



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

Audit and Risk Committee

October 24, 2024

11:00 a.m.

Microsoft Teams Meeting

Join on your computer or mobile app

[Click here to join the meeting](#)

Meeting ID: 234 956 215 320

Passcode: v5U6eN

Or call in (audio only)

[+1 202-753-6714,,532580925#](#)

Phone Conference ID: 532 580 925#

1. **Call to Order**..... Floyd Holt, Chairperson
2. **Roll Call**..... Michelle Rhodd, Board Secretary
3. **Introduction of New Internal Auditors (Cherry Bekaert)**... 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. Training and Recruiting Audit
 - D. Hotline Update
 - E. Risk Assessment Results & Proposed FY25 Audit Plan
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.

DC WATER

Audit & Risk Committee Meeting



October 24, 2024



Agenda

- FY 2024 Internal Audit Plan Status Update
- Status Update on Prior Audit Findings
- Report on Completed Audit
 - Training and Recruiting Audit
- Hotline Update
- Risk Assessment Results & Proposed FY25 Audit Plan
- Executive Session
 - Physical Security Penetration Testing – Fleet Facility & HQO

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	Report Complete
Physical Security – HQO	Report Complete
Training and Recruiting Audit	Report Complete
FY2025 Risk Assessment	Report Complete
Remediation & Follow Up	Complete - transitioned to CB
Hotline Management	Complete - transitioned to CB

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>Management has partially remediated this finding. Management plans to accept the risk related to the remaining gap between current data capture rates and target data capture rates. The following slides detail what has been accomplished to date and existing challenges that led to the decision for partial risk acceptance.</i></p>	8/31/24	N/A	N/A
2	2023	10/26/2023	Fleet Management Audit	<p>Lack of current policies and procedures</p> <p><i>Fleet has drafted a RACI chart, 15 Authority-wide Fleet SOPs and 10 Fleet policies. During legal review, OLA identified a need to collaborate with the union representatives to align the 10 policies with the collective bargaining agreements, which will result in an extended policy review window. All remediation activities owned by the Fleet department have been completed, but the policies will not be finalized until union review is completed.</i></p>	9/1/24	TBD	1
3	2024	7/18/2024	Genesys ITGC Review	<p>Findings Issued in Executive Session</p> <p><i>Two findings remain open.</i></p>	1/31/25	N/A	0
4	2024	7/18/2024	Internal and External Penetration Testing	<p>Finding Issued in Executive Session</p> <p><i>Two findings remain open.</i></p>	1/31/25	N/A	0

Legend	
	Past due
	Original target date has not yet come due

DWO Work Order Management Audit

High risk finding closure request – risk acceptance

Closure Request Overview

Management has partially remediated this finding. Management plans to accept the risk related to the remaining gap between current data capture rates and target data capture rates.

Summary of Progress

At the time of the Department of Water Operations (DWO) Work Order Management Audit (July 2023), Internal Audit noted that DWO was not capturing labor hours and material costs within Maximo on a consistent basis when required.

For the audit testing period (9/15/22 – 3/15/23), the DWO team was capturing 1.27% of labor hours and 46.56% of materials costs where required on work orders. Internal Audit will conduct follow-up testing over the time period 5/1/24 – 8/15/24. For the follow-up testing period, **management has improved labor hour data capture to 87.72% and materials cost data capture to 61.03%.**

Potential Impact of Insufficient Data Capture

If labor and material costs associated with work orders are not captured on a consistent basis, DWO is unable to quantify the true total cost of performing the tasks associated with work orders and is therefore unable to accurately capture the true costs of maintaining each asset. This limits Management’s ability to monitor trends, assess performance, complete budgeting and forecasting activities, identify areas of concern for further investigation, identify opportunities for efficiencies, and inform priority focus areas for the Authority’s asset management program ¹.

Summary of Roadblocks

Challenges hindering management’s ability to effectively monitor progress towards 100% data capture include:

