

**MEMORANDUM**

April 26, 2012

TO: Government Operations and Fiscal Policy Committee

FROM: Karen Orlansky, Director<sup>Ko</sup>  
Office of Legislative Oversight

SUBJECT: **Worksession: FY13 Operating Budget  
Office of Legislative Oversight  
Independent Financial Audit Non-Departmental Account**

**Summary of staff recommendation:** Approve the Executive's recommended budget for the Office of Legislative Oversight and the Independent Financial Audit Non-Departmental Account.

The County Executive's FY13 recommendations for the Office of Legislative Oversight and Independent Audit NDA are attached at ©1. OMB staff member Angela Dizelos is expected to attend this worksession.

**OFFICE OF LEGISLATIVE OVERSIGHT**

The Executive Recommended FY13 Budget for the Office of Legislative Oversight is \$1,332,613. The table below summarizes the changes from the FY12 Approved Budget of \$1,228,860. The recommended budget represents a same services request from FY12 to FY13. The technical conversion of workyears to FTEs in the New Hyperion Budgeting System explains the increase from 9.3 to 10.3 FTEs.

Category	FY12 Approved	FY13 CE Recommended	Change FY12-FY13
<b>Expenditures</b>			
Total Personnel	\$1,186,510	\$1,292,203	8.9%
Total Operating	\$42,350	\$40,410	-4.6%
Total Budget	\$1,228,860	\$1,332,613	8.4%
<b>Personnel</b>			
FTEs	9.3	10.3	10.8%

Personnel costs account for 97% of OLO's budget. In addition to the technical adjustment from workyears to FTEs, the Executive's Recommended FY13 budget reflects the following changes in personnel and operating costs:

- Increased costs associated with retirement and group insurance costs;
- Increased costs for the lump sum wage adjustment;
- Decreased operating funds budgeted for printing and mail expenses; and
- Decreased operating funds due to a shift in Help Desk Support to the Desktop Computer Modernization NDA.

**Staff Recommendation:** Approve the Office of Legislative Oversight budget as included in the Executive's Recommended FY13 Operating Budget.

#### **INDEPENDENT FINANCIAL AUDIT NON-DEPARTMENTAL ACCOUNT**

The Executive's FY13 Recommended Operating Budget includes \$420,820 for the Independent Financial Audit NDA. This NDA funds the independent audit of the FY12 financial statements issued by the County Government. This amount represents a zero percent increase from the FY11 appropriation for this NDA.

The audit of the FY11 financial statements during FY12 was the last year of CliftonLarsonAllen's (formerly known as Clifton Gunderson) contract with the Council as the County's independent auditor. In December 2011, the Audit Committee completed the RFP process for the selection of an audit firm and recommended a new firm to receive the contract with the Council for auditing services. Contract negotiations with that firm are currently underway.

**Staff Recommendation:** Approve the Independent Audit Non-Departmental Account as included in the Executive's Recommended FY13 Operating Budget.

# Legislative Oversight

## MISSION STATEMENT

The mission of the Office of Legislative Oversight is to determine the effectiveness of legislation enacted by the County Council, and to make findings and recommendations concerning the performance, management, and operation of programs and functions for which funds are appropriated or approved by the Council.

## BUDGET OVERVIEW

The total recommended FY13 Operating Budget for the Office of Legislative Oversight is \$1,332,613, an increase of \$103,753 or 8.4 percent from the FY12 Approved Budget of \$1,228,860. Personnel Costs comprise 97.0 percent of the budget for eight full-time positions and three part-time positions for 10.30 FTEs. Operating Expenses account for the remaining 3.0 percent of the FY13 budget.

## LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

❖ ***A Responsive, Accountable County Government***

## PROGRAM CONTACTS

Contact Karen Orlansky of the Office of Legislative Oversight at 240.777.7987 or Jane Mukira of the Office of Management and Budget at 240.777.2754 for more information regarding this department's operating budget.

## PROGRAM DESCRIPTIONS

### ***Legislative Oversight***

The Office of Legislative Oversight (OLO) conducts program evaluations, base budget reviews, audits, and other special studies in accordance with a Council-approved work program. OLO studies the effectiveness of legislation enacted by the Council and makes findings and recommendations concerning the performance, management, and operation of programs and functions for which funds are approved or appropriated by the Council. OLO is also the designated administrator for the Council's audit contracts, as required under Section 315 of the County Charter.

## BUDGET SUMMARY

	Actual FY11	Budget FY12	Estimated FY12	Recommended FY13	% Chg Bud/Rec
<b>COUNTY GENERAL FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	844,274	867,040	946,012	888,721	2.5%
Employee Benefits	301,073	319,470	275,450	403,482	26.3%
<b>County General Fund Personnel Costs</b>	<b>1,145,347</b>	<b>1,186,510</b>	<b>1,221,462</b>	<b>1,292,203</b>	<b>8.9%</b>
Operating Expenses	21,095	42,350	20,945	40,410	-4.6%
Capital Outlay	0	0	0	0	—
<b>County General Fund Expenditures</b>	<b>1,166,442</b>	<b>1,228,860</b>	<b>1,242,407</b>	<b>1,332,613</b>	<b>8.4%</b>
<b>PERSONNEL</b>					
Full-Time	8	8	8	8	—
Part-Time	3	3	3	3	—
FTEs	9.10	9.30	9.30	10.30	10.8%

