



# HARFORD COUNTY, MARYLAND

## Office of the County Auditor

### AUDIT OF PETTY CASH – SENIOR CENTERS

**Report Number:**  
2023-A-02

**Report Date:**  
7/29/2022

Council Members and County Executive Glassman:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of the petty cash funds the Office on Aging and Senior Centers for the period of 07/01/2021 through 06/30/2022 and cash on hand as of 07/25/2022. This audit was conducted as part of the County Auditor’s risk-based Annual Audit Plan approved by the County Council for FY2023.

The objective of this audit was to ensure that petty cash processes for various departments follow Petty Cash policies and ensure disbursements and replenishment transactions are approved and properly accounted for. The scope was limited to reviewing the controls over the selected departments' petty cash funds. The results of the audit are detailed in this report.

We would like to thank the members of management for their cooperation during the audit. Although none was required, they have been provided an opportunity to respond to this report. Accordingly, no response was provided.

Sincerely,  
*Chrystal Brooks, CPA*  
Chrystal Brooks  
County Auditor

### CONCLUSIONS

Our opinion, based on the evidence obtained, is cash on hand agreed to the expected amount and was appropriately secured. This assessment is based on the strengths and weaknesses identified for the operational objectives below.

Business Process Objective	Assessment <sup>i</sup>
Cash is held securely	Effective
Accounting for petty cash is correct and timely	Effective
County Code requirements are met	Effective

## **BACKGROUND, OBJECTIVES, SCOPE AND METHODOLOGY**

Within the Department of Community Services, the Office on Aging has several facilities that maintain small petty cash funds. Specifically, those funds are held at the Office on Aging, Havre de Grace Senior Center, Edgewood Senior Center, Fallston Activity Center, and McFaul Activity Center. In the past the funds were primarily used for small purchases and to make change during registration for senior classes. More recently, the County has moved to online class registration and purchase cards are used for small purchase cards. As a result, the funds have not been used in the last year and were reduced to \$50 each in the prior year. They are reconciled/counted periodically to confirm no cash is missing. Management has advised that they are planning to close the funds and to return the cash to the Treasurer’s office this year.

The objective of this audit was to ensure that petty cash processes for various departments follow Petty Cash policies and ensure disbursements and replenishment transactions are approved and properly accounted for. The scope was limited to reviewing the controls over the selected departments' 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 approach focused on testing the key controls that address management’s objectives. Our audit procedures included interviewing personnel, observation and testing as described in the table below.

<b>Process / Control Objective</b>	<b>Scope of Review</b>
<b>Physical Security</b>	
Cash is secured in a locked safe or drawer with limited access.	<ul style="list-style-type: none"> <li>• Observe the secure location of the petty cash</li> <li>• Confirm that backup custodians are limited in number</li> </ul>
At all times, cash on hand and receipts agree to the expected fund amount.	<ul style="list-style-type: none"> <li>• Count cash and receipts during an unannounced inspection</li> </ul>
<b>Proper Accounting</b>	
Expenditures are supported by receipts and approval documentation.	<ul style="list-style-type: none"> <li>• <i>There were no transactions during the audit period.</i></li> </ul>
Reconciliations are performed at least monthly.	<ul style="list-style-type: none"> <li>• Confirm the timeliness of fund replenishments</li> </ul>

Process / Control Objective	Scope of Review
<b>Compliance with Procurement Law</b>	
Reconciliations are performed at least monthly.	<ul style="list-style-type: none"> <li>• Confirm the timeliness of fund replenishments</li> </ul>
Purchases do not exceed \$50	<ul style="list-style-type: none"> <li>• Confirm that transactions are below the limit</li> </ul>

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.

<b>Report Distribution:</b>	<i>(Responsible Management and Impacted Parties)</i>	<b>Audit Team:</b>
Mr. Robert Sandlass, County Treasurer		Chrystal Brooks
Ms. Amber Shrodes, Director, Department of Community Services		CPA, CIA, CGAP, CISA, CGFM, CRMA
Ms. Karen Winkowski, Administrator, Office on Aging		<i>County Auditor</i>
Ms. Susan Welch, Budget Technician, Office on Aging		Sarah Self, CIA, CGAP
Ms. Laretta Schatz, Petty Cash Custodian, Havre de Grace Senior Center		<i>Senior Auditor</i>
Ms. Shawn Miller, Petty Cash Custodian, Edgewood Senior Center		
Ms. Joyce Trageser, Petty Cash Custodian, Fallston Senior Center		Joseph Abdulai
Ms. Laurie Adolph, Backup Petty Cash Custodian, Fallston Senior Center		<i>Audit Intern</i>
Mr. Ryan Lina, Petty Cash Custodian, McFaul Activity Center		

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<sup>i</sup> Definitions

**Effective:** The design and effectiveness of the internal control environment address key risks. The business unit complies with external laws and regulations, and internal policies, procedures and guidelines. Business processes are managed effectively resulting in achievement of expected outcomes.

**Generally Effective:** The design and/or effectiveness of the internal control environment generally address key risks; however, the number and severity of findings relative to the size and scope of the business unit being audited indicate that some minor areas of weakness in the control environment need to be addressed. Isolated instances of non-compliance with external laws and regulations, and internal policies, procedures and guidelines may exist. Business processes may not be managed effectively in all areas resulting in reduced achievement of expected outcomes.

**Not Effective:** The design and/or effectiveness of the internal control environment does not address key risks. Non-compliance or historical patterns of non-compliance with key regulatory requirements and internal policies, procedures and guidelines exist which expose the audited entity to financial, reputational, and operational risks. Business processes are not managed effectively and expected outcomes are not achieved.