

INTERNAL AUDIT OFFICE
CHARLES COUNTY GOVERNMENT

AUDIT REPORT



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DPW Utilities Environmental Reporting: Compliance Audit

REPORT NUMBER:
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Charles County Internal Audit Office

DPW UTILITIES ENVIRONMENTAL REPORTING: COMPLIANCE AUDIT

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To the Director of the Department of Public Works (DPW), Internal Audit Oversight Committee, County Administrator, and Deputy County Administrator:

In accordance with the Internal Audit Charter, SOP# CP.CAD.04.001, the Internal Audit Office (IAO) performed a compliance audit of DPW Utilities on environmental reporting. This audit was conducted as part of IAO's risk-based Annual Audit Plan approved by the Internal Audit Oversight Committee for FY25. Internal audits are designed to provide assurance, add value, and improve operations.

The scope of this audit focused on evaluating wastewater reporting to the Maryland Department of the Environment (MDE) throughout 2024 and 2025. The objectives of this audit were to: 1. Verify whether the reports reviewed comply with applicable regulatory requirements outlined by the Maryland Department of the Environment (MDE); 2. Determine whether internal controls are in place and operating effectively to ensure that reported data is accurate and supported by reliable documentation; 3. Determine whether internal controls are in place and operating effectively to ensure reports are submitted to MDE by required regulatory deadlines; 4. Assess whether documentation supporting submitted reports is complete, organized, and accessible; and 5. Evaluate whether environmental reporting violations or identified issues (if any) are tracked, reported internally, and followed up with corrective action and management oversight; and 6. Assess the pretreatment fats, oils, and grease program.

The results of the audit, including findings and recommendations for improvement, are detailed in this report. We would like to thank the members of the management for their commitment to teamwork and cooperation during the audit.

Sincerely, Johnnie Coleman, Senior Internal Auditor

CONCLUSIONS

The IAO's conclusion, based on the evidence reviewed, is that DPW's wastewater reporting is ***effectiveⁱ***, with observations and recommendations.

BACKGROUND & SCOPE

Background

The Charles County Department of Public Works (DPW) Utilities Division operates six wastewater treatment plants and is responsible for complying with environmental and reporting regulations issued by the Maryland Department of the Environment (MDE).

Noncompliance with MDE regulations may result in enforcement actions, permit violations, reputational damage, and environmental or health risks. Given the importance of environmental compliance and the volume of regulated reporting, this area was identified as high-risk during the 2024 risk assessment and was included in the FY25 Internal Audit Plan.

Scope

This audit focused on evaluating wastewater reporting to the MDE throughout 2024 and 2025. The objectives of this audit were to:

- I. Verify whether the reports reviewed comply with applicable regulatory requirements outlined by the MDE.
- II. Determine whether internal controls are in place and operating effectively to ensure that reported data is accurate and supported by reliable documentation.
- III. Determine whether internal controls are in place and operating effectively to ensure reports are submitted to MDE by required regulatory deadlines.
- IV. Assess whether documentation supporting submitted reports is complete, organized, and accessible.
- V. Evaluate whether environmental reporting violations or identified issues are tracked, reported internally, and followed up with corrective action and management oversight.
- VI. Assess the pretreatment fats, oils, and grease program.

The Internal Audit Office's (IAO) approach involved testing audit objectives through evidence-analysis techniques, including document review, interviews with key personnel, data tracing, and regulatory comparison. Detailed audit methods and procedures can be found in the methodology section of this report.

DISCUSSION, OBSERVATIONS, FINDINGS & RECOMMENDATIONS

I. Audit Objective: Verify whether the reports reviewed comply with applicable regulatory requirements outlined by the Maryland Department of the Environment (MDE).

This objective assessed whether DPW Utilities complied with key MDE regulatory requirements, including permit conditions, the Mattawoman Consent Order, Pretreatment Program reporting obligations, and operator certification rules.

