

**Department of Legislative Services**  
Maryland General Assembly  
2004 Session

**FISCAL AND POLICY NOTE**

House Bill 121  
Appropriations

(Delegate Mitchell) (Chairman, Joint Audit Committee)

Education, Health, and Environmental  
Affairs

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**General Assembly - Department of Legislative Services - Office of Legislative  
Audits - Audit Requirements**

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This bill alters the time periods for audits by the Office of Legislative Audits (OLA) for the Maryland Agricultural Land Preservation Fund (MALPF) from once each year to once every three years. Audits of the Physician Rehabilitation Committee and licensees of the State Racing Commission are changed from once every two years to once every three years. Audits of licensees of the State Racing Commission would be conducted contemporaneously with OLA's audit of the State Racing Commission. In addition, the bill repeals provisions requiring OLA to review the audit reports of local boards of education and local library boards.

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**Fiscal Summary**

**State Effect:** None. The bill would have a nominal impact on OLA's workload and no measurable fiscal impact. The bill will not materially affect the finances or operations of MALPF, the State Racing Commission, or the State Board of Physicians.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Title 2 of the State Government Article requires OLA to conduct a fiscal/compliance audit of each unit of the State government (except for units in the

Legislative Branch); once every three years. However, other provisions of the Code require more frequent audits by OLA: (1) MALPF (annually); (2) the Physician Rehabilitation Committee (every two years); and (3) licensees of the State Racing Commission (every two years).

OLA is required to review the annual audit report of a: (1) county, municipal corporation, or taxing district; (2) community college; (3) local board of education; and (4) local library board.

**Background:** At the request of the Joint Audit Committee, OLA reviewed existing audit and review mandates to identify opportunities to change State law and reduce OLA audit requirements wherever possible. The bill would result in a savings of up to 126 audit days per year and four fewer reports. This savings would allow OLA to redirect its personnel to other mandated audit responsibilities.

Specifically, OLA found its audits of MALPF and racetrack licensees to be duplicative of other audits performed at these entities. It found that its audit objectives for MALPF, were the same as other fiscal compliance audits of MALPF, and that its audit of racetrack licensees was limited in light of an independent auditor's work and the limited State requirements placed on tracks.

Prior to the enactment of Chapter 252 (2003), OLA was required to audit the State of Maryland Medical Chirurgical Faculty's (MedChi) administration of physician rehabilitation and peer review activities for the State Board of Physician Quality Assurance every two years. Chapter 252 was enacted as a result of recommendations made in the *Sunset Review of the Board of Physician Quality Assurance* (October 2001) conducted by the Department of Legislative Services. It renamed the board as the State Board of Physicians (MBP), repealed the requirement that MBP use MedChi to provide physician rehabilitation and peer review, and allowed MBP to contract with another entity to provide these services. The Act requires OLA to audit, every two years, MBP's Physician Rehabilitation Committee, which consists of the entity or entities contracted to provide the rehabilitation and peer review services.

OLA found that its review of annual audit reports of local boards of education and library boards are duplicative since the Maryland State Department of Education already reviews these reports and produces a combined audit review report that OLA uses as the basis for its own review.

## **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 144 (Senator McFadden, *et al.*) (Chairman, Joint Audit Committee) – Education, Health, and Environmental Affairs.

**Information Source(s):** Department of Legislative Services

**Fiscal Note History:** First Reader - February 4, 2004  
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