



***INTERNAL AUDIT MONTHLY
ACTIVITY REPORT***

ACTIVITIES PERFORMED

During the Period of June 4, 2018 through June 29, 2018

Issued 07/10/18

OUR VISION:

Oversight that inspires stakeholders' confidence...ALWAYS

OUR MISSION:

To help WSSC meet its objectives in a fiscally and ethically responsible manner, by striving to provide an independent and objective appraisal of WSSC's internal controls, risk management system, and compliance with laws, regulations, policies, and procedures.

ACHIEVE BUSINESS PROCESS EXCELLENCE AND MAINTAIN FINANCIAL STABILITY:

AUDIT PLAN:

FY 2018 Risk-Based Audit Projects:

- 1. Basic Ordering Agreement (BOA) Compliance Audit**
 - Report phase. (90% Complete)
- 2. Fleet Services Operational Efficiency and Effectiveness Audit**
 - Discussion Draft issued. (95% Complete)
 - Management requested an extension to the response time due to hiring a new Fleet Division Manager.
- 3. Retiree Benefits Operational Efficiency and Effectiveness Audit**
 - Fieldwork phase. (49% Complete)
- 4. FY's 2015 and 2016 Blue Plains WWTP O&M Audit**
 - Fieldwork phase. (80% Complete)
- 5. FY 2017 Payroll Annual Compliance Review**
 - Fieldwork phase. (90% Complete)

Carryover Audit Projects:

- 1. Right-to-Audit Specified Procurement Contracts Compliance Audit (95% Complete)**

Less Significant Findings Memo issued to Chief Engineer. Auditor-in-Charge reviewing responses

FY 2019 Risk-Based Audit Plan:

Risk-based Self-Assessments:

Management self-assessments were distributed to members of the Executive Leadership Team (ELT) and Division Managers on 06/11/18. To date, the ELT has completed 5% and the Division Managers 25%. The deadline is 07/20/18

Internal Audit Follow-Up:

As of 06/29/18, Internal Audit closed one management action item (Engineering & Construction). No new action plans were implemented requiring Internal Audit verification during this timeframe. One action plan's implementation (General Services) was rejected by Internal Audit and is delinquent. That action plan is 180-days delinquent. We have communicated the reason(s) for the rejection and management is working on a resolution. We have issued a 120-day delinquent memorandum to the Audit Committee/Commissioners. We will continue to work with management to track the status of all outstanding issues; however, implementation responsibility rests with WSSC's executive management, not the Internal Audit Office as such responsibility would impair our independence from the operations we audit.

Continuous Compliance Audits:

- P-Card Reviews – 2nd Quarter Report issued 03/16/18. The 3rd Quarter Report period ending 03/30/18 issued 06/08/18. Findings and action plans, if any, will be discussed with the Audit Committee at the quarterly meeting on 07/18/18.
- Accounts Payable Reviews – 2nd Quarter Report issued 03/05/18. The 3rd Quarter Report period ending 03/30/18 issued 05/29/18. Findings and action plans, if any, will be discussed with the Audit Committee at the quarterly meeting on 07/18/18.
- Bi-weekly Payroll Reviews – memo issued 05/09/18. Additional reviews in progress. Findings and action plans, if any, will be discussed with the Audit Committee at the quarterly meeting on 07/18/18.

EXTERNAL AUDITING SERVICES:

- External Auditors, Clifton Larson Allen, LLP continue the audit of WSSC's Financials.

