

Audit Report

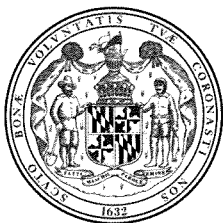
Board of Public Works

July 2014



OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Karl S. Aro
Executive Director

July 18, 2014

Thomas J. Barnickel III, CPA
Legislative Auditor

Senator James C. Rosapepe, Co-Chair, Joint Audit Committee
Delegate Guy J. Guzzone, Co-Chair, Joint Audit Committee
Members of Joint Audit Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the Board of Public Works (BPW) for the period beginning January 25, 2011 and ending March 23, 2014. BPW is responsible for the review, approval, and oversight of a number of statutorily mandated projects and programs, including significant State expenditures and general obligation bond issuances.

Our audit did not disclose any findings.

We wish to acknowledge the cooperation extended to us by BPW during the course of this audit.

Respectfully submitted,

Thomas J. Barnickel III, CPA
Legislative Auditor

Background Information

Agency Responsibilities

The Board of Public Works (BPW) was established by Article XII of the State Constitution and comprises the Governor, the Comptroller of Maryland, and the State Treasurer. BPW reviews, approves, and/or oversees a number of statutorily mandated projects and programs, including significant State expenditures and general obligation bond issuances. BPW maintains an administrative staff, which is directed by the Executive Secretary. According to State records, BPW expenditures totaled approximately \$7.1 million during fiscal year 2013.

Status of Findings From Preceding Audit Report

Our audit included a review to determine the status of the two findings contained in our preceding audit report dated June 9, 2011. We determined that BPW satisfactorily addressed these findings.

Findings and Recommendations

Our audit did not disclose any significant deficiencies in the design or operation of BPW's internal control. Our audit also did not disclose any significant instances of noncompliance with applicable laws, rules, or regulations.

A draft copy of this report was provided to BPW. Since there are no recommendations in this report, a written response was not necessary.

Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of the Board of Public Works (BPW) for the period beginning January 25, 2011 and ending March 23, 2014. The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As prescribed by the State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine BPW's financial transactions, records, and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of significance and risk. The areas addressed by the audit included grants to nonprofits, the State's contingent fund, cash receipts, and procurement activity. We also determined the status of the findings contained in our preceding audit report. Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of BPW's operations. We also tested transactions and performed other auditing procedures that we considered necessary to achieve our audit objectives. The reliability of data used in this report for background or informational purposes was not assessed.

Our audit did not include BPW's Capital Appropriation that is administered by the Department of General Services. This activity is audited during our fiscal compliance audit of that Department. In addition, our audit did not include the Interagency Committee for Public School Construction which, although a budgetary unit of BPW, is audited and reported upon separately. Furthermore, our audit did not include the Small, Minority, and Women-Owned Business Account, which is statutorily under the authority of BPW, but is administered by the Department of Business and Economic Development (DBED) in accordance with a Memorandum of Understanding executed with BPW. In accordance with State law, we conduct an annual audit of certain Account activity and issue a separate report. Other aspects of the Account are subject to audit during our fiscal compliance audit of DBED.

Our audit also did not include certain support services provided to BPW by the Comptroller of Maryland - Office of the Comptroller. These support services (such as payroll, processing of invoices, maintenance of accounting records and related fiscal functions) are included in the scope of our audits of the Office of the Comptroller.

BPW's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets, and compliance with applicable laws, rules, and regulations are achieved.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

AUDIT TEAM

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