MFP/Audit Committee #1
January 26, 2010
Worksession

MEMORANDUM

January 22, 2010

TO: Management and Fiscal Policy Committee Meeting as the Audit Committee

FROM: Leslie Rubin, Audit Contract Administrator
Office of Legislative Oversight

SUBJECT: **Amendment #3 to Clifton Gunderson Contract for Additional Audit Services and FY10 Special Appropriation – Independent Audit Non-Departmental Account**

The purpose of this worksession is for the Committee to:

1. Review a contract amendment to the contract of the County's independent auditor, Clifton Gunderson LLP. This amendment implements Bill 40-09, adopted by the Council on December 1, 2009.

2. Review a Resolution for a Special Appropriation of $18,000 to the Independent Audit Non-Department Account (NDA) to pay for the additional work.

Background

On December 1, 2009, the Montgomery County Council enacted Bill 40-09. This legislation added § 33-146C to the Montgomery County Code and requires a certified public accounting firm under contact with the Council to complete an annual independent audit of each collectively bargained deferred compensation plan established and maintained by the County. See ©17.

Montgomery County Code § 33-146B authorizes the County Government to establish and maintain a deferred compensation plan for employees covered by a collective bargaining agreement. Under the law, the union certified representative assumes the duties of the Board of Investment Trustees, the Chief Administrative Officer, and the County with respect to any collectively bargained plan.

The County established a deferred compensation plan for County Government employees who are bargaining unit members – the Montgomery County Union Employees Deferred Compensation Plan ("the Plan"). The Plan is administered by a six member Board of Trustees made up of two representatives each from the Fraternal Order of Police, Montgomery County Lodge 35; Municipal and County Government Employees Organization, UFCW Local 1991; and the International Association of Firefighters Local 1664.

The Council currently has a contract with Clifton Gunderson LLP ("Auditor"), an independent certified public accounting firm, to conduct the annual audit of the County Government's financial statements and the financial statements of the County Government employee retirement plans. The contract provides that the Council may amend the contract to add additional work within the general scope of the contract.

To implement Montgomery County Code § 33-146C, OLO staff, acting as the designated audit contract administrator on behalf of the Council, requested Clifton Gunderson LLP to submit a proposal for completing an independent audit of the financial statements of the Plan for the year ending December 31, 2009. Clifton Gunderson's proposal is attached at ©8. Clifton Gunderson's cost to perform an audit of the financial statements of the Montgomery County Union Employees Deferred Compensation Plan is $18,000.

The Council's practice is to provide funds for its independent audits in a non-departmental account. The approved FY10 amount only included funds sufficient to cover audit tasks previously identified. Attached at ©6 is a draft resolution for a Special Appropriation of $18,000 to the Independent Audit Non-Departmental Account (NDA) to fund the additional work.

Staff Recommendation: The MFP Committee meeting as the Audit Committee should recommend that the Council approve Clifton Gunderson contract amendment #3; and recommend introduction and approval of the Resolution for a Special Appropriation of $18,000 to fund the additional audit work.

Attachment	Attached at:
Clifton Gunderson Contract Amendment #3	©1
Special Appropriation Resolution	©6
December 11, 2010 Proposal from Clifton Gunderson	©8
Bill 40-09, enacted by the Council December 1, 2009	©17

CONTRACT AMENDMENT #3
CONTRACT NUMBER 8031000103AB

This Amendment is entered into between Montgomery County, Maryland, on behalf of the County Council for Montgomery County, Maryland ("Council"), and Clifton Gunderson LLP, 11710 Beltsville Drive, Suite 300, Calverton, MD 20705 ("Contractor" or "Auditor").

BACKGROUND

1. The Council and the Auditor entered into Contract No. 8031000103AB on April 24, 2008. Contract No. 8031000103AB was extended through Contract Amendment #2 on April 29, 2009. The current contract term expires on July 23, 2010.

2. Section 315 of the Montgomery County Charter states "The Council shall contract with, or otherwise employ, a certified public accountant to make annually an independent post audit of all financial records and actions of the County, its officials and employees." The Montgomery County Code Section 33-51(c) indicates that an independent audit of the retirement system will be completed annually by the firm of certified public accountants under contract with the Council.

3. Montgomery County Code § 33-146B authorizes the County Government to establish and maintain a deferred compensation plan for employees covered by a collective bargaining agreement. Under the law, the union certified representative assumes the duties of the Board of Investment Trustees, the Chief Administrative Officer, and the County with respect to any collectively bargained plan.

