



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

Audit and Risk Committee

July 25, 2024

11:00 a.m.

Microsoft Teams Meeting

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Meeting ID: 236 004 510 546

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Phone Conference ID: 242 058 372#

1. **Call to Order**..... Floyd Holt, Chairperson
2. **Roll Call**..... Michelle Rhodd, Board Secretary
3. **[Enterprise Risk Management Briefing](#)**..... [Francis Cooper, Director EPMO](#)
4. **[Internal Audit Update](#)**..... [RSM Internal Audit](#)
 - A. FY 2024 Internal Audit Plan Status Update
 - B. Status Update on Prior Audit Findings
 - C. Hotline Update
5. **Executive Session*** Floyd Holt, Chairperson
 - To discuss facility security matters under D.C. Official Code § 2-575(b)(8).
6. **Adjournment**..... Floyd Holt, Chairperson

This meeting is governed by the Open Meetings Act. Please address any questions or complaints arising under this meeting to the Office of Open Government at opengovoffice@dc.gov

1The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss certain matters, including but not limited to: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); terms for negotiating a contract, including an employment contract, under D.C. Official Code § 2-575(b)(2); obtain legal advice and preserve attorney-client privilege or settlement terms under D.C. Official Code § 2-575(b)(4)(A); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security matters under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2-575(b)(10); third-party proprietary matters under D.C. Official Code § 2-575(b)(11); train and develop Board members and staff under D.C. Official Codes § 2-575(b)(12); adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters or violations of laws or regulations where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14); and other matters provided under the Act.



Strategy & Performance

Enterprise Risk Management Briefing to Audit & Risk Committee

July 25, 2024

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Francis Cooper, Director EPMO

Helen Hagos, RIMS-CRMP, PMP
Manager, Enterprise Risk, Policy & Internal Audit

Agenda

- 1 | ERM Program Summary
- 2 | Advancing the **Bottom-up risk assessment** approach
- 3 | Communication Plan | Highlight outcomes from this effort

Enterprise Risk Management Program Overview

In response to an Internal Audit finding, DC Water developed and delivered the elements below, building a solid foundation for ERM.



1. Established ERM Function with a clear governance structure.



2. Advanced a **top-down enterprise risk assessment (ERA)**, DC Water leadership came to consensus on the Authority's top risks.



3. **Performed deep dives** into two Enterprise Risks to better understand the Authority's top risks, their underlying root causes and drivers to enable more effective risk-informed decisions.



4. Implemented a **Risk module** to provide timely identification of risks and visibility into risk responses activities.

