

**COUNTY COUNCIL OF WICOMICO COUNTY, MARYLAND**

2020 Legislative Session

Legislative Day No. 14

**Resolution No. 51-2020**

Introduced by: The President of the Council

**A RESOLUTION ADOPTING THE ANNUAL AUDIT PLAN  
FOR FISCAL YEAR ENDING JUNE 30, 2021.**

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

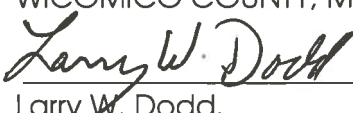
WHEREAS, the Internal Auditor has submitted an "Annual Audit Plan for Fiscal Year ending June 30, 2021" for the County Council's consideration, which outlines the performance and operational audits and activities that are to be conducted throughout Fiscal Year 2021.

NOW, THEREFORE, BE IT RESOLVED, by the County Council of Wicomico County, Maryland that the Annual Audit Plan for Fiscal Year ending June 30, 2021 submitted by the County Internal Auditor, attached as Exhibit A, is approved and adopted.

Done at Salisbury, Maryland, this 7<sup>th</sup> day of July, 2020.

ATTEST:

  
\_\_\_\_\_  
Laura Hurley,  
Council Administrator

COUNTY COUNCIL OF  
WICOMICO COUNTY, MARYLAND  
  
\_\_\_\_\_  
Larry W. Dodd,  
Council President

CERTIFICATION

This Resolution was Adopted , Adopted with Amendments \_\_\_\_, Failed \_\_\_\_, Withdrawn \_\_\_\_ by the County Council on July 7, 2020.

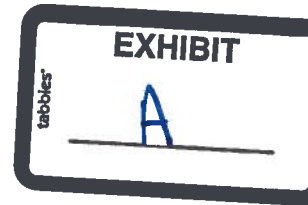
Certified by   
\_\_\_\_\_  
Laura Hurley, Council Administrator



# Wicomico County, Maryland

## OFFICE OF THE INTERNAL AUDITOR

P.O. BOX 870  
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Levin Hitchens, CIA  
Internal Auditor

July 7, 2020

## ANNUAL AUDIT PLAN FOR FISCAL YEAR ENDING JUNE 30, 2021

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) 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. Risk assessment surveys were sent out in June to department leaders for input.

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 the Auditors in an independent capacity to assist with problem solving where appropriate. The Auditors 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 considered numerous projects for the FY2021 Audit Plan. Total budgeted time for all projects totals exceeds our capacity to complete them. IA prioritized the projects and chose ten projects that could be 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 FY2020
- Selected Audits recommended by interviewees during the current or past risk assessment processes
- Cooperation with external auditors for mutually beneficial projects
- Based on observations, perceptions, and other qualitative criteria gathered by the Auditors over time

Planned projects for fiscal year 2021 are outlined on the following pages. This year's plan includes several projects that focus on functions that most departments participate in: purchase cards, fuel, and payroll. Audits on these areas have been completed recently at a higher level. This year's projects will be long-term audits with participation from as many departments as reasonable to audit at the department level to determine compliance and internal controls.

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, the Auditors 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. The Auditors will adjust estimated audit hours for each audit based on preliminary survey results. It is possible that IA 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.

- Purchase Card Audit
- Fuel Audit
- Payroll Audit
- Legislative Bills Audit
- Grant Expenditures Audit
- Vendor Audit
- Employee Classification System Study
- Comprehensive Budget Review
  - Enterprise Fund Study
  - Revenue Cap Calculation Review
  - Vacant Positions Review
  - Debt Service Calculations
- Civic Center Events
- Audit Manual Update

As always, your continued support is greatly appreciated.

Respectfully submitted,



Levin Hitchens, CIA  
Internal Auditor



Wicomico County  
Internal Auditor

## *Continuous Audit*

# PURCHASE CARD AUDIT

## *OBJECTIVES*

The objectives of the audit are to:

1. Determine if department level internal controls over purchase cards are appropriately designed
2. Analyze the usage of purchase cards
3. Evaluate adherence to internal controls
4. Make recommendations (if applicable)

## *SCOPE AND METHODOLOGY*

Objectives and methodology may be adjusted as information is gathered. The audit periods that will be examined on a test basis is FY 2020 to date. The scope is open ended. Observations and Inquiries with appropriate personnel will be conducted, as well as examination of various documents and software systems for managing purchase cards.



Wicomico County  
Internal Auditor

## *Continuous Audit*

# FUEL AUDIT

## *OBJECTIVES*

The objectives of the inquiry are to:

1. Review and evaluate internal controls currently implemented for County's fuel system
2. Gain an understanding of any new procedures, software, or third-party fuel systems that County has started using since most recent follow-up
3. Analyze fuel transactions for reasonableness
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 2020 to date. The Scope is open ended. Observations, interviews, and Inquiries with appropriate personnel will be conducted. IA will perform inspections of selected documentation or systems including:

- Fuelmaster data
- WEX data
- Roads Division pumping facility
- Other vendor data and documentation (if appropriate)



## *Continuous Audit*

# PAYROLL AUDIT

## *OBJECTIVES*

The objectives of the audit are to:

1. Determine if department level internal controls over the payroll process are appropriately designed
2. Determine if controls are operating effectively to adequately safeguard County assets
3. Make recommendations (if appropriate)

## *SCOPE AND METHODOLOGY*

Objectives and methodology may be adjusted as information is gathered. IA will examine internal controls over payroll for the period FY2020 to date. Additionally, the Auditors will examine various documents (subject to change based on preliminary surveys and interviews) pertaining to the following:

- Payroll records
- Banking records
- Journal entries
- Employee roster



Wicomico County  
Internal Auditor

*60 Days*

## LEGISLATIVE BILLS AUDIT

### *OBJECTIVES*

The objectives of the audit are to:

1. Evaluate the implementation and effectiveness of various quantifiable legislative bills passed in the County
2. Make recommendations (if appropriate)

### *SCOPE AND METHODOLOGY*

Objectives and methodology may be adjusted as information is gathered. The audit period is FY 2014 to date. Additionally, IA will examine various documents (subject to change based on preliminary surveys and interviews).



