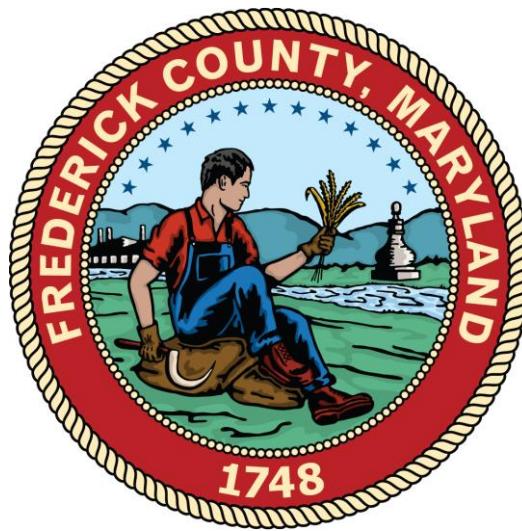


# **FREDERICK COUNTY INTERAGENCY INTERNAL AUDIT AUTHORITY**

**FISCAL YEAR 2024 ANNUAL REPORT  
(July 1, 2023 – June 30, 2024)  
SEPTEMBER 18, 2024**



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# I. Introduction

We are pleased to present the Interagency Internal Audit Authority's (IIAA) annual report on the accomplishments of the Internal Audit Division during Fiscal Year 2024 (FY24; period July 1, 2023 – June 30, 2024). The Internal Audit Division (IAD), consisting of a Director and a Coordinator, reports to the IIAA, established by County Resolution in 1978 and codified into the Frederick County Charter on June 16, 2018, as Bill No. 18-12, and operates independently from the entities we audit. Our reports help to improve management internal controls and provide accountability to the taxpayers serving as a vital deterrent against fraud, waste, and abuse.

The focus of our audits, attestation engagements and special projects is to identify areas where fraud, waste, abuse, lack of controls and inefficiencies can or could occur within the County. Most of our audits, attestation engagements and special projects result in more effective and efficient use of staff time and improved internal controls. Cost savings in these cases are not always quantifiable. During fiscal year (FY) 24, the IIAA made a total of forty-seven (47) audit attest and non-attest recommendations and/or analytic areas or findings across the County, FCC, and FCPS through the finalization of engagement reports. By June 30, 2024, the IIAA had also conducted five (5) special projects, four (4) investigations, fifteen (15) follow-up reports and one (1) financial review for the FCG, FCC, and FCPS entities.

Since being awarded contracts, first in 2014, through the County procurement and contracting department, by means of a request for proposal process, the IIAA utilizes two contractors, SC&H Group, Inc. (SC&H) and CliftonLarsonAllen, LLP (CLA). These firms were hired to conduct audits and other tasks under the direction of the Director of Internal Audit and the IIAA. In addition to those audits, special projects are conducted by the department itself. Both firms were awarded new contracts on November 12, 2019, which began on January 1, 2020, for a duration of two years with options for three possible 1-year extensions.

Our reports, unless confidential, are available to the public. If you would like to obtain copies of any of the reports, please visit our website at [Audit Reports | Frederick County MD - Official Website](#) or call Dawn Reed, Coordinator, at 301-600-1154.



Tricia A. Reaver, CPA  
Director, Internal Audit Division



Interagency Internal Audit Authority  
Jon Alexander, CPA, IIAA Chair

## II. Authority and Responsibilities

**Authority:** The Interagency Internal Audit Authority (IIAA) was authorized by the Board of County Commissioners of Frederick County, Maryland, Resolution No. 78-08 (amended Resolution No. 14-24) and now codified as Bill No. 18-12 to direct a broad comprehensive program of internal auditing within the County, Frederick County Public Schools (FCPS), and Frederick Community College (FCC). In accomplishing its activities, the IIAA and the Internal Audit Division (IAD) are authorized to order the production of all records and materials necessary to perform audits, attest and non-attest functions of any commission or agency that receives county funds.

