



OFFICE OF THE INSPECTOR GENERAL

FISCAL YEAR 2021 **ANNUAL REPORT**

(July 1, 2020 – June 30, 2021)



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This report is being provided pursuant to Maryland House Bill 419, and codified in Public Utilities Article, § 17-605(d)(4) of the Annotated Code of Maryland, which requires the Inspector General to submit to the Commission and for publication on its website, periodic reports summarizing the Office of the Inspector General’s activities, findings, recommendations, and accomplishments during the fiscal year.

MESSAGE TO THE COMMISSION

Message from the Inspector General



On behalf of the Office of the Inspector General (OIG) at the Washington Suburban Sanitary Commission (WSSC), I am pleased to present our Fiscal Year (FY) (July 1, 2020-June 30, 2021) 2021 Annual Report.

The OIG accomplishes its mission by performing audits of WSSC Water programs and operations to ensure compliance with Federal, State, and WSSC Water regulations, policies, and procedures; as well as conducting investigations of complaints received through the OIG Hotline alleging incidents of fraud, waste, or abuse of WSSC Water resources.

For FY 2021, the OIG issued two (2) independent audit reports, and initiated several other audit projects, whose combined implemented audit recommendations resulted in risk-mitigating operational process changes and enhancements that promoted economy, efficiency, and effectiveness within WSSC Water programs and operations. Additionally, the OIG issued five (5) System Development Charges (SDC) audit reports that identified over \$4.1 million in financial adjustments, which represents an OIG Return on Investment (ROI) for WSSC Water of 167.44%. Further, during FY 2021, the OIG Investigation Unit, which began operations during FY 2021, opened 35 new investigations and closed 26 cases in its first year of operations.

Notwithstanding the continued challenges related to the COVID-19 pandemic, the OIG remains committed to maintaining the highest possible standards of professionalism and quality in its audit and investigative work products. I am proud of the body of work our auditors, investigator, and support professionals have produced since the pandemic began. It is an honor to work with an outstanding team of professionals dedicated to serving and protecting the interests of WSSC Water ratepayers and stakeholders.

The OIG looks forward to continuing to work with WSSC Water Commissioners, Management, employees, and stakeholders with the shared goal to improve the effectiveness and efficiency of WSSC Water programs and operations for the benefit of WSSC Water ratepayers.

Thank you for your interests in the work of the WSSC Water OIG.

Sincerely,

Arthur A. Elkins Jr.
Inspector General

ABOUT WSSC WATER AND ITS OFFICE OF THE INSPECTOR GENERAL

Washington Suburban Sanitary Commission

Established in 1918, the Washington Suburban Sanitary Commission (WSSC) Water is currently among the largest water and wastewater utilities in the nation, with a network of nearly 5,768 miles of fresh water pipeline and over 5,578 miles of sewer pipeline. The service area spans nearly 1,000 square miles in Prince George's and Montgomery counties, and serves almost 1.8 million residents through approximately 475,000 customer accounts. WSSC Water's drinking water has always met or exceeded federal standards. The mission of WSSC Water is to provide safe and reliable water, life's most precious resource, and return clean water to our environment, all in an ethical, sustainable, and financially responsible manner.

Office of the Inspector General

Originally established in 1972 by the Commission as the Internal Audit Office, the Internal Audit Office was amalgamated into the WSSC Water Office of the Inspector General (OIG) in October 2018 by Maryland House Bill 419. The OIG is an independent office of WSSC Water that detects and prevents fraud, waste and abuse to help WSSC Water achieve its mission in a more efficient and cost-effective manner. To ensure independence, the Inspector General is a direct report to the six-member body of Commissioners appointed to represent the bi-county service area of Montgomery and Prince George's counties.

The Commission established the Audit Committee in 2014 "to monitor WSSC's audit processes, financial reporting processes, system of internal controls, and compliance with laws, regulations and the WSSC Code of Ethics." This reporting relationship fortifies independence, promotes comprehensive audit coverage, and assures adequate consideration of audit recommendations. The Audit Committee Charter was updated on March 1, 2020 to reflect the transition of the Internal Audit function, to the OIG.

An effective OIG will help foster public assurance in all WSSC Water programs and initiatives through the impartiality, integrity, and independent transparency with which it operates. Citizens of Montgomery and Prince George's counties will recognize and have confidence in the essential work done by WSSC Water when the Commission engages in self-governance by searching out those who perpetrate fraud, waste, or abuse. The citizens of Montgomery and Prince George's counties deserve an efficient, honest, and ethical WSSC Water.

OUR PURPOSE/ROLE

The authority and responsibilities of the OIG are detailed in Maryland House Bill 419. The enacting WSSC Water OIG statute established the WSSC Water OIG as an independent operation, with no direct WSSC Water management responsibility over any activities audited, investigated, or reviewed.

OUR VISION

Oversight that inspires stakeholder confidence.

OUR MISSION

To help WSSC Water meet its objectives in a fiscally transparent, sustainable, and ethically responsible manner, by conducting independent audits, evaluations and investigations; making evidence-based recommendations to promote economy, efficiency and effectiveness; and prevent and detect fraud, waste, abuse, mismanagement and misconduct within WSSC Water programs and operations.

OUR VALUES

Our values define our organizational character and help guide the behaviors necessary to achieve our vision and mission.



Accountability

Ensure public accountability by preventing, investigating, and reporting instances of fraud, waste, and abuse of the agency's property or funds.



Integrity

Maintain the highest professional and ethical standards in the performance of our official duties.



Transparency

Publish audit reports and summaries of the audits and investigations generated by the OIG (except those expressly prohibited from disclosure under the Public Information Act.)

MEET THE TEAM

The OIG is a small but effective independent department within WSSC Water. The value the OIG provides is not always quantifiable. The OIG team consists of seasoned, well-credentialed professionals with various disciplines and backgrounds.

Arthur A. Elkins, Jr.

Arthur A. Elkins, Jr. is the Inspector General (IG) for WSSC Water. Arthur is the first IG to be named for WSSC Water. Arthur has been a practicing attorney for over 29 years. His public service experience includes appointments as the Inspector General for the United States Environmental Protection Agency, General Counsel and Chief Legal Officer for the federal Court Services and Offender Supervision Agency, Counsel to the Inspector General for the National Science Foundation, and assistant prosecutor and assistant public defender.

Arthur earned his Juris Doctor (JD) from the Cleveland-Marshall College of Law, Cleveland State University; Master of Law (LLM) from American University; Master of Business Administration (MBA) from Baldwin-Wallace University; and Bachelor of Arts from Thomas A. Edison State University.

Arthur is an active member of the Ohio State Bar, District of Columbia Bar, United States Court of Appeals for the 6th Circuit Bar, United States District Court for the Northern District of Ohio Bar, and the United States Supreme Court Bar. He is also a Certified Fraud Examiner (CFE) and a Certified Board Advisor (CBA).

Maxene M. Bardwell

Maxene M. Bardwell serves as the Assistant Inspector General for Audit. Maxene Bardwell has been a professional auditor for over two decades with a career spanning from Risk Analyst at the former Bank One in Columbus, Ohio, to Audit Director of the Office of the Inspector General at WSSC Water, in Laurel, Maryland

She earned her master's degree (finance concentration) from Notre Dame of Maryland

University and a bachelor's degree (accounting concentration) from The Ohio State University.