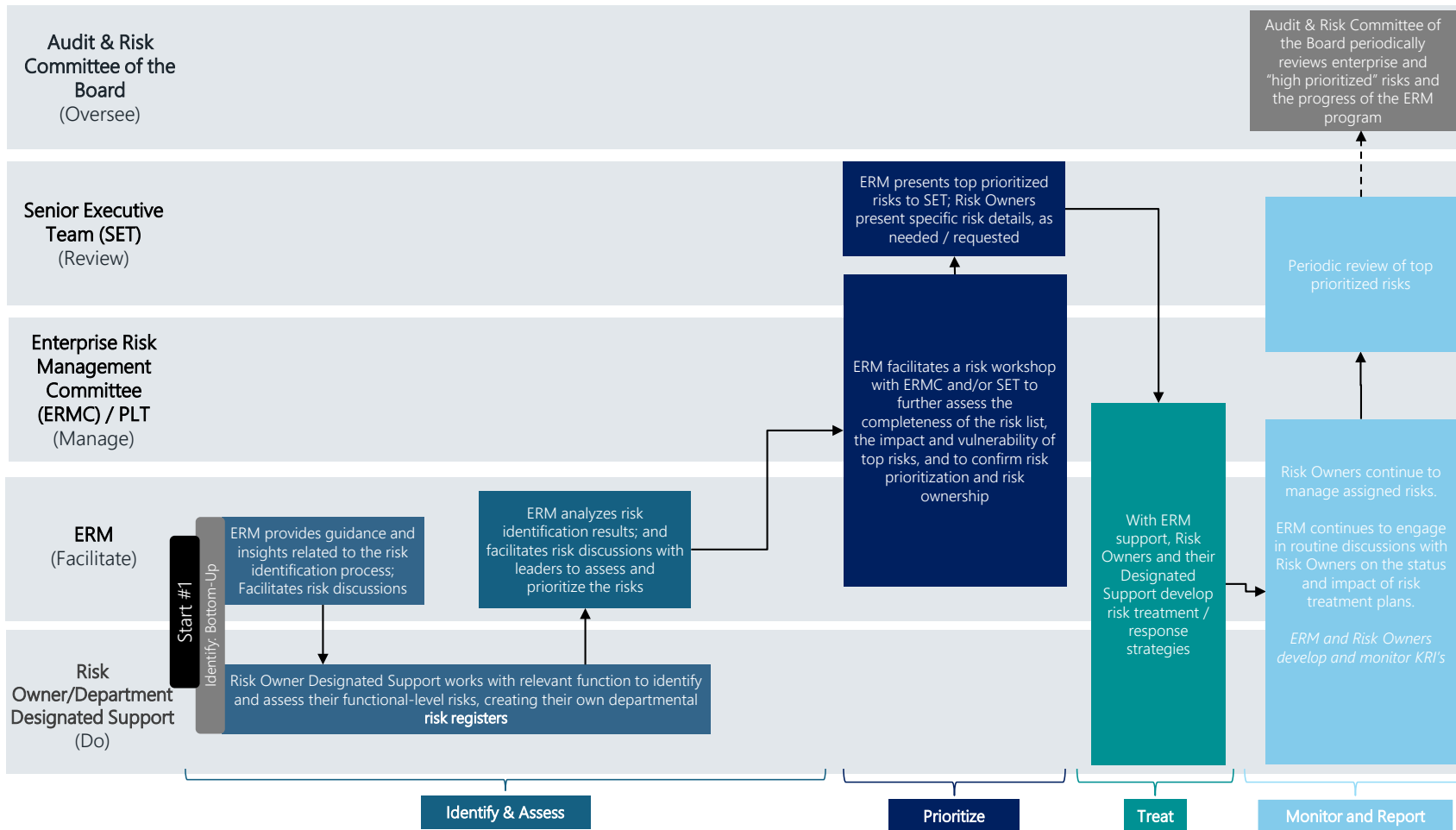


Where We Are Today

5. Developed the initial **Bottom-up Risk Assessment approach**. Crafted a **communication strategy** to cascade the framework to the workforce.

Bottom-Up Risk Assessment Approach | High-level Process Flow

This approach refers to starting risk management activities at the functional, operational and/or department level. Advancing this method of risk Management will support the Authority in gaining a more detailed and nuanced understanding of the specific/functional risks, allowing for targeted and effective risk management strategies



Communication Plan

This plan aims to help DC Water understand and adopt the ERM function and take full advantage of its value.

Communication	Description	Audience	Channel	Value Proposition	Frequency	Status
Audit & Risk Committee Briefing	High-level report on updates to program status	Audit & Risk Committee Members	Microsoft Teams	Enhanced oversight and governance, enabling proactive risk management.	Quarterly	Continue to meet with the A&R Committee quarterly
Senior Executive Team (SET) Briefing	Regular updates on enterprise risks, trends, response strategies, etc.	SET	In-Person	Alignment of ERM to strategic imperatives and business decisions , as well as ensuring management ownership and prioritization of resources to address top risks.	Monthly & Ad hoc meetings to discuss emerging risks.	Tentatively scheduled on July 1st
ERM Committee (ERMC) Meetings	Discuss enterprise risks, risk prioritization, and oversight for progress on risk treatment plans and appointment of risk owner support team for top enterprise risks.	ERMC (VPs across the Authority)	Microsoft Teams	Visibility into enterprise risks, regular updates on progress of risk responses, and continuous review of enterprise risk management processes. Review and identification of any emerging risks , uncertainties, and evolving trends.	Monthly	Continue to meet with the ERMC monthly
ERM Roadshows	Presentations to specific groups to raise awareness about risk management initiatives and educate stakeholders.	Select Departments	Hybrid (In-person & Microsoft Teams)	Promotes collaboration and information sharing across different departments, ensuring a coordinated and integrated approach to risk management.	Ad hoc	Initiated roadshows on June 18
ERM Training	Annual ERM foundational training	Workforce	Oracle	Ongoing education fosters a proactive risk culture , ensuring that the organization remains agile and resilient in the face of evolving risks.	Annually	Embedded into the annual Compliance Training
Lead & Learn	Informal forum to explore risk management concepts in a way that is interactive, practical, and conducive to building a strong community of practice.	Workforce	Microsoft Teams	Enhanced engagement and participation in risk management concepts.	Ad hoc	Slated for July 2024
ERM Slick Sheet	Overview of ERM benefits	Workforce	Email/Intranet	Enhanced understanding , engagement, and communication about risk management.	Ongoing	Developed

Communication Plan | Outcomes



Monthly

Facilitated

Sessions to discuss program status, feedback, risks, lessons learned, recommendations



June 2024

Facilitated

5 departments | 30 attendees



July 2024 (coming soon)

Self-led training

Included in mandatory compliance suite



August

Facilitated

Two-way engagement opportunity

Outcomes and Accomplishments

Maintain a **proactive, informed and strategic approach** to risk management through regular touch-points with leadership.

