

**WSSC CODE OF REGULATIONS  
2023**

**TITLE 1: GOVERNANCE**

**SUBTITLE II: COMMITTEES AND BOARDS**

**CHAPTER 1.48: AUDIT DISPUTE RECONCILIATION**

**1.48.010 DEFINITIONS.**

**(A) IN THIS CHAPTER, THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.**

**(B) “AUDIT FOLLOW-UP OFFICIAL OR AFO” MEANS THE PERSON THAT OVERSEES AND REPORTS ON THE STATUS OF AUDIT REPORTS AND THE CORRECTIVE ACTIONS TAKEN ON BEHALF OF WSSC MANAGEMENT.**

**(C) “AUDIT” MEANS THE SYSTEMATIC AND DOCUMENTED PROCESS OF INDEPENDENTLY INSPECTING AND EXAMINING FINANCIAL STATEMENTS, INFORMATION, DOCUMENTS, PROCESSES, AND INTERNAL CONTROLS TO OBJECTIVELY EVALUATE AND DETERMINE EFFECTIVENESS, PERFORMANCE, AND COMPLIANCE WITH LAWS, REGULATIONS, AND ESTABLISHED STANDARDS, INCLUDING THOSE AUTHORIZED UNDER THE ANNOTATED CODE OF MARYLAND, TITLE 17 OF THE PUBLIC UTILITIES ARTICLE (PUA).**

**(D) “AUDIT DISPUTE RECONCILIATION PROCESS” MEANS THE PROCESS FOR RESOLUTION OF DISPUTED AUDIT FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION ESTABLISHED IN CHAPTER 1.48.**

**(E) “AUDITEE” MEANS THE WSSC ENTITY SUBJECT OF THE AUDIT.**

**(F) “AUDITOR” MEANS AN INDIVIDUAL WHO CONDUCTS AN AUDIT PURSUANT TO PROFESSIONAL AUDITING STANDARDS AND MAY PROVIDE AN AUDIT REPORT.**

**(G) “AUDIT REPORT” MEANS THE AUDITOR’S WRITTEN OPINIONS, FINDINGS, OR RECOMMENDATIONS AFTER CONDUCTING AN AUDIT AND ATTESTING TO WHETHER THE FINANCIAL STATEMENT, PROCESS, OR INTERNAL CONTROL ADHERES TO APPLICABLE LAWS, REGULATIONS, PROCEDURES, OR STANDARDS.**

**(H) “CORRECTIVE ACTION” MEANS THE MEASURES TAKEN TO IMPLEMENT RESOLVED AUDIT FINDINGS AND RECOMMENDATIONS.**

**(I) “MANAGEMENT ACTION OFFICIAL OR MAO” MEANS THE PERSON RESPONSIBLE FOR RESPONDING TO THE AUDIT REPORT FINDINGS AND IMPLEMENTING OR ENSURING THE COMPLETION OF AGREED-UPON CORRECTIVE ACTION.**

**(J) “OFFICE OF THE INSPECTOR GENERAL OR OIG” IS THE WSSC DEPARTMENT THAT INDEPENDENTLY CONDUCTS AUDITS AND INVESTIGATIONS OF COMMISSION PROGRAMS AND OPERATIONS AS AUTHORIZED IN MD. ANN. CODE, PUA, § 17-604.**

**(K) “RESOLUTION” MEANS THE POINT AT WHICH THE AUDIT COMMITTEE OR COMMISSION DETERMINES THE MATTER TO BE RESOLVED WHEN THE AUDITOR AND WSSC MANAGEMENT DISAGREE ON ACTIONS TO BE TAKEN ON REPORTED FINDINGS OR RECOMMENDATIONS.**

**1.48.020 PURPOSE.**

**(1) THE PURPOSE OF THIS CHAPTER IS TO ESTABLISH PROCEDURES TO RESOLVE DISAGREEMENTS ON AUDIT REPORTS, FINDINGS, AND RECOMMENDATIONS.**

**(2) THE COMMISSION ASSIGNS A HIGH PRIORITY TO THE RESOLUTION OF DISPUTED AUDIT FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION.**

**1.48.030 PROCESS.**

**(1)(I) THE AUDIT FOLLOW-UP OFFICIAL SHALL BE DESIGNATED BY THE GENERAL MANAGER/CEO.**

**(II) THE AUDIT FOLLOW-UP OFFICIAL SHALL OVERSEE AND REPORT ON THE STATUS OF ALL AUDITS ON BEHALF OF MANAGEMENT.**

**(III) THE AUDIT FOLLOW-UP OFFICIAL SHALL COORDINATE WITH THE MANAGEMENT ACTION OFFICIAL TO ENSURE THAT RESPONSES ARE PROVIDED IN THE TIME ALLOTTED.**

