



# HARFORD COUNTY, MARYLAND

## Office of the County Auditor

### AUDIT OF GRANT-IN-AID AWARD AND MONITORING CONTROLS

**Report Number:**  
2026-A-04

**Report Date:**  
10/30/2025

Council Members and County Executive Cassilly:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of Grant in Aid Award and Monitoring Controls for the period of 7/1/2023 through 8/31/2025. This audit was conducted as part of the County Auditor's risk-based Annual Audit Plan approved by the County Council for FY2026.

The objective of this audit was to confirm that Harford County has appropriate controls in place to ensure the grants-in-aid it provides or administers are sufficient to ensure that funds are used as intended and as allowed. The scope was limited to those grants under the control of Housing and Community Services and did not include grants related to Tourism. 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; they have been provided an opportunity to respond to this report; the response provided follows the Issues and Corrective Actions.

Sincerely,

Chrystal Brooks  
County Auditor

### CONCLUSIONS

Our opinion, based on the evidence obtained, is procedures are adequate to ensure grants are awarded to qualified entities and grantees' financial and programmatic progress is monitored by County Officials. However, some documentation of application reviews and award amount recommendations was not adequately maintained. This assessment is based on the strengths and weaknesses identified for the operational objectives below.

<b>Business Process Objective</b>	<b>Assessment<sup>i</sup></b>
Provide funding to support community needs	Generally Effective
Grant funding accomplishes intended outcomes	Effective
Grant awards are spent on allowable expenses	Effective

## **ISSUES AND CORRECTIVE ACTIONS**

### **2025-A-04.01 Application Review Documentation is missing**

Each year, multiple nonprofits submit applications to the County for grant funding. The County has a standard application process in place, which requires the submission of the completed applications, budget worksheet and annual financial statements. In prior years, once the application period closed, each request was evaluated by an independent review committee to rate the requests based upon pre-determined criteria and recommend whether funds should be awarded and in what amount. The purpose of the advisory group's review is to ensure that grant recommendations address the needs identified by stakeholders. Documentation of those reviews were either included in the physical files or maintained online in the County's grant management software program.

During our testing, we noted 24 grants, out of 34 tested, were missing documentation of the independent reviews. It appears that when the grant software was migrated from one platform to another, some of the data was lost. As a result, we were unable to confirm the advisory committee's reviews and recommendations for awards. This was only an issue for prior fiscal years; management has informed us that they have changed their process for the current fiscal year and grants will no longer be subject to the third-party review process. Instead, beginning with fiscal year 2026, applications are being reviewed by internal staff prior to submission to the County Executive for final approval and award determination.

We recommend management work with their software provider to restore the missing files for their future reference.

**Management Response:** The County has properly managed and completed its procedures related in Grant-In Aid application and awards. As stated, due to a software migration conducted by the grant management software company, data was lost for prior fiscal years related to independent reviews. The County has requested the company restore the data. However, this will have no impact on operations of Grant-In-Aid in the future as the process has since changed

## BACKGROUND, OBJECTIVES, SCOPE AND METHODOLOGY

Harford County awards funding to local non-profit organizations to accomplish the County's objectives. Funding is provided in the form of grants, sponsorships or contributions. During the audit period, Harford County awarded \$6.3 million in grants to approximately 116 entities through the Department of Housing and Community Development.

Grants (including Grant-in-aid) are awarded for a specific purpose, with financial and progress reporting requirements. Organizations submit applications detailing their program budgets and objectives. The applications are reviewed by County staff and relevant Advisory Boards to make recommendations for grant awards. The recommendations are reviewed by the County Executive and included in the annual budget. Upon approval, recipients sign grant agreements that detail how the funds will be used and reporting requirements. Quarterly or monthly, recipients provide financial and narrative progress reports that are reviewed by County staff to confirm funding was used as intended.

The audit approach focused on testing the key controls that address management's objectives. We sampled 34 grants for testing, totaling \$3.2 million. Our audit procedures included interviewing personnel, observation and testing as described in the table below.

Process / Control Objective	Scope of Review
<b>Grants support community needs</b>	
Grant-in-aid is awarded to organizations through a competitive application review process	For a sample of grants, confirm: <ul style="list-style-type: none"> <li>• Applications were complete</li> <li>• Grantees were qualified and in good standing with the State Comptroller</li> </ul>
Advisory Boards review and make recommendations for awards	Confirm relevant advisory boards supported the recommended award amounts
The County Executive directs non-competitive awards (Contributions) to organizations	For a sample of Contributions, confirm the funding was approved by the County Executive and allocated to the correct spend category and cost center
<b>Grants accomplish intended outcomes</b>	
The purpose and terms of each award are formalized in grant agreements	For a sample of grants, confirm that a signed grant agreement was on file before the first payment was issued

Process / Control Objective	Scope of Review
Grantees must provide narrative progress reports demonstrating their progress and accomplishments before subsequent payments are issued	For sampled grants, confirm: <ul style="list-style-type: none"> <li>• Quarterly/monthly reports were provided to the County</li> <li>• Management reviewed the progress reports prior to issuing subsequent payments</li> </ul>
<b>Funds are spent on allowable expenses</b>	
Grantees must provide financial reports and supporting documentation to confirm their spending is allowable	For sampled grants, confirm: <ul style="list-style-type: none"> <li>• Financial status reports were received prior to subsequent payments</li> <li>• Year-end financial statements were received, if the grantee received an award in the prior year</li> <li>• Payments did not exceed the approved award amount</li> <li>• If required, unspent funds were returned to the County</li> </ul>

In planning and performing this audit, weed the issues reported in a prior audit. We previously reported, in Audit Report No. 2023-A-18.01, on the “Incorrect allocation of Grants and Contributions”. Specifically, some grants were miscategorized as contributions and vice versa. Similar issues were found in the current testing and this issue remains open. Other areas for improvement are described in the Issues and Corrective Actions section of this report.

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:**

Ms. Barbara Richardson, Director of Housing and Community Development

**Audit Team:**

Chrystal Brooks

CPA, CIA, CGAP, CISA, CGFM, CRMA

*County Auditor*

Sarah Self, CIA, CGAP

*Senior Auditor*

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<sup>i</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.