Embedding frequent meetings **promotes better collaboration and coordination**, ensuring **risk information flows** seamlessly.

Built upon foundational understanding of ERM through facilitation of roadshows.

Foster a **risk-aware culture** through regular training and reinforcement that risk management is a **key organizational priority** and **everyone's responsibility**.

Next Steps



Engage stakeholders to advance **ERM maturity** and overall risk awareness



Advance Bottom-up risk assessment process with departments to proactively identify and escalate risks



Refine risk processes (e.g., risk assessment criteria) to **prepare for a bottom-up risk assessment**. Revise Origami functionality as necessary to align with other functions' existing risk processes.

Appendix

DC Water Enterprise Risk Register (as of July 2024)

Blueprint 2.0 Strategic Imperatives							
Healthy, Safe and Well		Reliable		Resilient		Sustainable	Equitable
Financial	Operational	Reputational	Regulatory	External Ecosystem	Strategic	Technological	Talent
★ Revenue Erosion & Expenditure Increase	★ Reliability (e.g., single source of water, asset failure, aging infrastructure)	★ Stakeholder Management (e.g., agencies, customers, unions)	★ New & Changing Regulations (e.g., federal, state, local)	★ Catastrophic Events	★ External Oversight of DC Water	★ Cybersecurity	★ Talent Management (e.g., development, succession planning, skills)
Budgeting & Forecasting	★ Decision Making (e.g., major project execution)	Customer Expectations (e.g., customer affordability)	Legal	★ Third-Party Management	Success of New Products / Services	System Failures	★ Attract Top Talent
Collections & Payments	★ Health & Safety	Public Trust	Compliance	Climate Change (e.g., heavy precipitation)	Strategic Plan Execution	IT Systems Strategy (e.g., ERP implementation)	Culture
	Resiliency & Continuity		Fraud	Counterparty Risk (e.g., quality, performance)	Customer Behavior (e.g., social norms)	Data Governance / Privacy	Talent Operating Model / Posture
	Processes & Controls		Policy Management		Environmental, Social, & Governance	Artificial Intelligence	Diversity, Equity and Inclusion
	Water Quality (Contaminants)						Union Relations
	Physical Security						

★ Tier 1 Enterprise Risk
 ★ Tier 2 Enterprise Risk

Note: Colorado has signed a groundbreaking AI bill, effective February 1, 2026, impacting developers and deployers of high-risk AI systems globally. This new legislation, akin to the EU's AI Act, mandates:

- Risk management policies and programs
- Comprehensive impact assessments
- Consumer notifications for consequential decisions

Reference: <https://leg.colorado.gov/bills/sb24-205>



2022 Enterprise Risk Assessment Results



DC Water Top Enterprise Risks & Risk Statements

Risk	Risk Statement
★ Decision Making (e.g., major project execution)	Inability to streamline decision making and culture to prioritize or execute on its major projects may lead to operational inefficiencies and increased cost.
★ New and Changing Regulations	The risk that DC Water is unable to anticipate, influence and/or adequately respond to legislations and/or regulations (federal, state, local).
★ Reliability (e.g., single source of water, asset failure, aging infrastructure)	Inability to provide reliable service due to water supply shortages, asset failure or aging infrastructure, may lead to unsatisfied customers and regulatory scrutiny.
★ Revenue Erosion & Expenditure Increase	The risk of potential inefficiencies in internal processes and resource prioritization and/or unfavorable external factors (e.g., increasing costs, continued water loss) may lead to revenue erosion.
★ Stakeholder Management (e.g., agencies, customers, unions)	Failure to manage its stakeholders, including local and federal agencies, customers, and unions, may lead to reputational harm, project delays, and budgetary issues for the Authority.
★ Talent Management	The risk that DC Water is not able to retain a skilled, diverse and inclusive workforce that meets the current and future human capital needs of world-class water utility.
★ Attract Top Talent	Inability to attract top talent may result in insufficient resourcing or misalignment with roles, significantly impacting the Authority's ability to maintain reliability, affordability, and achieve its overall corporate objectives.
★ Catastrophic Events	Inability to respond quickly and effectively to catastrophic events, e.g., pandemics, extreme weather events, etc., may negatively impact annual budgets, disrupt operations, and erode public trust.
★ Cybersecurity	Failure to support and protect technology, systems, and critical data assets from a cyber attack could lead to significant disruptions to our business operations and potential loss of stakeholder trust and confidence.
★ External Oversight of DC Water	Inability of DC Water to maintain its independence from the Washington, DC government or increased oversight efforts around rate approvals and key operational decisions may impact available resources or ability to borrow money at lower rates.
★ Health & Safety	Failure to ensure the safety of the workforce or the broader community may result in serious injury / illness, financial losses, and/or reputational damage.
★ Third-Party Management	Risk that third parties' (e.g., partners, vendors, suppliers, and contractors) poor performance, the Authority's ineffective management, or excessive reliance may have negative impacts to the Authority's reputation and/or operations.
★ Washington Aqueduct Contract	Inability to negotiate favorable terms in the contract negotiation for purchasing water from the Washington Aqueduct may result in unfavorable financial and reliability performance.