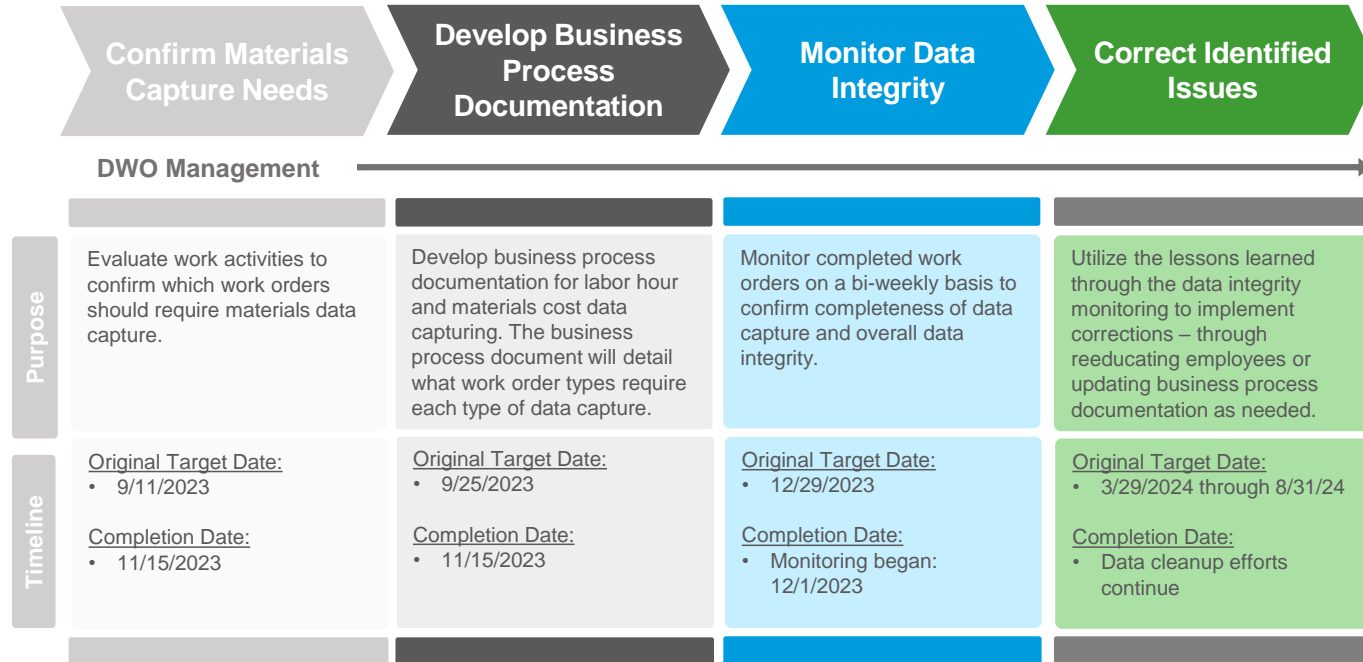
- **Material costs are not incurred for all work orders:** In some instances, no materials, small items that are not included in the Maximo Materials Management module, or truck stock is used to execute the required field activities. In these cases, there are no material costs to record within the Maximo work order and a \$0 entry is appropriate.
- **Manual review required to confirm accuracy of material cost capture (or lack thereof):** It is difficult to distinguish between an appropriate \$0 material cost entry versus missing material cost capture. DWO has implemented monitoring routines to flag all work orders that do not have materials costs associated, but to confirm the appropriateness of a work order with \$0, leadership must perform a manual review of the work order’s detail and/or have discussions with crews that completed the work. This is a time intensive monitoring activity that the team does not have bandwidth to complete regularly given the volume of appropriately captured \$0 work orders.
- **Inability to configure Maximo in a way to allow for quick monitoring of material cost capture accuracy:** DWO has considered adding a field to Maximo for crews to indicate “no material costs incurred during work order activities”, which would allow leadership to filter out appropriately captured \$0 work orders quickly and avoid unnecessary manual review. However, as the Authority plans a migration from Maximo to Cityworks, IT has halted further Maximo configuration changes.

¹ The Authority plans to address an overarching data governance / strategy challenge during the migration from Maximo to Cityworks. Although departments are working to improve completeness and accuracy of data captured in Maximo, there is no process in place currently to leverage the aggregated work order data for strategic decision-making regarding priority replacement activities, CIP priorities, etc.

DWO Work Order Management Audit

High risk finding closure request – risk acceptance

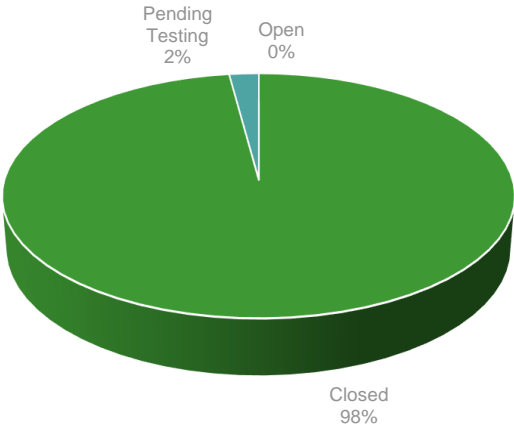
DWO management established milestones to work towards achieving audit finding closure as outlined below. Internal Audit has met with DWO management consistently over the course of the past year since this audit finding was identified. Throughout the year, the DWO team has consistently hit their self-identified milestones, as validated by Internal Audit reviewing evidence of milestone completion. The DWO team has been in the final milestone phase of data quality correction for several months – a process that has consisted of DWO leadership reviewing work orders by type to confirm completeness of required data capturing. This process has been incrementally effective, as evidenced by the marked increase in labor hour and material cost capture. However, the DWO team has been unable to achieve their defined target capture rates of less than 10% of work orders missing required labor hours and material costs.



