



Charles County, Maryland

Internal Audit Office

AUDIT OF DPW LANDFILL: CASH MANAGEMENT

Report Number:
2024-DPW-001

Report Date:
06/24/2024

Director Department of Public Works, Chief of Environmental Resources,
Internal Audit Oversight Committee, County Administrator & Deputy County
Administrator:

In accordance with the Internal Audit Charter, SOP# CPCAD.04.001, the Internal Audit Office (IAO) performed an audit of the Department of Public Works County Landfill: Cash Management Function from 12/01/2023 through 02/28/2024. This audit was conducted as part of the IAO's risk-based Annual Audit Plan approved by the Internal Audit Oversight Committee for FY23. Internal Audits are designed to add value and improve operations.

The audit's objectives were to: **1.** Determine if the internal controls for cash receipts are adequately designed and operating effectively. **2.** Ensure the correct amounts are collected, charges are assessed and collected in accordance with applicable policies, laws and prudent business process. **3.** Ensure that cash collections are safeguarded and deposited in a timely matter. **4.** Ensure transactions are properly displayed in the records of the Landfill Scale House, Treasury Division and Banking records **5.** Search for value-added recommendations to improve efficiency and effectiveness in this business unit.

The results of the audit, findings, and recommendations are detailed in this final report. DPW Landfill Staff were provided with an opportunity to respond to the findings and recommendations and their responses are included. The IAO will conduct a 6-month follow-up to determine the status on the implementation of recommendations and observations presented.

Sincerely,
Johnnie Coleman, Senior Internal Auditor

CONCLUSIONS

Based on evidence gathered and interviews performed pursuant to the overall effectiveness of the internal controls in this business unit, IA deems controls to be **SATISFACTORY**. IA recommends that internal controls be strengthened to include written procedures that include appropriate separation of duties and monthly reconciliations.



**Internal Audit Report
DPW Landfill
Cash Management**

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**Internal Auditor
Johnnie Coleman**

ISSUES AND RECOMMENDATIONS

Issue #1 / Risk	Internal Audit Recommendations	Management Comments
<p>The Standard Operating Procedures <i>has not been updated with the current process of the Internal Security Officer transporting bank deposits between departments.</i></p> <p><i>Risk: Policies and Procedures Risk</i></p>	<p>SOPs in all areas of this audit unit should be reviewed and revised to reflect current business processes. (Note: IA used the SOP received by us prior to this review, department staff might have revised already)</p> <p><i>Effective policies and procedures are living documents that must grow and adapt with the organization</i></p>	<p>The Department will provide the IA's Office with a copy of the revised SOP.</p>

Issue #2 / Risk	Internal Audit Recommendations	Management Comments
<p>Improve the cash handling process.</p> <p><i>Fraud/Theft Risk</i></p>	<p>1.) Work with Treasury/Central Services departments on the possibility of more frequent deposit pickups. 2.) Investigate the purchase of a commercial bill counter, to assist in reconciliations of cash. Might be helpful in getting rid of the adding machine tapes.</p> <p><i>Timely deposits mitigate loss to theft or loss of funds.</i></p>	<p>1.) The Division will initiate an internal review of our deposit handling processes, with a clear goal of enhancing performance measures to reduce time in the scale house. This promises to bring about significant efficiency gains in our operations. 2.) The Division is evaluating the purchase of a commercial bill counter, which will expedite cash counting and reduce the utilization of adding machine tapes.</p>

Observation	Internal Audit Recommendations	Management Comments
<p>Variations noted in Internal Audit testing between the Accounting Spreadsheet (Daily Cash Deposits and the Pick A Date reports generated for Paradigm software.</p> <p>One due to an incorrect rate being charged to a patron, which was correct on the Accounting Spreadsheet and not the Pick-A-Date reports. Two were transactions (3 @ 15 each) that were generated by handheld credit card processor not being reported correctly. IA notes other small variances but does not consider them material and notes that deposit amounts were correct on bank and Munis.</p>	<p>Determine if we can ensure consistency in all reports generated during this process. Determine if reports generated from Paradigm software can be used more efficiently to assist in document storage as well as not having to generate so many hard copy documents.</p>	<p>The Division will explore the software's reporting to improve data accuracy and consistency and will work with FAS to determine whether integration with paradigm software is feasible.</p>