



HARFORD COUNTY, MARYLAND

Office of the County Auditor

September 23, 2021

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 FY2022.

What We Found

- 11 recommendations are Closed or Dropped
- 12 recommendations remain Open

What We Recommend

Management should continue to take steps to correct identified audit findings.

STATUS OF PRIOR AUDIT FINDINGS

Council Members and County Executive Glassman:

In accordance with Section 213 of the Harford County Charter, we have performed audits of various subject matters. The results of those audits have been communicated to you in prior reports. For each audit finding reported, management has provided a response indicating its agreement or disagreement with the finding, corrective actions and an expected remediation date, if applicable. This report is being sent to update you on management's efforts to address the previously reported recommendations.

As of 7/1/2021 there were 22 findings being tracked by the County Auditor, relating to 15 audits and reviews; one (1) finding was added during the review period. Eleven (11) action plans have been closed, of which 2 have been dropped. Dropped findings are those that management has disagreed with and has accepted the risk of not implementing the auditors' recommendations. These items do not require further escalation but are highlighted in the following report.

Based on our review, there are 12 findings that remain open and will be included in the next status update. Two (2) of these have due dates that have not yet passed. For action plans that were beyond their due date but not yet implemented, members of management indicated that remediation efforts were planned. We did not find these to be critical issues requiring further escalation. A summary, and details, of the status of the audit findings reviewed follows this letter.

Management has been advised of our results and has been given an opportunity to respond to the report; however, no response was required or provided. 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. Benjamin Lloyd, Director of Administration

FINDINGS SUMMARY

Audit No.	Audit Name	Status			Total
		Closed	Closed - Dropped	Open	
2017-A-06	Grant Award and Monitoring Controls		1		1
2017-A-15	Hotel Occupancy Tax Revenue	1			1
2018-A-15	Facility Access Controls			2	2
2018-A-05	Public Information Open Meetings and Records Retention Compliance			1	1
2019-A-15	Employee Separation Procedures			1	1
2019-A-05	Safety Compliance and Risk Management Practices	1	1		2
2020-A-13	Contract Management	2			2
2020-A-06	EMS Billing Controls	1			1
2020-A-09	Office on Aging Revenue			3	3
2020-A-04	Petty Cash			1	1
2020-A-08	Purchase Card Controls			1	1
2021-A-09	Building Permit Inspections Billing and Collection Controls	2			2
2021-A-17	Construction Inspection Billing Controls			1	1
2021-A-13	Hotel Occupancy Tax Revenue Controls	1			1
2021-A-18	Property Management Controls			1	1
2021-A-11	Tuition Reimbursement Program	1		1	2
	Grand Total	9	2	12	23



HARFORD COUNTY, MARYLAND

Office of the County Auditor

STATUS OF PRIOR AUDIT FINDINGS

Report Number:

2022-A-02

Date Issued:

09/23/2021

Audit Team:

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

Sarah Self, CIA, CGAP
Senior Auditor

Period Covered:

8/1/2020 through 7/1/2021

The scope of this review was limited to assessing whether management's audit responses have been implemented. In planning and conducting our review, we focused on remediation activity prior to August 1, 2021. Our review was limited to management responses to prior audit findings that indicated an expected remediation date on or before 7/1/2021. Review procedures included inquiries of appropriate personnel and inspection of documents and records. We also tested transactions and performed other procedures we considered necessary to meet the review's objectives.

This review 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.

The status of Open and Closed Findings follows the 'Disagreed Findings' section of this report.

DISAGREED FINDINGS

Management disagreed with 2 findings and has accepted the risk of not implementing the auditors' recommendations. These findings have been dropped and will not be included in future follow-up reviews. The findings are as follows:

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2017 Grant Award and Monitoring Controls					
Closed - Dropped					
<i>2017-A-06.03 Monitoring Controls</i>					
<i>Grant Monitoring Procedures were not always performed.</i>					
6/30/2017	6/30/2020		Economic Development does not have a mechanism in place to confirm that funds are spent at year end. Their review process might be simplified and made more effective by issuing quarterly disbursements and using the same grantee financial reporting form required by Community Services and Housing.	Disagree. The grants awarded by each County department are different in nature and require different monitoring procedures. To place overly burdensome requirements on minimally staffed non-profits would negatively impact their ability to provide necessary services to our citizens. However, Management agrees that it will review the monitoring procedures for each department/agency to determine if the process can be streamlined/simplified.	Management has accepted the risk of not implementing the recommendation. Per Management, "At this time there is no plan or time frame for making audited financial statements a requirement for VisitHarford!'s tourism award application."
2019 Safety Compliance and Risk Management Practices					
Closed - Dropped					
<i>2019-A-05.02 Risk Management Audits</i>					
<i>Risk Management has not been performing internal Safety inspections.</i>					
9/2/2020			Risk Management should develop procedures for Safety Audits and a plan to execute those audits.	Management is in the process of developing and documenting these procedures. However, the previous Risk and Safety Officers are no longer employed with the County so confirmation of follow up internal inspections was not possible.	Per management, the Risk & Safety Administrator attends reviews that are performed by the state, performs risk & safety assessments of county owned facilities, and will continue the assessments on a recurring basis as needed. Management accepts the risk of not performing safety audit procedures as referenced in County policy 02-90-02 / RISK-02.

