



HARFORD COUNTY, MARYLAND

Office of the County Auditor

AUDIT OF OFFICE ON AGING REVENUE

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 FY2020.

What We Found

Deposits are made completely, but not timely.

Controls can be improved to ensure that deposits can be reconciled to the underlying transactions.

Report Number: 2020-A-09

Date Issued: 07/24/2020

Council Members and County Executive Glassman:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of the County's Senior Center Revenue. 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 deposited revenue was captured by Treasury as expected. Senior Centers can improve their procedures so that collections are sent to the Office on Aging in a standardized way, streamlining the reconciliation process. Additionally, cancellation procedures can be improved to ensure records are complete.

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: Ms. Amber Shrodes, Director of Community Services



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REVIEW RESULTS

We have audited Senior Center Revenue for the period of 01/01/2018 through 03/31/2020. Our opinion, based on the evidence obtained, is that Senior Center revenue is reliably deposited; however, controls can be improved to ensure that the deposited funds reconcile to the supporting transactions. The audit approach focused on testing the key controls that address management’s objectives for the process. Conclusions drawn are below.

Risk	Expected Control	Conclusion
Proper fees are not collected	<ul style="list-style-type: none"> • A registration system standardizes the amount collected for each registration. • Fee waivers and vouchers are documented • Members are registered in the classes they paid for. 	<p>Satisfactory</p> <p>Satisfactory</p> <p>Satisfactory</p>
Deposits are not complete	<ul style="list-style-type: none"> • Deposits are supported by reports from the registration system. • Donations are counted and reconciled by multiple people. 	<p>Needs Improvement</p> <p>Satisfactory</p>
Cash and checks are lost or stolen	<ul style="list-style-type: none"> • Senior Centers forward collections to the Office on Aging daily. • Office on Aging deposits collections within one week. 	<p>Needs Improvement</p> <p>Needs Improvement</p>
Refunds are issued without approval	<ul style="list-style-type: none"> • Refunds are only granted when there is a related registration. • Refunds are approved by Office on Aging staff rather than Senior Center staff. 	<p>Needs Improvement</p> <p>Satisfactory</p>

Areas for improvement are described in the Findings and Corrective Actions section of this report. Management has been provided an opportunity to respond to this report; the responses provided follow each recommendation in the Findings and Corrective Actions.

FINDINGS AND CORRECTIVE ACTIONS

Finding Number: 2020-A-09.01 Missing Support for Registration Deposits

Office on Aging deposits do not fully reconcile to transaction details.

Analysis: When the Office on Aging (OOA) prepares deposits for class registrations, they are based on information (and collections) sent from the Senior Centers. In our sample of

17 deposits, 11 could not be reconciled to the supporting transaction reports. While the deposit summaries agreed the amounts received by the bank, we could not confirm that the totals were correct using the support maintained by OOA. That support showed the net revenue deposited was approximately \$114 more than the daily reports. There are a number of reasons for the discrepancies.

First, sometimes there are registrations accepted for courses at another center. For example, a member may go to the Fallston Senior Center to register for a class that takes place at the McFaul Senior Center. In that case, Fallston's daily transaction report would show only the classes at the Center and it would have more cash or checks on hand than the report shows. McFaul's report would show an extra transaction and they would have less money collected. To reconcile this, senior center staff make notes on the report showing their expected variances and those notes are reviewed and confirmed by OOA staff. We were able to observe these notes in the deposit support.

Second, some senior centers prepare their deposits and generate daily reports prior to the end of the day. This means the report submitted to OOA is not complete because it is missing the end of day transactions, and the money collected will not reconcile because it includes transactions from the prior day. This is further complicated because, in some cases, the Senior Centers prepared deposits that covered multiple days.

Thirdly, since some deposits totaled more than the support demonstrates, it is possible that some of transaction reports were lost, misplaced or misfiled. As discussed elsewhere in this report, cancelled registrations are deleted from the system, so it is not possible to recreate the transaction reports as they were on the day generated.

Given these issues in the deposit process, we attempted to determine if the total revenue collected was reasonable when compared to the registrations. We found for fiscal years 2018, 2019 and 2020, collections were 0.77% (approximately \$6,400) more than a current transaction report shows. This variance may be explained by refunds and misclassified other Senior Center revenue.

Recommendation: We recommend Senior Centers prepare deposits that represent one complete day's collections. Those collections should be sent to Office on Aging within two business days.

Management Response: Management will advise staff to strive to reconcile as many of our daily transactions in the same day. Currently, we reconcile throughout the day. When we return to center operations, we will designate staff from our main office to visit the centers (during registration) closer to the end of each day to verify the reconciliation and transfer funds back to main office for more expeditious deposits. In addition, we are

considering cashless transactions allowing only credit and checks for payment. Also, we are currently in development phases of online registration capability which will not only address these issues but also should reduce demand on the in-person registration process.

