



HARFORD COUNTY, MARYLAND

Office of the County Auditor

September 29, 2025

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 FY2026.

What We Found

- 15 Recommendations are Closed
- 7 Recommendations remain Open

Audit Team:

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

Sarah Self, CIA
Senior Auditor

STATUS OF PRIOR AUDIT FINDINGS

Council Members and County Executive Cassilly:

In accordance with Section 213 of the Harford County Charter, we have performed audits of various subject matters. The results of those audits have been communicated to you in prior reports. For each audit finding reported, management has provided a response indicating its agreement or disagreement with the finding, corrective actions and an expected remediation date, if applicable. This report is being sent to update you on management's efforts to address the previously reported recommendations.

The scope of this review was limited to assessing whether management's audit responses have been implemented. In planning and conducting our review, we focused on remediation activity prior to August 15, 2025. Our review was limited to management responses to prior audit findings that indicated an expected remediation date on or before 7/1/2025. Review procedures included inquiries of appropriate personnel and inspection of documents and records. We also tested transactions and performed other procedures we considered necessary to meet the review's objectives.

As of 7/1/2025 there were 17 findings being tracked by the County Auditor, relating to 13 audits and reviews. Four (4) new findings were added during the follow-up period. A summary, and details, of the status of the audit findings reviewed follows this letter.

Based on our review, there are 7 findings that remain Open and will be included in the next status update. Three (3) of these have due dates that have not yet passed. For action plans that were beyond their due date, but not yet implemented, members of management indicated that remediation efforts were planned. We did not find these to be critical issues requiring further escalation. Twelve recommendations have been Closed, including 1 Dropped finding, for which management has accepted the risk of not implementing the auditors' recommendations; this item does not require further escalation.

We conducted this performance audit 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.

Management has been advised of our results and has been given an opportunity to respond to the report; however, no response was provided. The audit team is available to respond to any questions you have regarding the attached report.

Sincerely,



Chrystal Brooks
County Auditor

cc: Mr. Robert McCord, Director of Administration

MANAGEMENT RESPONSE

Management thanks the County Auditor for the opportunity to respond to the Status of Prior Audit Findings, and for closing findings that have been finalized. For findings that remain open, Management continues the path set forward from the previous response and is committed to refining processes and leveraging new technology, like Workday, to ensure greater transparency and create efficiencies.

FINDINGS SUMMARY

Audit No.	Audit Name	Status			Total
		Closed	Closed - Disagreed	Open	
2018-A-05	Public Info., Open Meetings and Records Retention Compliance			1	1
2022-A-09	Procurement Practices	1			1
2023-A-18	Grant Award and Monitoring Controls			1	1
2023-A-23	Recruitment and Hiring Practices			1	1
2024-A-12	Cable Franchise Fees			1	1
2024-A-11	Facility Access Controls	1	1		2
2024-A-17	Hotel Occupancy Tax 2024	4			4
2024-A-08	Parks and Recreation Inventory Controls	1			1
2025-A-11	Contract Management Controls			1	1
2025-A-15	Detention Center Inmate Account Controls	1			1
2025-A-14	Employee Benefits Administration	1			1
2025-A-01	Employee Separation Procedures	1		1	2
2025-A-13	Hotel Occupancy Tax 2025	3		1	4
2025-A-07	ICT Inventory Controls	1			1
	Grand Total	14	1	7	22



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DISAGREED FINDINGS

Management has accepted the risk of not implementing the auditors' recommendations for one finding. The finding below has been dropped and will not be included in future follow-up reviews:

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Current Status
2024 Facility Access Controls					
Closed - Dropped					
<i>2024-A-11.01 Facility Access Monitoring</i>					
<i>Facility access is not reviewed or monitored for unusual activity.</i>					
9/13/2024			We recommend management periodically review event logs to identify trends, ensure unusual activity is detected and granted access remains appropriate.	Management agrees that a periodic review of access logs should be performed by appropriate management and/or directors. The County has updated access control software. Access reports will be reviewed monthly. Access termination takes place for County employees when a badge is deactivated by Human Resources. Termination reports will be cross checked against access history logs. Contractors will be issued badges differentiated from County employees with access that can time limited.	Management has reviewed all of the badges and their assigned roles and made changes where needed. Monitoring of badge use is not currently performed and management does not have a plan to do so. We will discontinue following this issue.

