

Quadrennial Audits

An Overview

January 15, 2015
Henry Raymond, Director of Finance
City of Baltimore

Purpose

- A City Charter Amendment approved in November 2012 requires that the City of Baltimore's 13 Principal Agencies have an audit conducted at least once every 4- year term of the Mayor and City Council that audits its operations for the preceding 4 fiscal years.
- The Audit must be undertaken in accordance with generally accepted government auditing standards and includes a financial and performance audit.

[2]

13 Principal Agencies

Agencies

- Department of Finance
- Department of Law
- Department of Public Works
- Fire Department
- Police Department
- Department of Housing and Community Development
- Department of Recreation and Parks
- Department of Transportation
- Department of General Services
- Department of Planning
- Department of Human Resources
- Baltimore Development Corporation
- Mayor's Office of Information Technology

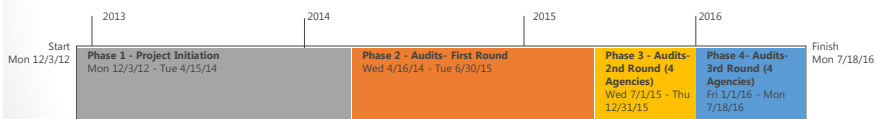
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The Process

- The Audits are conducted by the City of Baltimore Department of Audits or a certified public accountant firm that has been selected through the standard public procurement process.
- To implement the Quadrennial Audits, the Department of Finance in conjunction with the Department of Audits developed *AM-404-5 Quadrennial Audits Policy*.
- Under the terms of the policy, the Department of Finance is responsible for the administration of the quadrennial audit process and contract management.

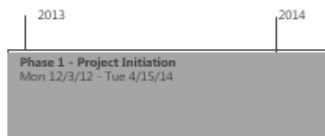
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Timeline



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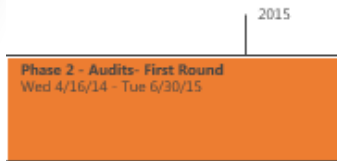
Phase 1- Project Initiation



- During Project Initiation the Department of Finance, in partnership with the Department of Audits engaged in discussion regarding the implementation of an audit model, development of a scope of work for solicitation, and drafting of an Administrative Manual Policy.
- The bid results of the solicitation were approved by the BOE and the Administrative Manual policy was approved by the BOE in March 2014.

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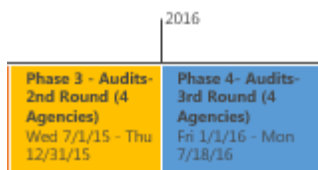
Phase 2- Audits- First Round



- In Phase 2, Finance with the input of the Department of Audits created the Agency Financial Statement Preparation Manual, the external auditors are met with to discuss the process, and the auditor engagement process was initiated.
- The first round of agencies to be audited are: the Department of Finance (Finance), Department of Public Works (DPW), the Department of Recreation and Parks (Rec and Parks), the Department of Transportation (DOT) and the Baltimore Police Department (BPD).
- The anticipated deadline for the first round of audits for Rec and Parks, DOT and BPD to be completed is June 2015. The audit results for Finance and DPW are anticipated in late Fall.

[7]

Phase 3 and 4- Second and Third Round Audits



- The 2nd round of audits will include four agencies and is anticipated to occur from July 1, 2015 through December 2015.
- The 3rd round of audits will include four agencies and is anticipated to occur from January 2016 through June 2016.

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Communicating Results

- Audit Engagements will be presented to the Board of Estimates for approval.
- The Agency, through the Department of Finance will report the audit results back to the Board of Estimates, with copies provided to the Mayor, President of the City Council, Comptroller and all members of the City Council.
- Progress on the Quadrennial Audits will be posted quarterly on the Department of Finance's website.