DETAILED FINDINGS STATUS

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2017 Hotel Occupancy Tax Revenue					
Closed					
<i>2017-A-15.01 Audits of Hotel Operators</i>					
<i>Audits of hotels' reported income are not conducted.</i>					
		4/15/2021	The Treasurer's Office should take steps to initiate audits of Hotels as identified in the County Auditor's audit plan.	Auditor Note: Management was provided an opportunity to respond to this report; however, no response was provided.	In 2021, we were able audit hotel operators with Treasury's cooperation.
2018 Facility Access Controls					
Open - Current					
<i>2018-A-15.01 Physical Key Management</i>					
<i>Management does not have a process in place to track physical keys for County facilities.</i>					
11/1/2019	12/31/2021		We recommend management develop procedures so that, as new locks are installed, new keys are logged and assigned, and PIN locks are periodically changed.	Management appreciates the recommendation and will be reviewing the processes and policies regarding physical key management as well as periodic reprogramming of PIN locks.	Management expects to procure a new key system in Fall 2021, after which Facilities plans to update access for three buildings each quarter.
<i>2018-A-15.02 Inappropriate or Unnecessary Access (1)</i>					
<i>Some facility access rights are inappropriate or unnecessary.</i>					
11/1/2019			Active devices assigned to separated employees, or not specifically assigned to County personnel, should be disabled. Additionally, access role configurations should be reviewed periodically and updated to reflect changes in operations.	Management will review the access provided to employees/contractors and refine or correct their privileges.	Because of staffing changes, management has not continued to review access. They did not provide an updated plan to address this issue.
2018 Public Information Open Meetings and Records Retention Compliance					
Open - Current					
<i>2018-A-05.01 Lack of Current Records Retention Schedules</i>					
<i>Records retention schedules are not available.</i>					
6/30/2018	6/30/2024		Each County Department should develop a current records retention schedule and file it with Maryland State Archives.	Management will coordinate with County Departments to develop/update current records retention schedules and file with Maryland State Archives.	Management plans to develop and implement document retention policies over the next three years. No action has yet been taken.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2019 Employee Separation Procedures					
Open - Current					
<i>2019-A-15.03 Documented Return of Assigned Equipment</i>					
<i>In some cases, the return of assigned equipment is not confirmed or documented.</i>					
12/31/2019			We recommend departments document their review of items returned by separated employees.	Management training will be provided in Fall 2019.	We tested a sample of 7 terminated employee forms and noted 3 did not document the status of any returned equipment.
2019 Safety Compliance and Risk Management Practices					
Closed					
<i>2019-A-05.01 Safety Manual Distribution and Updates</i>					
<i>The Harford County Safety Manual is not regularly updated or distributed to employees.</i>					
9/2/2020		8/12/2021	We recommend Risk Management review, update and distribute the Harford County Safety Manual to all employees electronically.	Management is in the process of reviewing and updating the Harford County Safety Manual. Management disagrees with the recommendation that the County distribute the Safety Manual to all employees electronically because the updated Safety Manual will be available online for current employees and new employees will be directed during Orientation to the website with instructions on how to access the Manual.	The Safety Manual has been updated as of July 2021 and is available on the County's intranet site for employee reference.
2020 Contract Management					
Closed					
<i>2020-A-13.01 Invoices were paid for services not under contract</i>					
<i>Invoices were paid for goods and services not under contract.</i>					
3/31/2021		8/11/2021	We recommend the Department of Procurement reemphasize to user departments the importance of reviewing contract terms and supporting documentation when reviewing and approving invoices for payment.	The Department of Procurement holds annual training in March of every year and the training covers these topics. Unfortunately due to COVID this past March, our focus was on the procurement of PPE, and training was not held. We talk to our users daily however about numerous issues and we do reinforce this topic as well. Items sometimes are not explicitly priced individually in contracts; references may be made as to a percentage discount for items because it is just not practical to list hundreds of line items.	Management conducted training on multiple dates throughout 2021. We tested a sample of 11 invoices and confirmed all items paid for were included in the contract terms.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2020-A-13.02 Some Payments were not in Accordance with Contract Terms					
<i>Some payments made for goods and services differed from the contract terms.</i>					