DETAILED FINDINGS STATUS

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Current Status
2018 Public Information Open Meetings and Records Retention Compliance					
Open - 3+ Years					
<i>2018-A-05.01 Lack of Current Records Retention Schedules</i>					
<i>Records retention schedules are not available.</i>					
6/30/2018	6/30/2025		Each County Department should develop a current records retention schedule and file it with Maryland State Archives.	Management will coordinate with County Departments to develop/update current records retention schedules and file with Maryland State Archives.	Management has advised, "Administration is working with departments to update their schedules. Law, Procurement and Planning &

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Current Status
					Zoning retention schedules are being updated now and once completed we will be moving toward HR and DPW. ... This is an ongoing effort since it is multifaceted and specific to each department."
2022 Procurement Practices					
Closed					
<i>2022-A-09.01 Monitoring of Total Spending</i>					
<i>Total spending by vendor can be improved.</i>					
5/15/2022	3/31/2025	3/31/2025	We recommend directing additional resources towards the Procurement Department so that staff have more time to strategically monitor spending (and cumulative purchases), in addition to meeting the County's ongoing contracting needs.	<p>We have changed business practices to utilize the functionality of WorkDay and provided the auditors responses to help understand why some purchases are labeled "non-contract."</p> <p>The Code requires contracts \$25,000 and over to be competitively bid when we know what the estimated value will be for a good or service. The Code does not require vendors to be put under contract when an aggregate annual spend is \$25,000 and over. We are proactive when analyzing spend with vendors and ensure we are following the Code. When the estimated spend for a good or service is under \$25,000, the user departments are getting three quotes as required.</p> <p>The premise for purchasing cards is to allow users/cardholders to make small dollar purchases where the spend represents approximately 20% of total dollars spent, but account for approximately 80% of the transactions. Procurement staff focuses on the 80% of total dollars spent where we can add more value for the County. That is the best practice established for purchasing card programs in the private and public sectors.</p> <p>While Bank of America has not been able to send us a clean file to integrate pcard data to WorkDay, we are still utilizing the Bank of America system to obtain pcard transactional information. We are currently working on analyzing purchase card spending to determine when it makes fiscal sense to enter into contracts with some vendors.</p> <p>We welcome the review of the details of the 192 vendors stated in the response above. Again, the Code does not require vendors with aggregate spend of \$25,000 and over to be contracted with, but when the opportunity exists for goods or services \$25,000 and over from a good business perspective to be placed under contract, that is when we take appropriate measures to complete that process.</p>	In FY2025, Procurement implemented a new purchase card system that integrates with Workday and a new Procurement management system to capture relevant contract details.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Current Status
2023 Grant Award and Monitoring Controls					
Open					
<i>2023-A-18.01 Allocation of Grants and Contributions</i>					
<i>A number of Grants were recorded as Contributions in the accounting system.</i>					
7/3/2023			We recommend management update its procedures for allocating funding to spend categories based on whether they require a grant agreement and monitoring and whether they were competitively awarded.	As we move forward with Tourism Funding administered through OED effective FY24, we have identified grant procedures with agreements in place specifying recipients' obligations. In addition, for FY24 all grants provided by the County through Grant-in-Aid will be administered by the Department of Housing and Community Development for a more streamlined process.	In August, we reviewed a sample of 30 transactions allocated as Grants or Contributions. We continued to note several instances of transactions classified incorrectly.
2023 Recruitment and Hiring Practices					
Open					
<i>2023-A-23.02 Non Standard Positions</i>					
<i>Nonstandard positions might fall outside of the County Pay Classification Plan.</i>					
