



HARFORD COUNTY, MARYLAND

Office of the County Auditor

AUDIT OF PETTY CASH – INSPECTIONS, LICENSES AND PERMITS

Report Highlights

Why We Did This Audit

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

What We Found

We noted that controls are adequate over the DILP petty cash fund.

Report Number: 2017-A-16

Date Issued: 07/10/2017

Council Members and County Executive Glassman:

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

The audit found cash on hand agreed to the expected amount and 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. Paul Lawder, Director of DILP
Ms. Debbie Wildberger, DILP's Petty Cash Custodian



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REVIEW RESULTS

We have focused on activity during the period of 07/01/2015 through 06/23/2017 and cash on hand on 06/28/2017. The audit approach focused on testing the key controls that address management's objectives for the process.

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

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

Management has been provided an opportunity to respond to this report; none was required because there were no conditions requiring remediation. Accordingly, no response was provided.

BACKGROUND INFORMATION

PROGRAM DESCRIPTION AND KEY STATISTICS

The department maintains a petty cash fund for making change for customer transactions. The fund is not used to reimburse employees for expenses and thus does require replenishment from Treasury. Each cashier reconciles their cash twice daily to the authorize fund amount. During operating hours, the petty cash funds are kept in locked drawers at each cashier's desk. When the office is closed, the funds are kept in a large combination safe out of public view, to which only the cashiers and their supervisor have the combination.

REVIEW OBJECTIVE, SCOPE AND METHODOLOGY

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

The audit focused on activity during the period of 07/01/2015 through 06/23/2017. Our audit procedures included interviewing personnel, observation and testing. Specifically, we counted the cash and receipts on hand and confirmed that there were no outstanding expenditures for replenishment. We also confirmed the physical security of the cash on hand.

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

Kayla McCain
Audit Intern