

Resolution No.: 16-326
Introduction: September 25, 2007
Adopted: October 2, 2007

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By County Council

SUBJECT: Council Procedures for the Selection of the Independent Auditor

Background

1. Section 315 of the Montgomery County Charter states as follows:

“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.”

2. Section 11B-7(b) of the Montgomery County Code provides that the Council selection of the independent auditor pursuant to Section 315 shall be solely the responsibility of the County Council acting according to procedures prescribed by the Council.
3. The Council by Resolution No. 10-457, adopted November 1, 1983, established Council Procedures for the selection of the independent auditor. The Council by Resolution No. 12-154, adopted April 9, 1991, updated and amended the Council Procedures for the selection of the independent auditor. In accordance with those procedures and Council policy to select an independent auditor every four years, the County Council selected independent auditors to perform the annual post-audits for the County.
4. The Council Procedures established by Resolution No. 12-154 have been reviewed by the Management and Fiscal Policy Committee and are now being updated and amended prior to entering into the selection process for an independent auditor to perform the annual post-audit for the fiscal year ending on June 30, 2008, and the subsequent fiscal years.

Action

The County Council for Montgomery County, Maryland adopts the attached Council Procedures for the Selection of the Independent Auditor pursuant to Section 315 of the County Charter. This resolution supersedes County Council Resolution No. 12-154, and the procedures attached to this resolution supersede those earlier adopted.

This is a correct copy of Council action.



Linda M. Lauer, Clerk of the Council

Montgomery County Council Procedures for the Selection of the Independent Auditor
Pursuant to Section 315 of the County Charter

Policies:

1. In accordance with Section 315 of the Montgomery County Charter, the County Council will select an independent auditor to perform the annual post-audit of all financial records and actions of the County, its officials and employees in accordance with these procedures.
2. The selection process for the independent auditor will occur at least every four years provided that the contract for auditing services will be limited to one year periods, renewable each year. Proposals submitted as part of the selection process must explain how the auditor intends to use auditing industry standards and best management practices to ensure auditor independence throughout the course of an engagement. In particular, incumbent auditors must demonstrate how, if selected, the firm's continuation as auditor is preferable to the Council's previous policy requiring auditor rotation after eight years.
3. The audit must satisfy the requirement for an independent post-audit as required by Section 315 of the County Charter, the "single audit" of all revenues and expenditures relating to Federal grants, and any other audits as directed by the County Council.
4. The Council's Management and Fiscal Policy (MFP) Committee will perform the function of the Contractor Qualification and Selection Committee for the review and evaluation of independent auditor proposals.
5. The Council will comply with the provision of Code Section 11B-57 et seq., relating to purchases from minority businesses when selecting the independent auditor.
6. The MFP Committee will be responsible for determining whether a non-minority owned or controlled business has made a documented good-faith effort to subcontract with minority business, or that sub-contracting would either be inappropriate because of the nature of the work or would otherwise diminish the purpose or performance of the contract, or that there is no certified minority businesses available and/or capable of providing the desired services.
7. The final selection of the independent auditor will be made by the County Council.
8. The Council's Office of Legislative Oversight is responsible for providing staff support for the MFP Committee and the County Council during the process of selecting an independent auditor, and is responsible for performing the functions of the Contract Administrator for the audit engagements.

Procedures:

1. Request for Proposals. On behalf of the County Council, the Contract Administrator will prepare a formal Request for Proposals (RFP) for performance of the annual independent post-audit of all financial records and actions of the County, its officials and employees. The RFP will detail the scope of the audit services required to be performed, any areas of interest for special attention by the auditor, the auditing standards required to be performed, and the criteria for evaluating the proposals.
2. Public Announcement. The RFP will be distributed to nationally recognized auditing firms, and those auditing firms with a national reputation in local government auditing. In addition, a public announcement will be placed in a major Washington area newspaper, such as the Washington Post.
3. Council Committee Review. The proposed RFP, mailing list, and advertisement will be reviewed and approved by the MFP Committee.
4. Mandatory Pre-Proposal Conference. Not less than ten (10) working days after the RFP is sent to the nationally recognized auditing firms, the Contract Administrator will conduct a mandatory pre-proposal conference for interested auditing firms. Representatives of the Department of Finance and other appropriate County departments, offices, and agencies will attend the pre-proposal conference to respond to questions and distribute copies of the County's most recent official financial reports, management letters, and other pertinent documents.
5. Selection. The Contract Administrator and two independent evaluators will review and score all proposals using the pre-determined weighted selection criteria detailed in the RFP. The Contract Administrator will compile the scores and prepare a report for the Council's MFP Committee. The MFP Committee will review the scoring, may review individual RFPs and interview top ranked firms at its discretion, and will develop recommendations for the Council. The County Council will make the final selection.
6. Contract. The Contract Administrator, in coordination with the MFP Committee, will negotiate and prepare a contract for the independent audit services. The Council President will be authorized to execute the written contract for services on behalf of the County Council after review of the contract by the County Attorney as to form and legality.
7. Amendments to the Contract. Any proposed amendments, changes or modifications to the contract will be reviewed by the MFP Committee and recommended to the County Council for final action.
8. Cancellation of the Request for Proposals. All proposals may be rejected or cancelled by the County Council where such an action is considered to be in the best interest of the County. The County Council may waive any technicality or formality when it is in the best interest of the County to do so.