedures to collect \$9,800 and the equivalent of 120 hours of leave from Mr. Gibson.	Management disagrees that the attendance at the program comes within the purview of the County policies for Training and for Tuition Reimbursement. The County has entered into an agreement with Mr. Gibson for the reimbursement of the entire cost of the program at Harvard. This professional development expense was not incurred pursuant to the terms of the Tuition Reimbursement policy for several reasons. ...Management disagrees that there is a claim for any leave time that was not used by Mr. Gibson while attending the program from 7a.m. to 5p.m. each weekday. ... The designation of an acting director is insufficient to justify a demand for a director to utilize his own leave for attending a training or professional development opportunity.	We confirmed that the remaining \$9,800 was received on 11/15/2013 and the revenue was posted in FAMIS on 11/19/2013.
2014 Water and Sewer Billing and Collection Controls					
Open					
<i>2014-A-08.01 Water and Sewer Billing Adjustments</i>					
<i>Procedures for verifying the propriety of certain adjustments to water and sewer billing accounts were inadequate.</i>					
10/01/2014			We recommend that supervisory personnel verify, at least on a test basis, the propriety of adjustments and document such review. The review should utilize a system generated report of all adjustments. We also recommend an independent employee review all adjustments made by the supervisor to ensure they were proper.	The Department of Treasury agrees with the recommendation and will have the supervisor use the system generated report of all adjustments to verify the propriety of adjustments and document such review by signing off on each adjustment on the report. If an adjustment is made by the supervisor, the Chief of Revenue Collections will sign off on the adjustment on the report.	Due to the recent issuance of this audit report, we will follow-up in 2015.
<i>2014-A-08.03 Meter Reading Upload to Mainframe</i>					
<i>The water meter reading upload for billing purposes is not reviewed for completeness.</i>					
10/01/2014			We recommend the number of sectors and number of projected bill count be verified on the Host Upload Summary and the related SYSM Message prior to the completion of the upload to the billing system.	After the Itron upload is complete, a SYSM message is automatically generated that shows the "projected bill count". That number should and always has matched the "export customers" from the MV-RS Host Upload Summary. Another set of numbers has come to our attention during this audit that can be used for additional confirmation of a successful upload. The number of "lines" on the Transfer Activity Log from the BIM transfer software should match the "total export records" from the M-RS Host Upload Summary report. These numbers will never match the numbers mentioned earlier due to accounts that have multi dial meters. This latest report information brought to our attention by this audit will enhance our records checking process that has been flawless up this point.	Due to the recent issuance of this audit report, we will follow-up in 2015.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
Closed - Dropped					
<i>2014-A-08.02 Timeliness of Collection Activities</i>					
<i>Delinquent water and sewer accounts were not turned off in a timely manner.</i>					
			<p>We recommend that Treasury and the Division of Water & Sewer ensure collection procedures are routinely enforced and service is turned off timely for delinquent accounts, in accordance with the County Code.</p>	<p>The Departments of Treasury and Public Works disagree with the finding which implies that collections procedures are not routinely enforced and that timely actions are not taken when accounts are delinquent. There are a number of situations that can affect the time to turn-off for a delinquent account including holidays, staffing, weather, inaccessible curb stops or meter vaults, special needs and other unique situations that may delay a turn-off for a short period of time. A testament to the effectiveness of our routine procedures is the high rate of collection on accounts and the very low rate of selling a lien on the property at tax sale for collections. The water and sewer utility has a history of collecting 99% of all water and sewer usage bills yearly for the past 5 years.</p>	