4. The County established a deferred compensation plan for County Government employees who are bargaining unit members – the Montgomery County Union Employees Deferred Compensation Plan (MCUEDCP). The MCUEDCP is administered by a six member Board of Trustees made up of two representatives each from the Fraternal Order of Police, Montgomery County Lodge 35; Municipal and County Government Employees Organization, UFCW Local 1991; and the International Association of Firefighters Local 1664.

5. On December 1, 2009, the Montgomery County Council enacted Bill 40-09, adding Montgomery County Code § 33-146C and requiring a certified public accounting firm under contact with the Council to complete an annual independent audit of each collectively bargained plan established and maintained by the County.

6. Under Article I, Paragraph C, Additional Work, of Contract No. 8031000103AB, the Council may amend the contract to add additional work within the general scope of the contract. To comply with Montgomery County Code § 33-146C, the Council asked Clifton Gunderson LLP to submit a proposal for completing an independent audit of the financial statements of the Montgomery County Union Employees Deferred Compensation Plan for the year ending December 31, 2009, which Clifton Gunderson submitted on January 11, 2010.

7. The additional work is within the general scope of the contract.

CHANGE

1. Article I. "Scope of Work", Paragraph A., Basic Work is amended by adding the following subparagraph 12:

   12) **Montgomery County Union Employees Deferred Compensation Plan Basic Financial Statements Audit** – The Contractor must audit the financial statements of the Montgomery County Union Employees Deferred Compensation Plan for calendar year 2009. The audit must be performed in accordance with *Government Auditing Standards*. The Contractor must prepare:

   - An Independent Auditors' Report to express opinions on whether the financial statements fairly present, in all material respects, the financial position of the deferred compensation plan, and
   - An Independent Auditors' Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements in Accordance with *Government Auditing Standards*.

2. Article I. "Scope of Work", Paragraph A., subparagraph 10, Management Letters is amended by changing the total number of management letters required under the contract from two (2) to three (3) and by adding the following subparagraph c:

   10) **Management Letters** – At the completion of the annual audit, the Contractor must submit three (3) management letters to the Council related to the:

   c. Basic financial statements of the Montgomery County Union Employees Deferred Compensation Plan.

3. Article II. "Deliverables", is amended by adding the following paragraph G:

   G. The Contractor must provide up to 20 copies of the following deliverables by April 30, 2010:

   1) Independent Auditors' Report to express opinions on the basic financial statements of the Montgomery County Union Employees Deferred Compensation Plan, and
   2) Independent Auditors' Report on Compliance and Internal Control Over Financial Reporting of the Montgomery County Union Employees Deferred Compensation Plan Based on an Audit of the Financial Statements in Accordance with *Government Auditing Standards*.
   3) Management Letter related to the audit of the financial statements of the Montgomery County Union Employees Deferred Compensation Plan.

4. Article III. "Contractor Responsibilities", Paragraph A, is amended by adding the following:

   The key personnel specified in the Contractor's Proposal dated January 11, 2010 must complete the items in Article I. "Scope of Work", Paragraph A, subparagraphs 10c and 12. Key personnel include the Engagement Partner-In-Charge, Quality Review Partner, Audit Manager, and Senior Audit Associate.

5. Article V. "Payments", Paragraph A., is amended by adding the following subparagraph 6:

   6) **Payment for Subparagraphs 10c, 12** – The County will pay the Contractor a fixed fee not to exceed $18,000 for audit services performed under this portion of the Contract. The County will pay the Contractor on a monthly basis for work completed during the month, on the condition that the Contract Administrator determines, in his or her sole discretion, that the Contractor is making satisfactory progress toward completing all auditing services. The Independent Audit Non-Departmental Account is the source of funds. The Contractor's fixed fee for this service is set forth in the Contractor's January 11, 2010 Quotation to Provide Professional Services addressed to Duchy Trachtenberg, Chair of the Management and Fiscal Policy Committee. The Contractor's January 11, 2010 Quotation to Provide Professional Services is made a part of this contract as Attachment F to this Contract. The Contract Administrator is responsible for approving invoices and paying the Contractor for services satisfactorily performed under this portion of the Contract.

6. The Contract is amended by adding the new Article IVa:

ARTICLE IVa. SOURCE OF RECORDS FOR AUDIT OF MCUEDCP FINANCIAL STATEMENTS

A. **Access to Montgomery County Union Employees Deferred Compensation Plan Records and Staff.** In a November 16, 2009 letter to the Chair of the County Council's Management and Fiscal Policy Committee, the Board of Trustees of MCUEDCP agreed to an external auditing firm, under contract with the County Council, performing an audit of the MCUEDCP using the same manner, processes, and standards as are used when conducting the audits of the County's other accounts and plans.

