

**ENROLLED BILL**

### -- Budget and Taxation/Appropriations --

Introduced by Senator McFadden (Chairman, Joint Audit Committee)

Read and Examined by Proofreaders:

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## Proofreader.

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## Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

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President.

## CHAPTER

## 1 AN ACT concerning

## **General Assembly - Office of Legislative Audits - Authorized Representatives and Authorized Work**

4 FOR the purpose of authorizing the Legislative Auditor to contract with consultants  
5 as authorized representatives; adding the authorized representatives to all  
6 provisions applicable to employees of the Office of Legislative Audits; clarifying  
7 that performance audits, financial statement audits, and reviews are authorized  
8 work performed by the Office of Legislative Audits; altering a certain  
9 investigation conducted by the Office of Legislative Audits to include resources  
10 rather than funds; repealing the requirement that the Office of Legislative  
11 Audits perform a certain audit of the Maryland-National Capital Park and  
12 Planning Commission at the request of certain officials or the Joint Audit  
13 Committee; clarifying that a certain rating system is based on the results of a  
14 fiscal/compliance audit; authorizing an examination to occur at the offices of a  
15 local school system; defining a certain term; clarifying that certain provisions  
16 relating to access to records, process, reporting, enforcement, and confidentiality  
17 apply to all authorized work and required audits under a certain provision;

1 requiring a unit or body subject to an examination to provide certain  
2 information to the Legislative Auditor; establishing a process for the Joint Audit  
3 Committee to review local school systems' responses to certain audits; requiring  
4 the Governor and the Chief Judge of the Court of Appeals to implement certain  
5 systems and processes to correct certain audit findings; requiring any unit of  
6 State government that has five or more audit findings to notify the Office of  
7 Legislative Audits within a certain period of time of certain corrective actions  
8 taken or a schedule of certain corrective actions to be implemented for each  
9 finding; requiring the Governor and the Chief Judge of the Court of Appeals to  
10 submit a certain report to certain the budget committees of the General  
11 Assembly by a certain date outlining certain processes to resolve audit findings  
12 and evaluating the feasibility of establishing an Inspector General in certain  
13 agencies and the Judiciary; making stylistic changes; and generally relating to  
14 the authorized representatives and the authorized work of the Office of  
15 Legislative Audits.

16 BY repealing and reenacting, without amendments,  
17 Article - State Government  
18 Section 2-1217, 2-1218, and 2-1227  
19 Annotated Code of Maryland  
20 (2004 Replacement Volume and 2005 Supplement)

21 BY repealing and reenacting, with amendments,  
22 Article - State Government  
23 Section 2-1219 through 2-1226  
24 Annotated Code of Maryland  
25 (2004 Replacement Volume and 2005 Supplement)

26 BY adding to  
27 Article - State Government  
28 Section 2-1219.1  
29 Annotated Code of Maryland  
30 (2004 Replacement Volume and 2005 Supplement)

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

33 **Article - State Government**

34 2-1217.

35 There is an Office of Legislative Audits in the Department.

1 2-1218.

2 (a) The head of the Office of Legislative Audits is the Legislative Auditor, who  
3 shall be appointed by the Executive Director, subject to the approval of the President  
4 and the Speaker.

5 (b) The Legislative Auditor must:

6 (1) be licensed as a certified public accountant in the State;

7 (2) at the time of appointment, have at least 3 years' auditing experience;  
8 and

9 (3) while in office, be covered by a surety bond in the form and amount  
10 required by law.

11 (c) The Legislative Auditor serves without a fixed term and may be removed  
12 by the Executive Director, subject to the approval of the President and the Speaker.

13 (d) The Legislative Auditor is entitled to the salary provided in the State  
14 budget.

15 (e) Subject to the policies and directives of the President and the Speaker, the  
16 Joint Audit Committee, and the overall supervision and control of the Executive  
17 Director, the Legislative Auditor has general administrative control of the operation  
18 of the Office of Legislative Audits.