**Responsibilities:** The IIAA is responsible for:

- Providing for the establishment of an internal audit staff.
- Approving an annual budget request for the IAD for submission to the County Executive.
- Approving an annual strategic plan outlining major risk areas and a working plan to provide audit coverage of major risk areas.
- Approving a detailed annual work plan reflecting each audit planned and corresponding budgeted hours.
- Assisting in review and selection of externally contracted internal audit contractors through a competitive bid process.
- Establishing policies for the audit, attestation engagement and special project activity as well as providing counsel and direction regarding its technical and administrative functions and managing the work of contracted externally utilized internal auditors.
- Authorizing the distribution of reports on the results of audit and attest examinations and special projects, including recommendations for improvement of management controls.
- Assessing the adequacy of the action proposed or taken by management to correct deficient conditions.
- Reviewing and approving/disapproving special requests for audit, attest or special project services received from the County, FCPS, FCC or other government/entity personnel or officials.

The IAD is responsible for administration of the internal audit function under the direction of the IIAA which includes:

- Preparing the annual budget request, performing the annual risk assessment, preparing the annual audit work plan, preparing annual reports and performing review of all county-wide audits.
- Performing audits and special projects and managing contractor audit, attestation engagements and special projects in accordance with work plans as approved by the IIAA and in accordance with *Government Auditing Standards*, where applicable, issued by the Comptroller General of the United States.
- Managing the externally contracted internal audit contractors, based on contract terms, on a daily basis.
- Preparing reports, including findings and recommendations for corrective action, and management letters.
- Conducting non-audit services that do not impair independence, such as following-up on prior audit recommendations; investigating allegations of fraud, waste, or abuse; annual audit reviews; and providing limited technical advice with special projects and professional committees.

The IAD is no longer subject to peer reviews by the Association of Local Government Auditors (ALGA) due to the outsourcing of our formal audit reports and the use of professional contractors. The contractors are instead subject to peer review at this time.

### **III. Summary of Audit Results**

We issued the following seven (7) reports in FY24 with a total of thirty-four (34) recommendations and/or analytic areas or findings with management agreeing to implement most of the recommendations made.

**Report #22-06**, Frederick County Public Schools Capital Improvements Projects and School Construction. This audit was conducted by our outside contractor, SC&H, and was issued on September 20, 2023.

With the current building influx in the County with new elementary schools, planned renovations to existing schools and after the building of Frederick High School, it was in the best interest of the County to conduct an internal audit on the capital project and school construction process. This type of audit helped determine the effectiveness and efficiency of the type of construction and costs associated with building and renovating a school facility.

The overall objectives of the audit were to:

- Review and gain an understanding of the FCPS budgeting and estimation process for major construction projects and the overall project planning process involved
- Gain an understanding of FCPS policies and procedures, applicable state and federal laws and corresponding regulations
- Assess FCPS procurement controls and prequalification requirements for major construction contracts
- Assess FCPS construction processes and controls for managing/monitoring projects and change orders
- Review the construction planning process
- Review the major construction population, select a sample and test the procurement and contracting process from inception including requests for bid, bid openings, bid evaluations, board recommendations, and bid awards on recent projects. Sample expected to include at least 1 high school, 2 elementary schools and 2 renovation projects
- Review major projects sampled to evaluate whether project costs were within budget, completed on time for scheduled opening, and properly closed out
- Determine adherence and compliance with contract requirements
- Test the lifecycle for projects selected in the sample; from planning, construction, change orders, construction costs, and management through completion (use and occupancy)
- Test construction costs charged to projects to gain an understanding of reasonable cost base of the project itself as compared to construction on an open market (building and land improvement costs), and determine if furniture, fixtures and equipment purchases appear reasonable
- Evaluate the construction costs per square foot to relatable projects
- Evaluate commission and workgroup released recommendations and determine if recommendations have been incorporated since their release.

During the testing phase, SC&H developed audit objectives and identified the steps necessary to evaluate the effectiveness and efficiency of the construction process and associated costs involved in building and renovating school facilities. The following objectives for the testing phase were developed based upon the understanding gained during the planning phase and approved by the IIAA.

Each objective references the associated construction delivery method evaluated: Construction Manager Agency (CMa), which is attributable to Blue Heron Elementary School construction or Construction Manager at Risk (CMaR), which is attributable to Brunswick Elementary School construction.

