

SENATE BILL 894

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2004 Regular Session
(4lr2853)

ENROLLED BILL

-- Budget and Taxation/Ways and Means and Appropriations --

Introduced by **Senators Currie, DeGrange, Jones, Kasemeyer, Kittleman,
Lawlah, McFadden, Munson, ~~and Ruben~~ Ruben, Hogan, Brinkley,
Stoltzfus, and Kramer**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

President.

CHAPTER 148

1 AN ACT concerning

2 **Education Fiscal Accountability and Oversight Act of 2004**

3 FOR the purpose of requiring the State Superintendent and the State Department of
4 Education to monitor the financial status of each county board of education and
5 report to the Governor and General Assembly on a ~~quarterly~~ biannual basis;
6 requiring the local superintendent or chief executive officer of a local school
7 system to file a certain ~~quarterly~~ biannual report and to make a certain
8 attestation; providing that if a local school system does not file a certain annual
9 audit, the State Superintendent shall take certain action; providing that if a
10 local school system has a deficit, the State Superintendent shall immediately
11 notify the Governor, ~~and~~ the General Assembly, and the county governing
12 authority and shall require a local school system to develop a certain corrective
13 action plan, to file monthly status reports and to include certain information in
14 certain ~~quarterly~~ biannual reports; requiring the State Superintendent to
15 include certain information ~~in~~ on a local school system deficit in certain

1 quarterly reports; requiring a local school system to provide certain information
2 to the Office of Legislative Audits under certain circumstances; providing that if
3 a local school system fails to comply with certain requirements, the State
4 Superintendent, with the approval of the State Board of Education, shall notify
5 the State Comptroller who shall be required to withhold certain funds until
6 receiving a certain notice from the State Superintendent; revising the dates for
7 submission of certain plan updates to the Department; requiring county boards
8 of education and the Chief Executive Officer of the Baltimore City Board of
9 School Commissioners to include certain information in certain plan updates;
10 requiring the State Superintendent to annually review certain information and
11 to file a certain report; requiring certain plan updates to be submitted for review
12 and approval by the State Superintendent; providing that certain letters of
13 recommendation included in certain audits are a matter of public record;
14 requiring the Legislative Auditor to appoint professional staff to conduct audits
15 of local school systems; requiring the Office of Legislative Audits to conduct a
16 certain audit of each local school system within a certain time period;
17 authorizing the employees of the Office of Legislative Audits to have access to
18 certain information; requiring the Office of Legislative Audits to provide certain
19 information to a local school system; requiring a certain centralized audit by a
20 certain time period; requiring certain school systems to be included in a certain
21 group of audits; providing for the order of certain audits; repealing certain
22 provisions of law related to the Office of Legislative Audits' review of audit
23 reports of local boards of education and local library boards; requiring the
24 Baltimore City Board of School Commissioners to eliminate a certain deficit by a
25 certain date; requiring the Office of Legislative Audits to submit certain
26 information to the Joint Committee by a certain time; and generally relating to
27 the State Superintendent of Schools and the State Department of Education and
28 fiscal accountability and oversight of local school systems.

29 BY adding to
30 Article - Education
31 Section 5-114
32 Annotated Code of Maryland
33 (2001 Replacement Volume and 2003 Supplement)

34 BY repealing and reenacting, with amendments,
35 Article - Education
36 Section 4-309(a), 5-109, and 5-401
37 Annotated Code of Maryland
38 (2001 Replacement Volume and 2003 Supplement)

39 BY adding to
40 Article - State Government
41 Section 2-1219(c) and 2-1220(f)
42 Annotated Code of Maryland
43 (1999 Replacement Volume and 2003 Supplement)

1 BY repealing and reenacting, with amendments,
2 Article - State Government
3 Section 2-1220(e)
4 Annotated Code of Maryland
5 (1999 Replacement Volume and 2003 Supplement)

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
7 MARYLAND, That the Laws of Maryland read as follows:

8 **Article - Education**

9 4-309.