19 (f) The Legislative Auditor shall devote full time to the duties of office and  
20 shall serve in a nonpartisan capacity.

21 2-1219.

22 (a) With the approval of the Executive Director, the Legislative Auditor shall  
23 appoint a Deputy Legislative Auditor and other professional staff AND MAY  
24 CONTRACT WITH CONSULTANTS AS AUTHORIZED REPRESENTATIVES.

25 (b) (1) The Deputy Legislative Auditor must be licensed as a certified public  
26 accountant in the State.

27 (2) The Deputy Legislative Auditor:

28 (i) has the duties delegated by the Legislative Auditor; and

29 (ii) may be designated by the Executive Director to act as  
30 Legislative Auditor if the office is vacant or the Legislative Auditor is unable to  
31 perform the duties of office.

32 (c) With the approval of the Executive Director, the Legislative Auditor shall  
33 appoint professional staff to conduct audits of local school systems in accordance with  
34 [§ 2-1220(f)] § 2-1220(E) of this subtitle.

1 2-1219.1.

2 IN THIS SUBTITLE, "EXAMINATION" INCLUDES ALL AUTHORIZED WORK AND  
3 REQUIRED AUDITS UNDER § 2-1220 OF THIS SUBTITLE.

4 2-1220.

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

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

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

12 1. the materiality and risk of the unit's fiscal activities with  
13 respect to the State's fiscal activities;

14 2. the complexity of the unit's fiscal structure; and

15 3. the nature and extent of audit findings in the unit's prior  
16 audit reports.

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

19 (3) PERFORMANCE AUDITS OR FINANCIAL STATEMENT AUDITS SHALL  
20 BE CONDUCTED WHEN AUTHORIZED BY THE LEGISLATIVE AUDITOR, WHEN  
21 DIRECTED BY THE JOINT AUDIT COMMITTEE OR THE EXECUTIVE DIRECTOR, OR  
22 WHEN OTHERWISE REQUIRED BY LAW.

23 (4) (I) IN ADDITION TO THE AUDITS REQUIRED UNDER PARAGRAPH (2)  
24 OF THIS SUBSECTION, THE OFFICE OF LEGISLATIVE AUDITS MAY CONDUCT A  
25 REVIEW WHEN THE OBJECTIVES OF THE WORK TO BE PERFORMED CAN BE  
26 SATISFACTORILY FULFILLED WITHOUT CONDUCTING AN AUDIT AS PRESCRIBED IN §  
27 2-1221 OF THIS SUBTITLE.

28 [(iv)] (II) 1. The Office of Legislative Audits has the authority to  
29 conduct a separate investigation of an act or allegation of fraud, waste, or abuse in  
30 the obligation, expenditure, receipt, or use of State [funds] RESOURCES.

31 2. The Legislative Auditor shall determine whether an  
32 investigation shall be conducted in conjunction with an audit undertaken in  
33 accordance with this [paragraph] SUBSECTION or separately.

34 [(3)] (5) If, on request of the Comptroller, the Joint Audit Committee so  
35 directs, the Office of Legislative Audits shall audit or review a claim that has been

1 presented to the Comptroller for payment of an expenditure or disbursement and that  
2 is alleged to have been made by or for an officer or unit of the State government.

3 [(4)] (6) The Office of Legislative Audits shall conduct an audit or review  
4 to determine the accuracy of information about or procedures of a unit of the State  
5 government, as directed by the Joint Audit Committee or the Executive Director.

6 (b) If the General Assembly, by resolution, or the Joint Audit Committee so  
7 directs, the Office of Legislative Audits shall conduct an audit or review of a  
8 corporation or association to which the General Assembly has appropriated money or  
9 that has received funds from an appropriation from the State Treasury.

10 (c) The Office of Legislative Audits may audit any county officer or unit that  
11 collects State taxes.