★ Tier 1 Enterprise Risk ★ Tier 2 Enterprise Risk

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Summary of Top Enterprise Risks – Tier 1



Risk Statement	Risk Drivers and Considerations	What We Heard	Rating
<p><u>Reliability (e.g., single source of water, asset failure, aging infrastructure)</u></p> <p><i>Inability to provide reliable service due to water supply shortages, asset failure or aging infrastructure, may lead to unsatisfied customers and regulatory scrutiny.</i></p>	<ul style="list-style-type: none"> • Reliance on single water source, which DC Water does not own • High cost to replace aging infrastructure • Potential for asset failure 	<p><i>"We only have a 24–36-hour water supply if something happens on the Potomac."</i></p> <p><i>"I worry about asset failure."</i></p>	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"> <div style="background-color: red; color: white; padding: 2px 5px;">High</div> <div style="background-color: yellow; color: black; padding: 2px 5px;">Med.-High</div> </div> <div> <p>Impact</p> <p>Vulnerability</p> </div> </div>
<p><u>Revenue Erosion & Expenditure Increase</u></p> <p><i>The risk of potential inefficiencies in internal processes and resource prioritization and/or unfavorable external factors (e.g., increasing costs, continued water loss) may lead to revenue erosion.</i></p>	<ul style="list-style-type: none"> • ~1% annual decrease in water consumption, likely due to conservation efforts • Mandated capital improvement projects • Late fees paused due to COVID-19 • Global supply chain and inflation effects on costs 	<p><i>"With the rise in cost of materials and supplies, either we ask more from rate payers, or have to do fewer capital projects."</i></p>	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"> <div style="background-color: yellow; color: black; padding: 2px 5px;">Med.-High</div> <div style="background-color: yellow; color: black; padding: 2px 5px;">Med.-High</div> </div> <div> <p>Impact</p> <p>Vulnerability</p> </div> </div>
<p><u>Talent Management (e.g., development, succession planning, skills)</u></p> <p><i>The risk that DC Water is not able to retain a skilled, diverse and inclusive workforce that meets the current and future human capital needs of world-class water utility.</i></p>	<ul style="list-style-type: none"> • Impact of contractors on ability to develop in-house skills • Institutional knowledge not shared consistently • Key person risk / single point of failure • Scarcity of niche talent needs • Lack of performance plans for unionized workforce 	<p><i>"We have an aging skills profile based on what the organization needed 25 years ago, but as we build new capabilities, we need people with new sets of skills."</i></p>	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"> <div style="background-color: yellow; color: black; padding: 2px 5px;">Med.-High</div> <div style="background-color: yellow; color: black; padding: 2px 5px;">Med.-High</div> </div> <div> <p>Impact</p> <p>Vulnerability</p> </div> </div>

Summary of Top Enterprise Risks – Tier 1 (cont.)



