



MEMORANDUM

To: The Honorable President and Members of the City Council
c/o Natawna Austin, Executive Secretary

From: Honorable Bill Henry, Comptroller

Date: June 13, 2022

Re: CCB 22-0242 Charter Amendment – Accounts Payable

Position: Support

The Office of the Comptroller is reporting on CCB 22-0242 Charter Amendment – Accounts Payable. The purpose of the bill is to establish the Department of Accounts Payable; making the Comptroller responsible for the Department; specifying that the Director shall be appointed by the Comptroller; establishing the powers and duties of the Department; conforming the duties of the Department of Finance; conforming certain related provisions; and submitting this amendment to the qualified voters of the City for adoption or rejection.

Background

CCB 22-0242 will establish the “Department of Accounts Payable” (DAP) as a department that falls under the jurisdiction of the Comptroller. DAP will be responsible for all payments and disbursements made by the City with the exception of payroll. This department will fall under the auspices of the Deputy Comptroller.

Accounts payable currently falls under the Bureau of Accounting & Payroll Services in the Department of Finance (DOF). This service is responsible for paying an average of 10,400 vendor invoices each month and providing support to agencies and vendors in all matters relating to payments.

Audit Considerations

As part of the 2021 Biennial Audits cycle, the City Auditor reviewed the Department of Finance to evaluate whether(1) the City of Baltimore has effective policies, procedures, and processes to pay vendors not later than the date specified in the contract, or, if no date is specified, 30 calendar days from the receipt date of a proper invoice; and (2) follow-up on findings and recommendations that were included as part of the previous performance audit report of the Department of Finance (DOF), dated November 7, 2019.

In this audit report, there were two new findings:

1. The City’s accounts payable process needs improvement for accuracy, continuity, efficiency, and effectiveness.
2. DOF, agencies, and Bureau of Procurement need to collaboratively develop solutions to resolve the factors to improve timely payments to vendors.

The Department of Audits made a series of recommendations to assist DOF in addressing these findings. Finance agreed and established an implementation plan, beginning July 1, 2022 with the full implementation of Workday.

The Yellow Book, issued by the U.S. Government Accountability Office, provides standards and guidance for auditors and audit organizations, outlining the requirements for audit reports, professional qualifications for auditors, and audit organization quality control¹. These professional standards outline the need for auditors to work independently to ensure objective, quality audits. In order to maintain the integrity of any future audits of accounts payable, the Department of Audits will establish the appropriate safeguards to reduce the structural threat to an acceptable level.

Timeline

August 5, 2022	The 95th day before the General Election is the deadline for submitting a charter amendment to the Board of Elections. Charter amendment must be passed and signed by the Mayor.
November 8, 2022	General Election.
January 1, 2023	Department of Accounts Payable is established, all functions move over to the Office of the Comptroller and fall under the Deputy Comptroller.

Fiscal Impact

Accounts Payable has 10 filled Full Time (FT) Positions and one (1) ARPA recruitment underway.

Service 702 – Accounts Payable		
FY21	FY22	FY23 Proposed
\$892,289	\$910,666	\$1,092,879

The Office of the Comptroller supports the passage of CCB 22-0242.

CC:

- Erika McClammy, Deputy Comptroller
- Celeste Amato, Chief of Staff, Comptroller’s Office
- KC Kelleher, Director of Communication, Comptroller’s Office
- Nina Themelis, Mayor’s Office

¹ (Gene L. Dodaro 2021)