

HOUSE BILL 190

L2

8lr0584

By: **Howard County Delegation**

Introduced and read first time: January 21, 2008

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Howard County – Annual Financial Audit – Filing Date**

3 **Ho. Co. 06–08**

4 FOR the purpose of altering the date by which Howard County must file its annual
5 financial audit with the Department of Legislative Services; making stylistic
6 changes; and generally relating to the filing of the annual financial audit by
7 Howard County.

8 BY repealing and reenacting, with amendments,
9 Article 19 – Comptroller
10 Section 40
11 Annotated Code of Maryland
12 (2005 Replacement Volume and 2007 Supplement)

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

15 **Article 19 – Comptroller**

16 40.

17 (a) (1) Except as provided in paragraph (2) of this subsection, each
18 county, [incorporated city or town] **MUNICIPAL CORPORATION**, and taxing district
19 created by and situated within the State shall have its books, accounts, records and
20 reports examined at least once during each fiscal year by the persons and for the
21 purposes specified in this section. The examination shall be made by a certified public
22 accountant in the capacity of either an independent auditor or official auditor of any
23 county or [incorporated city] **MUNICIPAL CORPORATION**. The auditor shall be in
24 compliance with the provisions of the Maryland Public Accountancy Act. The official
25 auditor shall be approved by the Legislative Auditor for the purposes specified in this

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 section. On such examination, inquiry shall be made into the methods, accuracy and
2 legality of the accounts, records, files and reports of each county, [incorporated city or
3 town] **MUNICIPAL CORPORATION**, and taxing district. The Legislative Auditor upon
4 his own initiative may review or audit the books, records and reports of any county,
5 [incorporated city or town] **MUNICIPAL CORPORATION**, or taxing district. Any
6 county, [incorporated city or town] **MUNICIPAL CORPORATION**, or taxing district
7 may request the Legislative Auditor to audit its books, records and reports. If the
8 request is approved, the costs of the examination shall be borne by the auditee. The
9 results of the audit shall be reported, subject to § 2-1246 of the State Government
10 Article, to the Legislative Auditor on such form or forms and in such manner as the
11 Legislative Auditor may prescribe. [This] **EXCEPT AS PROVIDED IN PARAGRAPH (3)**
12 **OF THIS SUBSECTION, THIS** report shall be made to the Legislative Auditor by
13 November 1 after the close of the fiscal year[, except that the report may be made to
14 the Legislative Auditor by January 1 after the close of the fiscal year for a county,
15 incorporated city or town or taxing district having a population of more than 400,000].
16 An audit report filed with the Legislative Auditor is a public record under the
17 provisions of § 10-611 of the State Government Article. Each year the Legislative
18 Auditor shall review the audit reports submitted and shall make a full and detailed
19 report in writing to the State Comptroller and, subject to § 2-1246 of the State
20 Government Article, to the Executive Director of the State Department of Legislative
21 Services of the result of the examination of the books, accounts, records and reports of
22 each county, [incorporated city or town] **MUNICIPAL CORPORATION**, and taxing
23 district, together with such suggestions as he may think advisable to be made with
24 respect to methods of bookkeeping, changes in the uniform system of financial
25 reporting and changes in the reports of the counties, [incorporated cities or towns]
26 **MUNICIPAL CORPORATIONS**, and taxing districts. In conducting the reviews
27 specified in this section, the Legislative Auditor may review the working papers and
28 other documentation of the auditor. As a result of the Legislative Auditor's reviews,
29 audit reports, working papers, or other documentation may be referred to the State
30 Board of Public Accountancy for action as prescribed in the Maryland Public
31 Accountancy Act. It shall also be the duty of the Legislative Auditor to report all
32 violations by any county, [incorporated city or town] **MUNICIPAL CORPORATION**, and
33 taxing district of the requirement and provisions specified in the sections of this
34 subtitle to the State Comptroller and, subject to § 2-1246 of the State Government
35 Article, to the Executive Director of the State Department of Legislative Services.
36 Should any county or [incorporated city or town] **MUNICIPAL CORPORATION** or
37 taxing district fail or refuse to file the audit reports as provided in this section with
38 the Legislative Auditor within the time prescribed or fail or refuse to submit an audit
39 report including financial statements that have been prepared in accordance with
40 generally accepted accounting principles and audited in accordance with generally
41 accepted auditing standards, the State Comptroller, acting upon the advice of the
42 Executive Director of the State Department of Legislative Services, shall be authorized
43 to order the discontinuance of payment of all funds, grants, or State aid which the
44 county, [incorporated city or town] **MUNICIPAL CORPORATION**, or taxing district is
45 entitled to receive under State law. This provision shall have specific reference to all
46 funds, grants, or State aid which the county, [incorporated city or town] **MUNICIPAL**

