BOARD OF DIRECTORS
AUDIT COMMITTEE
MEETING MINUTES

May 21, 2026

LOCATION: **Headquarters/Video Call**

TIME: **9:30 a.m.**

COMMITTEE MEMBERS PRESENT:
Moalie Jose, P.E., Chair (video)
Sean Coleman, Esq., Board Secretary (video)
Shelley L. Heller, Board Chair (video)
Charles Glass, Ph.D., P.E., Executive Director (video)

COMMITTEE MEMBERS ABSENT:
Rebecca Flora, AICP

OTHERS PRESENT:

James Johnson, Ph.D.	Ryan Dowdell, Internal Audit
Odessa Phillip (video)	Casey Powers, IT (video)
Sandy Hertz, Deputy Director	Bruce Eisenstein, Esq.
Priscilla Carroll, Esq.	Monique Booker, SB &
Pamela Fuller, Board Clerk	Company (video)
Hament Patel, Finance	Chris Mark, SBC (video)

CALL TO ORDER

Ms. Jose called the meeting to order at 9:31 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. Jose requested a discussion or a motion for the approval of the minutes of the Audit Committee meeting of October 23, 2025. No corrections or objections were noted, and the minutes were unanimously approved.

SB & COMPANY FY26 AUDIT PLAN

Monique Booker, Engagement Partner with SB & Company, presented the audit planning overview for the fiscal year ending June 30, 2026. She outlined the scope of services, which includes the financial statement audit, single audit, and related schedules, and emphasized the firm's availability for ongoing consultation.

Ms. Booker reviewed the audit approach, which focuses on risk, internal controls, and potential misstatements, and described the key phases of the audit process, including planning, preliminary testing, final fieldwork, and reporting. She also provided an audit timeline, with fieldwork occurring over the summer and final results expected to be presented to the Audit Committee and Board in October 2026.

The presentation highlighted significant audit areas such as cash and investments, receivables, liabilities, indirect cost allocations, revenue recognition, and grant compliance. Ms. Booker further discussed the evaluation of internal controls and key operational processes, as well as the auditors' responsibilities related to fraud detection under applicable auditing standards.

Ms. Booker addressed several questions from the committee members. The agency's P-card usage will be reviewed. In addition, MES' Internal Audit will be conducting more in-depth P-card reviews quarterly. The OPEB account will be reviewed and a comparative analysis completed. There are no major pronouncements expected for FY28 and 29 at this point.

Ms. Booker and Mr. Mark left the meeting at 9:58 a.m.

RESOLUTION 26-05-1R

Mr. Patel introduced Resolution 26-05-1R to approve the transition of the OPEB Trust's trustee and custodian from Bank of New York Mellon to PNC Bank, consolidating fiduciary, custody, and investment advisory functions within a single institution to improve administrative efficiency, oversight, and trade execution. The change is supported by an independent fiduciary review confirming no conflict of interest with appropriate safeguards and reflects PNC's qualifications as a large public-sector investment manager, including its role in the Maryland Local Government Investment Pool. The transition is expected to enhance operational efficiency—allowing

faster trade settlement—and eliminate the existing custody fee, while maintaining existing oversight practices and ensuring that retiree benefits and reimbursements remain unchanged.

The driving force behind the change is to allow faster and more efficient trade. It will also enhance administration and monitoring of the accounts, as well as saving the agency money on hosting fees.

Additional questions were addressed regarding the fund balance and investment strategies.

Mr. Coleman made a motion to recommend approval of Resolution 25-06-1R to the full Board; Ms. Heller seconded. The motion passed unanimously.

INTERNAL AUDIT REPORT

Mr. Dowdell, the Acting Chief of Internal Audits, reported that four internal audits were completed during the period, with overall results indicating strong control effectiveness across most areas. The Poplar Island contract management audit (#25-01) and the Midshore II site management audit (#25-02) each received an effective opinion. While minor operational and safety-related issues were identified, all findings were fully remediated prior to issuance of the final audit reports. The first quarterly P-card audit (#26-03) also received an effective opinion, with no issues noted, indicating strong compliance with procurement policy and internal controls. The Teleworking Policy compliance audit (#26-04) resulted in a partially effective opinion due to governance gaps, missing documentation, and inconsistent implementation practices. Dr. Glass indicated that new procedures will be implemented for the new fiscal year. Employees will be required to report their teleworking activities in Workday when they complete their timesheets. Managers and supervisors will be required to review these reports when they approve the timesheet. Mr. Dowdell indicated the remediation measures will be tested once they are fully implemented.

Mr. Dowdell reviewed the list of audits that are currently in process.

Mr. Dowdell then presented the FY27/FY28 Draft Internal Audit Plan. The Internal Audit Charter requires the Board to approve the Plan. The plan sets out the planned hours, tasks, and timing for future audits.

Mr. Coleman noted that the largest time allotment was for billable projects and asked if this external billable work raised any concerns for completing internal audits. Dr. Glass indicated that billable work is how the Internal Audit staff has been able to increase from a department of one to a department of five.

Mr. Coleman made a motion to recommend approval of the FY27/FY28 Internal Audit report to the full Board; Ms. Heller seconded. The motion passed unanimously.

Mr. Dowdell then reviewed the completed billable projects:

- MDEM COVID close-out project (October 2025 - January 2026) 381.5 hours – Billable Revenue $22,584.99
- MDE Task 1 – Procurement (October 2025 - April 2026) 238 hours – Billable Revenue $13,405.42
- MDE Task 4 – Fiscal (October 2025 – April 2026) 871 hours – Billable Revenue $53,981.48

OLD/NEW BUSINESS

The next Audit Committee meeting is scheduled for Thursday, October 22, 2026, at 9:30 a.m.

ADJOURNMENT

The meeting adjourned at 11:03 am.

Moalie Jose (Oct 30, 2026 13:55:51 EDT)

MOALIE JOSE
CHAIR, AUDIT COMMITTEE

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Final Audit Report 2026-10-30

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