10 (a) (1) On or before June 1, 2002, the Chief Executive Officer shall submit a
11 5-year comprehensive master plan to the Board for its review, modification, and final
12 approval.

13 (2) On or before August 30, 2002, the Board shall approve and commence
14 implementation of the master plan.

15 (3) Following approval of the master plan or by July 30, 2002, whichever
16 is earlier, the master plan shall be submitted to the State Board and to the State
17 Superintendent for their review and approval.

18 (4) The Chief Executive Officer or designee shall consult with parents,
19 teachers, students, representatives of the business community, and educational
20 instruction and administration experts during the course of the development of the
21 master plan.

22 (5) (I) The master plan shall be updated annually and submitted to the
23 State Board and the State Superintendent for review and approval on or before [July
24 1] AUGUST 15 of each year.

25 (II) THE CHIEF EXECUTIVE OFFICER SHALL SUBMIT WITH THE
26 UPDATE REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH A DETAILED
27 SUMMARY OF HOW THE BALTIMORE CITY PUBLIC SCHOOL SYSTEM'S CURRENT YEAR
28 APPROVED BUDGET AND INCREASES IN EXPENDITURES OVER THE PRIOR YEAR ARE
29 CONSISTENT WITH THE MASTER PLAN.

30 (III) BY OCTOBER 1 OF EACH YEAR, THE CHIEF EXECUTIVE OFFICER
31 SHALL SUPPLEMENT THE UPDATE WITH A SUMMARY OF HOW THE BALTIMORE CITY
32 PUBLIC SCHOOL SYSTEM'S ACTUAL PRIOR YEAR BUDGET AND ADDITIONAL
33 EXPENDITURES IN THE PRIOR YEAR'S BUDGET ALIGNED WITH THE MASTER PLAN.

34 (6) Notwithstanding any other provision of law or regulation, the master
35 plan requirement shall be the sole master plan required of the Baltimore City Public
36 School System.

1 5-109.

2 (a) Each county board shall provide for an annual audit of its financial
3 transactions and accounts.

4 (b) (1) The audit shall be made by a certified public accountant or a
5 partnership of certified public accountants who are:

6 (i) Licensed by the State Board of Public Accountancy; and

7 (ii) Approved by the State Superintendent.

8 (2) The audit shall be made in accordance with the standards and
9 regulations adopted by the State Board.

10 (c) (1) The results of the audit, INCLUDING THE LETTER OF
11 RECOMMENDATION SUBMITTED BY THE AUDITOR, are a matter of public record.

12 (2) The results shall be reported within 3 months after the close of the
13 fiscal year for the county board on the form and in the manner required by the State
14 Board to:

15 (i) The State Superintendent;

16 (ii) The county fiscal authority;

17 (iii) The Joint Audit Committee of the General Assembly;

18 (iv) The Senate Budget and Taxation Committee;

19 (v) The Senate Education, Health, and Environmental Affairs
20 Committee;

21 (vi) The House Appropriations Committee; and

22 (vii) The House Committee on Ways and Means.

23 (d) In addition to the audit required by this section, the county commissioners
24 or county council may conduct an audit using auditors employed by the county.

25 5-114.

26 (A) IN THIS SECTION, "DEFICIT" MEANS A NEGATIVE FUND BALANCE IN THE
27 GENERAL FUND OF 1% OR MORE OF GENERAL FUND REVENUE AT THE END OF THE
28 FISCAL YEAR.

29 (A) (B) THE STATE SUPERINTENDENT AND THE DEPARTMENT SHALL:

30 (1) MONITOR THE FINANCIAL STATUS OF EACH LOCAL SCHOOL SYSTEM;

31 AND

1 (2) REPORT ON A ~~QUARTERLY~~ BIANNUAL BASIS THE FINANCIAL STATUS
 2 OF EACH LOCAL SCHOOL SYSTEM TO THE GOVERNOR AND, IN ACCORDANCE WITH §
 3 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY.