   Accordingly, the Montgomery County Union Employees Deferred Compensation Plan will be the source of records for this work. The Montgomery County Union Employees Deferred Compensation Plan should provide the Contractor access to its records and reasonable access to its staff for the purposes of interviews and verification of items within the terms of the contract. The Contractor must report any problems receiving access to MCUEDCP's records and staff to the Contract Administrator as soon as practicable.

B. **<u>Montgomery County Union Employees Deferred Compensation Plan Support.</u>** The Montgomery County Union Employees Deferred Compensation Plan should provide limited, temporary space to examine records and documents during the audit, and the capability to view on-line documents. The Montgomery County Union Employees Deferred Compensation Plan should also:

1) Provide contact information for the predecessor auditor and authorize the predecessor auditor to speak with Clifton Gunderson regarding the predecessor auditor's work performed for the Montgomery County Union Employees Deferred Compensation Plan,
2) Draft its financial statements, both in preliminary and final forms,
3) Type confirmation requests and other correspondence requesting information from outside entities,
4) Provide access to on-line documents, which should be used to the fullest extent possible by the Contractor, and retrieve and replace source documents located in Montgomery County Union Employees Deferred Compensation Plan Offices, and
5) Type and reproduce the annual report.

7. Article VIII, Contract Documents and Priority of Documents is amended to include a new item 6 as follows: "(6) January 11, 2010 Quotation to Provide Professional Services addressed to Duchy Trachtenberg, Chair of the Management and Fiscal Policy Committee (Attachment F).

EFFECT

1. Existing Contract terms remain in effect unless specifically changed by this Amendment.
2. This Amendment is entered into prior to the expiration of the Contract.
3. This Amendment is entered into on the date of signature by the President of the County Council for Montgomery County, Maryland.
4. No goods or services are to be provided pursuant to this Amendment until it is signed by the President of the County Council for Montgomery County, Maryland.

(Signature Page Follows)

WITNESS

Clifton Gunderson LLP

BY:_____ DATE _____
Keith Novak, General Partner
Clifton Gunderson LLP

Montgomery County, Maryland

BY:_____ DATE _____
Nancy Floreen, President
Montgomery County Council

Approved to as to form and legality:

BY:_____ DATE 1/21/10
Walter Wilson
Associate County Attorney

Resolution No.: _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Management and Fiscal Policy Committee meeting as the Audit Committee

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SUBJECT: Special Appropriation to the FY10 Operating Budget
Montgomery County Government
Independent Audit Non-Departmental Account, $18,000

Background

1. Section 308 of the Montgomery County Charter provides that a Special Appropriation: (a) may be made at any time after public notice by news release; (b) must state that the special appropriation is necessary to meet an unforeseen disaster or other emergency or to act without delay in the public interest; (c) must specify the revenues necessary to finance it; and (d) must be approved by no fewer than six members of the Council.

2. The Management and Fiscal Policy Committee meeting as the Audit Committee requests a Special Appropriation to provide additional contractual auditing services in the Independent Audit Non-Departmental Account (NDA).

Department	Personnel Costs	Operating Expenses	Capital Outlay	Total	Source of Funds
Independent Audit Non-Departmental Account	--	$18,000	--	$18,000	General Fund Reserves

3. Montgomery County Code § 33-146B authorizes the County Government to establish and maintain a deferred compensation plan for employees covered by a collective bargaining agreement. Under the law, the union certified representative assumes the duties of the Board of Investment Trustees, the Chief Administrative Officer, and the County with respect to any collectively bargained plan.

4. The County established a deferred compensation plan for County Government employees who are bargaining unit members – the Montgomery County Union Employees Deferred Compensation Plan (MCUEDCP). The MCUEDCP is administered by a six member Board of Trustees made up of two representatives each from the Fraternal Order of Police, Montgomery County Lodge 35; Municipal and County Government Employees Organization, UFCW Local 1991; and the International Association of Firefighters Local 1664.

5. On December 1, 2009, the Montgomery County Council enacted Bill 40-09, adding Montgomery County Code § 33-146C and requiring a certified public accounting firm under contact with the Council to complete an annual independent audit of each collectively bargained plan established and maintained by the County.

6. The Council currently has a contract with Clifton Gunderson LLP ("Auditor"), an independent certified public accounting firm, to undertake the annual audit of the County Government's financial statements and the financial statements of the County Government employee retirement plans. In order to comply with Montgomery County Code § 33-146C, the Management and Fiscal Policy Committee meeting as the Audit Committee recommends that the Council amend its contract with Clifton Gunderson to add the audit of the financial statements of the Montgomery County Union Employees Deferred Compensation Plan as additional work.

