



OFFICE OF THE INSPECTOR GENERAL

FISCAL YEAR 2025

WORK PLAN



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MESSAGE FROM THE INSPECTOR GENERAL

It is my privilege to present the Washington Suburban Sanitary Commission's (WSSC) Office of the Inspector General's (OIG) Work Plan for the fiscal year (FY) 2025 as required under Public Utilities Article, § 17-605 of the Annotated Code of Maryland. The OIG's Work Plan provides detailed descriptions of the audits and investigations that the OIG will undertake to assist the Commission through independent evaluations and recommendations. The OIG will actively align its efforts and resources to support WSSC Water's *Smart One Water Mission* to ensure communities thrive by ethically delivering safe, reliable, and sustainable water and wastewater services. Accordingly, our Work Plan is organized around the following WSSC Water's eight strategic priorities:

- Workforce Development and Culture
- Affordability and Financial Viability
- Customer Engagement and Partnerships
- Sustainability and Resiliency
- Optimizing Operations
- Asset Management and Infrastructure Reliability
- Digital Transformation
- Justice, Equity, Diversity, and Inclusion

The Work Plan also supports the achievement of the OIG's statutory mission to:

- Assist the Commission by providing independent evaluations and recommendations regarding opportunities to (1) preserve the Commission's reputation, and (2) improve the effectiveness, productivity, or efficiency of Commission programs, policies, practices, and operations;
- Ensure public accountability by preventing, investigating, and reporting instances of fraud, waste, and abuse of Commission property or funds;
- Examine, evaluate, and report on the adequacy and effectiveness of the systems of internal controls and their related accounting, financial, technology, and operational policies;
- Propose ways to improve employee compliance with applicable laws, policies, and ethical standards of conduct and report any noncompliance;
- Conduct audits as required under the PUA, § 25-405; and
- Conduct other audits related to the operation of the Commission.¹

All members of the OIG staff participated in developing this plan. We researched, considered various sources, and carefully reviewed WSSC Water's Strategic Plan for fiscal years 2025 to 2027 to ensure the most efficient and effective use of our resources in selecting audit, review, and investigative priorities. We considered the results of OIG risk assessments, meetings, and communications with WSSC Commissioners and Senior Managers, input from OIG staff, as well as comments and concerns expressed by WSSC Customers during the development of this plan.

¹ See Maryland Code Annotated, PUA, § 17-605.

The Work Plan outlines both mandatory and discretionary audits and investigations. It includes activities originally planned for FY 2024, those slated to begin in FY 2025, and other potential future projects. Furthermore, the plan accounts for the need to make adjustments throughout the year to accommodate changing priorities, emerging issues, legal requirements, comments from the public, and staffing changes. The OIG must be flexible in addressing new priorities if they arise.

The OIG is committed to fulfilling its mission by conducting audits, evaluations, and investigations that adhere to the *WSSC Inspector General Act of 2018* and relevant professional auditing and investigation standards. We invite you to visit our OIG website at www.WSSCWater.com/OIG to access completed audits and other work product. We also welcome any feedback on the quality and value of our products and services.

Thank you,

A handwritten signature in blue ink that reads "Jon J. Rymer".

Inspector General

BACKGROUND – AUTHORITY – MISSION – VALUES – VISION

WSSC Background

WSSC Water provides water and sewer services to about 1.9 million residents across Montgomery and Prince George’s counties in Maryland. Established by the Maryland General Assembly in 1918 as a regional, bi-county, agency under Article 29, and subsequently re-codified into Division II of the PUA of the Annotated Code of Maryland, WSSC is one of the largest water and sewer utilities in the United States. It has a service area of nearly 1,000 square miles.

Our Authority

The OIG is legally responsible for conducting independent audits and investigations of WSSC Water’s activities and programs. These responsibilities were established by Maryland House Bill 419, Chapter 130, and are outlined in PUA, §§ 17-601, et seq. We support the Commission by conducting independent audits, investigations, and evaluations and by offering recommendations aimed at preserving and enhancing WSSC’s reputation and improving its programs’ efficiency, policies, practices, and operations.

