



HARFORD COUNTY, MARYLAND

Office of the County Auditor

August 24, 2022

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 FY2023.

What We Found

- 7 recommendations are Closed
- 9 recommendations remain Open

Audit Team:

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

Brad DeLauder
CPA, CIA
Senior Auditor

STATUS OF PRIOR AUDIT FINDINGS

Council Members and County Executive Glassman:

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 1, 2022. Our review was limited to management responses to prior audit findings that indicated an expected remediation date on or before 7/1/2022. 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 7/1/2022 there were 15 findings being tracked by the County Auditor, relating to 12 audits and reviews. One (1) new finding was added during the follow-up period. Based on our review, there are nine (9) findings that remain open and will be included in the next status update. Two (2) 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. A summary, and details, of the status of the audit findings reviewed follows this letter.

This review 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.

Management has been advised of our results and has been given an opportunity to respond to the report; no additional comment 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. Benjamin Lloyd, Director of Administration

FINDINGS SUMMARY

Audit No.	Audit Name	Status		
		Closed	Open	Total
2018-A-05	Public Information Open Meetings and Records Retention Compliance		1	1
2018-A-15	Facility Access Controls		2	2
2019-A-15	Employee Separation Procedures	1		1
2020-A-09	Office on Aging Revenue	3		3
2020-A-04	Petty Cash	1		1
2020-A-08	Purchase Card Controls		1	1
2021-A-17	Construction Inspection Billing Controls		1	1
2021-A-18	Property Management Controls		1	1
2021-A-11	Tuition Reimbursement Program	1		2
2022-A-08	Payroll Controls	1		1
2022-A-09	Procurement Practices		1	1
2022-A-12	Environmental Services Billing and Collection Controls		1	1
2023-A-03	Petty Cash - Highways Maintenance		1	1
	Grand Total	7	9	16



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DETAILED FINDINGS STATUS

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2018 Facility Access Controls					
Open - 3+ Years					
<i>2018-A-15.01 Physical Key Management</i>					
<i>Management does not have a process in place to track physical keys for County facilities.</i>					
11/1/2019	12/31/2022		We recommend management develop procedures so that, as new locks are installed, new keys are logged and assigned, and PIN locks are periodically changed.	Management appreciates the recommendation and will be reviewing the processes and policies regarding physical key management as well as periodic reprogramming of PIN locks.	Management has procured the new keying system with installation starting in August 2022. Management expects to implement the new keying system to three buildings per fiscal year.
<i>2018-A-15.02 Inappropriate or Unnecessary Access (1)</i>					
<i>Some facility access rights are inappropriate or unnecessary.</i>					
11/1/2019	6/30/2023		Active devices assigned to separated employees, or not specifically assigned to County personnel, should be disabled. Additionally, access role configurations should be reviewed periodically and updated to reflect changes in operations.	Management will review the access provided to employees/contractors and refine or correct their privileges.	Management advised there will be a plan to review access configurations when the new keying system is implemented, but the plan has not been written yet. The process won't begin until the change of Administration in a few months.
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	6/30/2024		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 plans to develop and implement document retention policies after the Administration change in 2022. They expect to implement the policy over the next three years.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2019 Employee Separation Procedures					
Closed					
<i>2019-A-15.03 Documented Return of Assigned Equipment</i>					
<i>In some cases, the return of assigned equipment is not confirmed or documented.</i>					
12/31/2019		7/14/2022	We recommend departments document their review of items returned by separated employees.	Management training will be provided in Fall 2019.	We tested a sample of terminated employees to confirm whether the requested TERM forms note returned equipment. Of the 8 samples reviewed, all Term forms "equipment" fields were appropriately completed.
2020 Office on Aging Revenue					
Closed					
<i>2020-A-09.01 Missing Support for Registration Deposits</i>					
<i>Office on Aging deposits do not fully reconcile to transaction details.</i>					
1/31/2021		7/11/2022	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 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.	Process changes and a new credit card-only registration system have been implemented, so that no cash deposits are needed for the Senior Centers.
<i>2020-A-09.02 Timeliness of Deposits</i>					
<i>Deposits for Senior Center revenue are not always made timely.</i>					
1/31/2021		7/11/2022	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.	Addressed in our response to the 2020-A-09.01 Missing Support for Registration Deposits finding above.	Process changes and a new credit card-only registration system have been implemented. Cash deposits are no longer needed for the Senior Centers.
<i>2020-A-09.03 Registration Cancellations</i>					
<i>Aging Registration history is incomplete because of deleted registrations.</i>					
8/10/2020		7/13/2022	We recommend employees use the 'Registration Cancelled' (for registrations) and "Cancelled" (for courses) options in ServTracker when registrations will be reversed.	Management has created a procedure that will be shared with staff to address this finding.	Management implemented a new registration, CivicRec. We tested a sample of refunds in Workday and all were correctly reflected in the system. Additionally, we confirmed CivicRec captures all transactions for every account and keeps a history that is visible to staff and to the end user.