PROFESSIONAL DEVELOPMENT:

- The GRC Summit, Maxene Bardwell, 06/03-06/18
- American Society of Administrative Professionals (ASAP) – Webinar – Senior Executive Assistants as Leaders, Mentors and Advisors, Lucretia Morris, 06/14/18
- Institute of Internal Auditors (IIA) – Webinar Leading Audit Committee Practices and Internal Audit Reporting, Janice Hicks, 06/19/18

OTHER TRAINING:

- WSSC's Workplace Harassment Training, Angela Makle Fortune, 06/12/18
- WSSC's Harassment Training, Jane Lewis, 06/13/18
- WSSC's Workplace Harassment Training, Janice Hicks, 06/14/18
- WSSC's CPR/AED Training, Janice Hicks, 06/21/18
- WSSC's Workplace Harassment Training, Lucretia Morris, 06/29/18

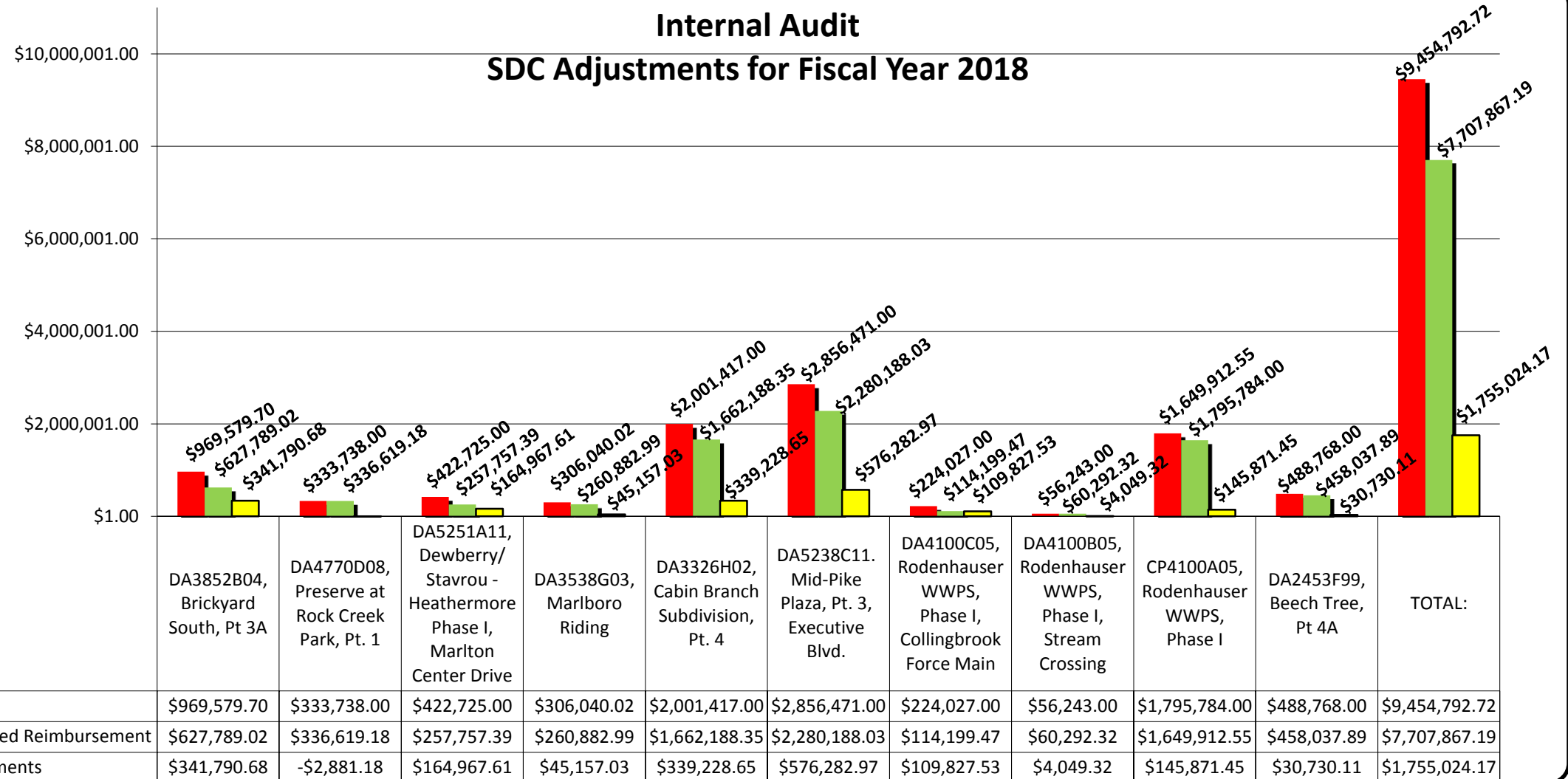
MEETINGS:

- The Director, Internal Audit, attended a Hotline Case Status meeting with the Acting, WSSC Police Chief, 06/07/18
- The Director, Internal Audit, attended the Executive Leadership Meeting, 06/25/18

IMPROVE INFRASTRUCTURE:

SYSTEM DEVELOPMENT CHARGES COMPLIANCE/FINANCIAL AUDITS:

- Total fiscal-year-to-date actual financial adjustments are \$1,755,024.17. (See chart on Page 3)
- Internal Audit completed one SDC audit report during this reporting period for Beech Tree Subdivision, Part 4A.
- We currently have 14 SDC audit requests in our possession for processing.
- Eleven of the 14 SDC audit requests are active.
- Several SDCs are awaiting developer proof of administrative costs.
- Three of the 14 SDC audit requests are inactive. (*Inactive classification is attributable to lack of developer response after a full fiscal year of quarterly requests for supporting documentation.*) Also note, in accordance with Standard Procedure ENG 04-01, SDC Credit or reimbursements for costs are limited to SDC transactions for Qualified Properties served by the Qualified Project within a twenty-year period, or until the sum of credits and reimbursements equals the total approved SDC Credit.



**PROTECT OUR PEOPLE, INFRASTRUCTURE, SYSTEMS AND RESOURCES:
FRAUD, WASTE & ABUSE (FWA) HOTLINE ACTIVITIES**

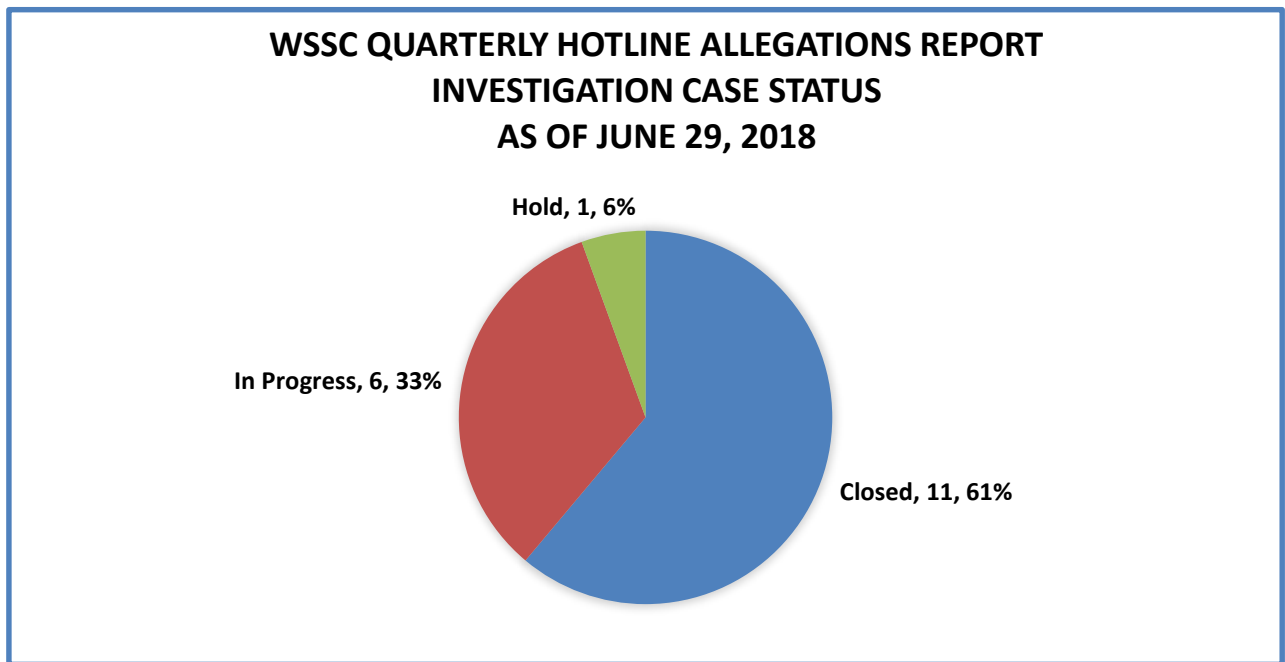
FWA Training:

- The Division Manager, Internal Audit provided Fraud, Waste and Abuse training to 51 summer interns on 06/04/18 and 17 new employees on 06/18/18, during the New Employee Orientation (NEO).

WSSC FRAUD, WASTE & ABUSE HOTLINE REPORT AS OF JUNE 29, 2018:

Case Status:

Presently, the status of WSSC Hotline cases are as follows: eleven (11) closed, six (6) in progress, and one (1) on hold.



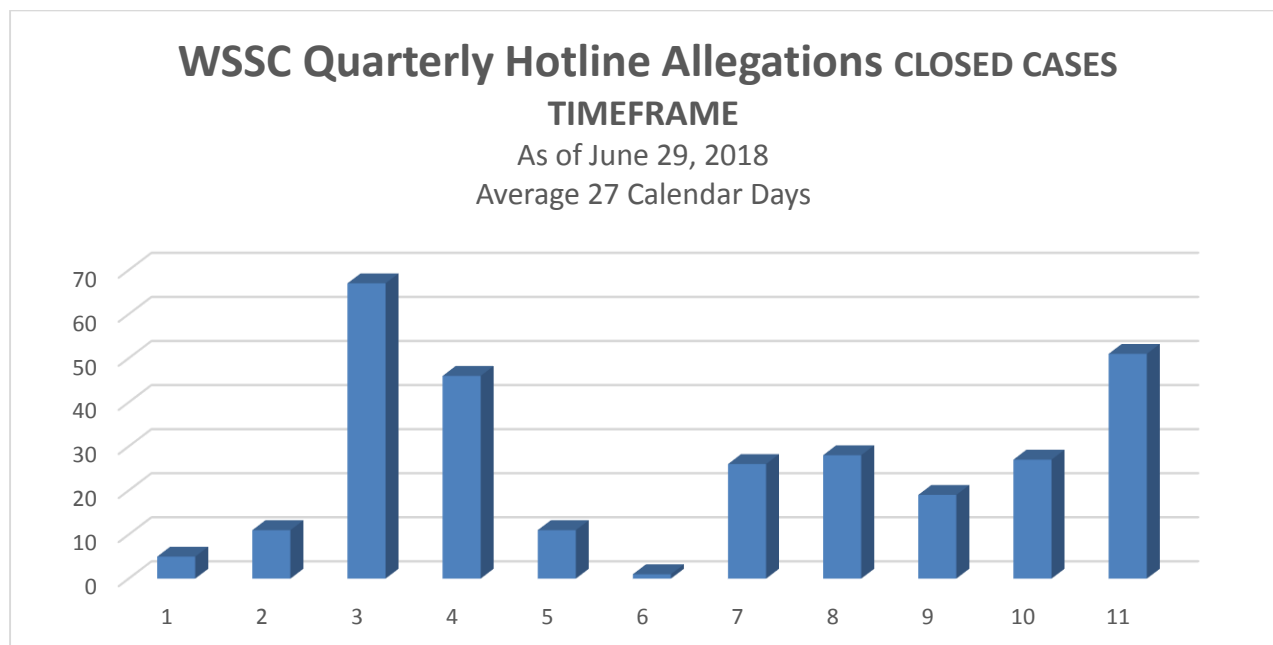
The chart below identifies the current investigation assignments:

Investigator	# of Cases	Avg. # of Days in Progress
HR Department	3	161
Internal Audit Office	2	13
Equal Employment Opportunity Office	1	101
Totals:	6	92

Closed Cases:

Eleven (11) Hotline cases were closed since the last Quarterly Hotline Allegations Report was issued. The closed cases issue types are classified as: three (3) fraud, two (2) each theft of goods/services and product quality concern; and 1 each policy issues, customer relations, kickbacks, and conflicts of interest. The average number of calendar days from open to close was twenty-seven (27), which is a decrease of 50 days from last quarter's report of seventy-seven (77) days.

