



FREDERICK COUNTY GOVERNMENT

INTERAGENCY INTERNAL AUDIT AUTHORITY

Tricia Reaver, Director of Internal Audit

THE INTERAGENCY INTERNAL AUDIT AUTHORITY

History

The Frederick County Government Internal Audit Division (the Division) is an independent function for the benefit of taxpayers in Frederick County. The Division reports to the Interagency Internal Audit Authority (the Authority), an independent agency established by the Board of County Commissioners by Resolution No. 78-8 in 1978 and updated under County Charter by the County Council under Bill No. 18-12 into County Code in 2018 and updated again by the County Council under Bill No. 25-03 into County Code in 2025. The Authority's mission is to operate an internal audit staff that independently provides the County Council, Board of Education and the Frederick Community College Board of Trustees an ongoing review and appraisal of their many operations to identify and solve problems for the betterment of Frederick County taxpayers.

Under the Government Accountability Office by the Comptroller of the United States of America's Government Auditing Standards (the Yellowbook), the Division and the Authority are considered an independent audit function for Frederick County Government, Frederick County Public Schools and Frederick Community College. It is by these standards that government audits must be conducted, adhered to and trained upon.

Members

The Authority is a seven-member body, consisting of one independently appointed representative each from the County Council, the Frederick County Public Schools Board of Education, and the Frederick Community College Board of Trustees, as well as four citizen members nominated by the Authority itself after a thorough vetting process. The vetting process includes not only an analysis of an individual's technical qualifications, but also intensive in-person interviews and appropriate background research to determine that each public member is free from political bias and able to act and make decisions independent of any outside influences, ensuring our body's objectivity. The nominations then must go before the County Council for appointment.

All public members have expertise in financial analysis and reporting in addition to auditing theory and techniques and have keen understanding of how these influence public policy decisions. Currently, two of the Authority's four public members are active Certified Public Accountants (CPA), one of which is also a Certified Management Accountant. A third member has a Masters in Business Administration (MBA). The Internal Audit Director is also a CPA and has extensive experience auditing state and local governments, and was independently hired by the Authority (and may only be terminated by the Authority). The Internal Audit Director's previous experience included over 13 years as a CPA in public practice performing independent audits and now has 10 years additional experience with Frederick County as the internal auditor. Our distinction and organization is seen by other state and local internal audit functions as a role model for structure and independence.

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The Division is staffed by two full-time employees and contracts out large audit projects and tasks. In 2024, an RFP process was conducted and concluded with awarding three separate contracts to CliftonLarsonAllen, LLP, SC&H Group, Inc., and UHY for a two-year base contract, with three one-year options. The new contracts are effective January 1, 2025.

General Information

The IIAA meets in public on the third Wednesday of each month at 8:00 am, via Teams link, where members of the IIAA may attend in person in Winchester Hall. The Division and IIAA website may be found at the following link: <https://www.frederickcountymd.gov/1191/Internal-Audit>

During the course of audit and engagement work conducted by the Division and the IIAA work is confidential until finalized. Under Government Auditing Standards (GAS) and Generally Accepted Auditing Standards reports are confidential until finalized and reported to those charged with governance within an entity (the Authority and the Council are deemed charged with governance via GAS as the Authority is the independent oversight body and the Council is the legislative branch). At times finalized reports are kept confidential in order to maintain security for an entity.

Yellowbook Standards Cited:

Per section 3.52 of the 2018 revised Government Accountability Office (the GAO) by the Comptroller General of the United States of America's Government Auditing Standards, internal audit independence may be realized in the following manner:

“The ability of an audit organization structurally located in a government entity to perform work and report the results objectively can be affected by its placement within the government entity and the structure of the government entity being audited. The independence standard applies to auditors in both external audit organizations (reporting to third parties externally or to both internal and external parties) and internal audit organizations (reporting only to senior management within the audited entity). Such audit organizations are often subject to constitutional or statutory safeguards that mitigate the effects of structural threats to independence”

“structural threats may be mitigated if the head of the audit organization meets any of the following criteria in accordance with constitutional or statutory requirements:

- a. *Directly elected by voters of the jurisdiction being audited;*
- b. *Elected or appointed by a legislative body, subject to removal by a legislative body, and reporting the results of engagements to and accountable to a legislative body;*
- c. *Appointed by someone other than a legislative body, so long as the appointment is confirmed by a legislative body and removal from the position is subject to oversight or approval by a legislative body, and reports the results of engagements to and is accountable to a legislative body; or*

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- d. *Appointed by accountable to, reports to, and can only be removed by a statutorily created governing body, the majority of whose members are independently elected or appointed and are outside the organization being audited.”*

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