Ms. Bardwell is an active Certified Public Accountant (CPA) in the State of Maryland and Commonwealth of Virginia. Over the course of her career, she has earned several notable credentials: Certified Internal Auditor (CIA), Certified Fraud Examiner (CFE), Certified Information Systems Auditor (CISA), Certified Inspector General Auditor (CIGA), Certified Information Technology Professional (CITP), and Certification in Risk Management Assurance (CRMA).

Maxene is a member of the American Institute of Certified Public Accountants' Auditing Standards Board. She is also an active member of the Board of Directors for the Association of Inspectors General, Maryland Association of CPAs, and ISACA-Central Maryland Chapter. She is the current Vice President of the City of Laurel Ethics Commission and Instructor for the Inspectors General Institute Certified Inspector General Auditor (CIGA) and Certified Inspector General Evaluator (CIGE) courses.

She is a member of several professional organizations, including the American Institute of Certified Public Accountants, Association of Inspectors General, Institute of Internal Auditors, Association of Certified Fraud Examiners, Information Systems Audit and Control Association, Maryland Association of Certified Public Accountants, and Association of Local Government Auditors.

Lucretia Morris

Lucretia Morris is the Administrative Professional for the Office of the Inspector General. Lucretia has been with the Commission for over 30 years and is professional,

knowledgeable, and willing to assist others when necessary. Lucretia has her Professional Administrative Certification of Excellence (PACE). Becoming PACE certified establishes credentials and demonstrates Lucretia's achievements and professionalism. (Lucretia Morris retired from WSSC Water after 30+ years of service before this report was published).

Larry Carr

Larry Carr is the Criminal Investigator for the OIG with over 20 years of experience as a criminal investigator. Larry's investigation experience includes being a regional senior security investigator with COMCAST Corporation/NBC Universal, the Director of Compliance and Integrity for the Government of the District of Columbia, and a Criminal Investigator in the District of Columbia Office of the Inspector General.

Larry is a graduate of Morgan State University, where he earned a Bachelor of Science Degree in Accounting. Larry is a Certified Fraud Examiner (CFE), Certified Inspectors General Investigator (CIGI), Certified Inspectors General Auditor (CIGA), Certified Public Manager (CPM), Certified Organized Retail Crime Investigator (CORCI), and a Certified Equal Employment Opportunity (EEO) Investigator (CEEI).

Janice H. Hicks

Janice H. Hicks is a Supervisory Auditor. Janice has earned an MBA and a Bachelor of Science Degree in Accounting from Bowie State University. In addition to working in the Office of the Inspector General, Janice has worked in the Regulatory Compliance and Contract Technical Services Divisions. Janice has her Certification in Risk Management Assurance (CRMA), is a Certified Fraud Examiner (CFE), and a Certified Inspector General Auditor (CIGA).

Jane N. Lewis

Jane N. Lewis is a Supervisory Auditor. Jane earned an MBA and a bachelor's degree in Accounting from Roosevelt University (Chicago).

She has an extensive and diverse professional background. Recently, she was a Controller for a manufacturing plant. She also worked as a Senior Auditor for Cargill, Inc., in Minneapolis. She is a Certified Public Accountant (CPA), Certified Internal Auditor (CIA), Certified Fraud Examiner (CFE), Certified Government Auditing Professional (CGAP), and a Certified Inspector General Auditor (CIGA). Mrs. Lewis also has her Certification in Risk Management Assurance (CRMA).

Jieying "Daisy" Qian

Daisy is an Auditor. Daisy has over 15 years of professional accounting experience from both the public and private sectors. She earned her Bachelor of Science degree in Accounting from Saint Mary's University in Canada, and her master's degree in Accounting from the University of Maryland, College Park. Before joining the Office of the Inspector General team, Daisy worked in the Accounting Division within WSSC Water. She is a Chartered Professional Accountant (CPA).

Tamika L. Taylor, Esq.

Tamika (Tami) L. Taylor is an Associate General Counsel. Tami has been a practicing attorney for almost 20 years. Her experience includes serving as a Principal Counsel and Associate General Counsel for the District of Columbia Water and Sewer Authority, Assistant People's Counsel in the District of Columbia's Office of the People's Counsel, adjunct professor of law at the David A. Clark School of Law at the University of the District of Columbia, and an associate at a District of Columbia and Maryland law firm where she appeared in the federal and local courts of Maryland and the District of Columbia.

Tami earned her Juris Doctor (JD) from the Howard University School of Law and a Bachelor of Arts degree from the University of South Carolina. She also received a Certificate in Litigation Management (CLM) from Loyola Law School. Lastly, Tami is an active member of the

bar associations of the State of Maryland, the District of Columbia Bar, the United States District Court for the District of Maryland, and the United States District Court for the District of Columbia.

Digdem Tok

Digdem “Dee” Tok is an Auditor. Dee graduated from Strayer University with a Bachelor of Science degree in International Business minoring in Accounting. She earned her Master of Science in Management: Accounting from the University of Maryland, University College. She is a Certified Fraud Examiner (CFE) and has earned her Certification in Risk Management Assurance (CRMA). Mrs. Tok is also a Certified Inspector General Auditor (CIGA). Prior to working at the Commission, she worked for Gannett Co., Inc. as an Internal Auditor for 2.5 years where she participated in a variety of audits, including audits in the United Kingdom.

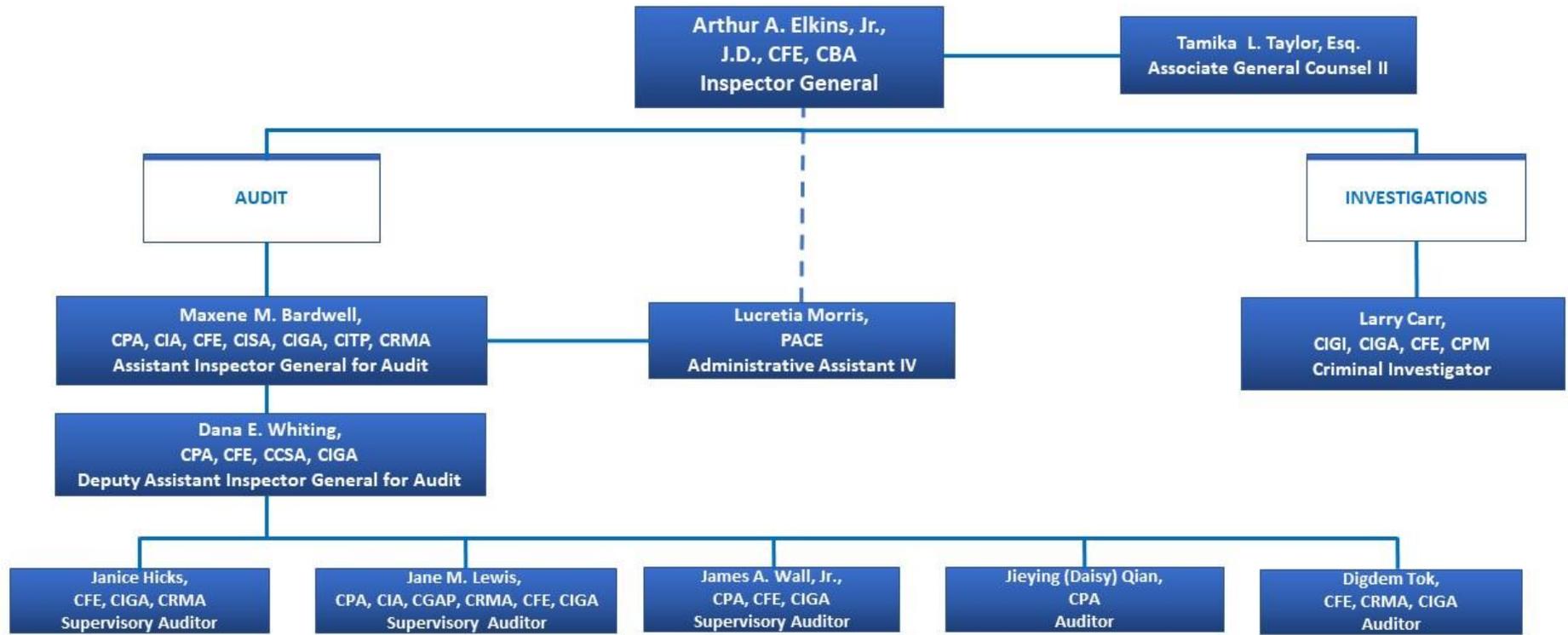
James A. Wall, Jr.

