

MEMORANDUM

TO: County Council

FROM: Robert H. Drummer, Legislative Attorney 

SUBJECT: **Introduction:** Bill 36-09, Personnel – Audits – Trust Funds

Bill 36-09, Personnel – Audits – Trust Funds, sponsored by Council President Andrews and Councilmember Trachtenberg, is scheduled to be introduced on October 13. A public hearing is tentatively scheduled for November 3 at 1:30 p.m.

Section 315 of the Charter requires that:

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 complete report of the audit shall be presented to the Council and copies of it shall be made available to the public.

County Code §33-51 requires the Council to retain a firm of certified public accountants to conduct an annual independent audit of the County's retirement system. Code §33-122(g) similarly requires an annual independent audit of the Retirement Savings Plan. However, there is no equivalent provision requiring annual independent audits of the County deferred compensation plan, the collectively bargained deferred compensation plan established and maintained by the County,¹ or the Retiree Health Benefits Trust Fund.

Bill 36-09 would, pursuant to Charter §315, require an annual independent audit of each deferred compensation plan and the Retiree Health Benefits Trust Fund. The Council would hire the audit firm and the audit report would be filed with the Council and made available for public inspection.

<u>This packet contains:</u>	<u>Circle #</u>
Bill 36-09	1
Legislative Request Report	3
Council President Memo	4

¹ IRS rules require that the collectively bargained plan be “established and maintained by the County” in order to be considered a government sponsored plan.

Bill No. 36-09
Concerning: Personnel – Audits – Trust
Funds
Revised: October 8, 2009 Draft No. 7
Introduced: October 13, 2009
Expires: April 13, 2011
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President Andrews and Councilmember Trachtenberg

AN 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	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

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

LEGISLATIVE REQUEST REPORT

Bill 36-09

Personnel -- Audits -- Trust Funds

DESCRIPTION:	To require an annual independent audit of each deferred compensation plan and the Retiree Health Benefits Trust Fund.
PROBLEM:	Charter §315 requires the Council to hire a firm of certified public accountants to conduct an annual independent audit of all County financial records and actions. Current law requires this audit for the retirement plans, but does not require a similar audit of the deferred compensation plans and the Retiree Health Benefits Trust Fund.
GOALS AND OBJECTIVES:	To amend the law to comply with Charter §315.
COORDINATION:	Office of Human Resources, Board of Investment Trustees, Office of Legislative Oversight
FISCAL IMPACT:	To be requested.
ECONOMIC IMPACT:	To be requested.
EVALUATION:	To be requested.
EXPERIENCE ELSEWHERE:	To be researched.
SOURCE OF INFORMATION:	Robert H. Drummer, Legislative Attorney, 240-777-7895
APPLICATION WITHIN MUNICIPALITIES:	Not applicable.
PENALTIES:	None

MEMORANDUM

October 7, 2009

TO: Councilmembers
FROM: Phil Andrews, Council President 
SUBJECT: Audits for the Deferred Compensation Plans

County Code §33-51 requires the Council to retain a firm of certified public accountants to conduct an annual independent audit the County's retirement system. The audit must be made available for public inspection. However, there is no equivalent provision requiring annual independent audits of the County deferred compensation plan and the collectively bargained deferred compensation plan established and maintained by the County.¹ Section 315 of the Charter requires that:

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 complete report of the audit shall be presented to the Council and copies of it shall be made available to the public.

This Bill would implement §315 of the Charter by requiring the Council to hire a firm of certified public accountants to conduct an annual independent audit of each of the County's deferred compensation plans.

I welcome any comments you have and hope you will co-sponsor this Bill.

¹ IRS rules require that the collectively bargained plan be "established and maintained by the County" in order to be considered a government sponsored plan.