

COUNTY COUNCIL OF WICOMICO COUNTY, MARYLAND

2013 Legislative Session

Introduced: Legislative Day No. 16

Resolution No. 106-2013

Introduced by: The President of the Council

A RESOLUTION ADOPTING THE ANNUAL AUDIT PLAN FOR FISCAL YEAR ENDING JUNE 30, 2014.

WHEREAS, under Section 305, titled "County Internal Auditor" of the Charter of Wicomico County, Maryland, the Internal Auditor is charged with the duty to report on internal accounting controls, administrative and operating practices and procedures, and other pertinent financial and compliance matters within Wicomico County; and

WHEREAS, the Internal Auditor has submitted an "Annual Audit Plan for Fiscal Year ending June 30, 2014" for the County Council's consideration, which outlines the performance and operational audits and activities that are to be conducted throughout Fiscal Year 2014.

NOW, THEREFORE, BE IT RESOLVED, by the County Council of Wicomico County, Maryland that the Annual Audit Plan for Fiscal Year ending June 30, 2014 submitted by the County Internal Auditor, attached as Exhibit A, is approved and adopted.

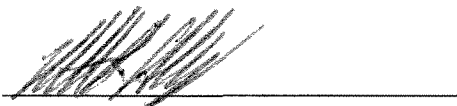
Done at Salisbury, Maryland, this 6th day of August, 2013.

ATTEST:

COUNTY COUNCIL OF WICOMICO COUNTY, MARYLAND

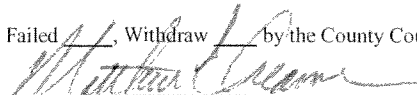


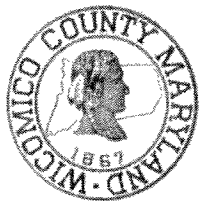
Matthew E. Creamer, Council Administrator



Matt Holloway, Council President

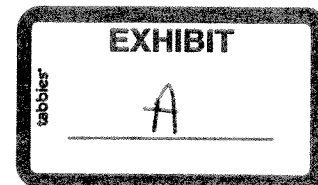
This Resolution was Adopted , Adopted with Amendments , Failed , Withdraw by the County Council on August 6, 2013.

Certified by 
Matthew E. Creamer, Council Administrator



Wicomico County, Maryland
OFFICE OF THE INTERNAL AUDITOR

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Steve Roser, CPA/CIA
Internal Auditor

July 1, 2012

ANNUAL AUDIT PLAN FOR FISCAL YEAR ENDING JUNE 30, 2014

The County Council and County Executive of Wicomico County, Maryland:

The purpose of the Audit Plan is to outline the audits and other activities for which the Internal Auditor anticipates completion during the year. The Office of the Internal Auditor (IA) and the Audit Committee developed the plan to comply with responsibilities established by the Institute of Internal Auditors. As you may be aware, the IIA Standards require an annual risk assessment and an annual internal audit plan based on that assessment. Some time ago, the committee and IA decided that a full-blown assessment project might be overkill for Wicomico owing to the size of the organization, and the size of the IA office. It was decided instead to perform a complete risk assessment on a biennial basis and assess risk via some other less time-consuming method for the off years. The last complete assessment was performed near the end of FY2012 for FY2013. Therefore, FY2013 is an off year for risk assessment. In lieu of a formal questionnaire, IA distributed a short form to all department heads asking for suggested areas to audit. The responses, along with subjective information gathered during the year and other considerations became the basis for the FY2014 annual audit plan.

It is important to note that the Audit Plan is a working document that should be flexible in addressing current priorities in a changing environment. Additionally, two audits from the FY2013 Annual Audit Plan are currently in various stages of completion. We plan to continue work started on the following projects:

- Roads Division Inventory Audit
- Landfill Division Permits, Bonds, and Deposits Audit

We are proud to point out that county management is willing to involve IA in an independent capacity to assist with problem solving where appropriate. IA will notify the County Council of any significant additions, deletions, or other changes to the Audit Plan.

The Audit Plan includes audits related to internal controls, policies and procedures, and the economic and efficient use of resources. IA and the Audit Committee considered numerous projects for the FY 2014 Audit Plan. Total budgeted time for all projects totals exceeded IA capacity to complete them. We prioritized the projects and chose nine that we could realistically perform over the next twelve months.

