

AUDIT COMMITTEE ACTIVITY REPORT

FISCAL YEAR 2025 (July 1, 2024 – June 30, 2025)

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 FY25, the AC consisted of four (4) voting members:

- Dorothy Bailey, Vice-Chair, Prince George's County Planning Board, Audit Committee Chair
- Mitra Pedoeem, Vice-Chair, Montgomery County Planning Board
- Benjamin Williams, Public Member, Prince George's County
- Erin White, Public Member, Montgomery County

Chair Artie Harris served on the AC as an ex-officio nonvoting member during FY25.

DISCHARGE OF DUTIES

External Auditors

The AC 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 FY25 external review. The AC meets with the external auditor for pre-audit planning and audit closeout. The external auditor issued a clean opinion for the Commission's FY24 financial statements. The FY25 audit is underway; to date, no findings have been presented to the AC.

Office of the Inspector General

The AC provides technical and substantive oversight and direction for the Office of the Inspector General's (OIG) work program. On June 18, 2024, the AC formally approved the FY25 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 AC meets quarterly with the OIG to discuss significant audit findings and recommendations. The Office of the Inspector General's FY25 Annual Report contains a summary of completed audits and investigations.

In FY25, the Inspector General requested two changes to Commission Practice 1-31, *Organization and Functions of the Audit Committee and Office of the Inspector General* to strengthen the actual and perceived independence of the OIG.

1. The Inspector General contended that the posting of Commission audit reports issued by the OIG must be the responsibility of the Inspector General, not the Executive Director as required in Commission Practice 1-31.

It was determined, the current practice, which includes collaboration between the Executive Director, the Office of the General Counsel, and the Office of the Inspector General supports the OIG's independence while still complying with The Annotated Code of Maryland, Land Use Article, Subtitle 5 Office of the Inspector General, §15-504, which states, "The Inspector General shall submit written reports to the Audit Committee and to the Commission for publication on the Commission's Web site". The Inspector General did not have specific concerns about Commission audit reports not being published.

2. The Inspector General requested authority to provide independent response to the press and other third-party inquiries related to audit and investigative activities. This was approved, however, when doing so, the OIG must clarify that all responses or statements are that of the Inspector General, and do not constitute concurrence from the Commission.

The IG requested a review of the Commission's Merit System Rules and Regulations to clarify responsibilities for the completion of investigations within the Commission. The request was predicated by inefficiencies and duplicative investigative activities of the OIG and Commission Departments. The Corporate Policy Office has agreed to develop and issue an Internal Procedures on "Complaints and Investigations". The new procedures will allow departments to rely on the work of the Inspector General.

MAJOR AUDIT CONCERNS

The Audit Committee acknowledges that, based on communications with the OIG, no major risks have been reported outside of those identified during the course of scheduled audit and investigative engagements.

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 Chair Artie Harris, Commissioners, Officers, management, staff, 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.