



HARFORD COUNTY, MARYLAND

Office of the County Auditor

AUDIT OF PETTY CASH – DPW – ENGINEERING AND WATER RESOURCES

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 FY2017.

What We Found

We noted that controls are adequate over the DPW – Engineering and Water Resources' petty cash fund.

Report Number: 2017-A-18

Date Issued: 7/17/2017

Council Members and County Executive Glassman:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of Department of Public Works (DPW) – Engineering and Water Resources' petty cash funds. 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

Audit Team:

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

Brad DeLauder, CPA
Senior Auditor

Kayla McCain
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cc: Mr. Robert Sandlass, Treasurer
Mr. Joseph Siemek, Director of Public Works
Mr. Jeffrey Stratmeyer, Chief Engineer, Transportation Division
Ms. Barbara Seibert, Petty Cash Custodian



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REVIEW RESULTS

We have focused on activity during the period of 07/01/2015 through 06/23/2017 and cash on hand on 06/28/2017. 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 to ensure that petty cash is appropriately used, secured and reconciled. Conclusions drawn are below.

Risk	Expected Control	Conclusion
Cash could be lost or stolen	Cash is secured in a locked safe or drawer with limited access.	Satisfactory
	At all times, cash on hand and receipts agree to the expected fund amount.	Satisfactory
Purchases are not appropriate or approved	Expenditures are supported by receipts and approval documentation.	Satisfactory
	Reconciliations are performed at least monthly.	Satisfactory
Procurement limits are exceeded	Purchases do not exceed \$50.	Satisfactory

Management has been provided an opportunity to respond to this report; however, none was required because there were no conditions requiring remediation. Accordingly, no response was provided.

BACKGROUND INFORMATION

PROGRAM DESCRIPTION AND KEY STATISTICS

The Bureau of Engineering, within DPW's Division of Highways, maintains a petty cash fund to reimburse employees for toll reimbursement, but also serves to reimburse employees for other job-related incidental expenditures. Occasionally, the fund is reconciled by the custodian. Due to the infrequent amount of transactions and the low dollar amount of the fund, a reconciliation is generally only performed when a replenishment will be requested of Treasury by the custodian due the petty cash fund is low on cash.

All vouchers and receipts from reimbursed expenditures are tracked on a detailed Reimbursement Log. The log captures the name of employee, date, reason for the

reimbursement, and the amount of the reimbursement. Copies of the vouchers and any receipts from reimbursed expenditures are cataloged with each log. When a petty cash request is submitted to the petty cash custodian, the custodian reviews the form and/or receipts, and signs off the reimbursement.

The funds are locked in a drawer in the custodian's office at all times unless she's processing a reimbursement, performing a reconciliation, or requesting a replenishment.

REVIEW OBJECTIVE, SCOPE AND METHODOLOGY

The objective of this review was to ensure that petty cash processes for the Bureau of Engineering, within DPW's Division 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 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 during the period of 07/01/2015 through 06/23/2017. Our audit procedures included interviewing personnel, observation and testing. Specifically, we counted the cash and receipts on hand and confirmed the supporting documentation for each petty cash 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.