A. Discharge Permit Status

The audit reviewed the status of wastewater discharge permits for all six County-operated wastewater treatment plants. While some permits appeared expired on MDE's portal, DPW had submitted timely renewal applications as required. Permit language and MDE guidance confirm that coverage remains active while renewals are pending MDE response. **No issues noted.**

B. Mattawoman Consent Order Reporting

The auditor reviewed the 2022 Consent Order issued by MDE, which required Charles County Government (CCG) to submit an engineering study and corrective action plan. Both were submitted on time, and MDE approved the final plan in December 2023. While ongoing reporting requirements are vague, a dedicated staff member manages updates and communication with MDE. **No issues noted.**

C. Pretreatment Program Reporting

CCG operates a pretreatment program for significant industrial users in accordance with COMAR 26.08.08 and a delegation agreement with MDE. The County's sole significant industrial user, CPV Maryland, is monitored quarterly. Required pretreatment reports for 2024 and 2025 were submitted on time and included all necessary elements. **No issues noted.**

D. Wastewater Operator Certifications

The auditor reviewed COMAR 26.06.01, which requires certified operators and superintendents to hold valid licenses issued by the Maryland Board of Waterworks & Waste Systems Operators. The auditor cross-referenced staff names against MDE's public certification database.

One superintendent was not listed at the time of review but was able to provide evidence of a renewal application in process. Staff interviews revealed that tracking of certifications is managed manually by an administrative staff member and is not centralized.

Observation 1: Over 20 staff certifications were pending with MDE, some for more than a year. While MDE processing delays are outside the County's control, the current tracking process is decentralized and manual.

Recommendation: To reduce the risk of unnoticed certification lapses, develop a shared staff certification tracking spreadsheet (e.g., employee name, certification type, expiration date, renewal status). Include regular review checkpoints and designated responsibilities to improve visibility.

E. Permit Specific Reporting Requirements

The auditor reviewed reporting obligations under the permits for Mattawoman and Swan Point wastewater treatment plants, including studies, monitoring plans, and special condition reports. CCG submitted required reports on time or received approved extensions where applicable. **No issues noted.**

Management Response: DPW will look into developing a better tracking system and discuss possible solutions with the Class Coordinator who is spear-heading these efforts. A solution to this anomaly should include regular and periodic review of the MDE website and communication with staff.

II. Audit Objective: Determine whether internal controls are in place and operating effectively to ensure that reported data is accurate and supported by reliable documentation.

This objective focused on the accuracy of environmental data reported to MDE and whether adequate internal controls support data validation and documentation.

A. Monthly Operating Report (MOR) Spreadsheet Functionality

Each wastewater treatment plant prepares a Monthly Operating Report (MOR), which summarizes sampling data used to complete required regulatory reports such as the MDE Discharge Monitoring Reports. These reports are generated from lab results and contain calculated metrics such as averages, totals, and geometric means. The auditor reviewed MOR spreadsheets from all six wastewater treatment plants to assess whether embedded formulas were functioning as intended. Spreadsheets were functioning as intended. One isolated formula issue was flagged for follow-up, but overall, MORs appear internally consistent.

B. DMR-to-MOR Data Validation

The auditor traced data from submitted Discharge Monitoring Reports (DMRs) back to the corresponding MORs. In most cases, the DMR and MOR data aligned. However, several data transfer errors were noted in an April 2025 DMR submission, including the use of weekly

instead of monthly averages, incorrect formulas, and incorrect values. These errors were determined to be minor as they did not warrant a violation of permit parameters.

Observation 2: Several data entry errors were noted. While none constituted permit violations, MORs are submitted to MDE as supporting data and inaccurate reporting undermines data reliability and may affect the County's regulatory credibility.

Recommendation: Strengthen the current two-person DMR review process by adding a third reviewer or quality control step for data validation and/or consider periodic refresher training on DMR and MORs to reduce data misapplication.

Management Response: DPW will examine a better way of monitoring Wastewater MORs and DMRs data, in the next three months. Discussions will need to occur with superintendents and supervisors to receive proper feedback and suggestions.

C. Source Documentation Review

The auditor validated MOR data by reviewing supporting laboratory certifications and chain-of-custody records for selected dates. All sampled documentation supported the data reported and confirmed appropriate sample handling. **No exceptions noted.**

III. Audit Objective: Determine whether internal controls are in place and operating effectively to ensure reports are submitted to MDE by required regulatory deadlines.

A. Reporting Deadlines

The auditor reviewed monthly NetDMR submissions for all six wastewater treatment plants for the period June 2024 – May 2025. All plants consistently submitted reports on time.

In addition to monthly reports, some permits require submission of special reports (e.g., toxic chemical studies, PFAS monitoring plans). The auditor reviewed reporting deadlines for Mattawoman and Swan Point. All required reports were either submitted on time or had valid extensions approved by MDE. **No exceptions noted.**

IV. Audit Objective: Assess whether documentation supporting submitted reports is complete, organized, and accessible.

The auditor reviewed a sample of lab certifications and chain-of-custody records to validate data used in Monthly Operating Reports (MORs). All sampled documentation was complete, clearly labeled, and accessible. **No exceptions noted.**

V. Audit Objective: Evaluate whether environmental reporting violations or identified issues (if any) are tracked, reported internally, and followed up with corrective action and management oversight.

