



HARFORD COUNTY, MARYLAND

Office of the County Auditor

AUDIT OF PETTY CASH – WATER & SEWER OPERATIONS

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

Controls over the Water and Sewer Operations petty cash fund are adequate.

Report Number: 2019-A-02

Date Issued: 7/11/2018

Council Members and County Executive Glassman:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of Water and Sewer - Abingdon's Office 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 the cash on hand was equal 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. Joseph Siemek, Director of Public Works
Mr. William Bettin, Deputy Director for Water and Sewer
Ms. Charmane Dawson, Petty Cash Custodian



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REVIEW RESULTS

We have focused on activity during the period of 7/1/2016 through 7/6/2018 and cash on hand on 7/6/2018. 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 cash is properly managed; however, the voucher review process could be improved to ensure all disbursements have adequate supporting documentation. 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

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.

BACKGROUND INFORMATION

PROGRAM DESCRIPTION AND KEY STATISTICS

The Division of Water & Sewer maintains a petty cash fund for its Abingdon Operations to reimburse employees for overtime meals. Generally, the petty cash custodian reconciles the fund once per week; as needed, the fund is replenished by the Department of Treasury.

REVIEW OBJECTIVE, SCOPE AND METHODOLOGY

The objective of this review was to ensure that petty cash processes for the Water & Sewer Abingdon Office 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 Office’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 7/1/2016 through 7/6/2018. 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

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Intern