7. The Auditor has agreed to perform this additional work for a fee of $18,000.

8. On January 26, 2010, the Management and Fiscal Policy Committee meeting as the Audit Committee reviewed the proposed scope of audit work and recommends a special appropriation to the Independent Audit NDA in the amount of $18,000 to provide these additional contractual auditing services. The source of the funds will be General Fund reserves.

9. The public was notified by a news release.

Action

The County Council for Montgomery County, Maryland, approves the following action:

1. The FY10 Operating Budget of the Montgomery County Government is amended, and a special appropriation is approved as follows:

Department	Personnel Costs	Operating Expenses	Capital Outlay	Total	Source of Funds
Independent Audit Non-Departmental Account	--	$18,000	--	$18,000	General Fund Reserves

2. The County Council declares that this action is necessary to act without delay in the public interest.

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council

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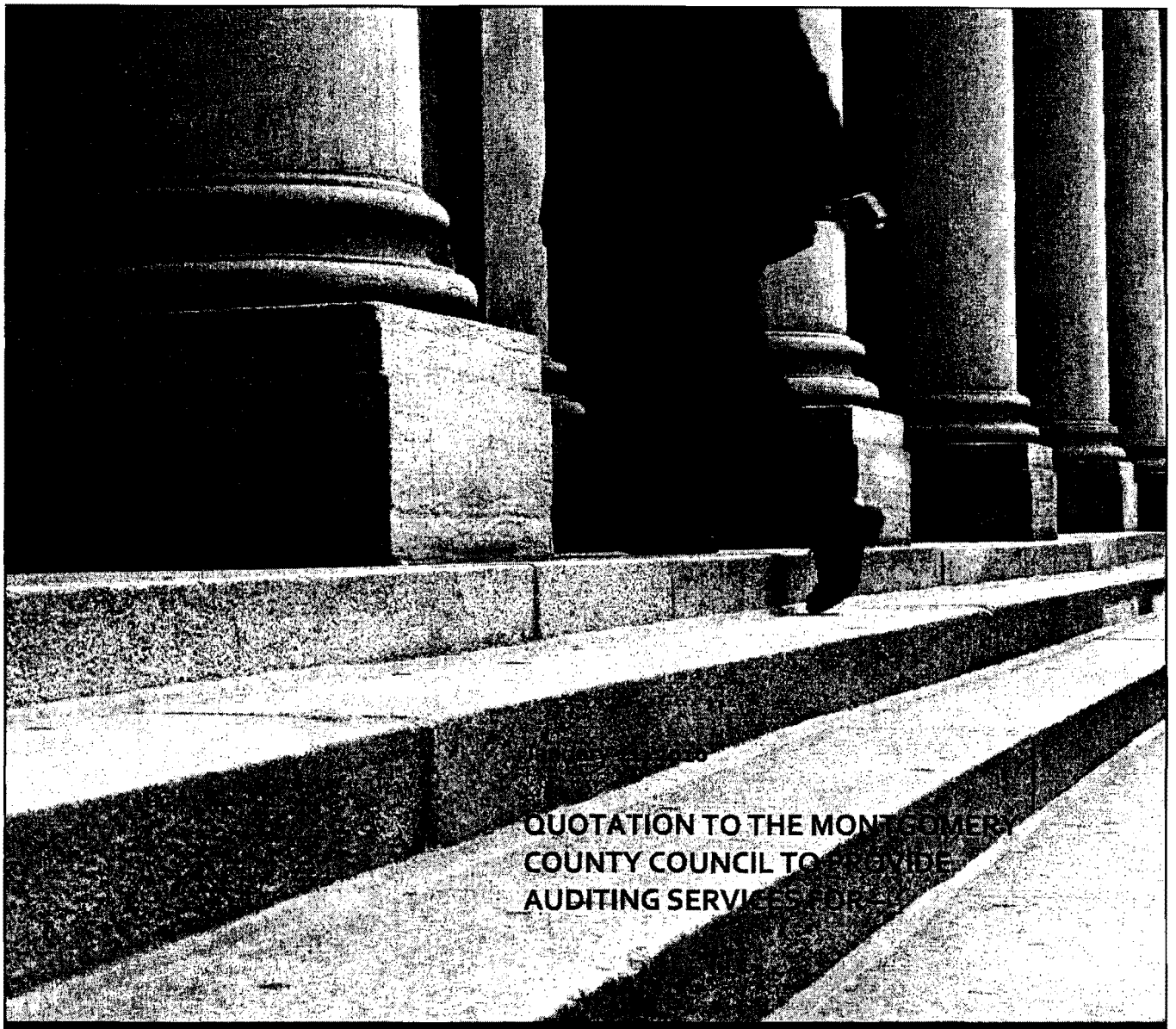

