



The Honorable County Executive
The Honorable Members of the County Council
Anne Arundel County, Maryland
Annapolis, Maryland

In planning and performing our audit of the financial statements of Anne Arundel County, Maryland (the County), as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the County's 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control. Our report includes a reference to other auditors who audited the financial statements of Tipton Airport Authority and the Anne Arundel Workforce Development Corporation as described in our report on the County's financial statements. The County's financial statements also include the Anne Arundel Community College, the Anne Arundel Board of Education and the Anne Arundel Economic Development Corporation which were separately audited by us. This report does not include the results of our and the other auditors' testing of internal controls over financial reporting or compliance and other matters for the Anne Arundel County Board of Education, Anne Arundel Community College, the Anne Arundel Economic Development Corporation, Tipton Airport Authority, and Anne Arundel Workforce Development Corporation that are reported on separately by us and the other auditors.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. Our comments and suggestions regarding these matters are summarized below. This letter does not affect our report on the financial statements dated December 20, 2019, nor our internal control communication, dated December 20, 2019.

PRIOR YEAR COMMENTS

The following table reflects previous internal control communications that are currently in process and have not been fully corrected. We recommend that management implement the previously reported recommendations where no progress has been made to date.

Recommendation	Year of Origination
1. Flash drives issued to County staff should be encrypted.	2016
2. USB ports on County staff hardware/systems should be locked.	2016
3. Management should determine one single department that oversees the entire utility billing process.	2016
4. OIT has not conducted an IT Risk Assessment since 2015 and is working through the findings from that assessment. Additionally, an external penetration test has not been conducted in the past 3 years.	2018

Management’s Response:

- 1) Management has reviewed the risk of permitting unencrypted flash drives and unlocked USB ports throughout the organization and has decided to accept the risk. The cost of implementing an enterprise solution and the resources requirement to manage it is cost prohibitive and could adversely impact a department's ability to meet their business objectives. Where there is an increased risk of the loss of sensitive data (e.g., laptops), Management will be implementing a security solution that encrypts hard drives and USB ports and recommending the department's data custodian implement processes and procedures to ensure sensitive data is not stored on unencrypted drives. The Health Department has implemented the security solution on all of their laptops in 2018 and OIT is currently testing it on laptops. Additionally, Management has rolled out security awareness training to educate users on how to protect data from loss or theft.

- 2) The Office of Information Technology has searched for an information technology system that can address the entire utility billing process, but discovered no one system that can accomplish all of the tasks involved. No one vendor makes a product that covers the process from reading meters to printing the related bills. Until that exists, we will have multiple systems that accomplish this task.

- 3) The Office of Information Technology has taken steps to have third-party vendors perform risk assessments on high-risk areas of our network. In 2018, the vendor, SADA, conducted a risk assessment of the County’s G Suite Services (i.e., Google Mail, Drive, etc.) and Mission Critical Partners conducted a risk assessment of our public safety environment. We are also submitting paperwork to the Department of Homeland Security to perform penetration tests of our network as soon as possible.

The following table reflects previous internal control communications that have been fully implemented/corrected during the current year.

Recommendation	Year of Origination
1. Management should review the subsidiary records for escrow deposits in the Reforestation Fund, and return the deposits or take the deposits into County revenue as appropriate.	2009
2. Management should review the password setting for all County systems to ensure that they are appropriate and in accordance with County policies. Minimum password length for a financial and reporting system used by the County do not conform to County Information Technology Security policies. This increases the risk of unauthorized access to the organization’s financially significant systems and data.	2012
3. The County’s repurchase agreements were not fully collateralized at year end. We recommend management review its policies and procedures for monitoring collateral requirements with banks holding repurchase agreements for the County to ensure accounts are properly collateralized at all times.	2017

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We will review the status of the comments still in process during our next audit engagement. We have already discussed many of these comments and suggestions with various County personnel, and we thank the personnel of the County for their courteous cooperation. We would be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Management's written responses to the matters noted above have not been subjected to the auditing procedures applied in the audit of the County's basic financial statements and, accordingly, we express no opinion on management's responses.

This communication is intended solely for the information and use of the County Executive, County Council, management, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
December 20, 2019