EXECUTIVE SUMMARY

- Several Enterprise Risk Management (ERM) and Ethics Program activities are in progress.
- FY ’12 Internal Audit Operating Budget Status (less salaries expense):
  - Beginning of Period Balance - $ 81,804.59
  - Less Period Expenditures - 2,596.21
  - End of Period Balance - $ 79,208.38

FY 2012 Audit project status is as follows:
1. Consent Decree Compliance Audit – Phase 1
   No information to report at this time.
2. Facilities Information Tool (FIT) Post Implementation Audit
   Lead Auditor is conducting audit field work.
3. Procurement Card Operational Audit
   Entrance conference held 12/07/11. Lead Auditor is conducting field work.
4. Internal Quality Assessment Audit
   Lead Auditor is performing preliminary review work.

FY 2011 Carryover Audit project status is as follows:
1. Human Resources Regulatory Compliance Phase II & Employment Practices Audit
   Lead Auditor is conducting audit field work.
2. Blue Plains WWTP O&M and Capital Indirect Audit
   Lead auditor has submitted adjustments to DC Water. Lead Auditor informed DC Water that the audit report is expected to be issued in January. Lead Auditor provided additional worksheets that are part of the Bureau of Maintenance Services (BMS) adjustment to DC Water for review.
3. Special Audit Requests
   2012 Special Requests:
   - None at this time.

System Development Charges:

- System Development Charges audits total fiscal-year-to-date financial savings are $0.
- No SDC audit report was issued during this reporting period.
- We currently have sixteen (16) SDC audit requests in our possession for processing.
- Fifteen (15) of the remaining sixteen (16) requests for SDC reimbursements are actively being audited.
- One (1) of the remaining sixteen (16) SDC reimbursement requests have been classified as 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 FOLLOW-UP:

As of 1/06/12, there were 35 pending or started issues, 25 implemented-pending Internal Audit verification issues, and 69 closed issues for a total of 129 issues related to approximately 12 audits. A thorough review is underway for the 25 implemented-pending Internal Audit verification issues.

- The 35 pending or started issues are broken out by the following Teams or Offices designated by the corresponding Team Chief or Director (Owners):
  - Five (5) issues for the Customer Care Team
  - Four (4) issues for the Logistics Office
  - Three (3) issues for the Acquisition Office
  - Three (3) issues for the Information Technology Team
  - Nineteen (19) issues for the Human Resources Office
  - One (1) issue for the Internal Security Task Force

The implementations of management’s action plan for ten (10) issues are delinquent with the oldest being 128 days overdue. Issues that are unresolved or delinquent for more than 90 days have been escalated to the General Manager for handling. If an issue is over 120 days delinquent then the issue will be escalated to the Commissioners. Management has received multiple email notifications and other correspondences regarding the status and delinquency of all open issues. We will continue to work with management to resolve all outstanding issues. The next quarterly report will be presented at the March Commission meeting.

ADVISORY SERVICES:

Advisory services are as follows:
- Purchase Order Review Committee – Angele Makle Fortune, 12/15/11
- Contract Compliance Review Process – Angele Makle Fortune, 12/15/11

ETHICS ACTIVITIES:

1. Board of Ethics:
   - Held its regularly scheduled meeting on 12/08/11.
   - Discussed status of: a) Lobbyist Awareness and Registration Campaign, b) Ethics Training for Commissioners, c) Fraud, Waste, and Abuse Hotline, d) Code of Conduct, e) BOE Vacancy, and f) Informational Items.
   - Entertained three (3) closed session items: approved the prior month’s closed session minutes and held a Hearing regarding Complaint No. 11-01. In addition, the Board discussed Advisory Opinion Nos. 11-01 and 02.
   - The Search Committee completed the interviews for the Board of Ethics vacancy, provided the Prince George’s County Commissioners with the top three (3) candidates, and the recommended nominee.
   - Note: Open meeting minutes are available on the WSSC’s Internet site.

2. Code of Ethics Training:
   - Angela Makle Fortune and Janice Hicks, provided the WSSC Code of Ethics training to 9 new hires on 12/12/11.
   - In addition, on 12/12/11 there were 13 employees in attendance that were required to make-up mandatory annual ethics training.
3. **DAI#2—Develop WSSC Code of Conduct (COC) and Related Computer Based Training**
   The best option for the printing of the Code of Conduct booklet has been decided and the final product will be forwarded to the printer for completion.

**EXTERNAL AUDITORS:**
- External auditing services contract is undergoing the solicitation process.

**STAFFING:**
- The Ethics Officer vacancy was posted on December 2, 2011.

**PROFESSIONAL DEVELOPMENT/TRAINING (Internal and External):**
- WEBEX - The Network Reporting Demonstration, Maxene Bardwell & Dana Whiting, 12/21/11
- The DC Chapter of Institute of Internal Auditors (IIA) Need for Meaningful Performance Measures, Jane Lewis, (12/07/11)
- IIA Members Only Webinar, The Seven Deadly Sins of Report Writing, Jane Lewis, (12/13/11)
- Association of Certified Fraud Examiners (ACFE) (Online Training) – Interviewing Prospective Witnesses, Maxene Bardwell, (12/29/11)
- ICS-100, Introduction to Incident Command Systems, Angela Makle Fortune, (01/06/12)

**ENTERPRISE RISK MANAGEMENT:**

**DAI#4 – WSSC Fraud, Waste and Abuse (FWA) Hotline:**
- Hotline Executive Summary Reports will be distributed quarterly.

**OTHER NOTABLES:**
- The Internal Audit Manager continues to participate in monthly teleconference calls with the Utility Industry Group (UIG) of the Ethics and Compliance Officer Association (ECOA) to discuss best practices and current trends in ethics programs.
- The Internal Audit Manager has resumed group mentoring activities.
- The IAO Administrative Professional participated in the Leadership Support Team Luncheon Meeting on 01/05/12.

Respectfully submitted by Maxene Bardwell, Internal Auditor