



# HARFORD COUNTY, MARYLAND

## Office of the County Auditor

### **AUDIT OF PETTY CASH - HIGHWAYS MAINTENANCE**

#### **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 FY2019.

#### **What We Found**

We noted that controls are adequate over the Bureau of Highways Maintenance's petty cash fund.

**Report Number:** 2019-A-01

**Date Issued:** 07/12/2018

Council Members and County Executive Glassman:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of the Department of Public Works - Bureau of Highways Maintenance's (Highways) petty cash fund. The results of that audit, our findings and recommendations for improvement are detailed in the attached report. We would like to thank the members of management for their cooperation during the audit.

The audit found cash on hand agreed to the expected amount and was appropriately secured. We have no recommendations for improvement at this time. Accordingly, management has not provided a response to the report.

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  
Mr. Joseph Siemek, Director of Public Works  
Mr. Jeff Stratmeyer, Deputy Director for Highways'  
Ms. Peggy Bright, Petty Cash Custodian



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### REVIEW RESULTS

We have focused on activity during the period of 7/1/2016 through 7/6/2018 and cash on hand on 7/6/2018. The audit approach focused on testing the key controls that address management’s objectives for the process.

Our opinion, based on the evidence obtained, is controls are adequate to ensure that petty cash is used, secured, and reconciled properly. Conclusions drawn are below.

<b>Risk</b>	<b>Expected Control</b>	<b>Conclusion</b>
Cash could be lost or stolen	Cash is secured in a locked safe or drawer with limited access.	Satisfactory
	At all times, cash on hand and receipts agree to the expected fund amount.	Satisfactory
Purchases are not appropriate or approved	Expenditures are supported by receipts and approval documentation.	Satisfactory
	Reconciliations are performed at least monthly.	Satisfactory
Procurement limits are exceeded	Purchases do not exceed \$50.	Satisfactory

### BACKGROUND INFORMATION

#### **PROGRAM DESCRIPTION**

The Department of Public Works – Bureau of Highways Maintenance maintains a petty cash fund for reimbursing employees for meals when working overtime. Unless there’s a weather event resulting in a high volume of overtime and thus meal voucher requests, the petty cash custodian reconciles the fund and requests a replenishment from Treasury as needed so to not completely deplete the fund.

#### **REVIEW OBJECTIVE, SCOPE AND METHODOLOGY**

The objective of this review was to ensure that petty cash processes for Department of Public Works – Division of Highways are in compliance with Petty Cash policies and ensure disbursement and replenishment transactions were approved and properly accounted for. The scope of this review was limited to reviewing the controls over Highways’ petty cash

fund. The review did not include a complete evaluation of internal controls, but instead, relied on substantive testing to support conclusions. This lack of a complete review did not affect achievement of the audit objective.

The audit focused on activity during the period of 7/1/2016 through 7/6/2018. Our audit procedures included interviewing personnel, observation and testing. Specifically, we counted the cash and receipts on hand, observed physical security, reviewed recent payments, confirmed the outstanding reimbursements, and reviewed the supporting documentation for each petty cash expenditure and replenishment.

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*

Brad DeLauder, CPA

*Senior Auditor*

Clark Stratmeyer

*Intern*