12 (d) [The Office of Legislative Audits shall audit the expenditures or tax  
13 revenues of the Maryland-National Capital Park and Planning Commission relating  
14 to Prince George's County, by request of:

15 (1) the Joint Audit Committee of the General Assembly;  
16 (2) the Prince George's County Executive; or  
17 (3) the Prince George's County Council.

18 (e)] (1) The Office of Legislative Audits shall review any audit report  
19 prepared under the authority of:

20 (i) Article 19, § 40 of the Code, with respect to a county, municipal  
21 corporation, or taxing district; or  
22 (ii) § 16-315 of the Education Article, with respect to a community  
23 college.

24 (2) The results of any review made by the Office of Legislative Audits  
25 under paragraph (1) of this subsection shall be reported as provided in § 2-1224 of  
26 this subtitle.

27 [(f)] (E) (1) Between July 1, 2004 and June 30, 2010, the Office of  
28 Legislative Audits shall conduct an audit of each local school system to evaluate the  
29 effectiveness and efficiency of the financial management practices of the local school  
30 system.

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

32 (3) [The employees of the Office of Legislative Audits shall have access  
33 to and may inspect the records, including those that are confidential by law, of any  
34 local school system to perform the audits authorized under this section or pursuant to  
35 a request for information as provided in § 5-114(e)(4) of the Education Article.

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

3 [(5)] In addition to the requirements of § 2-1224 of this subtitle, each  
4 audit shall be distributed to the House Ways and Means Committee and the Joint  
5 Committee on the Management of Public Funds.]

6 2-1221.

7 (a) A fiscal/compliance audit conducted by the Office of Legislative Audits  
8 shall include:

9 (1) [an examination of] EXAMINING financial transactions and records  
10 and internal controls;

11 (2) [an evaluation of] EVALUATING compliance with applicable laws and  
12 regulations;

13 (3) [an audit of] EXAMINING electronic data processing operations; and

14 (4) [an evaluation of] EVALUATING compliance with applicable laws and  
15 regulations relating to the acquisition of goods and services from Maryland  
16 Correctional Enterprises.

17 (b) [(1)] Performance audits shall be conducted when authorized by the  
18 Legislative Auditor, when directed by the Joint Audit Committee or the Executive  
19 Director, or when otherwise required by law.

20 (2)] A performance audit conducted by the Office of Legislative Audits  
21 may include:

22 [(i)] (1) [a review of] EVALUATING the efficiency, effectiveness,  
23 and economy with which resources are used;

24 [(ii)] (2) [a review to determine] DETERMINING whether desired  
25 program results are achieved; and

26 [(iii)] (3) [a review to determine] DETERMINING the reliability of  
27 performance measures, as defined in § 3-1001(g) of the State Finance and  
28 Procurement Article, identified in the managing for results agency strategic plan  
29 developed under § 3-1002(c) of the State Finance and Procurement Article.

30 (c) The purpose of financial statement audits conducted by the Office of  
31 Legislative Audits shall be to express an opinion regarding the fairness of the  
32 presentation of a unit's financial statements.

33 (d) The audits referred to in subsections (a), (b), and (c) of this section shall be  
34 conducted in accordance with generally accepted government auditing standards.

## UNOFFICIAL COPY OF SENATE BILL 243

1 (e) [A review may be conducted by the Office of Legislative Audits when the  
2 objectives of the work to be performed can be satisfactorily fulfilled without  
3 conducting an audit as prescribed in subsection (a), (b), or (c) of this section.

4 (f)] (1) Upon approval of the Joint Audit Committee, the Office of Legislative  
5 Audits shall develop and use a rating system THAT IS BASED ON THE RESULTS OF A  
6 FISCAL/COMPLIANCE AUDIT [for determining] TO DETERMINE an overall evaluation  
7 of a unit's financial transactions, records, and internal controls and compliance with  
8 applicable laws and regulations as a means of comparing the various units of State  
9 government.

10 (2) When an evaluation is issued, it shall be provided to the unit and  
11 shall be available to the Joint Audit Committee and the Budget Committees of the  
12 Maryland General Assembly.