Expected Completion Date: Due to COVID we cannot give a firm implementation date, it will likely be after January 2021.

Finding Number: 2020-A-09.02 Timeliness of Deposits

Deposits for Senior Center revenue are not always made timely.

Analysis: Senior Centers collect revenue Monday through Friday for meals, class registrations and miscellaneous charges. Each day, those collections are to be sent to the Office on Aging. The Office on Aging makes weekly deposits of cash and checks received. Our expectation was that each deposit would represent the prior week's collections. However, in our testing we noted that 14 of the 17 sampled weeks were deposited more than a week after the Friday collected. For 8 of the 17 deposits, we noted the support contained more than 5 weekdays worth of transactions.

Based on our understanding of the process, some Senior Centers do not send their collections to the Office on Aging every day. Accordingly, Office on Aging prepares the deposit when the full week's meal collections have been received. The deposit will include all class registration support that has been received by that time. This means that some deposits contain transactions for a wide variety of dates. Our testing showed 8 of 17 deposits contained more than 5 days' worth of transactions.

As a result, while cash is kept securely, collections are not reconciled timely and revenue is not recorded timely.

Recommendation: We recommend Senior Centers send deposits to Office on Aging daily or at least within two business days and the Office on Aging make deposits in the week following collection.

Management Response: Addressed in our response to the 2020-A-09.01 Missing Support for Registration Deposits finding above.

Expected Completion Date: Due to COVID we cannot give a firm implementation date, it will likely be after January 2021.

Finding Number: 2020-A-09.03 Registration Cancellations

Aging Registration history is incomplete because of deleted registrations.

Analysis: When a class has not met its minimum number of registrants, the Office on Aging will cancel the course and refund the registration fees, if the member does not want to choose a different course. The cancelled course is then deleted from the registration system, ServTracker. Additionally, when a member has a medical excuse for withdrawing from a class, their registration fees are refunded. To do this, a copy of the registration form is forwarded to a supervisor for approval and processing. Sometimes, Office on Aging employees delete the registration in the ServTracker system. As a result, the ServTracker does not contain a record of all transactions that were processed.

When we tested a sample of deposits, we found that the reports generated in ServTracker today do not agree to those that were generated when the deposit was made.

When we tested a sample of refunds, for 20 class cancellations, we could not confirm the registrations existed because the class was deleted entirely from the registration system. For member-specific cancellations, 3 of the 7 refunds tested did not have related registrations in the member's account history. For the remaining four, the registration was not marked as cancelled in ServTracker. For those registrations, the member would appear in attendance sheets and could continue to attend the class.

Recommendation: We recommend employees use the 'Registration Cancelled' (for registrations) and "Cancelled" (for courses) options in ServTracker when registrations will be reversed.

Management Response: Management has created a procedure that will be shared with staff to address this finding.

Expected Completion Date: The new procedure will be shared with staff by August 10, 2020.

BACKGROUND, OBJECTIVES, SCOPE AND METHODOLOGY

In Harford County, Senior Center activities are the responsibility of the Office on Aging, within the Department of Community Services. There are seasonal class sessions with open registration periods four times per year. The ServTracker system is used to keep track of the members' contact information and registration details; its reports also provide information

for reporting on State and Federal grant use. The Senior Centers also collect donations on days that they serve lunch. Donations are not tracked by customer or transaction. Generally, each business day, the staff at each Senior Center counts its collections and forwards them to the Office on Aging. The Office on Aging delivers those collections to the bank as a consolidated deposit. When classes are not filled, or when members need to cancel a registration for medical reasons, Vouchers or Refunds are issued to the impacted students.

The objective of this audit was to confirm that Senior Center revenue is collected fully. The scope of this review was limited to those revenue sources that are managed by the County and collected at the county's Senior Centers.

The audit focused on activity during the period of 01/01/2018 through 03/31/2020. Our audit procedures included interviewing personnel, observation and testing. Specifically, we confirmed that rates in the registration system agreed to the course catalog and that adjustments to the collected fees were supported. We reviewed deposits for a sample of weeks to confirm that they were made timely, supported by bank receipts, recorded by Treasury and supported by registration system reports. For class registrations, we reviewed a sample of registration forms to confirm they agreed to the courses entered in the registration system. For refunds, we reviewed supporting documents to confirm that the refund was approved and that it could be associated with a paid registration in ServTracker. Additionally, we performed data analysis procedures to determine if the information contained in ServTracker was consistent with our expectations and reasonably consistent with the revenue reported in the County's financial systems.

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:

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