**(2)(I) THE MANAGEMENT ACTION OFFICIAL IS THE DEPARTMENT HEAD OF THE AUDITED ENTITY.**

**(II) THE MANAGEMENT ACTION OFFICIAL IS RESPONSIBLE FOR RESPONDING TO THE AUDIT REPORT AND IMPLEMENTING OR ENSURING COMPLETION OF THE AGREED-UPON CORRECTIVE ACTION.**

- (3) THE INSPECTOR GENERAL SHALL DESIGNATE THE APPROPRIATE PERSONNEL FOR INDIVIDUAL AUDITS AND FOR TRACKING THE STATUS OF ALL AUDITS.**
- (4) THE CORPORATE SECRETARY, OR THEIR DESIGNEE, SHALL ASSIST THE AUDIT COMMITTEE AS NEEDED.**

**(B) RESPONSE TO AUDIT REPORTS.**

**(1) THE OIG SHALL PROVIDE THE DRAFT FINAL REPORT AND THE RECOMMENDATIONS BASED ON THE AUDIT FINDINGS TO THE AUDIT FOLLOW-UP OFFICIAL AND THE MANAGEMENT ACTION OFFICIAL IN ACCORDANCE WITH WSSC CHAPTER 15.220.**

**(2)(I) IF A DISPUTE ARISES BETWEEN THE MANAGEMENT ACTION OFFICIAL AND OIG THAT IS NOT RESOLVED THROUGH NORMAL OIG PROCESSES, THE DRAFT FINAL REPORT AND THE BASIS OF THE DISAGREEMENT SHALL BE PRESENTED TO THE AUDIT COMMITTEE.**

**(II) THE OIG AND THE MANAGEMENT ACTION OFFICIAL SHALL INDEPENDENTLY EXPLAIN THE REASONS FOR DISAGREEMENTS ON THE FINAL REPORT AND SHALL INCLUDE THE LEGAL BASIS IF BASED ON THE INTERPRETATION OF LAW, REGULATION OR THE AUTHORITY OF OFFICIALS TO TAKE OR NOT TAKE ACTION.**

**(3)(I) EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS SUBSECTION, THE AUDIT COMMITTEE SHALL DECIDE WHETHER TO ACCEPT THE AUDIT RECOMMENDATIONS OR CORRECTIVE ACTION PLANS.**

**(II) IF THERE IS NO FURTHER DISAGREEMENT WITH THE AUDIT COMMITTEE'S DECISION, THE DECISION SHALL BE CONSIDERED RESOLUTION OF THE MATTER.**

**(III) THE AUDIT COMMITTEE SHALL REPORT THEIR DECISION TO THE FULL COMMISSION.**

**(IV) THE AUDIT COMMITTEE SHALL PUBLISH A REPORT DETAILING THE DISPUTE, THE BASIS OF DISAGREEMENT, AND THE FINAL DECISION.**

**(4)(I) THE AUDIT REPORT AND RECOMMENDATIONS SHALL GO TO THE COMMISSION FOR A FINAL DECISION IF:**

- 1. THE OIG OR THE MANAGEMENT ACTION OFFICIAL DISAGREE WITH THE AUDIT COMMITTEE'S DECISION; OR**

**2. THE AUDIT COMMITTEE RECOMMENDS ACCEPTING A HIGH-RISK RESOLUTION.**

**(II) THE OIG AND THE MANAGEMENT ACTION OFFICIAL SHALL INDIVIDUALLY EXPLAIN THEIR POSITION TO THE COMMISSION ON THE DISPUTED ISSUES.**

**(III) CONSISTENT WITH THE PROVISIONS OF THE MARYLAND OPEN MEETINGS ACT AND WSSC CODE OF REGULATIONS CHAPTER 1.45, AUDIT COMMITTEE CHARTER, THE POSITION EXPLANATIONS IN SUBPARAGRAPH (II) MAY OCCUR IN CLOSED SESSION.**

**(IV) THE COMMISSION'S DECISION SHALL BE THE FINAL DECISION OF WSSC AND BE CONSIDERED RESOLUTION OF THE MATTER.**

**(V) THE COMMISSION DELEGATES TO THE AUDIT COMMITTEE RESPONSIBILITY FOR PUBLISHING A REPORT DETAILING THE DISPUTE, THE BASIS FOR DISAGREEMENT, AND THE FINAL DECISION.**

**(D) AFTER RESOLUTION.**

**(1) FOLLOWING THE AUDIT COMMITTEE OR COMMISSION'S FINAL DECISION, THE MANAGEMENT OF IMPLEMENTATION OF THE CORRECTIVE ACTION OR OTHER FOLLOW UP ACTIONS SHALL BE GUIDED BY WSSC CHAPTER 15.220.**