13 2-1222.

14 (a) An [audit or review] EXAMINATION conducted by the Office of Legislative  
15 Audits shall generally be made at the offices of the State unit, county officer or unit,  
16 corporation, [or] association, OR LOCAL SCHOOL SYSTEM that is subject to [audit or  
17 review] EXAMINATION.

18 (b) (1) If considered appropriate and after consultation with the [State]  
19 unit OR BODY being [audited or reviewed] EXAMINED, the Legislative Auditor may  
20 authorize all or a portion of an [audit or review] EXAMINATION to be conducted at the  
21 offices of the Office of Legislative Audits.

22 (2) Before the original or only copy of any record is removed from the  
23 State unit's premises, the prior approval of the State unit for the removal is required.

24 2-1223.

25 (a) (1) Except as prohibited by the federal Internal Revenue Code, during an  
26 [audit or review] EXAMINATION, the employees OR AUTHORIZED REPRESENTATIVES  
27 of the Office of Legislative Audits shall have access to and may inspect the records,  
28 including those that are confidential by law, of any unit of the State government or of  
29 a person or other body receiving State funds, with respect to any matter under the  
30 jurisdiction of the Office of Legislative Audits.

31 (2) In conjunction with an [audit or review] EXAMINATION authorized  
32 under [§ 2-1220 of] this subtitle, the access required by paragraph (1) of this  
33 subsection shall include the records of contractors and subcontractors that perform  
34 work under State contracts.

35 (3) THE EMPLOYEES OR AUTHORIZED REPRESENTATIVES OF THE  
36 OFFICE OF LEGISLATIVE AUDITS SHALL HAVE ACCESS TO AND MAY INSPECT THE  
37 RECORDS, INCLUDING THOSE THAT ARE CONFIDENTIAL BY LAW, OF ANY LOCAL  
38 SCHOOL SYSTEM TO PERFORM THE AUDITS AUTHORIZED UNDER § 2-1220 OF THIS  
39 SUBTITLE OR IN ACCORDANCE WITH A REQUEST FOR INFORMATION AS PROVIDED IN  
40 § 5-114(E) OF THE EDUCATION ARTICLE.

1       (b)     Each officer or employee of the unit or body that is subject to [audit or  
2 review] EXAMINATION shall provide any information that the Legislative Auditor  
3 determines to be needed for the [audit or review] EXAMINATION OF THAT UNIT OR  
4 BODY, OR OF ANY MATTER UNDER THE AUTHORITY OF THE OFFICE OF LEGISLATIVE  
5 AUDITS, including information that otherwise would be confidential under any  
6 provision of law.

7       (c)     (1)    The Legislative Auditor may issue process that requires an official  
8 who is subject to [audit or review] EXAMINATION to produce a record that is needed  
9 for the [audit or review] EXAMINATION.

10           (2)    The process shall be sent to the sheriff for the county where the  
11 official is located.

12           (3)    The sheriff promptly shall serve the process.

13           (4)    The State shall pay the cost of process.

14           (5)    If a person fails to comply with process issued under this subsection  
15 or fails to provide information that is requested during an [audit or review]  
16 EXAMINATION, a circuit court may issue an order directing compliance with the  
17 process or compelling that the information requested be provided.

18 2-1224.

19       (a)     Except with the written approval of the Legislative Auditor, an employee  
20 OR AUTHORIZED REPRESENTATIVE of the Office of Legislative Audits shall submit  
21 any report of findings only to the Legislative Auditor.

22       (b)     (1)    On the completion of each [audit or review] EXAMINATION, the  
23 Legislative Auditor shall submit a full and detailed report to the Joint Audit  
24 Committee.

25           (2)    A report shall include:

26           (i)     the findings;

27           (ii)    any appropriate recommendations for changes in record  
28 keeping or in other conduct of the unit or body [audited or reviewed] THAT IS THE  
29 SUBJECT OF THE REPORT; and

30           (iii)   any response of [the] THAT unit or body [audited or reviewed],  
31 subject to procedures approved by the Joint Audit Committee.

