



# HARFORD COUNTY, MARYLAND

## Office of the County Auditor

### AUDIT OF BANKING CONTROLS

#### 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.

**Report Number:** 2020-A-07

**Date Issued:** 11/06/2019

Council Members and County Executive Glassman:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of the County's Banking Controls. 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 that controls are adequate to ensure bank balances and transactions are routinely reviewed and reconciled.

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. Robert Sandlass, Treasurer



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### REVIEW RESULTS

We have audited banking controls for the period of 04/01/2019 through 08/31/2019. Our conclusion, based on the evidence obtained, is that the controls in place are adequate to ensure bank balances and transactions are routinely reviewed and reconciled appropriately. The audit approach focused on testing the key controls that address management's objectives for the process. Conclusions drawn are below.

<b>Risk</b>	<b>Expected Control</b>	<b>Conclusion</b>
Unauthorized transactions are paid.	Workday automatically reconciles transactions based on preconfigured system rules and any non-matched transactions are manually reviewed by treasury staff.	Satisfactory
Certain revenue accounts are over or under stated.	Workday is configured to match all transactions to revenue accounts based on preset system rules; if a match can not be made automatically, the transaction is manually reviewed.	Satisfactory

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

### BACKGROUND, OBJECTIVES, SCOPE AND METHODOLOGY

Harford County switched from a mainframe accounting system to Workday, a cloud-based software package in April 2019. Workday is configured to communicate electronically with the County's bank accounts, creating a highly automated process which reduces the overall risk levels associated with this business process. Bank files are automatically transferred directly to Workday on a daily basis and are matched against the preconfigured first notice rules which reconciles the majority of the bank transactions. Any transactions that are not automatically matched are reviewed by a Treasury staff member who performs additional research and manually reconciles the outstanding transactions.

The audit focused on activity during the period of 04/01/2019 through 08/31/2019. Our audit procedures included interviewing personnel, observation and testing. Specifically, we compared the original bank files for a sample of dates to the data transferred to Workday to confirm all of the data transferred in full. We also reviewed the support documentation for a sample of reconciled transactions to ensure they were allocated to the appropriate accounts. In addition, we performed data analysis on the unreconciled transactions to determine the typical type of transaction and average length of time left unreconciled.

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:**

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

Sarah Self, CIA  
*Staff Auditor*