3/31/2021		8/11/2021	We recommend the Department of Procurement provide contract monitoring (re)training, focusing on the payment process and overall vendor performance and emphasizing the importance of reviewing contract terms and maintaining supporting documentation.	The Department of Procurement holds annual training in March of every year and the training covers these topics. Unfortunately, due to COVID this past March, our focus was on the procurement of PPE, and training was not held. We talk to our users daily however about numerous issues and we do reinforce this topic as well.	Procurement held training events throughout 2021. We tested a sample of 11 paid invoices and confirmed all payments were in accordance with contract terms.
2020 EMS Billing Controls					
Closed					
2020-A-06.02 EMS Fee Waiver Documentation					
<i>Uncollectible ambulance fees do not have documented waivers.</i>					
10/31/2019		8/10/2021	We recommend the Treasurer's Office periodically review the billing company reports to confirm fee waivers entered by the billing company were approved.	There was some misunderstanding with our billing company. Our instructions to them was to pursue collection efforts up to three attempts; however, the billing company was writing-off the amount after three unsuccessful collection attempts. AS of October 2019 the County and the billing company have agreed that before any amount is to be written off it is to be authorized by the Treasurer.	We reviewed a sample of fee waivers and confirmed they were all approved by the Treasurer.
2020 Office on Aging Revenue					
Open - Current					
2020-A-09.01 Missing Support for Registration Deposits					
<i>Office on Aging deposits do not fully reconcile to transaction details.</i>					
1/31/2021			We recommend Senior Centers prepare deposits that represent one complete day's collections. Those collections should be sent to Office on Aging within two business days.	Management will advise staff to strive to reconcile as many of our daily transactions in the same day. Currently, we reconcile throughout the day. When we return to center operations we will designate staff from our main office to visit the centers (during registration) closer to the end of each day to verify the reconciliation and transfer funds back to main office for more expeditious deposits. In addition, we are considering cashless transactions allowing only credit and checks for payment. Also, we are currently in development phases of online registration capability which will not only address these issues but also should reduce demand on the in person registration process.	Per management, process changes have been implemented but cannot be observed until class registrations resume in Fall 2021.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2020-A-09.02 Timeliness of Deposits					
<i>Deposits for Senior Center revenue are not always made timely.</i>					
1/31/2021			We recommend Senior Centers send deposits to Office on Aging daily or at least within two business days and the Office on Aging make deposits in the week following collection.	Addressed in our response to the 2020-A-09.01 Missing Support for Registration Deposits finding above.	Per management, process changes have been implemented but cannot be observed until class registrations resume in Fall 2021.
2020-A-09.03 Registration Cancellations					
<i>Aging Registration history is incomplete because of deleted registrations.</i>					
8/10/2020			We recommend employees use the 'Registration Cancelled' (for registrations) and "Cancelled" (for courses) options in ServTracker when registrations will be reversed.	Management has created a procedure that will be shared with staff to address this finding.	Per management, process changes have been implemented but cannot be observed until class registrations resume in Fall 2021.
2020 Petty Cash					
Open - Current					
2020-A-04.01 P&R Maintenance Petty Cash Reconciliations					
<i>Fallston Maintenance Shop reconciles petty cash less than monthly.</i>					
7/19/2019			We recommend Parks and Recreation update its procedures to reflect the County Code requirements.	Management will adjust our procedure to comply with the County Code which includes a monthly audit and replenish funds when approx. \$50 remains. We will implement this action immediately.	We reviewed the reimbursements made during FY21 and identified one that included two months of expenditures.
2020 Purchase Card Controls					
Open - Current					
2020-A-08.01 Prohibited Purchases					
<i>Some purchases were made that do not follow the County's purchase card guidelines.</i>					
6/15/2021			We recommend all cardholders and approving officials receive refresher training regarding the purchase card program, so they are aware of the documentation and approval requirements for purchase card use, including the types of retailers employees are not permitted to make County purchases from. Finally, we recommend that consequences for inappropriate purchase card use be enforced systematically.	All purchase card holders are provided training when they initially receive their card. Procurement provides training as necessary and continues to audit approximately 20% of the cardholder logs. If Procurement deems a purchase was inappropriate, they will notify the card holder. Treasury will also do the same if they find an inappropriate use. With regards to the use of a P-Card at a wholesale club, the County will be updating the P-Card policy and procedures manual to allow transactions at wholesale clubs under business memberships, as well as reviewing best practices regarding travel rewards. Training is on-going. We hope to have the manual updated and available to card holders by second quarter of 2021.	The Purchase Card Policy and Procedures manual is in the process of being updated but those changes have not yet been finalized or distributed to cardholders.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2021 Building Permit Inspections Billing and Collection Controls					