1 **CORPORATION**, or taxing district is entitled to receive under applicable provisions of
2 State law distributed by the State Comptroller, the clerks of the court, or other units
3 of State government.

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

9 (3) (I) **EACH COUNTY, MUNICIPAL CORPORATION, OR TAXING**
10 **DISTRICT WITH A POPULATION OF MORE THAN 400,000 MAY BY JANUARY 1**
11 **AFTER THE CLOSE OF THE FISCAL YEAR FILE WITH THE DEPARTMENT OF**
12 **LEGISLATIVE SERVICES ITS ANNUAL FINANCIAL AUDIT.**

13 (II) **UNLESS SUBPARAGRAPH (I) OF THIS PARAGRAPH**
14 **APPLIES, HOWARD COUNTY MAY BY DECEMBER 1 AFTER THE CLOSE OF THE**
15 **FISCAL YEAR FILE WITH THE DEPARTMENT OF LEGISLATIVE SERVICES ITS**
16 **ANNUAL FINANCIAL AUDIT.**

17 (b) Each county shall establish uniform rules and regulations for the
18 examination and auditing of the books, accounts, and records of every special taxing
19 district created by and situated within the county which:

20 (1) Is not subject to the provisions of subsection (a) of this section;

21 (2) Receives moneys which were collected by the county from a county
22 property tax levy imposed at the request of the special taxing district;

23 (3) Has annual expenditures of over \$50,000; and

24 (4) Has moneys disbursed and expended by a person or body
25 independent of the county government.

26 (c) At a minimum, the rules and regulations required by subsection (b) of
27 this section shall provide for the examination and audit to:

28 (1) Be conducted by a certified public accountant in the capacity of
29 either an independent auditor or official auditor of the county who shall be in
30 compliance with the provisions of the Maryland Public Accountancy Act or by an
31 auditing committee approved by the official auditor of the county;

32 (2) Determine whether tax funds have been received, deposited and
33 disbursed in accordance with approved appropriations and State and local law;

34 (3) Include the following financial statements:

- 1 (i) Balance sheet;
- 2 (ii) Statement of revenues;
- 3 (iii) Statement of expenditures and encumbrances; and
- 4 (iv) Statement of changes in fund balance; and

5 (4) Be completed and filed with the appropriate county officials not
6 later than 90 days following the close of the fiscal year.

7 (d) For a special district created by and situated within the county with
8 annual expenditures of less than \$50,000, the county shall require annual financial
9 reports and shall require an audit every 4 years, unless the county determines, on a
10 case-by-case basis, that more frequent audits are required.

11 (e) If a special district subject to subsection (b) or (d) of this section does not
12 submit a financial report or audit report as required by the county, the county may
13 withhold the distributions of taxes imposed on behalf of the special district until the
14 financial report and/or audit report is received.

15 (f) At the time it forwards its audit report to the Legislative Auditor, the
16 county also shall forward copies of all audit reports and financial reports received from
17 the special districts subject to subsection (b) or (d) of this section, together with a
18 separate report to the Legislative Auditor on the results of the county's review of each
19 district's compliance with the provisions of subsections (b) through (e) of this section.
20 The Legislative Auditor shall review the audit reports and information received from
21 the county and submit recommendations as appropriate based on the results of the
22 review.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 October 1, 2008.