1. Evaluate actual costs incurred vs. budgeted costs for major school construction projects throughout the following workflow for completeness and accuracy to determine whether procedures are implemented and operating as intended.
  - a. Planning to preliminary budget. (CMaR & CMa)
  - b. Approved budget to contract development between FCPS, construction managers, and vendors. (CMaR & CMa)
  - c. Contract post-award to close out. (CMa)
  - d. Managing/monitoring projects and change orders. (CMaR & CMa)

2. Evaluate major school construction projects for adherence to compliance with requirements and regulations to determine whether both procedures are implemented and are working properly. (CMaR & CMa)
3. Compare construction costs per square foot to relatable projects with other entities to understand similarities and differences. (CMa)
4. Evaluate commission and workgroup released recommendations to determine if they have been incorporated into construction projects since their release. (CMaR & CMa)

The audit procedures resulted in four (4) improvement opportunities.

**Report #23-01**, Frederick County Government (FCG) Health Department Permitting. This audit was conducted by our outside contractor, SC&H, and was issued on December 20, 2023.

The Frederick County Health Department is a State/County quasi government agency. New construction and building improvements are required by the State to have certain health permits, as directed by the Maryland Department of the Environment, completed through inspection by the County Health Department. Permits include certain building permits, plats and well permits (Building permits include new house, accessory, non-residential and use permits. Plats include preliminary plans – commercial, combined preliminary/final plats, additional plats and correction plats. Well permits include replacement wells, new wells, geothermal wells and monitoring wells.). The audit was conducted in order to determine efficiencies, strengthen controls and enhance the Frederick County Health Department policies and procedures over health permitting.

The work performed was billed under the direction of the County Internal Audit Division, and billed to the Frederick County Health Department, a Maryland State agency.

The overall objectives of this audit were to:

- Evaluate timelines for completion of Health Department assigned reviews/inspections and identify contributing factors of delays.
- Verify residential site/subdivision plans are tracked, maintained, approved and documented completely and accurately.
- Verify commercial site plans are tracked, maintained, approved and documented completely and accurately.

The audit resulted in two (2) multi-point recommendations.

**Report #23-02**, Frederick County Government Human Resources On and Off Boarding. This audit was conducted by our outside contractor, SC&H, and was issued on April 17, 2024.

The FCG Human Resources Division (HRD) is charged with assisting FCG Divisions in the recruitment, selection and onboarding process as well as the offboarding process of County employees. The IAD performed an audit which looked to benefit FCG by looking for efficiencies within the overall process of onboarding we well as the offboarding process

as it relates to communications, the collection of County owned items and the overall exit of employment.

The overall objectives of the audit were to:

- Onboarding:
  - o Gain an understanding of HRD policies and procedures surrounding the full onboarding and transfer processes from writing of the job placement ad to bringing a new employee on through training.
  - o Interview entity HRD and a sample of Division leaders on the flow of procedures surrounding the onboarding process (some divisions have HRD liaisons).
  - o Test the full process by reviewing recent job postings which were fulfilled over the past year (January 2022 through December 2022) on a sample basis.
  - o Test the process of transferring an employee from one division to another for positions filled over the past year (January 2022 through December 2022) on a sample basis.
- Offboarding:
  - o Gain an understanding of HRD policies and procedures surrounding the offboarding process
  - o Interview entity HRD and a sample of Division leaders on the flow of procedures surrounding the offboarding process (some divisions have HRD liaisons).
  - o Test the full process by reviewing recent terminations of employment of all types over the past year (January 2022 through December 2022) on a sample basis.

The audit resulted in four (4) multi-point recommendations.

**Report #23-03, Frederick County Public Schools Assets and Inventories, Accountability, and Surplus.** This audit was conducted by our outside contractor, SC&H, and was issued on December 20, 2023. FCPS is accountable for the inventory and safe keeping of their assets as well as proper disposal or surplus in accordance with procurement rules and regulations. This audit reviewed policies, procedures and internal controls across departments in the collection of fixed asset inventory data, general inventories data, taking annual inventories of assets and general inventory, the safe keeping of assets and inventories, and capturing information for financial purposes. The audit also reviewed internal controls in place over the proper disposal and/or surplus of those assets and inventories once they are no longer needed. This audit did not include buildings, building improvements or land improvements.