1/1/2025	4/1/2025		We recommend the Classification and Compensation Plan be updated to include all current County position classifications and pay scales. We also recommend, when possible, that nonstandard positions be given an appropriate classification within the Plan, so pay scales can be appropriately applied.	All classified positions are in the Pay & Class Plan. Those that are non-standard are cross-walked to existing classifications for the most part. This will be addressed when we implement our new HRIS system in January of 2025.	Workday HR was implemented in June 2025. We were not provided the information needed to retest this issue. We will follow-up at a later date. Further, management notes that a Classification and Compensation Study is underway and will provide recommendations for changes to the classification plan.
2024 Cable Franchise Fees					
Open					
<i>2024-A-12.01 Franchise Agreement Oversight</i>					
<i>The County does not have monitoring procedures in place to ensure cable franchise revenue is collected according to the cable franchise agreements.</i>					
9/1/2024	12/31/2025		We recommend the Council Attorney and Council Administrator develop procedures over cable franchisee contract compliance, specifically detailing required tasks and responsible parties.	Together, the Council Attorney and Council Administrator will be responsible for ensuring cable franchise payments are received timely, insurance coverage is current and other franchise agreement requirements are met. We will work with the Treasurer's office to develop a report to monitor the payments. The Council Administrator will reach out to Armstrong to remind them of the quarterly payment requirement. All of the franchisees will be asked to also submit their Certificates of Insurance to the Council Office, as required.	Franchisees have been paying quarterly and certificates of insurance were obtained. The Council Administrator is developing procedures to ensure updated certificates are received annually and to identify if payments are not received timely.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Current Status
2024 Facility Access Controls					
Closed					
<i>2024-A-11.02 Physical Key Management</i>					
<i>Management does not have a system in place to track physical keys for County facilities.</i>					
9/13/2024	9/15/2025	9/15/2025	We recommend management develop procedures to ensure keys are properly returned to management when no longer needed by the assigned employee.	Facilities and Operations and the Information and Communication Technology Asset Manager are continuing to work together on re-keying County buildings and implementing a key control software system. As part of the new key implementation, the assignment and confirmation of keys will be managed by Facilities and Operations; the interim process is completed through a manually tracked spreadsheet. Once the new keying software is fully implemented and operational, Asset Management and Facilities and Operations will implement the process to track physical key issues and returns. If the key is not returned by the employee, the amount for the expense incurred to re-key the door(s) will be deducted from the final paycheck.	Updated policies have been finalized and distributed to relevant employees. They are also available on the County's SharePoint site for reference.
2024 Hotel Occupancy Tax					
Closed					
<i>2024-A-17A.01 Miscalculated and Unpaid Hotel Occupancy Tax - Springhill Suites</i>					
<i>Hotel Occupancy Taxes were miscalculated and unpaid.</i>					
8/31/2024		6/16/2025	We recommend Treasury notify the hotel operator of the overdue balance and establish a payment plan for the arrearage.	We acknowledge a past due balance and are working on a means to settle the balance due on the account. We continue to pay the current Occupancy Taxes on time.	Outstanding taxes have not been paid, but the property was included in the FY2025 Tax Sale and it's property tax record has been flagged to ensure it cannot be sold without the outstanding taxes being paid.
<i>2024-A-17B.01 Miscalculated Hotel Occupancy Tax</i>					
<i>Hotel Occupancy Taxes were miscalculated.</i>					
9/30/2024		8/29/2024	We recommend Treasury notify the hotel operator of the overdue balance and establish a payment plan for the arrearage.	We agree with the County Auditor's findings.	The hotel's outstanding balance was paid.
<i>2024-A-17C.01 Miscalculated Hotel Occupancy Tax</i>					
<i>Hotel Occupancy Taxes were miscalculated.</i>					
10/1/2024		9/3/2024	We recommend Treasury notify the hotel operator of the overdue balance and establish a payment plan for the arrearage.	We agree with the County Auditor's findings.	The hotel's outstanding balance has been paid.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Current Status
2024-A-17E.01 Miscalculated Hotel Occupancy Tax					
<i>Country Inn & Suites, Bel Air, incorrectly reported taxable room revenue and occupancy tax exemptions resulting in an overpayment.</i>					
9/1/2024		8/23/2024	We recommend the Treasurer's Office notify the hotel operator of the balance to be applied towards future taxes.	We agree with the County Auditor's findings.	Credit was applied to the hotel's July 2024 payment.