4 ~~(B)~~ (C) A LOCAL SUPERINTENDENT OR CHIEF EXECUTIVE OFFICER OF A
 5 LOCAL SCHOOL SYSTEM SHALL:

6 (1) FILE A ~~QUARTERLY~~ BIANNUAL REPORT ON THE FINANCIAL STATUS
 7 OF THE LOCAL SCHOOL SYSTEM WITH THE SUPERINTENDENT ~~ANY AND COUNTY~~
 8 GOVERNING BODY ON OR BEFORE ~~JUNE 30~~ APRIL 30 AND DECEMBER 31 OF EACH
 9 FISCAL YEAR; AND

10 (2) ATTEST TO THE ACCURACY OF EACH ~~QUARTERLY~~ BIANNUAL REPORT
 11 WHEN THE REPORT IS SUBMITTED TO THE SUPERINTENDENT AND COUNTY
 12 GOVERNING BODY.

13 ~~(C)~~ (D) IF A LOCAL SCHOOL SYSTEM DOES NOT FILE THE ANNUAL AUDIT
 14 RESULTS IN A TIMELY MANNER WITH THE STATE SUPERINTENDENT AS REQUIRED
 15 BY § 5-109 OF THIS TITLE, THE STATE SUPERINTENDENT SHALL:

16 (1) IMMEDIATELY NOTIFY:

17 (I) THE DEPARTMENT OF LEGISLATIVE SERVICES;

18 (II) THE COUNTY GOVERNING BODY; AND

19 (III) THE LOCAL BOARD AND LOCAL SUPERINTENDENT OR CHIEF
 20 EXECUTIVE OFFICER OF THE LOCAL SCHOOL SYSTEM; AND

21 (2) ORDER THAT THE AUDIT REPORT BE FILED WITHIN 10 DAYS.

22 ~~(D)~~ (E) (1) A LOCAL SCHOOL SYSTEM MAY NOT CARRY ~~AN OPERATING~~
 23 ~~BUDGET A~~ DEFICIT AS REPORTED IN THE ANNUAL AUDIT UNDER § 5-109 OF THIS
 24 TITLE.

25 (2) IF A LOCAL SCHOOL SYSTEM HAS A DEFICIT ~~OF ANY AMOUNT~~, THE
 26 STATE SUPERINTENDENT SHALL IMMEDIATELY NOTIFY THE GOVERNOR ~~AND~~, THE
 27 GENERAL ASSEMBLY, THE DEPARTMENT OF LEGISLATIVE SERVICES, AND COUNTY
 28 GOVERNING BODY AND SHALL REQUIRE THE LOCAL SCHOOL SYSTEM TO:

29 (I) DEVELOP AND SUBMIT FOR APPROVAL A CORRECTIVE ACTION
 30 COST CONTAINMENT PLAN WITHIN 15 DAYS;

31 (II) FILE MONTHLY STATUS REPORTS WITH THE STATE
 32 SUPERINTENDENT AND COUNTY GOVERNING BODY DEMONSTRATING ACTIONS
 33 TAKEN TO CLOSE THE DEFICIT AND THE EFFECT OF THE ACTIONS TAKEN ON THE
 34 DEFICIT; AND

35 (III) INCLUDE INFORMATION ON THE CORRECTIVE ACTION COST
 36 CONTAINMENT PLAN, ACTIONS TAKEN TO CLOSE THE DEFICIT, AND STATUS OF THE

1 DEFICIT IN THE ~~QUARTERLY BIENNIAL~~ FINANCIAL STATUS REPORTS FILED WITH
2 THE STATE SUPERINTENDENT AND COUNTY GOVERNING BODY.

3 (3) THE STATE SUPERINTENDENT SHALL INCLUDE INFORMATION ON
4 ANY LOCAL SCHOOL SYSTEM DEFICIT, CORRECTIVE ACTION COST CONTAINMENT
5 PLAN, ACTIONS TAKEN TO CLOSE A LOCAL SCHOOL SYSTEM DEFICIT, AND STATUS OF
6 ANY LOCAL SCHOOL SYSTEM DEFICIT IN ~~THE QUARTERLY FINANCIAL~~ A QUARTERLY
7 REPORT TO THE GOVERNOR AND THE GENERAL ASSEMBLY, IN ACCORDANCE WITH §
8 2-1246 OF THE STATE GOVERNMENT ARTICLE.