Risk Statement	Risk Drivers and Considerations	What We Heard	Rating
<p><u>Decision Making (e.g., major project execution)</u></p> <p><i>Inability to streamline decision making and culture to prioritize or execute on its major projects may lead to operational inefficiencies and increased cost.</i></p>	<ul style="list-style-type: none"> DC Water historically had a siload culture Focus on meeting regulatory requirements may delay funding for other infrastructure projects 	<p><i>"Without all the necessary information, we manage risk by being overly conservative, which is expensive."</i></p>	
<p><u>Stakeholder Management (e.g., agencies, customers, unions)</u></p> <p><i>Failure to manage its stakeholders, including local and federal agencies, customers, and unions, may lead to reputational harm, project delays, and budgetary issues for the Authority.</i></p>	<ul style="list-style-type: none"> Coordination with other utilities and agencies Managing customers' expectations as a non-profit 70% of DC Water workforce is unionized Operational incident, caused by DC Water or not Public perception management of projects and products 	<p><i>"We need to collaborate with other utilities and agencies to fix issues, but if they don't want to play ball, then we are stuck."</i></p>	
<p><u>New and Changing Regulations</u></p> <p><i>The risk that DC Water is unable to anticipate, influence and/or adequately respond to legislations and/or regulations (federal, state, local).</i></p>	<ul style="list-style-type: none"> Potential federal or local regulatory changes' affect on water standards could have a financial impact Relative ease to pass local legislation in DC Federal mandates for programs (e.g., Clean Rivers) 	<p><i>"We don't think enough about how we will work to meet future regulatory requirements."</i></p>	

Summary of Top Enterprise Risks – Tier 2



Risk Statement	Risk Drivers and Considerations	What We Heard	Rating
<p>Cybersecurity</p> <p><i>Failure to support and protect technology, systems, and critical data assets from a cyber attack could lead to significant disruptions to our business operations and potential loss of stakeholder trust and confidence.</i></p>	<ul style="list-style-type: none"> Status as critical infrastructure provider for U.S. capital Evolving and increasingly complex nature of cyber threats 	<p><i>"Cyber is always going to be a risk, especially as threats become more complex and prevalent."</i></p>	<p>Med.-High Impact Med. Vulnerability</p>
<p>External Oversight of DC Water</p> <p><i>Inability of DC Water to maintain its independence from the Washington, DC government or increased oversight efforts around rate approvals and key operational decisions may impact available resources or ability to borrow money at lower rates.</i></p>	<ul style="list-style-type: none"> Increased DC government scrutiny of DC Water and its rates (e.g., Office of People's Counsel) Reallocation of resources to meet demand of DC governmental requests for meetings & inquiries Potential impacts to credit and bond ratings due to increased oversight / scrutiny from regulators 	<p><i>"Increased government oversight and interaction has forced us to dedicate resources to appease meetings and inquiries"</i></p>	<p>Med.-High Impact Med. Vulnerability</p>
<p>Health & Safety</p> <p><i>Failure to ensure the safety of the workforce or the broader community may result in serious injury / illness, financial losses, and/or reputational damage.</i></p>	<ul style="list-style-type: none"> Lack of comprehensive safety assessment Lack of accountability at frontline level No systematic process to measure changes in safety culture 	<p><i>"We don't have a great safety culture or tools to measure it. We've come a long way in the past three years, but we have a long way to go."</i></p>	<p>Med.-High Impact Med. Vulnerability</p>
<p>Washington Aqueduct Contract</p> <p><i>Inability to negotiate favorable terms in the contract negotiation for purchasing water from the Washington Aqueduct may result in unfavorable financial and reliability performance.</i></p>	<ul style="list-style-type: none"> Water purchase contract with Washington Aqueduct expires in 2023 and has been in place since the 1990s DC Water is the Aqueduct's primary customer but relies solely on it for its water supply 	<p><i>"Even though we don't operate the Washington Aqueduct, the public would probably blame us if something failed."</i></p>	<p>Med. Impact Med. Vulnerability</p>

Summary of Top Enterprise Risks – Tier 2 (cont.)



Risk Statement	Risk Drivers and Considerations	What We Heard	Rating
<p>Catastrophic Events</p> <p><i>Inability to respond quickly and effectively to catastrophic events, e.g., pandemics, extreme weather events, etc., may negatively impact annual budgets, disrupt operations, and erode public trust.</i></p>	<ul style="list-style-type: none"> • Climate change and weather-related events (e.g., floods) • Infrastructure failure (e.g., Blue Plains) • Multiple risks materializing concurrently 	<p><i>"We should be planning for two or more unknowns at the same time, like Japan when it had a tsunami and nuclear reactor go down in the same event."</i></p>	
<p>Attract Top Talent</p> <p><i>Inability to attract top talent may result in insufficient resourcing or misalignment with roles, significantly impacting the Authority's ability to maintain reliability, affordability, and achieve its overall corporate objectives.</i></p>	<ul style="list-style-type: none"> • Competition for talent, especially in evolving, post-COVID labor market • Requirements to source talent from DC area • Difficulty bringing institutional knowledge in-house 	<p><i>"One of the biggest risks we have is that we are too lean. We can't hire enough people."</i></p> <p><i>"The availability of qualified people is not there."</i></p>	
<p>Third-Party Management</p> <p><i>Risk that third parties' (e.g., partners, vendors, suppliers, and contractors) poor performance, the Authority's ineffective management, or excessive reliance may have negative impacts to the Authority's reputation and/or operations.</i></p>	<ul style="list-style-type: none"> • Balance of what is developed in-house vs. outsourced • Reliance on third parties for critical parts of business • Third parties may be unable to meet obligations 	<p><i>"We don't have a dashboard to monitor vendor performance."</i></p>	

