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GO COMMITTEE #3  
April 30, 2014  
Worksession

**MEMORANDUM**

April 30, 2014

TO: Government Operations and Fiscal Policy Committee

FROM: Chris Cihlar, Director  
Office of Legislative Oversight

SUBJECT: **Worksession: FY15 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 FY15 recommendations for the Office of Legislative Oversight and Independent Audit NDA are attached beginning at ©3. OMB staff member, Crystal Brockington Sallee, is expected to attend this worksession.

**OFFICE OF LEGISLATIVE OVERSIGHT**

The Executive Recommended FY15 Budget for the Office of Legislative Oversight is \$1,435,503. The table below summarizes the changes from the FY14 Approved Budget of \$1,354,602. The recommended budget represents a same services request from FY14 to FY15.

<b>Category</b>	<b>FY14 Approved</b>	<b>FY15 CE Recommended</b>	<b>Change FY14-FY15</b>
<b>Expenditures</b>			
Total Personnel	\$1,303,856	\$1,409,301	8%
Total Operating	\$50,746	\$26,202	-48%
Total Budget	\$1,354,602	\$1,435,503	6%
<b>Personnel</b>			
FTEs	11.0	11.0	-----

Personnel costs account for 98.2% of OLO's budget.

In addition to the technical adjustment from workyears to FTEs, the Executive's Recommended FY15 budget reflects the following changes in personnel and operating costs:

- Decreased costs associated with the use of outside consulting firms;
- Increased costs based on the County Executive's salary increase; and
- Increased costs resulting from two internal promotions.

**Staff Recommendation:** Approve the Office of Legislative Oversight budget as included in the Executive's Recommended FY15 Operating Budget.

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

The Executive's FY15 Recommended Operating Budget includes **\$420,820** for the Independent Financial Audit NDA. This NDA funds the independent audit of the FY14 financial statements issued by the County Government and other related audit work. This amount represents a zero percent increase from the FY14 appropriation for this NDA.

On April 8, the Council introduced a resolution to authorize the Council President to renew the contract with CliftonLarsonAllen LLP to conduct work related to the audit of the County Government's FY14 financial statements. The Council voted to approve the resolution on April 22<sup>nd</sup>.

**Staff Recommendation:** Approve the Independent Audit Non-Departmental Account as included in the Executive's Recommended FY15 Operating Budget.

Attachments: County Executive's Recommended Budget ©3  
Update on Prior Year's Progress - OLO Work Program ©7

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# 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 FY15 Operating Budget for the Office of Legislative Oversight is \$1,435,503, an increase of \$80,901 or 6.0 percent from the FY14 Approved Budget of \$1,354,602. Personnel Costs comprise 98.2 percent of the budget for 11 full-time positions, and a total of 11.00 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 1.8 percent of the FY15 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***

## ACCOMPLISHMENTS AND INITIATIVES

- ❖ ***OLO's FY14 Work Program includes 18 projects. Of those, 15 are research and evaluation projects.***
- ❖ ***During FY14, OLO completed projects on a range of topics including: the legally-mandated evaluation of the Bethesda Urban Partnership; a review of injuries, injury-related leave and overtime in the Montgomery County Fire and Rescue Service; a report on youth and work in Montgomery County; and a review of how the County can harness the power of data analytics.***
- ❖ ***OLO also completed projects on the County's economic development incentive programs; municipal tax duplication; coordination between the County and utilities on construction projects in County rights-of-way; the practices used by Montgomery County and other jurisdictions to manage the design and construction of public facilities; best practices in open data initiatives; and continued its work on the County's structural budget deficit.***
- ❖ ***OLO's FY13 report on recent changes to the State's new Maintenance of Effort law described its implications for County Fiscal Planning and significantly impacted future budget deliberations.***
- ❖ ***The OLO report on employee work hours and leave presented data on County Government workforce availability and described the factors that influence availability. This resulted in more effective oversight of leave and overtime use.***
- ❖ ***OLO's report on the achievement gap in Montgomery County updated a 2008 OLO report on this topic to provide a current snapshot of the achievement gap in Montgomery County Public Schools and the school system's progress in narrowing the achievement gap over the past five years.***
- ❖ ***Productivity Improvements***
  - ***OLO collaborated with Council staff to implement Council-endorsed recommendations related to wellness programs, disease management, and consolidation of group insurance spending data across agencies. Recommendations from the report on the County's economic development incentive programs will lead to better data collection and reporting procedures for economic development incentive programs.***
  - ***As a result of the OLO report on workforce availability, ongoing reports from the Executive on employee availability and leave use will be submitted to the Council and lead to better monitoring of leave practices***

