



HARFORD COUNTY, MARYLAND

Office of the County Auditor

April 8, 2014

Honorable Members of the County Council
Harford County, Maryland
212 S. Bond St., 2nd Floor
Bel Air, MD 21014

County Executive David Craig
Harford County, Maryland
220 S. Main St.
Bel Air, MD 21014

Dear Council Members and Mr. Craig:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of the Harford Waste Disposal Center's Petty Cash.

The audit found cash on hand agreed to the expected amount and was appropriately secured. We have no recommendations for improvement, at this time.

More detail about our audit methodology, procedures and results follows this letter. We would like to thank the members of management for their cooperation during the audit.

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

Sincerely,

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

cc: Ms. Kathryn Hewitt, Treasurer
Mr. Timothy Whittie, Director of Public Works
Mr. Tom Hilton, Deputy Director for Environmental Services
Ms. Deanie Lowman-Nehila, HWDC Petty Cash Custodian

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HARFORD COUNTY, MARYLAND

Office of the County Auditor

AUDIT OF PETTY CASH – HARFORD WASTE DISPOSAL CENTER

Report Number: 2014-A-03

Date Issued: 04/08/2014

Audit Team:

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

Laura Tucholski, CPA, CIA, CFE, CRMA
Auditor

BACKGROUND INFORMATION

INTRODUCTION

The department maintains a petty cash fund for making change for Harford County residents bringing waste to the landfill. Customers pay a flat rate upon entry based on the type of vehicle and may also purchase mulch and compost at the landfill. The cash on site is reconciled daily by one of the facility's supervisors.

REVIEW OBJECTIVE, SCOPE AND METHODOLOGY

The objective of this review was to ensure that petty cash processes for the Harford Waste Disposal Center (HWDC or landfill) 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 objective.

The audit focused on activity on April 1, 2014. Our audit procedures included interviewing personnel, observation and testing. Specifically, we reviewed the supporting documentation for the day's transactions, counted the cash on hand and confirmed that funds for deposit were

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received by the Treasurer's Office. We relied on the cashier system's output reports to determine the expected cash on hand. Audit of Environmental Services' revenue was beyond the scope of this review. Consequently, our audit was conducted as of a specific point in time.

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.

REVIEW RESULTS

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.

Our procedures disclosed cash on hand from daily revenue was properly accounted for. The petty cash (change) funds on hand agreed to the expected amount. We observed that cash was appropriately secured and not easily accessible. Additionally, we confirmed that the deposited funds for the date reviewed were received by the Treasurer's Office.

At this time, we have no recommendations for improvement. Management has been provided an opportunity to respond to this report; however, none was required because there were no conditions requiring remediation. Management did not provide a response.