

**CITY OF BALTIMORE
COUNCIL BILL 12-0151
(First Reader)**

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

Introduced and read first time: October 15, 2012

Assigned to: Taxation, Finance and Economic Development Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Audits, Comptroller,
Inspector General

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **City Audits Commission**

3 FOR the purpose of establishing a Baltimore City Audits Commission; defining certain terms;
4 providing for the composition of the Commission; specifying the functions, powers, and
5 duties of the Commission; and generally relating to oversight of the City's external and
6 internal audit activities.

7 BY adding

8 Article 1 - Mayor, City Council, and Municipal Agencies

9 Section(s) 9-1 to 9-14, to be under the new subtitle,

10 "Subtitle 9. Audits Commission"

11 Baltimore City Code

12 (Edition 2000)

13 **SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE,** That the
14 Laws of Baltimore City read as follows:

15 **Baltimore City Code**

16 **Article 1. Mayor, City Council, and Municipal Agencies**

17 **SUBTITLE 9. CITY AUDITS COMMISSION**

18 **§ 9-1. DEFINITIONS.**

19 (A) *IN GENERAL.*

20 IN THIS SUBTITLE, THE FOLLOWING TERMS HAVE THE MEANINGS INDICATED.

21 (B) *AUDIT.*

22 (1) "AUDIT" MEANS AN AUDIT UNDERTAKEN IN ACCORDANCE WITH GENERALLY
23 ACCEPTED GOVERNMENT AUDITING STANDARDS AND FEDERAL AND STATE LAW.

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.

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1 (2) "AUDIT" INCLUDES BOTH:

2 (I) A FINANCIAL AUDIT OF A CITY AGENCY'S FINANCIAL TRANSACTIONS,
3 INCLUDING ALL ACCOUNTS, REVENUES, AND RECEIPTS; AND

4 (II) A PERFORMANCE AUDIT THAT ASSESSES A CITY AGENCY'S PRACTICES TO
5 DETERMINE WHETHER THE AGENCY IS OPERATING ECONOMICALLY AND
6 EFFICIENTLY AND WHETHER CORRECTIVE ACTIONS FOR IMPROVING ITS
7 PERFORMANCE ARE APPROPRIATE.

8 (C) *AUDITS COMMISSION; COMMISSION.*

9 "AUDITS COMMISSION" OR "COMMISSION" MEANS THE BALTIMORE CITY AUDITS
10 COMMISSION ESTABLISHED UNDER THIS SUBTITLE.

11 (D) *CITY AGENCY; AGENCY.*

12 "CITY AGENCY" OR "AGENCY" MEANS:

13 (1) ANY DEPARTMENT, BOARD, COMMISSION, COUNCIL, AUTHORITY, COMMITTEE,
14 OFFICE, OR OTHER UNIT OF CITY GOVERNMENT; AND

15 (2) ANY INDIVIDUAL NOT EMBRACED IN A UNIT OF CITY GOVERNMENT WHO EXERCISES
16 AUTHORITY COMPARABLE TO THAT OF THE HEAD OF A UNIT OF CITY
17 GOVERNMENT.

18 **§ 9-2. COMMISSION ESTABLISHED.**

19 THERE IS A BALTIMORE CITY AUDITS COMMISSION.

20 **§ 9-3. COMPOSITION.**

21 (A) *IN GENERAL.*

22 THE AUDITS COMMISSION CONSISTS OF 5 VOTING MEMBERS AND 3 NON-VOTING
23 MEMBERS.

24 (B) *VOTING MEMBERS.*

25 (1) THE 5 VOTING MEMBERS ARE APPOINTED BY THE MAYOR IN ACCORDANCE WITH
26 ARTICLE IV, § 6 OF THE CITY CHARTER.

27 (2) EACH OF THE VOTING MEMBERS MUST BE A RESIDENT OF BALTIMORE CITY.