QUOTATION TO THE MONTGOMERY COUNTY COUNCIL TO PROVIDE AUDITING SERVICES FOR THE

THE MONTGOMERY COUNTY UNION EMPLOYEES DEFERRED COMPENSATION PLAN

Prepared by –

CLIFTON GUNDERSON LLP

Thomas Rey, CPA, Partner

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COUNT ON INSIGHT®
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January 11, 2010

Duchy Trachtenberg
Chair of the Management and Fiscal Policy Committee
The Montgomery County Council
100 Maryland Avenue
Rockville, Maryland 20850

Dear Ms. Trachtenberg:

Clifton Gunderson is pleased to present the following quotation to conduct a financial audit of the Montgomery County Union Employees Deferred Compensation Plan for the benefit of the Council. We are confident that our substantial experience serving governmental defined contribution plans and other governmental entities, bolstered by our depth of resources and commitment to client service, will make Clifton Gunderson the ideal candidate to serve you.

Clifton Gunderson has an unparalleled depth of experience serving public defined benefit plans similar to the Montgomery County Union Employees Deferred Compensation Plan. Our Governmental Services Team has one of the largest governmental retirement plan practices in the nation, and the professionals who will perform the audit of the Montgomery County Union Employees Deferred Compensation Plan currently audit some of the largest governmental deferred compensation programs nationwide. Our extensive expertise will result in more efficient and effective services, saving you time and money.

Thank you again for inviting Clifton Gunderson to submit this proposal. We are looking forward to discussing this proposal with you in greater detail and appreciate your consideration.

Sincerely,

CLIFTON GUNDERSON LLP

Thomas Rey, CPA
Partner

Table of Contents

Technical Qualifications 1
Firm Size and Organizational Structure 1
Specialization in the Governmental Marketplace 1
Experience Performing Retirement Plan/ Deferred Comp Audit Engagements 1
Tying it All Together 2
Partner, Supervisory and Staff Qualifications and Experience 2
Timeline 5
References Supporting Our Work 5
Proposed Fees 6
Conclusion 6

Technical Qualifications

FIRM SIZE AND ORGANIZATIONAL STRUCTURE

Clifton Gunderson, ranked as one of the nation's largest certified public accounting and consulting firms, provides a wide range of assurance, accounting, tax, and consulting services to clients in a variety of industries. Founded in 1960, Clifton Gunderson has a staff of nearly 1,800 professionals serving clients from 45 offices across the country. The firm has been recognized as one of the country's best places to work.

Clients of Clifton Gunderson benefit from the firm's size and organization. As a national firm, Clifton Gunderson offers tremendous resources in terms of experienced professionals, highly specialized services and extensive industry expertise. Despite our national presence and depth of resources, the firm's client service philosophy is similar to that of a smaller, local firm. Our clients are served by local professionals - ensuring a personalized, hands-on and practical approach to services.

SPECIALIZATION IN THE GOVERNMENTAL MARKETPLACE

Clifton Gunderson is a leader in providing audit and financial management solutions to government entities at the federal, state, and local level including public retirement plans. We are thoroughly capable of providing high-quality audit services and technical expertise in performing the audit of the Montgomery County Union Employees Deferred Compensation Plan.

For nearly 50 years, our firm has helped our clients successfully prepare financial statements, complete audits, and structure their financial reporting processes, as well as improve internal controls and operating efficiency. Our team remains actively engaged within the governmental community, thus staying on the leading edge of this rapidly changing environment.

In addition, we are accustomed to dealing with governmental retirement systems of all sizes with complex and decentralized accounting, investment and administrative functions, and we understand the unique planning, coordination, scheduling, personnel, and reporting requirements of these engagements. We will work with your organization in coordinating the most efficient and effective way of completing such an engagement.

EXPERIENCE PERFORMING RETIREMENT PLAN/DEFERRED COMP AUDIT ENGAGEMENTS

Our Governmental Services Team has one of the largest governmental retirement plan practices in the nation, and the professionals who will serve the County Council, while conducting the audit of the Montgomery County Union Employees Deferred Compensation Plan currently audit some of the largest governmental retirement plans nationwide. Our clients include state deferred compensation programs comparable to the Montgomery County Union Employees Deferred Compensation Plan and with investments exceeding $100 billion.