2024 Parks and Recreation Inventory Controls					
Closed					
2024-A-08.01 Inventory Lists Consistency					
<i>Inventory Lists for Parks and Recreation are not maintained consistently</i>					
7/1/2024		8/29/2025	We recommend management perform its next annual inventory count with a focus on confirming which items should be tagged and tracked and on removing obsolete or immaterial items from tracking.	Management will continue to focus on tagging, tracking, and removing obsolete or immaterial items during the annual inventory count. We will also consider separately tracking exhibit items at the nature centers and those items that may have historic or antique value at Swan Harbor Farm.	Management has compiled a master inventory list, divided by location, and showing the last date that each item was verified.
2025 Contract Management					
Open					
2025-A-11.01 Payments in Excess of Contract Amount					
<i>Payments were made in excess of contract limits.</i>					
8/31/2025	9/30/2025		Workday is capable of automatically running spending reports by vendor and contract; we recommend Procurement utilize these reports to prevent and detect overspending as well as institute formal purchasing procedures to ensure sufficient monitoring of contract terms and spending.	Management would like to thank the Auditor and staff for its review of Contract Management. Procurement has reviewed the audit report and agrees with the auditor findings associated with vendor payments in accordance with contract terms. This particular contract is in place to provide meals for the Harford County Detention Center and may fluctuate based on inmate population. Workday is programmed to alert Procurement of contract spending and has hard stops on contracts when there is limited funding available. The Department of Procurement and Office of Information & Communication Technology will be investigating to determine how this was processed and repair the alerts and system prevention measures to ensure this does not happen in the future.	Due Date Not Passed.
2025 Detention Center Inmate Account Controls					
Closed					
2025-A-15.01 Timeliness of Detention Center Deposits					
<i>Deposits of detention center revenue are not made timely.</i>					
8/15/2025		8/21/2025	We recommend the Detention Center update its procedures to ensure deposits are made each week and designate a backup Accountant for Commissary administration.	We plan on addressing the findings related to the timeliness of deposits by training an additional person as a backup Accounting Officer.	A backup accountant has been selected and training has begun. Officials expect training to be completed in mid-September.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Current Status
2025 Employee Benefits Administration					
Closed					
<i>2025-A-14.01 Incorrect Deductions for Crossing Guards</i>					
<i>Incorrect deduction rates were charged resulting excessive premium payments for Crossing Guards.</i>					
6/27/2025		7/7/2025	We recommend that management promptly review and correct the deduction configurations for Crossing Guards in the payroll system and reimburse overpayments to affected employees. Additionally, internal controls over rate changes, specifically as it relates to communication with and confirmation of deduction rate changes within the division of Payroll, should be strengthened to prevent the recurrence of similar errors.	Crossing guards have a unique cost-split for benefits that is not shared among other employees. Management agrees that the employer/employee benefit cost split was incorrectly calculated for ten crossing guards who are on county health insurance. This unique cost-split for benefits contributed to the miscalculation. The final pay of FY 2025, which is effective on June 27, 2025, properly calculates the benefit split, resulting in a net employer increase of \$626.44 for that specific pay. In order to correct for the prior pay periods of FY 2025, the appropriate amounts will be refunded to each of these ten employees and will be included in the June 27th paychecks.	Impacted employees were notified and reimbursed for their overpaid premiums.
2025 Employee Separation Procedures					
Open					
<i>2025-A-01.02 Timeliness of Network Account Disabling</i>					
<i>Network accounts were not always disabled timely.</i>					
1/1/2025	6/30/2026		We recommend ICT implement a process to confirm that the TERM related Computer Access tasks are completed timely.	Management Response: Management agrees that account access should be disabled in coordination with the termination date of an employee. Additionally, steps can be taken to move account files to a storage file outside of a disabled account. This would replace the current process of reenabling access to an account on a need-to-need basis. ICT and HR will work together to implement a standard turnaround time between termination date and account disabling based on the new HR Workday process; a standard window of time can also be made for expedited terminations due to cause.	Management has advised that remediation has been delayed by the later than expected Workday expansion.
