



HARFORD COUNTY, MARYLAND

Office of the County Auditor

AUDIT OF PETTY CASH – AMUSEMENT PARK TICKET SALES

Report Highlights

Why We Did This Audit

This audit was conducted as part of the County Auditor's risk-based Annual Audit Plan approved by the County Council for FY2016.

What We Found

We noted that controls are adequate over the Department of Parks and Recreation's Ticket Sales petty cash fund.

Report Number: 2016-A-11

Date Issued: 06/21/2016

Council Members and County Executive Glassman:

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

The audit found cash and tickets on hand agreed to the expected amounts and were appropriately secured. We have no recommendations for improvement at this time.

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

Sincerely,

Chrystal Brooks, CPA

Chrystal Brooks
County Auditor

cc: Mr. Robert Sandlass, Treasurer
Mr. Paul Magness, Acting Director of Parks and Recreation
Ms. Kathy Hall, Petty Cash Custodian



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REVIEW RESULTS

We have focused on activity during the period of 7/28/2015 through 6/1/2016 and cash on hand on 06/07/2016. The audit approach focused on testing the key controls that address management's objectives for the process.

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

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

Areas for improvement are described in the Findings and Corrective Actions section of this report. Management has been provided an opportunity to respond to this report; however, none was required because there were no conditions requiring remediation.

BACKGROUND INFORMATION

PROGRAM DESCRIPTION AND KEY STATISTICS

Harford County is a member of Maryland Recreation and Parks Association (MRPA) and sells amusement park tickets at discount prices. Ticket inventory is held by the Department of Parks and Recreation and revenue is collected and deposited into MRPA's bank account on a weekly basis. The Department of Parks and Recreation has created a petty cash fund to make change for ticket sales sold through the MRPA program.

The petty cash custodian sells the tickets and records ticket sales in both a ticket sales log and ticket inventory log. The ticket sales log and ticket inventory log allow for unscheduled reconciliations of ticket inventory, to ticket sales, to cash on-hand. The County Code (§41-35) requires reconciliation of petty cash accounts monthly and on a monthly basis the petty cash custodian prepares the deposit form and the deposit slip for depositing any ticket revenue and prepares a remittance summarizing all the ticket sales for that month and attaches the deposit slips to be sent to MRPA.

REVIEW OBJECTIVE, SCOPE AND METHODOLOGY

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

This audit focused on activity during the period of 7/28/2015 through 06/02/2016. Our audit procedures included interviewing personnel, observation and testing. Specifically, we counted the cash on hand, observed physical security and reviewed the supporting documentation for each petty cash and surcharge fund expenditure and replenishment. We relied on the ticket sale custodian's reports to determine the expected cash on hand. Audit of the ticket sales revenue was beyond the scope of this review. Consequently, our review only confirmed cash as of a specific point in time.

In a previous audit of Parks and Recreation's Ticket Sales petty cash fund, we noted controls were not adequate to ensure the security of the petty cash funds, ticket receipts, and ticket inventory. Additionally, we found the administrative fee charged for some tickets sold was not properly recorded and tracked in the County's financial system and the fee itself costs more to administer than it generates. We reviewed the current status of these issues and noted that management has satisfactorily addressed each of them. All issues included in the prior report are now closed. Further, an administrative fee is no longer charged for park ticket sales.

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

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

Audit Team:

Chrystal Brooks

CPA, CIA, CGAP, CISA, CGFM, CRMA

County Auditor

Brad DeLauder, CPA

Senior Auditor