

INTERNAL AUDIT OFFICE
CHARLES COUNTY GOVERNMENT

ANNUAL AUDIT PLAN



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FISCAL YEARS

2025

July 1, 2024 – June 30, 2025

Fiscal Year 2025 Audit Plan Summary

As required by the Internal Audit Charter, the Internal Audit Office (IAO) produced the FY25 Annual Audit Plan which was approved by the Internal Audit Oversight Committee (IAOC) on September 19, 2024. This document serves as the public summarized version. To develop this plan, the IAO performed a risk assessment of County departments and business processes. The risk assessment included a management questionnaire and risk model. For each department, the IAO considered factors such as size, level of interaction with citizens, process complexity, financial risks, and input from IAOC to determine the areas of greatest risk to the County.

Risks and business processes will be evaluated continuously; consequently, the audit plan is flexible, and subject to change as new areas of concern may be identified and objectives are finalized.

| Audit Preliminary Audit Objective | |
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| Charles County Public Library | |
| Performance Operations – review administrative policies and procedures for areas of finance, laws, regulations, contracts and grant agreements. Discussions will be had with Charles County Library Executive Director to determine additional scope. | <ul style="list-style-type: none">• Evaluate the effectiveness and adequacy of internal controls for management and financial functions and review policies and procedures internal to the library as well as those communicated by legal and other provisions. |
| Commissioner’s Office Business Expenses | |
| Commissioner Expenses – The Charles County Commissioner Expense Policy (SOP #: CP.CC.01.002) requires that an internal audit be conducted at the end of each fiscal year for Commissioner Expenses. Annual funding is provided for conferences and meetings, mileage reimbursement and individual Commissioner special projects. | <ul style="list-style-type: none">• Evaluate the internal controls currently being utilized in the commissioner business expense payment process• Determine if submissions and documentation of expenses align with the County Commissioner Expense Policy and that expenditures are properly authorized, reasonable, processed correctly and timely |

Department of Emergency Services – Emergency Medical Services/Special Operations Division

Performance Audit – EMS Billing Process. Charles County Commissioners implemented an EMS Transport Fee for Service Program in July of 2009 to recover some of the cost of providing EMS services. The County contracts with an EMS billing vendor Digitech to manage billing and collections.

- Determine whether billings for EMS transports were accurate, complete and timely
- Adequate internal controls are established for the receipt, processing and posting of funds received
- Controls are in place to restrict unauthorized access to sensitive information
- Accounts are managed effectively and in accordance with contract terms

Department of Emergency Services – Communications

Safety Communications – Ensure that the Safety communication system is effective, reliable and compliant with regulations.

- Assess effectiveness of DES Communications systems operations and compliance with related emergency response guidelines
- Ensure that 911 calls are answered timely and managed appropriately
- Assess the training program for communication staff to ensure they are well prepared for various scenarios
- Ensure safety protocols and hazard reporting processes are up to date

Public Works – Utilities: Technical Support

Capital Improvement Projects (CIP) – The DPW Technical Support Division covers water and wastewater projects and program management. Their staff provides support for all phases of CIPs from project initiation, design, construction and project closeout. Projects are managed using a software application called CIPAce.

- The primary objective of this internal audit is verifying controls are in place over contract procurement compliance and invoice verification procedures.
- Provide assurance that the County's resources are being used economically and efficiently by evaluating the existence and adequacy of controls over capital improvement projects. (Review projects in varying phases of completion).

Public Works – Utilities: Water & Wastewater

Compliance Audit – In Maryland, wastewater treatment is regulated by the Maryland Department of the Environment (MDE). MDE requires DPW utilities to periodically report on levels of certain chemicals in discharged treated wastewater and sewage sludge.

- Evaluate whether there are internal controls to ensure DPW Utilities environmental reports are (1) accurate; and (2) submitted by the regulatory deadlines.
- Review applicable Discharge Monitoring Reports, Capacity Reports and Annual Reports.

Fiscal & Administrative Services – Purchasing

Procurement – The Purchasing Division of the Department of Fiscal and Administrative Services handles the procurement of supplies and services for county agencies. A formal solicitation process is conducted to obtain sealed bids or proposal for purchases over \$50,000.

- Evaluate internal controls in the process and verify compliance with laws, regulations and policies.
- Review internal controls related to the formal solicitation process to ensure compliance.
- Change Orders

Fiscal & Administrative Services – Treasury

Cash Management – The Treasury Division is responsible for the collection and investment of County funds, administers and collects County property taxes and receives funds from the various other fees collected in County offices.

- Determine the adequacy of procedures and controls along with the level of compliance with those procedures and controls for the cash and cash equivalent function of FAS Treasury Division.
 - The division has an inherent high risk due to the volume of revenue transactions processed.

Fiscal & Administrative Services – Information Technology

Performance Audit – Identity and Access Management. Focus on items such as credential management, access control management, access rights verification and user lifecycle management to ensure active accounts have valid owners and actions can be audited.

- The primary objective of this internal audit is to ensure proper access controls exist by conducting an access authorization management review.
- Periodically review each user's privileges and access rights to ensure they are appropriate for their role. Review vulnerability assessment to ensure vulnerabilities have been addressed.

Continuous Auditing Objectives

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| <ul style="list-style-type: none"> • Purchase Cards Review • Small Procurement Card Review • Certifications/Licensure Updates | <ul style="list-style-type: none"> • Identification of various departmental functions that can be reviewed at continuous intervals. <ul style="list-style-type: none"> ○ Data utilized for these reviews can be generated by Internal Audit based on IA system access. |
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Staff & Time Permitted:

| Audit | Preliminary Audit Objective |
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| Munis - Enterprise Resource Planning System (ERP) – Department Specific | |
| The Munis Enterprise Resource Planning (ERP) system is widely used for managing financial, human resources, and other administrative functions. Internal audits of the Munis ERP system typically focus on evaluating the effectiveness of internal controls, ensuring compliance with policies and procedures, and identifying areas for improvement. | The primary objectives of this internal audit: Review Munis ERP systems workflow and access controls. Ensure that internal controls are adequate to manage workflow access and that the system's processes are documented, efficient, and operating as intended. |
| Personally Identifiable Information (PII) – Department Specific (Data Storage – Information Technology) | |
| Compliance Audit – PII is categorized into different levels based on its sensitivity and the potential impact of its disclosure. Basic PII: Examples are names, addresses, and phone numbers. Important to protect. The impact of unauthorized disclosure is relatively lower. Sensitive PII: Examples are Social Security numbers, driver's license numbers, and financial account information. Includes information that, if disclosed, could result in harm to the individual. Requires stricter protection measures. Highly Sensitive PII: Examples are medical records, biometric data, and detailed financial information. Information that could cause significant harm if disclosed. Requires the highest level of protections and strict access controls. | The primary objectives of this internal audit: To evaluate the effectiveness and adequacy of internal controls. Ensure that the County's handling of PII complies with relevant laws, regulations and policies. Identify potential risks and vulnerabilities in the management of PII. To ensure critical data, transactions, and programs are secure. |