28 (3) IN ADDITION:

29 (I) 2 OF THE VOTING MEMBERS MUST BE INDIVIDUALS WHO ARE ACTIVELY
30 ENGAGED IN PRACTICE AS CERTIFIED PUBLIC ACCOUNTANTS WITH AUDITING
31 EXPERIENCE;

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(II) 2 OF THE VOTING MEMBERS MUST BE FINANCIALLY SOPHISTICATED AND
ACKNOWLEDGED EXPERTS IN GOVERNMENTAL BUDGETS AND FINANCES; AND

(III) 1 OF THE VOTING MEMBERS MUST BE AN ACKNOWLEDGED BUSINESS LEADER
WITH SENIOR LEVEL EXPERIENCE.

(C) *NON-VOTING MEMBERS.*

THE 3 NON-VOTING MEMBERS ARE:

(1) THE COMPTROLLER OF BALTIMORE CITY, EX OFFICIO;

(2) THE INSPECTOR GENERAL OF BALTIMORE CITY, EX OFFICIO; AND

(3) A MEMBER OF THE CITY COUNCIL, DESIGNATED BY THE COUNCIL PRESIDENT.

§ 9-4. TERMS; VACANCIES.

(A) *TERMS OF OFFICE.*

(1) VOTING MEMBERS OF THE AUDITS COMMISSION SERVE FOR A TERM OF 4 YEARS,
CONCURRENT WITH THE TERMS OF THE MAYOR AND THE CITY COUNCIL.

(2) AT THE END OF A TERM, A VOTING MEMBER CONTINUES TO SERVE UNTIL A SUCCESSOR
IS APPOINTED AND QUALIFIES.

(B) *VACANCIES.*

A MEMBER APPOINTED TO FILL A VACANCY IN AN UNEXPIRED TERM SERVES ONLY FOR THE
REMAINDER OF THAT TERM.

§ 9-5. COMPENSATION; EXPENSES.

THE MEMBERS OF THE AUDITS COMMISSION:

(1) ARE NOT ENTITLED TO COMPENSATION FOR THEIR SERVICES; BUT

(2) ARE ENTITLED TO REIMBURSEMENT FOR EXPENSES INCURRED, AS PROVIDED IN THE
ORDINANCE OF ESTIMATES.

§ 9-6. OFFICERS; STAFF.

(A) *OFFICERS.*

THE AUDITS COMMISSION:

(1) MUST DESIGNATE A VOTING MEMBER OF THE COMMISSION TO SERVE AS ITS CHAIR;
AND

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1 (2) MAY DESIGNATE FROM AMONG ANY OF ITS MEMBERS ANY OTHER OFFICERS IT
2 CONSIDERS NECESSARY OR APPROPRIATE.

3 (B) *STAFF.*

4 THE AUDITS COMMISSION MAY APPOINT EMPLOYEES, ASSISTANTS, AND INVESTIGATORS
5 AS PROVIDED IN THE ORDINANCE OF ESTIMATES.

6 **§ 9-7. MEETINGS; QUORUM; VOTING.**

7 (A) *MEETINGS.*

8 THE AUDITS COMMISSION MUST MEET, AT THE CALL OF THE CHAIR OR ON REQUEST OF 3
9 OR MORE VOTING MEMBERS, AS OFTEN AS REQUIRED TO PERFORM ITS DUTIES.

10 (B) *QUORUM AND VOTING.*

11 (1) 3 VOTING MEMBERS OF THE AUDITS COMMISSION CONSTITUTE A QUORUM FOR THE
12 TRANSACTION OF BUSINESS.

13 (2) AN AFFIRMATIVE VOTE OF AT LEAST 3 VOTING MEMBERS IS NEEDED FOR ANY OFFICIAL
14 ACTION.

15 **§ 9-8. RULES AND REGULATIONS.**

16 (A) *COMMISSION MAY ADOPT.*

17 THE AUDITS COMMISSION MAY ADOPT RULES AND REGULATIONS TO CARRY OUT THIS
18 SUBTITLE.

19 (B) *FILING WITH LEGISLATIVE REFERENCE.*

20 A COPY OF ALL RULES AND REGULATIONS MUST BE FILED WITH THE DEPARTMENT OF
21 LEGISLATIVE REFERENCE BEFORE THEY TAKE EFFECT.

