

COUNTY COUNCIL OF WICOMICO COUNTY, MARYLAND

2016 Legislative Session

Legislative Day No. 23

Resolution 144-2016

Introduced by: The President of the Council

**A RESOLUTION ACCEPTING THE ANNUAL REPORT
SUBMITTED BY THE COUNTY INTERNAL AUDITOR.**

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 Report that includes Completed Audits, Audits Under Way, Follow-up Projects, and a summary of other items completed by the Internal Auditor during Calendar Year 2016

NOW, THEREFORE, BE IT RESOLVED, by the County Council of Wicomico County, Maryland that the Annual Report submitted by the County Internal Auditor, attached as Exhibit A, is hereby approved and adopted.

Done at Salisbury, Maryland, this 15th day of November, 2016.

ATTEST:


Matthew E. Creamer,
Council Administrator

COUNTY COUNCIL OF
WICOMICO COUNTY, MARYLAND


John T. Cannon,
Council President

CERTIFICATION

This Resolution was Adopted , Adopted with Amendments ____, Failed ____, Withdrawn ____ by the County Council on November 15, 2016.

Certified by 
Matthew E. Creamer, Council Administrator



Wicomico County, Maryland

OFFICE OF THE INTERNAL AUDITOR

P.O. BOX 870
SALISBURY, MARYLAND 21803-0870
410-548-4696
FAX 410-548-7872



Steve Roser CPA, CIA/CRMA, CFE
Internal Auditor

November 4, 2016

Annual Report

Background

The Office of the Internal Auditor for Wicomico County (IA) submits herewith a progress report for the sixth year in office for Steve Roser CPA. Your Internal Auditor would like to thank the County Council for the opportunity to serve Wicomico County in this capacity. I would also like to thank County Executive Bob Culver, Council Administrator Matt Creamer, and the Wicomico County Audit Committee for their invaluable support during the past year. Additional thanks go to the Department Heads, County Accounting Professionals, and all the other associates within the County and the State of Maryland who have been so supportive in their interest and openness when it comes to assessing various County functions. Any success we enjoy as IA and Audit Committee is directly attributable to the people who make Wicomico County work.

Completed Audits

Purchase Card Audit

We audited the Bank of America Purchase Card System and compared usage to the previous audits performed in FY 2011 and FY 2015. IA discovered that the county increased card usage to include more frequent and larger transactions representing an 83% increase over the same period tested in FY 2015. We recommended changes in controls to match the increased scope of the program.

Convenience Centers Consultation

IA evaluated the County Landfill Convenience Center Program and found the program in compliance with management policies. Additionally, we made some statistical comparisons and compared the Wicomico County program with adjacent Maryland Counties.

Box Office Audit

The Box Office Audit revealed a system in need of some improvement and we made recommendations. Subsequent follow-up revealed a more controlled arrangement with most of the IA recommendations in place.

Inmate Labor Consultation

The purpose of the inmate labor consultation was to gain an understanding of the system and evaluate controls. We found a system with adequate controls and offered several findings for informational purposes.

Mass Transit Consultation

We leveraged a considerable amount of published information, held interviews, and made observations of the Shore Transit System run by the Tri-County Council to gain understanding. We found a robust system of accountability. As with the Inmate Labor Project, we offered findings of an informational nature.

Misdemeanor Offender Program Audit

This is a small program run by the States Attorney's Office. It assists the District Court with first time offenders. We found internal controls and adherence to controls satisfactory.

Munis Security Audit

We designed the Munis Security Audit to gain an understanding of the protocols, evaluate controls and adherence to controls. The stated recommendations involved centralized authority and redefining roles by job description as opposed to individual users.

Fuel Inventory Audit

IA has a continuous audit program for auditing the fuel inventory. These audits along with scheduled follow-ups constitute a continuous program as defined by associated practices. We focus on different areas each time we perform an evaluation. The current audit revealed some gaps in internal control compliance and we will monitor management actions underway to correct the problems.

Overtime Audit

The main purpose of the overtime inquiry was to develop a trend analysis for overtime payments over the past seven years. We can leverage the information to gauge overtime payments going forward. New Federal wage regulations may cause increased overtime payments in the future.

Library Cash and Information Security Consultation

The Library Audit looked at cash handling and information security. Controls and adherence thereto was satisfactory. Additionally, we will leverage information gathered to perform future IT security evaluations for other county applications.

Audits Under Way

The following projects were under way as of November 2016:

- BOE School Buses Consultation
- E-Recyclables Audit
- Payroll Audit

Scope and objectives for these and other planned projects can be found in the FY2017 Annual Audit Plan.

Follow-up

Many of our completed projects require follow-up. Subsequent work on many of these audits is just as important (and time-consuming) as the audit itself. IA performed additional work on the following completed projects:

- Lease or Buy Arrangements for Solid Waste Equipment
- Box Office Audit
- Enterprise Funds Trend Analysis
- Fuel System
- Impact Fees Consultation
- Munis Security Audit
- Travel Expense Audit
- Purchase Card Audit

Other Items

This office performed nine investigations (including two hotline complaints) unrelated to the audits concerning various areas of the County on a variety of issues. Additionally, IA completed the following reports and projects for the benefit of the Office of the Internal Auditor, County Council, and the County Executive:

- Administrative sessions with Council
- Website maintenance for posted Audit Reports
- FY 2016 Annual Report
- Audit Committee matters
- FY 2017 Annual Audit Plan
- Countywide Risk Assessment
- IA attended most budget hearings and County Council Meetings
- Review of the County fraud hotline
- Independence Declaration
- Coordination with external auditors
- Review of Liquor Control Board, Board of Education, and other financial reports
- Participation in the County Safety Committee
- Acquire continuing education hours to support retention of four certifications
- Participation with:
 - The Institute of Internal Auditors
 - Institute of Internal Auditors Baltimore Chapter
 - Maryland Association of CPAs
 - American Institute of CPAs
 - Maryland Government Finance Officers Association
 - Association of Certified Fraud Examiners

Closing Remark

The Office of the Internal Auditor would like to thank all those who participated in the various projects described herein. The quality of relationships previously developed with Council, Senior Management, and County associates in the spirit of cooperation for the betterment of Wicomico County, and in effort to improve efficiency and effectiveness, was further developed to everyone's benefit. As always, I hope all stakeholders view any small contribution this office made in the past year favorably.

Respectfully Submitted,

J. Stephen Roser, CPA

J. Stephen Roser CPA
Internal Auditor