The overall objectives of this audit were to:

- Evaluate the policies and procedures surrounding fixed assets and sensitive assets across FCPS departments, including additions, inventory, safe-keeping, disposal and surplus and financial record-keeping.
- Evaluate the policies and procedures surrounding inventories across FCPS departments, including additions, inventory, safe-keeping, disposal and surplus and financial record-keeping.

- Obtain an inventory of fixed assets and inventories and sensitive assets across FCPS.
- Obtain an inventory of general inventories across FCPS.
- Determine FCPS; identified assets held and in what departments.
- Determine the FCPSs identified inventories held and in what departments.
- Determine methodologies used for taking fixed asset and sensitive asset inventories and gathering data for financial reporting on FCPS fixed assets.
- Determine methodologies used for taking inventory on general inventories and gathering data for financial reporting on FCPS fixed assets.

The audit resulted in fourteen (14) recommendations.

**Report #23-04**, Frederick County Government IIT Systems Infrastructure Flowchart. This project was conducted by our outside contractor, SC&H, and was issued on December 20, 2023.

The IIT Division provides the County with service for all technology needs, ranging among application services technologies, GIS and Public Safety technologies, general operating technology, and technology infrastructure. These services are critical for the day-to-day function of the County Government. IIT is the primary owner of the County's network and capabilities for employee and contractor users. The County's network provides service to approximately 2,100 County government employees and contractors requiring network access to the County's infrastructure and/or data. Additionally, departments and divisions may have their own internal specific Information Technology (IT) support to assist in certain IT functions where required. Most County utilized applications and online technology intersect between divisions through the County Active Directory. Due to the large array of applications and their use throughout County divisions, it was important to map the County application and network infrastructure and configurations to provide a broad view of how applications and systems intersect within the County and amongst the divisions. The result of this project was an info-structure flow chart to benefit the County for cyber-security purposes providing an understanding of information flow to systems for vulnerability, and mapping of system interfaces.

The overall objectives of the engagement were to:

- Evaluate the IIT Active Directory configuration and determine what systems and applications connect to Active Directory, which divisions those systems and applications belong and how those systems and applications may or may not connect to others across the County as a baseline.
- Assess the systems inventory provided by IIT and communicate with divisions and departments to verify if accurate or if additional systems, should be included, that are not connected to Active Directory in order to gain an inventory of all systems and their connection.
- Create a flowchart for the County which maps out systems and applications through the Division level reflecting which areas system connections are established to create an info-structure.

The project was performed for informational purposes only, no recommendations were made.

**Report #23-05**, Frederick County Government IIT CIS Security Assessment. This engagement was conducted by our outside contractor, SC&H, and was issued on December 20, 2023.

The State of Maryland, Maryland Department of Health (MDH) requested that all agencies in the State that support a State Health Department undergo a Security Assessment Report by December 31, 2023. The Security Assessment Report was limited to the FCHD environment and key IT/County resources only needed to access MDH resources. This review was conducted in accordance with Center for Internet Security (CIS) Version 8 Implementation Group 1 (IG1), essential cyber hygiene, that represents the emerging minimum standard of information security for enterprises. We further considered applicability of additional controls included under Implementation Group 2 (IG2) for informational purposes. Recommendations, generated from this review, can be leveraged by FCHD and key IT/County resources to aid in their strategic approach to further enhance their critical security controls.

The overall objectives of the Security Assessment Report included:

- Obtain and review relevant cyber security policies and procedures supporting FCHD's implementation of 18 CIS Critical Security Controls for IG1 and 1G2.
- Evaluate the design of those County policies and procedures in meeting the guidelines defined within the CIS Critical Security Controls framework for IG1 and IG2.
- Test the implementation and effectiveness of controls in accordance with the minimum guidelines set forth and defined by 18 CIS Critical Security Controls (IG1). Identify gaps and make recommendations for corrective action following the 18 CIS Critical Security Controls.
- Assess control gaps in meeting the minimum 18 CIS Critical Security Control standards, providing observations, risks, and recommendation in accordance with each IG1 standard, and applicable IG2 standards.
- Provide a formal report of the results of IG1 and a memo considering additional guidance and recommendations for improvement in accordance with applicable IG2.

The engagement resulted in four (4) findings.

