

**CITY OF BALTIMORE  
COUNCIL BILL 12-0060R  
(Resolution)**

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Introduced by: Councilmembers Spector, Holton, Middleton, Stokes, Cole, Reisinger, Scott,  
Henry, Welch, Clarke, Mosby, Curran

Introduced and read first time: July 16, 2012

Assigned to: Taxation, Finance and Economic Development Committee

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REFERRED TO THE FOLLOWING AGENCIES: Department of Audits

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A RESOLUTION ENTITLED

1 A COUNCIL RESOLUTION concerning

2 **Informational Hearing - Auditing Best Practices**

3 FOR the purpose of calling on representatives from the Department of Audits to appear before the  
4 Council to discuss how the Department currently performs its Charter mandated duties, the  
5 best practices in municipal and government auditing, and how audits of City agencies can be  
6 made more regular, frequent, and effective.

7 **Recitals**

8 As stewards of the people's money, it is imperative that governments ensure that financial  
9 resources are used as effectively and efficiently as possible. This is even more true in an era of  
10 shrinking tax bases, service cuts, and difficult budget decisions. In order to ensure that these  
11 decisions are based on the best possible information, it is necessary to have a defined and  
12 regularly implemented policy for the identification and tracking of City spending practices.

13 The best way to accomplish this is with timely and ongoing audits of Baltimore City's  
14 departments and agencies. Recognizing the importance of regular audits, the drafters of the City  
15 Charter created a Department of Audits responsible to the City Comptroller, and in Article V,  
16 § 8(a)(1) of the Charter required it to "at appropriate intervals conduct an audit of the financial  
17 transactions of every municipal agency, except the Department of Audits."

18 Unfortunately, in recent years the number of audits conducted by the Department of Audits  
19 has steadily declined, and some City departments have reportedly not been audited for decades.  
20 This situation falls far short of what Baltimore's citizens should be able to expect from their  
21 government - the City can and must do better.

22 What is imperative is a policy to identify potential waste – on a continuing basis. But  
23 although this is a necessary first step, it is not alone sufficient. From there, we must ensure that  
24 there is in place a tracking system to measure departments' and agencies' progress in resolving  
25 and correcting problems – whether they be simple or complex – with an enforcement arm that  
26 makes them responsible for fixing problems permanently.

27 These challenges are not unique to Baltimore - the State considered a bill in the last  
28 legislative session that would have mandated 5% cuts to the budgets of departments that  
29 repeatedly fail to address concerns raised in their audits in order to increase compliance with

EXPLANATION: Underlining indicates matter added by amendment.  
~~Strike out~~ indicates matter deleted by amendment.

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1 auditors recommendations, and it continues to study how to make the audit process more  
2 effective - but these are challenges that need to be more systematically discussed and addressed  
3 in Baltimore.

4 To that end, it is important that the Council hear from the agency charged by the Charter with  
5 responsibility for regular audits about how the Department of Audits currently handles audits, as  
6 well as what the best practices in the municipal audits field are. It is hoped that, with the support  
7 of the Mayor and the Comptroller, these conversations can lead us to a better method of  
8 achieving the oversight of City finances that the Charter envisions.

9 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That the  
10 Council requests that representatives from the Department of Audits appear before it to discuss  
11 how they currently perform their Charter mandated duties, the best practices in municipal and  
12 government auditing, and how audits of City agencies can be made more regular, frequent, and  
13 effective.

14 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Mayor, the  
15 Comptroller, the City Auditor, and the Mayor’s Legislative Liaison to the City Council.