Wicomico County  
Internal Auditor

*90 days*

## GRANT EXPENDITURES AUDIT

### *OBJECTIVES*

The objectives of the audit are to:

1. Gain an understanding of grants utilized by Wicomico County
2. Evaluate accuracy of budgeted grants to grants awarded
3. Evaluate County expenditures
4. Analyze reimbursement success from grantors

### *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 2020. The Scope is open ended. Observations and Inquiries with appropriate personnel will be conducted, as well as examination of any appropriate documentation.





Wicomico County  
Internal Auditor

*60 Days*

## VENDOR AUDIT

### *OBJECTIVES*

The objectives of the audit are to:

1. Assure that vendors paid by the County provide goods and services to the County
2. Evaluate the internal controls surrounding the vendor creation and payment process
3. Make recommendations (if appropriate)

### *SCOPE AND METHODOLOGY*

Objectives and methodology may be adjusted as information is gathered. IA will examine internal controls over vendors for the period FY2020 to date. Additionally, IA will examine various documents (subject to change based on preliminary surveys and interviews).



Wicomico County  
Internal Auditor

*90 Days*

## EMPLOYEE CLASSIFICATION SYSTEM AUDIT

### *OBJECTIVES*

The objectives of the audit are to:

1. Gain an understanding of the policies for updating the Employee Classification System
2. Gain an understanding of the internal controls and oversight in regards to management of the Employee Classification System
3. Analyze current position database
4. Make recommendations (if appropriate)

### *SCOPE AND METHODOLOGY*

Objectives and methodology may be adjusted as information is gathered. IA will examine internal controls over the system for the period FY2019 to date. Additionally, the Auditors will examine various documents (subject to change based on preliminary surveys and interviews).



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 2022 County Budget. The Scope is open ended and evaluation will occur mainly through analysis of Munis data.



Wicomico County  
Internal Auditor

*30 days*

## ENTERPRISE FUND STUDY

### *OBJECTIVES*

Review and analyze financial statements for three of the County's Enterprise Funds: Wicomico Regional Airport, Wicomico County Solid Waste, and Wicomico County Nursing Home.

### *SCOPE AND METHODOLOGY*

Objectives and methodology may be adjusted as information is gathered. We will add FY 2020's financial data as provided by the external auditors into our ten-year running analysis. The Scope is open ended and evaluation will occur mainly through analysis of Munis data. We will meet with management for each Enterprise as needed to gather additional data or insight.



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Internal Auditor

*30 days*

## REVENUE CAP

### *OBJECTIVES*

The objectives of the evaluation are to review and evaluate:

1. The revenue cap formula as presented by management
2. The calculation of the revenue cap
3. The proposed budget for its adherence to the revenue cap
4. Make recommendations (if appropriate)

### *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 2022 County Budget. The Scope is open ended and evaluation will occur mainly through analysis of Munis data, SDAT report, the Executive's Proposed Budget and attachments, along with any other relevant documentation. Interviews may be held with Finance, Administration, and other personnel as needed.



Wicomico County  
Internal Auditor

*30 days*

## VACANT POSITIONS AUDIT

### *OBJECTIVES*

The objectives of the audit are to:

- List the vacant positions at beginning of fiscal year
- Assess effort to fill positions by departments when position remained vacant
- Make recommendations (if applicable)

### *SCOPE AND METHODOLOGY*

Objectives and methodology may be adjusted as information is gathered. The audit periods that will be examined are for FY 2021 to date. Scope is open ended. Observations and Inquiries with appropriate personnel will be conducted, as well as examination of various documents.



Wicomico County  
Internal Auditor

*30 days*

## DEBT SERVICE INQUIRY

### *OBJECTIVES*

The objectives of the inquiry are to:

1. Review and evaluate the on-going debt service spreadsheet maintained by the County
2. Compare the spreadsheet to the proposed budget for consistency
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 2020 to date. The Scope is open ended. Observations, interviews, and inquiries with appropriate personnel will be conducted, including financial advisors. IA will perform inspections of selected documentation including:

- Journal entries related to debt instruments
- Amortizations
- Calculation working papers



Wicomico County  
Internal Auditor

*60 days*

## CIVIC CENTER EVENTS REVENUE STUDY

### *OBJECTIVES*

The objectives of the study are to:

1. Gain an understanding for accounting for events
2. Gain an understanding of contractual arrangements for events
3. Evaluate profit and loss for events

### *SCOPE AND METHODOLOGY*

Objectives and methodology may be adjusted as information is gathered. The study period that will be examined on a test basis is FY 2019 to date. The Scope is open ended. Observations, interviews, and Inquiries with appropriate personnel will be conducted. IA will examine various documents (subject to change based on preliminary surveys and interviews) pertaining to the following but not limited to:

- Contracts with production partners
- Cost accounting data related to specific events





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Internal Auditor

*Days (not applicable)*

## AUDIT MANUAL UPDATE

### *OBJECTIVES*

Review and update the manual for the Office of the Internal Auditor.