

COUNTY COUNCIL OF WICOMICO COUNTY, MARYLAND

2017 Legislative Session

Legislative Day No. 19

Resolution No. 106-2017

Introduced by: The President of the Council

**A RESOLUTION ADOPTING THE ANNUAL AUDIT PLAN
FOR FISCAL YEAR ENDING JUNE 30, 2018.**

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, 2018" for the County Council's consideration, which outlines the performance and operational audits and activities that are to be conducted throughout Fiscal Year 2018.

NOW, THEREFORE, BE IT RESOLVED, by the County Council of Wicomico County, Maryland that the Annual Audit Plan for Fiscal Year ending June 30, 2018 submitted by the County Internal Auditor, attached as Exhibit A, is approved and adopted.


Done at Salisbury, Maryland, this 1st day of August, 2017.

ATTEST:

COUNTY COUNCIL OF
WICOMICO COUNTY, MARYLAND



Laura Hurley,
Council Administrator



John T. Cannon,
Council President

CERTIFICATION

This Resolution was Adopted , Adopted with Amendments ____, Failed ____, Withdrawn ____ by the County Council on August 1, 2017.

Certified by 

Laura Hurley, Council Administrator



Wicomico County, Maryland

OFFICE OF THE INTERNAL AUDITOR

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Steve Roser, CPA/CIA/CFE
Internal Auditor

July 5, 2017

ANNUAL AUDIT PLAN FOR FISCAL YEAR ENDING JUNE 30, 2018

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 FY2016 for FY2017. Therefore, FY2018 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. IA reached out to all department heads (twice) and only received four responses. The responses, along with subjective information gathered during the year and other considerations became the basis for the FY2018 annual audit plan. Other considerations include an auditor's review of fourteen areas of potential risk for an organization. Of these fourteen areas, IA assessed three areas at high risk and two other areas at moderate risk. Specific information regarding the auditor's risk assessment are available to Council and the Executive upon request.

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. 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 FY2018 Audit Plan. Total budgeted time for all projects totals exceeds IA capacity to complete them. We prioritized the projects and chose ten 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 FY2017
- Audits recommended by IA based on FY2017 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 six and a half years

Planned audits for fiscal year 2018 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 possible inclusion in the following year's plan.

Operational Projects

- Munis Dashboard Survey
- Cell Phone Audit
- Civil Processing Payments Audit

Performance Projects

- Roads Division Inventory Pricing
- Munis Security
- Recreation and Parks Fiduciary Accounts
- HR Job Classifications Study
- Comp Time Audit
- Accruals Audit (Sick Pool, Vacation Time, Comp Time)

Other Project

- Comprehensive Budget Review

As always, the Committee and I greatly appreciate your continued support.

Respectfully submitted,

J. Stephen Roser, CPA

J. Stephen Roser, CPA
Internal Auditor



Wicomico County
Internal Auditor

30 days

MUNIS DASHBOARD¹ SURVEY

OBJECTIVES

The objectives of the survey are to:

1. Determine the population of dashboard users within the county
2. Assemble user evaluation
3. Determine why employees would not use dashboard
4. Offer suggestions (if appropriate)

SCOPE AND METHODOLOGY

Objectives and methodology may be adjusted as information is gathered. IA will conduct the survey through a combination of surveys and personal interviews.

¹ Dashboard is a newly acquired function within Munis that streamlines users' access to various areas within the system facilitating input, evaluations, education, etc.



Wicomico County
Internal Auditor

60 Days

CELL PHONE AUDIT

OBJECTIVES

The objectives of the audit are to

1. Create a complete inventory of current cell phones
2. Show the current cost of those cell phones
3. Evaluate internal controls over usage and procurement
4. Evaluate adherence to controls

SCOPE AND METHODOLOGY

The scope of this audit includes observations and inquiries with appropriate personnel, as well as examination of various documents and system information pertaining to the following categories but is subject to change based on preliminary surveys and interviews:

- Wireless telephone bills
- Written usage procedures
- Written procurement procedures
- Contracts in force



Wicomico County
Internal Auditor

30 days

CIVIL PROCESSING PAYMENTS

OBJECTIVES

The objectives of the audit are to:

1. Gain an understanding of the process
2. Evaluate the internal controls
3. Make recommendations (if appropriate)

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 2016 and FY 2018 to date. The Scope is open ended. Observations, interviews, and Inquiries with appropriate personnel will be conducted. IA will perform inspections of selected documentation including bookkeeping records, aging reports, journal entries, deposit receipts, bank reconciliations, and accounts receivable.



