



# BIENNIAL AUDITS OVERSIGHT COMMITTEE BRIEFING

JOSH PASCH, CPA  
CITY AUDITOR  
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# OUTLINE

1. **Peer Review**
2. **Status of Group B Biennial Audits**
3. **Summary of Follow-up Audit Results on Prior Findings**
4. **Audit Plan for Group A Biennial Audits**

## PEER REVIEW

- Each audit organization conducting engagements in accordance with Generally Accepted Government Auditing Standards must obtain an external peer review conducted by reviewers independent of the audit organization being reviewed. The peer review includes:
  - The peer reviews evaluates the audit organization's system of quality control and if it is performing and reporting in conformity with professional standards in all material respects.
  - The Department received a rating of pass with a deficiency.
    - Independence concerns with current reporting structure.
    - Lack of peer review every three years.
    - Documentation of independence does not specify threats listed in Generally Accepted Government Auditing Standards.
    - Formal evaluation of impact of non-audits services on independence.
    - Formalize annual internal Quality Control process.

## STATUS OF GROUP B BIENNIAL AUDITS (SCOPE FY 2020 AND FY 2021)

No.	Agencies	Report Issued Date
1	Department of Law(DOL)	October 19, 2022
2	Department of Planning (DOP) – Permit Processes	October 19, 2022
3	Baltimore City Information Technology(BCIT)	November 16, 2022
4	Baltimore City Parks and Recreation (BCRP)	December 6, 2022
5	Department of Human Resources (DHR) – Part-time Employee Benefits	January 4, 2023
6	Baltimore City Health Department (BCHD)	January 18, 2023
7	DOP – Equity in Capital Planning	February 1, 2023
8	DHR– Family Medical Leave and Americans with Disabilities	February 1, 2023
9	Baltimore City Police Department (BPD) <sup>1</sup>	March 2023
10	Mayor’s Office of Employment Development <sup>1</sup>	March 2023
11	Department of Transportation (DOT) <sup>1</sup>	April 2023

1 – Estimated report release dates

## DEPARTMENT OF LAW

**Objective:** To evaluate DOL's monitoring of compliance with Minority Business Enterprise (MBE) / Women's Business Enterprise (WBE) goals

Finding	Recommendation
I. The Minority and Women's Business Opportunity Office does not completely follow the Baltimore City Code, Article 5, Section 28 requirements to monitor compliance with goals throughout the term of a contract.	<ul style="list-style-type: none"><li>• Establish and implement a process to track / monitor the status of the contracts and achievement of the MBE / WBE contract participation goals to evaluate the effectiveness of the MBE / WBE Program and the City's progress towards meeting the annual goals; and</li><li>• Enforce contracting agencies to maintain adequate, up-to-date documentation, and submit written reports to MWBOO on compliance with goals. The MWBOO should maintain documentation of reports submitted by contracting agencies for future review.</li></ul>

## DEPARTMENT OF PLANNING – PERMIT PROCESSES

**Objective:** To determine whether the Department of Planning’s (DOP) permit review process is efficient and effective.

Findings	Recommendations
I. Historical permit data overstates the actual turnaround time of DOP’s permit review.	<ul style="list-style-type: none"><li>• Correct the logic errors within the e-Permits system</li><li>• Provide accurate historical data reporting for DOP use.</li></ul>
II. New employees cannot obtain appropriate access to the e-Plans and e-Permits systems.	<ul style="list-style-type: none"><li>• Establish the process to add employees to the e-Plans system and provide complete access to the e-Permits system</li><li>• Document the process in formal policies and procedures.</li></ul>

## BALTIMORE CITY INFORMATION TECHNOLOGY

**Objective:** To evaluate whether the City of Baltimore (City) has adequate policies and procedures to guide the City's Information Technology (IT) procurement processes to increase the efficiency and effectiveness of IT operations and costs

Findings	Recommendations
I. Agencies can bypass BCIT's IT software procurement review process for certain procurement methods.	<ul style="list-style-type: none"><li>• Confirm that the Workday system has adequate controls to reduce the risk of agencies bypassing BCIT's IT procurement review process; and</li><li>• Notify the Director of DOF to modify the audit of monthly procurement card statements to include software procurement transactions to confirm agencies obtained BCIT's approval for software procurements such as reviewing full details of transactions from the credit card company.</li></ul>

## BALTIMORE CITY INFORMATION TECHNOLOGY (CONTINUED)

Findings	Recommendations
<p>II. The Applications Functional Area does not have processes and a system to identify, record, update, and maintain a centralized inventory of all the City's business-critical applications.</p>	<ul style="list-style-type: none"><li>• Develop a complete inventory of all business-critical applications; and</li><li>• Establish the formal City-wide policies and procedures outlining the roles and responsibilities of Apps regarding the maintenance of the application inventory and enforcing best practices around upgrades, planning, remediation, business continuity, and rationalization</li></ul>