9 (4) IF A LOCAL SCHOOL SYSTEM HAS A DEFICIT:

10 (I) THE OFFICE OF LEGISLATIVE AUDITS MAY REQUEST ANY
11 FINANCIAL INFORMATION PERTAINING TO THE DEFICIT AND THE CORRECTIVE
12 ACTION COST CONTAINMENT PLAN; AND

13 (II) THE LOCAL SUPERINTENDENT OR CHIEF EXECUTIVE OFFICER
14 OF A LOCAL SCHOOL SYSTEM SHALL PROVIDE THE REQUESTED INFORMATION.

15 ~~(E)~~ (F) IF A LOCAL SCHOOL SYSTEM FAILS TO COMPLY WITH THE
16 REQUIREMENTS OF THIS SECTION, THE STATE SUPERINTENDENT, WITH THE
17 APPROVAL OF THE STATE BOARD OF EDUCATION, SHALL NOTIFY THE STATE
18 COMPTROLLER, WHO SHALL WITHHOLD 10% OF THE NEXT INSTALLMENT AND EACH
19 SUBSEQUENT INSTALLMENT DUE THE LOCAL SCHOOL SYSTEM FROM THE GENERAL
20 STATE SCHOOL FUND UNTIL THE STATE SUPERINTENDENT NOTIFIES THE
21 COMPTROLLER THAT THE LOCAL SCHOOL SYSTEM IS IN FULL COMPLIANCE WITH
22 THE REQUIREMENTS OF THIS SECTION.

23 5-401.

24 (a) (1) In this section the following words have the meanings indicated.

25 (2) "Local performance standards" means standards for student and
26 school performance developed by a county board.

27 (3) "Plan" means a comprehensive master plan.

28 (4) "State performance standards" means standards for student and
29 school performance approved by the State Board.

30 (b) (1) Each county board shall develop and implement a comprehensive
31 master plan that describes the goals, objectives, and strategies that will be used to
32 improve student achievement and meet State performance standards and local
33 performance standards in each segment of the student population.

34 (2) (i) Each county board shall submit a plan to the Department on or
35 before October 1, 2003.

36 (ii) At least 60 days before submitting a plan to the Department, a
37 county board shall provide a copy of the plan to the:

- 1 1. County council and if applicable, county executive; or
 2 2. County commissioners.

3 (3) Subject to subsection ~~(4)~~ (1) of this section, the plan shall:

4 (i) Extend for a 5-year period beginning with the 2003-2004
 5 school year; and

6 (ii) Be updated ANNUALLY by the county board AND SUBMITTED
 7 FOR REVIEW AND APPROVAL BY THE STATE SUPERINTENDENT OF SCHOOLS on or
 8 before [July 1] AUGUST 15 of each year.

9 (4) (I) ~~THE EACH COUNTY BOARD SHALL SUBMIT WITH THE UPDATE~~
 10 REQUIRED UNDER PARAGRAPH (3)(II) OF THIS SUBSECTION A DETAILED SUMMARY
 11 OF HOW THE BOARD'S CURRENT YEAR APPROVED BUDGET AND INCREASES IN
 12 EXPENDITURES OVER THE PRIOR YEAR ARE CONSISTENT WITH THE MASTER PLAN.

13 (II) BY OCTOBER 1 OF EACH YEAR, THE EACH COUNTY BOARD
 14 SHALL SUPPLEMENT THE UPDATE WITH A SUMMARY OF HOW THE BOARD'S ACTUAL
 15 PRIOR YEAR BUDGET AND ADDITIONAL EXPENDITURES IN THE PRIOR YEAR'S
 16 BUDGET ALIGNED WITH THE MASTER PLAN.

