



HARFORD COUNTY, MARYLAND

Office of the County Auditor

AUDIT ADVISORY BOARD

MINUTES OF FEBRUARY 23, 2021 MEETING

Board Members: Bill Seymour, Pam Heckler, Gregory Scherer, Pat Vincenti, Kim Spence, Chrystal Brooks

Other Attendees: Brad DeLauder, Sarah Self

The meeting began at approximately 4:30 pm (virtually)

Board Meeting Minutes – November 24, 2020

With no changes, Members approved meeting notes via email prior to this meeting.

Status of FY2020 Audit Plan

Ms. Brooks updated the board on the one FY2020 project that remained open after the last meeting, which has since been completed. The Board had no questions.

Status of FY2021 Audit Plan

- Ms. Brooks updated the group on the audits in the FY2021 audit plan. Of the 17 projects in the plan, 6 are complete or partially complete, 3 are in progress, 3 are in planning, 1 has been cancelled, 2 have been added and the remaining 6 are not yet started. She explained that several projects have been delayed because of delays in earlier projects.
- Ms. Brooks informed the Board that additional Charter §214 Review audits were added to the audit plan. Additionally, another added audit was the result of converting the audit of Inspections and Permits Billing and Collection Controls into two audits based on the responsibilities of the Department of Inspections, Licensing and Permits (DILP) and Public Works (DPW). In the former the objective is to ensure complete payment was made for building permits and that Certificates of Occupancy are finalized only after all required inspections are complete, while the latter's objective is to confirm complete and timely billing for construction inspection services and that permits are issued only after all relevant inspections occur and they are properly approved.
- Ms. Brooks informed the Board that the Single Audit had yet to completed and a completion date is unclear. This is because of a delay in Federal guidance related to CARES funding. Mr. Seymour added that if CARES funding is included in the Schedule of Expenditures of Federal Awards (SEFA) the deadline to complete the Single Audit is automatically extended until June 30th.



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Audit Reports

- Audits of Affiliated Agencies – Ms. Brooks noted that financial statement audits were provided for the County’s affiliated agencies and, to date, three reports have not been received. Ms. Brooks further did note the fire companies continue to report their finances late. Additionally, at least one company did not fully spend its appropriation. Management has accepted this condition, so we will not continue to report it. There were no other questions and the Board was satisfied with the results.
- Audit of Contract Management Controls – Mr. DeLauder explained the objective of the audit and noted the contract management processes are generally effective; however, some invoices were paid for some items that were not under contract and some payments didn’t agree to the contract terms. Mr. DeLauder noted these findings will be addressed with post-COVID trainings. Mr. DeLauder further noted that required reporting to the County Council did not occur until after the audit period but this has since been addressed. There were no other questions and the Board was satisfied with the results.
- Audit of Economic Development Programs – Ms. Self discussed the objective of the audit as well as the scope of testing which included tourism grants, loan programs, COVID relief payments, and training grants. Ms. Self stated that while there were adequate controls for these programs, a prior issue related to tourism grants remains open and loan payments are not always received timely. Council President Vincenti inquired as to the amount of loans existed. Ms. Self noted there were 13 total loan agreements; all of which were reviewed and making payments, but some payments were not timely according to the loan terms. Ms. Heckler inquired about oversight of the program and actions that can be taken to ensure terms are met. Ms. Brooks stated that grants and loans are recommended by the Economic Development Advisory Board and the County Executive ultimately decides the recipients. The Board expressed specific concern that Tourism Grant Awardee, VisitHarford!, the largest recipient of program dollars is still not providing verifiable support for its use of County funds. Mr. Seymour asked if publicly available tax forms had been reviewed. Ms. Brooks stated they had not because they aren’t part of management’s review process. Ms. Brooks explained that management stated, as a result of previous audits, VisitHarford! would provide an independent audit report with its application for the FY2021 tourism awards as well as eliminating the requirement that smaller not-for-profits would not be required to submit audit financial statements. Council President Vincenti noted he had spoken to the Executive Director of VisitHarford! who confirmed audited financial statements would be forthcoming.
- Charter § 214 Exit Audits – Ms. Self advised the Board that in accordance with Section 214 of the County Charter, the Office performed exit audits related to the Director of



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Planning and Zoning, Deputy Director of the Office of Community and Economic Development and the Director of Human Resources. Ms. Self noted no issues related to the first two. However, for the Director of Human Resources, Management disagreed that the Office has the authority to conduct the audit, arguing that a retirement does not qualify as a “death, resignation or removal” as the Charter requires and did not provide some requested information. While there were no exceptions in the audit, based on this scope limitation a modified opinion will be issued. Ms. Brooks noted there was a similar condition in the last retirement related exit audit. To address this, Ms. Brooks stated she planned to add language to the Resolution containing the Audit Plan for Council approval which will address retirements. There were no other questions and the Board was satisfied with the results.

FY2022 Budget Proposal

- Ms. Brooks discussed the Office’s budget request for FY2022, which will remain unchanged. It includes funding for training, summer interns and the increased external audit fees.

County Wide Risk Assessment

- Ms. Brooks described the Office’s Risk Assessment process and noted which projects are being considered for FY2022. She further noted some projects from the FY2021 Audit Plan may be pushed into FY2022, depending on their progress. Additionally, Ms. Brooks advised the Board that some seemingly high-risk processes may not include as much risk or may not be considered for audit given the processes have been previously reviewed and management has accepted the risk of not implementing the audit recommendations.

The meeting was adjourned at 5:02pm. The next meeting is scheduled for May 25th, 2021.

Respectfully submitted,
Chrystal Brooks
County Auditor

Minutes were approved via email on March 10, 2021