## PROGRAM CONTACTS

Contact Chris Cihlar of the Office of Legislative Oversight at 240.777.7987 or Crystal B. Sallee of the Office of Management and Budget at 240.777.2778 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 FY13	Budget FY14	Estimated FY14	Recommended FY15	% Chg Bud/Rec
<b>COUNTY GENERAL FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	943,084	967,463	960,240	1,073,102	10.9%
Employee Benefits	294,623	336,393	322,642	336,199	-0.1%
<b>County General Fund Personnel Costs</b>	<b>1,237,707</b>	<b>1,303,856</b>	<b>1,282,882</b>	<b>1,409,301</b>	<b>8.1%</b>
Operating Expenses	37,503	50,746	42,227	26,202	-48.4%
Capital Outlay	0	0	0	0	—
<b>County General Fund Expenditures</b>	<b>1,275,210</b>	<b>1,354,602</b>	<b>1,325,109</b>	<b>1,435,503</b>	<b>6.0%</b>
<b>PERSONNEL</b>					
Full-Time	8	11	11	11	—
Part-Time	3	0	0	0	—
FTEs	10.30	11.00	11.00	11.00	—

## FY15 RECOMMENDED CHANGES

	Expenditures	FTEs
<b>COUNTY GENERAL FUND</b>		
<b>FY14 ORIGINAL APPROPRIATION</b>	<b>1,354,602</b>	<b>11.00</b>
<b>Other Adjustments (with no service impacts)</b>		
Increase Cost: FY15 Compensation Adjustment	50,365	0.00
Decrease Cost: Annualization of FY14 Personnel Costs	24,309	0.00
Increase Cost: Retirement Adjustment	3,681	0.00
Increase Cost: Group Insurance Adjustment	2,090	0.00
Increase Cost: Printing and Mail	456	0.00
<b>FY15 RECOMMENDED:</b>	<b>1,435,503</b>	<b>11.00</b>

**FUTURE FISCAL IMPACTS**

Title	CE REC. FY15	FY16	FY17	(S000's)		
	FY18	FY19	FY20			
<b>This table is intended to present significant future fiscal impacts of the department's programs.</b>						
<b>COUNTY GENERAL FUND</b>						
<b>Expenditures</b>						
<b>FY15 Recommended</b>	1,436	1,436	1,436	1,436	1,436	1,436
No inflation or compensation change is included in outyear projections.						
<b>Labor Contracts</b>	0	11	11	11	11	11
These figures represent the estimated annualized cost of general wage adjustments, service increments, and associated benefits.						
<b>Subtotal Expenditures</b>	<b>1,436</b>	<b>1,447</b>	<b>1,447</b>	<b>1,447</b>	<b>1,447</b>	<b>1,447</b>

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### **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.

<i>FY15 Recommended Changes</i>	Expenditures	FTEs
<b>FY14 Approved</b>	<b>420,820</b>	<b>0.00</b>
<b>FY15 CE Recommended</b>	<b>420,820</b>	<b>0.00</b>

# MEMORANDUM

April 30, 2014

To: Government Operations and Fiscal Policy Committee

From: Chris Cihlar, Director  
Office of Legislative Oversight (OLO)

Subject: Update on Prior Year's Progress – OLO Work Program

Below is a brief update on the progress the Office of Legislative Oversight has made on assignments and a summary of the initiatives undertaken in FY14.