James A. Wall, Jr., is a Supervisory Auditor. James has over 20 years of professional accounting experience from the public and private sectors. He is a graduate of North Carolina Central University with a Bachelor of Science degree in Accounting. James has served as Chief Financial Officer (CFO) at a North Carolina nonprofit agency and a North Carolina bank and he has been a state government auditor of North Carolina banks. James worked in public accounting where he audited banking, construction, insurance, manufacturing, and real estate companies, in addition to nonprofit organizations. James is a Certified Public Accountant (CPA), a Certified Fraud Examiner (CFE), and a Certified Inspector General Auditor (CIGA).

Dana E. Whiting

Dana E. Whiting serves as the Deputy Assistant Inspector General for Audit. Dana has over 20 years of public accounting and governmental auditing experience. Before joining the WSSC Water team, he was a manager at Ernst & Young, LLP and a Project Manager for the Department of Defense (DoD) Office of the Inspector General. Dana was the Project Manager that oversaw and drew an opinion for the first stand-alone financial statement audit of a DoD agency, which had net assets of approximately \$44.6 billion. He is a graduate of Hampton University, a Certified Public Accountant (CPA), a Certified Fraud Examiner (CFE), and is a Certified Inspector General Auditor (CIGA). Additionally, he has received certification in Control Self-Assessment (CCSA) through the Institute of Internal Auditors.

WSSC WATER OFFICE OF THE INSPECTOR GENERAL



<p>CBA - Certified Board Advisor CCSA - Certification in Control Self Assessment CFE - Certified Fraud Examiner CGAP - Certified Government Auditing Professional CIA - Certified Internal Auditor</p>	<p>CIGA – Certified Inspectors General Auditor CIGI - Certified Inspectors General Investigator CPA - Certified Public Accountant CPM – Certified Public Manager CRMA - Certification in Risk Management Assurance</p>	<p>CISA - Certified Information Systems Advisor CITP – Certified Information Technology Professional J.D. - Juris Doctor PACE - Professional Administrative Certification of Excellence</p>
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EXECUTIVE SUMMARY

As the Office of the Inspector General, fiscal year (FY) 2021 marks 3 years of service to WSSC Water, its stakeholders and employees (#H20People). We strive to exceed Generally Accepted Government Auditing Standards (GAGAS).

By employing a talented and highly-credentialed staff, the OIG provides value-adding assurance and investigative services for the Commission's internal and external stakeholders. Providing value-adding services is accomplished through our dedicated effort to bring a systematic, disciplined approach to evaluating and improving the effectiveness of WSSC Water's risk management, control, and governance processes.

Audit – The OIG Audit Division issued two (2) independent audit reports in FY 2021. Throughout FY 2021, the OIG completed or initiated several audit projects, which resulted in risk-mitigating operational process changes and enhancements that also promoted economy, efficiency, and effectiveness. These reports provide actionable recommendations to help improve WSSC Water's operation and stewardship of resources.

The OIG issued five (5) System Development Charges (SDC) audit reports during the fiscal year. Further, the OIG identified over **\$4.1 million in financial adjustments** in FY 2021 as a result of SDC audits! We continue to work diligently with the developer community to identify allowable Capital Improvement Program (CIP) reimbursable infrastructure costs via SDC audits.

Investigation – The Investigative Unit (IU) is tasked with conducting investigations to resolve specific allegations, complaints, or information concerning possible violations of law, WSSC Water regulation or policy. The IU opened 35 new investigations and closed 26 cases during FY 2021. The IU created and implemented new investigative policies and procedures for handling investigations; and redesigned and updated the OIG intranet page for training, reporting, and educating stakeholders about the resources available when fraud, waste, and abuse is suspected or encountered at WSSC Water.

The OIG's annual report highlights our activities in support of WSSC Water's five strategic priorities: Spend Customer Dollars Wisely, Optimize Infrastructure, Protect our Resources, Transform Employee Engagement, and Enhance Customer Experience.

SPEND CUSTOMER DOLLARS WISELY

“Improve Operational Efficiency. Improve Fixed Asset Utilization. Improve Financial Process Efficiency and Fiscal Sustainability.”

THE OIG BUDGET AND RETURN ON INVESTMENT

In FY 2021, WSSC Water allocated \$1,332,636 to the OIG to fund 11 full-time positions and operating expenses.

	2021
<i>Professional Services</i>	\$165,538
<i>Travel for Conferences/Meetings</i>	\$11,200
<i>Services by Others</i>	\$3,200
<i>Other Costs</i>	\$21,300
<i>OIG Funded Positions</i>	11
TOTAL Budget (excluding salaries)	\$201,238
<i>Less Expensed</i>	\$178,906
TOTAL AMOUNT UNDER BUDGET	\$22,332

The OIG is analogous to an insurance policy that pays for itself through activities that recoup misappropriated WSSC Water’s resources. This recoupment represents a **Return on Investment (ROI)** that typically covers the OIG’s entire operational costs. The OIG proactively and passively seeks to protect (passive), detect, deter, and prevent fraud, waste, abuse, and mismanagement, and it acts to eliminate threats to the integrity of WSSC Water (proactive). WSSC Water’s total approved FY 2021 budget was approximately \$1.455 billion. WSSC Water’s OIG’s FY 2021 budget was approximately \$1.5 million. WSSC Water OIG’s budget represents approximately **.11% of WSSC Water’s total budget**. During FY 2021, the OIG adjusted over \$4 million through the SDC audits alone. **The calculated ROI for the OIG is 167.44%.**

COMMISSION-WIDE RISK-BASED AUDIT PLAN

The OIG conducts Commission-wide risk-based audits via risk assessments. A risk assessment is a systematic process for evaluating and integrating professional judgments about the probability of adverse conditions and events. This process provides a means to organize these judgments, so they may be used to assist in developing an audit plan that helps the Commission obtain its objectives. A vital part of the process entails gathering information from the Commissioners and the Commission’s senior- and mid-level managers, assessing the relevant risk factors, and weighting them through defined impact and probability calculations.