Audits included in the Plan are:

- Selected projects not completed during the Audit Plan approved by Council for FY 2013
- Audits recommended by IA based on FY 2012 risk-assessment
- Selected Audits recommended by respondents to a short form audit suggestion inquiry
- Cooperation with external auditors for mutually beneficial projects

- Based on observations, perceptions, and other qualitative criteria gathered by IA over the past two and a half years

Planned audits for fiscal year 2014 are outlined on the following pages. While general audit objectives are included in the Plan, specific audit objectives will be determined upon completion of preliminary surveys related to each audit. During the preliminary surveys, IA will establish familiarity with the department or function by conducting background interviews and research. At that time, potential issues will be identified and the specific audit objectives and methodology will be enhanced and adjusted. IA will adjust estimated audit hours for each audit based on preliminary survey results. It is possible that we may be unable to complete this audit plan in its entirety due to limitations of time, resources, and other urgent matters that come to the forefront. IA will reevaluate projects not completed for inclusion in the following year's plan.

Scheduled Follow-up for Continuous Auditing Projects:

- Landfill Fuel System
- ESG Compliance

Operational Audits

- Service Contract Procurement Audit
- Festivals Cash Audit
- Grant Process Audit

Performance Audits

- Assets Audit
- Landfill Commodity Sales Audit

Special Project

- Audit Manual Review

Consultation

- Small Business Development Center

Respectfully submitted,

Digitally signed by J. Stephen Roser, CPA
DN: cn=J. Stephen Roser, CPA, o, ou,
email=sroser@wicomicocounty.org, c=US
Date: 2013.06.17 14:31:41 -04'00'

J. Stephen Roser, CPA/CIA
Internal Auditor



Wicomico County
Internal Auditor

15 days

FUEL FOLLOW-UP

OBJECTIVES

The objectives of the consultation are to:

1. Determine compliance with separation of PWSW fuel usage for landfill and other projects

SCOPE AND METHODOLOGY

- Review fuelmaster record keeping for compliance
- Establish template for Landfill baseline calculation



Wicomico County
Internal Auditor

15 days

ESG FOLLOW-UP

OBJECTIVES

The objectives of the consultation are to:

1. Monitor county energy savings as it relates to the contract in force with ESG

SCOPE AND METHODOLOGY

- Work with Finance to monitor compliance
 - Review standards
 - Review posting
 - Evaluate calculations in real terms
 - Test for calculation inclusion of variables (e.g. price fluctuation)



Wicomico County
Internal Auditor

90 days (simultaneously with other projects)

AUDIT MANUAL REVIEW

OBJECTIVES

The objectives of the audit are to:

1. Review the Audit Manual currently in force in light of two year's experience for the county and recommend changes for council

SCOPE AND METHODOLOGY

- Form a sub-committee with selected committee members, IA and an IIA Baltimore member (if available) to evaluate the manual



Wicomico County
Internal Auditor

90 days

LANDFILL COMMODITY SALES AUDIT

OBJECTIVES

The objectives of the audit are to:

1. Determine commodities produced by Wicomico County
2. Map recordkeeping (accounting) for commodity sales
3. Evaluate internal control over handling of cash from commodity sales
4. Assure adherence to internal controls

SCOPE AND METHODOLOGY

Objectives and methodology may be adjusted as information is gathered. The audit period that will be examined on a test basis is FY 2012. The Scope is open ended. Observations and Inquiries with appropriate personnel will be conducted, as well as examination of various documents (subject to change based on preliminary surveys and interviews) pertaining to the following:

- Map processes for the collection and sale of commodities
- Inspect collection and storage facilities
- Inspect sample documentation (invoices, sales slips, purchase slips, bank reconciliations, deposits, etc.)
- Review and evaluate book keeping methods, records, software, etc.
- Interview purchasing agents



Wicomico County
Internal Auditor

90 days

TANGIBLE PERSONAL ASSETS AUDIT

OBJECTIVES

Tangible personal assets are fixed assets owned or held under finance/purchase lease that are used for Wicomico County's operations and are *not* real assets (i.e. land and buildings). The audit objective is to:

1. Assure that procurement of assets meets the County's policies, procedures, and limit of authority
2. Assure that tangible fixed assets are properly recorded at cost/valuation
3. Assure that tangible fixed assets physically exist

SCOPE AND METHODOLOGY

The audit periods that will be examined on a test basis are for FY 2013. The Scope is open ended. Observations and Inquiries with appropriate personnel will be conducted, as well as examination of various documents pertaining to accounting for tangible fixed assets including, but not limited to:

- Identifying internal controls over tangible fixed assets
- Review procedures for purchasing decisions and authorization
- Review payment authorization procedures
- Review maintenance of a fixed asset register
- Determine frequency of physical checks and reconciliation of the register
- Review physical safeguard (e.g. control over unauthorized access and movements of tangible personal assets)



Wicomico County
Internal Auditor

90 days

GRANT PROCESS AUDIT

OBJECTIVES

The objectives of the audit are to:

1. Evaluate the grant procurement rules for Wicomico County
2. Evaluate county adherence to those rules
3. Measure grant procurement to establish a baseline
4. Analyze expenditures of grant funding

SCOPE AND METHODOLOGY

Objectives and methodology may be adjusted as information is gathered. The audit period that will be examined on a test basis is FY 2013. The Scope is open ended. Observations and Inquiries with appropriate personnel will be conducted, as well as examination of various documents (subject to change based on preliminary surveys and interviews) pertaining to the following:

- Review the substance and structure of grant procurement rules for Wicomico County
- Determine if differences exist in the substance and procurement rules between various county departments
- Test a sample of grants for
 - Adherence to procurement rules
 - Expenditures
- Analyze grant expenditures for type and substance for a sample of grants awarded
- Analyze a sample of State grants administered through the County
- Interview those responsible for writing grants in selected departments (including LMB)
- Interview those responsible for awarding grants in selected departments



Wicomico County
Internal Auditor

60 days

FESTIVALS CASH & ALCOHOLIC BEVERAGE HANDLING AUDIT

OBJECTIVES

The objectives of the audit are to:

1. Assure that internal controls are in place for handling cash for festivals
2. Evaluate compliance with those controls
3. Assure adequate security for persons handling and transporting cash
4. Assure compliance with applicable laws and regulations for the handling of alcoholic beverages

SCOPE AND METHODOLOGY

Objectives and methodology may be adjusted as information is gathered. The audit period that will be examined on a test basis is FY 2013. The Scope is open ended. Observations, questionnaires, and Inquiries with appropriate personnel will be conducted, as well as examination of various documents (subject to change based on preliminary surveys and interviews) pertaining to the following:

- Map internal controls for the handling and transport of cash and evaluate
- Determine compliance with internal controls
- Evaluate security
 - Scheduling
 - Contracts
 - Observation
- Review codification of applicable laws and rules for the handling of alcohol
 - State Law
 - State regulations
 - County regulations
 - Salisbury City regulations
- Evaluate compliance through questionnaires, interviews, and observation



Wicomico County
Internal Auditor

60 days

SERVICE CONTRACT PROCUREMENT AUDIT

OBJECTIVES

The objectives of the audit are to:

1. Evaluate internal control over procurement of service contracts
2. Assure adherence to controls

SCOPE AND METHODOLOGY

Objectives and methodology may be adjusted as information is gathered. The audit period that will be examined on a test basis is FY 2011 and 2012. The Scope is open ended. Observations and Inquiries with appropriate personnel will be conducted, as well as examination of various documents (subject to change based on preliminary surveys and interviews) pertaining to the following:

- Evaluate a sample of contracts in force
- Evaluation of procedure to procure selected contracts
- Interview selected service providers
- Interview purchasing personnel
- Consult with the Law Department



Wicomico County
Internal Auditor
60 days

CONSULT – Small Business Development Center Inquiry

OBJECTIVES

The objectives of the consult are to:

1. Gain an understanding of SBDC operations
2. Learn how businesses were assisted through County funding

SCOPE AND METHODOLOGY

The scope of this consultation is open-ended. We will focus on gaining an understanding of SBDC operations. IA will reach out to the SBDC and inquire about the SBDC purpose, mission, and methodology. IA will hold interviews with SBDC personnel and review any appropriate documentation (financial or operational) that may become available.