Following is a sampling of governmental retirement plan audit engagements performed by members of the audit team that will serve you:

- Montgomery County, Employees Retirement System
- Anne Arundel County, Employees' Pension System
- Baltimore County, Maryland Retirement System
- Maryland State Retirement Agency
- Maryland-National Capital Park and Planning Commission Employees' Retirement Plan

- City of Phoenix, Arizona Employees' Deferred Compensation Plan
- New York State Deferred Compensation Board
- Pennsylvania Deferred Compensation Program
- State of Delaware Deferred Compensation Plan
- State of New Mexico Public Employees' Deferred Compensation Plan
- City of Phoenix Retirement Systems
- Colorado Public Employees' Retirement Association
- District of Columbia Retirement Board
- Federal Thrift Plan
- Florida State Board of Administration
- Indiana Public Employees Retirement Fund
- Ohio Public Employees Retirement System
- Pennsylvania Municipal Retirement System
- Pennsylvania Public School Employees' Retirement System
- Pennsylvania State Employees' Retirement System
- Pension Benefit Guaranty Corporation
- Philadelphia Board of Pensions and Retirement
- Public Employees Retirement System of Nevada
- School Employees Retirement System of Ohio
- State of Wisconsin Deferred Compensation Plan
- State of Idaho Deferred Compensation Plan
- State of Arizona Deferred Compensation Plan State Teachers Retirement System of Ohio

Due to our wealth of experience, we have developed an excellent reputation for effectively performing all aspects of governmental retirement plan auditing, accounting and consulting engagements. We make use of modern auditing techniques, and have a complete library of relevant government accounting and auditing guides, pronouncements and publications to assist in providing superior service to our clients.

In addition to our governmental auditing and retirement plan audit clients, we currently serve a variety of clients with very large investment portfolios containing significant alternative investments such as venture capital trusts, limited partnerships, REITs, real estate, timber, foreign investments, and other passive investments. We believe the experience providing auditing services for these entities enhances the experience of your engagement team.

TYING IT ALL TOGETHER

We are confident that Clifton Gunderson can add value to your operations and assist you in reaching your goals. The firm's audit resources include a unique blend of talent and expertise with governmental entities, public retirement plans and investment firms. We have demonstrated that we will do whatever it takes to serve the needs of our entire pension plan audit practice, and assure you that we will do the same for the audit of the Montgomery County Union Employees Deferred Compensation Plan.

PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE

We have structured your engagement team to provide you the most experience with issues related to governmental defined contribution plans. Each team member is well-versed in audit standards established by the American Institute of CPAs and *Government Auditing Standards*, and each member spends the majority of their time serving on governmental audit engagements.

The following are detailed biographies of the principal supervisory and management staff that will be assigned to your engagement. We will

also assign senior associates and associates with governmental retirement audit experience as needed to assist in performing the assigned audit tasks.

Thomas Rey, CPA, Engagement Partner-in-Charge
As the partner-in-charge of the engagement team, Tom will oversee all engagement responsibilities for the audit, including reviewing the audit program, coordinating activities with the audit manager, and directing all meetings with management. He will also be available to the Montgomery County Union Employees Deferred Compensation Plan's executive management throughout the engagement and at any time during the year.

Tom has been actively involved in the performance of financial and compliance audits, reviews and compilations of state and local government entities for more than 14 years. His governmental retirement plan clients currently include the New York State Deferred Compensation Board; State of New Mexico Public Employees Deferred Compensation Plan; State of Florida Retirement System; Public Employees' Retirement System of Nevada; Pennsylvania Public School Employees Retirement System; Pennsylvania State Employees' Retirement System; State Retirement and Pension System of Maryland; Idaho Deferred Compensation Committee; Wisconsin Deferred Compensation Plan; State of Arizona Deferred Compensation Plan; City of Phoenix, Arizona Employees' Deferred Compensation Plan; Pennsylvania Deferred Compensation Program; and the Maryland-National Capital Park and Planning Commission Employees' Retirement System.

Keith Novak, CPA – Quality Review Partner
Keith will conduct a review of the audit, independent from the audit team. The purpose of the independent review is to ensure that all audit and accounting standards are met, and to have "another set of eyes" on the work.

Keith has over 29 years of audit and accounting experience. Keith is the National State and Government Niche Leader for Clifton Gunderson, as well as the Mid-Atlantic Government Services Team Leader. Keith's state and local governmental audit clients include State of South Carolina; Baltimore County, Maryland; Montgomery County, Maryland; Queen Anne's County, Maryland; Local Government Insurance Trust; and New Castle County, Delaware. His higher education clients currently include the Community Colleges of Baltimore County; Frederick Community College; Cecil College; and Delaware County Community College. As a GASB specialist, Keith has made several presentations to the Southern Maryland Chapter of the Maryland Association of Certified Public Accountants, Maryland Association of Community College Business Officers Association, Association of School Business Officers, and the Maryland Association of Certified Public Accountants, among others. In addition, he is an instructor for the Intermediate Government Accounting course for Maryland GFOA.

