

§ 10. Department of Audits – Independent auditors.

(a) *Required engagement.*

The Board of Estimates, at appropriate intervals, shall engage an independent firm of certified public accountants to audit:

- (1) the financial transactions of the Department of Audits; and
- (2) the comprehensive annual financial report of the City.

(b) *Permissive engagement.*

The Board of Estimates may engage an independent firm of certified public accountants to audit the financial transactions of any municipal agency and to examine the fiscal procedures, records, accounts, and methods of any municipal agency, including the Department of Audits.

(c) *Reports.*

The independent firm of certified public accountants shall make reports of its audits, examinations, and recommendations to the Board of Estimates.

§ 11. Department of Audits – Biennial audits of principal agencies.

(a) *Definitions.*

(1) *In general.*

In this section, the following terms have the meanings indicated.

(2) *Audit.*

- (i) “Audit” means an audit undertaken in accordance with generally accepted government auditing standards and federal and state law.
- (ii) “Audit” includes both:
 - (A) a financial audit of a principal agency’s financial transactions, including all revenues and receipts; and
 - (B) a performance audit that assesses a principal agency’s practices to determine whether the agency is operating economically and efficiently and whether corrective actions for improving its performance are appropriate.

(3) *Principal agency.*

“Principal agency” means any of the following executive departments:

(i) *Group A –*

1. Department of Finance.
2. Department of Public Works.
3. Fire Department.
4. Department of Housing and Community Development.
5. Department of General Services.
6. Baltimore Development Corporation.
7. Mayor’s Office of Information Technology (or successor entity to this Office).
8. Mayor’s Office of Human Services (or successor entity to this Office).

(ii) *Group B –*

1. Department of Law.
2. Department of Human Resources.
3. Department of Transportation.
4. Police Department.
5. Department of Recreation and Parks.
6. Department of Planning.
7. Department of Health.
8. Mayor’s Office of Employment Development (or successor entity to this Office).

(b) *Biennial audit required.*

(1) *In general.*

At least twice during every 4-year term of the Mayor and City Council, the City Auditor shall conduct an audit of each principal agency’s operations for the preceding 2 fiscal years.

(2) *Staggered schedule.*

These audits shall be staggered so that:

- (i) audits of the principal agencies listed in subsection (a)(3)(i) as “Group A” are initiated in odd-numbered calendar years; and
- (ii) audits of the principal agencies listed in subsection (a)(3)(ii) as “Group B” are initiated in even-numbered calendar years.

(c) *Costs of audit.*

In each fiscal year preceding the fiscal year in which audits are to be conducted under this section, the Comptroller shall include the costs of those audits in the estimates that the Comptroller submits for the next year’s Ordinance of Estimates.

(d) *Status of prior recommendations.*

(1) *In general.*

Each report of an agency audit conducted under this section shall include an ancillary report on the status of all recommendations for executive action that resulted from that agency’s immediately preceding audit under this section.

(2) *Content of report.*

The ancillary report shall:

- (i) designate each recommendation’s status either as “implemented”, “partially implemented”, or “not implemented”; and
- (ii) provide justification for the status designation assigned.

(e) *Publication of reports.*

Reports of all audits conducted under this section shall be:

- (1) posted on a public website maintained by the City Comptroller;
- (2) filed with the Department of Legislative Reference; and
- (3) submitted to each member of:
 - (i) the Board of Estimates;
 - (ii) the City Council; and
 - (iii) the Biennial Audits Oversight Commission.

(f) *Biennial Audits Oversight Commission.*

(1) *Commission established.*

There is a Biennial Audits Oversight Commission.

(2) *Composition.*

The Commission comprises the following 7 members:

- (i) the Director of Finance;
- (ii) the Inspector General;
- (iii) the Comptroller;
- (iv) the City Council President; and
- (v) 3 members of the City Council, appointed by the City Council President.

(3) *Officers.*

- (i) The City Council President shall designate 1 of the members to serve as Chair of the Commission.
- (ii) The members of the Commission, by majority vote, may elect any other officers that they consider necessary or appropriate.

(4) *Meetings; voting.*

- (i) The Commission shall meet at the call of the Chair as frequently as required to perform its duties.
- (ii) 4 members of the Commission constitute a quorum for the transaction of business.
- (iii) An affirmative vote of at least 4 members is needed for any official action.

(5) *Procedures.*

The Commission may adopt rules of procedure to govern its meetings and operations.

(6) *Powers and duties.*

The Commission:

- (i) shall provide guidance and advice to the City Auditor in determining the scope of a principal agency's performance audit;

(ii) shall hold at least 2 publicly advertised meetings a year, at which meetings the City Auditor shall appear and report on the status of the audits and recommendations under this section; and

(iii) for good cause shown by a principal agency, may waive the requirement for a financial audit to be conducted under this section.

(Res. 16-031, ratified Nov. 8, 2016.)