



Washington Suburban Sanitary Commission  
Internal Audit Office  
Activity Report  
(07/10/17 – 08/04/17)

### EXECUTIVE SUMMARY

- System Development Charges Audits – total fiscal-year-to-date actual financial adjustments are \$341,790.68.
- Several Enterprise Risk Management (ERM) and Internal Audit Office activities are in progress.
- FY '18 Internal Audit Operating Budget Status (waiting for approved budget):
  - Beginning of Period Balance Requested - \$ 249,500.00
  - Less Period Expenditures - 0.00
  - End of Period Balance - \$ 249,500.00

### AUDIT PLAN:

#### FY 2017 Audit Projects:

1. **Fleet Services Operational Audit**
  - Fieldwork phase
2. **Retiree Benefits Operational Audit**
  - Planning phase
3. **Unbilled Revenue Operations**
  - Fieldwork phase
4. **Basic Ordering Agreement (BOA) Audit**
  - Fieldwork phase
5. **FY's 2015 and 2016 Blue Plains WWTP O&M Audit**
  - Planning phase

#### FY 2016 Audit Projects:

1. **Payroll Operational Audit**
  - Report phase. Discussion Draft issued 06/16/17.
  - Exit Conference is scheduled for 09/13/17.
2. **Right-to-Audit Specified Procurement Contracts**
  - Report phase. The 2-week Pre-Distribution Audit Memo to the DGMs for Administration and Operations was issued 08/01/17.

### CONTINUOUS AUDITING:

- P-Card Reviews – 4<sup>th</sup> Quarter Report in progress. Findings and action plans, if any, will be discussed with the Audit Committee at the quarterly meeting on 10/18/17.
- Accounts Payable Reviews – 4<sup>th</sup> Quarter Report in progress. Findings and action plans, if any, will be discussed with the Audit Committee at the quarterly meeting on 10/18/17.
- Bi-weekly Payroll Reviews – in progress. Findings and action plans, if any, will be discussed with the Audit Committee at the quarterly meeting on 10/18/17.

### SYSTEM DEVELOPMENT CHARGES:

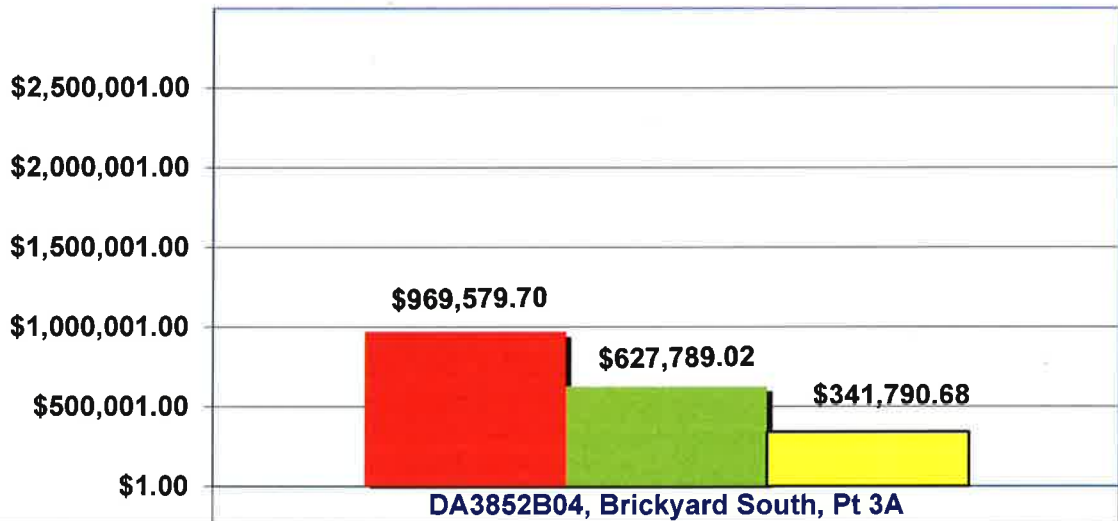
- System Development Charges audits activity - total fiscal-year-to-date actual financial adjustments are \$341,790.68.
- Internal Audit completed one SDC audit report during this reporting period for The Ryland Home Group, Brickyard South, Part 3A.
- We currently have twenty (20) SDC audit requests in our possession for processing.



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- Seventeen of the twenty (20) SDC audit requests are active.
- Several SDCs are awaiting developer proof of administrative costs.
- Three (3) of the twenty (20) SDC audit requests are inactive. *(Inactive classification is attributable to lack of developer response after a full fiscal year of quarterly requests for supporting documentation.) Also note, in accordance with Standard Procedure ENG 04-01, SDC Credit or reimbursements for costs are limited to SDC transactions for Qualified Properties served by the Qualified Project within a twenty-year period, or until the sum of credits and reimbursements equals the total approved SDC Credit.*

**Internal Audit**  
**SDC Adjustments for Fiscal Year 2018**



■ SDC Attachment A	\$969,579.70
■ Internal Audit Approved Reimbursement	\$627,789.02
■ Internal Audit Adjustments	\$341,790.68

**INTERNAL AUDIT FOLLOW-UP:**

As of 08/04/17, no management action items were closed since the last status report. There are no management action items requiring Internal Audit verification. There is one delinquent management plan of action (Customer Relations Team). This issue is thirty-five (35) days delinquent. We will continue to work with management to track the status of all outstanding issues; however, implementation responsibility rests with WSSC's executive management, not the Internal Audit Office as such responsibility would impair our independence from the operations we audit.