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	16	0	9	4

FY17 - FY22 Prior Audit Findings Status



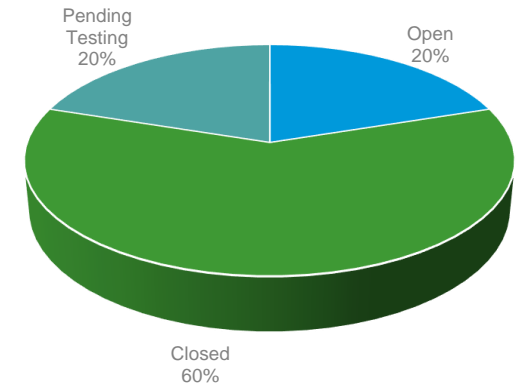
Note that the audit findings reported above only represent findings prior to FY23 with the status of "Pending Testing" or "Open". Audits conducted prior to FY23 for which all findings have been closed are not represented in this table. However, the pie chart to the right includes status of all audit 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	1	0	2
Fleet Management Audit	10/27/2023	6	3	2	1
	Total	20	4	12	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%.

TRAINING AND RECRUITING AUDIT

Training and Recruiting Audit

Purpose

The purpose of this review was to obtain an understanding of the various processes and controls that occur throughout the training and recruiting lifecycle and assess whether the system of internal controls is adequate and appropriate for promoting and encouraging the achievement of management's objectives. The audit testing period was 7/1/23 – 6/30/24.

Scope

The audit scope was based upon the following objectives:

- Conducted walkthroughs with responsible personnel within the People & Talent department to obtain an understanding of the processes;
- Developed flowcharts to illustrate the training and recruiting processes;
- The following sub-processes were evaluated through internal audit's internal control review procedures:
 - Training:
 - Required training curriculum
 - Training assignment by role and tracking methods
 - Training completion and escalation processes
 - Maintenance of training records
 - Recruiting:
 - Vacancy justification and requisition creation
 - Approval of job descriptions
 - Sourcing and screening requirements
 - Candidate interviewing
 - Evaluation and selection criteria
 - Compliance with EEO and applicable collective bargaining agreements

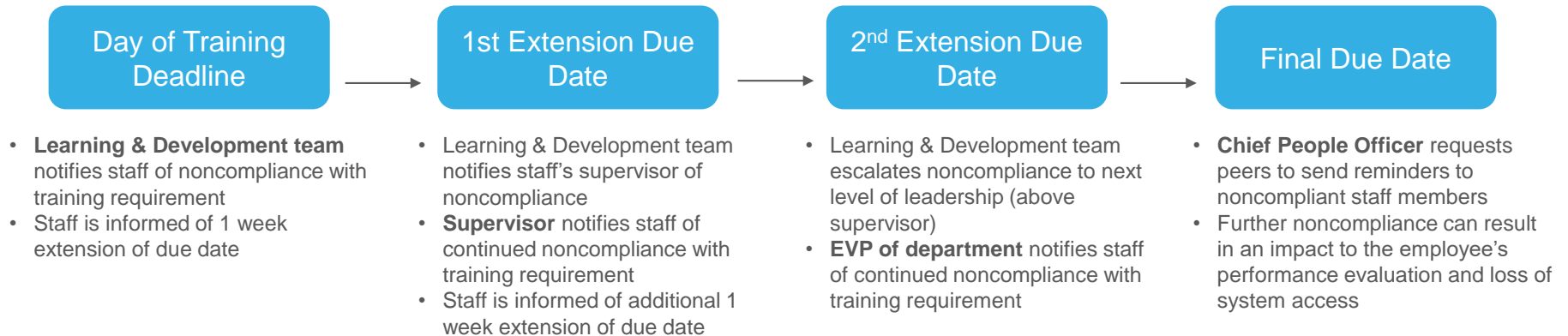
Background - Training

Overview

Training requirements for employees at DC Water are driven by laws, regulations, and by job description. DC Water utilizes Oracle's Human Capital Management (HCM) module to administer trainings and track training completion. Annually, the Talent Management team oversees employee completion of an array of compliance trainings that have been deemed applicable for all DC Water non-union employees. Additionally, the Cyber Security Services team administers an annual cybersecurity training to all non-union employees. In addition to these authority-wide training curriculums, departments provide role-specific trainings as deemed appropriate.

Training Escalation Protocol

In the event training is not completed by the required due date, the following escalation protocol is followed:



Background - Recruiting

Overview

The Human Resources Business Partners (HRBP) team within People & Talent is responsible for recruitment, as well as assistance with the final selection and initial on-boarding of new hires at DC Water.

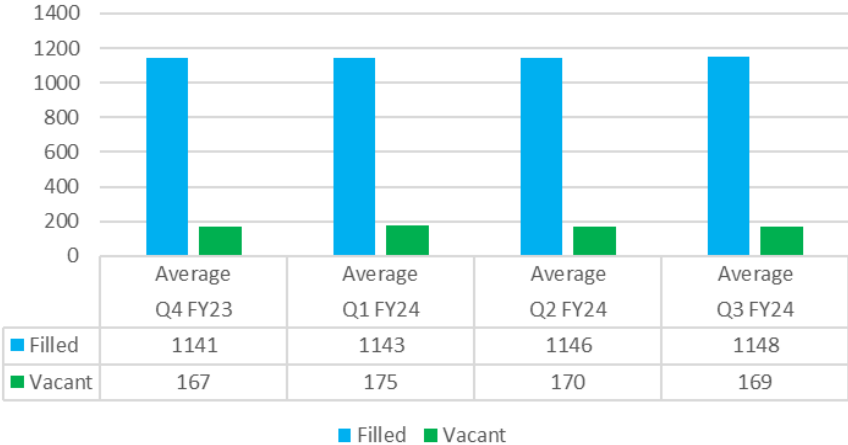
DC Water utilizes the HCM module within Oracle for their recruiting and selection processes. Oracle houses all approved job descriptions and applications for job vacancies, as well as candidate selection/non-selection memos and final job offer letters.

