



# HARFORD COUNTY, MARYLAND

## Office of the County Auditor

### AUDIT OF PETTY CASH - HIGHWAYS

#### 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 FY2015.

#### What We Found

We noted that controls are adequate over the Bureau of Highways' petty cash fund.

**Report Number:** 2015-A-08

**Date Issued:** 08/14/2015

Council Members and County Executive Glassman:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of the Department of Public Works – Bureau of Highways' (Highways) petty cash fund. 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 cash on hand agreed 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  
County Auditor

cc: Mr. Robert Sandlass, Treasurer  
Mr. Timothy Whittie, Director of Department of Public Works  
Ms. Peggy Bright, Highways' Petty Cash Custodian



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### REVIEW RESULTS

We focused on activity during the period of 7/1/2014 through 7/23/2015 and cash on hand on 7/23/2015. 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 controls are adequate over the Highways' petty cash fund and related transactions. Conclusions drawn are below.

<b>Risk</b>	<b>Expected Control</b>	<b>Conclusion</b>
Cash could be misappropriated.	Cash is secured in a locked safe with limited access.	Satisfactory
Cash could be accessed inappropriately.	Cash is secured in a locked safe with limited access.	Satisfactory
Purchases are not appropriate or approved.	Expenditures are supported with proper documentation including a receipt.	Satisfactory
	Reconciliations are performed monthly to ensure support is proper for each transaction.	Satisfactory

### BACKGROUND INFORMATION

#### **PROGRAM DESCRIPTION AND KEY STATISTICS**

The Department of Public Works – Bureau of Highways maintains a petty cash fund for reimbursing employees for meals when working overtime or on-call hours. In fiscal year 2015, the fund was increased from \$50 to \$3,000 to provide for these expenditures. Prior to this increase, meal tickets were provided to employees for use at participating food stores; those participating vendors were re-paid by the Bureau of Highways for any tickets accepted. The fund had 125 transactions totaling \$1,528 during June and July 2015. In our 13-month review period, there were 4 transactions for small office expenses totaling approximately \$43. The petty cash fund is reconciled by the petty cash custodian when it needs to be replenished – currently monthly. Prior to June 2015, it was done only as needed. County Code §41-35 requires reconciliation of petty cash accounts monthly.

**REVIEW OBJECTIVE, SCOPE AND METHODOLOGY**

The objective of this review was to ensure that petty cash processes for the Department of Public Works – Bureau of Highways 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 Highways’ 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 7/1/2014 through 7/23/2015. Our audit procedures included interviewing personnel, observation, and testing. Specifically, we counted the cash on hand, observed physical security, and reviewed the supporting documentation for each petty cash fund 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:**

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*County Auditor*

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