



MEMO

OFFICE OF THE INTERNAL AUDITOR

To: Matt Creamer
From: Steve Roser, CPA
Date: February 21, 2014
Re: RedSpeed and HB 929

Message:

The Wicomico County Office of the Internal Auditor (IA) took some time to evaluate and compare our RedSpeed Audit scope and methodology to the proposed amendments for HB 929 prepared by MACo (dated February 21, 2014). We think the scope of the audit reasonably lines up to the proposed requirements. The audit, however, focuses on internal control and compliance as opposed to the proposed amendments that seem to focus on revenue and the gathering of data. The expressed purpose of assembling the data is to assist the Commission in the preparation of an annual report. Gathered data includes:

- Citations issued and voided
- Revenue generated with specifics
- Expenditures incurred (and resulting net revenue)
- Payments to contractors
- Labor requirements
- Location information

If the purpose of an annual report is to determine the efficiency and effectiveness of speed camera programs, one must assume that users will draw conclusions based on the assembled data. The next logical question is what benefit the assembled data may have to draw conclusions. Although the amendment requires a large amount of data, it does not specifically address internal control or the effectiveness of the program.

IA further suggests that you may want to include the ability to substitute an internal audit report that complies with the amendments. Jurisdictions that have an internal auditing function can relieve law enforcement from the burden of gathering information, and focus their projects to the specific needs of various jurisdictions. The process of continuous auditing as presented by Robert L. Mainardi and others seems to fit the needs of this type of monitoring program.

IA is of the opinion that quarterly audits for this program exceed the need for continuous monitoring. Assuming that controls are in place, annual audits should suffice. At some point, we must rely on management to do their job in lieu of micromanagement via burdensome paperwork. Additionally, we would reiterate that the emphasis of the proposed required report seems to be on revenue in lieu of accuracy and safety. That is, there is no stated requirement to monitor safety issues and internal control.