This objective assessed how DPW Utilities manages and responds to environmental reporting violations, including lab result exceedances and findings from MDE inspections.

A. Permit Parameter Violation Tracking & Reporting

The auditor reviewed the County's internal process for reporting laboratory result violations to MDE, which includes: a required phone notification to MDE within 24 hours; a required written follow-up letter submitted to MDE within five days; and internal tracking using a call log sheet and Excel-based violation log.

Sampled violations confirmed that the process for identifying, tracking, reporting and documenting lab result violations of the permit is clear, effective, and creates a nice audit trail.

Observation 3: Of the eight violation entries between February and April 2025, four violation entries were missing the call log sheet and two were missing the 5-day follow-up letter.

Recommendation: Staff responsible for tracking violations should add a formal follow-up process with requestors to ensure all required documentation is on file. A checklist or shared folder structure may improve consistency.

Management Response: DPW staff will study and develop a better way of keeping track of MDE violation Reports. The Regulatory Compliance Officer will discuss with staff: suggestions to proceed on better process. Going forward the Regulatory Compliance Officer will review current File in the F-drive on monthly basis, to make sure Violation Records are kept up to date. The Regulatory Compliance Officer and Chief of Matta woman Treatment Plant will discuss the importance of record-keeping with staff. Staff will discuss new steps to make sure copies of all violation records are documented and saved. Semyon will develop an SOG (Standard Operating Guidelines) of tracking these records and will provide a copy to the Deputy Director of DPW-Utilities, Chiefs and Superintendents. A new SOG should be finished by 2-1-2026.

Regarding record of 24-hour phone calls: from review of NPDES Permits, State rules require a phone-call to MDE, but a written record of this is not required. Nevertheless, a record of phone-call will be documented in the 5-day letter. An email of this Goal will be sent by the Regulatory Compliance Officer to all Chiefs and Superintendents, by 2-1-2026.

B. MDE Inspection Follow-Up

The auditor reviewed the most recent MDE inspection reports for each of the six wastewater treatment plants to evaluate the inspection follow-up process and to determine whether

findings were addressed, as unresolved issues can escalate to MDE enforcement if left uncorrected.

MDE does not require a formal response to inspection report findings. DPW does not maintain formal internal documentation to verify and record corrective actions taken. This limits the County's ability to track and independently confirm that findings were resolved.

Observation 4: DPW does not have a formalized process to ensure that inspection findings and corrective actions from MDE inspections are consistently tracked and documented. While staff provided email correspondence demonstrating that follow-up actions occur, this method does not provide a centralized means for tracking or verifying that all findings have been fully addressed.

Recommendation: Establish a formal process for managing MDE inspection findings to ensure that corrective actions are consistently documented and retained. This process should designate responsible staff for follow-up, require written documentation of corrective actions taken, and ensure that all inspection reports and related correspondence are stored in a centralized, accessible location. This will strengthen accountability, support continuity during staff changes, and provide a clear audit trail for future reference.

Management Response: The Regulatory Compliance Officer will develop an SOG. This should be finished by 2-1-2026. A copy of the SOG will be distributed to Chiefs and Superintendents by the end of February 2026. Below is a brief summary of proposed SOG:

- A copy of all MDE inspections must be emailed to the Assistant to the Chief of Mattawoman, the Regulatory Compliance Officer, and Deputy Director.
- The Assistant Chief of Mattawoman will file a copy of the MDE inspection in the F-drive.
- Also, any follow-up documentation from MDE inspection should be copied to the Assistant Chief of Mattawoman, the Regulatory Compliance Officer, and Deputy Director. That documentation must also be copied to Angel Curtis and Regulatory Compliance Officer and Deputy Director.

