

**Department of Legislative Services**  
Maryland General Assembly  
2010 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 1124

(Senator Kasemeyer)

Budget and Taxation

Appropriations

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**Public Senior Higher Education Institutions - Audits - Communicating  
Preliminary Findings**

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This bill requires the Legislative Auditor to send the appropriate chancellor or president and governing board of a public four-year institution of higher education, as specified, a copy of the discussion notes relating to any preliminary finding of substantial fiscal impropriety upon the preliminary completion of an examination of the institution by the Office of Legislative Audits (OLA).

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**Fiscal Summary**

**State Effect:** None. The bill essentially codifies what has recently been adopted as a standard practice.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law/Background:** Discussion notes are distributed in the final stages of an audit so that the entity being audited can answer questions before the final audit is published. OLA reports its current policy is to distribute discussion notes for any State agency subject to audit to the related oversight entity. For University System of Maryland (USM) audits, it has been OLA's practice to provide copies of discussion notes to officials at the USM office. Based on recent concerns, OLA reports it will now send additional copies of all discussion notes pertaining to USM institutions to the Chancellor of USM and the Chairman of the USM Board of Regents.

An OLA audit of the University of Maryland, Baltimore (UMB), published February 5, 2010, revealed that UMB made questionable compensation payments to a senior management employee totaling \$410,000 and had not established policies for certain other compensation payments (such as bonuses) made to other employees. According to legislative testimony given by USM officials on February 25, 2010, upon receipt of the legislative audit on February 12, 2010, the USM Board of Regents authorized the Chancellor to start an investigation into the matter. The investigation, which was completed in time for the testimony given on February 25, 2010, found that questionable compensation payments were made by UMB. USM reports that corrective action is being taken to recover the payments.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** University System of Maryland, Department Legislative Services (Office of Legislative Audits)

**Fiscal Note History:** First Reader - March 24, 2010  
mpc/rhh Revised - Senate Third Reader - April 7, 2010  
Revised - Enrolled Bill - May 25, 2010

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