

SENATE BILL 310

L2

8lr1687
CF HB 254

By: **Senators Brinkley and Mooney**

Introduced and read first time: January 28, 2008

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 13, 2008

CHAPTER _____

1 AN ACT concerning

2 ~~Frederick County~~ **Annual Financial Report and Audit Reports - Filing Date**

3 FOR the purpose of altering the date by which Frederick County may file its annual
4 financial report for the fiscal year with the Maryland Department of Legislative
5 Services; ~~and generally relating to the annual financial report of Frederick~~
6 ~~County~~ altering the date by which a certain audit report must be submitted by a
7 county, municipal corporation, or taxing district to the Legislative Auditor;
8 making certain stylistic changes; and generally relating to annual financial and
9 audit reports of counties, municipal corporations, and taxing districts.

10 BY repealing and reenacting, with amendments,
11 Article 19 – Comptroller
12 Section 37 and 40(a)
13 Annotated Code of Maryland
14 (2005 Replacement Volume and 2007 Supplement)

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

17 **Article 19 – Comptroller**

18 37.

19 (a) (1) Except as provided in paragraph (2) of this subsection, each
20 county, municipal corporation, and taxing district in the State shall by the first day of

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 November after the close of the fiscal year file with the Department of Legislative
2 Services its financial report covering the full period of that fiscal year.

3 (2) (i) Each county, municipal corporation, or taxing district with a
4 population of more than 400,000 may by the first day of January after the close of the
5 fiscal year file with the Department of Legislative Services its financial report
6 covering the full period of that fiscal year.

7 (ii) Unless subparagraph (i) of this paragraph applies, Howard
8 County may by the first day of December after the close of the fiscal year file with the
9 Department of Legislative Services its financial report covering the full period of that
10 fiscal year.

11 (iii) **FREDERICK COUNTY MAY BY THE FIRST DAY OF**
12 **JANUARY AFTER THE CLOSE OF THE FISCAL YEAR FILE WITH THE DEPARTMENT**
13 **OF LEGISLATIVE SERVICES ITS FINANCIAL REPORT COVERING THE FULL**
14 **PERIOD OF THAT FISCAL YEAR.**

15 (b) The reports required by subsection (a) of this section shall be:

16 (1) Properly filled in on the form or forms established by the
17 Department as provided in this subtitle; and

18 (2) Verified by the chief executive officer of each county, municipal
19 corporation, and taxing district.

20 40.

21 (a) (1) Except as provided in paragraph (2) of this subsection, each
22 county, [incorporated city or town] MUNICIPAL CORPORATION, and taxing district
23 created by and situated within the State shall have its books, accounts, [records]
24 RECORDS, and reports examined at least once during each fiscal year by the persons
25 and for the purposes specified in this section. The examination shall be made by a
26 certified public accountant in the capacity of either an independent auditor or official
27 auditor of any county or [incorporated city] MUNICIPAL CORPORATION. The auditor
28 shall be in compliance with the provisions of the Maryland Public Accountancy Act.
29 The official auditor shall be approved by the Legislative Auditor for the purposes
30 specified in this section. On such examination, inquiry shall be made into the methods,
31 [accuracy] ACCURACY, and legality of the accounts, records, [files] FILES, and reports
32 of each county, [incorporated city or town] MUNICIPAL CORPORATION, and taxing
33 district. The Legislative Auditor upon [his] THE LEGISLATIVE AUDITOR'S own
34 initiative may review or audit the books, [records] RECORDS, and reports of any
35 county, [incorporated city or town] MUNICIPAL CORPORATION, or taxing district.
36 Any county, [incorporated city or town] MUNICIPAL CORPORATION, or taxing district
37 may request the Legislative Auditor to audit its books, [records] RECORDS, and
38 reports. If the request is approved, the costs of the examination shall be borne by the

1 auditee. The results of the audit shall be reported, subject to § 2–1246 of the State
2 Government Article, to the Legislative Auditor on such form or forms and in such
3 manner as the Legislative Auditor may prescribe. This report shall be made to the
4 Legislative Auditor by [November 1 after the close of the fiscal year, except that the
5 report may be made to the Legislative Auditor by January 1 after the close of the fiscal
6 year for a county, incorporated city or town or taxing district having a population of
7 more than 400,000] **THE DATE THE COUNTY’S, MUNICIPAL CORPORATION’S, OR**
8 **TAXING DISTRICT’S FINANCIAL REPORT IS REQUIRED TO BE SUBMITTED UNDER**
9 **§ 37 OF THIS SUBTITLE.** An audit report filed with the Legislative Auditor is a public
10 record under the provisions of § 10–611 of the State Government Article. Each year
11 the Legislative Auditor shall review the audit reports submitted and shall make a full
12 and detailed report in writing to the State Comptroller and, subject to § 2–1246 of the
13 State Government Article, to the Executive Director of the State Department of
14 Legislative Services of the result of the examination of the books, accounts, [records]
15 **RECORDS,** and reports of each county, [incorporated city or town] **MUNICIPAL**
16 **CORPORATION,** and taxing district, together with such suggestions as the Legislative
17 Auditor may think advisable to be made with respect to methods of bookkeeping,
18 changes in the uniform system of financial [reporting] **REPORTING,** and changes in
19 the reports of the counties, [incorporated cities or towns] **MUNICIPAL**
20 **CORPORATIONS,** and taxing districts. In conducting the reviews specified in this
21 section, the Legislative Auditor may review the working papers and other
22 documentation of the auditor. As a result of the Legislative Auditor’s reviews, audit
23 reports, working papers, or other documentation may be referred to the State Board of
24 Public Accountancy for action as prescribed in the Maryland Public Accountancy Act.
25 It shall also be the duty of the Legislative Auditor to report all violations by any
26 county, [incorporated city or town] **MUNICIPAL CORPORATION,** and taxing district of
27 the requirement and provisions specified in the sections of this subtitle to the State
28 Comptroller and, subject to § 2–1246 of the State Government Article, to the Executive
29 Director of the State Department of Legislative Services. Should any county or
30 [incorporated city or town] **MUNICIPAL CORPORATION,** or taxing district fail or
31 refuse to file the audit reports as provided in this section with the Legislative Auditor
32 within the time prescribed or fail or refuse to submit an audit report including
33 financial statements that have been prepared in accordance with generally accepted
34 accounting principles and audited in accordance with generally accepted auditing
35 standards, the State Comptroller, acting upon the advice of the Executive Director of
36 the State Department of Legislative Services, shall be authorized to order the
37 discontinuance of payment of all funds, grants, or State aid which the county,
38 [incorporated city or town] **MUNICIPAL CORPORATION,** or taxing district is entitled
39 to receive under State law. This provision shall have specific reference to all funds,
40 grants, or State aid which the county, [incorporated city or town] **MUNICIPAL**
41 **CORPORATION,** or taxing district is entitled to receive under applicable provisions of
42 State law distributed by the State Comptroller, the clerks of the court, or other units
43 of State government.

44 (2) Unless the Legislative Auditor determines, on a case-by-case
45 basis, that more frequent audits are required, the Legislative Auditor may authorize

1 [an incorporated city or town] A MUNICIPAL CORPORATION or taxing district created
 2 by the State with annual revenues of less than \$50,000 in the prior 4 fiscal years to
 3 have an audit conducted once every 4 years.

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

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.