OUR VISION:
Oversight that inspires stakeholders' confidence...ALWAYS

OUR MISSION:
Our mission is 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. Fleet Services Operational Audit
   • Fieldwork phase
2. Retiree Benefits Operational Audit
   • Planning phase
3. Unbilled Revenue Operations
   • Fieldwork phase
4. IT Basic Ordering Agreement (BOA) Audit
   • Fieldwork phase
5. FY's 2015 and 2016 Blue Plains WWTP O&M Audit
   • Planning phase

Carryover Audit Projects:
1. Payroll Operational Audit
   • Report phase. Discussion Draft issued 06/16/17. Management requested an extension until 08/29/17 to review. Additional meeting to discuss management's concerns will be scheduled in September.
   • 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. DGM for Administration has requested an extension until 09/15/17 for review.

Internal Audit Follow-Up:
As of 09/01/17, 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) with a low-risk rating. This issue is sixty-one (61) days delinquent. Since the item is over sixty (60) days delinquent, the Deputy General Manager for Strategic Partnerships will receive a memorandum detailing the delinquent action plan and the steps if any that have been taken to resolve the issue. If the item becomes 90-days delinquent, Internal Audit will issue a memorandum to the General Manager/CEO. And finally, if the issue becomes 120-days delinquent, Internal Audit will issue a memorandum to the Audit Committee as part of its oversight responsibility. 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.
Continuous Auditing:
- P-Card Reviews – 4th 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 – 4th 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.

EXTERNAL AUDITING SERVICES:
- Exit Conference scheduled for 09/14/17.

PROFESSIONAL DEVELOPMENT:
- Online - American Institute of Certified Public Accountants (AICPA) – Governmental Accounting and Auditing Conference (GAAC) Update, Maxene Bardwell, 08/07-08/17
- Information Systems Audit and Control Association (ISACA) Webinar – Threat Driven Vulnerability Prioritization, Angela Makle Fortune, 08/10/17
- Association of Certified Fraud Examiners (ACFE) – Ethics & Compliance through the Eye of an Independent Monitor, Dana Whiting, 08/17/17
- The Director, Internal Audit, Division Manager, and Administrative Professional attended the Hyperion Budget Training, 08/22/17
- AuditNet Webinar – The Truth Behind Detecting Fraud Using Data Analysis, Jane Lewis, 08/31/17

MEETINGS:
- The Director, Internal Audit attended the Human Resources (HR) Check-In meeting with the Director of Human Resources, 08/21/17
- The Director, Internal Audit, attended a Hotline Case Status meeting with the Acting, WSSC Police Chief, 08/31/17

INSPIRE EMPLOYEE ENGAGEMENT:

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
- Oracle Utilities Customer to Meter (C2M) Billing System – Angela Makle Fortune, ongoing
- ITSF Monthly Meeting – Angela Makle Fortune, ongoing
- External Auditor Solicitation – Dana Whiting, James Wall, Jr.

ENHANCE CUSTOMER EXPERIENCE AND COMMUNITY ENGAGEMENT:

COMMUNITY OUTREACH:
- Senior Internal Auditor, James Wall, attended the Central Maryland Chamber Power Connections Breakfast, 08/16/17
- The Internal Audit Division Manager participated in the packing of T-shirts for the Centennial Celebration, 08/21/17
IMPROVE INFRASTRUCTURE:

SYSTEM DEVELOPMENT CHARGES AUDITS:

- 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.
- 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.

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**Internal Audit**

**SDC Adjustments for Fiscal Year 2018**

<table>
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<tr>
<th>SDC Attachment A</th>
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<tr>
<td>Internal Audit Adjustments</td>
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DA3852B04, Brickyard South, Pt 3A
PROTECT OUR PEOPLE, INFRASTRUCTURE, SYSTEMS AND RESOURCES:

FRAUD, WASTE & ABUSE (FWA) HOTLINE ACTIVITIES
1. FWA Training:
   - Ethics Officer, Angelique Dorsey provided FWA training to 10 new employees on 08/28/17.
2. Quarterly Hotline Status Report:
   - The Internal Audit Office will present the quarterly hotline status report with graphics at the October 2017 Commission and Audit Committee meetings.

ETHICS ACTIVITIES:
1. Board of Ethics:
   - Held its regularly scheduled meeting on 08/10/17.
   - Discussed seven (7) open session items: 1) prior month’s open session minutes; 2) Ethics Office Monthly Report; 3) Outside Employment Policy; 4) Proposed changes to the Code of Ethics; 5) Fraud, Waste, and Abuse Hotline Activity Reports; 6) Delinquent Disclosure Filers, and 7) Open Meetings Act Changes.
   - Entertained four (4) closed session items: 1) prior month’s closed session minutes; 2) Complaint No. 16-04; 3) Complaint No. 17-01; and 4) Complaint 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 10 new employees on 08/28/17.

3. Ethics Office Activities:
   - Worked with the Intergovernmental Relations Director to have the Conference Ethics Guidance distributed to the Maryland Association of Counties summer conference attendees.

4. Ethics Office Advisory Services:
   - Employment Restrictions – 1
   - Gifts – 2
   - Misuse of Office – 2
   - General Code of Ethics Inquiry - 1

5. Professional Development:
   - None at this time.

6. Ethics Office Staffing and Board of Ethics Appointments:
   - Interviewed candidates for the Ethics Office Administrative Assistant II (P/T) vacancy.
   - 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