



# HARFORD COUNTY, MARYLAND

## Office of the County Auditor

### AUDIT OF PETTY CASH – OFFICE ON AGING

#### 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 FY2019.

#### What We Found

We noted that controls are adequate over the security of the Office on Aging and the Senior Centers' petty cash funds; however, one transaction exceeded petty cash limits.

#### What We Recommend

Management should periodically ensure employees are aware of all Petty Cash Procedures.

**Report Number:** 2019-A-04

**Date Issued:** 7/18/2018

Council Members and County Executive Glassman:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of petty cash funds within the Office on Aging, including various Senior Centers. 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 that the cash on hand at Aberdeen, Bel Air, Edgewood, and Fallston Senior Centers and the Office on Aging agreed to their expected amounts and were appropriately secured. However, we noted one transaction that exceeded the maximum set forth in the County Code. Management was aware of this exception prior to the audit, so no further follow-up is necessary.

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  
Ms. Amber Shrodes, Director of Community Services  
Ms. Susan Welsh, Office on Aging Petty Cash Custodian  
Ms. Debbie Gemuendt, Bel Air Senior Center Petty Cash Custodian  
Ms. Linda Myers, Edgewood Senior Center Petty Cash Custodian  
Ms. Joyce Trageser, Fallston Senior Center Petty Cash Custodian



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### REVIEW RESULTS

We have focused on activity during the period of 7/1/2016 through 7/06/2018 and cash on hand on 07/12/2018 and 7/13/2018. 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 that the storage and security of the petty cash funds are adequate and funds are adequately reviewed and reconciled; however, employees should be reminded not to exceed the petty cash transaction limit. Conclusions drawn are below.

<b>Risk</b>	<b>Expected Control</b>	<b>Conclusion</b>
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.	Needs Improvement

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; none was required because there were no conditions requiring remediation. Accordingly, no response was provided.

### BACKGROUND INFORMATION

#### **PROGRAM DESCRIPTION**

Harford County's Senior Centers fall under the direction of the Office on Aging, within the Department of Community Services. Generally, Senior Center coordinators use a ShopRite House Account (credit card) to pay for expenses. Occasionally, the centers have other small expenses requiring use of the petty cash fund. The petty cash fund for the Office on Aging is also used to reimburse employees for costs related to the Adult Public Guardianship program. Receipts for both petty cash and ShopRite purchases are sent to the Office on Aging

for review, reconciliation and fund replenishment. Petty cash custodians reconcile the fund at least once per month regardless of the need for replenishment.

**REVIEW OBJECTIVE, SCOPE AND METHODOLOGY**

The objective of this review was to ensure that petty cash processes for the Office on Aging and the Senior Centers in Aberdeen, Bel Air, Edgewood, and Fallston are in compliance with Petty Cash policies and to ensure disbursement and replenishment transactions were approved and properly accounted for. The scope of this review was limited to reviewing the controls over those petty cash funds. 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 7/1/2016 through 7/13/2018. Our audit procedures included interviewing personnel, observation and testing. Specifically, we counted the cash and receipts on hand, observed physical security, reviewed recent payments, confirmed the outstanding reimbursements, and reviewed the supporting documentation for each petty cash expenditure and replenishment.

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*

Clark Stratmeyer

*Intern*