**Report #23-06**, Frederick County Government PCards. This audit was conducted by our outside contractor, Clifton, Larson, Allen, and was issued on June 18, 2024.

The FCG Procurement & Contracting Office manages the County's P-Card function. The program benefits the County in allowing for reduced transaction costs, improve tracking and monitoring of expenses, create efficiencies in the purchasing and accounts payable departments and reducing or eliminating the need for petty cash on hand. The program also provides the County with end of year rebates for utilizing the cards through their credit provider, which is currently JPMorgan Chase Mastercard. However, the inherent risk of having a large number of employees with credit card purchasing power is high and therefore an audit over the program every few years is deemed necessary. This audit

provided the County with an outlook on necessary internal controls surrounding the program.

During this audit, CLA provided observations, findings and recommendations to the County to better the program. The scope of the audit was fiscal year 2022 through fiscal year 2023.

The overall objectives of the audit were to:

- Gain an understanding of the Frederick County Government P-Card policies and procedures.
- Evaluate the risks and internal controls identified.
- Evaluate and test P-Card transactions on a sample basis, identifying instances where FCG P-Card policies and procedures were not followed, and identifying where controls may have been lacking or circumvented. Including a review of the FCG budget and account codes, as well as the supervisor approval process.
  - o Policies and procedures to test for, but not limited to include:
    - Spending limits
    - Sales tax charges
    - Receipts
    - Travel purchases
    - Restrictions
    - Misuse
    - Compliance violations
    - Repayments of inappropriate charges
    - Following procurement and contracting limits on County spending and the need for bids
    - Purchases align with job duties
- Test P-Card recipients for appropriate approvals, spending limits and participation in training.
- Evaluate and test whether quotes for goods or services exceeding \$2,500 (for FY22 until December 25, 2022) or \$10,000 (for FY22 after December 25, 2022, and through FY23) were appropriately obtained.
- Analyze P-Card transactions to identify whether P-Card purchases are also being submitted for personnel expense reimbursement by employees.
- Ensure terminated employee P-Cards are appropriately deactivated in a timely manner.
- Ensure that transferred employees P-Cards supervisor approval paths and account strings were changed appropriately and timely.
- Evaluate temporarily suspended accounts and the notification process of reinstating those accounts.
- Examine the Procurement & Contracting Office P-Card auditing and administration procedures to evaluate whether P-Card transactions are appropriately tested and reconciled on a monthly basis.
- Evaluate and test that cardholders appear appropriate by reviewing card holders who do not utilize their card for long periods of time.
- Evaluate and test that employees who have been noted as not following P-Card policy and procedures are documented and P-Card rights are appropriately removed in accordance with P-Card policies and procedures.

The audit resulted in six (6) recommendations.

## IV. Summary of Non-Audit Results

The primary non-audit services the Internal Audit Division (IAD) provides are non-attest engagements/agreements, special projects and follow-up reviews of audits containing recommendations<sup>1</sup>. Follow ups are conducted approximately six months to one year after the audit reports are issued and depending upon management responses to implementation time frames. In FY24, the Division conducted five (5) special projects, four (4) investigations, fifteen (15) follow-up reports (three of which were new) and one (1) financial review.

### Special Project: SP23B, Frederick County Government Synergies; Issued October 18, 2023.

The Internal Audit Division (IAD) received a request to review potential areas across County government where Frederick County Government (FCG) could share resources with Frederick County Public Schools (FCPS) and/or Frederick Community College (FCC) to create efficiencies in budget funding within the entities and services amongst taxpayers. This project entailed a review of the 2012 Synergies Committee report along with a review of compensation wage ranges between FCG and FCPS.

The IAD performed the following tasks in this review:

- The IAD read the September 2012 Synergies Committee Report and determined updated status on recommendations made in that report.
- The IAD obtained wage information from FCG including job title, salary structure, grade and salary range for a variety of positions throughout FCG.
- The IAD obtained wage information from FCPS including salary scales, job descriptions and ranges for a variety of positions throughout FCPS.
- The IAD reviewed matching positions held at both FCG and FCPS to determine if synergies could be obtained.
- The IAD reviewed positional and divisional positions and job descriptions to determine areas of potential synergy.