Our Mission

The OIG’s mission is to assist WSSC Water in achieving its goals in a financially transparent, sustainable, and ethically responsible manner. The OIG conducts independent audits, evaluations, and investigations, offering recommendations to improve efficiency and effectiveness. It also works to prevent and detect fraud, waste, abuse, mismanagement, and misconduct within WSSC operations.

Our Values



Accountability

Ensure public accountability by preventing, identifying, investigating, and reporting instances of fraud, waste, and abuse in the agency’s operations, property, or funds.



Transparency

Publish audit reports and summaries of the audits and investigations generated by the OIG (except those expressly prohibited from disclosure under the Public Information Act.)



Integrity

Maintain the highest professional and ethical standards in the performance of our duties.

Our Vision

The OIG is a team dedicated to ensuring quality and fostering accountability, transparency, and integrity. Its mission is to serve the public interest and advance the goals of the Commission.

THE RISK ASSESSMENT PROCESS

The OIG uses a specific comprehensive planning methodology to create its annual work plan, based on a robust risk assessment process.

We recognize that a risk assessment is a best practice for identifying, assessing, responding to, and reporting on opportunities and threats that affect the achievement of organizational objectives. By evaluating the relative risks in WSSC programs, operations, and the broader operating environment, we can identify areas that require the most attention. This assessment enables us to establish and allocate resources effectively, ensuring that the OIG focuses resources on areas of higher risk.

The objective of audit planning is to identify internal and external risks related to the organization's activities, evaluate the likelihood and potential impact of these risks, and determine actions to avoid or minimize them.

At the outset of the risk assessment, we collected information from a variety of sources, including input from WSSC customers, the OIG's Fraud, Waste, and Abuse Hotline (FWA Hotline), previous internal and external audits, audits from other OIGs in different areas, management questionnaires, one-on-one interviews, suggestions from OIG staff, and the WSSC Strategic Plan.

Additionally, we carried out a risk survey to gather feedback from management for our annual work plan. The survey was distributed to WSSC leadership, Commissioners, and senior managers, resulting in 14 responses that shed light on the following challenges facing WSSC Water:

- The control environment is operational but could be improved through documentation of exceptions, updating job descriptions and performance expectations, and formalizing procedures;
- Issues related to sourcing and supplying key equipment;
- Management of the supply chain;
- Political and governance risks;
- Succession planning;
- Retaining an experienced workforce;
- Requirements for increased revenue to keep up with growth and aging infrastructure; and
- Concerns regarding cyber security and information infrastructure.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISK

The OIG also researched environmental, social, and governance (ESG) risks, opportunities, and trends that may impact the water and wastewater treatment industry and influence our work this fiscal year. We reviewed management challenges identified at the county, state, and federal levels to help form our external risk assessment.

Our research was obtained from various sources, including the American Water Works Association's *State of the Water Industry 2024 Survey*; the U.S. Environmental Protection Agency's Office of the Inspector General's *Fiscal Year 2024 Top Management Challenges*; the U.S. Government Accountability Office's *2024 High-Risk Series Report*, the Maryland Department of the Environment's *Final 2024 Integrated Report of Surface Water Quality* the Water Online's *Global Water Trends Shaping the Water Industry in 2024*, and the *Gartner Top Cybersecurity for 2024*.

Based on the OIG's research, the top ESG risks, opportunities, and trends facing the water industry include:

1. **Source Water Protection:** This involves actions to prevent contamination of surface water and groundwater sources that provide drinking water. When selecting protection measures, water systems and government officials should consider the types of contaminant threats, the physical characteristics of the landscape, public input, and other site-specific factors identified through a comprehensive assessment. These efforts ensure the long-term safety and sustainability of drinking water sources.
2. **Cybersecurity:** This is the practice of protecting systems, networks, and programs from digital attacks. These cyber-attacks are usually aimed at accessing, changing, or destroying sensitive information; extorting money from users through ransomware, or interrupting normal business processes.
3. **Water Infrastructure:** Over two million people in America live without running water, tens of millions more lack access to safe and reliable drinking water and sanitation, and millions of others face challenges related to water quality, with a significant portion relying on contaminated or unreliable water sources. These water access issues disproportionately impact low-income and underserved communities, largely due to decades of inequitable infrastructure development and underinvestment.
4. **Climate Change:** Refers to long-term shifts in temperatures and weather patterns, which can occur naturally but have been primarily driven by human activities since the 1800s. The burning of fossil fuels like coal, oil, and gas releases greenhouse gases that trap heat, raising global temperatures.
5. **Public Awareness:** The general understanding of water issues and how water should be used and managed. Water awareness includes water usage, water quality, and water availability.

WORK PLAN APPROACH

After the OIG staff reviewed internal and external risk information, we held a series of internal meetings to discuss how the risks identified could be addressed through audits, evaluations, and other report types. From that effort came the project descriptions listed below, each written by a member of the OIG’s audit team and reviewed by OIG leadership. The projects were then categorized by resource requirements and assigned budgets, and an audit schedule was developed. After these meetings, the audits and other projects were aligned with WSSC’s strategic priorities.

The OIG uses an open-ended work plan process that allows adjustments to be made throughout the year to address legislative or Commission mandates and FWA Hotline complaints and to respond to emerging issues as needed. The work plan includes mandated and discretionary projects scheduled to start in FY 2025, and projects carried over from FY 2024.

Transparency is an important element in an OIG’s work. We intend to display our work plan on our website and update it as needed to ensure alignment with the risks and challenges facing WSSC.

The tables and descriptions appearing on the following pages reflect how our planned audits and reviews align with WSSC’s FY 2025-2027 Strategic Priorities.

WSSC WATER 2025-2027 STRATEGIC PRIORITIES

The OIG’s Work Plan contains the audits and other projects planned to be completed in the upcoming year. It is organized around WSSC Water’s strategic priorities. Please note that WSSC’s future strategic priorities are subject to change and may impact our future audits. The Strategic Priorities are listed below.

Workforce Development & Culture	WSSC Water will be a preferred employer by providing a competitive total rewards program, promoting career growth and workforce development in an innovative organization.
Affordability & Financial Viability	To ensure financial stability, we actively invest in our employees and systems to provide reliable service while balancing the financial impact on our customers.
Customer Engagement and Partnerships	To ensure all communities and partnerships thrive, WSSC Water will enhance the customer service experience and foster stronger connections through customer

	education, affordability, reliability, and trust.
Sustainability and Resiliency	WSSC Water will invest in and develop Smart One Water solutions to mitigate key risks to achieve reliable and sustainable infrastructure, environmental health and net zero emissions by 2050.
Optimizing Operations	WSSC Water will leverage best practices and innovative technologies, continuously optimizing operations to sustainably meet the growing service needs of our thriving communities.
Asset Management & Infrastructure Reliability	Implement proactive procedures and protocols for Commission-wide assets, achieving financial efficiency to optimize the asset's life cycle and the level of service to the community while protecting the environment.
Digital Transformation	To address economic, social, regulatory, and environmental pressures WSSC Water will leverage innovative technologies and techniques to improve decision-making, organizational efficiency and service in support of our <i>Smart One Water</i> future.
Justice, Equity, Diversity, and Inclusion	WSSC Water will build and sustain community trust and promote environmental justice by ensuring equitable access to our services and programs. We will build a diverse and inclusive culture of collaboration and interconnection within Team H2O.

PROJECT TYPE DEFINITIONS

Each audit in the plan is further identified by a project type. The project type determines the approach and general structure of a project as well as the report organization and compliance requirements. Listed below are the project types the OIG plans to use in the coming year.

Continuous Auditing (C) – Continuous audits are recurring and/or deemed special review audits. The need to accelerate audit activities has led to the increased adoption of continuous auditing as a vital monitoring tool. Continuous auditing is designed to enable auditors to report on a subject matter within a shorter timeframe than under the traditional model. The ability to provide management with real-time auditing on the functioning of controls and financial transactions can significantly enhance management's ability to make key business decisions.

