

SENATE BILL 354

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SB 680/94 - EEA

1999 Regular Session
9r0301
CF 9r1087

By: **Senator Currie (Chairman, Joint Audit Committee) and Senators
Hoffman, Astle, Forehand, Hafer, Hogan, Lawlah, Roesser, and Ruben**

Introduced and read first time: February 5, 1999
Assigned to: Economic and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

2 **Office of Legislative Audits - Private Foundations**

3 FOR the purpose of authorizing the Office of Legislative Audits of the Department of
4 Legislative Services to access and review the financial records and audit reports
5 of each private foundation affiliated with a unit of State government, subject to
6 certain conditions; prohibiting the Office from charging certain private
7 foundations fees for the review; providing for the scope of the review; prohibiting
8 the Office from disclosing certain information; providing for the distribution of
9 the review to certain parties; and generally relating to the review by the Office
10 of Legislative Audits of the financial records and audit reports of private
11 foundations affiliated with a unit of State government.

12 BY repealing and reenacting, with amendments,
13 Article - State Government
14 Section 2-1220(a)
15 Annotated Code of Maryland
16 (1995 Replacement Volume and 1998 Supplement)

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

19 **Article - State Government**

20 2-1220.

21 (a) (1) In this subsection, "unit" includes each State department, agency,
22 unit, and program, including each clerk of court and each register of wills.

23 (2) (i) At least once every 3 years, the Office of Legislative Audits shall
24 conduct a fiscal/compliance audit of each unit of the State government, except for
25 units in the Legislative Branch.

26 (ii) In determining the audit schedule for a unit, the Office of
27 Legislative Audits shall take into consideration:

- 1 1. the materiality and risk of the unit's fiscal activities with
2 respect to the State's fiscal activities;
- 3 2. the complexity of the unit's fiscal structure; and
- 4 3. the nature and extent of audit findings in the unit's prior
5 audit reports.

6 (iii) Each agency or program may be audited separately or as part of
7 a larger organizational unit of State government.

8 (iv) 1. The Office of Legislative Audits has the authority to
9 conduct a separate investigation of an act or allegation of fraud, waste, or abuse in
10 the obligation, expenditure, receipt, or use of State funds.

11 2. The Legislative Auditor shall determine whether an
12 investigation shall be conducted in conjunction with an audit undertaken in
13 accordance with this paragraph or separately.

14 (3) (I) IN ACCORDANCE WITH THE AUDIT REQUIREMENTS OF
15 PARAGRAPH (2) OF THIS SUBSECTION, THE OFFICE OF LEGISLATIVE AUDITS MAY
16 ACCESS AND REVIEW THE FINANCIAL RECORDS AND AUDIT REPORTS, INCLUDING
17 AUDITOR'S WORKING PAPERS, OF A PRIVATE FOUNDATION AFFILIATED WITH A UNIT
18 OF STATE GOVERNMENT.

19 (II) THE OFFICE OF LEGISLATIVE AUDITS:

20 1. MAY NOT CHARGE A PRIVATE FOUNDATION AFFILIATED
21 WITH A UNIT OF STATE GOVERNMENT FOR THE REVIEW OF THE FINANCIAL
22 RECORDS AND AUDIT REPORTS;

23 2. MAY NOT DISCLOSE INFORMATION REGARDING THE
24 IDENTITY OF DONORS TO A PRIVATE FOUNDATION; AND

25 3. SHALL, TO THE EXTENT POSSIBLE, RELY ON THE WORK
26 PRODUCT OF OTHER AUDITORS OR THE SECRETARY OF STATE TO AVOID A
27 DUPLICATION OF EFFORT.

28 (III) THE REVIEW SHALL:

29 1. FOCUS ON THE FOUNDATION'S MATERIAL FINANCIAL
30 TRANSACTIONS AND INTERNAL CONTROLS, THE INTERRELATIONSHIP OF THE
31 FOUNDATION AND THE UNIT OF STATE GOVERNMENT AND THE ROLE OF THE
32 FOUNDATION WITH THE PROGRAMS AND SERVICES PROVIDED BY THE UNIT OF
33 STATE GOVERNMENT; AND

34 2. RECOGNIZE THAT A PRIVATE FOUNDATION IS NOT
35 REQUIRED TO COMPLY WITH CERTAIN STATE LAWS AND REGULATIONS.

1 (IV) THE RESULTS OF THE REVIEW MAY BE SEPARATELY REPORTED
2 OR INCLUDED IN THE REPORT ON THE APPLICABLE UNIT OF STATE GOVERNMENT.

3 (V) IF ISSUED SEPARATELY, THE LEGISLATIVE AUDITOR SHALL
4 FORWARD A COPY OF THE REPORT TO THE UNIT OF STATE GOVERNMENT
5 AFFILIATED WITH THE FOUNDATION.

6 [(3)] (4) If, on request of the Comptroller, the Joint Audit Committee so
7 directs, the Office of Legislative Audits shall audit or review a claim that has been
8 presented to the Comptroller for payment of an expenditure or disbursement and that
9 is alleged to have been made by or for an officer or unit of the State government.

10 [(4)] (5) The Office of Legislative Audits shall conduct an audit or review
11 to determine the accuracy of information about or procedures of a unit of the State
12 government, as directed by the Joint Audit Committee or the Executive Director.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 October 1, 1999.