Closed					
<i>2021-A-09.01 Municipal Permit Reconciliation Not Documented</i>					
<i>Municipal Permit Payment Reconciliation was not documented.</i>					
4/1/2021		7/27/2021	We recommend DILP document notes for follow-up during its monthly reconciliation. We further recommend management work with The City of Aberdeen to accurately classify the status of permits in the system.	County government will document notes with regards to the City of Aberdeen during monthly reconciliation, but we do not have authority as to how the City of Aberdeen processes their permits and payments.	Management provided documentation of follow-up notes made during the most recent monthly permit reconciliation.
<i>2021-A-09.02 Energov Access</i>					
<i>Access to the Energov system is not appropriately restricted.</i>					
4/1/2021		7/26/2021	We recommend user accounts be disabled for separated or transferred employees.	ICT and Human Resources were notified of the recommendation and will identify a better way for disabling access to county employees who have separated or transferred and no longer need access to ENERGOV.	We tested a sample of separated employees and found Energov access was appropriately disabled for those users.
2021 Construction Inspection Billing Controls					
Open - Current					
<i>2021-A-17.01 Lack of Support for Capital Project Invoicing</i>					
<i>Daily inspection reports were not always available and employee time sheets did not always support time invoiced to developers.</i>					
9/30/2021	9/30/2021		We recommend the Department of Public Works (DPW) implement refresher training for PCAM timekeepers and a routine review of the PCAM exception report to ensure time billed directly relates to time indicated on inspection and timesheet documentation.	The Department of Public Works will implement a refresher training for inspectors and PCAM data entry personnel to ensure that hours entered for each project directly relates to hours indicated on inspection and timesheet documentation.	Due to the recent issuance of this report, we will follow-up next year.
2021 Hotel Occupancy Tax Revenue Controls					
Closed					
<i>2021-A-13C.01 Non-transient Tax Revenue</i>					
<i>Non-transient revenue has not been excluded for tax purposes.</i>					
3/20/2021		8/9/2021	We recommend Red Roof Inn discontinue collecting occupancy tax from long term residents after 30 days of a stay.	Will discontinue collecting occupancy tax as recommended by Harford County Auditor.	Red Roof Inn has discontinued collecting the hotel occupancy tax on long term residents, as confirmed by the revenue reports they submitted for the past three months.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2021 Property Management Controls					
Open - Current					
<i>2021-A-18.01 Lease Receivable Payments</i>					
<i>Lease receivable payments are not complete and timely.</i>					
6/30/2021			We recommend Facilities and Operations document any actions taken when payments are received late.	Management provided leniency to tenants due to the COVID pandemic, follow-up actions were not planned until after the State of Emergency expired (which is July 1, 2021). All payments were received from tenants and documented.	Due to the recent issuance of this report, we will follow-up next year.
2021 Tuition Reimbursement Program					
Open - Current					
<i>2021-A-11.02 Tuition Repayment for Separated Employees</i>					
<i>For some separated employees, tuition reimbursements were not repaid when required.</i>					
3/1/2021			We recommend Human Resources add a step to its separation review process to ensure there are no outstanding tuition-related service commitments.	Human Resources has added a step to the separation review process. HR will work with Payroll to confirm the amount of leave payout and will verify if the employee needs to re-pay a larger amount. HR will then seek payment from the employee and refer them to collections if no payment is received.	There were no relevant separations during the review period, so we will follow-up next year.
Closed					
<i>2021-A-11.01 Reimbursement of Unallowed Costs</i>					
<i>Some tuition reimbursements included costs that are not allowed.</i>					
3/1/2021		7/16/2021	We recommend management confirm which fees have been included in the reimbursement request or modify the policy to allow the specific fees that are routine for particular schools.	Human Resources will follow HR Policy HR-03 (Employee Tuition Assistance/Reimbursement Program) as it relates to which fees should be included....tuition, lab fees, and books only.	We tested a sample of recent tuition reimbursements and found that fees paid were allowable.