Non-audit Services (N) – These types of services are often provided in response to a statutory requirement, at the discretion of the authority of the audit organization, or to an engaging party rather than a responsible party and would generally not create a threat to independence. Examples include investigations of alleged fraud, periodic audit recommendation follow-up engagements, and identifying best practices or leading practices for use in advancing the practices of government organizations.²

Assurances Services (A) – These services provide an objective examination of evidence to provide an independent assessment of governance, risk management, and control processes for the organization. Examples may include financial, performance, compliance, system security, and due diligence engagements.³

Mandatory Audits (M) – Required by statute or regulation.

Performance Audits /Program Audits (P) – These are engagements that provide findings or conclusions based on an evaluation of sufficient and appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight with information meant to improve program performance and operations, reduce costs, and facilitate decision-making by parties with the responsibility to oversee or initiate corrective action.⁴ Program audits generally determine whether an entity is using resources economically and efficiently, achieving desired program results, and complying with applicable laws and regulations.⁵

Special Audits (S) – These are one-time audits of identified problem areas that are performed on a priority basis.

² U.S. Government Accountability Office, *Generally Accepted Government Auditing Standards (GAGAS)*(2018).

³ The Institute of Internal Auditors, *International Professional Practices Framework* (2021).

⁴ See GAGAS, Performance Audits definition.

⁵ Council of the Inspectors General on Integrity and Efficiency, *Quality Standards for Inspection and Evaluation* (2012).

Not Applicable (N/A) – Non-audit work. Primarily administrative.

Carryover Audit (*) – Audit projects started in a prior fiscal year and continue to be in progress during a subsequent fiscal year.

ABBREVIATIONS

A/P	Accounts Payable	MJUF	Multi-Jurisdiction Use Facilities
CIP	Capital Improvement Program	NIST	National Institute of Standards and Technology
DC Water	District of Columbia Water and Sewer Authority	O&M	Operations and Maintenance
DR	Disaster Recovery	P-Card	Purchase Card
GAGAS	Generally Accepted Government Auditing Standards	SDC	System Development Charges
IT	Information Technology	SOC	System Organization Control
		WWTP	Wastewater Treatment Plant

FY 2025 WORK PLAN BREAKDOWN ALIGNED BY STRATEGIC PRIORITY

The projects described below are the ones the OIG plans to complete in FY 2025 grouped by Strategic Priority.

Workforce Development and Culture

Year-End Payroll Audit

WSSC employs approximately 1,700 persons annually. The Year-End Payroll Audit is a continuous audit performed by the OIG to ensure that employee compensation is appropriately authorized and computed timely and accurately and that payroll transactions comply with federal and state regulations and WSSC policies, procedures, and agreements. The OIG assesses internal controls relating to WSSC payroll operations as well.

Project Type: C

Audit Follow-Up

The OIG will provide non-audit services to follow up on all agreed-upon audit recommendations. Special emphasis will be given to recommendations that management affirms have been implemented and are pending audit verification/examination.

Project Type: N

Affordability & Financial Viability

DC Water Blue Plains WWTP Operations & Maintenance (O&M) Audit for Fiscal Years 2020, 2021, and 2022

The OIG will complete this audit in FY 2025. According to the Blue Plains Intermunicipal Agreement (IMA) of 2012, WSSC as a Party to the agreement is authorized to audit, examine, inspect, or reproduce the books, accounts, records, documents, and other evidence supporting Blue Plains' operating and maintenance costs and user fees.

Project Type: M*

DC Water Multi-Jurisdiction Use Facilities (MJUFs) Audit for Fiscal Year 2020, 2021

Multi-jurisdiction facilities is a term that refers to when one or more jurisdiction's treated sewer flows by or passes through a facility(ies), and the costs associated are shared by multiple jurisdictions. In accordance with the IMA, the WSSC OIG audits, examines, inspects, or reproduces the books, accounts, records, documents, and other evidence supporting Blue Plains' operating and maintenance costs and user fees. Currently, there are 24 MJUFs subject to this audit.

