

HB0254/349234/1

BY: Budget and Taxation Committee

AMENDMENTS TO HOUSE BILL 254
(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, strike “Frederick County - ”; in the same line, strike “Report” and substitute “and Audit Reports”; strike beginning with “and” in line 5 down through “County” in line 6 and substitute “altering the date by which a certain audit report must be submitted by a county, municipal corporation, or taxing district to the Legislative Auditor; making certain stylistic changes; and generally relating to annual financial and audit reports of counties, municipal corporations, and taxing districts”; and in line 9, after “37” insert “and 40(a)”.

AMENDMENT NO. 2

On page 2, after line 17, insert:

“40.

(a) (1) Except as provided in paragraph (2) of this subsection, each county, [incorporated city or town] MUNICIPAL CORPORATION, and taxing district created by and situated within the State shall have its books, accounts, [records] RECORDS, and reports examined at least once during each fiscal year by the persons and for the purposes specified in this section. The examination shall be made by a certified public accountant in the capacity of either an independent auditor or official auditor of any county or [incorporated city] MUNICIPAL CORPORATION. The auditor shall be in compliance with the provisions of the Maryland Public Accountancy Act. The official auditor shall be approved by the Legislative Auditor for the purposes specified in this section. On such examination, inquiry shall be made into the methods, [accuracy] ACCURACY, and legality of the accounts, records, [files] FILES, and reports of each county, [incorporated city or town] MUNICIPAL CORPORATION, and taxing district. The Legislative Auditor upon [his] THE LEGISLATIVE AUDITOR’S own

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initiative may review or audit the books, [records] RECORDS, and reports of any county, [incorporated city or town] MUNICIPAL CORPORATION, or taxing district. Any county, [incorporated city or town] MUNICIPAL CORPORATION, or taxing district may request the Legislative Auditor to audit its books, [records] RECORDS, and reports. If the request is approved, the costs of the examination shall be borne by the auditee. The results of the audit shall be reported, subject to § 2-1246 of the State Government Article, to the Legislative Auditor on such form or forms and in such manner as the Legislative Auditor may prescribe. This report shall be made to the Legislative Auditor by [November 1 after the close of the fiscal year, except that the report may be made to the Legislative Auditor by January 1 after the close of the fiscal year for a county, incorporated city or town or taxing district having a population of more than 400,000] **THE DATE THE COUNTY'S, MUNICIPAL CORPORATION'S, OR TAXING DISTRICT'S FINANCIAL REPORT IS REQUIRED TO BE SUBMITTED UNDER § 37 OF THIS SUBTITLE.** An audit report filed with the Legislative Auditor is a public record under the provisions of § 10-611 of the State Government Article. Each year the Legislative Auditor shall review the audit reports submitted and shall make a full and detailed report in writing to the State Comptroller and, subject to § 2-1246 of the State Government Article, to the Executive Director of the State Department of Legislative Services of the result of the examination of the books, accounts, [records] RECORDS, and reports of each county, [incorporated city or town] MUNICIPAL CORPORATION, and taxing district, together with such suggestions as the Legislative Auditor may think advisable to be made with respect to methods of bookkeeping, changes in the uniform system of financial [reporting] REPORTING, and changes in the reports of the counties, [incorporated cities or towns] MUNICIPAL CORPORATIONS, and taxing districts. In conducting the reviews specified in this section, the Legislative Auditor may review the working papers and other documentation of the auditor. As a result of the Legislative Auditor's reviews, audit reports, working papers, or other documentation may be referred to the State Board of Public Accountancy for action as prescribed in the Maryland Public Accountancy Act. It shall also be the duty of the Legislative Auditor to report all violations by any county, [incorporated city or town] MUNICIPAL CORPORATION, and taxing district of

the requirement and provisions specified in the sections of this subtitle to the State Comptroller and, subject to § 2–1246 of the State Government Article, to the Executive Director of the State Department of Legislative Services. Should any county or [incorporated city or town] MUNICIPAL CORPORATION, or taxing district fail or refuse to file the audit reports as provided in this section with the Legislative Auditor within the time prescribed or fail or refuse to submit an audit report including financial statements that have been prepared in accordance with generally accepted accounting principles and audited in accordance with generally accepted auditing standards, the State Comptroller, acting upon the advice of the Executive Director of the State Department of Legislative Services, shall be authorized to order the discontinuance of payment of all funds, grants, or State aid which the county, [incorporated city or town] MUNICIPAL CORPORATION, or taxing district is entitled to receive under State law. This provision shall have specific reference to all funds, grants, or State aid which the county, [incorporated city or town] MUNICIPAL CORPORATION, or taxing district is entitled to receive under applicable provisions of State law distributed by the State Comptroller, the clerks of the court, or other units of State government.

(2) Unless the Legislative Auditor determines, on a case-by-case basis, that more frequent audits are required, the Legislative Auditor may authorize [an incorporated city or town] A MUNICIPAL CORPORATION or taxing district created by the State with annual revenues of less than \$50,000 in the prior 4 fiscal years to have an audit conducted once every 4 years.”.