17 (c) The plan shall include:

18 (1) Goals and objectives as required under subsections (d) through (f) of
 19 this section that are aligned with State performance standards and local performance
 20 standards;

21 (2) Implementation strategies for meeting goals and objectives;

22 (3) Methods for measuring progress toward meeting goals and objectives;

23 (4) Time lines for implementation of the strategies for meeting goals and
 24 objectives;

25 (5) Time lines for meeting goals and objectives;

26 (6) A description of the alignment of the county board's budget with
 27 goals, objectives, and strategies for improving student achievement;

28 (7) The impact of the proposed goals, objectives, and implementation
 29 strategies on public school facilities and capital improvements that may be needed to
 30 implement the plan; and

31 (8) Any other information required by the State Superintendent.

32 (d) The plan shall include goals, objectives, and strategies regarding the
 33 performance of:

1 (1) Students requiring special education, as defined in § 5-209 of this
2 title;

3 (2) Students with limited-English proficiency, as defined in § 5-208 of
4 this title;

5 (3) Prekindergarten students;

6 (4) Kindergarten students;

7 (5) Gifted and talented students, as defined in § 8-201 of this article;

8 (6) Students enrolled in career and technology courses;

9 (7) Students failing to meet, or failing to make progress toward meeting,
10 State performance standards, including any segment of the student population that
11 is, on average, performing at a lower achievement level than the student population
12 as a whole; and

13 (8) Any other segment of the student population identified by the State
14 Superintendent.

15 (e) With regard to subsection (d)(7) of this section, the plan shall include
16 strategies to address any disparities in achievement identified for any segment of the
17 student population.

18 (f) (1) (i) The State Superintendent shall review each plan to determine
19 whether the plan complies with the requirements of subsections (b) through (e) of this
20 section.

21 (ii) If the State Superintendent determines that a plan does not
22 comply with the requirements of subsections (b) through (e) of this section, the State
23 Superintendent may require specific revisions to the plan.

24 (2) (i) The State Superintendent may review the content of each plan
25 to assess whether the plan will have the effect of improving student achievement and
26 increasing progress toward meeting State performance standards.

27 (ii) If the State Superintendent determines that a plan will not
28 have the effect of improving student achievement and increasing progress toward
29 meeting State performance standards, the State Superintendent may require specific
30 revisions to the plan.

31 (3) A county board may not implement a plan unless it has been
32 approved by the State Superintendent.

33 (g) (1) A county board may submit a preexisting management plan to the
34 Department as the county board's plan under subsection (b) of this section.

35 (2) If the State Superintendent determines that the preexisting
36 management plan meets the requirements set forth in this section, the State

1 Superintendent shall approve the preexisting management plan as the county board's
2 plan.

3 (H) (1) THE STATE SUPERINTENDENT ANNUALLY SHALL REVIEW HOW
4 EACH COUNTY BOARD'S CURRENT YEAR APPROVED BUDGET AND ACTUAL PRIOR
5 YEAR BUDGET ALIGN WITH THE MASTER PLAN AND ANY UPDATES TO THE MASTER
6 PLAN. THIS REVIEW MAY BE BASED ON THE INFORMATION REQUIRED TO BE
7 SUBMITTED BY THE COUNTY BOARD UNDER SUBSECTION (B)(4) OF THIS SECTION
8 AND ANY OTHER INFORMATION REQUIRED BY THE STATE SUPERINTENDENT.

9 (2) THE STATE SUPERINTENDENT ANNUALLY SHALL REPORT THE
10 RESULTS OF THE BUDGET REVIEW BY DECEMBER 1 TO THE GOVERNOR, THE COUNTY
11 GOVERNING BODY, *THE COUNTY BOARD OF EDUCATION*, AND, SUBJECT TO § 2-1246
12 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY.

13 [(h)] (I) (1) If a school system fails to demonstrate progress toward
14 improving student achievement and meeting State performance standards in each
15 segment of the student population during a school year, the State Superintendent
16 shall review the content of the plan [and], any updates to the plan, AND THE
17 RESULTS OF THE ANNUAL REVIEW REQUIRED UNDER SUBSECTION (H)(1) OF THIS
18 SECTION to assess whether the plan will have the effect of improving student
19 achievement and increasing progress toward meeting State performance standards.

