



# HARFORD COUNTY, MARYLAND

## Office of the County Auditor

### AUDIT OF PURCHASE CARD CONTROLS

**Report Number:**

2025-A-08

**Report Date:**

7/29/2025

Council Members and County Executive Cassilly:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of Purchase Card Controls for the period of 6/28/2024 through 6/27/2025. This audit was conducted as part of the County Auditor's risk-based Annual Audit Plan approved by the County Council for FY2025.

The objective of this audit was to confirm that controls were adequate to ensure that purchase card transactions are proper, allowable, approved, and correctly allocated for financial reporting purposes. The scope of this review was limited to the controls over reviewing and approving transactions, cardholder logs and related accounting. We also reviewed the program-wide controls for the new Purchase Card system later in the fiscal year after implementation. The results of the audit, our findings and recommendations for improvement are detailed in this report.

We would like to thank the members of management for their cooperation during the audit. Although none was required, they have been provided an opportunity to respond to this report; the response provided follows the Conclusions.

Sincerely,

*Chrystal Brooks, CPA*

Chrystal Brooks  
County Auditor

## CONCLUSIONS

Our opinion, based on the evidence obtained, is controls are adequate to ensure that purchases are allowable, reviewed and approved and properly supported. This assessment is based on the strengths and weaknesses identified for the operational objectives below.

Business Process Objective	Assessment <sup>i</sup>
New Purchase Cards are properly authorized	Effective
Cardholders follow the guidelines in the P-Card Policy Manual	Effective
Transactions are properly accounted for	Effective
Purchases are reviewed and approved by supervisors	Effective

## MANAGEMENT RESPONSE

Management would like to thank the Auditor and staff for its review of Purchase Card Controls and its operational effectiveness.

## **BACKGROUND, OBJECTIVES, SCOPE, AND METHODOLOGY**

Harford County uses corporate purchase cards to simplify and expedite the purchase of goods and services. Each year, 19,000 to 20,000 transactions, totaling approximately \$8.8 million (in FY2025) are logged. In 2025, the County switched from Bank of America to JPMorgan. This change simplified the accounting and documentation process for cardholders and their reviewers and required updated training for all. There are 236 active cardholders in the new system.

The audit approach focused on testing the key controls that address management's objectives. Our audit procedures included interviewing personnel, observation, and testing as described in the table below.

<b>Process / Control Objective</b>	<b>Scope of Review</b>
<b>Card Authorization and Issuance</b>	
Only authorized individuals are issued a card.	<ul style="list-style-type: none"><li>For a sample of cardholders, confirm their purchase card applications are on file and were approved by their supervisors</li></ul>
Cardholders and approvers are properly trained in using their cards.	<ul style="list-style-type: none"><li>For a sample of cardholders, confirm they (and their supervisors) received training on the newly implemented JPMorgan system</li></ul>
<b>Proper Card Use</b>	
Cardholders follow the County's P-Card Policy Manual, limiting purchases to necessary and allowable transactions.	<ul style="list-style-type: none"><li>Search for potentially problematic transactions (such as duplicates, unusual dollar amounts, travel and normally unallowed categories) and confirm they were appropriate</li></ul>
<b>Accounting for Purchases</b>	
In the Bank of America system, cost allocations are approved and transferred completely to the County's accounting system	<ul style="list-style-type: none"><li>For a sample of transactions, confirm cost allocations were correct</li></ul>
Purchases are transferred from JPMorgan to the County's accounting system each day	<ul style="list-style-type: none"><li>Perform data analysis to confirm that daily data transfers were complete.</li></ul>

Process / Control Objective	Scope of Review
Purchases imported to Workday are correctly allocated by cardholders	<ul style="list-style-type: none"><li>For a sample of purchases, since the new system implementation, confirm that they were coded correctly and supported by relevant documentation</li></ul>
Review and Approval	
Cardholders maintain sufficient documentation to justify the appropriateness of purchases	<ul style="list-style-type: none"><li>For a sample of cardholders and months under the Bank of America system, review cardholder logs for completeness, timely submission, and timely supervisor review</li><li>Since the JPMorgan implementation, confirm that Workday requires an attachment to complete the cost allocation</li><li>For a sample of transactions, confirm that appropriate supporting receipts were attached to the transaction in Workday</li></ul>
Workday requires allocated purchases to be reviewed and approved by supervisors	<ul style="list-style-type: none"><li>Review the relevant business processes in Workday to confirm that supervisor and accounts payable approval are required</li></ul>

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.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate 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.

Report Distribution:	Audit Team:
Ms. Karen Myers, Director of Procurement	Chrystal Brooks
Mr. Robert Sandlass, County Treasurer	CPA, CIA, CGAP, CISA, CGFM, CRMA
	<i>County Auditor</i>
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<sup>1</sup> Definitions

**Effective:** The design and effectiveness of the internal control environment address key risks. The business unit complies with external laws and regulations, and internal policies, procedures and guidelines. Business processes are managed effectively resulting in achievement of expected outcomes.

**Generally Effective:** The design and/or effectiveness of the internal control environment generally address key risks; however, the number and severity of findings relative to the size and scope of the business unit being audited indicate that some minor areas of weakness in the control environment need to be addressed. Isolated instances of non-compliance with external laws and regulations, and internal policies, procedures and guidelines may exist. Business processes may not be managed effectively in all areas resulting in reduced achievement of expected outcomes.

**Not Effective:** The design and/or effectiveness of the internal control environment does not address key risks. Non-compliance or historical patterns of non-compliance with key regulatory requirements and internal policies, procedures and guidelines exist which expose the audited entity to financial, reputational, and operational risks. Business processes are not managed effectively and expected outcomes are not achieved.