



HARFORD COUNTY, MARYLAND

Office of the County Auditor

AUDIT OF DEPUTY DIRECTOR FOR WATER AND SEWER

Report Highlights

Why We Did This Audit

This audit was conducted in accordance with Charter §213, based upon the Auditor's assessment of risk.

What We Found

Transactions under the control of Mr. Caudill appear reasonable.

Report Number: 2017-A-13

Date Issued: 03/09/2017

Council Members and County Executive Glassman:

In accordance with Section 213(c) of the County Charter, we have performed an audit of the accounts under the direction of the former Deputy Director of the Public Works Division of Water and Sewer, Joel Caudill. Based on our risk assessment, some Deputy Directors exercise significant control over accounts and operations and that authority warrants a review upon a change in personnel.

The audit found activity within the accounts under the control of Mr. Caudill during the audit period appeared reasonable. The results of the audit and our findings are detailed in the attached report. Management was provided an opportunity to respond to this report; however, no response 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. Robert Sandlass, Treasurer
Mr. James Richardson, Director of Human Resources
Mr. Joseph Siemek, Director of Public Works
Mr. William Boniface, Director of Administration
Ms. Melissa Lambert, County Attorney



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REVIEW RESULTS

We have audited the accounts under the control of Joel Caudill, former Deputy Director of Water and Sewer for the period of 7/1/2015 through 1/31/2017, to review the accounts under the Deputy Director of Water and Sewer.

Our conclusion, based on the evidence obtained, is that account activity occurring under the purview of Mr. Caudill during the audit period appeared reasonable. 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
Accounts under the Official's control were not properly used.	<ul style="list-style-type: none">• Spending is within budgeted limits.• Large transactions are supported by adequate documentation.• Travel, Meal Expenses and Employee Reimbursements were justified.• Transactions are approved through proper channels.	Satisfactory
Official continues to have access to County financial resources.	<ul style="list-style-type: none">• Signatory access is removed from County bank accounts.• Assigned purchase cards are returned and disabled.• Access to financial and information systems is revoked timely.	Satisfactory

BACKGROUND INFORMATION

PROGRAM DESCRIPTION AND KEY STATISTICS

Joel Caudill served as Harford County's Deputy Director of Water and Sewer from September 2003 until January, 2017. According to the County's website, the Deputy Director of the Public Works Division of Water and Sewer is "responsible for the operation, maintenance, administration, planning and engineering of the public water and sewer facilities that service over 130,000 citizens of Harford County."

REVIEW OBJECTIVE, SCOPE AND METHODOLOGY

The objective of this review, within the authority provided by Charter Section 213, was to confirm the reasonableness of account activity under the authority of the Deputy Director of Water and Sewer. The County Attorney has asserted that Mr. Caudill should not be considered an “officer” under Charter § 214. As a result, our scope was limited to consideration of financial access and transactions within accounts under the control of the Deputy Director of Water and Sewer.

The audit focused on activity during the period of 7/1/2015 through 1/31/2017. Our audit procedures included data analysis and review of transactions. Specifically, we confirmed that the accounts under Mr. Caudill’s control did not have unusual or inappropriate costs; and, Mr. Caudill’s financial access to County resources had been revoked. We did not confirm Mr. Caudill’s physical access to County resources had been revoked or that his final paycheck and leave payout were correct. Those procedures were outside of the scope of this project.

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.

Audit Team:

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

Brad DeLauder, CPA
Senior Auditor