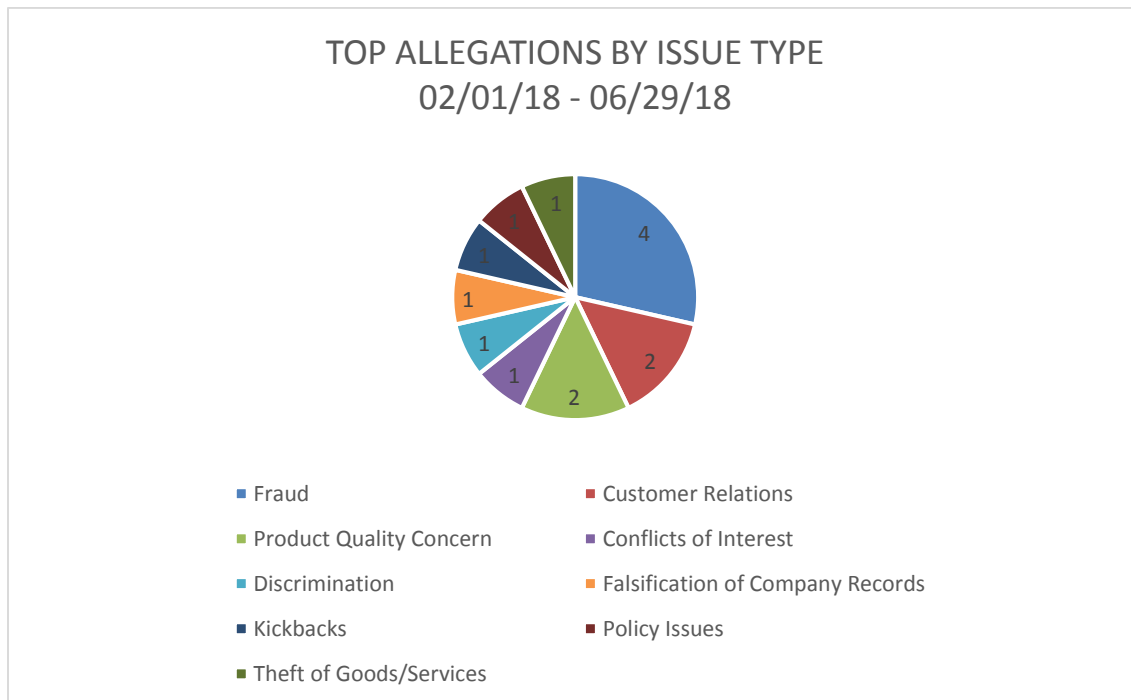
<u>ISSUE TYPE</u>	<u>NUMBER</u>	<u>CONCLUSION</u>	<u>DISPOSITION</u>
Fraud	3	1 = Partially Substantiated 2 = Substantiated	<ul style="list-style-type: none"> • Corrective action taken • Corrective action taken
Theft of Goods/Services	2	1 = Substantiated 1 = Unsubstantiated	<ul style="list-style-type: none"> • Corrective action taken • No corrective action taken
Product Quality Concern	2	1 = Substantiated 1 = Unsubstantiated	<ul style="list-style-type: none"> • Corrective action taken • No corrective action taken
Policy	1	Inconclusive	No corrective action taken
Customer Relations	1	Unsubstantiated	No corrective action taken
Kickbacks	1	Unsubstantiated	No corrective action taken
Conflicts of Interest	1	Customer Service Issue	Referred to Customer Service
Quarterly Total:	11		



Top Hotline

Allegations/Issues Reported:

The top Hotline allegations/issues reported for the period of 02/01/18 through 06/29/18 are as follows: four (4) fraud, two (2) each for customer relations and product quality concerns; and one (1) each for policy issues, theft of goods/services, falsification of company records, kickbacks, discrimination, and conflicts of interest.