**FRAUD, WASTE & ABUSE HOTLINE:**

**Fraud, Waste & Abuse Training:**

- New Employee Orientation (NEO): The Division Manager, Internal Audit provided Fraud, Waste and Abuse training to 20 new employees on 07/31/17.



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- The Internal Audit Office will present the quarterly status report with graphics at the October 2017 Commission and Audit Committee meetings.

**ADVISORY SERVICES:**

- Capital Asset Management Implementation – James Wall, Jr., ongoing
- Disaster Recovery Meeting – Janice Hicks, ongoing
- Document Management – Janice Hicks, ongoing
- Oracle Accounts Payable – Janice Hicks and James Wall, Jr., ongoing
- Procurement Card Steering Committee – Jane Lewis, ongoing
- Customer Care Billing Project – Angela Makle Fortune, ongoing

**ETHICS ACTIVITIES:**

**1. Board of Ethics:**

- Held its regularly scheduled meeting on 07/13/17.
- Discussed seven (7) open session items: 1) Executive Leadership Meeting with the Utility Services Director, Damion Lampley; 2) prior month's open session minutes; 3) Ethics Office Monthly Report; 4) Anti-Nepotism Policy (Draft); 5) Proposed changes to the Code of Ethics; 6) Fraud, Waste, and Abuse Hotline Activity Reports; and 7) Delinquent Disclosure Filers.
- Entertained four (4) closed session items: 1) prior month's closed session minutes; 2) Complaint No. 17-01; 3) Complaint No. 17-04; and 4) Advisory Opinion No. 17-02.

**Note: Open meeting minutes are available on the WSSC's Internet site. Copies are provided to the Commissioners as requested and attached herein.**

**2. Code of Ethics Training:**

- New Employee Orientation (NEO): Ethics Officer, Angelique Dorsey, provided Code of Ethics training to 20 new employees on 07/31/17.

**3. Ethics Office Activities:**

- Discussed technical aspects of implementing a prospective outside employment approval process with current financial disclosure vendor.
- Reviewed final draft of the Anti-Nepotism policy so that it can move forward in the approval process.

**4. Ethics Office Advisory Services:**

- Outside Employment – 1
- Gifts – 2

**5. Professional Development:**

- None at this time.

**6. Ethics Office Personnel:**

- Advertising for the Ethics Office part-time Administrative Assistant closed on 07/26/17.

**7. Other Notables:**

- Attended the Leaders On the Same Page meeting, 07/11/17

**EXTERNAL AUDITORS:**

- The Commission Audit is in progress.



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**PROFESSIONAL DEVELOPMENT/TRAINING (Internal and External):**

- Association of Certified Fraud Examiners (ACFE) – Investigating Conflicts of Interest Plus Uncovering Fraud with Financial and/Ratio Analysis, Dana Whiting, 07/17-19/17

**OTHER NOTABLES:**

- The Director, Internal Audit and Division Manager attended the Leaders On the Same Page meeting, 07/11/17.
- The Director, Internal Audit, attended the #H2O People Connect, 07/11/17.
- The Director, Internal Audit, attended the Board of Ethics Meeting, 07/13/17.
- The Director, Internal Audit, attended the Executive Leadership Team meeting, 07/24/17.
- Internal Auditors, Angela Makle Fortune, Janice Hicks, and Digdem (Dee) Tok and members from the Budget Division attended a meeting with the Council of Government's regarding the calculation of future O&M billings.
- The Director, Internal Audit attended the WSSC's Women in Technology Event, 07/25/17.
- The Director, Internal Audit, attended a Hotline Case Status meeting with the Acting, WSSC Police Chief, 07/26/17.
- Internal Auditor, Jane Lewis volunteered at the Employee Service Awards Ceremony, 07/27/17.
- The Director, Internal Audit and staff attended the Employee Services Awards to support Ms. Janice Hicks for her 30 years of service with WSSC, 07/27/17.
- The Director, Internal Audit participated in the WSSC sponsored event with the YMCA Thingamajig Convention, 07/27/17.
- The Internal Audit Division Manager and Internal Auditor, Jane Lewis, attended the Senior Leadership Team (SLT) Meeting to present the *Risk Assessment & Fraud Survey Results*, 08/01/17
- The advertising for one expired Board of Ethics term for Montgomery County has concluded. The Steering Committee has reviewed the potential candidate's applications and has recommended individuals for the interview process. The Steering Committee is attempting to schedule interviews with specified applicants.

**Respectfully submitted by Maxene Bardwell, Director, Internal Audit**