



HARFORD COUNTY, MARYLAND

Office of the County Auditor

June 21, 2016

Report Highlights

Why We Did This Review

This annual summary is required by the OCA Rules of Procedure.

What We Found

Planned audits will be completed soon or included in the FY2017 audit plan.

The office's quality assurance program remains effective.

What We Recommend

We can improve by seeking more formal feedback from stakeholders.

We need to continue to monitor the impact of staffing limitations.

Harford County Council
212 S. Bond St., 2nd Floor
Bel Air, MD 21014

Dear Council Members:

In accordance with the Rules of Procedure for the Office of the County Auditor, this report summarizes the activities of the Office for fiscal year 2016.

Status of Audit Plan

The FY2016 Audit Plan included 10 audits to be completed by the Office; all are complete or in progress except for two that were postponed until FY2017. There were a number of projects that were delayed or shifted to accommodate staffing changes and 5 projects that were added to the plan. For the audits completed, we made 18 recommendations. A more detailed status of the FY2016 Audit Plan and a summary of the recommendations follow this letter.

Quality Assurance and Improvement

In accordance with the International Standards for the Professional Practice of Internal Auditing, the Office has a Quality Assurance and Improvement Program (QAIP). Internal assessments are performed for every engagement to confirm that audits are performed in accordance with governmental and internal auditing standards. Our QAIP also involves an annual review of projects completed, continuous review of our audit methodology and input from our stakeholders. I have completed the QAIP review for FY2016 and found that audit standards were met. We can improve by conducting audit-specific surveys and more general anonymous surveys. While we obtain informal feedback from our stakeholders, a formal feedback mechanism will help add more measurable information about the accomplishment of our objectives.

Last year, this annual summary noted that we need to continue to monitor the impact of staffing limitations. This remains a concern for the office. We continue to stress to the Council that we would like to complete all identified audits every two years, but the current staffing level would require at least 3 years. Adding just one more staff person to the office would allow us to complete all of the identified audits every two years. Adding a specialized information technology auditor

would allow us to review the County's IT infrastructure in a more cost effective manner.

An external assessment of the Office's procedures, conducted in 2015, resulted in a Pass rating. The next external assessment will take place in 2018.

I would like to acknowledge the hard work of everyone working in the Office this year. In particular, Laura Tucholski has moved to a position with Harford County Public Schools. While her broad skill set will be missed in our office, I am glad she remains nearby and available, informally, as a resource to this Office. Further, I am continuously impressed by the professionalism and dedication demonstrated by the new employees in the Office during this year of transition.

As we move into the FY2017 audit plan, we will continue to perform audits that reflect the County governments' priorities, objectives and risk areas. I expect to continue to see improvements in the efficiency of our audits and the value that the Office of Audits adds to Harford County. We continue to receive useful input and feedback from the Audit Advisory Board. The Board's next meeting will be held Tuesday, August 30, 2016 at 4:30pm in the Council's 2nd floor Conference Room.

Thank you for your support of me and the Office of the County Auditor. I am available to respond to any questions you have regarding this report.

Sincerely,



Chrystal Brooks

CPA, CGFM, CIA, CISA, CGAP, CRMA

County Auditor

cc: Mr. Barry Glassman, County Executive
Mr. Billy Boniface, Director of Administration
Audit Advisory Board Members

Auditor Update to the County Council

June, 2016

Status of Planned Audits

Changes to this summary since the last update are indicated by red font.

<u>Audit Name</u>	<u>Status</u>	<u>Report Date</u>	<u>Comments</u>
Investment Controls	In Progress <u>Complete</u>	November <u>20</u> , 2015	Ensure that controls are adequate to ensure proper selection, purchase, sale and accounting of the County's investments. <u>There was 1 recommendation resulting from this audit.</u>
Contracts Management	In Progress <u>Complete</u>	October, 2015 <u>February 19, 2016</u>	Determine if contracts are being appropriately monitored to ensure compliance with County policies and contract terms. <u>There were 4 recommendations resulting from this audit.</u>
Follow-up to Prior Audit Findings	Complete	September 15, 2015	Review of the remediation status of prior audit findings and preparation of a summary report for the County Council. 35 findings have been closed and 57 remain open.
Sec. 214 Review – Government and Community Relations	In Progress <u>Complete</u>	October <u>14</u> , 2015	In accordance with Harford County Charter Section 214, upon the death, resignation or removal of any county officer, the County Auditor shall cause an audit and investigation to be made of any accounts maintained by the officer and by his agency. <u>There were 2 recommendations resulting from this audit.</u>