ETHICS ACTIVITIES:

1. **Board of Ethics:**

- Held its regularly scheduled meeting on 06/14/18.
- Entertained four Open Session items: 1) Executive Leadership Meeting with the Chief Engineer, Gary Gumm; 2) Open Session minutes from the May meeting; 3) Ethics Office Monthly Report; and 4) Fraud, Waste and Abuse Hotline Report.
- Entertained five closed session items: 1) Open Session minutes from the May meeting; 2) Complaint No. 16-03; 3) Complaint No. 18-01; 4) "Draft" Outside Employment Policy, and 5) Delinquent Financial Disclosure Filers.

Note: Open meeting minutes are available on the WSSC's Internet site. Copies are provided to the Commissioners as requested and attached herein.

2. **Code of Ethics Training:**

- Ethics Officer, Angelique Dorsey, provided Code of Ethics training 51 summer interns on 06/04/18 and 17 new employees on 06/18/18, during the New Employee Orientation (NEO).

3. **Ethics Office Activities:**

- Reviewed changes to the draft Outside Employment policy with General Counsel.

- Worked with IT and annual disclosure application vendor regarding changes to the system for the next review cycle.
- 4. **Ethics Office Advisory Services:**
 - Employment Restrictions (Current and/or Post) – 2
 - Financial Disclosure/Conflicts of Interest Statements – 12
 - General Inquiries – 9
 - Soliciting or Acceptance of Gifts – 2
 - Conflicts of Interest - 3
- 5. **Professional Development:**
 - None at this time.
- 6. **Ethics Office Staffing and Board of Ethics Appointments:**
 - Extended the utilization of WSSC's temporary contract for administrative professional services to staff the Ethics Office (EO) until a selection is made to fill the full-time Administrative Assistant II position.
 - Interviews have been scheduled for applicants for the (EO) Administrative Assistant II position.

INSPIRE EMPLOYEE ENGAGEMENT:

ADVISORY SERVICES:

- Automatic Meter Installation (AMI) – Janice Hicks, ongoing
- Customer Care Billing Project (C2M) – Angela Makle Fortune, ongoing
- Enterprise Resource Planning (ERP) Cross Function Meeting – Jane Lewis, ongoing
- ITSF Monthly Meeting – Angela Makle Fortune, ongoing
- Mobile Workforce Management/Work and Asset Management (MWM/WAM) Weekly meeting, James Wall, Jr., ongoing
- Oracle E-Business Suite (EBS) Meeting – Digdem (Dee) Tok, ongoing
- Procure to Pay (P2P) [formerly Procurement Phase II & Intake] Implementation – Jane Lewis, ongoing

MEETINGS

- C2M and MWM/WAM - WSSC's User Roles and Security Meeting, Angela Makle Fortune and Janice Hicks, 06/20/18

EMPLOYEE PROGRAMS:

- WSSC's Demonstration – New Water Model in the RGHB Atrium, Jane Lewis, 06/14/18

ENHANCE CUSTOMER EXPERIENCE AND COMMUNITY ENGAGEMENT:

- Internal Auditor, Janice Hicks, participated in the WSSC's Sunfish Release Program, 06/04/18
- Director, Internal Audit, attended the WSSC's Centennial Community 100th Celebration, 06/23/18
- Senior Internal Auditor, Jane Lewis, volunteered to serve at the WSSC's Centennial Community 100th Celebration, 06/23/18
- Director, Internal Audit and all staff members participated in the Internal Audit Office End-of-the-Year Celebration, 06/29/18

Respectfully submitted by Maxene Bardwell, Director, Internal Audit