Average Time to Hire*
58.7 days

Total Active Vacancies*
78

Total Active Headcount*
1,219 Employees

Filled and Vacant Positions



*as of June 2024
RSM

Two moderate risk findings are included in the full report.

HOTLINE UPDATE



Hotline Update

3 calls have been received since the last Audit & Risk Committee meeting. Below are calls received in FY24 to date as of 10/17/24:

FY 24 Hotline Call Summary	
FY 24 Calls Received	25
FY 24 Cases Closed	25
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
Q4 2024	3

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>	11
<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>	3

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	25
Action Taken ¹	0	2	7	7	2	0	1	0	0	2	2	1

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

RISK ASSESSMENT & AUDIT PLAN



Risk Assessment approach

Internal Audit conducted a Risk Assessment, considering the following:

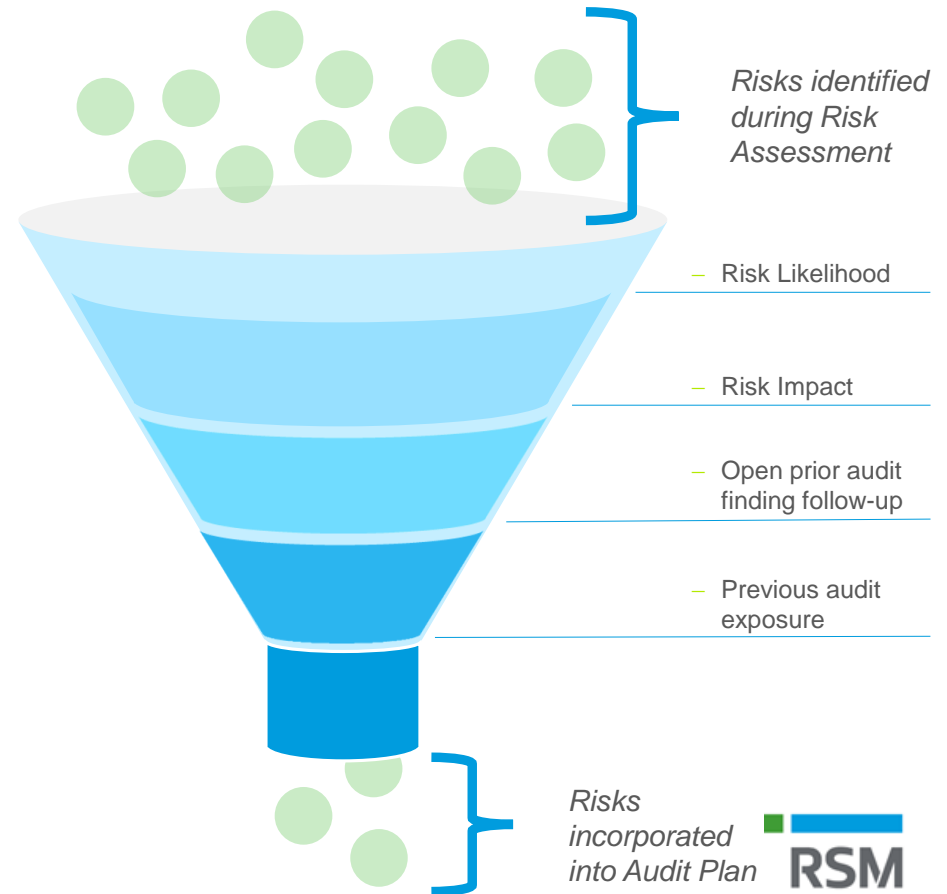
- Interviewed various members of management and the Audit Committee
- Distributed a survey to 50 members of management
- Distributed an anonymous survey to all Board members
- Revisited risks identified in prior year audits
- Considered current DC Water environment, strategic initiatives and industry trends

Based on the results of the Risk Assessment, Internal Audit performed the following:

- Compiled a risk register of risks identified, rated by impact and likelihood
- Reconciled Internal Audit risk register to management's identified ERM risks
- Considered open prior audit finding follow-up that management is in the process of remediating
- Considered each process' previous audit exposure
- Prioritized risks where internal audit can provide value
- Created an audit plan based on top priority risks for the year
- *Note: Internal Audit is a finite resource – Internal Audit cannot incorporate all risks discussed during Risk Assessment interviews into the Audit Plan. Risks are prioritized based on the factors listed above.*

19

© 2024 RSM US LLP. All Rights Reserved.



Risk themes

Below are the top risk themes that emerged during the internal audit risk assessment this year.



