

Amendment 1 to Council Resolution No. 108-2019

**BY: The Chairperson at the request
of the County Executive**

**Legislative Day 10
Date: July 29, 2019**

Amendment No. 1

(This amendment alters the issues included as part of the audit, adds a maximum cost for the audit, and provides that certain items will be included in a Memorandum of Understanding.)

1 On page 1, in line 5, strike “believes” and substitute “and County Executive believe”.

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3 On page 1, in line 13, after “issues” insert “as addressed in the Memorandum dated July 11, 2019
4 from the County Executive to the Members of the County Council”.

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6 On page 1, strike lines 14 through 19, inclusive and in their entirety, and substitute:

7 “1. Health and Dental Fund

8 a. Provide a comparative analysis to peer jurisdictions based on program design,
9 benefits and cost sharing agreements.

10 i. The audit shall compare current practices to industry standards and best practices
11 and recommend corrective action or improvements where applicable.

12 b. Assess the financial and legal implications of carrying a historical deficit in the
13 Health and Dental Fund.

14 i. The audit shall recommend corrective action or improvements if warranted based
15 on the financial or legal implications of carrying a historical deficit.

16 2. Budgeting and Actual Expenditure Variance

17 a. Review three (3) years of General Fund categorical and programmatic variances
18 between budgeted and actual spending, provide a detailed explanation of variance,
19 and perform a root cause analysis where variance levels are deemed significant based
20 on industry standards.

21 i. The audit shall identify corrective action or improvements where variance levels
22 reveal issues related to processes or projection methodology.

1 ii. The audit shall analyze categorical variances to the programmatic level where
2 variance levels are deemed significant based on industry standards.

3 3. Personnel Cost Development

4 a. Provide documentation related to preparation of HCPSS salary and benefit
5 projections. Include assumptions of turnover savings, leave payouts, unfunded
6 vacancies, new positions, partial-year funding, etc.

7 i. The audit shall identify corrective action or improvements where issues exist
8 related to projection methodology and assumptions.

9 b. Provide a three-year history of staff turnover in each of the categorical expenditure
10 areas and compare with budgeted turnover savings.

11 i. The audit shall identify corrective action or improvements related to turnover
12 savings budgeting practices where appropriate.

13 4. Supplemental Income/Non-Salary Benefits

14 a. Provide a comparative analysis to peer jurisdictions evaluating both the
15 scope/inventory and amount of supplemental income sources offered by HCPSS (e.g.,
16 stipends for cell phones, travel expenses and vehicular mileage payments).

17 i. The audit shall compare current practices to industry standards and recommend
18 corrective action or improvements where applicable.

19 5. Procurement

20 a. Sole Source Contracting: Provide an update on findings of the October 2016 audit by
21 the Office of Legislative Audits, to include the following:

22 i. Number, dollar value and purpose of sole source contracts issued over the last
23 three years.

24 ii. Justification and approval process for each sole source contract.

25 iii. Comparative analysis to peer jurisdictions, compare current practice to industry
26 standards and best practices and recommend corrective action or improvements
27 where applicable.

28 b. Special Education Contracting: Provide a three-year breakdown of contract services
29 spending under special education, to include an explanation and analysis of
30 significant changes.

1 **AND BE IT FURTHER RESOLVED** that the amount for the performance audit shall
2 be established at no more than \$250,000 and will be paid for solely by Howard County
3 Government.

4
5 **AND BE IT FURTHER RESOLVED** that the Howard County Public School System
6 will provide additional relevant information outside the scope of the performance audit as
7 outlined in a Memorandum of Understanding (MOU).”.