



Larry Hogan GOVERNOR

Boyd K. Rutherford LT. GOVERNOR

Charles Glass, Ph.D., P.E. EXECUTIVE DIRECTOR

BOARD OF DIRECTORS - AUDIT COMMITTEE MEETING MINUTES

October 27, 2021

LOCATION: Video Call

TIME: 10:00 a.m.

DIRECTORS PRESENT: Charles Glass, Executive Director
Shelley Heller, Chair
Robert Neall, Treasurer
Nancy Kopp
Robert Witt, Secretary

DIRECTORS ABSENT: None

OTHERS PRESENT:

Sean Coleman, Esq.	Casey Powers
Pamela Fuller	Valerie Colimon, RSM
Hament Patel	Andrew Wolfe, RSM
Winsome Condra	

CALL TO ORDER

Ms. Heller called the meeting to order at 10:02 a.m. Board members and staff participated via Zoom video. The meeting was streamed live to the public on YouTube.

MINUTES

Ms. Heller requested discussion or a motion for the approval of the minutes of the audit committee meeting of May 27, 2021. Mr. Neall made a motion to approve the minutes, Ms. Kopp seconded. No corrections or objections were noted. The minutes were unanimously approved.

RSM FY21 AUDIT REPORT

Valerie Colimon with RSM summarized the agency FY21 financial audit. They plan to submit an unmodified opinion pending completion of three things: review of their concurring partners, subsequent events review, and management representation letter. They are also waiting to finalize the report pending any OMB subsequent addendums. The financial audit is designed to provide "reasonable" assurance, not absolute assurance of no errors or fraud. No audit adjustments were made during the audit period, and no uncorrected misstatements were required. Interactions with management were very smooth and cooperative. Upon completion of the financial audit, two further audits will be completed: Schedule of Indirect Costs, and the Schedule of 6 Customer Report of Indirect Overhead Costs.

INTERNAL AUDIT REPORT

The Internal Auditor, Winsome Condra presented her activity report. She summarized the FY21 planned audits.

- The Montgomery County MRF contract compliance review was completed July 30, 2021 (Audit #21-02). The administration and billing under the MRF agreement between Montgomery County and MES from 7/1/2018 to 6/31/2020 was reviewed. An Action Plan was developed and follow up will be conducted within the next year.
- The review of the Cox Creek Expanded Construction and Demolition Agreement is still in progress (Audit #21-03). The audit included a review of the construction management and billing for the period 7/1/2019 to 6/31/2021. Due to an unplanned audit, the final report is scheduled to be completed by the end of December 2021.

The planned audits for FY22 include:

- Review of operations at the water and wastewater facilities serving the Rocky Gap Casino – scheduled to completed by February 2022,
- BWI – Maintenance Shop – scheduled to be completed by July 2022,
- Site management review of Poplar Island operation – scheduled to be completed by April 2022,
- Review of Harford County site management – scheduled to be completed by September 2022.

**Board of Directors
Audit Committee Meeting
October 27, 2021
Page 3**

An unplanned audit (Audit #22-01) will include a review of the Service Center processes from creation to cost recovery during the period July 1, 2019 to June 30, 2021. It is scheduled to be completed by December 29, 2021.

There has been one call that came into the Fraud Hotline this week concerning favoritism in the hiring process. It is currently being investigated.

The IA's next steps include FY23 and FY24 Risk Assessments and Audit Plan.

POLICIES FOR REVIEW AND APPROVAL

The committee also reviewed and approved four financial policies. Dr. Glass reviewed each of the four policies presented for comment and approval.

- IT Acceptable Use Policy. – This policy addresses cybersecurity issues and acceptable/unacceptable use of MES computers and technology, including cell phones. The policy was based on and compared to the DBM policy. MES has had this policy for many years, it is presented with minor updates.
- IT Asset Management Policy – This policy addresses the physical location and disposition of MES IT equipment. MES has IT equipment at over 500 facilities. About 220 employees are based out of HQ and work in the building, or remotely.
- Expense Reimbursement Policy – This policy addresses how reimbursements are managed. This is in line with the DBM policies. It also specifically states what items are not reimbursable. Questions regarding "reasonably priced" lodging were addressed. Employees are required to submit their requests for reimbursement within 30 days of incurring the expense.
- Meal Reimbursement Policy – Overtime or Emergency Events – this policy specifically applies to employees who are required to work unscheduled approved overtime, or during emergency events.
- Fleet Policy – A Fleet manual already exists. A separate Fleet Policy is currently being prepared and reviewed. It should be ready by next month.

**Board of Directors
Audit Committee Meeting
October 27, 2021
Page 4**

Mr. Neall indicated all of the policies looked good, with no changes. Ms. Kopp mentioned that the committee had reviewed the policies, as they were submitted to them for their review a week ago. The Committee then recommended approval by the full Board for the following policies: IT Acceptable Use, IT Asset Management, Expense Reimbursement, and Meal Reimbursement. Mr. Neall made a motion to recommend approval of all four policies to full Board, Ms. Kopp seconded. The motion passed unanimously.

ADJOURNMENT

Upon motion by Ms. Kopp, seconded by Mr. Neall the meeting adjourned at 11:00 a.m.



**SHELLEY HELLER
CHAIR, AUDIT COMMITTEE**