32       (c)     The Legislative Auditor shall send a copy of the report to:

33           (1)     the President of the Senate and the Speaker of the House of  
34 Delegates;

35           (2)     the Chairmen of the Senate Budget and Taxation and House  
36 Appropriations Committees;

- (3) members of the General Assembly, subject to § 2-1246 of this subtitle;
- (4) the Governor;
- (5) the Comptroller;
- (6) the State Treasurer;
- (7) the Attorney General;
- (8) the unit OR BODY that [has been audited or reviewed] IS THE F THE REPORT;
- (9) the Secretary of Budget and Management;
- (10) the Executive Director; and
- (11) any other person whom the Joint Audit Committee specifies.

11 (D) IN ADDITION TO THE REQUIREMENTS OF SUBSECTION (C) OF THIS  
12 SECTION, EACH REPORT OF A LOCAL SCHOOL SYSTEM SHALL BE DISTRIBUTED TO  
13 THE CHAIR OF THE HOUSE WAYS AND MEANS COMMITTEE AND THE COCHAIRS OF  
14 THE JOINT COMMITTEE ON THE MANAGEMENT OF PUBLIC FUNDS.

15       [(d)]       (E)       After the expiration of any period that the Joint Audit Committee  
16 specifies, a report of the Legislative Auditor is available to the public under §§ 10-602  
17 and 10-611 through 10-628 of this article.

18        [(e)]      (F)      (1)      The Legislative Auditor shall review each unit's response and  
19 advise the unit of the results of the review. The Legislative Auditor shall advise the  
20 Joint Audit Committee when:

21 (i) a unit does not make a response to a recommendation;

22 (ii) a unit does not indicate action to be taken in response to a  
23 recommendation;

24 (iii) a unit has not taken the action the unit indicated in its response  
25 to a recommendation;

26 (iv) a unit requests a waiver from a recommendation; or

27 (v) the response by the unit is not considered appropriate to carry  
28 out the recommendation.

29 (2) The Executive Director or the Joint Audit Committee may direct the  
30 Legislative Auditor to undertake a review to determine the extent to which action has  
31 been taken by a unit to implement a report recommendation.

32 (3) With respect to findings and recommendations of a fiscal/compliance  
33 nature, the Committee may recommend to the Governor and the Comptroller that the

1 unit take the corrective action the unit indicates would be taken or take action to  
2 correct the findings in the report or the Committee may grant a waiver from the  
3 recommended action.

4 (4) Within 45 days after receipt of the recommendation the Governor  
5 shall advise the Committee as to the action taken with respect to the  
6 recommendation.

7 (5) Without concurrence of the Comptroller, the Committee may not  
8 waive a recommendation of the Legislative Auditor with respect to fiscal and  
9 financial record keeping, a uniform system of accounting, or the submission of fiscal  
10 and financial reports by the units.

11 (6) With respect to findings and recommendations of a performance  
12 nature, the Committee may make recommendations to the Governor or propose  
13 legislation after reviewing a unit's response to a recommended action.

14 (7) THE LEGISLATIVE AUDITOR SHALL REVIEW EACH LOCAL SCHOOL  
15 SYSTEM'S RESPONSE TO AN AUDIT CONDUCTED UNDER § 2-1220(E) OF THIS SUBTITLE  
16 AND ADVISE THE LOCAL SCHOOL SYSTEM OF THE RESULTS OF THE REVIEW. THE  
17 LEGISLATIVE AUDITOR SHALL ADVISE THE JOINT AUDIT COMMITTEE WHEN A LOCAL  
18 SCHOOL SYSTEM:

19 (I) DOES NOT MAKE A RESPONSE TO A RECOMMENDATION;

20 (II) DOES NOT INDICATE ACTION TO BE TAKEN IN RESPONSE TO A  
21 RECOMMENDATION;

22 (III) HAS NOT TAKEN THE ACTION THE LOCAL SCHOOL SYSTEM  
23 INDICATED IN ITS RESPONSE TO A RECOMMENDATION; OR

24 (IV) RESPONDS IN A MANNER THAT IS NOT CONSIDERED  
25 APPROPRIATE TO CARRY OUT THE RECOMMENDATION.