Work order management (escalated from prior year due to an upcoming transition to a new work order management system) and third-party risk management are new to the top nine risk themes this year. The risks that dropped out of the top nine from prior year (but is still considered high risk for DC Water) are recruiting top talent and training & development.

Survey results

Internal Audit distributed a risk assessment survey to all **Board members**, of which we received 6 responses. The top four **enterprise-wide risks** that Board members identified as a priority to DC Water's success in FY25 were the following:

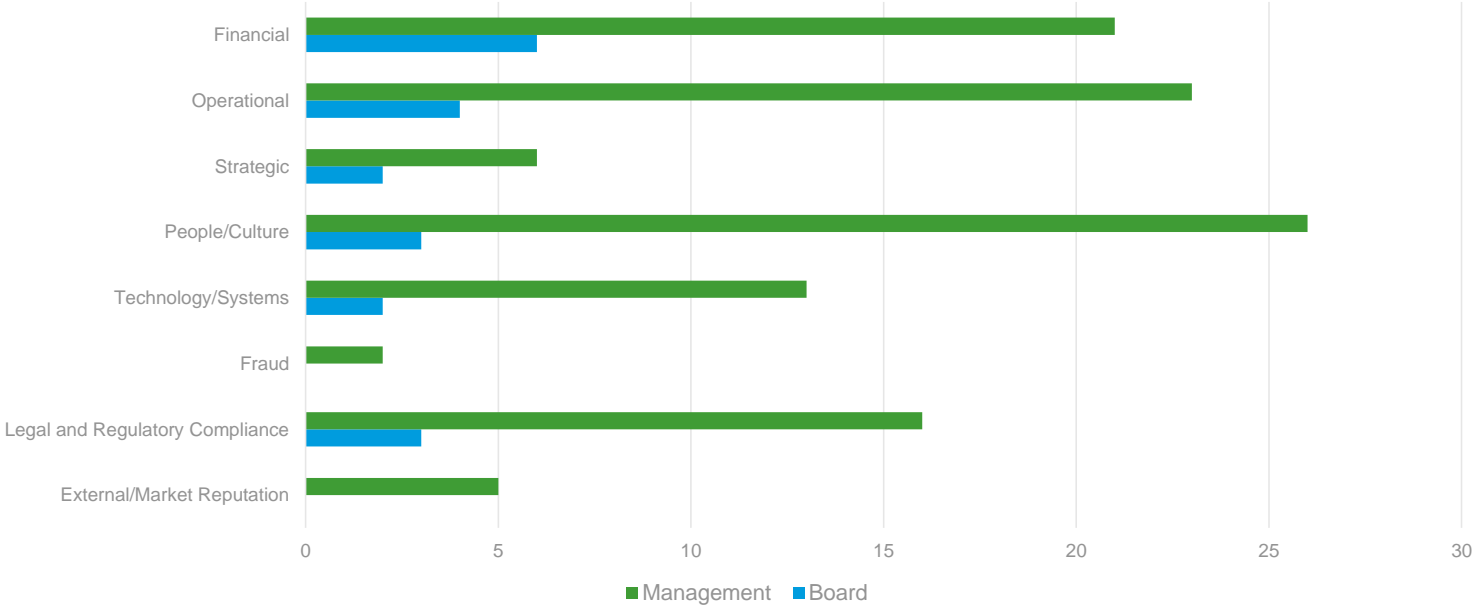
1. **Operational:** Reliability (e.g., single source of water, asset failure, aging infrastructure)
2. **Financial:** Revenue erosion and expenditure increase
3. **Technological:** Cybersecurity
4. **Regulatory:** New and changing regulations (e.g., federal, state, local)

Internal Audit distributed a risk assessment survey to 50 members of **DC Water leadership**, of which we received 34 responses. The top four **enterprise-wide risks** that leadership identified as a priority to DC Water's success in FY25 were the following:

1. **Operational:** Reliability (e.g., single source of water, asset failure, aging infrastructure)
2. **Financial:** Revenue erosion and expenditure increase
3. **Technological:** Cybersecurity
4. **Talent:** Talent management (e.g., development, succession planning, skills)

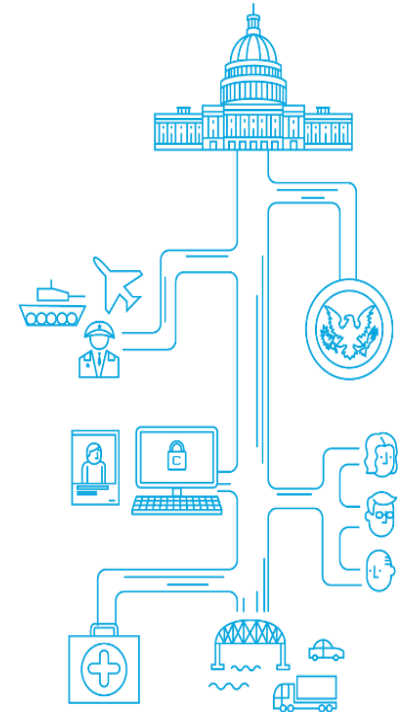
Survey results (continued)

This chart represents where Board members (blue) and Management members (green) identified the highest degree of exposure to the Authority (i.e., could potentially pose a threat or disruption to productivity, effectiveness or achievement of strategic imperatives).