## **Project 1**

### **Social Science Data Analytics Advisory Board**

**SUMMARY:** The Office of Legislative Oversight (OLO) will examine the feasibility of creating an advisory board of social scientists and others with the expertise to conduct large scale data analytics and the desire to proactively search County Government and/or County agency data with the goal of identifying areas of interest based on patterns and relationships found in the data.

**UPDATE:** Completed and released.

## **Project 2**

### **Fire and Rescue Service Overtime, Disability and the Disability Process**

**SUMMARY:** This report will focus on two aspects of the relationship between the use of overtime and the use of disability within MCFRS:

- The correlation between the level of overtime use and the use of administrative/disability leave for MCFRS employees. The report will examine whether the significant use of overtime by individual FRS personnel puts them at a higher risk for injury, resulting in administrative and/or disability leave.
- The impact of the disability claim process on the use of overtime within the department. The length and manner in which disability claims are processed (and the employee is unable to work) can have a direct impact on the need for overtime to cover minimum staffing requirements.

**UPDATE:** Completed and released.

## **Project 3**

### **Procurement and Small, Minority, Female, Disabled and Locally Owned Businesses**

**SUMMARY:** The purpose of this OLO report will be to examine how the County encourages participation in the procurement process by businesses meeting the criteria for small, minority, female, disabled and locally-owned status.

**UPDATE:** In progress. Expected release in June 2014.

**Project 4**

**Juvenile Justice in Montgomery County**

SUMMARY: The purpose of this project is to improve the Council's understanding of juvenile justice trends within Montgomery County and best practices for transitioning adjudicated youth into the community.

UPDATE: Not yet started. Research to begin in May 2014 with expected release summer 2014.

**Project 5**

**Developmental Education at Montgomery College**

SUMMARY: The purpose of this project is to describe the supply, demand, and efficacy of development education programs at Montgomery College and opportunities for improvement.

UPDATE: In progress. Expected release early summer 2014.

**Project 6**

**Montgomery County Public Schools' High School Consortia – An FY14 Update**

SUMMARY: The purpose of this project update is to track the progress that the consortia high schools have achieved since the original OLO report on a subset of student performance measures.

UPDATE: Completed and released.

**Project 7**

**School Demographic Makeup Among MCPS Students and Educators**

SUMMARY: This OLO report will assess how the gender, ethnic, and racial backgrounds and spoken languages of MCPS educators align with those of their students on a school-to-school basis. It will examine these characteristics in all MCPS elementary, middle, and high schools.

UPDATE: Completed. With school system for technical review. Expected release in May 2014.

**Project 8**

**An Examination of Similarities and Differences Between English and Spanish Calls to 311**

SUMMARY: The purpose of this project is to enhance the Council's understanding of the needs of Limited English Proficiency individuals calling MC311 and how the County Government is meeting these needs. Specifically, this project will examine the similarities and differences between calls that are conducted in English and those that are conducted in Spanish.

UPDATE: Completed and released.

**Project 9**

**Workforce Development Services in Montgomery County**

SUMMARY: This project will provide the Council with a better understanding of the County's workforce development services. It will describe the types of services provided, including the characteristics of those who receive services, and examine the outcome and performance data the program collects.

UPDATE: Not yet started. Research to begin in May 2014 with expected release summer 2014.

**Project 10**

**After School Programs and their Impact**

SUMMARY: Several Council members have concurred that the significant level of funding for County agencies and non-profits aimed at improving student outcomes and narrowing the achievement gap warrants the inclusion of their funding as part of the County's maintenance of effort calculation. The purpose of this project is to explore the intended and estimated impact of these social service programs on student achievement and the achievement gap.

UPDATE: Not yet started. Research to begin in May 2014 with expected release summer 2014.

