



HARFORD COUNTY, MARYLAND

Office of the County Auditor

Fiscal Year 2014 Audit Plan Summary

As required by the Rules of Procedure for the Office of the County Auditor, the fiscal year 2013 annual audit plan was approved by the County Council on June 11, 2013.

The plan was developed based on a risk assessment process performed by the Office of the County Auditor.

The risk assessment included discussions with department heads, the County Executive and the County Council members. We used those meetings to identify each department's priorities, business functions and organizational structure. For each business process identified, we considered factors such as department size, level of interaction with citizens and businesses, process complexity, financial risks, prior audit issues and the priorities of citizens, the Council Members and the County Executive to determine the areas of greatest risk to the County. The audits planned for the upcoming years have been prioritized to address the highest rated business processes. Risks and business processes will be evaluated annually and throughout each audit; consequently, audit priorities and schedules may change over time.

The audit plan for fiscal year 2014 includes audits of Accounts Payable Controls, Cash Receipts Controls, and Water and Sewer Billing. We will also review the Debt Management and Investment processes. Additional details for the audits planned are summarized on the following page. In addition to audits, the plan includes time for preparing fiscal analysis of legislation, responding to research requests from Council Members, continuing professional education and follow-up for prior audit findings. **The plan is flexible and the audit schedule is subject to change as new areas of concern are identified.**

Ideally, all key business processes will be reviewed at least every three years. However, due to financial and staffing constraints, the audits scheduled are only those that were most critical, as determined by the risk assessment. For FY2014, we have reduced the scope of some audits and consolidated other audits to allow us to address more business processes. This approach will increase the breadth of audit coverage, but will result in less detailed analysis in some audits. Some entities will be reviewed as consolidated projects, covering only the most critical business processes. Consequently, when compared to the prior year, we have reduced the overall number of hours necessary to complete all of the audits identified in the risk assessment. We estimate that 1.3 additional full-time staff would be needed in the County Auditor's office to complete all of the projects identified in the risk assessment.

~ Preserving Harford's past; promoting Harford's future ~

Fiscal Year 2014 Planned Audits

Project	Start Date	End Date	Comments
Financial Statement Audits for FY2013	04/01/2013	10/31/2013	General coordination related to ensuring that required Financial Statement Audits are completed and provided to the County Auditor.
OMB A-133 Single Audits for FY2013	04/01/2013	12/31/2013	General Coordination related to ensuring that Single Audits are completed timely.
Fiscal Impact Notes	01/01/2014	12/31/2014	Fiscal Impact Analysis for legislation introduced in calendar year 2014.
FY2015 Budget Bill Analysis	01/15/2014	05/31/2014	Fiscal impact analysis of the FY2015 budget legislation.
2014 Accounts Payable Controls	04/01/2013	09/30/2013	Determine if controls related to Accounts Payable are adequate to ensure that only valid vendors and debts are paid by the County.
2014 Cash Receipts Controls	04/01/2013	11/30/2013	Confirm that payments received at the Treasurer's payment window, lockbox, website and through other sources are properly applied and deposited.
2014 Follow-up to Prior Audit Findings	05/01/2013	10/31/2014	Review of the remediation status of prior audit findings and preparation of a summary report for the County Council.
2014 Water and Sewer Billing and Collection Controls	11/01/2013	02/28/2014	Confirm that controls in place are adequate to ensure that customers are billed the correct amount and revenue is collected.
2014 Debt Management Controls	01/01/2014	03/28/2014	Confirm that Harford County has adequate controls in place to ensure debt payments are made timely and that the County is compliant with its bond covenants. The project will include a reconciliation of the projects authorized by bond bills to the related bond issue resolutions.
2014 Investment Controls	03/01/2014	05/31/2014	Ensure that controls are adequate to ensure proper selection, purchase, sale and accounting of the County's investments.
2014 HCC Financial Management Practices	04/01/2014	08/01/2014	This project will address the College's major financial processes, including accounts payable, student billing and procurement.
2014 Board of Education Financial Management Practices Performance Audit	07/01/2013	06/30/2014	This audit will be performed by Maryland's Office of Legislative Audits
Petty Cash Fund Audits	07/01/2013	06/30/2014	Budget for 6-8 petty cash audits. These projects will be coordinated with the Treasurer's Office to ensure adequate coverage. Departments audited will be determined throughout year, but will not be disclosed until immediately preceding the project.
Council Member Requests	07/01/2013	06/30/2014	Budgeted time to respond to research requests from council members. This budget item represents approximately 12.5% of the office's hours available for audits.
Unanticipated Projects	07/01/2013	06/30/2014	Budget for urgent projects that are not already included in the audit plan. The budget represents 10% of the office's annual hours available for audits.
2014 Network and Application Security Controls	07/01/2013	06/30/2015	Scope: To be determined