



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 FY2021.

What We Found

We noted that controls are adequate over the Highways petty cash fund.

Report Number: 2021-A-06

Date Issued: 08/14/2020

Council Members and County Executive Glassman:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of Public Works' Highways Maintenance 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.

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 Department
Ms. Dana Basham, Petty Cash Custodian



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REVIEW RESULTS

We have audited Highways' petty cash for the period of 07/01/2019 through 07/31/2020 and cash on hand as of 08/11/2020. Our opinion, based on the evidence obtained, is controls are adequate to ensure that petty cash is appropriately secured, used and reconciled. 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
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

Management has been provided an opportunity to respond to this report; however, none was required or provided.

BACKGROUND, OBJECTIVES, SCOPE AND METHODOLOGY

The Highways Maintenance division has a petty cash fund that is primarily used to pay employee overtime meal vouchers. When a Highways crew works overtime, the crew chief requests enough petty cash for the relevant employees. The cash is distributed to the crew, who signs a form acknowledging receipt of the funds. The Petty Cash custodian keeps the signed forms to support the fund reconciliations. Reconciliations occur frequently due to the number of transactions. As needed, the petty cash fund balance is adjusted up or down to reflect seasonal changes in expected overtime.

The objective of this review was to ensure that petty cash processes 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 07/01/2019 through 07/31/2020. Our audit procedures included interviewing personnel, observation and testing. Specifically, we counted the cash and receipts on hand 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, CIA
Senior Auditor