22 **§§ 9-9 TO 9-10. {RESERVED}**

23 **§ 9-11. COMMISSION'S PRIMARY FUNCTION.**

24 THE PRIMARY FUNCTION OF THE AUDITS COMMISSION IS TO PROVIDE OVERSIGHT OF THE
25 CITY'S EXTERNAL AND INTERNAL AUDIT ACTIVITIES.

26 **§ 9-12. POWERS AND DUTIES – IN GENERAL.**

27 THE AUDITS COMMISSION IS RESPONSIBLE FOR:

28 (1) OVERSEEING THE AUDITING EFFECTIVENESS OF CITY AGENCIES BY ENSURING THAT
29 INTERNAL AND EXTERNAL AUDIT PROCEDURES ARE IN ACCORD WITH CURRENT

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1 INDUSTRY METHODS AND PROCEDURES AND GENERALLY ACCEPTED GOVERNMENT
2 ACCOUNTING PRINCIPLES;

3 (2) RISK ASSESSMENT ANALYSIS FOR PRIORITIZING AGENCY AUDIT NEEDS;

4 (3) IDENTIFYING SPECIAL AUDIT NEEDS;

5 (4) MONITORING ONGOING AUDIT PROGRESS; AND

6 (5) ROUTINELY PROVIDING ASSESSMENTS TO:

7 (I) THE MAYOR;

8 (II) THE CITY COMPTROLLER; AND

9 (III) THE PRESIDENT AND MEMBERS OF THE CITY COUNCIL.

10 **§ 9-13. POWERS AND DUTIES – AUDIT SCHEDULE.**

11 (A) *AUDITS DEPARTMENT TO PREPARE.*

12 THE DEPARTMENT OF AUDITS MUST PREPARE AND, AS NECESSARY OR APPROPRIATE FROM
13 TIME TO TIME, UPDATE A 4-YEAR ROLLING AUDIT SCHEDULE.

14 (B) *SUBMISSION TO COMMISSION FOR REVIEW AND COMMENT.*

15 BEFORE ADOPTING AN AUDIT SCHEDULE OR UPDATE, THE DEPARTMENT OF AUDITS MUST
16 PROVIDE A DRAFT OF THE SCHEDULE OR UPDATE TO THE COMMISSION FOR ITS REVIEW AND
17 COMMENT.

18 (C) *QUARTERLY MEETING TO REVIEW PROGRESS.*

19 THE AUDITS COMMISSION MUST MEET AT LEAST QUARTERLY WITH THE DEPARTMENT OF
20 AUDITS TO REVIEW PROGRESS UNDER THE AUDIT SCHEDULE.

21 **§ 9-14. POWERS AND DUTIES – ANNUAL ASSESSMENT OF AUDIT RECOMMENDATIONS.**

22 (A) *COMMISSION TO ASSESS AUDIT RECOMMENDATIONS.*

23 FOR EACH FISCAL YEAR, THE AUDITS COMMISSION MUST:

24 (1) REVIEW THE RECOMMENDATIONS OF ALL EXTERNAL AND INTERNAL AUDITS; AND

25 (2) ISSUE AN ASSESSMENT OF THOSE RECOMMENDATIONS.

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1 (B) *SUBMISSIONS.*

2 EACH ANNUAL ASSESSMENT MUST BE:

3 (1) COMPLETED BY MARCH 31 FOLLOWING THE FISCAL YEAR REVIEWED; AND

4 (2) SUBMITTED TO:

5 (I) THE MAYOR;

6 (II) THE CITY COMPTROLLER; AND

7 (III) THE PRESIDENT AND MEMBERS OF THE CITY COUNCIL.

8 **SECTION 2. AND BE IT FURTHER ORDAINED,** That the catchlines contained in this Ordinance
9 are not law and may not be considered to have been enacted as a part of this or any prior
10 Ordinance.

11 **SECTION 3. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the 30th day
12 after the date it is enacted.