

Audit Report

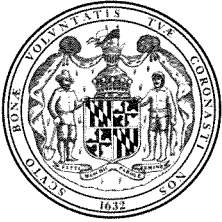
**Comptroller of Maryland
Information Technology Division
(Fiscal Operations)**

June 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

June 16, 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 audited the fiscal operations of the Comptroller of Maryland (COM) – Information Technology Division (ITD) for the period beginning February 8, 2011 and ending March 23, 2014. ITD provides computing and network resources and operates as a computer services bureau for the COM and certain other customer agencies.

Our audit did not disclose any findings.

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

Respectfully submitted,

Thomas J. Barnickel III, CPA
Legislative Auditor

Background Information

Agency Responsibilities

The Information Technology Division (ITD) operates the Annapolis Data Center (ADC) as a shared cost data center. All operating costs are reimbursed by user agencies that are charged for services performed. In addition to operating a statewide computer network and providing data center disaster recovery capabilities, ITD develops and maintains application systems for the Comptroller of Maryland (COM) and certain other State agencies. Additionally, ITD maintains the operating system and security software environment in which agency applications are executed. Finally, ITD monitors information technology related services and maintains the information technology equipment inventory records for the COM. According to the State's records, ITD's operating costs totaled approximately \$29 million during fiscal year 2013.

Our audit focused on ITD's fiscal operations. A separate audit of the computer operations of the ADC is conducted and a separate audit report is issued.

Findings and Recommendations

Our audit did not disclose any significant deficiencies in the design or operation of ITD'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 ITD. Since there are no recommendations in this report, a written response was not necessary.

Audit Scope, Objectives, and Methodology

We have audited the fiscal operations of the Comptroller of Maryland (COM) – Information Technology Division (ITD) for the period beginning February 8, 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 ITD'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 materiality and risk. The areas addressed by the audit included accounts receivable, collections, procurement, and equipment. Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of ITD'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 included certain support services provided by ITD to the other units of the COM. These support services consisted of monitoring information technology related services, maintaining information technology equipment inventory records and prior to October 2013, procuring information technology related services and equipment. Our audit did not include the computer operations and security controls of ITD's Annapolis Data Center (ADC). Rather, a separate audit is conducted of the ADC and a separate audit report is issued. Our audit also did not include certain support services provided to ITD by the COM - Office of the Comptroller. These support services (such as 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.

ITD'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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