Internal Audit approach

- Project types:
 - **Cycle audits** - Conduct formal reviews of management's controls at a specified frequency based on highly transactional processes that have elevated risk exposure across the industry
 - **Ad hoc audits** - Perform formal reviews of management's control environment over a specific area/process with elevated risk or limited audit exposure
 - **Management assessments** - Leverage Internal Audit's expertise and institutional knowledge to assist in identifying process improvements, best practices, automation opportunities, benchmarking, etc. Assessment results will be delivered to management to help inform future strategic decision-making.
- Approach:
 - For each audit conducted, Internal Audit evaluates the design and operating effectiveness of the internal control environment (draft process flowcharts, establish risk and control matrix, conduct sample-based transactional testing, issue audit report)
 - For management assessments conducted, Internal Audit will review and analyze existing processes and data to identify strategic improvement opportunities for management.



Proposed FY25 Internal Audit Plan

Proposed Project	Cycle Audit	Ad Hoc Audit	Management Assessment
Finance, Procurement & Compliance			
1. Budget Monitoring Audit*		X	
2. Contract Compliance Audit	X		
3. Third-party Vendor Management Audit**	X	X	
Administration			
4. Work Order Management Audit - Facilities	X		
5. Safety Audit		X	
6. Strategic Plan Monitoring	X		

Proposed Project	Cycle Audit	Ad Hoc Audit	Management Assessment
Information Technology			
7. Data Governance and Reporting Assessment			X
8. AI Policy Governance Assessment			X
9. Cloud Security Audit		X	
10. SCADA Penetration Testing	X		
Ongoing Activities			
11. Hotline Case Management			
12. Open Action Items - Remediation & Follow Up			
Authority-Wide			
13. FY26 Risk Assessment			

*An Accounts Payable Audit was slated for the FY25 audit plan per the cycle audit schedule. The last audit of Accounts Payable occurred in FY22 which resulted in one moderate and two low risk findings (all since remediated). During risk assessment, several stakeholders highlighted risk related to and criticality surrounding budget monitoring processes at the Authority. As such, Internal Audit made the decision to address spend management risk on the FY25 audit plan through a Budget Monitoring Audit and defer coverage of the spend management risk through an Accounts Payable cycle audit to FY26.

**A Procurement Audit was slated for the FY25 audit plan per the cycle audit schedule. Internal Audit decided to adjust the scope of the scheduled audit to more broadly encompass third-party vendor risk (to include, but also expand beyond, Procurement's role in vendor management). The last Procurement cycle audit in FY23 only had one low-risk finding, so Internal Audit made this risk-based scoping adjustment decision (given the increasing risk that vendors introduce to any organization's environment and the criticality of vendor diligence throughout a vendor relationship).

Proposed FY25 Internal Audit Plan – project justification

Auditable entity	Project justification
<p>Budget Monitoring</p>	<p><i>DC Water has an annual budget process that happens two years in advance of the given fiscal year. As such, the budget monitoring process – including the ability to remain agile within approved constraints and hold departments accountable to allocated funds – is critical to efficient use of rate payer dollars. This project will serve to evaluate the effectiveness of budget monitoring (to include the operating and CIP budget) and oversight techniques in place across the Authority to support timely decision-making / reforecasting, reallocation and additional budget request processes, and corrective actions as applicable.</i></p>
<p>Contract Compliance</p>	<p><i>The Authority relies on numerous contractors to provide water and sewer services to its customers. DC Water’s ability to monitor the performance of activities occurring through contractual services has a direct impact on the Authority’s operations and reputation. Internal Audit will evaluate two individual contracts from departments throughout the Authority. Internal Audit will evaluate for compliance with contract terms and conditions, contract monitoring best practices, and invoice payment controls.</i></p>
<p>Third-party Vendor Management</p>	<p><i>Reliance on third-parties inherently exposes the Authority to risk as dependencies on additional resources / supply chain / technology increases, while potential threat vectors for threat actors targeting DC Water’s security environment increase. Internal Audit will evaluate third-party vendor risk management processes and controls, to include program management, planning and due diligence, classification and risk rating, contract management, ongoing monitoring routines, vendor access and termination. This review will address operational, financial, security and supply chain risk.</i></p>
<p>Work Order Management – Facilities</p>	<p><i>Maximo work orders facilitate maintenance of DC Water assets. The Authority has a responsibility to maintain safe and comfortable facilities for its employees, a duty which requires the timely addressing of work orders when problems arise. Internal Audit will evaluate the controls surrounding appropriate workflow, data capture, and overall utilization of the system to quantify the effectiveness of asset management and execute on data-driven strategic decisions.</i></p>