The OIG’s Commission-wide risk assessments enables it to focus its limited resources on the highest risk areas. OIG audits provide an objective assessment of WSSC Water’s operations, employees, infrastructure, systems, and resources. The OIG aids the Commission in identifying more efficient, effective, and economical ways to reach its objectives and achieve its mission.

Audit Summaries:

The following summarizes the audits that the OIG completed during fiscal year 2021.

Commission Office Compliance Audit

The OIG performed a compliance audit of the Commission Office at the request of WSSC Water's Board of Commissioners (Board). The Board is responsible for the overall governance of WSSC Water. The Board consists of six Commissioners, three from each of the representative counties served. The County Executives of Montgomery and Prince George's Counties are responsible for appointing individuals to serve as Commissioners for four-year terms, subject to the confirmation of the respective County Council. The Commissioners are responsible for the overall governance of the agency and provide leadership, guidance, and oversight of WSSC Water, including setting the strategic direction for the agency, establishing general policy and guidelines for WSSC Water's operations and supervising three direct reports: The Corporate Secretary, General Manager/Chief Executive Officer (General Manager), and the Inspector General.

The audit objective was to confirm the Commission Office's compliance with State of Maryland laws, WSSC Water standards, policies and procedures, and best practices regarding transparency and accountability. The audit focused on the operations of the Commission Office as well as the related activities between it and the Corporate Secretary's Office. The audit scope covered accessibility to Commission Office records and information, including any information transmitted from the Corporate Secretary's Office and related to the Commission Office, from July 1, 2017 through December 31, 2018.

Overall, the audit found that the Commission Office complied with Maryland law, WSSC Water's standards, policies and procedures and best practices. In accordance with Subchapter 9.36 of the generally accepted government auditing standards (GAGAS), the OIG did not identify any significant areas of noncompliance concerning internal controls. The OIG acknowledged the Offices of the Commission and Corporate Secretary satisfactory compliance with WSSC Water standards, policies and procedures, applicable Maryland state laws and issued an audit report comparable to an unqualified opinion.

Performance Audit of WSSC's Retiree Benefits Plan

The WSSC Water Human Resources Office (HRO) administers enrollment and termination of benefits for employees, retirees, and their dependents under the WSSC Water Benefits Plan (WBP). Employees who retire normally, early, or with disabilities are eligible to continue participating in WSSC Water's benefit programs if they participated two years before retirement. The WSSC Water Finance Department collects insurance premiums from plan-participants and pays plan-expenses to insurers and claims administrators. To accumulate assets needed to sustain plan-expenses, WSSC Water established the Retiree Other Post-Employment Benefits Trust (OPEB) in July 2007.

The audit's objective assessed WSSC Water administration of its Retiree Benefits Plan according to the requirements set forth in Section 17-205(c)(2) of the Insurance Article of the Maryland Annotated Code and WSSC Water standard procedures and agreements. Specifically, the audit determined whether WSSC Water's self-funded plans covered eligible retirees and their dependents. The audit reviewed plan-activities from April 2016 through March 2019.

Some of OIG’s risk-mitigating audit recommendations will result in the following policy or procedural changes:

QUALITATIVE IMPACT ANALYSIS			
Audit Name	Risk Classification	Policy or Procedure changed/created; or Process Change(s)	Impact
Performance Audit of WSSC’s Retiree Benefits Plan	Medium	New Standard Procedure	The Human Resources Office (HRO) will develop Standard Procedures to verify the eligibility of paid healthcare claims for its Plan.
Performance Audit of WSSC’s Retiree Benefits Plan	Medium	Process Change	HRO will compare names and identification of paid administrative fees to the Pension Master File on a regular basis. HRO will establish a procedure to monitor where personnel, other than the Human Resources Benefits Division, reconcile the retiree record to the insurance carrier invoices. The results of the reconciliation will be documented, and exceptions should be researched.
Performance Audit of WSSC’s Retiree Benefits Plan	Medium	New Standard Procedure	HRO will develop Standard Procedures to monitor the accuracy of insurance premiums deducted from the paychecks of plan-participants. To assist HRO in its monitoring responsibilities of insurance premium deductions for plan-participants, HRO, the Retirement Division, and Information Technology Department will replace the retiree payroll (pension) legacy system with a client-server solution.
Performance Audit of WSSC’s Retiree Benefits Plan	Medium	Process Change	HRO will develop a process to consistently monitor retirees designated as <i>Active State Retirees</i> and beneficiaries in the Maryland State Pension system.
Performance Audit of WSSC’s Retiree Benefits Plan	Medium	Policy and Process Change	HRO will update and align the Human Resources Personnel Management (HRPM) policy Chapters 9.305 and 9.280 to reflect changes in operations and practice.

This qualitative impact analysis is indicative of the often-qualitative value that OIG adds to WSSC Water and its stakeholders. OIG’s focus is on WSSC Water’s operations as they are designed to achieve the Commission’s strategic objectives. Helping WSSC Water identify more efficient, effective and economical ways to accomplish those objectives, in turn, helps the OIG achieve its mission to promote economy, efficiency and effectiveness in WSSC Water’s programs and operations.

CONTINUOUS AUDITING

Due to their high susceptibility for fraudulent activities, and the need to ensure that secure systems are being maintained by WSSC Water, continuous compliance reviews are conducted for Bi-Weekly Payroll, the Purchase Card Program (P-Card Program), and Accounts Payable Reviews. Continuous audits involve performing control and risk assessments on a more frequent basis. It is therefore designed to report on a subject matter within a much shorter timeframe than under the traditional auditing model. This enables WSSC Water management to make key business decisions regarding the functioning of controls and on financial transactions in a timely manner. Throughout the year, the results of the reports are distributed to management and WSSC Water's Audit Committee.

Bi-Weekly Payroll Compliance Reviews

The OIG found the Bi-Weekly Payroll system complied with WSSC Water policies and procedures for fiscal year 2021. The OIG did not identify any issues while conducting Bi-Weekly Payroll Compliance Reviews. Bi-Weekly Payroll management controls were sufficient to mitigate risk-related areas in Payroll.

Purchase Card (P-Card) Program Reviews

WSSC Water's P-Card Program is set forth in Chapter 6.20 of WSSC Water's Manual of Standard Procedures. WSSC Water's Procurement Department's Operations & Administration Division oversees the P-Card Program (Program). The P-Card Program is audited semi-annually, and in general, the Procurement Department is responsible for addressing the audit observations and implementing audit recommendations. The day-to-day responsibilities for administering the Program are assigned to the P-Card Specialist. When necessary, the Procurement Department and the OIG worked with the Finance Department's Disbursements Division and other WSSC Water departments to resolve issues uniquely related to its operations. The P-Card Program transactions tested for the quarters ended, June 30, 2020 and December 31, 2020, complied with WSSC Water's Code of Regulations governing procurement and its related policies, procedures, and standards. The OIG determined that there were sufficient P-Card Program management controls to identify risk-related areas of P-Card Program noncompliance. Further, during this review, the OIG did not detect any instances of fraud, waste, and abuse.