## FY13 RECOMMENDED CHANGES

	Expenditures	FTEs
<b>COUNTY GENERAL FUND</b>		
<b>FY12 ORIGINAL APPROPRIATION</b>	<b>1,228,860</b>	<b>9.30</b>
<b><u>Other Adjustments (with no service impacts)</u></b>		
Increase Cost: Retirement Adjustment	51,016	0.00
Increase Cost: Group Insurance Adjustment	31,893	0.00
Increase Cost: Lump Sum Wage Adjustment	22,784	0.00
Technical Adj: Conversion of WYs to FTEs in the New Hyperion Budgeting System; FTEs are No Longer Measured for Overtime and Lapse	0	1.00
Shift: Help Desk - Desk Side Support to the Desktop Computer Modernization NDA	-110	0.00
Decrease Cost: Printing and Mail Adjustment	-1,830	0.00
<b>FY13 RECOMMENDED:</b>	<b>1,332,613</b>	<b>10.30</b>

## FUTURE FISCAL IMPACTS

Title	CE REC. FY13	FY14	FY15	(\$000's) FY16	FY17	FY18
This table is intended to present significant future fiscal impacts of the department's programs.						
<b>COUNTY GENERAL FUND</b>						
<b>Expenditures</b>						
<b>FY13 Recommended</b>	<b>1,333</b>	<b>1,333</b>	<b>1,333</b>	<b>1,333</b>	<b>1,333</b>	<b>1,333</b>
No inflation or compensation change is included in outyear projections.						
<b>Elimination of One-Time Lump Sum Wage Adjustment</b>	<b>0</b>	<b>-23</b>	<b>-23</b>	<b>-23</b>	<b>-23</b>	<b>-23</b>
This represents the elimination of the one-time lump sum wage increases paid in FY13.						
<b>Subtotal Expenditures</b>	<b>1,333</b>	<b>1,310</b>	<b>1,310</b>	<b>1,310</b>	<b>1,310</b>	<b>1,310</b>

<b>FY13 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY12 Approved</b>	<b>0</b>	<b>0.00</b>
<b>FY13 CE Recommended</b>	<b>0</b>	<b>0.00</b>

### **Independent Audit**

Section 315 of the County Charter requires the County Council to contract with a Certified Public Accountant for an independent post audit of all financial records and actions of the County government, its officials, and employees. By County Resolution, the Office of Legislative Oversight is the designated administrator for this contract, which also includes an independent audit of the basic financial statement of the Employee Retirement Plans; an independent audit of the basic financial statements of the Montgomery County Union Employees Deferred Compensation Plan; and additional services related to reviews, tests, and certifications.

<b>FY13 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY12 Approved</b>	<b>420,820</b>	<b>0.00</b>
<b>FY13 CE Recommended</b>	<b>420,820</b>	<b>0.00</b>

### **Interagency Technology, Policy, & Coordinating Comm.**

This NDA supports the operation of the Interagency Technology, Policy, and Coordination Committee (ITPCC). The ITPCC was chartered by the Montgomery County Council to promote strategic planning and coordination in the use of information technology among County agencies. The ITPCC reports biannually to the County Council. By regularly convening the agencies' chief executive and chief information officers, the ITPCC provides an effective forum for the coordinated implementation of technology policies and guidelines. Additionally, the ITPCC facilitates interagency communication, the evaluation and sharing of new technologies, and advises policy makers on the strategic uses of technology.

<b>FY13 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY12 Approved</b>	<b>4,250</b>	<b>0.00</b>
<b>FY13 CE Recommended</b>	<b>4,250</b>	<b>0.00</b>

### **Judges Retirement Contributions**

This NDA provides pensions for retired Judges who were on the bench prior to 1968 in the Circuit Court and the People's Court (District Court) of Montgomery County and for their surviving spouses.

The Circuit Court pension is calculated as one percent of the net supplement paid by the County to the salaries of the Circuit Court Judges as of May 31, 1968, multiplied by the number of years of active service as a Judge (up to a maximum of 20 years). The surviving spouse receives one-half of the pension to which the Judge would have been entitled. The benefits are authorized in Section 12-10 of the Montgomery County Code.

The People's Court (District Court) pension is based on the current salary of a District Court Judge. A retired Judge receives 60 percent of the current salary of a District Court Judge, while a surviving spouse receives one-half of the pension to which the Judge would have been entitled. The benefits are authorized in Article 73B, Section 63(b) of the Annotated Code of Maryland. This NDA may be increased to include a cost of living adjustment at a rate equal to that approved for District Court Judges by the General Assembly. If a cost of living adjustment is approved next fiscal year, the NDA will be adjusted as necessary by a year-end transfer.

<b>FY13 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY12 Approved</b>	<b>3,000</b>	<b>0.00</b>
Eliminate: Adjust to reflect zero actual expenditures	-3,000	0.00
<b>FY13 CE Recommended</b>	<b>0</b>	<b>0.00</b>

### **Leases**

This NDA provides the funds necessary to lease privately owned real estate to accommodate County programs. Real property leased by the County includes office, warehouse, and retail space; hangar facilities; child care space in schools; parking spaces; and space for communication antennas. Leasing property allows the County the flexibility to locate programs in the communities they serve and provides space for programs to operate when there is no County-owned space available. Further, it is an economical way to procure highly specialized, location sensitive, or temporary space. Currently, there are approximately 90 leased facilities. The inventory of leases is constantly shifting as new leases are added and existing leases are terminated.