



Larry Hogan GOVERNOR

Boyd K. Rutherford LT. GOVERNOR

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

**BOARD OF DIRECTORS
AUDIT COMMITTEE
MEETING MINUTES
May 26, 2022**

LOCATION: Video Call

TIME: 8:30 a.m.

Committee Members PRESENT: Shelley L. Heller, Chair
Honorable Robert R. Neall, Treasurer
Charles Glass, Ph.D., P.E., Executive Director

Committee Members ABSENT: Dereck E. Davis

OTHERS PRESENT:

Honorable Frederic N. Smalkin
Hiram L. Tanner, P.E.
Sean Coleman, Esq.
Ellen Frketic
Pamela Fuller
Hament Patel

Winsome Condra
Casey Powers
Jana Leech
Valerie Colimon, RSM
Kayla Lipston, RSM

CALL TO ORDER

Ms. Heller called the meeting to order at 8:32 a.m. Some Board members and staff were present at Maryland Environmental Service (MES) Headquarters, and other Board members and staff participated via Zoom video call. 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 February 14, 2022. Mr. Neall made a motion to approve the minutes; Ms. Heller seconded. No corrections or objections were noted. The minutes were unanimously approved.

RSM FY21 EXPENSE AUDIT

Ms. Valerie Colimon reviewed the preliminary Audit report of non-executive expenses. This audit included a review of P-card (credit card) and expense reimbursements. The auditors reviewed a sample of 30 transactions against agency policies. There were no issues with supplier invoice or purchase card transactions. Five minor issues were noted among expense reimbursements that were not filed within 5 days, as required by the policy in effect at that time. There were no findings of missing receipts or approvals.

RSM FY22 AUDIT PLAN

Ms. Colimon and Ms. Lipston introduced the RSM audit team. Ms. Lipston will be the project manager for this audit. They will begin the audit in June and July with planning, research and interim fieldwork. (Mr. Tanner arrived at 8:39 am). The final report will be issued in October 2022. The items to be audited were presented. The goal is to identify areas of risk assessment and identify risks of material misstatement. Mr. Neall asked for the work plan to include analysis of fraud, waste, and abuse. Ms. Colimon assured the Board that those issues will be included.

RSM will conduct the standard financial audit. The Internal Auditor (IA) is responsible for conducting on-site field audits, and tracking compliance with the MES Reform Act requirements.

INTERNAL AUDIT REPORT

Ms. Condra presented the Internal Audit report and update. Four internal audits will be performed in FY22: Rocky Gap operations, BWI Maintenance Shop, Poplar Island operations, Harford site management. There were no calls or emails to the MES Fraud Hotline.

Ms. Condra will be gathering benchmark data to compile the internal audit benchmarks. She will examine how MES compares to other industries and companies. She will also be working with IT to conduct an IT risk assessment. She presented the Top 15 Risks faced by MES, based on interviews with Managing Directors and Division Chiefs. Mr. Neall expressed his concern for IT security. Ms. Condra will be working closely with the Chief of IT on IT assessment issues. They will then meet with the Executive and Deputy Director, and then report back to the Audit Committee.

The Audit unit will concentrate on the following issues in this order:

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1. Operational (compliance, invoices, billing)
2. Human Resources and Affirmative Action
3. Integrated (multi-level)
4. Financial controls
5. Information Systems

Ms. Condra then presented the plan for tackling the 15 identified risk areas.

ADJOURNMENT

Upon motion by Mr. Neall, the meeting adjourned at 9:28 a.m.



**SHELLEY HELLER
CHAIR, AUDIT COMMITTEE**