Accounts Payable Compliance Review

The Disbursements Division within WSSC Water's Finance Department is responsible for nearly all remittances, which cover operational costs and contractual obligations. Most of the remittances are made by check or electronic fund transfers. The Disbursements Division coordinates the activity amongst nearly 600 different vendors and over 1,700 employees at WSSC Water.

The OIG used data analysis software to test and perform auditing procedures on a random select number of remittances from the entire population. During this review, the OIG performed duplicate testing procedures to determine if there were duplicate checks or vendors. It reviewed vendor addresses to determine validity and test whether WSSC Water employees had the same address as vendors. The OIG also reviewed supporting documentation for payments, timeliness of processing checks, and checks identified as suspicious by our data analysis software. During the three-month period ending, September 30, 2020, there were 14,322 remittances by check or electronic fund transfers totaling approximately \$193 million.

The transactions tested for the identified period complied with WSSC Water regulations, policies, procedures, standards, and guidelines. The OIG determined that the controls established by management were sufficient to identify risks to WSSC Water's accounts payable.

OPTIMIZE INFRASTRUCTURE

“Achieve Industry-Leading Reliability and Asset Integrity. Expand Resilience and Balance Risk.”

System Development Charges (SDC) Audits

In accordance with the Maryland Annotated Code, Public Utilities Article (PUA), § 25-405(d), the OIG reviews and approves actual costs to be reimbursed to developers for System Development Charges (SDC).

Each fiscal year the OIG routinely receives written requests to perform SDC audits. The number of SDC audit requests received varies from year to year. To complete SDC audits, developers must provide the required documentation. OIG audits of actual developer costs incurred have led to millions of dollars in adjustments over the years, and FY 2021 was no exception.

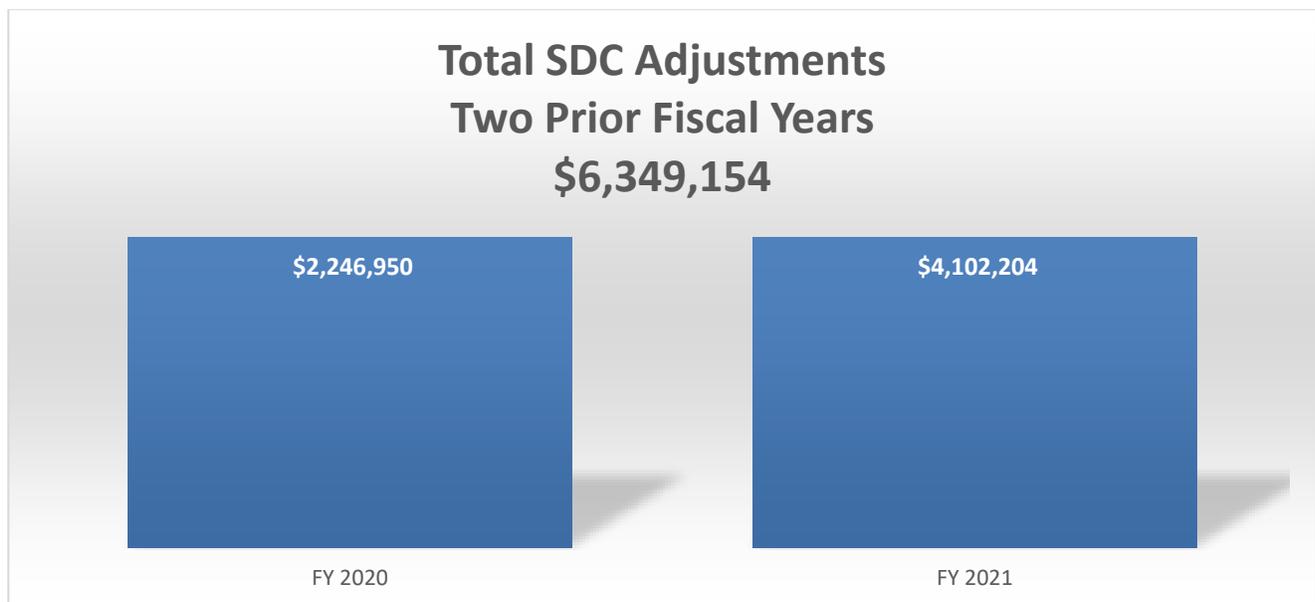
As depicted in the graph below, the FY 2021 **financial adjustments of \$4,102,204** are a significant monetary adjustment for WSSC Water. At the end of FY 2021, OIG had thirteen (13) SDC audit requests remaining; however, five (5) were deemed inactive. The inactive classification is attributable to a lack of developer response after a full fiscal year of quarterly requests for supporting documentation. Also note, in accordance with Chapter 5.95, SDC

Credits and Reimbursements of the WSSC Water Code of Regulations, 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. **The over \$4.1 million in financial adjustments for FY 2021 surpassed the total SDC financial adjustments for fiscal year 2020. The below chart illustrates these**



THE OIG IDENTIFIED APPROXIMATELY
\$6.4 MILLION IN POSITIVE TOTAL SDC ADJUSTMENTS
FROM FISCAL YEAR 2020 TO FISCAL YEAR 2021.

adjustments.



PROTECT OUR RESOURCES

“Resolve and Learn from Past Incidents. Maintain Best-in-Class Operating Environment Safety for Employees. Plan Proactively with Community Stakeholders. Secure the Commission’s Critical Infrastructure.”

FRAUD, WASTE AND ABUSE HOTLINE

Pursuant to Public Utilities Article, § 17-604 (a) of the Annotated Code of Maryland and Chapter 2.60 of the WSSC Water’s Code of Regulations, the OIG is authorized to maintain a confidential reporting mechanism for WSSC Water employees, customers and other stakeholders to report suspected fraud, waste, and abuse involving Commission property and funds, or the mismanagement of programs or operations, without fear of reprisal. The OIG’s Fraud, Waste & Abuse (FWA) Hotline is available to all internal and external stakeholders 24 hours a day, 7 days per week, 365 days per year.



Through a third-party vendor, the OIG manages and receives FWA complaints. The OIG determines whether the complaint (1) falls within its jurisdiction as outlined under Maryland law and the WSSC Water Code; (2) rises to the level of fraud, waste and abuse, or (3) should be referred to another WSSC Water department or agency for evaluation, management and resolution.