This special project resulted in eight (8) recommendations.

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<sup>1</sup> The Internal Audit Division also conducts hotline investigations of complaints that are submitted to the fraud hotline with the County, FCPS and FCC. FCPS has implemented a third-party monitoring company hotline and FCC does not have a formal hotline or monitoring agency in place. Fifteen (15) hotline complaints were received in FY24 across the three entities that were determined to be non-sufficient and closed or were investigated internally, resolved between the entity or division and closed or in on-going review.

Special Project: SP24A, Frederick County Government Agriculture Board/Critical Farms Full Time Farmer Calculations; Issued July 24, 2023.

The IAD was requested by the Division of Agriculture and the Agricultural Preservation Advisory Board to assist with the review of applications and the calculation of “full-time farmer” as presented in the application criteria for the program. The IAD reviewed the applicant data and presented the calculations to the Division of Agriculture and the Agricultural Preservation Advisory Board on July 24, 2023.

This special project resulted in 1 (one) working deliverable for the Division to utilize.

Special Project: SP24C, Frederick County Government Social Media Inventory; Issued January 26, 2024.

The IAD was requested by the Division of Communication and Public Engagement to assist with a project collecting data throughout the County in order to create a master social media inventory. The IAD was successful in collecting the data and created a master spreadsheet, which was released on January 16, 2024.

This special project resulted in 1 (one) working deliverable for the Division to utilize.

Special Project: SP24D, Frederick County Government Review of the Agriculture Innovation Grant Process; Issued June 18, 2024.

In April 2024, the Internal Audit Division (IAD) was contacted by the Frederick County Office of Agriculture to assist in providing recommendations for the betterment of the Agriculture Innovation Grant selection process. The IAD met with the Office of Agriculture to learn more about the grant and grant selection process, reviewed the grant application, reviewed the grant score sheet, reviewed the selection committee conflict of interest form and attended the selection committee meeting.

The IAD performed the following tasks in this review:

- The IAD met with the Director and Senior Business Development Manager for the Frederick County Office of Agriculture
- The IAD reviewed the “Frederick County Agriculture Innovation Grant Application”, dated March 2024
- The IAD reviewed the “Ag Innovation Grant Scoring Rubric”
- The IAD reviewed the “Frederick County Government Agriculture Innovation Grant March 2024 Conflict of Interest Form for Grant Reviewers”
- The IAD attended the May 1<sup>st</sup>, 2024, Grant Selection Meeting
  - o Individuals present for the meeting included four selection committee members, an IAD representative and the Office of Agriculture Senior Business Development Manager
- The IAD confirmed the grant selection committee is a four-member committee comprised of agricultural lenders and industry representatives

This special project resulted in five (5) recommendations.

Special Project: SP24E, Frederick County Government Parks and Recreation Inventories;  
Issued June 18, 2024.

In March 2024 the Internal Audit Division (IAD) received an e-mail reflecting concerns over the use of equipment within the Parks and Recreation Division. Through review of the e-mailed communication concerns were brought forward in which the IAD deemed it necessary to conduct a special project. These concerns included the potential use of County owned equipment, assets and fuel for personal or personal business use. The IAD performed a review of these areas of concern.

The IAD performed the following tasks in this review:

- The IAD met with the Director of the Division of Parks and Recreation to discuss the concerns brought forward.
- The IAD reviewed purchase card purchases from January 1, 2022, through February 29, 2024, identifying any equipment, assets or repair purchases that could have been made for personal use. The IAD verified each purchase was approved and selected three items purchased to verify existence.
  - o There were no issues noted.
- The IAD reviewed PIN entry access to Parks and Recreation buildings and locations for the time period January 1, 2021, through March 15, 2024. The IAD specifically reviewed for access off regular park hours and weekends.
  - o There were no issues noted.
- The IAD reviewed social media accounts for evidence that County equipment or assets were being used for personal or business activity through photographs.
  - o There were no issues noted.
- The IAD performed an equipment and assets inventory surprise audit, based on items hand selected by the IAD which could be utilized in a personal business.
  - o All equipment and assets were found the same day as the surprise testing. It was noted that Parks and Recreation employees were extremely aware of where each asset was located up front. This on-site surprise knowledge reflected a high understanding of the importance of maintaining assets safely and securely by Parks and Recreation management.
- The IAD reviewed FuelMan card activity for the period January 1, 2022, through March 15, 2024.
  - o Fuel usage was during working hours and documented mainly for passenger use.
  - o There were no issues noted.
- The IAD held an internal controls meeting with Parks and Recreation Division leaders. This meeting pointed to the importance of internal controls and holding ourselves, our peers and employees accountable to high standards in regard to equipment, asset and tool use with taxpayer funds.