Project Type: M*

DC Water Blue Plains WWTP Operations & Maintenance (O&M) Audit for FY 2023

Under the terms of the IMA. The OIG conducts an audit to ascertain whether adjustments are warranted for previously remitted quarterly and year-end adjustment payments from WSSC to DC Water.

Project Type: M

Customer Engagement and Partnerships

Annual Purchase Card (P-Card) Program Compliance Review

The P-Card Program is detailed in Chapters 6.15 and 6.20 of the WSSC Code of Regulations. The Procurement Department's Operations & Administration Division at WSSC is responsible for overseeing the P-Card Program and assigning day-to-day responsibilities to the P-Card Specialist. The OIG conducts tests on P-Card Program transactions to evaluate compliance with WSSC's Procurement Regulations, standards, policies, and procedures.

Project Type: C

System Development Charges Audits

As required by PUA, § 25-405(d), the OIG reviews and approves the actual costs to be reimbursed to developers who help build WSSC's infrastructure. During FY 2024, the OIG completed seven (7) SDC audits. The OIG assigns a high priority to the timely completion of SDC audits and will begin work quickly on any new requests received during FY 2025.

Project Type: M

Sustainability & Resiliency

Disaster Recovery Exercise Observation

The OIG will observe the recovery of WSSC's mission-critical systems during a simulated disaster or extraordinary business disruption. This is a non-audit service and does not impair auditor independence. The DR Exercise Observation objectives are for the OIG to observe the overall project management, communication, and utilization of resources to ensure they were executed as required by the DR plan documents.

Project Type: P

Optimizing Operations

Contract Close-Out Audit

The Procurement Office oversees the bid and award process and is responsible for obtaining works, goods, and services—including professional, architectural, and engineering services—needed to support WSSC Water's vision, mission, and values. The objective of this audit is to assess whether the WSSC Procurement Office is adhering to its close-out procedures for WSSC contracts.

Project Type: P

WSSC Police Division Safety and Training Audit

WSSC Water's Police Division, part of Homeland Security, is responsible for protecting Commission property and ensuring the safety of employees, customers, and visitors. The Police Division investigates service theft, illegal discharges into the wastewater system, and any criminal activity that occurs on Commission property.

The objective of this audit is to assess whether the WSSC Police Division is following WSSC's policies and procedures related to weapons safety and training. In addition, the audit will cover whether the WSSC Police Division is complying with state and federal law.

Project Type: P

Asset Management and Infrastructure Reliability

Enterprise Asset Management Program Audit

The objective of this audit is to evaluate the effectiveness and efficiency of the Commission's Asset Management program. The focus is on assessing current asset management processes, compliance with relevant standards, and identifying areas for improvements.

Project Type: P

Digital Transformation

Information Technology Physical and Environmental Security Audit

Information Technology physical and environmental security are measures and controls taken to safeguard organizational assets (such as information, systems, buildings, and related supporting infrastructure) against threats. Physical and environmental safeguards are crucial for protecting information and IT assets.

The objective of this audit is to evaluate the effectiveness of physical and environmental controls to protect information and IT assets, ensuring that these measures are adequately implemented and maintained to mitigate risks.

Project Type: A

NIST Cybersecurity Framework Audit

Due to the increased sophistication and threats to information technology systems in general, and the results of our risk assessment, the OIG will conduct an audit of WSSC's cybersecurity policies and procedures.

This audit will determine if WSSC's cybersecurity policies and procedures are aligned with the NIST Cybersecurity Framework.

Project Type: A*

Audit of System Organization Controls Reports (SOC Reports)

The OIG will perform an audit to identify SOC reports and related controls and contracts within WSSC's Information Technology (IT) Security and Compliance Division. This audit will identify and assess:

- Management's procedures to comply with contractual requirements for SOC reporting;
- WSSC's internal controls to supplement third-party controls listed in SOC reports; and

External controls and IT contracts or other procedures.