20 (2) If the State Superintendent determines that a plan will not have the
21 effect of improving student achievement and increasing progress toward meeting
22 State performance standards, the State Superintendent shall require specific
23 revisions to the plan.

24 [(i)] (J) The State Superintendent shall advise the Governor and the General
25 Assembly concerning the distribution of State funds to a county that fails to make
26 progress toward improving student achievement and meeting State performance
27 standards in each segment of the student population.

28 [(j)] (K) The State Board may withhold State funds from a county board if:

29 (1) A school system fails to demonstrate annual progress toward
30 improving student achievement and meeting State performance standards in each
31 segment of the student population; and

32 (2) Fails to develop a plan that meets the requirements of subsections (b)
33 through (g) of this section or take any action required by the State Superintendent
34 under this section.

35 [(k)] (L) (1) The State Superintendent shall review academic intervention
36 programs and behavior modification programs to identify best practices.

37 (2) The State Superintendent shall periodically report on the best
38 practices to the State Board, the county boards, the Governor, and, subject to §
39 2-1246 of the State Government Article, the General Assembly.

1 [(1)] (M) (1) Subject to paragraph (2) of this subsection, the Department
 2 shall adopt regulations as necessary to implement this section.

3 (2) The Department shall consult with county superintendents and
 4 county boards before promulgating proposed regulations to implement this section.

5 [(m)] (N) The Department may provide technical assistance to county boards
 6 in developing and implementing a plan.

7 [(n)] (O) The Governor shall include an appropriation for the Department in
 8 the State budget for each fiscal year in amount sufficient to cover the costs associated
 9 with implementing this section.

10 **Article - State Government**

11 2-1219.

12 (C) WITH THE APPROVAL OF THE EXECUTIVE DIRECTOR, THE LEGISLATIVE
 13 AUDITOR SHALL APPOINT PROFESSIONAL STAFF TO CONDUCT AUDITS OF LOCAL
 14 SCHOOL SYSTEMS IN ACCORDANCE WITH § 2-1220(F) OF THIS SUBTITLE.

15 2-1220.

16 (e) (1) The Office of Legislative Audits shall review any audit report
 17 prepared under the authority of:

18 (i) Article 19, § 40 of the Code, with respect to a county, municipal
 19 corporation, or taxing district; OR

20 (ii) § 16-315 of the Education Article, with respect to a community
 21 college;

22 (iii) § 5-109 of the Education Article, with respect to a board of
 23 education; or

24 (iv) § 23-405 of the Education Article with respect to a library
 25 board].

26 (2) The results of any review made by the Office of Legislative Audits
 27 under paragraph (1) of this subsection shall be reported as provided in § 2-1224 of this
 28 subtitle.

29 (F) (1) ~~AT LEAST ONCE EVERY 3 YEARS BETWEEN JULY 1, 2004 AND JUNE 30,~~
 30 ~~2010, THE OFFICE OF LEGISLATIVE AUDITS SHALL CONDUCT A AUDITS AN AUDIT OF~~
 31 ~~EACH LOCAL SCHOOL SYSTEM TO EVALUATE THE EFFECTIVENESS AND EFFICIENCY~~
 32 ~~OF THE FINANCIAL MANAGEMENT AND FINANCIAL PRACTICES AUDIT OF EACH THE~~
 33 ~~LOCAL SCHOOL SYSTEM TO REVIEW THE USE OF FUNDING PROVIDED IN~~
 34 ~~ACCORDANCE WITH §§ 5-202 AND 5-205 THROUGH 5-210 OF THE EDUCATION ARTICLE.~~

35 ~~(2) THE AUDIT SHALL INCLUDE A REVIEW OF:~~

1 (4) ~~THE ADEQUACY OF THE LOCAL SCHOOL SYSTEM'S MASTER~~
 2 ~~PLAN AND WHETHER THE MASTER PLAN CONTAINS SUFFICIENT DETAIL TO ALLOW A~~
 3 ~~DETERMINATION THAT THE ADDITIONAL EDUCATION AID HAS BEEN USED BY THE~~
 4 ~~LOCAL SCHOOL SYSTEM:~~

