

CITY OF BALTIMORE

STEPHANIE RAWLINGS-BLAKE, Mayor



OFFICE OF INSPECTOR GENERAL

ROBERT H. PEARRE, JR., Inspector General
640 City Hall
100 N. Holliday Street
Baltimore, Maryland 21202

December 11, 2013

The Honorable President and Members
Of the Baltimore City Council
Suite 400 City Hall
Baltimore, MD 21202

RE: Council Bill 12-0151



The Office of Inspector General (OIG) supports the general concept of audit oversight set out in City Council Bill 12-0151 (City Audits Commission), however, the OIG has a number of reservations concerning implementation.

The call for a City Audits Commission to oversee the City's external and internal audit activities is an indication of dissatisfaction over the status quo. The City Department of Audits and the Office of Inspector General both have responsibilities in the areas of accountability and internal controls. According to City Charter, Article V, § 8 (a) (1), the City Auditor "shall at appropriate intervals conduct an audit of the financial transactions of every municipal agency..." The OIG's primary responsibility is the promotion of efficiency, accountability, and integrity in City government. During the conduct of recent investigations and evaluations, the OIG has observed a number of severe internal control weaknesses. In the absence of any tangible oversight, those who have been inclined to abuse city resources have operated with impunity. Clearly, there is a need for more frequent and intensive oversight and the establishment of quadrennial agency audits is a positive step.

The OIG has targeted a number of areas of internal control weakness and is evaluating them with the intention of recommending strengthened procedures. The OIG has discussed its intent with the Office of the Comptroller and has sought a collaborative relationship on performance audits. However, the Department of Audits has taken the position that it does not have adequate funding to perform all the duties prescribed for it in the City Charter and has had to use the majority of its budget on the Comprehensive Annual Financial Report (CAFR) and the Federally-required Single Audit.

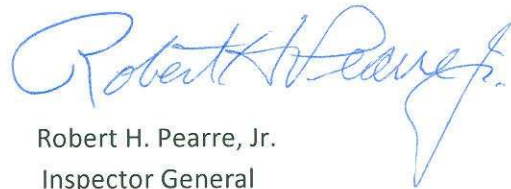
Although the creation of a City Audits Commission will undoubtedly bring attention to the need for stronger controls and raise the profile of published results, it is questionable whether its operational role will be truly one of oversight or merely advisory. There are specific oversight functions that are specified in Council Bill 12-0151 that will require the Audit Commission to hire staff. Under §9-12

F/Comments

“Powers and Duties,” the acts of overseeing the auditing effectiveness of City agencies and conducting risk assessment analysis for prioritizing agency audit needs are staff-intensive endeavors. In the current time of scarce resources, it is doubtful that funds will be available to hire the required staff. Therefore, it is likely the Audit Commission will need to rely on the resources of the Department of Audits and the Office of Inspector General to perform these functions. The end result will most likely be the creation of an additional layer of bureaucracy and a “paper tiger,” with no authority to direct City audit resources and no staff to carry out its responsibilities.

Notwithstanding the foregoing, the Office of Inspector General supports each Bill that is designed to increase oversight, coordinate efforts where feasible, and increase transparency. The Inspector General is willing to serve in an advisory capacity as a non-voting member of the intended Audit Commission to the extent those duties do not present conflicts of interest with the efforts of the OIG.

Very Respectfully,

A handwritten signature in blue ink that reads "Robert H. Pearre, Jr." with a stylized flourish at the end.

Robert H. Pearre, Jr.
Inspector General