

Resolution No.: 16-826
Introduced: January 13, 2009
Adopted: January 27, 2009

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: County Council

SUBJECT: County Council's Audit Function

Background

1. The County Charter and County Code assign the County Council certain audit-related responsibilities. Specifically:

Section 315 of the County Charter states 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."

Section 33-51(c) of the County Code states that: "An independent audit of the retirement system will be completed annually by the firm of certified public accountants under contract with the Council."

Section 21-24(d) of the County Code states that: "Financial transactions involving County fire tax funds must be included in the annual audit required by the Charter."

2. The Council first established procedures for selecting the independent auditor in Resolution No. 10-457, adopted on November 1, 1983. The Council amended these procedures in Resolution No. 12-154, adopted on April 9, 1991, and again in Resolution No. 16-326, adopted on October 2, 2007.
3. Under the Council's current procedures, the Council's Management and Fiscal Policy (MFP) Committee performs the functions of the Contractor Qualification and Selection Committee; the MFP Committee evaluates proposals and recommends an auditor to the Council, which makes the final decision. Resolution No. 16-326 requires the Office of Legislative Oversight (OLO) to provide staff support to the MFP Committee and the Council during the selection process and to be the Contract Administrator.

4. In a letter report to the Council dated September 26, 2008, the County Office of Inspector General (OIG) reported the results of its review of County oversight practices and internal controls for selected financial reporting. The OIG found that: “. . . by establishing and operating a formal audit committee in accordance with guidelines issued by the GFOA (Government Finance Officers Association) and AICPA (American Institute of Certified Public Accountants), the Council can improve its independent review and oversight for financial reporting, management control, and audit activities for County Government and other Council-funded organizations.” Formal audit committees of this kind have been established by a growing number of public sector organizations.
5. The OIG report listed recommended practices for audit committees, such as conducting reviews with executive leadership and independent auditors to assess significant financial risks or exposures and steps taken to minimize the risks, addressing significant findings on internal and independent audits, and ensuring that policies and procedures are in place to facilitate reporting fraud or abuse and questionable accounting or auditing practices.

Action

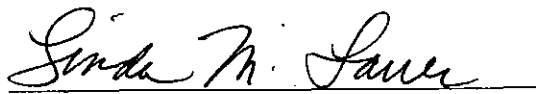
The County Council for Montgomery County, Maryland approves the following resolution:

Function. The MFP Committee must continue to strengthen the Council’s independent review and oversight of the County’s financial reporting, management control, and audit activities. When performing these functions, the MFP Committee will be deemed the Council’s audit committee. The Council President and Vice President must serve as ex-officio voting members of the MFP Committee when it meets as the audit committee.

Meeting and Reporting Requirements. The MFP Committee must meet as the Council’s audit committee at least four times a year. Each December the MFP Committee must report its findings and recommendations to the Council.

Work program and staff support. OLO must coordinate staff support for the MFP Committee when it meets as the audit committee. The MFP Committee’s oversight of financial reporting and risk assessment should be achieved with assistance from the Council staff, the OIG, Executive Branch and other County agency staff, and contractors with appropriate expertise.

This is a correct copy of Council action.



Linda M. Lauer, Clerk of the Council