



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Testimony in Support of HB 760
Office of Legislative Audits - Local School Systems - Report

An essential part of government accountability is audits. This bill would improve transparency of financial management practices of public school districts by requiring reporting of a district's corrective actions to deficiencies identified in a state audit.

Under state law, school districts are audited by the Office of Legislative Audits (OLA) every six years. In the most recent round of audits performed by the State, OLA identified 171 repeat findings for school districts.¹ Notably, every one of the 24 public school systems had at least one repeat finding. Only three districts had fewer than five repeat findings. Worse yet, five districts had more than 10 repeat findings.

These repeat audit findings cover a broad array of categories, from breaking state procurement laws to financial mismanagement to cybersecurity vulnerabilities. Given the severity of the repeat findings, as well as the large number of repeat findings, OLA has highlighted the need for more transparency and monitoring of repeat audit findings for school systems. The Maryland State Department of Education agrees that there should be more transparency and accountability from local school systems about the actions they are taking to address repeat audit findings.

Failing to address the deficiencies found in audits means that public schools are not managing public funds to the best of their ability and are vulnerable to cyber attacks.

This bill aims to shine a brighter light on how school districts are complying with OLA's audit findings. Districts would have to report mid-audit cycle on the corrective actions they are taking to address deficiencies in their financial management practices. Any cybersecurity findings would be redacted in accordance with auditing best practices. School systems would be required to publish the report on their website and send it to the Joint Audit and Evaluation Committee.

¹ <https://www.ola.state.md.us/umbraco/Api/ReportFile/GetReport?fileId=63da63ada1ce580484db6d11>