This special project resulted in a written memorandum with no findings.

## Investigative Matters

During the fiscal year, the IAD conducted or assisted with four (4) investigational areas. These investigative matters are considered confidential personnel matters and resulted in oral recommendations made to the appropriate entity and division.

### Follow up to Report #17-08, FCPS Personally Identifiable Information

The IAD worked on the completion of this follow up in FY22. The remaining open recommendation is an open full time position which is reliant on budget approval within FCPS. At the time of this report there is (1) recommendation open. Close out is contingent upon the hiring of the open position or a re-alignment of duties to cover the objectives in the recommendation.

### Follow up to Report #19-01, FCG Incident Response and Disaster Recovery

The IAD performed a follow up to the FY19 audit, that resulted in three (3) reports being issued. On July 17, 2019, we issued a review of the Disaster Recovery Plan which resulted in four (4) observations made. On September 18, 2019, we issued an audit report that contained nine (9) recommendations relating to the County's Incident Response Plan. On September 18, 2019, we also issued a review of procurement and contracting on Information Technology purchases which resulted in two (2) observations made. The objectives of the audit were to understand the plans that FCG has in place in relation to incident response and disaster recovery. This work would then relate the plans in place to current best practices amongst state and local governmental entities as well as general overall standards in incident response and disaster recovery internal controls surrounding the plans.

This audit was closed on November 7, 2023. Nine (9) recommendations were implemented.

### Follow up to Report #19-02, Frederick Community College (FCC) Procurement & Contracting

The IAD performed a follow up to the FY20 audit of FCC's Procurement and Contracting which resulted in four (4) findings and recommendations relating to their purchasing and contracting policies, procedures and practices

This audit was closed on November 16, 2023. Four (4) recommendations were implemented.

### Follow up to Report #19-03, FCG CCRC/Montevue

The IAD performed a follow up to the FY20 audit, which nine (9) recommendations were issued as well as a separate confidential memorandum that contained three (3) additional management considerations. The performance audit was conducted to understand the Management Agreement and any other agreements in place between the County and Aurora and if both the county and Aurora have complied with the terms of those agreements and obtain a general understanding of the overall public/private relationship between the entities.

This audit was closed on November 7, 2023. Nine (9) recommendations were implemented.

Follow up to Report #20-03, FCPS Timesheet Controls

The IAD performed a follow up to the FY20 audit, which nineteen (19) recommendations were made on FCPS' timekeeping and timesheet controls. The audit focused on Payroll processes and selected FCPS departmental and school timekeeping activities. The department and time keeping activities to focus on were identified based on data analytics of overtime and supplemental pay and background information provided by FCPS. The period in scope included timesheet activity between January 1, 2019, and May 31, 2020. FCPS is working through the recommendations made during the audit and the IAD will continue to follow up with this project. This audit is considered open.

Follow up to Report #21-01, FCG DFRS Matrix

The IAD performed a follow up to the FY21 audit, in which twelve (12) recommendations were made. The audit was performed to assist DFRS and the FCVFRA with the annual matrix calculation process. There are a few outstanding recommendations, of which most are awaiting the finalization of updated policies and procedures.

The audit was closed subsequent to the fiscal year end on July 29, 2024 in which further guidance was provided to DFRS on calculation corrections.

Follow up to Report #21-05, FCG Network Security

The IAD performed a follow up to the FY21 audit, in which twenty-one (21) recommendations were made in a confidential report. The audit focused on network security and remote access. The period in scope included the current remote access and network security environment, processes, and users. The County is working through the recommendations made during the audit

This audit was closed on March 19, 2024. Twenty-one (21) recommendations were implemented.