26 (8) THE EXECUTIVE DIRECTOR OR THE JOINT AUDIT COMMITTEE MAY  
27 DIRECT THE LEGISLATIVE AUDITOR TO UNDERTAKE A REVIEW TO DETERMINE THE  
28 EXTENT TO WHICH ACTION HAS BEEN TAKEN BY A LOCAL SCHOOL SYSTEM TO  
29 IMPLEMENT A REPORT RECOMMENDATION.

30 (9) WITH RESPECT TO FINDINGS AND RECOMMENDATIONS MADE TO A  
31 LOCAL SCHOOL SYSTEM, THE JOINT AUDIT COMMITTEE MAY MAKE  
32 RECOMMENDATIONS TO THE GOVERNOR, STATE SUPERINTENDENT OF SCHOOLS,  
33 THE LOCAL SCHOOL GOVERNING BOARD, OR LOCAL SCHOOL OFFICIALS AFTER  
34 REVIEWING A LOCAL SCHOOL SYSTEM'S RESPONSE TO A RECOMMENDED ACTION.

35 (G) (1) BY OCTOBER 1, 2006, THE GOVERNOR AND THE CHIEF JUDGE OF THE  
36 COURT OF APPEALS SHALL IMPLEMENT SYSTEMS AND PROCESSES TO MONITOR THE  
37 EFFORTS OF THE EXECUTIVE DEPARTMENTAL UNITS AND THE JUDICIARY,  
38 RESPECTIVELY, TO CORRECT AUDIT FINDINGS REPORTED BY THE OFFICE OF  
39 LEGISLATIVE AUDITS.

1                   (2)    WITHIN 9 MONTHS OF THE MOST RECENT AUDIT REPORT, ANY UNIT  
2 OF STATE GOVERNMENT THAT HAS FIVE OR MORE REPEAT AUDIT FINDINGS SHALL  
3 REPORT TO THE OFFICE OF LEGISLATIVE AUDITS FOR EACH FINDING IN THAT AUDIT  
4 REPORT:

5                   (I)    THE CORRECTIVE ACTIONS TAKEN; OR

6                   (II)    A SCHEDULE FOR WHEN SPECIFIC CORRECTIVE ACTIONS WILL  
7 BE IMPLEMENTED FOR EACH FINDING.

8                   (3)    EACH UNIT REQUIRED TO REPORT TO THE OFFICE OF LEGISLATIVE  
9 AUDITS UNDER PARAGRAPH (2) OF THIS SUBSECTION SHALL CONTINUE TO REPORT  
10 TO THE OFFICE OF LEGISLATIVE AUDITS ON A QUARTERLY BASIS AFTER THE INITIAL  
11 REPORT UNTIL ALL REPEAT FINDINGS HAVE BEEN RESOLVED THE ACTIONS  
12 REPORTED BY THE AGENCY INDICATE THAT SATISFACTORY PROGRESS HAS BEEN  
13 MADE TO ADDRESS ALL FINDINGS.

14 2-1225.

15 (a) (1) In addition to the [report] REPORTS under § 2-1224 of this subtitle,  
16 the Legislative Auditor shall report an apparent violation of any law on use of State  
17 funds by the unit of the State government or other body that is [audited or reviewed]  
18 EXAMINED.

19 (2) A report under this subsection shall be submitted to:

20                   (i)    the Joint Audit Committee;  
21                   (ii)    the Executive Director;  
22                   (iii)   the unit or body that is the subject of the report; and  
23                   (iv)    the Office of the Attorney General.