VI. Audit Objective: Assess the pretreatment fats, oils, and grease program.

Pretreatment Program Background

The County's Pretreatment Program carries a broad range of responsibilities. The Pretreatment Program oversees compliance, inspections, and reporting for CPV Maryland LLC (the County's Significant Industrial User). Pretreatment also reviews pretreatment conditions for new PGM commercial business U&O permits. Additionally, pretreatment works to issue, renew, and manage compliance with County wastewater discharge permits for nearly 300 restaurants and automotive garages. Compliance for wastewater discharge permits includes collecting and

tracking quarterly/annual pump-out forms, conducting inspections, and coordination with billing. The program also oversees nearly 30 septic hauler companies through annual permitting, monthly manifest review, and billing coordination. To support these responsibilities, the pretreatment program uses Linko software as its primary system for managing wastewater discharge permits.

Pretreatment plays a vital role in safeguarding the County's wastewater infrastructure and environmental health. Its broad and complex responsibilities – spanning compliance monitoring, enforcement, and coordination across departments – reflect its nature as a multifaceted regulatory program. The entire program is currently managed by a single staff member. Management should consider if this is adequate oversight and resource capacity.

A. Pretreatment Ordinance

Observation 5: There is no available record of an MDE-approved pretreatment program or ordinance as required by the County's Delegation Agreement. MDE could not provide documentation, and it is unclear whether the County's current Water and Sewer Ordinance's pretreatment provisions received formal approval. This lack of clarity raises concerns about the legal authority and operational framework of the County's pretreatment program.

Recommendation: The County should conduct a comprehensive review of historical records and engage with MDE to determine whether the pretreatment program was ever submitted or approved. If not, the County should initiate the development and submission of a compliant pretreatment program and ordinance to fulfill the requirements of the Delegation Agreement.

Management Response: We have reached out to MDE and working on confirming the County's pretreatment program was submitted to and approved by MDE.

B. Wastewater Discharge Permit Holder Compliance

Wastewater Discharge Permits for certain businesses require renewal every three years and are subject to an annual fee. Additionally, restaurants must submit grease pump-out forms quarterly while automotive business are required to submit them annually. The audit revealed difficulties in maintaining permittee compliance with both renewals and pump-out form submissions. Key challenges include tracking unreported changes in business ownership and the absence of formal enforcement tools such as fines or water service termination. In the absence of consistent enforcement or reminder systems, compliance is largely dependent on the permit holders' initiative which leads to lapses such as expired permits and missing documentation.

Observation 6: A review of Linko data provided by the auditee for 314 active businesses revealed significant compliance issues, with 161(51%) operating under expired permits. Additionally, of 21 businesses sampled for grease trap pump-out compliance, 19 (90%) had not submitted current forms to the County's pretreatment office. While pump-outs may still be

occurring, required documentation is not being consistently submitted, limiting the County's ability to monitor compliance.

Recommendation A: Strengthen tracking, enforcement to improve pump-out form submissions and permit renewals by:

- Exploring enforcement mechanisms for businesses not in compliance.
- Creating a formal compliance tracking system to monitor the renewal status of wastewater discharge permits and the receipt of pump-out documentation. This tracking could include automated notifications to permit holders 90, 60 and 30 days before renewal deadline and after missed pump-out forms.
- Exploring automation for permit holders to submit forms electronically.

Recommendation B: Develop and distribute educational materials (pamphlets, posters, best practices, checklists) to explain FOG disposal, reporting, renewal, and consequences of noncompliance, leveraging best practices from other local governments. Update the pretreatment website to provide accessible information on permit requirements, reporting instructions, and frequently asked questions.

Management Response: We understand the need for better enforcement mechanisms, compliance tracking, and outreach for the pretreatment program. We'll explore more efficient ways of enforcing compliance and anticipate this will need to be coordinated with PGM and the County Attorney's Office. We are currently looking at different compliance tracking software with the goal of automating notifications to permit holders. We are also looking for the new software to be a tool to help with outreach. We will also look into developing outreach materials to given to new applicants that will help answer questions they may have.

C. Limited Inspections

Observation 7: Currently, inspections are limited and are conducted only for new permits or renewal gaps. This is due to limited personnel resources. Businesses that continuously renew without interruption may never be inspected which increases risk of noncompliance and harm to the wastewater system.

Recommendation: Develop a risk-based inspection schedule considering business type, volume, and compliance history (e.g., missing two or more pump-out forms) to prioritize inspections and staffing resources. Incorporate procedures into SOP. Increased inspections will have the added ability to enforce pump-out form and renewal compliance.

Management Response: We realize there currently are limited resources but are planning to ask for additional staffing in the FY27 budget.

D. Pretreatment Records

Observation 8: A cross-system review of 314 businesses maintained in Linko, F-drive folders, and billing records revealed over 50 discrepancies including one instance of double billing. The use of multiple, disconnected data sources increases the risk of misalignment and errors weakening assurance that all permit holders are properly billed.

