

Audit Report

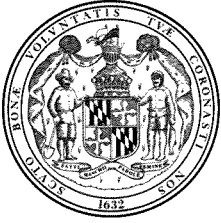
Maryland Department of Planning

April 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

Thomas J. Barnickel III, CPA
Legislative Auditor

April 25, 2014

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 Maryland Department of Planning (MDP) for the period beginning December 13, 2010 and ending November 12, 2013. MDP provides information and services that improve the ability of State and local governments, community development organizations, and environmental organizations to support desirable growth in Maryland.

Our audit did not disclose any findings that warrant mention in this report.

We wish to acknowledge the cooperation extended to us during our audit by MDP.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas J. Barnickel III".

Thomas J. Barnickel III, CPA
Legislative Auditor

Background Information

Agency Responsibilities

The Maryland Department of Planning (MDP) provides information and services that improve the ability of State and local governments, as well as community development and environmental organizations, to support growth that fosters vibrant, livable communities; preserves and protects the environment; and makes efficient use of State resources. MDP is authorized to charge fees to recover the related costs for providing products and services, such as planning and urban design services, computer application development services, and technical studies.

According to the State's records, MDP's operating expenditures totaled approximately \$25.2 million in fiscal year 2013.

Findings and Recommendations

Our audit did not disclose any significant deficiencies in the design or operation of MDP's internal control. Our audit also did not disclose any significant instances of noncompliance with applicable laws, rules, or regulations. Certain less significant findings were communicated to MDP that did not warrant mention in this report.

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

Audit Scope, Objectives, and Methodology

We have audited the Maryland Department of Planning (MDP) for the period beginning December 13, 2010 and ending November 12, 2013. 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 MDP'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 the Sustainable Communities Tax Credit Program, cash receipts, payroll, reimbursable funds, procurements, and disbursements.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, observations of MDP's operations, and tests of transactions. We also performed various data extracts of pertinent information from the State's Financial Management Information System (such as expenditure data) and the State's Central Payroll Bureau (payroll data). The extracts are performed as part of ongoing internal processes established by the Office of Legislative Audits and were subject to various tests to determine data reliability. We determined that the data extracted from these various sources were sufficiently reliable for the purposes the data were used during this audit. Finally, we 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.

MDP'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.

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