

Chapter 39

(House Bill 760)

AN ACT concerning

County Boards of Education – Annual Financial Audits – Alterations
Office of Legislative Audits – Local School Systems – Report

FOR the purpose of requiring ~~county boards of education to address certain repeat findings and recommendations contained in certain annual financial audits and other audits, including audits by the Office of Legislative Audits; and generally relating to annual financial audits of county boards of education~~ each local school system, on or before a certain date, to submit a report to the Joint Audit and Evaluation Committee on the status of implementation of corrective actions to address repeat findings and recommendations identified by the Office of Legislative Audits in the most recent audit; requiring each local school system to publish the report on its website; and generally relating to audits of each local school system.

BY repealing and reenacting, with amendments,
Article – Education
Section 5–109
Annotated Code of Maryland
(2022 Replacement Volume and 2023 Supplement)

BY repealing and reenacting, with amendments,
Article – State Government
Section 2–1220(e)
Annotated Code of Maryland
(2021 Replacement Volume and 2023 Supplement)

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

Article – Education

5–109.

(a) ~~(1)~~ Each county board shall provide for an annual audit of its financial transactions and accounts.

~~(2) At the request of the Department, a county board shall conduct an audit under § 5–203 of this title.~~

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

- (i) Licensed by the State Board of Public Accountancy; and
- (ii) Approved by the State Superintendent.

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

~~(3) THE AUDIT SHALL ADDRESS ANY REPEAT FINDINGS AND RECOMMENDATIONS FROM ANY AUDITOR, INCLUDING THE OFFICE OF LEGISLATIVE AUDITS.~~

(c) (1) The results of the audit, including the letter of recommendation submitted by the auditor, are a matter of public record.

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

- (i) The State Superintendent;
- (ii) The county fiscal authority;
- (iii) The Joint Audit and Evaluation Committee of the General Assembly;
- (iv) The Senate Budget and Taxation Committee;
- (v) The Senate Education, Health, and Environmental Affairs Committee;
- (vi) The House Appropriations Committee; and
- (vii) The House Committee on Ways and Means.

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

Article – State Government

2-1220.

(e) (1) 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.

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

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

(4) (i) Subject to the limitation under subparagraph (ii) of this paragraph, beginning in fiscal year 2017, a local school system shall be exempt from the audit requirement under paragraph (1) of this subsection if the county governing body, the county board of education, and the county delegation to the Maryland General Assembly consisting of the county senators and delegates each submits a letter to the Joint Audit and Evaluation Committee requesting an exemption on or before November 1 of fiscal year 2017, or on or before November 1 of the last year of a 6-year audit cycle under paragraph (1) of this subsection, as determined by the Office of Legislative Audits.

(ii) A local school system may not be exempt for two consecutive 6-year audit cycles.

(5) (I) ON OR BEFORE NOVEMBER 1 OF THE THIRD YEAR OF A 6-YEAR AUDIT CYCLE UNDER PARAGRAPH (1) OF THIS SUBSECTION, EACH LOCAL SCHOOL SYSTEM SHALL SUBMIT A REPORT TO THE JOINT AUDIT AND EVALUATION COMMITTEE ON THE STATUS OF IMPLEMENTATION OF CORRECTIVE ACTIONS TO ADDRESS REPEAT FINDINGS AND RECOMMENDATIONS IDENTIFIED BY THE OFFICE OF LEGISLATIVE AUDITS IN THE MOST RECENT AUDIT CONDUCTED UNDER PARAGRAPH (1) OF THIS SUBSECTION.

(II) EACH LOCAL SCHOOL SYSTEM SHALL PUBLISH THE REPORT REQUIRED UNDER THIS PARAGRAPH ON ITS WEBSITE.

(III) BEFORE PUBLISHING THE REPORT IN ACCORDANCE WITH SUBPARAGRAPH (II) OF THIS PARAGRAPH, ANY CYBERSECURITY FINDINGS SHALL BE REDACTED IN A MANNER CONSISTENT WITH AUDITING BEST PRACTICES.

(6) Notwithstanding paragraph (4) of this subsection, the Joint Audit and Evaluation Committee may direct the Office of Legislative Audits to conduct an audit of a local school system at any time.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2024.

Approved by the Governor, April 9, 2024.