Closed					
<i>2025-A-01.01 Timeliness and Completeness of TERM forms</i>					
<i>Termination forms were not always initiated and completed timely.</i>					
1/1/2025		8/11/2025	We recommend supervisors receive refresher training on steps to be taken when an employee leaves County service.	Management agrees and managers will be reminded of the current practices and procedures. Training will be adjusted with the implementation of the new HR system on Workday, as refreshed procedures will accompany the new system. Accordingly, a focus will be on the expectation that termination forms are to be submitted at the time of termination for standard resignations of two weeks; with exceptions made for expedited terminations due to cause.	Updated training was provided to the HR representatives in each department addressing the new termination documentation steps.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Current Status
2025 Hotel Occupancy Tax					
Open					
2025-A-13D.01 Hotel Revenue Incorrectly Reported					
<i>Wingate by Wyndham reported its hotel occupancy revenue incorrectly.</i>					
10/31/2025			We recommend the Treasurer's Office take steps to notify the hotel operator and collect the unpaid balance.	Treasury: Administration agrees with the findings and will contact the hotel operator to obtain the unpaid balance.	Due Date Not Passed
Closed					
2025-A-13A.01 Late and Unpaid Occupancy Taxes					
<i>Late and Unpaid Hotel Occupancy Tax</i>					
2/28/2025		2/10/2025	We recommend Treasury take necessary steps to collect the balance due.	We agree with the County Auditor's findings.	The hotel's outstanding balance was paid.
2025-A-13B.01 Hotel Tax Exemptions Reported Incorrectly					
<i>Exemptions were reported incorrectly.</i>					
8/31/2025		8/5/2025	We recommend the Treasurer's Office take steps to notify the hotel operator and collect the unpaid balance.	Treasurer's Response: Administration agrees with the findings and will contact the hotel operator to obtain the unpaid balance. Hotel Operator's Response: We agree with the auditor's findings that stays that were booked by local social service providers are not exempt for Harford County Occupancy Tax. We will no longer subtract those revenues from taxable revenues when calculating Occupancy Tax starting with the report for July 2025.	The hotel's outstanding balance was paid.
2025-A-13E.01 Hotel Revenue Incorrectly Reported					
<i>Red Roof Inn Aberdeen reported its hotel occupancy revenue incorrectly.</i>					
8/20/2025		8/4/2025	We recommend the Treasurer's Office take steps to notify the hotel operator and collect the unpaid balance.	County Treasurer: Administration agrees with the findings and will contact the hotel operator to obtain the unpaid balance. Hotel Management: We are taking the following actions: We have implemented a two-step verification system to ensure accuracy before reporting revenue and taxes. We expect to correct the matter by 8/20/2025.	The hotel's outstanding balance was paid.
2025 ICT Inventory Controls					
Open					
2025-A-07.01 Items could not be located					
<i>Some items in AssetWorks could not be located or the records lack the necessary detail to be identifiable in the field.</i>					
10/1/2025			We recommend, supplemental to the annual County-wide inventory review, ICT perform periodic inventory reviews to ensure records are current, obsolete or immaterial items are	This audit sampled 90 assets out of 12,884 provided by F&O. The 19 assets that could not be located are shared among County Departments and other agencies, such as the Volunteer Fire Companies. The County will explore policies to govern shared assets with external agencies to	Due Date Not Passed. Management is also working to automate the inventory assignment and return process in Workday.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Current Status
			removed from tracking and inventory item detail is sufficient so that items are readily identifiable, easily located, and assigned when appropriate.	ensure appropriate accountability and compliance. In addition, the County currently conducts annual reviews of inventory to ensure records are up-to-date and plans to do the next review at the beginning of the next fiscal year. The County does not depreciate assets and continues to track Capital Assets over a \$15,000 threshold, regardless of age and use, until such time as the Capital Assets are removed from the inventory for surplus and disposal (Policy F&O-03). Assets below the \$15,000 threshold are also maintained on the inventory without depreciation, to maintain consistency in the inventory process.	