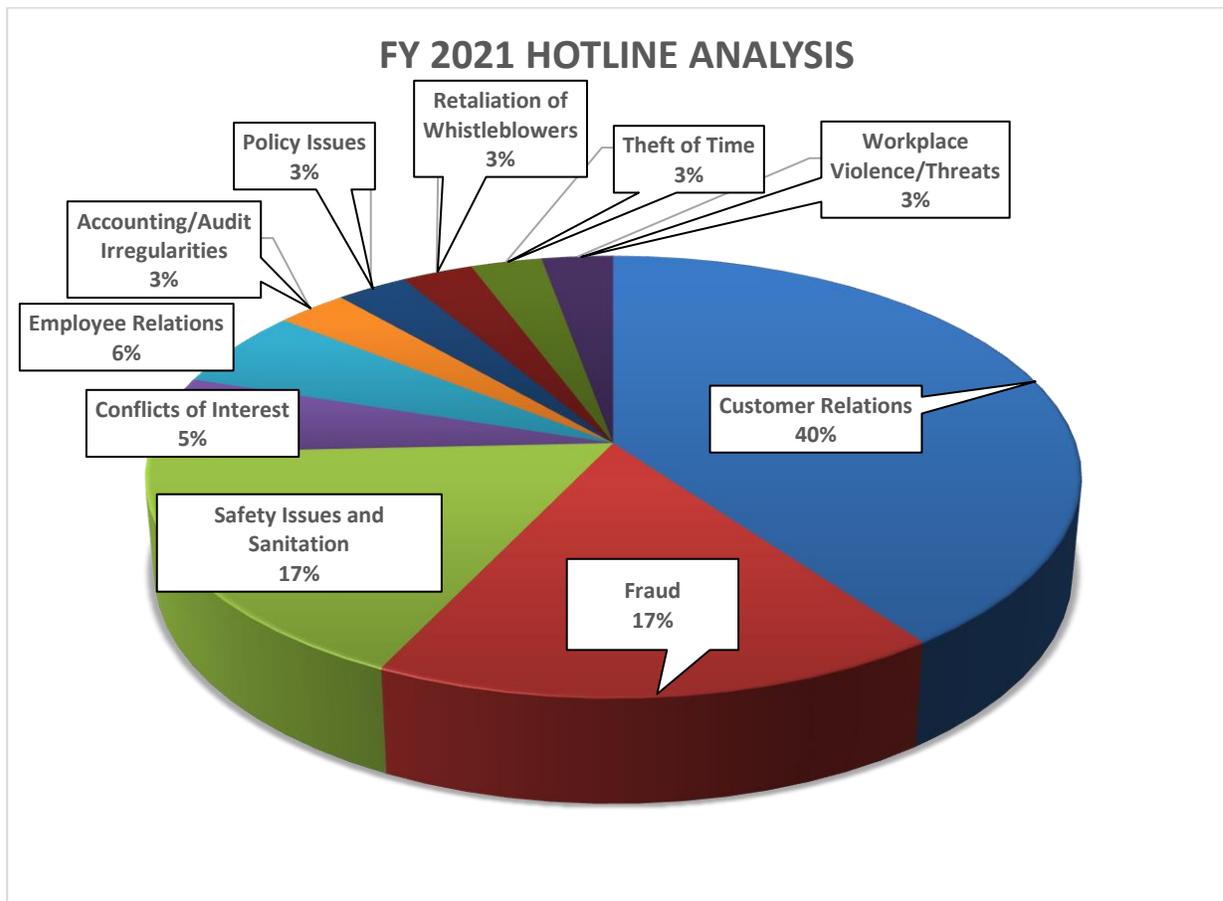
Investigation Activity -- During FY 2021 the OIG opened thirty-five (35) new investigations. Twenty-two (22) or 63% of the new investigations were made by identified reporters, and thirteen (13) or 37% were made by anonymous reporters. The most popular methods of reporting incidents to the OIG during FY 2021 were made via email (63%), phone (20%) and web (17%).

Top Issues Reported – The top five issue types reported during both FY 2021 and FY 2020 were Customer Relations, Employee Relations, Fraud, Safety Issues and Sanitation, and Conflicts of Interest. In comparison, FY 2020 to FY 2021, the number of incidents reported for Customer Relations decreased from 29 to 14, Employee Relations decreased from 9 to 2, Fraud decreased from 9 to 6, Safety Issues and Sanitation increased from 5 to 6, and Conflicts of Interest decreased from 4 to 2. The table below illustrates the FYs 2021 and 2020 comparisons.

HOTLINE TOP 5 ISSUES			
FY 2021		FY 2020	
Customer Relations	14	Customer Relations	29
Employee Relations	2	Employee Relations	9
Fraud	6	Fraud	9
Safety Issues and Sanitation	6	Safety Issues and Sanitation	5
Conflicts of Interest	2	Conflicts of Interest	4

Closed Cases Summaries - During FY 2021, twenty-six (26) cases were closed. The OIG averaged 2 closed cases per month with investigations averaging eighty-two (82) days from commencement to closure. The closed cases consisted of: (11) Customer Relations, (6) Safety and Sanitation, (3) Conflicts of Interest, (2) Fraud, (2) Policy Issues and (1) each concerning Retaliation of Whistleblower, and Accounting/Audit Irregularities. The matrix in Appendix A provides a brief summary of each closed investigation for FY 2021.

FY 2021 Trends – As shown in the pie chart below, during FY 2021 the largest percentage of Hotline cases were Customer Relations complaints and/or inquiries at 40%. Fraud and Safety Issues and Sanitation had the next highest number of cases at 17% each. Employee Relations at 6% and Conflicts of Interest allegations at 5% rounded out the top five issue types reported. The remaining issue types were Accounting/Audit Irregularities, Policy Issues, Retaliation of Whistleblowers, Theft of Time, and Workplace Violence/Threats all each at 3% of the total new cases received.



TRANSFORM EMPLOYEE ENGAGEMENT

“Acquire the Best People. Retain Top Performers. Develop and Grow Talent. Communicate Effectively.”

PROFESSIONAL CERTIFICATIONS

Each fiscal year team members of the OIG actively pursue and maintain professional certifications. This pursuit allows OIG personnel to stay abreast of the latest industry standards, pronouncements and principles, while ensuring the OIG team provides the best service and experience to its customers.



Professional Certifications – The OIG auditors, investigator, and Inspector General are Certified Fraud Examiners (CFEs). The CFE certification enables individuals to perform confidential Fraud, Waste & Abuse Hotline investigations



individually. The investigator and auditors are Certified Inspector General Auditors (CIGA). The CIGA certification highlights the professional’s dedication to furthering education and identifies characteristics indicative of the work of offices of inspectors general. The CPA credential is highly sought after and not easily obtained, thereby enabling WSSC Water’s auditors to tackle complex accounting matters often encountered during audit engagements.



In addition to auditors obtaining and retaining professional certifications, our Administrative Professional has retained the Professional Administrative

Certification of Excellence (PACE) status. Being PACE certified establishes credentials and demonstrates achievements and professionalism. It reflects determination, drive for continuous learning and instills a profound sense of pride.



Continued Professional development in advanced techniques, technology, and standards are paramount for a successful OIG operation. OIG staff continue to meet and exceed the requirements for their particular certification(s) to keep their skills up-to-date and continue to provide world-class services. Each Certified Fraud Examiner is required to obtain 20 hours of Continuing Professional Education (CPE) each year. Each Certified Public Accountant is required to obtain 80 hours of CPE for each two-year licensing period. All OIG team members obtained the requisite CPE hours, which helps them maintain active status for their respective professional certifications. In addition to obtaining training from on-line and external parties, each fiscal year we make a concerted effort to gain a better understanding of Commission operations and technologies via in-house training.