Keith is a member of the AICPA; American Institute of Certified Public Accountants' Task Force on Single Audit Sampling; MACPA; Maryland GFOA; and the GFOA of the United States and Canada.

Heather Plitt, CPA, Audit Manager, Governmental Defined Contribution Plan Specialist
Heather will be the audit manager assigned to the engagement team and will assist Tom in developing the audit work program for the Montgomery County Union Employees Deferred Compensation Plan, managing our fieldwork personnel, and resolving any technical and

reporting issues. She will also be available throughout the engagement and at any time during the year.

Heather has over five years of auditing and accounting experience, specializing in governmental entities and is actively involved in the financial and compliance audits of a number of our governmental clients. Her governmental retirement plan clients currently include the New York State Deferred Compensation Board, the Maryland-National Capital Park and Planning Commission Employees' Retirement System, and the Federal Thrift Plan.

Kenny Dennis - Senior Audit Associate
Kenny will assist in performing fieldwork for the engagement. He will also be available throughout the engagement and at any time during the year.

Kenny has over 3 years of experience performing governmental audits. His recent clients include Montgomery County Employees' Retirement Systems; Maryland State Retirement Agency; DC Retirement Board; Naval Academy Athletic Association; Arlington County Employees Retirement System; City of Philadelphia Board of Pensions; New York State Deferred Compensation Plan; Nevada Public Employees' Deferred Compensation Plan; State of New Mexico Public Employees' Deferred Compensation Plan; State of Arizona Public Employees' Retirement Systems; State of Idaho Public Employees' Deferred Compensation Plan; City of Phoenix Public Employees' Retirement Systems; and the City of Fort Worth Deferred Compensation Plan.

Additional Staff Assigned to the Engagement Team
In addition to key supervisory engagement team members, we will also assign experienced senior associates and associates as deemed necessary with relevant experience to assist in performing the assigned tasks. These staff members will be determined based on the final scheduling of engagement tasks with management.

Partner and Manager Commitment
It is Clifton Gunderson's practice to actively involve senior level personnel on every engagement. The partners and managers assigned to your engagement team will spend a considerable amount of time with the Montgomery County Union Employees Deferred Compensation Plan's management. It is this close, personal attention from our senior level personnel, combined with our low partner-to-staff ratio, that sets Clifton Gunderson apart from many other CPA firms.

The partners assigned to your engagement will assume the ultimate responsibility for client service, and our managers will report directly to the partners. They are committed to the engagement and will stay closely involved with you throughout our services. In other words, your engagement will be handled with the highest degree of accuracy and professionalism.

Commitment to Staff Continuity
It is our policy to maintain the same staff on engagements to ensure continuity to the client. Our turnover rate is among the lowest in the public accounting profession. For the Council, this means exceptional staff continuity and more efficient services, compared to other CPA firms with higher turnover rates.

While low turnover rate typically allows us to keep the same staff on engagements year after year, should the need to make a staffing change occur, we will notify you of any such changes before bringing a new professional onto the engagement team.

Timeline

Clifton Gunderson is well-balanced when it comes to workload issues, and does not have problems meeting client deadlines.

We will meet with the auditee upon award to discuss scheduling of the preliminary fieldwork. We are committed to conducting the audit within a four - five week time frame from the date of award. Clifton Gunderson will issue final reports within three business days of auditee approval of the draft reports.

References Supporting Our Work

Following is a list of four similar engagements performed by members of your proposed engagement team. We encourage you to contact these references to learn more about our experience and commitment to quality client services.

Anne Arundel County Employees' Pension System
44 Calvert Street
Annapolis, Maryland 21404
Scope of Services: Financial statement audit
Contract Term: 2005-present
Estimated Yearly Contract Dollars: $30,000
Contact: John Peterson, Assistant Personnel Officer
Phone: 410-222-7595 or 410-222-4506

New York State Deferred Compensation Board
Empire State Plaza North, Room 124
Albany, New York 12220
Scope of Services: Financial statement audit, agreed-upon procedures and performance criteria audit
Contract Term: 2006-present
Estimated Yearly Contract Dollars: $125,000
Contact: Ed Lilly
Phone: 518-473-6619

New Mexico Public Employees Deferred Compensation Plan
1120 Paseo de Peraeto, 5th floor
Santa Fe, New Mexico 87501
Services Provided: Financial statement audit
Contract Term: 2006-present
Estimated Yearly Contract Dollars: $35,000
Contact: JoAnn Garcia, Deferred Compensation Manager
Phone: 505-827-4700

Wisconsin Deferred Compensation Plan
801 West Badger Road
Madison, Wisconsin 53702-0011
Scope of Services: Financial statement audit
Contract Term: 2004-present
Estimated Yearly Contract Dollars: $30,000
Contact: Shelly Schueller
Phone: 608-266-6611

State Retirement and Pension System of Maryland
120 E. Baltimore Street, Suite 1601, Baltimore, Maryland 21202
Scope of Services: Financial statement audit and internal control assessment; audits of local government employers with members in the State Retirement & Pension System
Contract Term: 2006-present
Estimated Yearly Contract Dollars: $270,000
Contact: Melody Countess
Phone: 410-625-5650

Proposed Fees

Our fees are based on the time required to complete the engagement and the experience of the individuals assigned.