**Project 11**

**A Review of the Change Order Process for County Government Construction Contracts**

SUMMARY: This OLO report will examine the process and results of change orders for facility construction projects in the County Government Capital Improvements Program (CIP). The report will describe the regulatory framework and departmental practices that govern change orders. In addition, the report will provide case studies of multiple recently completed facilities.

UPDATE: Completed and released.

**Project 12**

**Streamlining the Development Process**

SUMMARY: The focus of this collaborative streamlining effort is to identify and implement improvements that yield time and cost savings for both the development industry and the public agencies. This project will provide the Council with the information it needs to provide oversight of the County's development process. It will explain the cross-agency process steps and suggest metrics to measure outcomes associated with the streamlining effort.

UPDATE: In progress. Final edits in progress. Expected release May 2014.

### **Project 13**

#### **Property Tax Appeals**

**SUMMARY:** This OLO project will examine the appeal process and results for property owners in Montgomery County. It will build upon a January 2013 Inspector General Report that suggested that Montgomery County should be more diligent in challenging commercial property assessments conducted by the state. The report will examine the results of property tax appeals, any trends or patterns that emerge from this analysis, and the processes the County uses to monitor the commercial property tax appeal process.

**UPDATE:** In progress. Expected released May or June 2014.

### **Project 14**

#### **Alternative Financing Methods for Infrastructure Projects**

**SUMMARY:** This OLO report will present a survey of alternative funding methods to finance the construction, replacement, and improvement of transportation, school, public safety, and other public facilities. The report will discuss the requirements needed to implement specific financing methods in Montgomery County (for example, whether implementation of the method would require a change in current State law). OLO will assess the relative advantages and disadvantages of each alternative financing method described in the report.

**UPDATE:** In progress. Expected release June 2014.

### **Project 15**

#### **Bethesda Urban Partnership**

**SUMMARY:** Chapter 68A of the County Code authorizes the County to establish urban district corporations to provide services within the County's urban districts. By law, an urban district corporation exists for five years after its articles of incorporation are accepted for recording by the State Department of Assessments and Taxation. The urban district corporation can be extended for an unlimited number of additional five-year terms by a resolution adopted by the County Council and approved by the County Executive. Before the County renews the corporation's term, the law requires the Office of Legislative Oversight to conduct a performance evaluation.

**UPDATE:** Completed and released.

### **Project 16**

#### **Management of the Council's Independent Audit Contracts**

**SUMMARY:** Section 315 of the County Charter requires the Council to contract with a certified public accountant to perform an annual independent audit of the County Government's financial statements. The Council also contracts for the annual audit of the financial statements of the employee retirement plans and the Montgomery County Union Employees Deferred Compensation Plan. Since 1991, the Council has assigned the Office of Legislative Oversight the responsibility to act as the Council's contract administrator and provide support to the Council during the period of audit engagement. OLO carries out these responsibilities with oversight and guidance from the Council's Audit Committee.

**UPDATE:** Ongoing responsibility. Work progressing as expected.

**Project 17****Assist with the Review of the FY 15 Operating budget**

**SUMMARY:** During the spring of 2014, OLO staff will assist Central Council staff to prepare analyses for Committee and Council work sessions on the FY15 operating budget. This project is similar to OLO's operating budget-related assignment in recent years. For this portion of the FY14 Work Program, the OLO Director will work collaboratively with the Council Administrator to identify specific budget areas for OLO staff assistance. Priority consideration will be given to topics that OLO has studied before. Additionally, OLO will assist County Council on additional budget related analysis throughout the year.

**UPDATE:** Ongoing responsibility. Work progressing as expected.

**Project 18****Staff Support for the Council's Audit Committee**

**SUMMARY:** As directed by Council resolution, OLO will ensure that the Committee receives "assistance from the Council staff, the Office of the Inspector General, Executive Branch and other County agency staff, and contractors with appropriate expertise" in carrying out its "oversight of financial reporting and risk assessment."

**UPDATE:** Ongoing responsibility. Work progressing as expected.