5 1. ~~IN A MANNER CONSISTENT WITH THE MASTER PLAN; AND~~

6 2. ~~FOR PURPOSES THAT WILL ACHIEVE IDENTIFIABLE AND~~
 7 ~~MEASURABLE GOALS IN THE MASTER PLAN; AND~~

8 (4) ~~THE USE OF THE ADDITIONAL STATE AID PROVIDED FOR~~
 9 ~~EDUCATION AND THE EXTENT TO WHICH THE FUNDS HAVE BEEN USED TO PROVIDE~~
 10 ~~IMPROVEMENT IN THE DIRECT EDUCATIONAL SERVICES AND PROGRAMS FOR~~
 11 ~~STUDENTS IN THE LOCAL SCHOOL SYSTEM.~~

12 (2) THE AUDITS MAY BE PERFORMED CONCURRENTLY OR SEPARATELY.

13 (3) THE EMPLOYEES OF THE OFFICE OF LEGISLATIVE AUDITS SHALL
 14 HAVE ACCESS TO AND MAY INSPECT THE RECORDS, INCLUDING THOSE THAT ARE
 15 CONFIDENTIAL BY LAW, OF ANY LOCAL SCHOOL SYSTEM TO PERFORM THE AUDITS
 16 AUTHORIZED UNDER THIS SECTION OR PURSUANT TO A REQUEST FOR
 17 INFORMATION AS PROVIDED IN § 5-114(E)(4) OF THE EDUCATION ARTICLE.

18 (4) THE OFFICE OF LEGISLATIVE AUDITS SHALL PROVIDE INFORMATION
 19 REGARDING THE AUDIT PROCESS TO THE LOCAL SCHOOL SYSTEM BEFORE THE
 20 AUDIT IS CONDUCTED.

21 (5) IN ADDITION TO THE REQUIREMENTS OF § 2-1224 OF THIS SUBTITLE,
 22 EACH AUDIT SHALL BE DISTRIBUTED TO THE HOUSE WAYS AND MEANS COMMITTEE
 23 AND THE JOINT COMMITTEE ON THE MANAGEMENT OF PUBLIC FUNDS.

24 SECTION 2. AND BE IT FURTHER ENACTED, That the Office of Legislative
 25 Audits shall conduct a centralized audit of the master plans to determine overall
 26 compliance with § 5-401 of the Education Article, and the results shall be submitted
 27 to the Joint Audit Committee. The Office of Legislative Audits shall conduct the
 28 centralized audit by December 1, 2004.

29 SECTION 3. AND BE IT FURTHER ENACTED, That the first group of audits
 30 required under § 2-1220(f)(1) of the State Government Article shall include audits of
 31 any local school system with a negative fund balance in the general fund of 1% or
 32 more of general fund revenue in either of the prior 2 fiscal years. Thereafter, the Office
 33 of Legislative Audits shall give priority in the order of audits to local school systems
 34 that have failed to comply with any of the provisions of this Act.

35 SECTION 4. AND BE IT FURTHER ENACTED, That, notwithstanding §
 36 5-114(e) of the Education Article, the Baltimore City Board of School Commissioners
 37 shall eliminate the general fund deficit as reported in the annual audit required by §
 38 5-109 of the Education Article by no later than the fiscal year ending June 30, 2006.

1 SECTION 5. AND BE IT FURTHER ENACTED, That 45 days prior to the
2 initiation of the first financial management practices audit required by this Act, the
3 Office of Legislative Audits shall submit the scope, measurements, and process the
4 Office plans to use in conducting the required audits to the Joint Audit Committee for
5 approval.

6 SECTION ~~2.~~ ~~4.~~ ~~6.~~ AND BE IT FURTHER ENACTED, That this Act shall
7 take effect July 1, 2004.