24 (b) (1) If the Legislative Auditor discovers any alleged criminal violation by  
25 a person during the course of an [audit, review, or investigation] EXAMINATION, the  
26 Legislative Auditor shall report the alleged violation to the Attorney General and an  
27 appropriate State's Attorney.

28 (2) A report under this subsection shall ask the Attorney General and  
29 State's Attorney to take appropriate action.

30 (3) Unless the Attorney General or State's Attorney decides to prosecute  
31 an alleged criminal violation reported under this subsection, the Attorney General  
32 and State's Attorney shall keep the report of the Legislative Auditor under this  
33 subsection confidential.

34 (4) The Attorney General may investigate and prosecute any alleged  
35 criminal violation reported under this subsection and has all the powers and duties of

1 a State's Attorney, including the use of a grand jury in any county or Baltimore City,  
2 to investigate and prosecute the alleged violation.

3 (c) (1) The Office of the Attorney General shall respond, in writing, to a  
4 report received from the Legislative Auditor under this section.

5 (2) The response of the Attorney General shall include what actions, if  
6 any, were taken as a result of the findings of the Legislative Auditor.

7 (3) The response of the Attorney General shall be submitted to:

8 (i) the Joint Audit Committee;

9 (ii) the Executive Director;

10 (iii) the unit or body that is the subject of the report; and

11 (iv) the Legislative Auditor.

12 2-1226.

13 (a) Except as provided in § 2-1225 of this subtitle and subsection (b) of this  
14 section, information that an employee OR AUTHORIZED REPRESENTATIVE of the  
15 Office of Legislative Audits obtains during an [audit or review] EXAMINATION:

16 (1) is confidential; and

17 (2) may not be disclosed except to another employee OR AUTHORIZED  
18 REPRESENTATIVE of the Office of Legislative Audits.

19 (b) The Legislative Auditor may authorize the disclosure of information  
20 obtained during an [audit or review] EXAMINATION only to the following:

21 (1) another employee of the Department, with the approval of the  
22 Executive Director;

23 (2) federal, State, or local officials, or their auditors, who provide  
24 evidence to the Legislative Auditor that they are performing investigations, studies,  
25 or audits related to that same [audit or review] EXAMINATION and who provide  
26 justification for the specific information requested; or

27 (3) the Joint Audit Committee, if necessary to assist the Committee in  
28 reviewing a report issued by the Legislative Auditor.

29 (c) Except as provided in § 2-1225 of this subtitle, if information that an  
30 employee OR AUTHORIZED REPRESENTATIVE obtains during an [audit or review]  
31 EXAMINATION also is confidential under another law, the employee, AUTHORIZED  
32 REPRESENTATIVE, or the Legislative Auditor may not include in a report or otherwise  
33 use the information in any manner that discloses the identity of any person who is the  
34 subject of the confidential information.

1 2-1227.

2 A person is guilty of a misdemeanor and on conviction is subject to a fine not  
3 exceeding \$1,000 if the person:

4 (1) fails to comply promptly with process that the Legislative Auditor  
5 issues under this Part IV of this subtitle; or

6 (2) violates any provision of § 2-1224(a) or § 2-1226 of this subtitle.

7 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before October 1,  
8 2006, the Governor and the Chief Judge of the Court of Appeals, in accordance with §  
9 2-1246 of the State Government Article, shall submit a report to the Senate Budget  
10 and Taxation Committee and the House Appropriations Committee:

11 (1) Outlining the processes adopted by the Judiciary and Executive Branch  
12 departmental units to ensure that audit findings reported by the Office of Legislative  
13 Audits are resolved and that the responsible personnel are held accountable for  
14 ensuring that corrective actions are implemented on an ongoing basis; and

15 (2) Evaluating the feasibility of establishing an Inspector General position  
16 within the Judiciary and each cabinet-level agency of the Executive Branch for the  
17 purposes of conducting internal audits, implementing corrective actions to address  
18 audit findings by OLA the Office of Legislative Audits, and ensuring compliance with  
19 applicable laws, rules, and regulations.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
21 effect October 1, 2006.