## BALTIMORE CITY INFORMATION TECHNOLOGY (CONTINUED)

Findings	Recommendations
III. There is no audit trail for BCIT Infrastructure Functional Area's decisions for IT procurement review.	<ul style="list-style-type: none"><li data-bbox="1043 699 1864 834">• Require the Infrastructure to document their decisions whether to route requisitions to InfoSec and / or Apps for their reviews; and</li><li data-bbox="1043 889 1850 976">• Establish formal policies and procedures to include this requirement.</li></ul>

## BALTIMORE CITY INFORMATION TECHNOLOGY (CONTINUED)

Findings	Recommendations
<p>IV. The City's Administrative policies related to computer systems and services are outdated, ambiguous, and inconsistent with current practices.</p> <p>Notes:</p> <ul style="list-style-type: none"><li>• AM 301-10 = Computer Systems and Services</li><li>• AM 301-10-1= Computer Systems and Services Procedures</li><li>• NIST National Institute of Standards and Technology</li><li>• GSA = U.S. General Services Administration</li></ul>	<ul style="list-style-type: none"><li>• Update the AM 301-10 and AM 301-10-1;</li><li>• Communicate the updated AM 301-10 and AM 301-10- 1 to City employees;</li><li>• Enforce the AM 301-10 and AM 301-10-1; and</li><li>• Revise the AM 301-10 and AM 301-10-1 periodically. When the AM 301-10 and AM 301-10-1 are updated, consider including the industry standards such as NIST and GSA's Federal Acquisition Regulations</li></ul>

## BALTIMORE CITY RECREATION AND PARKS

**Objective:** To determine if BCRP equitably distributes (proposed budget, approved budget, revised budget, and actual expenditures) operational and capital funds.

## BALTIMORE CITY PARKS AND RECREATION (CONTINUED)

Finding I - The BCRP is not in full compliance with City Code Article 1, Subtitle 39, Equity Assessment Program.

### Recommendations:

- Evaluate and document an equity assessment when setting the operating budget;
- Establish a tracking mechanism to identify and link proposed capital projects submitted via the Project request form by community groups to the Capital Improvement Plan;
  - Formally document benchmarks to be used in the determination of ranking and scoring criteria, including equity, when selecting between operating and capital project alternatives;
- Consider equity impact when funding is re-allocated from one project to another;
- Establish a baseline and an equity plan to perform an assessment review yearly of BCRP operations, policies, and procedures;
- Record actual expenditures and actual locations of previously completed projects to analyze progress towards closing the equity gap;
- Maintain support for all information and exhibits in the annual equity report; and
- Develop formal policies and procedures to guide staff to conduct equity assessment of operating and capital projects as well as the bullets stated above.

## BALTIMORE CITY PARKS AND RECREATION (CONTINUED)

Findings	Recommendations
<p>II. The BCRP can improve their routine park inspection practices.</p>	<ul style="list-style-type: none"><li>• Determine an appropriate methodology for ensuring that all City parks receive a minimum number of routine inspections by park managers;</li><li>• Document the methodology and a minimum number of routine inspections by park managers;</li><li>• Maintain evidence of Quality Assessment Quality Control (QAQC) inspections;</li><li>• Design the QAQC form to allow for uniformity in the evaluation of the various tasks being assessed; and</li><li>• Consider improving paper QAQC forms to electronic documents and working with Information Technology to build out a data dashboard to allow managers to be able to have a real time snapshot of their park evaluations and manage their time to be even more responsive and successful.</li></ul>

# BALTIMORE CITY PARKS AND RECREATION (CONTINUED)

Findings	Recommendations
III. Capital project data is susceptible to intentional or unintentional data loss	<ul style="list-style-type: none"><li>• Implement a data security policy that restricts access to authorized users and protects data integrity.</li></ul>

## DEPARTMENT OF HUMAN RESOURCES – PART-TIME EMPLOYEE BENEFITS

**Objective:** To determine DHR's vendor who monitors part-time employment contract effectively delivers the agreed services, most notably Affordable Care Act compliance.

**Finding and Recommendation:** None

## BALTIMORE CITY HEALTH DEPARTMENT

**Objective:** Determine whether BCHD has effective monitoring controls over subrecipients to comply with Federal and Maryland State regulations.

**Overall finding:** The BCHD's current monitoring practices lack the necessary oversight to comply with Federal monitoring requirements to confirm that subrecipients follow terms and conditions of awards.

**Overall recommendation:** Update and implement the draft policies and procedures to address the issues noted in Tables I and II in the report.



## DEPARTMENT OF PLANNING – EQUITY IN CAPITAL BUDGET

**Objective:** To evaluate the Planning Commission's (PC) and DOP's capital budgeting processes to determine how the City prioritizes capital projects and whether funds are distributed equitably.