Risk Deep Dive Output



Revenue Erosion & Expenditure Increase Deep Dive | High Priority Risk Drivers

High Priority Drivers

[1.1]. Difficulties detecting issues in **customer billing** due to internal capacity limitations and/or insufficient systems/technology (e.g., illegal meter connections, new meter installations, large meter accessibility)

[1.2]. Opportunity to **minimize water loss** by addressing leakages in infrastructure and implementing water shut-offs as necessary

[1.3]. Management and prioritization of unplanned **O&M spending** (i.e., increasing asset maintenance expenses) and **rising capital costs** (i.e., Clean Rivers)

[1.4]. **Utilization of third parties** and opportunity to re-evaluate the existing operating model to assess potential duplication of efforts and current uses for external parties

[2.1]. Impact of federally/EPA **mandated capital improvement plan (CIP) programs** on debt service from capital costs without proper federal funding to align with mandated needs

[2.2]. **Supply chain disruptions** and use of **single sourced** materials leading to raw material shortages and increasing the cost of chemicals required to treat wastewater

Note: The numbering of risk drivers signifies the root cause of the driver.

1 – Self-Inflicted
2 – Imposed
3 – Calculated

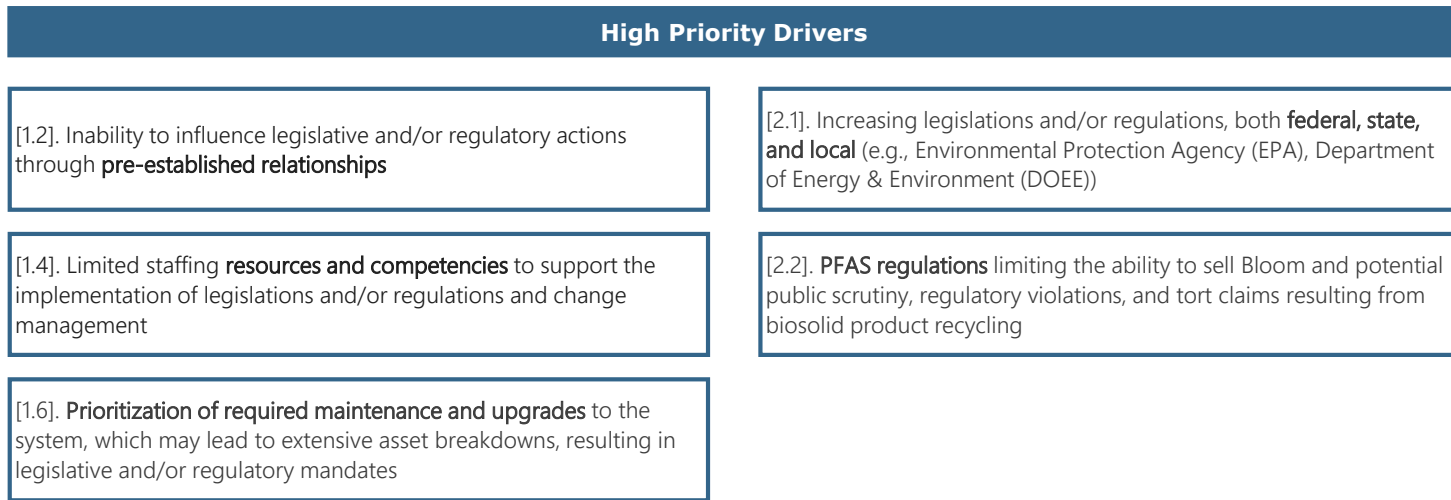
Ex: Driver [1.2] was the second driver discussed under self-inflicted category.

Note: Drivers were prioritized through 1:1 sessions and a group workshop

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New and Changing Regulations Deep Dive | High Priority Risk Drivers



Note: The numbering of risk drivers signifies the root cause of the driver.

