



HARFORD COUNTY, MARYLAND

Office of the County Auditor

AUDIT OF PETTY CASH – SOD RUN TREATMENT PLANT

Report Highlights

Why We Did This Audit

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

What We Found

We noted that controls are adequate over the Division of Water & Sewer's Sod Run petty cash fund.

Report Number: 2016-A-09

Date Issued: 06/29/2016

Council Members and County Executive Glassman:

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

The audit found cash on hand agreed to the expected amount and was 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. Jeffrey Stratmeyer, Acting Director of Public Works
Mr. Joel Caudill, Deputy Director for Water and Sewer
Mr. Elgin Taylor, Sod Run Petty Cash Custodian

Audit Team:

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

Brad DeLauder, CPA
Senior Auditor



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REVIEW RESULTS

We have focused on activity during the period of 7/1/2014 through 6/1/2016 and cash on hand on 06/03/2016. 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 since no recommendations for improvement have been made. The response provided is below.

MANAGEMENT RESPONSE

The Division of Water & Sewer is very pleased with the results of the audit of the petty cash processes at Sod Run Wastewater Treatment Plant.

BACKGROUND INFORMATION

PROGRAM DESCRIPTION AND KEY STATISTICS

The Division of Water & Sewer maintains a petty cash fund for its Sod Run operations primarily to be used to reimburse employees for overtime meals. Twice monthly the fund

is reconciled by the custodian. During large projects involving overtime the fund is reconciled more frequently out of necessity to ensure cash is on-hand for reimbursement.

All vouchers and receipts from reimbursed expenditures are tracked on a detailed Reimbursement Log. The log captures the name of employee, date and hours of the overtime, reason for the reimbursement, and the amount of the reimbursement. Copies of the vouchers and any receipts from reimbursed expenditures are cataloged with each log. When a petty cash request is submitted to the petty cash custodian, the custodian reviews the form and/or receipts. If the documentation and reason for reimbursement is sufficient an entry in the reimbursement log is entered, cash retrieved and paid, and the remaining cash is locked away. These documents are copied and attached as supporting documentation to a Reimbursement Request sheet which is provided to the Treasurer when the fund needs to be replenished.

REVIEW OBJECTIVE, SCOPE AND METHODOLOGY

The objective of this review was to ensure that petty cash processes for the Division of Water & Sewer's Sod Run operations 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 Sod Run's petty cash fund. The review did not include a complete evaluation of internal controls, but instead, relied on substantive testing to support conclusions. This lack of a complete review did not affect achievement of the audit objective.

The audit focused on activity during the period of 7/1/2014 through 6/1/2016. Our audit procedures included interviewing personnel, observation and testing. Specifically, we counted the cash on hand, reviewed recent payments, confirmed the outstanding reimbursements, observed physical security, and reviewed the supporting documentation for petty cash fund expenditures and replenishments.

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.