Wicomico County
Internal Auditor

60 days

INVENTORY PRICING AUDIT

OBJECTIVES

The objectives of the audit are to:

1. Determine County Policy for pricing inventory
2. Evaluate adherence to inventory pricing policy
3. Make recommendations (if appropriate)

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 2016. The Scope is open ended. Observations, interviews, and Inquiries with appropriate personnel will be conducted. The audit will initially focus on Roads Division and Solid Waste and may expand to other appropriate areas of the County. IA will perform inspections of selected documentation including:

- Inventory records
- Purchasing records
- Invoices
- Physical inventory counts



Wicomico County
Internal Auditor

30 days

Munis Firewall Consultation

OBJECTIVES

The objectives of the audit are to:

1. Gain an understanding of firewalls used for Munis security
2. Evaluate efficiency and effectiveness of firewalls

SCOPE AND METHODOLOGY

Objectives and methodology may be adjusted as information is gathered. The Scope is open ended. IA will work with County Information Technology and Munis support to understand and evaluate effectiveness of the firewall(s).



Wicomico County
Internal Auditor

30 days

RECREATION AND PARKS ESCROW ACCOUNTS

OBJECTIVES

The objectives of the audit are to:

1. Gain an understanding of the current situation regarding prior fund accounts related to Rec & Parks
2. Trace and vouch funds associated with the eliminated funds
3. Determine the current state of escrow accounts (if any) and evaluate controls
4. Make recommendations (if appropriate)

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 2015 to FY 2017. The Scope is open ended. Observations, interviews, and Inquiries with appropriate personnel will be conducted. IA will perform inspections of selected documentation related to fund account activity for funds 60 to 81 including journal entries along with any current fiduciary accounts (if any) under County control.



Wicomico County
Internal Auditor

30 days

JOB CLASSIFICATIONS STUDY

OBJECTIVES

The objectives of the study are to:

1. Gain an understanding of the county's job classification system
2. Establish the number of employees and scope of each classification
3. Perform historical analysis
4. Create a proforma analysis tool to evaluate future classification systems
5. Make recommendations (if appropriate)

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 2015 to date. The Scope is open ended. Observations, interviews, and Inquiries with appropriate personnel will be conducted. IA will leverage available documentation in Human Resources and Munis.



Wicomico County
Internal Auditor

30 days

COMPENSATORY TIME AUDIT

OBJECTIVES

The objectives of the audit are to:

1. Review County policy regarding comp time
2. Determine adherence to policy
3. Determine internal controls in place to prevent over reporting
4. Evaluate adherence to internal controls
5. Develop trend analysis and evaluate the impact of Federal laws regarding overtime

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 2008 to 2016. The Scope is open ended. Observations, interviews, and Inquiries with appropriate personnel will be conducted. IA will perform inspections of selected documentation including county personnel manual and payroll records.



Wicomico County
Internal Auditor

45 days

ACCRUALS AUDIT

OBJECTIVES

The objectives of the audit are to gain an understanding of and evaluate accounting for:

1. Sick Pool
2. Vacation Time
3. Comp Time

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 2016-2017. The Scope is open ended. Observations, interviews, and Inquiries with appropriate personnel will be conducted. IA will perform inspections of selected documentation including HR records and Munis data.



Wicomico County
Internal Auditor

90 days

BUDGET EVALUATION

OBJECTIVES

The objectives of the evaluation are to review the budget, provide trend analysis, and statistical analysis.

SCOPE AND METHODOLOGY

Objectives and methodology may be adjusted as information is gathered. The period that will be examined on a test basis is the proposed FY 2019 County Budget. The Scope is open ended and evaluation will occur mainly through analysis of Munis data.