Finding	Recommendation
I. The criterion used to evaluate capital improvement projects based upon equity requires improvement.	<ul style="list-style-type: none"><li>• Revise the Evaluation Criteria and Scoring Guide to weight equity outcomes in scoring each criteria and facilitate continuity throughout the City.</li></ul>

## DEPARTMENT OF PLANNING – EQUITY IN CAPITAL BUDGET (CONTINUED)

Finding	Recommendation
<p>II. The process to measure and report the distribution of capital projects based on equity is incomplete.</p>	<ul style="list-style-type: none"> <li>• Establish a process to require agencies to submit an equity analysis for all capital projects that excluded a Community Statistical Area (CSA) through the Ordinance of Estimates and indicate the actual capital funding use (e.g. Agency selected equity projects, projects not based on equity and emergency projects);</li> <li>• Capture and report the results including transfers submitted by the agencies; and</li> <li>• Work with the Department of Finance to determine whether CSA / location information can be incorporated into the chart of accounts. In the interim, a monitoring process should be established to validate whether capital projects are performed within the CSA' reported for budget and equity purposes.</li> </ul>

## DEPARTMENT OF PLANNING – EQUITY IN CAPITAL BUDGET (CONTINUED)

Finding	Recommendation
III. The opportunity to strengthen City resident engagement in the capital budgeting process currently exists.	<ul style="list-style-type: none"><li data-bbox="1073 630 1776 711">• Develop formal City-wide policies and procedures that:<ul style="list-style-type: none"><li data-bbox="1150 773 1885 902">○ Engage citizens across the City in the beginning of the capital budget process at agency level; and</li><li data-bbox="1150 964 1906 1140">○ Include the documenting, and evaluation of recommendations from citizens based on equity. This is applicable to both agencies and DOP.</li></ul></li></ul>

## DEPARTMENT OF PLANNING – EQUITY IN CAPITAL BUDGET (CONTINUED)

Finding	Recommendation
IV. A City-wide equity plan to focus limited resources on underserved communities and assess outcomes does not exist.	<ul style="list-style-type: none"><li data-bbox="1073 630 1881 760">• Develop a City-wide plan that will target underserved communities and close related gaps.</li></ul>

## DEPARTMENT OF HUMAN RESOURCES – FMLA AND ADA

**Objective:** To evaluate whether FMLA and ADA requests are processed consistently across City agencies and whether City agencies are following local and federal regulations.

**Scope:** BPD, DHR, Department of Public Works (DPW), DOT

Findings	Recommendations
I. Documentation of Compliance with FMLA and ADA Are Not Consistently Maintained. (BPD, DPW, DOT)	<ul style="list-style-type: none"><li>Follow federal regulations and maintain complete, reliable supporting documentation to evidence FMLA and ADA approval and return to work processes.</li></ul>
II. DPW FMLA Files are not Restricted to DPW HR Staff Responsible for FMLA Information.	<ul style="list-style-type: none"><li>Require DPW-HR personnel lock the file cabinets with FMLA files.</li></ul>

## SUMMARY OF FOLLOW-UP AUDIT RESULTS ON PRIOR FINDINGS

No.	Agencies	No. of Prior Findings	Implemented	Partially Implemented	Not Implemented
1	DOL	5	1	3	1
2	DOP	2	0	1	1
3	BCIT	2	2	0	0
4	BCRP	6	1	1	4
5	DHR	0	0	0	0
6	BCHD	2	0	2	0

## GROUP A AUDIT PLAN

The Department of Audits is currently conducting the risk assessment for CY 2023. This includes obtaining significant risks from:

- Agencies
  - BAOC
  - Comptroller
  - Prior audits
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- The following slides summarize general areas identified up to now.
  - The Department will send the proposed audit plan, when completed, to the BAOC.
  - The final audit plan will be posted on the Department of Audit's website.

## GROUP A AUDIT PLAN

No.	Agencies	Areas under Consideration for Audit Objectives
1	Baltimore City Fire Department	1. Fire Marshal inspections
2	Baltimore City Housing Community Development	1. Rental property in the City 2. Code enforcements

**Scope = FY 2021 and FY 2022**



## GROUP A AUDIT PLAN

No.	Agencies	Areas to Audit
3	Baltimore City Information Technology	BCIT access to confidential information
4	Baltimore Development Corporation	Enterprise Zone Tax Credits

**Scope = FY 2021 and FY 2022**

## GROUP A AUDIT PLAN (CONTINUED)

No.	Agencies	Areas to Audit
5	Department of Finance	Money collected in fiduciary TIF Bonds Procurement
6	Department of General Services	City facilities

**Scope = FY 2021 and FY 2022**

## GROUP A AUDIT PLAN (CONTINUED)

No.	Agencies	Areas to Audit
7	Department of Public Works	Water Billing Recycling City use of GPS
8	Mayor's Office of Homeless Services or Mayor's Office of Children and Family Success (Former agency was Mayor's Office of Human Services)	

**Scope = FY 2021 and FY 2022**



Questions?