Proposed FY25 Internal Audit Plan – project justification

Auditable entity	Project justification
<p>Safety</p>	<p><i>DC Water has recently undergone efforts to update its policies and procedures related to safety at the Authority. This policy refresh was spurred by prior audit findings and the recent changes in department leadership. This audit will serve to evaluate the adequacy of safety policies and procedures, training, data governance, and general safety controls Authority-wide. An effective control environment is essential to employees' well-being, job satisfaction, and DC Water's liability.</i></p>
<p>Strategic Plan Monitoring</p>	<p><i>Blueprint 2.0 provides the foundation for the Authority to execute in a way that is aligned with strategy decided on by leadership and the Board. A lack of control effectiveness can result in operations misaligned with long-term strategy. Internal Audit will evaluate the controls in place regarding the creation, updating, enforcing, monitoring, validating, and reporting out on strategic plan initiatives.</i></p>
<p>Data Governance and Reporting Assessment</p>	<p><i>DC Water has implemented a tool to source and manage a DC Water data lake. As a result, data concerns and issues may arise. Internal Audit will analyze DC Water's practices and processes over data governance and reporting of data and data-related assets.</i></p>
<p>AI Policy Governance Assessment</p>	<p><i>The evolving landscape of open-source AI usage presents new data and security risks for organizations. This management assessment will serve to evaluate DC Water's policies and governance posture regarding the fair, safe use of artificial intelligence within the business. Subject matter experts will conduct an assessment over DC Water's AI security strategies and policies to leading AI governance strategies to identify areas for improvement and strengthen AI safeguards.</i></p>

Proposed FY25 Internal Audit Plan – project justification

Auditable entity

Project justification

Cloud Security Audit

DC Water has transitioned to cloud-based applications to accommodate the evolving operation needs to be flexible and scalable. IA will evaluate the security posture of DC Water’s Azure cloud environment by conducting a configuration security scan and assessing the architecture’s adherence to best practice.

SCADA Penetration Testing

DC Water operates numerous interconnected computer networks and applications to support its critical water and sewer operations, as well significant business processes. To safeguard DC Water’s critical water and sewer operations, IA will evaluate the design and effectiveness of the security controls of the SCADA environment to identify the potential risks and vulnerabilities.



APPENDIX

Illustrative 5 Year Audit Plan

Legend:

- Business Process Cycle Audit
- IT Cycle Audit
- Business Process Ad Hoc Audit
- IT Ad Hoc Audit
- Ongoing IA Activity

Year 1	Year 2	Year 3	Year 4	Year 5	Frequency
Administration					
	Physical Security - Blue Plains Physical Security - Bryant Street		Physical Security - Location TBD Physical Security - Location TBD		every 2 years (rotating locations) every 2 years (rotating locations)
Work Order Management - Facilities				Billing and Collections	every 1 year (rotating depts - other depts in Engineering & Ops) every 3 years
Strategic Plan Monitoring	Billing and Collections				every 3 years
Safety		Business Continuity Assessment (OEM)	ESG Management Assessment Customer Complaints Assessment	Fleet Management Audit	Ad hoc Ad hoc
Finance, Procurement & Compliance					
	Payroll & Timekeeping Accounts Payable			Payroll & Timekeeping Accounts Payable	every 3 years every 3 years
Contract Compliance	Contract Compliance	Purchasing Card Contract Compliance	Contract Compliance	Contract Compliance	every 3 years every 1 year
Third-Party Vendor Risk Management		Procurement		Procurement	every 2 years (FY25 scope to evaluate broader vendor risk based on risk assessment themes)
Budget Monitoring	Materials Management		Grant Administration	Annual Budget Process Audit	Ad hoc
People & Talent					
		Training and Recruiting		Succession Planning	every 3 years Ad hoc
Information Technology					
Data Governance and Reporting Assessment AI Policy Governance Assessment Cloud Security Audit	Applications Inventory and Mapping Assessment	IT Contract Management & Service Provider Ass Records Management Audit	Oracle ITGC and SOD Audit	Data Governance and Strategy	Ad hoc Ad hoc Ad hoc
SCADA Penetration Testing	Internal and External Network Pen Testing	PCS Penetration Testing	Internal and External Network Pen Testing	External Wi-Fi Penetration Testing	every 2 years (Int/Ext pen testing in off years; rotating systems)
Operations & Engineering					
	Work Order Management - DMS	Work Order Management - DSO	Work Order Management - DWO	Work Order Management - DPSSO	every 1 year (rotating departments)
			Construction Design and Asset Management Business Development Plan Subcontractor Assessment		Ad hoc Ad hoc
Government & Legal Affairs					
	Compliance Monitoring Assessment	Legal Operations Case Management Audit			Ad hoc
Ongoing Internal Audit Activity					
Remediation of Open Findings Hotline Monitoring Risk Assessment	Remediation of Open Findings Hotline Monitoring Risk Assessment	Remediation of Open Findings Hotline Monitoring Risk Assessment	Remediation of Open Findings Hotline Monitoring Risk Assessment	Remediation of Open Findings Hotline Monitoring Risk Assessment	Ongoing Ongoing every 1 year