1 – Self-Inflicted
2 – Imposed
3 – Calculated

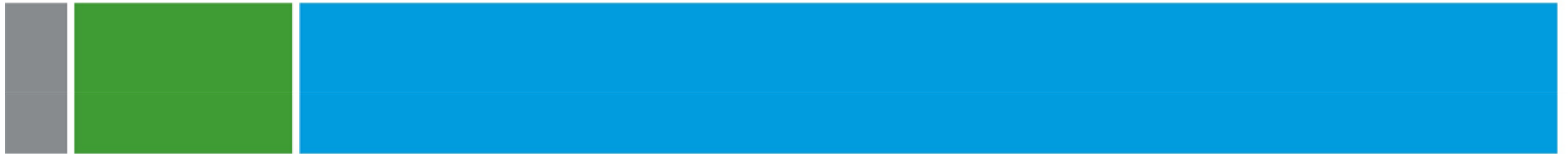
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DC WATER

Audit & Risk Committee Meeting



July 25, 2024



Agenda

- FY 2024 Internal Audit Plan Status Update
- Status Update on Prior Audit Findings
- Hotline Update
- Executive Session
 - Genesys IT General Controls Assessment
 - Internal and External Network Penetration Testing

AUDIT PLAN STATUS UPDATE



Internal Audit Plan Status Update

Audit	Status
FY 2024	
Purchasing Card and Expense Reimbursement Audit	Report Complete
Contract Compliance Audit	Report Complete
Work Order Management Audit - DPO	Report Complete
Permit Operations Management Assessment	Report Complete
Mobile Application Penetration Testing	Report Complete
Genesys IT General Controls Assessment	Report Complete
Internal and External Network Penetration Testing	Report Complete
Physical Security – Fleet Facility	Fieldwork in Progress
Physical Security - HQO	Fieldwork in Progress
Training and Recruiting Audit	Fieldwork in Progress
FY2025 Risk Assessment	Planning in Progress
Remediation & Follow Up	On-going
Hotline Management	On-going



Internal Audit Plan FY 2024 Timeline

	Oct – 23	Nov – 23	Dec – 23	Jan – 24	Feb – 24	Mar – 24	Apr – 24	May – 24	Jun – 24	Jul – 24	Aug – 24	Sep – 24	Oct – 24
▶ P-Card and Expense Reimbursement Audit*													
▶ Contract Compliance Audit*													
▶ Work Order Management - DPO*													
▶ Permit Operations													
▶ Mobile Application Penetration Testing*													
▶ Genesys ITGC Review													
▶ Internal and External Network Penetration Testing													
▶ Physical Security – Fleet Facility													
▶ Physical Security - HQO													
▶ Training and Recruiting Audit*													
▶ FY 2025 Risk Assessment													
▶ Ongoing Follow-up Procedures													
▶ Ongoing Hotline Monitoring													

* indicates cycle audit



PRIOR AUDIT FINDINGS – FOLLOW UP STATUS

Open High Risk Prior Audit Findings

	Audit FY	Issue Date	Audit Report	High Risk Open Finding	Original Target Date	New Target Date	# Extensions
1	2023	7/27/2023	DWO Work Order Management Audit	<p>Failure to capture work order labor and materials data</p> <p><i>DWO has defined work activities that require material data capturing and developed business processes for capturing both required labor hour and material data capture which have been socialized with DWO branches. Starting in December 2023, DWO began monitoring data integrity biweekly to monitor the effectiveness of new process adoption. In March 2024, missing percentages were around 30 to 40%, which is a significant improvement from the missing percentages noted during the audit. DWO is working to close the gap to meet their department KPI of keeping missing percentages for labor hours and material costs under 10%.</i></p>	8/31/24	N/A	0
2	2023	10/26/2023	Fleet Management Audit	<p>Lack of current policies and procedures</p> <p><i>Fleet is leveraging a writer that has drafted fifteen SOPs. All SOPs have been submitted to collaborating departments. Fleet has submitted milestones to Internal Audit for tracking towards final target date in September that include drafting a RACI and determining Fleet policy needs, finalizing draft of 10 Authority-wide Fleet policies, and submitting policies to review (Legal, Labor Relations, People & Talent).</i></p>	9/1/24	N/A	0

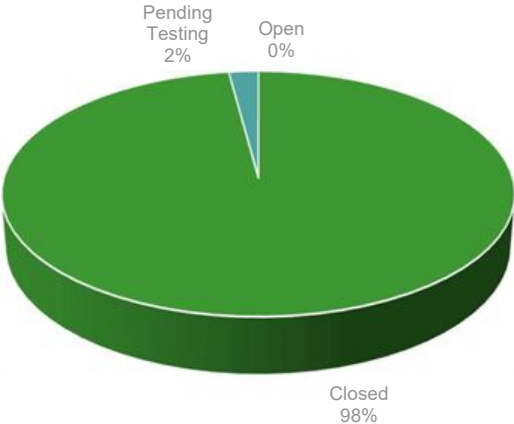
Legend	
	Past due
	Original target date has not yet come due