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2020 Petty Cash					
Closed					
<i>2020-A-04.01 P&R Maintenance Petty Cash Reconciliations</i>					
<i>Fallston Maintenance Shop reconciles petty cash less than monthly.</i>					
7/19/2019		7/7/2022	We recommend Parks and Recreation update its procedures to reflect the County Code requirements.	Management will adjust our procedure to comply with the County Code which includes a monthly audit and replenish funds when approx. \$50 remains. We will implement this action immediately.	We reviewed the reimbursements made during FY2022 and found each was limited to only one month worth of transactions.
2020 Purchase Card Controls					
Open					
<i>2020-A-08.01 Prohibited Purchases</i>					
<i>Some purchases were made that do not follow the County's purchase card guidelines.</i>					
6/15/2021			We recommend all cardholders and approving officials receive refresher training regarding the purchase card program, so they are aware of the documentation and approval requirements for purchase card use, including the types of retailers employees are not permitted to make County purchases from. Finally, we recommend that consequences for inappropriate purchase card use be enforced systematically.	All purchase card holders are provided training when they initially receive their card. Procurement provides training as necessary and continues to audit approximately 20% of the cardholder logs. If Procurement deems a purchase was inappropriate they will notify the card holder. Treasury will also do the same if they find an inappropriate use. With regards to the use of a P-Card at a wholesale club, the County will be updating the P-Card policy and procedures manual to allow transactions at wholesale clubs under business memberships, as well as reviewing best practices regarding travel rewards. Training is on-going. We hope to have the manual updated and available to card holders by second quarter of 2021.	Current year testing continues to show some purchases were made that do not follow the County's purchase card guidelines.
2021 Construction Inspection Billing Controls					
Open					
<i>2021-A-17.01 Lack of Support for Capital Project Invoicing</i>					
<i>Daily inspection reports were not always available and employee time sheets did not always support time invoiced to developers.</i>					
9/30/2021			We recommend the Department of Public Works (DPW) implement refresher training for PCAM timekeepers and a routine review of the PCAM exception report to ensure time billed directly relates to time indicated on inspection and timesheet documentation.	The Department of Public Works will implement a refresher training for inspectors and PCAM data entry personnel to ensure that hours entered for each project directly relates to hours indicated on inspection and timesheet documentation.	Based on current testing, the finding will remain open.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2021 Property Management Controls					
Open					
<i>2021-A-18.01 Lease Receivable Payments</i>					
<i>Lease receivable payments are not complete and timely.</i>					
6/30/2021			We recommend Facilities and Operations document any actions taken when payments are received late.	Management provided leniency to tenants due to the COVID pandemic, follow-up actions were not planned until after the State of Emergency expired (which is July 1, 2021). All payments were received from tenants and documented.	Current testing of leases shows that this finding remains open.
2021 Tuition Reimbursement Program					
Closed					
<i>2021-A-11.02 Tuition Repayment for Separated Employees</i>					
<i>For some separated employees, tuition reimbursements were not repaid when required.</i>					
3/1/2021		7/26/2022	We recommend Human Resources add a step to its separation review process to ensure there are no outstanding tuition-related service commitments.	Human Resources has added a step to the separation review process. HR will work with Payroll to confirm the amount of leave payout and will verify if the employee needs to re-pay a larger amount. HR will then seek payment from the employee and refer them to collections if no payment is received.	We tested employees separated since the last review and confirmed that tuition reimbursement was repaid when required.
2022 Environmental Services Billing and Collection Controls					
Open					
<i>2022-A-12.01 Incomplete Bonding Documentation for Hauler Vehicles</i>					
<i>Management lacks proper bonding documentation for some approved haulers' vehicles.</i>					
9/1/2022			We recommend management provide refresher training to employees who review hauler applications. Additionally, management may want to consider updating the Harford County Solid Waste Hauler's License Procedures to thoroughly define criteria for acceptable bond coverage on a per vehicle basis for the various hauler vehicle types so employees will have appropriate criteria to more readily judge the adequacy of a hauler's bonding.	MES agrees with auditors' finding of issues related to performance bond requirement for the haulers. Per the recommendations of the auditors, management will provide refresher training to employees who review hauler applications. Additionally, MES will prepare and provide reference guides to employees related to Harford County Solid Waste Haulers Licenses procedures to ensure adequacy and compliance per the County code and requirements. Procedures and communication will be improved between recipient (Harford County) of the cash bond and the hauler license (Maryland Environmental Service). Each responsible party will verify with each other that sufficient bonding for cash bonds has been provided prior to signing the hauler license package. Issues have already been reconciled for this year.	Due date is not passed.

Orig. Due Date	Revised Due Date	Completion Date	Recommendation	Management Response	Status Comments
2022 Payroll Controls					
Closed					
<i>2022-A-08.02 Incorrect Employee Benefit Deductions</i>					
<i>Some employees were paid incorrect rates based on incorrect rate schedules or employment status.</i>					
4/1/2022		7/14/2022	We recommend adding a review of benefit selection data when it is manually entered for new employees.	Human Resources has recently purchased a new software system "Benelogic". New employees will enter/add all their information themselves. Benefit rules with regards to rates etc., have already been set-up in the system. A report will automatically run every two weeks for Payroll and Human Resources to audit any changes that have taken place in Benelogic.	We tested a sample of employees hired since the County's new benefits administration software was implemented to confirm benefit rates were deducted based on employment status and the appropriate rate schedules. Of the employees sampled, all deductions appear correct.
2022 Procurement Practices					
Open					
<i>2022-A-09.01 Monitoring of Total Spending</i>					
<i>Total spending by vendor can be improved.</i>					
5/15/2022			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</p>	Given the timing of this finding, we will follow-up next year. We will also note this finding and its status in the FY2024 County Budget Analysis.

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				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.	
2023 Petty Cash					
Open					
<i>2023-A-03.01 Timely Petty Cash Accounting</i>					
<i>Some Petty Cash reimbursements for Highways were not done timely.</i>					
8/31/2022			We recommend Petty Cash supervisors reconcile their funds every 30 days in accordance with the County Code and confirm such with their supervisors or department heads.	DPW Highways agrees with the findings. We will reconcile the fund at least every 30 days.	