

Audit Report

**Comptroller of the Treasury
Information Technology Division
(Fiscal Operations)**

May 2008



OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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Karl S. Aro
Executive Director

DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Bruce A. Myers, CPA
Legislative Auditor

May 29, 2008

Senator Verna L. Jones, Co-Chair, Joint Audit Committee
Delegate Steven J. DeBoy, Sr., 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 the Treasury –
Information Technology Division for the period beginning September 6, 2005 and
ending February 10, 2008.

Our audit did not disclose any findings.

Respectfully submitted,

Bruce A. Myers, CPA
Legislative Auditor

Background Information

Agency Responsibilities

The Information Technology Division (ITD) operates the Annapolis Data Center as a shared cost data center. All operating costs are reimbursed by user agencies that are charged for services performed. According to the State's records, operating costs totaled approximately \$27 million during fiscal year 2007. ITD also develops and maintains application systems for the Comptroller of the Treasury and certain other State agencies, operates a statewide computer network, and provides data center disaster recovery capabilities. Additionally, ITD maintains the operating system and security software environment in which agency applications are executed.

Our audit focused on ITD's fiscal operations. A separate audit of the computer operations of the Annapolis Data Center will be conducted in the future and a separate audit report will be issued.

Findings and Recommendations

Our audit did not disclose any significant deficiencies in the design or operation of ITD's internal control. Nor did our audit 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 the Treasury – Information Technology Division (ITD) for the period beginning September 6, 2005 and ending February 10, 2008. 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. Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of ITD's fiscal operations. We also tested transactions and performed other auditing procedures that we considered necessary to achieve our objectives. Data provided in this report for background or informational purposes were deemed reasonable, but were not independently verified.

Our audit included a review of certain support services provided by ITD to the other units of the Comptroller of the Treasury. These support services consisted of the procurement and monitoring of information technology related services, and the procurement of information technology equipment and maintenance of the related inventory records. Our audit did not include the computer operations of ITD's Annapolis Data Center, which will be the subject of a separate audit and result in the issuance of a separate audit report. Our audit also did not include a review of certain support services provided to ITD by the Comptroller of the Treasury - 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

Laura R. Morgan, CPA
Audit Manager

W. Thomas Sides
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