



**Internal Audit Office
Summary of Activities
(11/06/17 – 12/04/17)**

OUR VISION:

Oversight that inspires stakeholders' confidence...ALWAYS

OUR MISSION:

To help WSSC meet its objectives in a fiscally and ethically responsible manner, by striving to provide an independent and objective appraisal of WSSC's internal controls, risk management system, and compliance with laws, regulations, policies, and procedures.

ACHIEVE BUSINESS PROCESS EXCELLENCE AND MAINTAIN FINANCIAL STABILITY:

AUDIT PLAN:

FY 2018 Audit Projects:

- 1. Unbilled Revenue Operations**
 - Discussion Draft under review of Deputy General Managers of Administration and Strategic Partnerships.
- 2. Basic Ordering Agreement (BOA) Audit**
 - Fieldwork phase.
- 3. Fleet Services Operational Audit**
 - Report phase.
- 4. Retiree Benefits Operational Audit**
 - Fieldwork phase
- 5. FY's 2015 and 2016 Blue Plains WWTP O&M Audit**
 - Fieldwork phase.

Carryover Audit Projects:

- 1. Payroll Operational Audit**
 - Report phase.
- 2. Right-to-Audit Specified Procurement Contracts**
 - Report phase. Received management's response to report. The Less Significant Findings Memo is still pending management's responses.

Internal Audit Follow-Up:

As of December 4, 2017, one management action item (Information Technology) was closed since the last status report (November 3, 2017). Management has implemented four (4) management action items requiring Internal Audit verification. The four action items relate to the External Auditor "Communication of Internal Control Related Matters" report. There are four delinquent management plans of action. The Customer Service Team (157 days), the Human Resources Office (2 items) and Finance Department have delinquent items. The Commissioners (serving as the Audit Committee) will receive a memorandum detailing the Customer Service Team delinquent action plan and the steps, if any, that have been taken to resolve the issue. The other three (3) management plans of action are 34-days delinquent and they relate to the Year-End Payroll Review audit. 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.



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Continuous Audits:

- P-Card Reviews – 1st Quarter Report in progress. Findings and action plans, if any, will be discussed with the Audit Committee at the next quarterly meeting.
- Accounts Payable Reviews – 1st Quarter Report in progress. Findings and action plans, if any, will be discussed with the Audit Committee at the next quarterly meeting.
- Bi-weekly Payroll Reviews – in progress. Findings and action plans, if any, will be discussed with the Audit Committee at the next quarterly meeting.

EXTERNAL AUDITING SERVICES:

- Audited financial statement results were presented at the November Commission meeting.
- External Auditor Solicitation in progress.

PROFESSIONAL DEVELOPMENT: -

- Completed the 2017 Ethics Training, Dana Whiting and Angela Makle Fortune
- WSSC Cyber Security Training, Dana Whiting and Angela Makle Fortune

MEETINGS:

- The Director, Internal Audit attended the Executive Leadership Team meeting, 11/20/17

IMPROVE INFRASTRUCTURE:

SYSTEM DEVELOPMENT CHARGES AUDITS:

- Total fiscal-year-to-date actual financial adjustments are \$503,877.11.
- No reports were issued during this reporting period.
- We currently have twenty (20) SDC audit requests in our possession for processing.
- 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.*

PROTECT OUR PEOPLE, INFRASTRUCTURE, SYSTEMS AND RESOURCES:

FRAUD, WASTE & ABUSE (FWA) HOTLINE ACTIVITIES

1. FWA Training:

- The Division Manager, Internal Audit provided FWA training to seven (7) new employees on 11/20/17.

2. Quarterly Hotline Status Report:

- The Internal Audit Office will present the quarterly hotline status report with graphics at the next Audit Committee Meeting.



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ETHICS ACTIVITIES:

1. Board of Ethics:

- Held its regularly scheduled meeting on 11/09/17.
 - Entertained four (4) open session items: 1) Executive Leadership Meeting with the Communications and Community Relations Director, Chuck Brown; 2) Ethics Office Monthly report; 3) Discussed proposed changes to the Code of Ethics; and 4) Fraud, Waste, and Abuse Hotline Activity reports.
 - Entertained two (2) closed session items: 1) Complaint No. 17-02; 2) Complaint No. 17-05.
- 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 seven (7) new employees on 11/20/17.

3. Ethics Office Activities:

- Worked with Associate Counsel Heather Ashbury on proposed changes to the Code of Ethics.
- Launched mandatory ethics training course for all employees on 11/30/17. The deadline to complete the training is 12/21/17.

4. Ethics Office Advisory Services:

- Gifts – 10
- Employment Restrictions – 1
- Administration – 4
- Fraud – 1
- General Inquiries - 2

5. Professional Development:

- No activity for this period

6. Ethics Office Staffing and Board of Ethics Appointments:

- Retained temporary contract administrative professional services to staff the Ethics Office while continuing the search to fill the part-time Ethics Office Administrative Assistant II position.
- On behalf of the Search Committee, the Director, Internal Audit, recommended the reappointment of Dr. Steven Hausman to the Board.

MEETINGS:

- The Director, Internal Audit attended the Board of Ethics (BOE) meeting, 11/9/17
- The Director, Internal Audit, attended a Hotline Case Status meeting with the Acting, WSSC Police Chief, 11/28/17



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INSPIRE EMPLOYEE ENGAGEMENT:

ADVISORY SERVICES:

- Automatic Meter Installation (AMI) – Janice Hicks, ongoing
- Capital Asset Management Implementation – James Wall, Jr., ongoing
- Customer Care Billing Project (C2M) – Angela Makle Fortune, ongoing
- Disaster Recovery Meeting – Janice Hicks and Dee Tok, ongoing
- Document Management – Janice Hicks, ongoing
- ITSF Monthly Meeting – Angela Makle Fortune, ongoing
- Oracle Accounts Payable – Janice Hicks and James Wall, Jr., ongoing
- Oracle Utilities Customer to Meter (C2M) Billing System – Angela Makle Fortune, ongoing
- Procurement Card Steering Committee – Angela Makle Fortune, ongoing
- Procurement Phase II & Intake Implementation – Jane Lewis, ongoing

MEETINGS:

- Senior Internal Auditor, Jane Lewis attended the RGB Scholarship Fund monthly meeting, 11/07/17
- Senior Internal Auditor Angela Makle Fortune participated as a host for the Take a Co-Worker to Work event, 11/13/17

Respectfully submitted by Maxene Bardwell, Director, Internal Audit