Our fees are as follows:

	Fees
Services	
Auditing Services of Deferred Compensation Plan	$18,000
Be available for professional advice and guidance throughout the year*	--
Total	$18,000

* We will be available for routine questions at no additional charge: a welcome investment in an ongoing relationship.

The above are firm-fixed fees and includes all out-of-pocket costs associated with the engagement. We will also be available for routine questions and advice throughout the year at no additional charge.

We understand that our clients do not want fee surprises; our fee and billing practices reflect this understanding. We have a very open fee philosophy with our clients, and will work with you to establish a mutually acceptable fee arrangement for any future or special project engagements. We reiterate our strong interest in serving the Council by performing an audit of the Montgomery County Union Employees Deferred Compensation Plan, and do not want fees to be an issue. If at any time you have a question concerning our services or fees, please call it to our attention so that we can discuss it.

Conclusion

We would like to be a part of your success. With our hands-on approach to serving clients, the extensive governmental retirement plan experience of our staff, our wealth of national and technical resources and our responsiveness to clients' needs, Clifton Gunderson can help you accomplish your goals. Your engagement team will be dedicated to not only meeting, but exceeding, your expectations.

We truly appreciate the opportunity to present this proposal, and look forward to continuing our long-lasting relationship with the Montgomery County Council. If you have any questions or require additional information, please contact Thomas Rey at 410-453-0900 or Thomas.Rey@cliftoncpa.com.

Expedited Bill No. 40-09
Concerning: Personnel – Audits – Trust Funds
Revised: November 4, 2009 Draft No. 11
Introduced: November 10, 2009
Enacted: December 1, 2009
Executive: December 10, 2009
Effective: December 10, 2009
Sunset Date: None
Ch. 31, Laws of Mont. Co. 2009

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President Andrews and Councilmember Trachtenberg

AN EXPEDITED ACT to:

(1) require an annual independent audit of each deferred compensation plan;
(2) require an annual independent audit of the Retiree Health Benefits Trust; and
(2) generally amend the law concerning audits of County trust funds.

By adding
Montgomery County Code
Chapter 33, Personnel and Human Resources
Article IX. Deferred Compensation Plan.
Section 33-146C

By amending
Montgomery County Code
Chapter 33, Personnel and Human Resources
Article XI. Other Post Employment Benefits Trust
Section 33-162

Boldface	*Heading or defined term.*
Underlining	*Added to existing law by original bill.*
[Single boldface brackets]	*Deleted from existing law by original bill.*
Double underlining	*Added by amendment.*
[[Double boldface brackets]]	*Deleted from existing law or the bill by amendment.*
* * *	*Existing law unaffected by bill.*

The County Council for Montgomery County, Maryland approves the following Act:

Sec. 1. Section 33-146C is added and Section 33-162 is amended as follows:

33-146C. *Independent audit.*

To comply with Section 315 of the County Charter, a firm of certified public accountants, under contract with the Council, must complete an annual independent audit of the County Plan and each Collectively Bargained Plan established and maintained by the County. The complete audit must be filed with the Council, and copies made available for public inspection.

33-162. Trust Fund management.

(a) General. The Board has the exclusive authority to manage the Trust Fund's assets. All powers and duties required to manage the Trust Fund are vested in the Board by this Article.

* * *

(j) To comply with Section 315 of the County Charter, a firm of certified public accountants, under contract with the Council, must complete an annual independent audit of the Trust Fund. The complete audit must be filed with the Council, and copies made available for public inspection.

Sec. 2. Expedited Effective Date.

The Council declares that this legislation is necessary for the immediate protection of the public interest. This Act takes effect on the date it becomes law.

(18)

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23 *Approved:*

24 Nancy Floreen December 3, 2009

Nancy Floreen, President, County Council Date

25 *Approved:*

26 Isiah Leggett Dec 10, 2009

Isiah Leggett, County Executive Date

27 *This is a correct copy of Council action.*

28 Linda M. Lauer Dec. 11, 2009

Linda M. Lauer, Clerk of the Council Date