



# OFFICE OF MANAGEMENT & BUDGET

## *Office of Internal Audit*

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May 21, 2024

Laurie Horridge, Executive Director  
Narragansett Bay Commission  
1 Service Road  
Providence, RI 02905

Dear Executive Director Horridge:

In accordance with Rhode Island General Laws § 42-155-7, the Office of Internal Audit (OIA) conducted its audit of Narragansett Bay Commission. OIA assessed their adherence to the Quasi-Public Corporations Accountability and Transparency Act. In addition, OIA performed a performance audit of the information technology controls.

The recommendation included herein have been discussed with members of management, and we considered their response to the audit finding and recommendation in the preparation of this report. OIA may follow up regarding the recommendation included in this report.

We would like to express our sincere appreciation to the Narragansett Bay Commission staff for the cooperation and courtesy extended to the members of our team during this audit.

Respectfully yours,

Andrew Manca  
Chief

Cc:

Internal Audit Advisory Group  
Representative Marvin Abney, Chairman, House Committee on Finance  
Senator Louis DiPalma, Chairman, Senate Committee on Finance  
Sharon Reynolds Ferland, House Fiscal Advisor  
Steven Whitney, Senate Fiscal Advisor

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## Introduction

The Office of Internal Audit (OIA) conducted a limited-scope review of the Narragansett Bay Commission (NBC). The limited-scope review includes a review of compliance with the disclosure requirements of the Quasi-Public Corporations Accountability and Transparency Act.<sup>1</sup> This review included requesting information from NBC staff, researching NBC's website for transparency disclosures, and evaluating whether each document provided satisfied the statutes of the Act. OIA also conducted a performance audit of information technology (IT) controls. The IT audit results were presented to, and acknowledged by, NBC's management. OIA does not publicly report IT audit results as they may expose the auditee to additional risks.

Presented below are background on the quasi-public corporation, objective, scope, methodology, audit finding, recommendation, and management's responses relevant to the Quasi-Public Corporations Accountability and Transparency Act.

## Background

NBC is a quasi-public corporation responsible for managing and operating wastewater treatment facilities in Rhode Island. They play a crucial role in safeguarding public health and the environment by ensuring the proper treatment and disposal of wastewater. As a regulatory body, NBC adheres to environmental standards and regulations to protect the water quality of Narragansett Bay and its surrounding areas.

## Objective and Scope

OIA conducted a limited-scope audit of NBC to evaluate its adherence to the Quasi-Public Corporations Accountability and Transparency Act, as well as the policies and procedures relevant to IT security.

The Quasi-Public Corporations Accountability and Transparency Act is designed to ensure efficient governance, fiscal responsibility, and ethical conduct within quasi-public corporations by imposing reporting requirements, oversight mechanisms, and ethical guidelines. By promoting transparency and accountability, the Act seeks to protect public interests, improve operational performance, and strengthen public trust in quasi-public corporations.

The objective of the performance audit was to assess IT security controls. This entailed scrutinizing the presence and adherence to cyber policies and procedures, assessing the effectiveness of current security controls, and benchmarking the security program against established security frameworks. Additionally, the action plans addressing vulnerabilities identified in a previous security evaluation were also reviewed.

## Methodology

### Engagement of External Audit Firm

OIA engaged CliftonLarsonAllen, LLP (CLA), an external audit firm, to augment its internal resources for this performance audit. CLA was selected through a competitive bidding

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<sup>1</sup> <http://webserver.rilin.state.ri.us/Statutes/TITLE42/42-155/INDEX.HTM>

process. The results of the limited-scope review on the Quasi-Public Corporations Accountability and Transparency Act review are detailed in this report. Additionally, CLA communicated the results of the IT security performance audit to OIA and NBC's management which they acknowledged.

### Quasi-Public Accountability and Transparency Act Review

To ensure compliance with the Quasi-Public Corporations Accountability and Transparency Act, the following steps were performed:

- Requested information required under the Quasi-Public Corporations Accountability and Transparency Act.
- Researched NBC website for adequate transparency disclosures.
- Evaluated and identified if each document provided satisfied statutes under the Quasi-Public Corporations Accountability and Transparency Act.

### Finding, Recommendation, and Management's Response

#### *FINDING: Outdated Strategic Plan*

NBC exhibited adherence to most of the requirements of the Quasi-Public Corporations Accountability and Transparency Act. However, it was observed that the NBC's strategic plan is outdated. The current plan, implemented in 2018, was intended to guide the agency's operations for the subsequent five years. NBC has budgeted for the development of a new strategic plan in Fiscal Year 2025.

#### *RECOMMENDATION:*

1. Develop and institute a strategic planning process that ensures an active updated strategic plan is in place at all times.

#### *MANAGEMENT'S RESPONSE:*

NBC has engaged the firm of CORE Leadership (CORE) to facilitate the development of an updated NBC Strategic Plan. CORE's services have been acquired through The National Association of Clean Water Agencies (NACWA) through which CORE has been associated with the development of strategic plans for wastewater organizations throughout the country.

CORE has planned a four phased approach to develop NBC's Strategic Plan. Phase 1 will start in June 2024, and phase 4 is scheduled for completion in December 2024. A component of phase 4 includes the creation of an Action Planning Resource Kit which will address Strategic Plan implementation, maintenance, and schedules for conducting Plan reviews and updates. To ensure the Strategic Plan is reviewed at least annually and updates are made as needed, NBC has implemented a formal Strategic Planning Policy.

*RESPONSIBLE PARTY:* James McCaughey, Deputy Director

*ANTICIPATED COMPLETION DATE:* December 2024