

HOUSE BILL 352

P5

6lr1830

By: **Delegates Ghrist, Arentz, Hornberger, S. Howard, ~~and Jacobs~~ Jacobs, and Jackson**

Introduced and read first time: January 27, 2016

Assigned to: Appropriations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 4, 2016

Returned to second reading: March 8, 2016

House action: Recommitted to Appropriations, March 8, 2016

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 11, 2016

CHAPTER _____

1 AN ACT concerning

2 **Office of Legislative Audits – Local School System Audits**~~– Repeal~~

3 FOR the purpose of ~~repealing the requirement that the Office of Legislative Audits conduct~~
 4 ~~audits of certain local school systems within certain periods of time; repealing the~~
 5 ~~requirement for the Legislative Auditor to appoint professional staff to conduct~~
 6 ~~audits of local school systems; repealing the authorization for the Office of~~
 7 ~~Legislative Audits to have access to certain information to perform audits of local~~
 8 ~~school systems; repealing the requirement for the Office of Legislative Audits to~~
 9 ~~provide certain information to a local school system and the Joint Audit Committee~~
 10 ~~following a certain review; repealing the authorization for the Joint Audit Committee~~
 11 ~~to take certain actions relating to a certain review; requiring the Office of Legislative~~
 12 ~~Audits to conduct an audit or a review of certain local school systems under certain~~
 13 ~~circumstances; making conforming changes~~ exempting a local school system from a
 14 certain audit requirement under certain circumstances; authorizing the Joint Audit
 15 Committee to direct the Office of Legislative Audits to conduct an audit of a local
 16 school system; and generally relating to the repeal of audits of local school systems
 17 by the Office of Legislative Audits.

18 ~~BY repealing~~

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



~~Article – State Government
Section 2-1210(e), 2-1220(e), and 2-1224(g)(7) through (9)
Annotated Code of Maryland
(2014 Replacement Volume and 2015 Supplement)~~

~~BY repealing and reenacting, with amendments,
Article – State Government
Section 2-1220(b) and 2-1223(a)(3)
Annotated Code of Maryland
(2014 Replacement Volume and 2015 Supplement)~~

~~BY renumbering
Article – State Government
Section 2-1220(f)
to be Section 2-1220(e)
Annotated Code of Maryland
(2014 Replacement Volume and 2015 Supplement)~~

BY repealing and reenacting, with amendments,
Article – State Government
Section 2-1220(e)
Annotated Code of Maryland
(2014 Replacement Volume and 2015 Supplement)

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

Article – State Government

~~2-1219.~~

~~[(e) With the approval of the Executive Director, the Legislative Auditor shall
appoint professional staff to conduct audits of local school systems in accordance with §
2-1220(e) of this subtitle.]~~

2-1220.

~~(b) If the General Assembly, by resolution, or the Joint Audit Committee so
directs, the Office of Legislative Audits shall conduct an audit or review of a corporation,
LOCAL SCHOOL SYSTEM, or association to which the General Assembly has appropriated
money or that has received funds from an appropriation from the State Treasury.~~

~~[(e) (1) AT EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS SUBSECTION,
AT least once every 6 years, the Office of Legislative Audits shall conduct an audit of each
local school system to evaluate the effectiveness and efficiency of the financial management
practices of the local school system.~~

1 (2) The audits may be performed concurrently or separately.

2 (3) The Office of Legislative Audits shall provide information regarding the
3 audit process to the local school system before the audit is conducted.†

4 **(4) BEGINNING IN FISCAL YEAR 2017, A LOCAL SCHOOL SYSTEM**
5 **SHALL BE EXEMPT FROM THE AUDIT REQUIREMENT UNDER PARAGRAPH (1) OF THIS**
6 **SUBSECTION IF THE COUNTY GOVERNING BODY, THE COUNTY BOARD OF**
7 **EDUCATION, AND THE COUNTY DELEGATION TO THE MARYLAND GENERAL**
8 **ASSEMBLY CONSISTING OF THE COUNTY SENATORS AND DELEGATES EACH SUBMITS**
9 **A LETTER TO THE JOINT AUDIT COMMITTEE REQUESTING AN EXEMPTION ON OR**
10 **BEFORE NOVEMBER 1 OF FISCAL YEAR 2017, OR ON OR BEFORE NOVEMBER 1 OF**
11 **THE LAST YEAR OF A 6-YEAR AUDIT CYCLE UNDER PARAGRAPH (1) OF THIS**
12 **SUBSECTION, AS DETERMINED BY THE OFFICE OF LEGISLATIVE AUDITS.**

13 **(5) NOTWITHSTANDING PARAGRAPH (4) OF THIS SUBSECTION, THE**
14 **JOINT AUDIT COMMITTEE MAY DIRECT THE OFFICE OF LEGISLATIVE AUDITS TO**
15 **CONDUCT AN AUDIT OF A LOCAL SCHOOL SYSTEM AT ANY TIME.**

16 ~~§ 2-1223.~~

17 ~~(a) (3) The employees or authorized representatives of the Office of Legislative~~
18 ~~Audits shall have access to and may inspect the records, including those that are~~
19 ~~confidential by law, of:~~

20 ~~(i) any local school system [to perform the audits authorized under~~
21 ~~§ 2-1220 of this subtitle or] in accordance with a request for information as provided in §~~
22 ~~5-114(d) of the Education Article; and~~

23 ~~(ii) the Board of Liquor License Commissioners for Baltimore City to~~
24 ~~perform the audits authorized under [§ 2-1220(f)] § 2-1220(E) of this subtitle.~~

25 ~~§ 2-1224.~~

26 ~~(g) [(7) The Legislative Auditor shall review each local school system's response~~
27 ~~to an audit conducted under § 2-1220(e) of this subtitle and advise the local school system~~
28 ~~of the results of the review. The Legislative Auditor shall advise the Joint Audit Committee~~
29 ~~when a local school system:~~

30 ~~(i) does not make a response to a recommendation;~~

31 ~~(ii) does not indicate action to be taken in response to a~~
32 ~~recommendation;~~

1 ~~(iii) has not taken the action the local school system indicated in its~~
2 ~~response to a recommendation; or~~

3 ~~(iv) responds in a manner that is not considered appropriate to carry~~
4 ~~out the recommendation.~~

5 ~~(8) The Executive Director or the Joint Audit Committee may direct the~~
6 ~~Legislative Auditor to undertake a review to determine the extent to which action has been~~
7 ~~taken by a local school system to implement a report recommendation.~~

8 ~~(9) With respect to findings and recommendations made to a local school~~
9 ~~system, the Joint Audit Committee may make recommendations to the Governor, State~~
10 ~~Superintendent of Schools, the local school governing board, or local school officials after~~
11 ~~reviewing a local school system's response to a recommended action.]~~

12 ~~SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 2-1220(f) of Article~~
13 ~~State Government of the Annotated Code of Maryland be renumbered to be Section(s)~~
14 ~~2-1220(e).~~

15 SECTION ~~2~~ 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 October 1, 2016.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.