Prior audits performed by RSM

FY 2015

Intellectual Property
 SCADA/PCS Review
 Procurement Pre-Award Selection Process
 Retail Rates Pre-Implementation Monitoring
 Engineering - Vendor / Contractor Monitoring & Project Administration - Phase I
 Timekeeping
 IT Vendor Risk Management / Compliance and Monitoring
 Information Security Policy Review
 Network Penetration Testing (Corp/SCADA/Wifi)

FY 2016

Blue Horizons - Strategic Monitoring
 Contract Monitoring & Compliance Review
 Business Development Plan
 Customer Billing & Collections
 Retail Rates Post-Implementation Monitoring
 Training, Certification and Licensing
 Engineering - Construction Management Phase 2
 Overtime
 Annual Budgeting & Planning
 Rolling Owner Controlled Insurance Program (ROCIP)
 IT Incident Management & Response Review
 Enterprise Project Governance Maturity Assessment

30

© 2024 RSM US LLP. All Rights Reserved.

FY 2017

Contract Monitoring & Compliance Review
 Entity-Level Assessment
 Work Order Management (Maintenance Services)
 Materials Management - Operations and Inventory
 Purchasing Cards (PCard Program)
 Automated Meter Reading (AMR) Implementation
 MTU Implementation Review
 Fleet - Accident and Incident Reporting
 Engineering - Construction Management Phase 3
 Intermunicipal Agreement
 IT Human Resource/Employee Data Privacy Review
 Vulnerability Management Review and Platform Technical Audit (Windows/UNIX)

FY 2018

Recruiting, Selection, and On-Boarding
 Automated Meter Replacement (AMR) Implementation Progress Update
 Office of Emergency Management Review
 DB/OS Privileged User
 Network Penetration Testing
 Affordability Programs
 Contract Monitoring & Compliance Review
 Crisis Management/Business Continuity
 Integrated Work Order Management (DWS, DSS, DDCS)
 CIS Post-Implementation Review
 Payroll & Timekeeping
 Accounts Payable

FY 2019

Permit Operations - Reimbursable Projects
 Mail Room Procedures
 Fleet Management
 Legal Operations
 Occupational Safety and Health
 Automated Meter Reading Implementation Progress Update
 Cloud Security Rapid Assessment
 Active Directory Cloud Migration Security Review
 Purchasing Card Internal Audit
 Severance Assessment
 Wifi Security Testing
 CIS Application Security Segregation of Duties (SOD) Review
 Contractual Services
 Asset Management Assessment
 Physical Security and Social Engineering

FY 2020

Work Order Planning Assessment
 Phase 2: Physical Security Penetration Testing
 Facilities Management Audit
 Benefits and Compensation Audit
 Engineering Change Order Assessment
 Industrial Control System (ICS) Review
 Customer Billing and Collections Audit
 Oracle Embedded Risk Assurance Phase 1



Prior audits performed by RSM (continued)

FY 2021
Department of Maintenance Services (DMS) Work Order Management
Remote Workforce Assessment
Succession Planning
Procurement PreAward Selection
Contract Compliance
Materials Management
PCS Review

FY 2022
Contract Compliance
Accounts Payable
Expenditure Analytics Assessment
Work Order Management - DSO
Supply Chain Assessment
Employee Retention Assessment
Strategic Plan Monitoring
Physical Security Audits
Incident Response Tabletop
CTI Program Development

FY 2023
Fleet Management
Business Continuity Assessment (OEM)
Payroll & Timekeeping
Work Order Management - DWO
Contract Compliance – CIP scope
Procurement – CIP scope
Metering, Billing, and Collections
Oracle ITGC Assessment (CM & CO)
Oracle Identity & Access Management Review
Penetration Testing – Wifi

FY 2024
Physical Security – Fleet Facility
Physical Security - HQO
Purchasing Card
Contract Compliance
Training and Recruiting
Genesys ITGC Review
Penetration Testing – Internal and External Network
Penetration Testing – Mobile Applications
Work Order Management - DPSO
Permit Operations





QUESTIONS AND ANSWERS

RSM US LLP

1250 H St NW
Washington, DC 20005

+1 800 274 3978
www.rsmus.com

This document contains general information, may be based on authorities that are subject to change, and is not a substitute for professional advice or services. This document does not constitute audit, tax, consulting, business, financial, investment, legal or other professional advice, and you should consult a qualified professional advisor before taking any action based on the information herein. RSM US LLP, its affiliates and related entities are not responsible for any loss resulting from or relating to reliance on this document by any person. Internal Revenue Service rules require us to inform you that this communication may be deemed a solicitation to provide tax services. This communication is being sent to individuals who have subscribed to receive it or who we believe would have an interest in the topics discussed.

RSM US LLP is a limited liability partnership and the U.S. member firm of RSM International, a global network of independent audit, tax and consulting firms. The member firms of RSM International collaborate to provide services to global clients, but are separate and distinct legal entities that cannot obligate each other. Each member firm is responsible only for its own acts and omissions, and not those of any other party. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

RSM, the RSM logo and *the power of being understood* are registered trademarks of RSM International Association.

© 2024 RSM US LLP. All Rights Reserved.

