

**Howard County, Maryland**

**Management Letter**

**June 30, 2014**

January 8, 2015

The Honorable Members of the County Council  
Howard County, Maryland

Ladies and Gentlemen:

In planning and performing our audit of the financial statements of Howard County, Maryland (the "County") as of and for the year ended June 30, 2014, we considered its internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of its internal control. We refer you to our Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards dated November 24, 2014. We did become aware of matters that are an opportunity for strengthening internal controls and operating efficiency.

CohnReznick offers the following comments for your review and consideration. We have already discussed these comments with various County personnel, and we will be pleased to discuss them in further detail at your convenience. We appreciate the courtesies extended to us during our engagement by the County's personnel and look forward to a continued mutually beneficial relationship.

#### Service Packs

There were vulnerabilities noted to the County's network identified which consist of outdated service packs on four (4) of 211 servers. These vulnerabilities could result in hackers gaining access to the County's network using exploits posted on the Internet. This could cause unauthorized changes to financial information, disclosure of confidential information or destruction of programs, data and information. This is a recurring comment from our FY2013 letter.

#### Management Response

As of September 19, 2014, the four noted servers had been updated to current service packs and these and all other servers continue to be updated regularly. We have implemented a more detailed review process to avoid any possibility of missed servers in the future.

#### SAP Users

In FY2013, we recommended that management perform a recertification review within SAP to validate that users have been given appropriate roles within the system. In FY2014, management noted that they performed a review, although there is no documentation of when the review was performed or by whom the review was performed.

### Management Response

A review of the SAP roles assigned to users is performed twice annually by the Bureau of Accounting & Reporting and will be documented going forward.

### IT Risk Assessment

In FY2013, we recommended a formal IT risk assessment process be developed, documented, and performed. In FY2014 the Department of Technology and Communication Services management performed an IT Risk Assessment; however, the sole focus of it was logical security. We recommend the Risk Assessment be updated to cover the following areas:

1. Data center, IT Management and Network Management
2. Operating systems maintenance
3. Application software acquisition, development, implementation and maintenance
4. Physical security
5. Environmental controls.

If the IT Risk Assessment fails to include all relevant areas of general controls, management may overlook IT threats, underestimate risk, and fail to implement appropriate controls.

### Management Response

The Department of Technology and Communication Services will continue to review and revise our security policy and procedures to make certain areas of vulnerability are addressed as needed.

### Agency Funds

We noted during our audit several revenue sources for the County that are recorded as liabilities in agency funds. This includes money received as donations to be used for specific purposes, which should be reported as revenue when received and an appropriate amount of fund balance should be restricted accordingly. Also, money received from developers to fund the future installation of street lights was reported as a liability in an agency fund, but should be reported as revenue to the County. We recommended adjustments during the audit, which the County elected to not record in FY2014, and is included on the schedule of unrecorded adjustments included with the management representation letter signed by the County Executive and Director of Finance. We recommend the proper adjustments be made during FY2015.

### Management Response

Management agrees that the revenue sources identified should not be recorded as liabilities in agency funds and will make the necessary corrections in FY2015.

This communication is intended solely for the information and use of management and the County Council, and is not intended to be and should not be used by anyone other than these specified parties.

Listed below is a summary of certain prior year IT management letter comments and current status:

**Network Passwords**

Status - Resolved

**IT Policies and Procedures**

Status - Resolved

**Terminated Users**

Status - Resolved

**Administrator Access Approval**

Status - Resolved

**Audit Logging**

Status - Resolved

**Passwords**

Status - Resolved

**Firewall**

Status - Resolved

**Disaster Recovery Plan**

Status - Resolved



Baltimore, Maryland  
January 8, 2015