Our Credentials

Each member of the Office of the Inspector Team has achieved some of the highest credentials in the profession. In fact, every professional has at least two certifications to his/her credit, which include the following:

- Certified Public Accountant
- Chartered Professional Accountant
- Certified Internal Auditor
- Certified Fraud Examiner
- Certified Information Systems Auditor
- Certificate in Risk Management Assurance
- Certified Government Auditing Professional
- Certificate in Control Self-Assessment
- Certified Inspector General Auditor
- Certified Inspector General Investigator
- Certified Public Manager
- Juris Doctor
- Certified Board Advisor
- Professional Administrative Certification of Excellence
- Certified Information Technology Professional



During FY 2021, OIG Assistant Inspector General for Audit, Maxene Bardwell was elected/appointed to the Association of Inspectors General Board of Directors, the Maryland Association of Certified Public Accountants Board of Directors, and the AICPA Auditing Standards Board. Maxene also earned the CITP Credential from the AICPA.



**Association
of International
Certified Professional
Accountants®**



Jieying (Daisy) Qian was hired as an auditor during FY 2021.

ENHANCE CUSTOMER EXPERIENCE

“Deliver Safe, Reliable and Consistent Service. Provide Timely Response to Customer Queries. Be a Good Citizen Within Our Communities.”

OUTREACH ACTIVITIES

As a result of the Covid-19 Pandemic, many of the in-person community outreach events the OIG staff normally volunteers for were cancelled.

CONTACT THE OIG

The OIG encourages any person to contact the Office of the Inspector General to report suspected occurrences of fraud, waste, or abuse involving WSSC Water. There are a variety of convenient ways to contact the OIG.



Mailing Address at:
14501 Sweitzer Lane
Laurel, MD 20707



Business Address at:
Office of the Inspector General
14405 Laurel Place, Suite #300
Laurel, MD 20707

OIG Website:

www.wsscwater.com/OIG



Online:

www.reportlineweb.com/wssc

Via Email:

WSSC-OIG@WSSCWATER.COM

Thank you for allowing us to serve you.

REPORT CREDITS

In alphabetical order, the OIG would like to acknowledge the following individuals for their contributions to the success of the performance year and the FY 2021 Annual Report:

Maxene Bardwell, Assistant Inspector General for Audit
Larry Carr, Criminal Investigator
Arthur Elkins, Inspector General
Janice Hicks, Supervisory Auditor
Jane Lewis, Supervisory Auditor
Lucretia Morris, Administrative Assistant IV
Jieying (Daisy) Qian, Auditor
Tamika L. Taylor, Esq., Associate General Counsel
Digdem Tok, Auditor
James Wall, Jr., Supervisory Auditor
Dana Whiting, Deputy Assistant Inspector General for Audit

APPENDIX A

FISCAL YEAR 2021 CLOSED CASES SUMMARY

	Case Number	Date Opened	Primary Issue	Issue Type	Details	Disposition	Date Closed	Days Open
1	169	6/7/2021	Safety Issues and Sanitation	Allegation	A WSSC Water customer alleged that day laborers were installing additional pipes close to his/her residence. The Customer is concerned because s/he believes installing the pipes was illegal.	Referred to the Utility Services. Utility Services concluded that the community builder was installing an additional storm drain in the development. The issue was resolved.	6/9/2021	2
2	165	4/30/2021	Customer Relations	Allegation	A WSSC Water customer alleged issues with a water meter which resulted in an excessive bill.	Referred to Customer Service. The Customer was offered a "High Bill Adjustment." A new adjusted bill was mailed to the customer. The issue was resolved.	6/14/2021	45
3	164	4/28/2021	Safety Issues and Sanitation	Allegation	A WSSC Water customer alleged that during a sidewalk replacement program, his/her Ford Type O Meter box frame and lid were damaged and made inoperable by a city contractor.	Referred to the Utility Services. Utility Services determined that the driveway required repairing at the city's expense, the meter frame and cover also required repairs. The issue was resolved.	5/26/2021	28
4	163	4/20/2021	Conflicts of Interest	Allegation	It was reported that a former WSSC Water employee developed a WSSC program then resigned, and successfully submitted a proposal to manage the program.	Referred to the WSSC Water Board of Ethics (BOE). BOE determined that the allegations were not substantiated and closed the matter.	6/22/2021	63

FISCAL YEAR 2021 CLOSED CASES SUMMARY

	Case Number	Date Opened	Primary Issue	Issue Type	Details	Disposition	Date Closed	Days Open
5	162	4/19/2021	Customer Relations	Inquiry	A WSSC Water customer requested additional assistance with improper billing and processing a payment(s).	Referred to Customer Service. Customer Service transferred missing payments from the customer's former account to the correct current account. The issue was resolved.	4/28/2021	9
6	161	3/29/2021	Retaliation of Whistleblower	Allegation	A WSSC Water employee alleged that s/he observed a WSSC employee record the incorrect time for performing tests in an official log. Believing this to be a regulatory violation, the reporter allegedly reported his/her observation to a supervisor. The reporter further alleged that the supervisor took no action and issued warnings about making such disclosures.	The OIG investigated and closed the complaint as there was no evidence of any improper personnel action taken as a result of the disclosure pursuant to WSSC Water's Comprehensive Whistleblower Protection regulation.	6/9/2021	72

FISCAL YEAR 2021 CLOSED CASES SUMMARY

Case Number	Date Opened	Primary Issue	Issue Type	Details	Disposition	Date Closed	Days Open	
7	157	12/29/2020	Customer Relations	Inquiry	A WSSC Water customer inquired as to whether WSSC Water cleared a wooded area to create an access road in violation of a purported court order prohibiting the building of a road.	Referred to the WSSC Water General Counsel's Office (GCO). GCO informed the customer that WSSC Water purchased the area as a buffer to the reservoir, and it intended to let these lots remain in their natural state. This issue was resolved.	1/14/2021	16
8	154	11/16/2020	Customer Relations	Inquiry	A WSSC Water customer seeks information regarding final billing on property s/he sold. Customer is seeking termination of services to include autopay.	Referred to Customer Service who resolved the customer's billing issue.	11/23/2020	7
9	153	11/16/2020	Customer Relations	Inquiry	A WSSC Water customer requested a meter read and a bill from WSSC Water and did not receive a response.	Referred to Customer Service who determined that the customer's meter was not read due to misinformation regarding the location of the meter on the property. After determining that the meter was able to be read externally, the meter was read and the customer was provided a bill by the Customer Service department. The issue was resolved.	11/24/2020	8
10	152	11/16/2020	Customer Relations	Inquiry	A WSSC Water customer requested assistance with an excessive water bill.	Referred to Customer Service who determined that the customer's water bill was accurate, and the customer was provided a detailed analysis of his/her bill. The issue was resolved.	11/18/2020	2
11	151	11/12/2020	Customer Relations	Inquiry	A WSSC Water customer disputed his water bill for an 84-day period (June 1-August 24th).	Referred to Customer Service who responded to the inquiry. The issue was resolved.	11/16/2020	4