Project Type: A*

Customer Service High Bills/Water Leaks Audit

WSSC Water's Customer Service and Utility Services Departments handle various customer requests, including those related to inaccurate or excessively high water and sewer bills, often due to leaks. The Billing and Revenue Protection Department, part of the Customer Service Department (CSD), is tasked with adjusting customer bills. CSD proactively addresses high bills before they are sent to customers.

This audit will assess whether the Billing and Revenue Protection Department is making bill adjustments pursuant to the WSSC Code, as well as established policies and procedures.

Project Type: A

Audits and investigations may be canceled or postponed based on OIG staff availability, changes in the environment, and legislation or WSSC Commission actions that substantially affect an issue.

OIG INVESTIGATIONS

The Inspector General may investigate mismanagement, misconduct, fraud, waste, and abuse at WSSC under PUA, § 17-604 (a)(1). The OIG investigates allegations, complaints, and inquiries originating from various sources including private citizens, WSSC employees, other agencies, OIG audits and reviews, and vendors.

Due to the unpredictability of investigations and the need to protect sources, methods, and evidence, the OIG does not identify its planned investigations in the Work Plan. Investigations often result from a deliberate subversion of procedures or controls, and consequently, information obtained from investigations may result in referrals to other WSSC departments and become integral to planning audits, inspections, and special projects.

The OIG fulfills its statutory obligations concerning Waste Fraud and Abuse by:

- Conducting criminal and administrative investigations that detect and deter fraud, abuse, and misconduct in WSSC programs and activities;
- Receiving information about potential violations through various sources, including the WSSC Hotline, in-person meetings, telephone calls, emails, and referrals from law enforcement agencies;
- Engaging in multiple forms of outreach to help ensure that WSSC personnel are fully aware of current and emerging issues as well as their obligation to report potential violations; and
- Acting as the chief liaison to other investigators at similar OIGs, WSSC Police, and other law enforcement agencies; assisting with sharing information, generating potential investigative leads, and cultivating sources.

The OIG's FWA Hotline is used as a vehicle for the reporting of suspected mismanagement, misconduct, fraud, waste, abuse, and ethical improprieties. The Hotline is available to employees and the public 24 hours a day, 7 days per week, and 365 days per year. All such matters can be reported anonymously via telephone at 1-877-WSSCFWA (1-877-977-2392) or the website: www.reportlineweb.com/wssc.

If reasonable grounds exist to believe that a serious violation of federal, state, or local law or WSSC regulations has occurred, the Inspector General shall report the allegation to:

1. An appropriate law enforcement agency;
2. The State of Maryland's Ethics Commission;
3. The WSSC's Board of Ethics; or
4. Any other agency with jurisdiction to enforce the law.

OIG STAFF COMPLEMENT AND FY 2025 APPROVED BUDGET

For FY 2025, the OIG has an approved budget of \$1,745,093. This budget supports the following eleven (11) full-time equivalent positions: Inspector General, Assistant Inspector General for Mission Support, Deputy Assistant Inspector General for Audit, Associate General Counsel, Senior Investigator, three Supervisory Auditors, two Auditors, and a Management Support Specialist. The Assistant Inspector General for Mission Support and the Senior Investigator positions are vacant.

OIG TRAINING AND PROFESSIONAL CERTIFICATIONS

In addition to the OIG’s audit and investigative responsibilities, the OIG participates in numerous professional certifications, development, and training activities. The objective of the OIG’s training program is to provide cost-effective training to enhance professional understanding and proficiency and to offer staff opportunities for meaningful and rewarding professional development that meets continuing professional educational requirements. As a result, the OIG staff will attend professional training courses in FY 2025 to continue to develop OIG knowledge, skills, and abilities.

CONTACT INFORMATION

The OIG welcomes comments and feedback on its reports and activities.

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Suspected instances of fraud, waste, or abuse can be reported to 1-877-WSSCFWA (1-877-977-2392) or www.reportlineweb.com/wssc