

AUDIT COMMITTEE ACTIVITY REPORT

FISCAL YEAR 2023 (July 1, 2022 – June 30, 2023)

Report Date: October 18, 2023

INTRODUCTION

The Audit Committee (AC or Committee) operates independently from the management of the Maryland-National Capital Park and Planning Commission (M-NCPPC or Commission). The AC serves as a forum, in which auditors and other interested parties may identify and discuss concerns related to financial reporting and internal controls.

The Annotated Code of Maryland, Land Use Article, Subtitle 4 Audit Committee, §15-401-§15-405, governs the establishment and function of the Audit Committee (e.g., membership, terms, qualifications, and powers).

During FY23, the AC consisted of four (4) voting members:

- Dorothy Bailey, Vice-Chair, Prince George's County Planning Board, Audit Committee Chair
- Partap Verma, Vice Chair, Montgomery County Planning Board and Cherri Branson, Acting Montgomery County Commissioner¹
- Benjamin Williams, Public Member, Prince George's County
- Erin White, Public Member, Montgomery County

Chair Casey Anderson served on the AC July 1, 2022 – October 12, 2022 (ex-officio nonvoting member). Chair Peter Shapiro served on the AC October 13, 2022 – June 30, 2023 (ex-officio nonvoting member).

DISCHARGE OF DUTIES

External Auditors

The Audit Committee is responsible for appointment, compensation, retention, and oversight of the work of any external auditor engaged for the purpose of performing independent audit services, reviews or attest services.

Each fiscal year, the Office of the Secretary-Treasurer submits an Annual Comprehensive Financial Report (ACFR), in accordance with the Land Use Article of the Annotated Code of Maryland. In conjunction with the ACFR, State statute requires an annual audit by independent certified public accountants.

The Department of Finance issued a competitive procurement for the Commission's external auditing services in January 2021. The Commission, with agreement from the AC, selected the accounting firm of SB & Company to complete the FY23 external review. The AC meets with the external auditor for pre-audit planning and audit closeout.

¹ Partap Verma resigned from the Commission on October 12, 2022. Acting Commissioner Cherri Branson served on the AC between November 3, 2022 and February 27, 2023. Montgomery County Planning Board, Vice Chair, Mitra Pedoeem was appointed to the Audit Committee as of July 13, 2023.

The AC provides technical and substantive oversight and direction for the OIG's work program. On June 14, 2022, the AC formally approved the FY23 Fiscal Work Plan submitted by the Inspector General. The Work Plan included performance audits, fraud, waste, and abuse investigations, management advisories, and follow-up reviews.

The Audit Committee meets quarterly with Ms. Renee Kenney, Inspector General to discuss significant audit findings and recommendations. The Office of the Inspector General's FY23 Annual Report contains a summary of completed audits and investigations.

MAJOR AUDIT CONCERNS

The AC concurs with the OIG's identification of controlled assets as a major audit concern in FY23. The AC also concurs with the OIG's conclusion, based on the extended audit coverage, increased communication with management, and updated Commission policies and procedures, major audit concerns over controlled assets have been addressed and adequately mitigated.

No additional significant concerns were brought forward to the AC.

SUMMARY

Based on our review of the Commission's Annual Comprehensive Financial Report, SB and Company's Audit Report and all reports and memorandums issued by the Office of the Inspector General, the Audit Committee deems the Commission's internal controls and adherence to financial regulations and internal policies acceptable. The Commission's internal control systems and processes appear to reduce operational and compliance risk, while also ensuring heightened fiduciary oversight of Commission funds.

CONCLUSION

The Audit Committee would like to thank the Chair Peter Shapiro, Commissioners, Officers, management, staff, the Department of Finance and the Office of the Inspector General for their continued efforts to strengthen public accountability and to improve the effectiveness, productivity, and efficiency of Commission operations.