Recommendation: Create a formal centralized compliance tracking system to monitor the renewal status of wastewater discharge permits and the receipt of documentation. Conduct a full reconciliation between pretreatment records (F-drive and Linko) and billing to establish an accurate and unified baseline of active businesses. Reconciliations should be conducted periodically to ensure all active permit holders are properly invoiced. Clear internal controls should exist between the permitting and billing function. Compliance records should be maintained by the pretreatment staff. Billing should handle invoicing, payment tracking, and financial reconciliations. Establish written procedures for cross departmental functions.

Management Response: We are looking into new compliance tracking software that should help with record keeping. Once a new software is implemented, we will begin working on reconciling our records with Billings. Once reconciled, we will work on establishing procedures for regularly scheduled reconciliations and clear written procedures for cross departmental functions.

Pretreatment Program Conclusion

The review demonstrates that the Pretreatment Program is a multifaceted regulatory function involving compliance monitoring, enforcement, permitting, inspections, and cross-departmental coordination. To ensure the long-term effectiveness and resilience of the Pretreatment Program, management should prioritize the integration of automated tracking and reporting tools to streamline compliance monitoring and permit renewals. Additionally, a formal management review process should be established to regularly assess staffing adequacy, system performance, and program outcomes—ensuring that operational demands are met, and regulatory obligations are consistently fulfilled.

METHODOLOGY

The table below connects the auditing procedures used to evaluate audit objectives.

Audit Objectives	Audit Procedure(s) / Testing
I. Compliance with MDE requirements	<ul style="list-style-type: none"> • Reviewed discharge permits via MDE portal and confirmed renewal status. • Reviewed Mattawoman Consent Order, plan, schedule, and correspondence. • Reviewed Pretreatment Program reporting requirements and validated quarterly reports. • Verified permit-specific reporting for Mattawoman and Swan Point. • Checked wastewater operator certifications against COMAR 26.06.01 and MDE records.
II. Accuracy and documentation of reported data	<ul style="list-style-type: none"> • Reviewed MOR spreadsheets for accuracy of formulas and calculations. • Traced data from DMRs to MORs for selected months and plants. • Compared MOR data to lab certifications and chain-of-custody records.
III. Timely submission of reports	<ul style="list-style-type: none"> • Reviewed NetDMR submission dates for all plants in June 2024 – May 2025. • Reviewed deadlines for special permit-based reports. • Interviewed staff on deadline tracking practices.
IV. Documentation completeness & accessibility	<ul style="list-style-type: none"> • Addressed under Objective 2 through validation of MOR data with lab certifications and chain-of-custody records.
V. Tracking and follow up of violations	<ul style="list-style-type: none"> • Interviewed staff on lab violation reporting to MDE and reviewed samples of tracking logs and follow-up letters. • Reviewed MDE inspection reports for all WWTPs. • Assessed processes for documenting and following up on inspection findings.
VI. Pretreatment - Fats Oil and Grease Program	<ul style="list-style-type: none"> • Reviewed Charles County's Delegation Agreement and related regulatory documents. • Interviewed staff to review processes, procedures, and supporting record systems. • Tested for documentation supporting compliance with submission of pump out forms and permit renewals.

Conformance

The audit was conducted in accordance with the Global Internal Audit Standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained does provide a reasonable basis for our findings and conclusions. Internal audits are designed to provide assurance, add value and improve operations.

Report Distribution:**Audit Team:**

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ⁱ Definitions:

Effective: The design and effectiveness of the internal control environment address key risks. The business unit complies with external laws and regulations, and internal policies, procedures, and guidelines. Business processes are managed effectively resulting in reliable achievement of expected outcomes.

Generally Effective: The design and effectiveness of the internal control environment generally address key risks; however, findings indicate that some minor areas of weakness in the control environment need to be addressed. Isolated instances of non-compliance with external laws and regulations, and internal policies, procedures and guidelines may exist. Business processes may lack effectiveness or not be managed effectively in all areas resulting in reduced achievement of expected outcomes.

Ineffective: The design and effectiveness of the internal control environment does not address key risks or does not exist. Non-compliance or historical patterns of non-compliance with key regulatory requirements and internal policies, procedures and guidelines exist which expose the audited entity to financial, reputational, and operational risks. Business processes are not managed effectively and expected outcomes are not achieved.