Follow up to Report #21-08, FCG Fixed Assets, Inventories, Accountability and Surplus

On January 19, 2022, the Interagency Internal Audit Authority (IIAA) issued audit report #21-08, Frederick County Government (FCG) Fixed Assets, Inventories, Accountability, and Surplus, which contained seventeen (17) recommendations to the safe-guarding and tracking of the County's assets (furniture, fixtures, equipment and sensitive assets) as well as the surplus of those assets. The audit period covered the inventory procedures from July 1, 2019, through May 1, 2021. This audit is considered open awaiting updated County policies and procedures. The IAD will continue to follow up.

Follow up to Report #21-09, FCG Hotel Rental Tax

On June 15, 2022, the Interagency Internal Audit Authority (IIAA) issued audit report #21-09, Frederick County Government (FCG) Hotel Rental Tax, where we issued a recommendation on findings in four (4) areas: Lack of Documentation; Net Room Rental Receipts; Inaccuracy of the Tax Calculation for Late Payments; and Human Trafficking. This audit is considered open and will be closed upon the updated audit report during FY25.

Follow up to Report #22-01, FCPS Classical Charter Schools

On May 18, 2022, the Interagency Internal Audit Authority (IIAA) issued audit report #22-01, Frederick County Public Schools (FCPS) Frederick Classical Charter Schools, where we issued two (2) recommendations. The period covered July 1, 2016, through June 30, 2021, and was conducted to evaluate the accounting, financial reporting, and compliance with guidelines that were established by FCPS. This audit did not consider other areas such as instruction, curriculum, enrollment, or personnel.

This audit was closed on March 20, 2024. Two (2) recommendations were implemented.

Follow up to Report #22-03, FCC Fixed Assets and Inventories, Accountability, and Surplus

On December 21, 2022, the Interagency Internal Audit Authority (IIAA) issued audit report #22-03, Frederick Community College (FCC) Fixed Assets, Inventories, Accountability, and Surplus, which contained twenty-four (24) recommendations to the safe-guarding and tracking of the College's assets (furniture, fixtures, equipment and sensitive assets) as well as the inventory, accountability, and surplus of those assets. The audit period covered the inventory procedures from July 1, 2019, through May 1, 2022. This audit is considered open with three (3) remaining open recommendations. The IAD expects this audit to close in FY25.

Follow up to Report #22-04, FCG Fuel Contractor

On February 15, 2023, the Interagency Internal Audit Authority (IIAA) issued audit report #22-04, Frederick County Government (FCG) Fuel Contract Compliance Review, which contained five (5) recommendations. This audit is considered open until issues are resolved with the contractor. The IAD expects this audit to close in FY25.

Follow up to Report #22-05, FCG Pension Calculations

On December 21, 2022, the Interagency Internal Audit Authority (IIAA) issued audit report #22-05 Frederick County Employees Retirement Plan and Retirement Benefit Calculations, which contained six (6) recommendations and a follow-up report on September 5, 2023.

This audit was closed on November 13, 2023. Six (6) recommendations were implemented.

FCG, FCPS & FCC Annual Financial Reviews

The IAD conducted an Annual Review of Frederick County Government, Frederick County Public Schools, and Frederick Community College Financial Reports. Each entity received a "clean" unmodified audit opinion, and no material weaknesses, significant deficiencies or compliance findings were noted on the financial statement reports. Additionally, no material weaknesses, significant deficiencies or compliance findings on major programs were noted on the uniform guidance reports.

Please refer to the 2024 financial review report for further information. **LINK: <R:\DATA\ANNUAL FINANCIAL REVIEWS\2024>**

## V. IIAA Members and Audit Staff

<b>IIAA Members</b>	<b>Internal Audit Staff</b>
Jon Alexander, CPA, Chair (Public Representative)	Tricia A. Reaver, CPA Director
Nicole Prorock, CPA, Vice Chair (Public Representative)	Dawn Reed Coordinator
Emeka Enworom (Public Representative)	SC&H Group, Inc. External Contractor
Open (Public Representative)	CliftonLarsonAllen External Contractor
Steve McKay, Frederick County Council Representative	
Dr. John Molesworth, Frederick Community College Board of Trustees Representative	
Sue Johnson, Frederick County Public Schools Board of Education Representative	