



Wes Moore GOVERNOR

Aruna Miller LT. GOVERNOR

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

BOARD OF DIRECTORS AUDIT COMMITTEE MEETING MINUTES

October 19, 2023

LOCATION: Video Call

TIME: 3:00 p.m.

COMMITTEE

MEMBERS PRESENT: Moalie Jose, Chair (video)
Brendon Baatz, Treasurer (video)
Dereck E. Davis, State Treasurer (video)
Shelley L. Heller, Board Chair (video)
Charles Glass, Ph.D., P.E., Executive Director

COMMITTEE

MEMBERS ABSENT: None

OTHERS PRESENT: James Johnson, Jr., Ph.D., P.E.
Sean Coleman, Esq.
Ellen Frketic
Pamela Fuller
Hament Patel
Winsome Condra
Casey Powers (video)
Jana Leech (video)
Valerie Colimon, RSM (video)
Philip King, RSM (video)

CALL TO ORDER

Ms. Jose called the meeting to order at 3:02 p.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. Jose requested discussion or a motion for the approval of the minutes of the Audit Committee meeting of May 18, 2023. No corrections or objections were noted, and the minutes were unanimously approved.

RSM FY23 AUDIT

Ms. Colimon and Mr. King presented the executive summary of the Preliminary FY23 Financial Audit. They expect to issue an unmodified opinion, pending completion of several items that are currently being wrapped up. This audit cycle began in May, and there have been no changes to the strategy presented at that time. They noted no significant deviations from accounting policies and no unusual transactions.

There have been no audit adjustments made to the original trial balance presented to the team at the onset of the audit. The financial statements are in compliance with government auditing standards, and there are no compliance findings related to Office of Management and Budget (OMB) Uniform Guidance (Federal funded programs) for FY23 based on the procedures performed to date. The audit included a new accounting pronouncement, Governmental Accounting Standards Board (GASB) Statement 96 (subscription-based information technology arrangements).

There were no disagreements with management or difficulties encountered dealing with management. On the last day of the audit, RSM will present the final Audit Letter. The final report should be submitted by the end of October 2023.

Mr. Patel thanked the RSM team for their diligent and thorough review.

There were no questions from the Audit Committee. Representatives from RSM left the meeting at approximately 3:18 p.m.

INTERNAL AUDIT REPORT

Ms. Condra presented the Internal Audit (IA) report and update.

FY23 Audit Updates

Audit 23-2 is a review of the segregation of duties with Workday. The Board and the Audit Committee requested this audit to assess internal controls within the Information Technology (IT) systems, and to review policies and procedures. The audit is substantially complete, and a final report should be issued by October 27, 2023.

Audit 23-3 will be a review of the closeout of the Eastern Shore Forest Products' time and materials contract. This audit is in the planning stages.

FY24 Audit Plan

The following audits are scheduled for fiscal year 2024:

- Review of procurement shortlist selection process
- Review of management of duplicate invoices within Workday
- Review of training application policy and process
- Review of strategic compensation benefit management

Billable Project Activity

The Internal Audit staff assisted Maryland Department of Emergency Management (MDEM) with a COVID close-out review. This is billable work that will extend for the next year. For the period November 2022 to October 2023, the IA staff have billed 927 hours.

The IA staff are looking for any other potential billable projects that can help MES' environmental partners respond to problems, further their missions, and address audit needs.

FY25/FY26 Risk Assessment

Work will begin on the FY25/FY26 Risk Assessment in October and November 2023. There were no questions, comments, or concerns.

OLD/NEW BUSINESS

The next Audit Committee meeting is scheduled for Thursday, May 23, 2024, at 9:30 a.m.

ADJOURNMENT

The meeting adjourned at 3:26 pm.



**MOALIE JOSE
CHAIR, AUDIT COMMITTEE**