



HARFORD COUNTY, MARYLAND

Office of the County Auditor

AUDIT OF FALLSTON MAINTENANCE SHOP'S PETTY CASH

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 FY2020.

What We Found

We noted that controls are generally adequate for the Fallston Maintenance Shop petty cash fund.

Report Number: 2020-A-04

Date Issued: 07/19/2019

Council Members and County Executive Glassman:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of Fallston Maintenance Shop's petty cash funds. The results of that audit and our findings 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. However, the fund should be reconciled more frequently to remain in compliance with the County Code.

The audit team is available to respond to any questions you have regarding the attached report.

Sincerely,

A handwritten signature in cursive that reads "Chrystal Brooks, CPA".

Chrystal Brooks
County Auditor

cc: Mr. Robert Sandlass, Treasurer
Ms. Kathy Burley, Director of Parks and Recreation
Ms. Joan Carmen, Petty Cash Custodian

Audit Team:

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

Sarah Self, CIA
Staff Auditor

Waleed Mian
Audit Intern



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REVIEW RESULTS

We have audited the Fallston Maintenance Shop's petty cash funds for the period of 07/01/2018 through 06/30/2019 and cash on hand as of 07/09/2019. Our opinion, based on the evidence obtained, is that controls are adequate to ensure petty cash is appropriately used, and secured, but reconciled infrequently. The audit approach focused on testing the key controls that address management's objectives for the process. 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.	Needs improvement
Procurement limits are exceeded	Purchases do not exceed \$50.	Satisfactory

Areas for improvement are described in the Findings and Corrective Actions section of this report. Management has been provided an opportunity to respond to this report; the response provided follows the Findings and Corrective Actions.

FINDINGS AND CORRECTIVE ACTIONS

Finding Number: 2020-A-04.01 P&R Maintenance Petty Cash Reconciliations

Fallston Maintenance Shop reconciles petty cash less than monthly.

Analysis: County Code §41-35 requires reconciliation of petty cash accounts monthly. The Fallston Maintenance Shop's practice is to reconcile and replenish their funds when approximately \$50 remains. This practice contradicts the County Code.

Recommendation: We recommend Parks and Recreation update its procedures to reflect the County Code requirements.

Management Response: 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.

BACKGROUND, OBJECTIVES, SCOPE AND METHODOLOGY

The Fallston Maintenance Shop is part of the Department of Parks and Recreation; it maintains a petty cash fund for the purpose of reimbursing employee's meal vouchers for overtime work and postage costs. The fund is reconciled by the petty cash custodian every three to four months, when the account balance drops to a specific amount. All vouchers and receipts for reimbursed expenditures are tracked on a detailed Reimbursement Log and copies are provided to Treasury as supporting documentation when the fund needs to be replenished.

The objective of this review was to ensure that petty cash processes for Fallston Maintenance Shop 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 Fallston Maintenance Shop'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 07/01/2018 through 06/30/2019. Our audit procedures included interviewing personnel, observation and testing. Specifically, we counted the cash and receipts on hand and reviewed the supporting documentation for each petty cash expenditure and replenishment. We also verified the physical security of the cash.

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.