FISCAL YEAR 2021 CLOSED CASES SUMMARY

	Case Number	Date Opened	Primary Issue	Issue Type	Details	Disposition	Date Closed	Days Open
12	150	11/12/2020	Customer Relations	Inquiry	The reporter inquired about purported issues with WSSC Water's AMI smart meter rollout, (the costs and solicitation band award process). The reporter inquired about WSSC's credibility and transparency to ratepayers.	The OIG reviewed and closed this matter pertaining to WSSC Water's AMI project as the matters do not fall within OIG's jurisdiction.	11/17/2020	5
13	149	10/29/2020	Safety and Sanitation	Allegation	It was reported that a WSSC Water vendor hired to clean a WSSC Water parking lot, misused and exploited WSSC Water assets because it cleaned during a rainstorm.	The OIG investigated this issue and determined that WSSC Water management has the discretion to determine the performance of this service contract. Thus, no investigation or referral is warranted.	11/16/2020	18
14	148	9/29/2020	Safety and Sanitation	Inquiry	A reporter inquired as to WSSC Water safety measures and permitting requirements as it pertains to performing work on pedestrian walking paths, sidewalks, and bike paths, after allegedly viewing a WSSC Water truck parked on or near a nearby bike path.	Referred to Utility Services who confirmed that a WSSC Water contractor was in the area performing work, and measures would be taken to ensure all necessary safety measures are observed. The issue was resolved.	10/6/2020	7
15	144	8/31/2020	Safety and Sanitation	Allegation	The reporter alleges that a new structure was constructed behind a lot and within an existing perpetual Drainage Easement, that s/he believes that WSSC Water owns, and prohibits the erecting of any building or structure.	Referred to the WSSC Water's General Counsel's Office and Engineering and Construction department. After review of the property and all available records, it was determined that WSSC Water is not the fee owner of the adjacent property and therefore, it is not a party to any (possible) drainage easement rights. Thus, WSSC Water has no jurisdiction and/or rights to resolve the encroachment issues of the adjacent and/or nearby property owners.	9/14/2020	14

FISCAL YEAR 2021 CLOSED CASES SUMMARY

	Case Number	Date Opened	Primary Issue	Issue Type	Details	Disposition	Date Closed	Days Open
16	143	8/26/2020	Policy Issues	Inquiry	A WSSC Water employee inquired about WSSC Water's policy regarding the issuance of cell phones to employees.	The OIG does not have jurisdiction over the employment/labor issues and closed the matter. The employee sought relief from WSSC's Equal Employment Opportunities Office.	8/26/2020	0
17	141	8/10/2020	Fraud	Allegation	A WSSC Water customer alleges that another WSSC Water customer had a plumber to re-route water pipes around the sub-meter, so that water would not register on the sub-meter for metering and billing purposes. The purported customer did this to avoid paying WSSC Water for water to maintain his lawn.	This matter was closed. The allegation was duplicative of a previous report.	8/26/2020	16
18	140	8/4/2020	Customer Relations	Inquiry	A WSSC Water customer seeks information regarding increasingly high bills from 2018 to 2019. Customer states that in 2019 water bill balance at his/her townhome residence exceeded \$1,000 on numerous occasions between 2018 and 2019.	Referred to Customer Service who reviewed the account and determined that no adjustments were warranted. The customer was advised to consider WSSC Water's Refund Hearing process. This issue was resolved.	10/26/2020	83

FISCAL YEAR 2021 CLOSED CASES SUMMARY

	Case Number	Date Opened	Primary Issue	Issue Type	Details	Disposition	Date Closed	Days Open
19	139	7/31/2020	Customer Relations	Inquiry	A WSSC Water customer alleges that s/he sustained a sewer back-up at his/her property and that WSSC Water failed to compensate for his/her property damage and losses. Customer inquired whether the OIG could review and revise the settlement offer made by WSSC Water.	Referred to the Claims Office. The Claims Office tendered the customer an offer, but the customer remains unsatisfied. Customer was also advised that the OIG does not serve as the appellate division for the Claims Office. This matter was closed by this Office.	9/1/2020	32
20	138	7/30/2020	Fraud	Allegation	A WSSC Water customer's bill is higher than usual. The customer requested an actual meter read and adjusted bill.	Referred to Customer Service who adjusted the customer's bill. The issue was resolved.	9/1/2020	33
21	137	7/27/2020	Customer Relations	Allegation	A WSSC Water customer alleges that water line repairs have not been completed which caused damage to roadway and adjacent properties and inconvenienced nearby residents.	Referred to Utility Services. This matter was closed after Utility Services assessed the leak repairs in the area, and determined that it was not getting worse or causing damage to the roadway. WSSC Water subsequently made the repair and the restoration.	7/28/2020	1
22	134	6/2/2020	Safety and Sanitation	Inquiry	A WSSC Water customer inquired as to whether chloramine was being used by WSSC Water to treat the drinking water.	Referred to WSSC Water Quality Department. This matter was closed after the Water Quality Department made attempts to contact the Customer to obtain additional information, and was not successful.	11/5/2020	156

FISCAL YEAR 2021 CLOSED CASES SUMMARY

	Case Number	Date Opened	Primary Issue	Issue Type	Details	Disposition	Date Closed	Days Open
23	128	3/12/2020	Policy Issues	Allegation	A WSSC Water employee alleges that a WSSC Water standard operating procedure requires all employees to follow the chain of command to request a job reclassification and a market value adjustment, instead of making the request directly to the Human Resources Department.	The OIG reviewed and closed this matter. The allegation seeks an advisory legal opinion from the OIG regarding the interpretation of a WSSC Water regulation related to employment and/or labor, which is not within this Office's jurisdiction.	12/30/2020	293
24	127	3/11/2020	Conflict of Interest	Inquiry	The reporter requested the OIG to investigate whether a possible compromise of the integrity of the procurement process for a contract involving WSSC Water's Advanced Metering Infrastructure (AMI). The reporter suggests that the OIG review the role that current and former employees have in the selection and management of the AMI vendor. Further, it was alleged that a former WSSC Water employee who played a major and critical role in selecting hiring the WSSC Water Project Manager for the AMI project is currently employed with the vendor. This former employee allegedly also had the most extensive AMI implementation knowledge and experience at WSSC and played a significant role in developing the requirements for the AMI project.	This matter was referred to WSSC Water's Board of Ethics as it was not within the OIG's jurisdiction. The Board of Ethics resolved this case through its complaint process.	7/10/2020	121

FISCAL YEAR 2021 CLOSED CASES SUMMARY

	Case Number	Date Opened	Primary Issue	Issue Type	Details	Disposition	Date Closed	Days Open
25	120	2/18/2020	Accounting/Audit Irregularities	Allegation	A WSSC Water vendor alleges that WSSC Water did not exercise option terms on service contracts despite additional work remaining to be performed.	The OIG investigated this complaint and concluded that no corrective action is warranted as WSSC Water is not required to exercise an option to renew or extend a contract.	7/13/2020	146
26	94	11/22/2019	Conflicts of Interest	Allegation	The reporter alleges that a WSSC Water vendor is permitting his senior staff to perform hours of small tasks and bill WSSC Water at a senior level staff salary/rate.	This matter was not within the Office of the Inspector General's jurisdiction, and it was referred to the WSSC Water's Board of Ethics. It concluded that the allegation is unsubstantiated and closed the matter.	7/1/2020	222