FY2016 Year In Review Auditor Summary

<u>Audit Name</u>	<u>Status</u>	<u>Report Date</u>	<u>Comments</u>
Sec. 214 Review – Environmental Services	Complete	September 25, 2015	In accordance with Harford County Charter Section 214, upon the death, resignation or removal of any county officer, the County Auditor shall cause an audit and investigation to be made of any accounts maintained by the officer and by his agency. <u>There were no recommendations resulting from this audit.</u>
Financial Statement Audits for FY2015	<u>Complete</u>	<u>December, 2015</u> <u>CAFR –</u> <u>October 30, 2015</u>	General coordination related to ensuring that required Financial Statement Audits are completed and provided to the County Auditor. Includes Affiliated Agencies, OMB A-133 Single Audit and Other Required Reports.
	<u>Complete</u>	<u>Single Audit –</u> <u>December 8, 2015</u>	
	In Progress	<u>Affiliated Agencies –</u> <u>December 28, 2015</u>	<u>Health Department audit remains incomplete.</u>
Recruitment and Hiring Practices	<u>Not Started</u> <u>Complete</u>	<u>January, 2016</u> <u>March 25, 2016</u>	Determine if controls are adequate to ensure that recruitments were performed in accordance with the County's Code, Charter and other relevant regulations. <u>There were 5 recommendations resulting from this audit.</u>
<u>Economic</u> <u>Development</u> <u>Programs</u>	<u>Complete</u>	<u>May 6, 2016</u>	Determine if the terms and conditions, required by the authorizing pieces of legislation and related agreements, have been met. Confirm that the County's procedures ensure timely repayment of loans, tax credit rebates and appropriateness of training grant reimbursements. <u>There were 3 recommendations resulting from this audit.</u>

FY2016 Year In Review Auditor Summary

<u>Audit Name</u>	<u>Status</u>	<u>Report Date</u>	<u>Comments</u>
Inspections Procedural Standards and Billing and Collection Controls	<u>Not Started</u> <u>Complete</u>	<u>March, 2016</u> <u>June 13, 2016</u>	Determine if the procedures for inspections are consistent across the County's departments and recommend best practices from the departments' procedures. Additionally, confirm that the procedures facilitate complete and timely payment for inspection services. <u>There was 1 issue reported for this audit.</u>
<u>Sec. 214 Review – Director of Public Works</u>	<u>Complete</u>	<u>January 22, 2016</u>	In accordance with Harford County Charter Section 214, upon the death, resignation or removal of any county officer, the County Auditor shall cause an audit and investigation to be made of any accounts maintained by the officer and by his agency. <u>There were no recommendations resulting from this audit.</u>
<u>Sec. 214 Review – Director of Parks and Recreation</u>	<u>Complete</u>	<u>May 13, 2016</u>	In accordance with Harford County Charter Section 214, upon the death, resignation or removal of any county officer, the County Auditor shall cause an audit and investigation to be made of any accounts maintained by the officer and by his agency. <u>There were no recommendations resulting from this audit.</u>
Environmental Services Billing and Collection Controls	<u>Not Started</u> <u>Postponed</u>	<u>March, 2016</u>	Confirm that controls are adequate to ensure that customers are billed the correct amount and receivables are collected.
Property Management Controls	<u>Not Started</u> <u>Postponed</u>	<u>April, 2016</u>	Determine if processes are adequate to ensure that the County's rental and lease contracts are proper and monitored for compliance with contract terms.

FY2016 Year In Review Auditor Summary

<u>Audit Name</u>	<u>Status</u>	<u>Report Date</u>	<u>Comments</u>
Petty Cash Fund Audits	Not Started In Progress	June, 2016	Budget for 6-8 petty cash audits. These projects will be coordinated with the Treasurer's Office to ensure adequate coverage. Departments audited will be determined throughout year, but will not be disclosed until immediately preceding the project.
Purchase Card Controls	Complete In Progress	December, 2016 July 27, 2015 Interim - 2/19/2016 Final - July, 2016	Continuous audit procedures related to the County's purchase card program.

Summary of Audit Recommendations

<u>Audit</u>	<u>Number of Recommendations</u>		
	Reported	Closed	Open
Prior Years' Audit Findings	92	35	57
Investment Controls	1	-	1
Contract Management	4	-	4
Char. § 214 Audit – Gov. & Comm. Rel.	2	-	2
Recruitment and Hiring Practices	5	1	4
Economic Development Programs	3	-	3
Inspections Standards and Collections	1	-	1
Petty Cash Audits	2	-	2

A comprehensive report detailing the status of all of the above audit findings will be provided to you as a separate report in October, 2016.

Other Audit Activities

Research Requests, Fraud and Abuse Reports	7
Fiscal Analysis of Bills	46
Fiscal Analysis of Resolutions	29
Hours spent on Budget Analysis	326
Continuing Professional Education Credits Earned	153