



THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

**Testimony in Support of HB 760**  
**County Boards of Education - Annual Financial Audits - Alterations**

An essential part of ensuring accountability in Maryland's education system is the auditing of local school districts. Unfortunately, every school district in Maryland has failed to address deficiencies found in audits of their financial management practices.

In the most recent round of audits performed by the State, the Office of Legislative Audits (OLA) identified 171 repeat findings for school districts.<sup>1</sup> 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 recommended that the Maryland State Department of Education (MSDE) monitor and verify the corrective actions taken by school districts. While there has been disagreement between OLA and MSDE about which entity should be responsible, both parties agree that there should be more transparency and accountability from local school systems about the actions they are taking to address repeat audit findings.<sup>2</sup>

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 by requiring them to report on the corrective actions they are taking on deficiencies in their financial management practices.

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

<sup>2</sup> See the response from MSDE to OLA dated May 2023 and the letter of concern from OLA to MSDE dated January 2024.