Status Update on Prior Audit Findings

Audit Report/Subject	Report Issue Date	Corrective Actions			
		Total	Open	Closed	Pending Testing ¹
Prior to FY23 Audit Findings					
Entity Level Review	10/26/2017	7	0	6	1
Occupational Safety and Health	4/25/2019	4	0	3	1
Strategic Plan Monitoring Audit	7/28/2022	2	0	0	2
	Total	13	0	9	4

FY17 - FY22 Prior Audit Findings Status



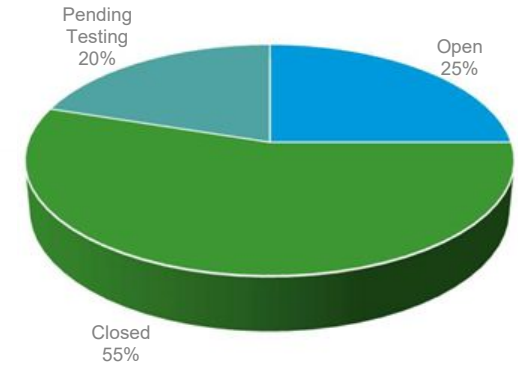
Note that the audit findings reported above only represent findings prior to FY23 with the status of "Pending Testing" or "Open". Audits conducted prior to FY23 for which all findings have been closed are not represented in this table. However, the pie chart to the right includes status of all audit findings FY17 – FY22.

¹"Pending Testing" indicates that Management represents that the Action Plan is Completed, but Internal Audit has not yet performed testing to validate the status.

Status Update on Prior Audit Findings

Audit Report/Subject	Report Issue Date	Corrective Actions			
		Total	Open	Closed	Pending Testing ¹
FY23 Audit Findings					
Procurement Audit	1/26/2023	1	0	1	0
Contract Compliance Audit	4/27/2023	1	0	1	0
Metering, Billing, and Collections Audit	4/27/2023	1	0	1	0
Payroll & Timekeeping Audit	7/23/2023	7	0	6	1
IT Wireless Penetration Testing Audit	7/23/2023	1	0	1	0
Oracle ITGC Testing	7/23/2023	0	0	0	0
Work Order Management Audit – DWO	7/23/2023	3	2	0	1
Fleet Management Audit	10/27/2023	6	3	1	2
	Total	20	5	11	4

FY23 Prior Audit Findings Status



¹“Pending Testing” indicates that Management represents that the Action Plan is Completed, but Internal Audit has not yet performed testing to validate the status.

Color Key

At least 1 original remediation target date has been extended

In total, 94% of all prior audit findings from FY17 – FY23 are closed. Management’s target closure rate is 95%.

9



HOTLINE UPDATE



Hotline Update

4 calls have been received since the last Audit & Risk Committee meeting. Below are calls received in FY24 to date as of 7/17/24:

FY 24 Hotline Call Summary	
FY 24 Calls Received	22
FY 24 Cases Closed	22
FY 24 Calls Open	0
FY 24 Open Call Breakdown	
<i>No Open Calls</i>	

FY24 Calls Received by Quarter	
Q1 2024	5
Q2 2024	13
Q3 2024	4

Total calls by Fiscal Year:

Year	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY19	FY20	FY21	FY22	FY23	FY24
# of calls	10	20	16	36	31	21	28	10	7	18	15	22
Action Taken ¹	0	2	7	7	2	0	1	0	0	2	2	1

FY 24 Closed Call Breakdown	
Fraud, Waste, and Abuse Related:	
<i>Theft of Time</i>	3
<i>Theft or Misuse of Company Assets</i>	1
Non-Fraud, Waste, and Abuse Related ¹ :	
<i>Policy Issues²</i>	9
<i>Employee Relations</i>	2
<i>Sexual Harassment</i>	1
<i>Substance Abuse</i>	1
<i>Wage/Hour Issues³</i>	3
<i>Workplace Violence/Threats</i>	2

¹Calls that do not pertain to fraud, waste, or abuse are automatically referred to the appropriate department head and closed by Internal Audit. These calls will not ever result in corrective action by Internal Audit.

²Seven Policy Issue complaints related to violation of the Authority's telework policy

³Three Wage/Hour Issue complaints related to unfair assignment of overtime within the same department

QUESTIONS AND ANSWERS

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